

CABINET

DATE OF MEETING: 7 JULY 2022

TITLE OF REPORT: HART DISTRICT COUNCIL AND RUSHMOOR BOROUGH COUNCIL WORKING TOGETHER

Report of: Leader of the Council

Cabinet Portfolio: Leader and Strategic Direction and Partnerships

Key Decision: No

Confidentiality: Non Exempt

PURPOSE OF REPORT

This report provides cabinet with proposals for Hart District Council (Hart DC) and Rushmoor Borough Council (Rushmoor BC) to work more closely together, to achieve better local government, reduce cost and improve service delivery. Cabinet is asked to approve a statement of intent to work together.

The report includes details of a proposal for a shared Chief Executive and suggests an approach to identifying services which could be shared subject to undertaking further work to identify the potential benefits.

The proposals in this report are about shared services and shared working, and not about merging the councils. Both councils will retain their legal and political arrangements as well as their separate civic identities.

A similar report is being presented to Rushmoor BC Cabinet for approval.

RECOMMENDATION

That Cabinet:

- a. Approve the *Joint Working Together Statement* at Appendix 1 of this report.
- b. Note the report of the independent consultant on sharing a Chief Executive at Appendix 2 and agree to proceed with further work to produce a business case to consider a shared Chief Executive, including obtaining relevant HR and Legal advice.
- c. Agree to undertake work to assess services which may be suitable to be delivered as shared services, based on the approach outlined in Appendix 3 of this report.
- d. Agree a budget of £27,500 (50% of the overall cost) to undertake the work identified.
- e. Note the timeline of these activities shown in Appendix 4.
- f. Note the risks identified in Paragraph 37 of this report.

BACKGROUND

1. The Council has for some years, been exploring new and innovative ways to increase the efficiency of services (often through shared services or shared procurement) or value for money.
2. As part of this efficiency agenda, the Council last year agreed a range of Tier 1 and Tier 2 Savings objectives including consideration of the Senior Management Structure ([item 49 at Full Council November 2021](#)) which had been detailed in Cabinet reports in September and November 2021 ([appendix 1](#)).
3. In the Spring of 2021 Hart DC and Rushmoor BC commenced discussions on how both councils could work more closely together. This was driven by several factors which included the imminent publication of a White Paper on devolution, local political considerations in organising effective local government in Hampshire, and the critical pressures to reduce cost through more efficient working.
4. The Government finally set out plans in the *Levelling Up the United Kingdom* White Paper published in February 2022¹, which includes several proposals to drive change in local government. Whilst the White Paper did not prescribe the rationalisation of democratic governance, which would have meant re-organising local government, it nevertheless underlined the Governments wish to speak to fewer organisations and establish a more efficient and effective dialogue with locally elected leaders.
5. It is against this backdrop that Hart DC and Rushmoor BC have continued a dialogue to explore joint working, building on a history of successful partnership working in both organisations. The two councils believe that in exploring the opportunity of working together the following benefits are achievable:
 - A reduction in overall costs. By identifying ways to deliver services and share resources, it will be possible to reduce duplication and overall management costs.
 - A stronger voice in the County and with Government. The increased scale and combined resources will bring a stronger voice to represent our communities.
 - Improved joined-up service delivery. By working closely together, in an area that shares many similar challenges and history, it will be possible to deliver better organised, coordinated and joined up services for our communities.
 - Better use of scarce resources. The combined capability of two organisations working collaboratively together to recruit and jointly manage, will provide an opportunity to attract and retain higher calibre candidates.
 - Improved resilience. In potentially sharing services and staff resources, over time each council will improve its resilience to deal with both planned and unplanned events.
6. This report seeks approval of a *Joint Working Together Statement* which is a statement of our intention to pursue further joint working with Rushmoor BC. It brings forward proposals to undertake further work on the idea of a shared Chief Executive between Hart DC and Rushmoor BC and the examination of a range of potential future shared services.

¹ <https://www.gov.uk/government/publications/levelling-up-the-united-kingdom>

7. This is a significant programme of work for both councils which must be properly assessed and resourced and any benefits clearly identified. This will require additional resources and funding in advance of realising the potential benefits.
8. The report identifies the indicative costs and outlines the implications of undertaking the next stage of work. The report is intended to provide a basis for each council to progress further discussions and for Members to consider the opportunity via their respective decision-making processes.
9. The report includes a detailed communication plan to ensure that joint messaging to key stakeholder groups is coordinated.

