

2020 Partnership Decision Report for Councils

Version 4, 21st August 2015

Council Report to MGB - Version history

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Report to: 2020 Member Governance Board – 21 August 2015

Subject: 2020 Partnership Decision Report for Councils

1. Purpose:

- 1.0 This report sets out the proposed way ahead for the 2020 Vision Programme and makes recommendations that if accepted will allow the 2020 Partner Councils to sustain their current range of services whilst making savings of over £5.7m per annum by 2020.

2. Introduction and Background

- 2.0 In December 2014 each Council, through their respective decision making arrangements, resolved to:

- Establish a shared services partnership venture in early 2015 between the four authorities, managed by a joint committee operating under a Memorandum of Understanding for an interim period pending a further decision in the autumn of 2015.
- Establish the roles of Interim Lead Commissioner, Interim Managing Director of the partnership venture and the appointment of the Programme Director.
- Agree the creation of a project to develop effective commissioning arrangements for each authority, including exploring the potential for sharing commissioning functions where possible.

- 2.1 The decision was informed by a report drafted by Activist which set out a number of outcomes, recommendations and principles that the new Partnership Venture will need to deliver against.

- 2.2 The 2020 Vision sets out an ambition for the authorities to become more efficient and effective by working together but without sacrificing their political sovereignty, culture and local decision making– in fact, their ability to take the decisions needed for their locality would be strengthened.

- 2.3 The four authorities share a focus on efficiency and on achieving value for money for council tax payers. This concern for efficiency goes hand-in-hand with the partner authorities' shared vision of a district council having a wider responsibility for what is often characterised as 'place-shaping'. The authorities play a community leadership role - looking after the long-term environmental, social and economic needs of their localities, their citizens and businesses - and must act as champions of their communities on behalf of their citizens.

- 2.4 A key shared challenge is in addressing the year-on-year reductions in central government grant to local authorities. Each council's medium term financial strategies requires significant savings. Additionally, all four councils face a longer-term challenge of how to deal with the increasing costs of funding the employers' contributions to the Local Government Pension Scheme and potential further funding cuts from Government of up to 40%.
- 2.5 The authorities have made it clear that they would prefer not to make reductions in service levels or cut non-statutory services if at all possible.
- 2.6 Additionally, whilst there was a strong emphasis on the need for efficiency savings, there was also recognition that sharing could provide access to greater capacity and help make services more resilient.
- 2.7 The report also identified a series of challenges that members said they would like to see addressed as part of the detailed design phase of the Partnership Venture. These include the preservation of the sovereignty and identity of each local authority; the importance of maintaining local knowledge so that the public and members knew that they had staff they could rely on to respond effectively; and protecting what is unique about each authority. Additionally each authority wanted access to impartial commissioning and client side advice from people they trust.
- 2.8 The key messages from the Member Governance Board representatives are:
- Evolution rather than revolution
 - Ease of access to advice from trusted advisors working in the interests of each Council
 - Ease of access to good quality commissioning skills for each of the Councils
 - Potential for increased shared working over time
 - A desire to retain control over some services at least in the short term
- 2.9 So the challenge is how to maximise potential shared working efficiency savings whilst protecting local distinctiveness and democratic independence.

3. Context and Drivers for Change

- 3.0 During their work Activist carried out interviews with members and senior managers and tested out what was driving each authority to explore the Vision 2020. While there was a strong emphasis on the need for efficiency savings, there was also recognition that sharing could provide access to greater capacity and help make services more resilient.
- 3.1 Those drivers may provide an initial impetus for change. However, they were also seen as a necessary foundation for two more strategic drivers. The partners were not defeated by the scale of the financial challenges: they expressed confidence that the authorities could still continue to improve their services further. Collaboration would also enable them to have a greater strategic impact as community leaders.

- 3.2 By addressing these drivers, it would also be possible to address the need to defend the value of the district council tier of the nation's democracy. Only by being able to marshal the resources needed to be able to exercise policy choices can the authorities respond to and address the needs of the people who live and work in and visit their localities - localities of which they have a unique and intimate understanding.
- 3.3 The Activist report found that members had a great deal of confidence in their officers' ability to tackle challenging projects and programmes. That confidence is built on a history of investment in the knowledge and skills needed.

3.3.1 Table 1: Summary of Drivers for 2020 Vision

<p>Financial: we need to respond to long-term financial pressures on the four councils.</p> <p>Efficiency: we need to continue to find ways of delivering value for money (even if we didn't face the current financial pressures).</p> <p>Resilience: each authority needs a wider pool of expertise and greater capacity to respond to events.</p> <p>Impact: more depth in strategic capacity is needed to support the drive towards service improvement and wider social and economic benefits in each locality.</p> <p>Democracy: each authority needs to have sufficient resources to be able to exercise choice and community leadership so that it can champion local needs and priorities.</p>
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- 3.4 In summary, the reasons why each partner is progressing the 2020 Vision are very similar; the partners have much in common and have a track record of working together that gives them the confidence that it could be possible to achieve even more through closer collaboration.
- 3.5 The Chancellor (George Osborne) has recently launched the 2015 Spending Review with each unprotected government department, including DCLG, being required to produce savings plans of 25% and 40%. The outcome of the Spending Review will be announced on 25th November 2015. As part of the Spending Review, the government will look at "transforming the approach to Local Government financing and further decentralising power, in order to maximise efficiency, local economic growth and the integration of public services". Each partner council will consider the local impact upon their Medium Term Financial Strategy as part of their budget setting process. Although each Council has identified further cuts to central government funding within their Strategies, it is possible that the cuts will be greater than currently anticipated and therefore further savings will need to be found.

