



AGENDA ITEM (9)

2020 VISION PARTNERSHIP UPDATE - PRINCIPLES AND ORGANISATIONAL MODEL

Accountable Member	Councillor Lynden Stowe Leader of the Council
Accountable Officer	David Neudegg Chief Executive 01285 623000 david.neudegg@cotswold.gov.uk
Purpose of Report	To receive an update in respect of the 2020 Vision Partnership; and, if desired, to comment on the report and the proposed services/functions to be initially retained.
Recommendation	That the Committee considers the report and the proposed services/functions to be initially retained, and makes comments thereon prior to consultation with staff.
Reason(s) for Recommendation(s)	The 2020 Vision supports the Council's corporate objective of providing value for money services that effectively meet the needs of customers. The Committee is invited to provide independent comment on the report and the proposed services/functions to be initially retained, prior to consultation with staff.
Ward(s) Affected	All
Key Decision	No
Recommendation to Council	No
Financial Implications	The outline business case presented to Cabinet in December 2014 set out the detailed financial implications of the 2020 Vision programme. The objective is to ultimately deliver approximately £1.3m of annual recurring revenue savings.
Legal and Human Rights Implications	None specifically for the Committee. However, consultation is a key element of the programme in terms of enabling staff contributions and comment. Any comments made will be taken into account when the business case is considered, and before a final decision is taken as to whether to proceed with the venture.
Environmental and Sustainability Implications	Not applicable

Human Resource Implications	The Human Resource issues will be considered and developed as part of the programme plan and reported to the Joint Committee and, if necessary, to individual Councils.
Key Risks	These were set out in the full version Activist report (presented in December 2014).
Equalities Impact Assessment	No effect on protected groups identified at this stage. A full Equalities Impact Assessment will be required as part of any future report on future governance arrangements.

Related Decisions	Cabinet , 4 th December 2014 - Approval of establishment of a shared services partnership venture, and related decisions Cabinet , 11 th June 2015 - Approval of Memorandum of Understanding
Background Documents	2020 Partnership/Programme Board Minutes
Appendices	Appendix 'A' - Interim Partnership Chief Executive Option

Performance Management Follow Up	(i) Staff consultation; (iii) follow-up reports to Scrutiny, Cabinet and Council (September/October 2015).
Options for Joint Working	The 2020 Vision programme is a partnership between this Council, Cheltenham Borough Council, Forest of Dean District Council and West Oxfordshire District Council.

Background Information	
1. <u>Introduction and Background</u>	
1.1 In December 2014, each 2020 Partner Council, through their respective decision-making arrangements, resolved to:	
<ul style="list-style-type: none"> • 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. 	
1.2 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.	
1.3 The 2020 Vision sets out an ambition for the authorities to become more efficient and effective by working together but without sacrificing their sovereignty - in fact, their ability to take the decisions needed for their locality would be strengthened.	

1.4 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.

1.5 A key shared challenge is addressing the year-on-year reductions in central government grant to local authorities. Each council's medium term financial strategy 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.

1.6 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.

1.7 Additionally, whilst there was a strong emphasis on the need for efficiency savings, there was also a recognition that sharing could provide access to greater capacity and help make services more resilient.

1.8 The report summarised the outcomes as follows:

- Financial: we need to respond to long-term financial pressures on the four councils.
- Efficiency: we need to continue to find ways of delivering value for money (even if we didn't face the current financial pressures).
- Resilience: each authority needs a wider pool of expertise and greater capacity to respond to events.
- Impact: more depth in strategic capacity is needed to support the drive towards service improvement and wider social and economic benefits in each locality.
- 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.

1.9 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.

1.10 The key messages coming out of recent conversations between the Project Sponsor and Programme Board representatives seem to be:

- 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.

1.11 The challenge is how do we maximise potential shared working efficiency savings whilst protecting local distinctiveness and democratic independence?

1.12 At this early stage it might be helpful to set out some principles and a preferred delivery model for consideration by members across the four Councils which seek to strike the balance between these potentially conflicting objectives and evaluated against the Outcomes Framework agreed within the Activist Report. This will be necessary to facilitate the development of the detailed Blueprint and Business Case to be developed and costed. As the Programme gains momentum, with key pieces of work being finalised, more detail will be known which can be used to populate and refine the model.

2. Commissioning Review

2.1 The recently-completed 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.

2.2 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 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 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 a shared commissioning resource including client activity.

2.3 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 partners 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.

3. Partnership Venture

3.1 With regard to the key ingredients for success, 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

3.2 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 the best staff to a broad effect. The more role separation there is within the overall partnership the higher the management costs.

3.3 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.

3.4 The 2020 Vision Partnership has a significant advantage of having already established shared back office support for many 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.

4. Service Design Principles

4.1 A Common Core

There are four areas where it may be desirable to collectively agree an approach across all four Councils. 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 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 four Councils but as systems come up for renewal there will be further opportunities for developing common approaches.
- 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.

4.2 A Flexible Pragmatic Approach

4.2.1 It is recognised that this will be an evolutionary process where certain services and functions will start off retained 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.

4.2.2 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.

4.2.3 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 evolutionally process which requires a pragmatic approach. A key principle is to determine whether all partners are content to maximise their most senior resource under some form of matrix management approach.

5. Organisational Models

5.1 The Programme 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.

5.2 There is a consensus that the Interim Partnership Chief Executive option 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 strategic outline case. This would then enable further consideration to be given to the benefits and timing of establishing a Teckal company or remaining with the Joint Committee in due course.

5.3 The 2020 Partnership Board have agreed that the Interim Partnership Chief Executive option should be adopted and be implemented by April 2016, subject to final business case decision being considered by each Council in October 2015.

6. Retained Services

6.1 A key principle contained within the Activist Report is that each Council can determine which services and functions it decides 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.

6.2 The Management Team have assessed all of the areas and consider the following to be a reasonable position to take.

6.3 In general terms we considered that all services had some potential for sharing to a greater or lesser degree.

6.4 The service areas with the highest scores to retain (a number of these are already shared with West Oxfordshire) were as follows:

- Press and Media
- Planning Policy
- Economic Development
- Development Management
- Client Management - Car Parking
- Client Management - Waste and Recycling
- Client Management - Leisure
- Community Safety
- Community Support and Liaison
- Tourism Support and Strategy
- Housing Strategy
- Democratic Services
- Elections.

6.5 In addition to GO Shared Services, ICT and Public Protection, which have already been agreed for broader sharing, there is a strong case for sharing a number of services early, as follows:

- Legal and Property
- Customer Services
- Planning Administration
- Building Control
- Corporate Planning and Performance Management.

6.6 The following services could have shared management, but a more extensive shared service may need to be considered at a latter phase:

- Revenues and Benefits (currently subject to significant national policy change)
- Housing Allocations and Homelessness.

(END)