JOINT WORKING TOGETHER STATEMENT

10. Attached at Appendix 1 of this report is the proposed Rushmoor BC and Hart DC *Working Together Statement*. This statement has been developed jointly between the councils and has involved Leaders, Deputy Leaders, and Leaders of the opposition of each Council working together in workshops and various meetings to produce an agreed statement.
11. The purpose of the statement is to set out our intention to work together to deliver improved services at reduced cost. As indicated in the statement, the focus is on shared services and shared working, not on merging the councils. Both councils will retain their legal and political arrangements as well as their individual civic identities.
12. The approved Joint Statement will provide each council with the basis to explore further the opportunities for joint working identified in this report. Subject to approval by Members, this statement will be publicised by both councils.

A SHARED CHIEF EXECUTIVE

13. Further to the Cabinet resolution in September to consider Tier 2 savings, the Council commissioned Solace Enterprise to carry out a review of the Senior Management Structure. The scope of this report was to look at the whole of the structure and make recommendations. Group Leaders, the Chairman of Overview and Scrutiny, as well as the Joint Chief Executives, Heads of Service, and the tier of managers below the Heads of Service were encouraged to take part and voice their views.
14. Separate to this, in October 2021, Hart DC and Rushmoor BC also commissioned an independent report into the opportunity to appoint a shared Chief Executive across both councils. This is an arrangement which several other local authorities have successfully implemented. The independent report is attached at Appendix 2, and Members have received a presentation on the report from the consultant.
15. Staffing Committee received and considered the report of Solace Enterprise regarding the appropriate Senior Management Structure for the future in January 2022 (a confidential report which is available to all Members via Mod.gov). Having endorsed the report, Staffing Committee recommended to Cabinet that Cabinet should:

- Move to a three Heads of Service model by the end of June 2022 following consideration of the practicalities of remodelling the service areas and management capacity.
- To progress to a shared CEO in the timeframe being the end of the Municipal year 2022/2023 subject to finding a suitable partner authority.
- To move to a single CEO model if a suitable partner authority isn't a viable or sustainable option, in the timeframe of the Municipal year 2022/2023.

16. In February 2022, Cabinet received Staffing Committee's recommendation and considered this in light of the jointly commissioned independent report to share a Chief Executive across both Hart and Rushmoor Councils (a confidential report which is available to all Members via Mod.gov). The recommendations made by Staffing Committee were approved by Cabinet.

17. To summarise, the key points of the independent report were:

- There is an opportunity to consider the appointment of a shared Chief Executive which could provide overall savings of about £100k p.a. (excluding costs of any redundancy).
- A business case should be developed to assess fully the financial and non-financial benefits and outline the process for the appointment of a shared Chief Executive.
- That any move towards a shared Chief Executive should be linked to further work on defining the future ambition of both councils for shared services and wider shared management.
- That legal and HR advice should be sought to ensure that the interests of both councils are protected and that the process and future shared Chief Executive arrangement meet all relevant statutory requirements and best practice guidance.

18. To proceed with our ambition to undertake further shared working between the councils, it is vital we secure strong and effective leadership. Appointment of a shared Chief Executive could provide this leadership and an opportunity for whoever is appointed to work across both organisations aligning organisational structures to deliver better services at lower cost. However, before proceeding it is recommended that a business case is developed to explore the advantages and disadvantages of appointing a shared Chief Executive.

19. The work required to develop a business case for a shared Chief Executive cannot be delivered by internal resources without significant impact on existing programmes of work in both councils. It will therefore be necessary to use some limited external support, particularly for Legal and HR advice and to provide project management capacity.

20. It is therefore recommended that Members approve additional funding as outlined in Paragraph 34 of this report, to appoint external resources to undertake the following work:

- Identifying the advantages and disadvantages of sharing a Chief Executive between organisations.

- Working with both councils to develop a business case and proposal for a shared Chief Executive, including identifying and recommending an appropriate process for recruitment and appointment, taking account of both councils existing Chief Executive arrangements.
- Identifying the appropriate senior management structure required to support the shared Chief Executive including relevant backfill roles/additional resources in the period of change.
- Identifying the costs associated with change and the future savings as a result of moving to a shared Chief Executive, and how these benefits will be shared between the councils.
- Develop job requirements (in consultation with Members), job description and person specification for the appointment of a Shared Chief Executive.

21. An indicative timetable for the process to undertake this work, including relevant reports to Members for final approval, is included in Appendix 4 of this report.

SHARED SERVICES

22. Attached at Appendix 3 of this report is a matrix identifying an approach for assessing potential shared services which could be undertaken between the councils. Appendix 3 also includes a full list of service/functions currently delivered by both Councils which could be considered for sharing over time.

23. The matrix allows services to be assessed against a set of business criteria to provide a high-level indication of the best opportunities to deliver benefits from being shared, and to help to determine the order in which to undertake any future business cases.