3.6 Each Council's Medium Term Financial Strategy already includes significant savings from the 2020 Vision which are contributing to overall savings targets. The Strategies will be updated over the next few months to incorporate the outcome from the Spending Review, the revised 2020 vision programme costs and benefits as set out in section 13 of this report, and other local financial matters.

4. Outcomes

4.0 The Activist work tested what the partners would want to achieve from 2020 Vision. Given the feedback and points raised, they developed a proposed outcomes framework which was agreed by the Councils in December 2014. This framework is set out below and is of central importance in informing decisions on service design and the choice of sourcing options.

4.0.1 Table 2: Agreed Outcomes Framework

In creating 2020 Vision, we need to achieve the following end results:

Outcome	Contributory outcomes
Savings	<p>Delivers realistic and sustainable revenue savings.</p> <p>Provides a positive return on investment in the medium to long term.</p> <p>Enables us to make further savings through partnership and better asset management.</p> <p>Enables opportunities for income generation.</p>
Influence	<p>Respects our separate identities as individual authorities.</p> <p>Ensures our decision making will remain locally accountable.</p> <p>Strengthens our ability to exercise community leadership on behalf of our localities.</p> <p>Allows us to retain strong local knowledge in our frontline services.</p> <p>Provides each authority with impartial commissioning and client side advice from people they trust.</p>
Quality	<p>Enhances and maintains good quality services to the public.</p> <p>Allows us to nurture our partnerships and take advantage of new ones.</p> <p>Creates organisations that are flexible and adaptable to future changes.</p> <p>Has governance and structures that are streamlined and easy to</p>

	<p>understand.</p> <p>Is widely acknowledged to be socially responsible.</p>
Creativity	<p>Empowers staff to be creative, collaborative and enquiring.</p> <p>Supports our commitment to a public service that responds to and empowers our local communities.</p> <p>Fosters and rewards an innovative, can-do approach to delivering services.</p>

4.1 The agreed outcomes framework has been used as the basis to test the suitability of the proposals and the business case.

5. Commissioning

5.0 A review of commissioning across the Partnership has concluded that the four Councils have a common understanding of commissioning and take a pragmatic and open-minded approach. There are, however, some differences in the way each Council approaches commissioning; how they are structured; and where their respective strengths and areas for development are.

5.1 The 'as-is' picture of commissioning at each Council has highlighted many key areas where the four Councils share the same approaches:

- There is a shared understanding of 2020 Vision, and the partnership venture, as a potential way for each Council to become more efficient and effective by working together but without sacrificing their sovereignty.
- All Councils have a pragmatic outcome focused approach to commissioning seeking to ensure their local communities can access high quality and appropriate services.
- All share a desire to make sure their decision making processes are supported by impartial specialist advice from a trusted advisor with sound local knowledge.
- All Councils aspire to find the best sourcing solutions and are open to innovation.
- All appreciate the wide variety of skills and experiences needed for effective commissioning.
- All are committed, to some degree, to sharing commissioning resources including client activity.

5.2 In light of the above, there are some shared principles of commissioning that all four Councils should be able to sign up to:

- Each partner council will have access to commissioning support, including trusted advisors that will enable it to develop and set its strategic policies, source service provision, and manage its contracts and relationships with a range of service providers.
- While this support will be directly managed by each council to enable that council to control and manage that work, this support does not necessarily need to be employed by that Council, albeit there would need to be suitable governance structures in place. This principle is already established, to some degree, within current structures.
- Each Council should be able to access further skills, experience and expertise from technical experts that may be directly employed, part of a shared unit or employed by another Council or organisation.
- Each of the four Councils must be able to approach commissioning in their preferred way and be free to be agnostic in terms of commissioning decisions.
- Commissioning criteria need to be able to reflect local requirements (as well as shared).
- Sharing commissioning activity is a principle the partner Councils aspire to.
- Shared client arrangements is a principle the partner Councils aspire to and can see the merits of this early on for example with regard to GOSS and ICT.
- The partnership venture is one of a number of key providers from whom councils may commission.

5.3 Consequently a Commissioning Strategy has been developed and is included at Appendix B. The Commissioning Strategy sets out the proposed approach to commissioning for each Council and describes how commissioning will be organized and undertaken across the partnership.

5.4 Each individual Council will still be able to specify its required service standards and outcomes. Service performance will continue to be monitored and reported through each Council's individual performance management arrangements.

6. Service Design Principles

6.0 To maximise the efficiency of shared services it is beneficial to develop a 'common core' across all four councils.

6.1 There are four core areas where it is proposed to agree an approach across all 4 Councils. The first three are recommended to be delegated to the Joint Committee with the fourth area dealt with at an operational level. This does not mean that by default all policies will be identical but that policy areas where local differences in approach are acceptable should be agreed collectively by the partnership members. These are as follows:

- Financial Rules and Policies – These are already largely the same but with some minor local differences.
- HR Policies and Procedures (including job evaluation, grading and benefits) – Many of the policies have been standardised. However, each council operates a different job evaluation and grading process and also has variations on benefit

packages. Although there may be genuine evidence-based reasons for some differences (where staff are being recruited from different market areas) it would be beneficial for these to be collectively recognised and agreed in the new operating model. This will be a hugely challenging issue to overcome but it is essential in providing a consistent approach which will allow total flexibility of staff movement within the partner organisations.

- **Common ICT Platforms & Applications** – There is already a high degree of commonality across the 4 Councils but as systems come up for renewal there will be further opportunities for developing common approaches. A joint ICT strategy has been established and a joint applications strategy is being prepared.
- **Customer Focussed Service Redesign** - Each council has developed differing approaches to business processes which is both inefficient and reduces the ability to be flexible with allocation and utilisation of staff resources.

6.2 It is recognised that this will be an evolutionary process where certain services and functions will start off not being shared and each council will decide when it might be prepared to share. Therefore having a model that remains constant but allows for this evolution to occur will be beneficial.

6.3 Any approach should be capable of being applied to either a Joint Committee or a jointly owned Teckal Company and of being established quickly following decisions being made on which services and functions that will initially be shared and any services which will not be shared. The preferred model should also allow for services to be easily transferred from non-shared areas into shared service areas at future dates should councillors decide to do so.

6.4 It has previously been recognised that capacity across the Partnership is not extensive and that we shall have to make best use of the skills and talents of the senior staff we have. Furthermore, it is generally understood that the achievement of the 2020 Vision is an evolutionary process which requires a pragmatic approach. A key principle is to maximise the most senior resource in a sensible and pragmatic way.

7. Partnership Venture Shared Services

7.0 A key principle contained within the Activist Report is that each Council can determine which services and functions it decides to share, or not to share, across the Partnership, although it is also accepted that these will need to be kept under review if the business case efficiencies are to be delivered. In order to build up a detailed business case it is essential to have an understanding of each council's position.

7.1 The Member Governance Board has assessed all of the areas and has agreed the following services should be recommended for initial sharing.

7.2 In general terms all services have some potential for sharing to a greater or lesser degree and should be considered over the course of the programme period.

7.3 In addition to GO Shared Services, ICT and Public Protection (excluding Cheltenham and subject to a final decision by Forest of Dean) which have been agreed for broader sharing, there is a strong case for sharing a number of services early:

- Building Control
- Legal (Cheltenham Borough Council currently have a separate arrangement with One Legal)
- Land & Property Services
- Customer Services

7.4 The following Services could have shared management but a more extensive shared service may need to be at a later phase:

- Revenues and Benefits (currently subject to significant national policy change and Forest of Dean's existing arrangement with Civica)

8. Partnership Venture Shared Services Operational Design

8.0 There are three principal areas in which the 2020 Vision agreed outcomes can be delivered through shared services:

- Shared Management
- Shared Specialist Staff
- Shared Administrative, Technical and Customer Support

8.1 The greatest savings are achieved through reducing the management overheads on services. These can also generally be the quickest to be achieved. For these savings to be maximised it is preferable to have maximum flexibility across the overall partnership utilising staff to a broad effect. The more role separation there is within the overall partnership the higher the management costs.

8.2 Although, direct savings from specialist staff are nowhere near as significant as from shared management, they do provide much needed capacity and resilience for District Councils. Each Council has developed skills and expertise within certain areas often not replicated in others. This provides an opportunity to build on these skills to provide services to all of the Councils, thus enabling potential savings in externally procured advice and support.

8.3 The 2020 Vision Partnership has a significant advantage of having already established shared back office support for all of the Finance and HR functions through the GO Shared Services Partnership. However, there are many other areas which could benefit from a similar approach. At the moment a lot of administrative and technical support is

focused within relatively small teams leading to a limited ability to deliver maximum efficiencies.

8.4 The Member Governance Board has agreed an outline framework for the detailed organisation design of individual shared services.

8.4.1 Table 3: Shared Services Operational Design Approach



Local Services

These services will be delivered in a unique way, according to locally agreed outcomes. These services will be delivered from each council's geographical location maintaining local responsiveness, accountability and decision making. Operational services will be managed by a local Service Manager.

Specialist Services

These services will be delivered within a single aligned framework, reducing duplication and improving resource management which will deliver efficiencies. These services could be delivered from either a central hub location and/or local council locations.

Business Support Services

Business and administrative support functions will be created and aligned to existing customer contact centres at the participating councils. The business support service could be delivered from a central location, but some functions may be delivered from local bases and staff will be able to work remotely creating a virtual environment.

9. Approach to Customer Service & Branding

- 9.0 Each Council will retain its current branding – our aim is to ensure that external customers will continue to identify the services they receive with their local council. To achieve this staff working in the new partnership will need to have an adaptive style that allows them to take on the identity, values and culture of each Council. At the same time we will also need to develop an identity and brand (there may need to be more than one) for use internally within the partnership. These need to be ‘portable’ so that they could be transferred into a company model if that is what is decided in due course. Work on this issue is in hand and needs to be completed by February 2016 when the new Joint Committee is scheduled to go live, with operational shared services going live in April 2016.
- 9.1 Customer contact will be via existing channels; a local presence will be maintained to deal with local contact. That said, we will aim to maximise the use of technology in allowing 24-hour self-service wherever possible. This ‘channel- shift’ will help to reduce customer demand and increase our capacity to resolve remaining face to face customer contact ‘right first time’.
- 9.2 Each Council will retain its own dedicated communications function and local communications releases will remain under the parent Council’s branding. There may be times when the partnership venture may need to undertake some communication activity; this need is even more likely if it is decided to form a company. In such circumstances the overriding principle will be that partner councils will be consulted before any proposed release.

10. Organisational model and structures

- 10.0 The Member Governance Board has considered a range of models which have been evaluated by each Council’s Senior Management Teams against the Outcomes Framework set out in the Activist Report.
- 10.1 The interim operating model shown in Appendix A could be implemented by April 2016. This would move the programme forward and deliver the initial financial and other benefits as set out in the Business Case. This would then enable further consideration to be given, during 2016, to the benefits and timing of establishing a Teckal company or remaining with the Joint Committee.
- 10.2 Consequently, the Member Governance Board has agreed to recommend to each Council that the interim operating model should be adopted and be implemented by April 2016, subject to this final business case decision being considered.
- 10.3 A consequence of adopting this structure leads to the need to redesign each Council’s senior management structure. This will be the responsibility of each council’s Head of Paid Service and their recommended structures will be presented to each Council as appropriate.