24. Members are asked to approve the matrix approach outlined in Appendix 3 and agree additional funding outlined in Paragraph 34. This will allow further work to be undertaken to assess all service areas/functions and prioritise those most relevant for the development of detailed business cases.

25. The business cases will be developed working closely with the relevant lead officers in each council and will identify the potential benefits, savings, and service improvements of moving to a shared service for each area, as well as identifying the costs of making these changes and any legal, technical or organisation issues or impacts.

26. It is intended that each business case will be reported to Members of both Councils for approval prior to proceeding with any shared service decision. This report will include recommendations by officers based on the outcome of the business case as to whether to proceed with the shared service opportunity.

TIMETABLE

27. Appendix 4 provides an indicative timetable to proceed with the Working Together activities identified in this report.
28. The timetable is intended to ensure that progress is made at pace, whilst ensuring that the risks identified in Paragraph 37 of this report are minimised. The timetable includes a period to procure the relevant external resources required to support with undertaking the various business case development.

COMMUNICATION PLAN

29. It will be critical to ensure effective joined-up communication of the activities outlined in this report and further developments in shared services and potential changes to organisational structures or shared management over the period.
30. Appendix 5 of this report provides a draft communication plan which will need to be developed further with communications input from each council working together to implement it.
31. The draft communication plan identifies key stakeholder groups and the messaging required to inform them of the proposal in this report. Members should note that some of the communication activity has been undertaken prior to the issue of this report.

CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

32. This meets the Council's objectives within the Corporate Plan to explore options to increase financial self-sustainability and to realise our ambitions to deliver more for less.

Service Plan

- Is the proposal identified in the Service Plan? NO
- Is the proposal being funded from current budgets? NO
- Have staffing resources already been identified and set aside for this proposal? NO

Legal and Constitutional Issues

33. No legal or HR implications contained in this report but implications relating to a shared Chief Executive will be contained in the future business case report

Financial and Resource Implications

34. The table below provides an indicative estimate of costs to undertake the work outlined in this report, including the estimates associated with the process to develop a business case for a shared Chief Executive and undertake business cases for shared services.

Activity	Budget estimate	Resource
Additional resource to develop shared CX business case and project manage process (July – September 2022)	£15,000	Procurement/market test
HR and Legal advice to support the development of the shared Chief Executive business case	£10,000	South East Employers
Shared services business case development	£30,000	Procurement/market test
Total	£55,000	
Cost to Hart DC (split 50:50)	£27,500	

35. It is recommended that Cabinet delegate authority to the Chief Executives, working in consultation with the Leader of the Council, to proceed with the next stage of the work as outlined in this report up to a budget of £55,000, subject to the same approval being received from Rushmoor DC Cabinet.

36. The cost to be shared 50:50 with Rushmoor BC, therefore the cost to Hart DC is £27,500 noting that the costs and resources relating to shared working will be assessed as part of subsequent reports.

Risk Management

37. In proceeding with the proposals in this report, Cabinet should note the following risks:

- a. This is a significant programme of work which neither organisation has the capacity to undertake with existing internal resources, without impacting other critical programmes of work which both councils are committed to.
- b. As identified in all similar shared services and shared working arrangements, costs will be incurred before longer term benefits are achieved.
- c. Several similar shared working arrangements have not always been successful, with a recent example of an arrangement being ended at Havant Borough Council and East Hampshire District Council.
- d. Exit costs of the incumbent Chief Executives of both organisations are significant and therefore any move towards a shared Chief Executive needs to be made in the best interests of both councils with an agreed process forming part of the business case.

- e. It is likely that the changes could impact morale and motivation of officers in the councils given the level of potential change, particularly if the councils move towards future shared management arrangements.
- f. In acknowledging the above risks, work will be undertaken at every stage to mitigate each risk with a clear focus on delivering what are potentially very significant financial and service benefits for both councils.

EQUALITIES

38. There are no impacts on equalities as a result of this report. All future reports will consider the direct or indirect impact of any proposal on any individual or groups reflected within the protected characteristics as outlined in the Equality Act 2010.

CLIMATE CHANGE IMPLICATIONS

39. There are no impacts on Climate Change as a result of this report.

ACTION (example Heading 2)

40. Subject to adoption of these recommendations by both Hart DC and Rushmoor BC, then work will begin to:

- a. Commission a business case for the appointment of a shared Chief Executive.
- b. Implementation of the Communications Plan.
- c. Completion of prioritisation of the Shared Service matrix and consideration of 'early wins'.

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BACKGROUND DOCUMENTS:

- a. White Paper - Levelling Up the United Kingdom – Department for Levelling Up, Housing and Communities February 2022
- b. Stronger Together – Shared Management in Local Government Association 2016
- c. Shared Services and Management – A guide for Councils – Local Government Association 2011