10.4 The financial implications of the proposed changes to structures are given in section 13 of this report.

11. HR and Employment Matters

11.0 All staff within the retained services and functions would continue to be employed by their Council and directed by their Council. However, subject to the agreement of each Council, the HR Policies and Terms and Conditions for staff would be determined by the Joint Committee to ensure a fair and equitable approach to all staff across the partnership.

11.1 There are initially two choices for those staff working within Partnership Venture shared services. These are:

- Temporarily leave staff with their current employers and establish legal agreements to provide authority for individuals to act on behalf of all partners.
- Permanently transfer all Partnership Venture staff to a Lead Employer or Employers, or an alternative employment vehicle.

11.2 The intent is to move towards a form of single employment model for all staff. This will remove the current built-in quadruplicating of effort incurred through having four separate employment relationships.

11.3 Advice from GOSS and Legal Officers is that the simplest most effective option is initially to temporarily leave staff with their current employers pending a future decision on the creation of a new employment vehicle.

11.4 Leadership and Organisational Development

11.5 Early work has been undertaken with managers and staff, to look at leadership and culture for the Partnership. General feedback from staff has been positive with some common messages emerging as follows:

- A positive desire to work together
- Optimism in the future
- A desire to shape things together to build something new and sustainable
- A collective vision to deliver excellent public services that supports customer needs, so customers feel valued, listened to and receive a reliable and responsive service tailored to their needs
- An enthusiasm to develop the best organisation, with well trained, flexible adaptable staff.

The three areas that were discussed are described below with some examples of outputs

The principle themes emerging were as follows:

- Leadership and Management Style
- Engaging and credible

- Innovative and inspiring
- Excellent people skills, engaging and recognizing staff
- Open and honest
- Respect and Trust
- Collaborative
- Resilient
- Responsible and accountable
- Outcome focussed

Culture and Values

- Developing a culture that is Open and Honest
- Compassionate and supportive
- Innovative
- Inclusive
- Empowered and challenging
- Customer Focus – satisfied and engaged
- Proud
- Value people
- Flexible
- Collaborative
- Can do

This feedback will form the basis of the work with staff on leadership and culture to help to refine this further.

11.9 The geographical spread of the partnership will mean that senior leaders are likely to be less visible than at present - so we will maximise the use of technology to ensure that they remain easily accessible. Developing leadership skills throughout the organisation is therefore critical in ensuring staff at every level have the skills and confidence to act independently. Our learning and development and our culture will develop to support this and our total reward package will recognise this.

11.10 Detailed work on organisational development will be undertaken to translate this intent into action. We have started this work already, working with the LGA to research what a great approach to reward, managing and leading people and culture can look like. This work will be completed by the Autumn and this together with other research (see below) and employee engagement will support the development of our approach.

11.11 **Managing Recruitment, Redeployment, Retraining, Retirement, and Redundancy**

11.12 Change is always challenging for employees particularly where there is uncertainty of future employment. In managing recruitment, redeployment, retraining, retirement and redundancy the approach will be that of balancing business and individual requirements and needs.

11.13 Recruitment will be undertaken through an open, transparent process following current HR policies. Where changes result in employee displacement, we are committed to minimising the impact of change as far as is reasonably possible and will make every

effort to seek alternative employment for displaced employees where suitable vacancies exist. Wherever possible we will endeavour to avoid compulsory redundancies, this may include natural wastage, seeking volunteers for early retirement and restricting recruitment. If such measures are insufficient and jobs of existing employees are at risk, we will make all reasonable efforts to seek suitable alternative employment.

11.14 Appropriate support mechanisms will be put in place to help individuals cope with change including training and advice and outplacement and retirement support.

11. 15 Total Reward and Recognition

11.16 We want to develop the new partnership as a great place to work, recruiting and developing passionate people. We recognise that our staff are our greatest asset. We are committed to becoming an employer of choice and to developing our people and building capacity working together in order to deliver continuous improvement of our service and performance.

11.17 There is a growing employer consensus that local government's approach to reward management needs to be revisited. Nationally the Local Government Employers' organisation is looking at how the national agreement can be updated to provide authorities with an appropriate framework. The role of the Regional Employers' Organisation is to support councils in developing new approaches to reward, for example, competency and skill-based pay progression, total reward, market-related pay and marketing the reward offer.

11.18 'Total Reward' is of interest because it looks at all types of reward - non-financial as well as financial, indirect as well as direct. It describes a value proposition which embraces everything that people want from the employment relationship and should be developed and implemented as an integrated and coherent whole. It is important to understand how total reward motivates people at work and what elements people most value and why.

11.19 There are four components that help motivate staff:

- Individual Growth – Development, Training, Career enhancement, Performance management
- Compelling Future - Vision/values, Growth/success, Image/brand
- Total Pay – Base and Variable Pay, Benefits, Recognition
- Positive Workplace - People focus, Leadership, Collegiality, Job content, Trust/commitment, Involvement/openness

11.20 Different Groups within the workforce will respond to different elements depending upon their age, gender and personal circumstances and therefore any strategy will need

to provide a wide range and choice and be flexible enough to adapt and change as individuals who work for us grow and develop

- 11.21 Total reward encompasses all areas of work that are valued by employees, as well as pay and benefits. The aim is to develop one simple reward and recognition strategy for all employees; this will include one pay structure, flexible benefits and other areas of recognition.
- 11.22 In the short term employees will be employed by their current employer and will continue to work within their current individual organisational policies and procedures. A review of current policies and procedures will be undertaken to identify opportunities for alignment.
- 11.23 Whilst no one approach has been described for pay and benefits, it is intended to develop a medium and long term strategy that could encompass principles such as a pay structure and progression that ensures the values, behaviours, performances and attitudes required are rewarded and recognised.
- 11.24 It is important to recognise that pay is not the sole motivator and the strategy will cover other areas of reward such as recognition, work/life balance, culture, learning and personal growth, flexible and agile working and environment (office space and job design and community impact). This will be developed through co-creation with staff to tailor the total reward programme to the partnerships culture, and business objectives.

11.25 Dealing with Change

- 11.26 Any organisation that is undergoing transformational change has a duty of care to equip its staff and management teams with the right skills and knowledge to work through, and lead, change programmes effectively. Large-scale change requires people to invest a great deal of energy and emotion in getting to grips with new methods and in living with extended periods of uncertainty. At the heart of the matter is the way our staff experience and respond to change. We need to understand and address 5 key forces of change, forces that drive human behaviour and which come under threat during major organisational change such as the 2020 Vision Programme:

1. Certainty. An immediate consequence of change is uncertainty. At worst, people fear for their jobs and at the very least they can become unclear about what the future holds and their role within it. The antidote to uncertainty is trust, and the key ingredient of trust is communication.

2. Purpose. As an organisation changes course, things can become unclear. People's sense of direction is diminished and they become less confident about what they are doing. We need to give people a crystal clear purpose and a reason to persevere despite inevitable difficulties.

3. Control. Change can lead to strong feelings of unease as people sense that they have lost power over their working lives and become victims to outside forces – we need to point out what they *can* do as opposed to what they've lost.

4. Connection. We all form strong attachments to people and things. We need to celebrate the past – its successes and failures – and mourn its passing before people can let go of old practices and travel happily into the future.

5. Success. Anyone who has introduced change at work knows that there is risk that performance can get worse before it gets better; it's about celebrating each triumph and building up support to tip the balance in favour of change.

11.27 Recent work with the public protection team on 'Leading through Change' has provided team members with support and insight on change and its impact and how they respond to it, equipping them to manage themselves and others through change. This work will continue with teams as we move to developing new shared services.

12. Legal & Governance Matters

12.0 It is proposed to establish the Joint Committee early in 2016 under Section 101 and 102 of the Local Government Act 1972 with the draft constitution given in Appendix D

12.1 The Partnership Managing Director will be accountable to the Joint Committee for the overall achievement of the 2020 Vision objectives and outcomes. Additionally this post would be able to provide support to councils where necessary - for example by ensuring that sufficient expert support and advice is available.

12.2 The Partnership Managing Director will support the Joint Committee in determining all delegated functions such as policies across all 4 partners on Finance and Procurement; HR, including staff terms and conditions; ICT infrastructure and IT Applications.

12.3 Monitoring and review of Partnership Venture services will be reported by the Partnership Managing Director to the Joint Committee.

12.4 Each Council would nominate a lead director to act as Head of Paid Service (either individually or shared). This Lead Director would be responsible for the delivery of all functions (both services and commissioning roles) not delegated to the Joint Committee. They would be responsible in liaison with their Councillors to determine the structures, staffing levels and services to be retained in order to meet the needs of that Council.

12.5 All decisions relating to functions not delegated to the Joint Committee will continue be taken solely by that Council supported by their nominated Lead Director.

12.6 As the law currently stands, it will not be possible for a statutory joint scrutiny committee to be established in relation to the 2020 Vision Joint Committee. In this case

the Councils' existing scrutiny arrangements would apply to the decisions of the Joint Committee and call in of key decisions would be determined by whichever Council's Standing Orders and Rules of Procedure are applied to the Joint Committee.

- 12.7 An alternative approach would be for the Councils to agree informal (i.e., non-statutory) arrangements along the lines of those in section 8 of the proposed Joint Committee Constitution. This approach has been successfully adopted by other Joint Committees.
- 12.8 The legal and governance arrangements of the Joint Committee do contain provisions to enable a partner Council to exit the arrangements should they wish to do so.

13. Financial Matters

- 13.0 The full business case, which has been produced in accordance with the guidance contained within the Treasury Green Book, is attached at appendix C. The programme costs have been updated to reflect the latest available information (e.g. programme office annual costs, known costs of redundancy, funding decisions taken by the Member Governance Board) and latest estimates (e.g. costs of redundancy, backfill, investment in IT systems). It is proposed that there is an annual review of the overall programme costs which will be used to inform the partner Councils' budget setting processes and provide assurance that the programme is resourced appropriately. The financial benefits have also been refreshed to reflect the latest data available.
- 13.1 The business case has been subject to approval by each Council's Section 151 Officer and has been independently reviewed and validated by CIPFA working in association with Proving Services based at the Cranfield Business School.
- 13.2 There is a proposed total investment of £10.1m over a 10 year period which is forecast to return cumulative savings totalling £38m over the same period with annual revenue savings of £5.7m after 5 years.
- 13.3 The previous version of the financial business case was based upon the information available at that point in time. Based upon the limited data available, the gross programme costs were estimated to be £8.7m. The programme costs have been updated to reflect the latest available information (e.g. programme office annual costs, known costs of redundancy, funding decisions taken by the Member Governance Board) and latest estimates (e.g. costs of redundancy, backfill, investment in IT systems).
- 13.4 The gross programme costs are now estimated to be £10.1m. A provision for additional costs of £1.4m has been incorporated within the business case in respect of:
- Provision for the programme office to be resourced for up to 4 years (Outline Business Case assumed 2.5 years) £0.7m;
 - Provision for backfill of Officer posts during the period of transformational change to create the shared services £0.3m;
 - Increased provision for redundancy costs based upon latest estimates £0.3m;

- Including full public protection project costs (Outline Business Case assumed some duplication of costs with programme office costs). This has been offset by revised support costs from GO Shared Services.
- Funding decisions taken by the Member Governance Board (e.g. funding Ubico joining fees for West Oxfordshire and Forest of Dean District Councils) £0.1m.

13.5 There still remains significant uncertainty around estimates for costs such as investment in ICT and redundancy costs. Programme costs will be updated as the programme progresses and will be regularly reported to the Joint Committee.

13.6 A total of £3.8m of the programme costs will be funded by Government through Transformation Challenge Award (TCA) Funding.

13.7 Should the estimated costs become a reality, and it is not possible to fund the costs from under-spends elsewhere in the programme, the Joint Committee will consider options and make appropriate recommendations to the Councils. The potential impact upon the net programme cost for each council is set out below:

13.7.1 Table 4: Net Programme Costs

	Estimated Programme costs (Strategic Outline Case)	Revised Programme costs	Increased Council Contribution
Cheltenham BC	£1.095m	£1.224m	£0.129m
Cotswold DC	£1.230m	£1.678m	£0.448m
Forest of Dean DC	£1.355m	£1.706m	£0.351m
West Oxfordshire DC	£1.265m	£1.732m	£0.467m

13.8 The increase in net programme costs is lower for Cheltenham BC because the inclusion of the full public protection costs does not affect Cheltenham BC as they are shared across the three participating councils but the lower GO Shared Services programme support costs do as they are split across all four councils.

13.9 The net present cost of the programme has been calculated both with and without the Transformation Challenge Award Grant funding. In both cases there is a positive net present value of the Programme, as set out below:

13.9.1 Table 5: NPV findings

	Net Present Value £	Payback Period Years
Without TCA Grant	19,276,824	6
With TCA Grant	22,939,919	4

13.10 Despite all of the savings generated by sharing services to date, the partner councils continue to share a challenge in adapting to the year-on-year reductions in central government grant to local authorities. The savings targets for the period 2015/16 to 2018/19 are set out in the table below, together with each Council's plans to deliver the savings and the potential contribution from the 2020 Vision.

13.10.1 Table 6: Revised financial contribution from 2020 Vision to Councils' savings targets

	CBC	CDC	FODDC	WODC
	(£000)	(£000)	(£000)	(£000)
Total Annual Savings Target	3,727	1,644	2,112	1,110
2020 Vision Savings	1,252	1,657	1,338	1,496
Other Identified Savings	1,791	589	941	0
Shortfall (Surplus)	684	(602)	(167)	(386)

13.11 The summary financial business case is set out below:

13.11.1 Table 7: Financial case for the overall programme

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	April	Total
	£000	£000	£000	£000	£000	£000	2020- March 2024	£000
							£000	
Programme Costs	430	2,774	3,715	1,873	1,308	40	0	10,140
Funded by:								
TCA Grant	430	2,774	596	0	0	0	0	3,800
Council Contributions	0	0	3,119	1,873	1,308	40	0	6,340
Total	430	2,774	3,715	1,873	1,308	40	0	10,140
Savings Annual	0	491	1,827	952	1,419	474	580	5,743
Savings Cumulative	0	491	2,318	3,270	4,689	5,163	22,084	38,015

13. 11.2 Table 8: Summary costs and benefits

The summary costs and benefits for each council are set out in the table below:

2020 Vision Summary of Savings	Savings	CBC	CDC	FoDDC	WODC
<u>Savings Already Delivered – In Base Budgets</u>					
Ubico - TBC/FoDDC/WODC	326,000	89,000	165,000	11,000	61,000
Joint Working - Legal and Prop/IT	247,000	90,000	57,000	60,000	40,000
Procurement	57,000	15,000	34,000	8,000	0
Savings Already Delivered	630,000	194,000	256,000	79,000	101,000
<u>Shared Services Phase 1 – Savings Deliverable 2016/17 – 2017/18</u>					
Savings from:					
Trusted Advisors, Legal, Property, Revenues and Benefits, Customer Services, Public Protection and procurement savings related to supplies and services budgets.					
Gross Savings	2,156,000	405,000	627,000	497,000	627,000
Vacancy Factor/Joint Working Increases	(166,000)	(30,000)	(49,000)	(38,000)	(49,000)
Net Future Shared Services Savings	1,990,000	375,000	578,000	459,000	578,000
<u>Shared Services Phase 2 – Savings expected to be delivered 2018/19</u>					
Savings from:					
Commissioning/Policy Support, Planning, Housing Support, Procurement savings related to supplies and services budgets.					
Gross Savings	987,000	133,000	273,000	237,000	344,000
Vacancy Factor/Joint Working Increases	(72,000)	(9,000)	(20,000)	(17,000)	(26,000)
Net Future Shared Services Savings	915,000	124,000	253,000	220,000	318,000
<u>Shared Services Phase 3 – Savings expected to be delivered 2019/20 Onwards</u>					
Savings from:					
GO Shared Services, IT, Audit Services, Building Control, Procurement savings related to supplies and services budgets. For Building Control this could be income generation or cost savings – net impact is shown.					
Gross Savings	360,000	88,000	90,000	94,000	88,000
Vacancy Factor/Joint Working Increases	(26,000)	(6,000)	(7,000)	(7,000)	(6,000)
Net Future Shared Services Savings	334,000	82,000	83,000	87,000	82,000
<u>Other 2020 Vision Savings</u>					

2020 Vision Summary of Savings	Savings	CBC	CDC	FoDDC	WODC
Waste services - FoDDC/WODC/CDC	530,000	0	200,000	150,000	180,000
Leisure FoDDC	75,000	0	0	75,000	0
Shared Property Resources	560,000	250,000	110,000	100,000	100,000
Total Other Savings	1,165,000	250,000	310,000	325,000	280,000
Company Model – Savings to be delivered 2017/18 Onwards through staff turnover					
Forming Company Model	709,000	227,000	177,000	168,000	137,000
Total 2020 Vision Net Savings	5,743,000	1,252,000	1,657,000	1,338,000	1,496,000
Gross Programme Costs	10,140,000	2,174,000	2,628,000	2,656,000	2,682,000
Less TCA Grant	(3,800,000)	(950,000)	(950,000)	(950,000)	(950,000)
Net Programme Costs	6,340,000	1,224,000	1,678,000	1,706,000	1,732,000
Payback period		1 year	1 year	1.3 years	1.2 years

14 Consultation & Engagement

- 14.0 Staff have been engaged in the proposal as it has developed through briefing sessions, team briefing arrangements in each council and information provided through a shared Intranet portal. An engagement team has been created, charged with keeping staff informed and gathering feedback.
- 14.1 There has also been the recruitment of 30 volunteers from staff to act as engagement champions across the partner councils, to discuss issues with their colleagues and pick up issues. All staff have had an opportunity to become an engagement champion and it is hoped that this will be a further means of picking up equalities issues.
- 14.2 A 10-week public consultation has started, seeking views about the Programme and the shared services that are being considered. This will run until 15 September 2015. The results of the consultation will be reported verbally when the report is presented to each Council.
- 14.3 Consultation has also started with the Trade Unions and engagement with elected members is being managed by each Council.

15 Equalities Impact Assessment

- 15.0 An equalities assessment has been jointly completed for the proposal and this identified no significant impact on protected groups.

15.1 The resulting Equalities Impact Statement is given at Appendix E. Further Equalities Impact Assessments may be required as services are commissioned

16 Implementation Plan & Timescales

16.0 The plan for implementation is to manage this complex set of changes using a recognised programme management approach. This will ensure:

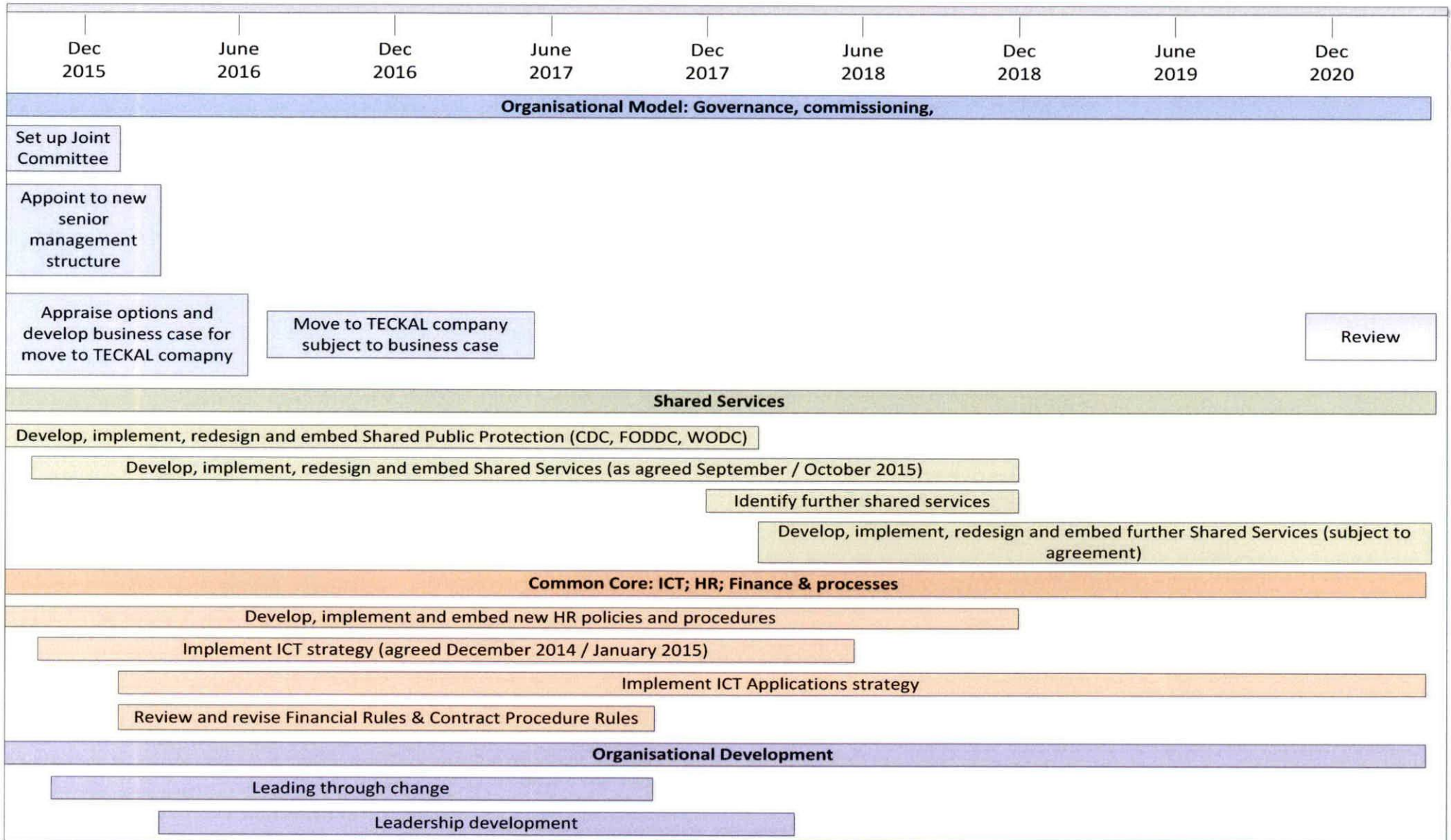
- Strong programme governance which means that there is good control and management of individual projects within the context of all the changes, so each plays its part in delivering the vision and the associated benefits;
- Proactive stakeholder engagement which means that people can get involved, help shape project outputs and can work out what changes they need to make to play their part in achieving the vision.

16.1 Reviews are held regularly throughout the lifecycle of the programme as well as after project and programme completion. The objective review of project/programme performance will enable useful organisational learning which can be used both during the programme and carried forward into future programmes and projects. There is a good track record of this happening in previous programmes and projects and this learning has been used to design the current programme and project management arrangements.

16.2 Further details on programme management arrangements are given in the Business Case.

16.3 An indicative timetable for implementing the 2020 Vision is provided in Table 9 below. The approach to delivering the 2020 Vision is evolutionary and subject to a series of decision points. The plan will be regularly reviewed and updated as decisions are taken.

16.3.1 Table 9 Indicative timetable for delivering Vision 2020



16.4 Since the Vision 2020 reports were agreed by Councils in December 2014 / January 2015 the following has been achieved:

- Set up a Member Governance Board to oversee the Vision 2020 programme including the development of proposals to set up the Partnership Venture and the commissioning framework
- Agreed Memorandums of Understanding at each Council
- Set up the Vision 2020 programme and appointed resources to it
- FODDC & WODC became shareholders in Ubico in April 2015. FoDDC transferred Depot services to Ubico and WODC transferred Street Cleaning, Grounds Maintenance and Trade Waste services to Ubico.
- The Shared Public Protection project has got underway and is making good progress
- Video conferencing facilities have been put in place at all four councils to enable meetings across partner authorities
- All four councils are working together with respect to ICT in preparation to deliver the agreed partnership ICT strategy, once the CBC IT infrastructure programme is completed in Autumn 2015.

17 Future Development

17.0 Further work will be undertaken to design the future approach to Customer Services. This will need to take account of the new service delivery model whilst providing a seamless transition for customers. There is great potential to improve the customer experience through the customer-focussed redesign of services. Customer contact will remain via existing channels and a local presence will be maintained to deal with local contact. The proposal would be to maximise the use of technology in allowing 24-hour self-service wherever possible. This 'channel- shift' will help to reduce customer demand and increase our capacity to resolve remaining face to face customer contact 'right first time'.

17.1 A project has commenced to understand the present traded services opportunities and consider the potential for future trading profit opportunities. The project is being externally supported and is being jointly funded with the Cherwell, South Northamptonshire and Stratford Partnership. This project will be delivered through a combination of internal fact finding and compilation, and external support to review market opportunities and assess our readiness for growth of traded services.

17.2 Further work is being undertaken in preparation for the decision regarding the establishment of a Teckal Company. This decision will need to take account of the legal, governance, HR, potential for trading and tax implications of the creation of a company. It is anticipated that this work will be completed to enable the Councils to make a decision in June/July 2016 on the basis that a Teckal Company could be established at the earliest by April 2017.

18 Recommendations

- 18.0** It is recommended that the Member Governance Board should recommend to each Council:
- a. to enter into the Shared Services Partnership Structure described in Appendix A;
 - b. the establishment of a consequential revised Senior Management Structure for their Council as appropriate;
 - c. adopt the Commissioning Strategy given at Appendix B;
 - d. approve the Business Case shown at Appendix C;
 - e. note the financial implications, costs and benefits shown in Section 13 of the report
 - f. agrees to the establishment of the 2020 Vision Joint Committee in accordance with Sections 101 and 102 of the Local Government Act 1972, Section 9EB of the Local Government Act 2000 and the Local Authorities (Arrangement for the Discharge of Functions)(England) Regulations 2012, with draft Constitution as given in Appendix D;
 - g. delegates authority to the [Head of Paid Service / Strategic Director], in consultation with the Leader, the Section 151 Officer and the Monitoring Officer to finalise and complete the Inter Authority Agreement (including the Constitution) [the Year One Business Plan and Budget] and other documentation on terms to be approved by the [Legal Team Manager/Head of Legal/Borough Solicitor] and to take all necessary steps to create the 2020 Vision Joint Committee by April 2016;
 - h. agrees that the existing Member Governance Board arrangements will continue until the 2020 Vision Joint Committee is created.
 - i. upon the establishment of the 2020 Vision Joint Committee:

authorises the delegation to the 2020 Vision Joint Committee of this Council's functions as described in the draft Constitution for the 2020 Vision Joint Committee;

agrees to appoint Forest of Dean Council as Administering Authority to provide administration support to the Joint Committee, employ the staff required to carry out the functions delegated to the Joint Committee and enter into any contracts required on behalf of the Joint Committee;

appoint the following Councils to provide the following functions of the Joint Committee;

Forest of Dean – Monitoring Officer

Cotswold – S151 Finance Officer

Forest of Dean – Clerk to the Joint Committee; and

agrees to appoint [and] to the 2020 Vision Joint Committee as the council's representatives .

- j. that the Joint Committee appoint David Neudegg as the Partnership Managing Director
- k. each Partner Authority shall make available, pursuant to Section 113 LGA 1972, to the Joint Committee such of its staff as are required by the Joint Committee to fulfil the functions delegated to it
- l. Receives a report and business case during 2016 on the establishment of a local authority company for the delivery of the functions of the 2020 Partnership, or alternatively the continuation of the Joint Committee
- m. delegates authority to [Head of Democratic Services / Monitoring Officer] to make any consequential amendments to the Councils' constitution.