Appendix C

2020 Vision for Joint Working: *Business case*

Version 1.3, 21st August 2015

Version history

Version	Date issued	Summary of change	Version owner
0.3a	21st July 2015	First draft released to programme team for review	Jon Hyde
1.0	3rd August 2015	Incorporates feedback from the programme team	Jon Hyde
1.1	4th August 2015	Feedback from CFOs	Jon Hyde
1.2	17th August 2015	Feedback from programme team	Jon Hyde
1.3	21st August 2015	Feedback from CFO gate review	Jon Hyde

Contents

1 Executive summary

Local government is undergoing rapid transformation in order to respond to the challenges associated with reduced government grants and growing pension costs. With 2015 Spending Review cuts potentially ranging from 25-40%, and annual pension contributions projected to double over the next two decades, there is a '*burning bridge*' case for the delivery of further savings, increased efficiencies and revenues.

This business case sets out a collaborative and innovative response by four councils – Cheltenham Borough Council (CBC), Cotswold District Council (CDC), Forest of Dean District Council (FODDC), and West Oxfordshire District Council (WODC). Their proposal delivers a financially sustainable platform for the medium to long term delivery of local services (£10.1m investment delivers **£5.7m annual revenue savings**), *and* provides the foundation for improved customer service.

Their approach has been validated by external experts, is based on a proven track record of similar business change successes, and is mindful of key member requirements:

- Respects each Council's separate identity
- Ensures decision making will remain locally accountable
- Strengthens ability to exercise community leadership on behalf of localities
- Retains strong local knowledge in frontline services
- Ensures each authority has impartial commissioning and client side advice from people they trust

2 Strategic case

2.1 Organisational overview

The **strategic priorities** set out in each authority's corporate plan are set out below:

Table 1: Partners' strategic priorities

Authority	Priorities
Cheltenham	• Enhancing and protecting our environment • Strengthening our economy • Strengthening our communities • Enhancing the provision of arts and culture • Delivering value for money services
Cotswold	• Freeze Council Tax until 2016 whilst protecting front line services that matter to our residents • Maintain and protect our environment as one of the best places to live, work and visit • Work with local communities to help them help themselves
Forest of Dean	• Provide value for money services • Promote thriving communities • Encourage a thriving economy • Protect and improve our environment
West Oxfordshire	• Protect and enhance the environment of West Oxfordshire and maintain the district as a clean, beautiful place with low levels of crime and nuisance • Work in partnership to sustain vibrant, healthy and economically prosperous towns and villages with full employment • Be recognised as a leading council that provides efficient, value for money services

The priorities demonstrate many similarities, including:

- The importance of value for money and efficiency;
- A commitment to the environment;
- Working with and supporting their communities.

There are some significant differences in emphasis and policies that are likely to be a reflection of differences in political control, but also in the nature of the locality. They also have differences in their size, population and prosperity. However, while there are differences between the authorities and the areas they serve, these are greatly outweighed by the similarities.

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 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.

A key shared challenge is in addressing the year-on-year reductions in central government grant to local authorities. Each of the councils' medium term financial strategies have significant savings requirements - even before any further reductions in funds for local government that are expected following the 2015 Spending Review. Additionally, all four councils face a longer-term challenge - how to deal with the increasing costs of funding the employers' contributions to the Local Government Pension Scheme.

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.

2.2 Summary of drivers for 2020 Vision

- **Financial:** the need to respond to long-term financial pressures on the four Councils.
- **Efficiency:** the need to continue to find ways of delivering value for money (even if the Councils were not facing 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.

2.3 Investment objectives and benefits

The investment objectives and benefits for the programme are as follows:

Table 2: Investment objectives and benefits

Investment objectives	Benefits
Savings	• Delivers realistic and sustainable revenue savings. • Provides a positive return on investment in the medium term. ○ **Cheltenham Borough Council** savings to council tax payers of **£1.2m** ○ **Cotswold District Council** savings to council tax payers of **£1.7m**

Investment objectives	Benefits
	○ **Forest of Dean District Council** savings to council tax payers of **£1.3m** ○ **West Oxfordshire District Council** savings to council tax payers of **£1.5m** ○ ***Total estimated financial savings of £5.7m*** • Enables further savings to be delivered through partnership and better asset management. • Enables opportunities for income generation.
Influence	• Respects each Council's separate identity as individual authorities. • Ensures decision making will remain locally accountable. • Strengthens ability to exercise community leadership on behalf of localities. • Retains strong local knowledge in frontline services. • Each authority has impartial commissioning and client side advice from people they trust.
Quality	• Enhances and maintains good quality services to the public. • Allows Councils to nurture partnerships and take advantage of new ones. • Creates organisations which are flexible and adaptable to future changes. • Has governance and structures that are streamlined and easy to understand. • Is widely acknowledged to be socially responsible.
Creativity	• Empowers staff to be creative, collaborative and enquiring. • Supports commitment to a public service that responds to and empowers local communities. • Fosters and rewards an innovative, can-do approach to delivering services.

2.4 Existing arrangements

The 2020 partners have long experience of working together, including:

- GO Shared Services in which the four partners share Finance, HR and procurement services, enabled by integrated ERP software.
- Cotswold and West Oxfordshire's shared management structures and teams.
- Ubico, the environmental services company jointly owned by Cheltenham, Cotswold, Forest of Dean, West Oxfordshire, and Tewkesbury.
- Audit Cotswolds, which provides audit services to Cheltenham, Cotswold and West Oxfordshire (among others).

- The shared IT services for Forest of Dean and Cheltenham, and Cotswold and West Oxfordshire.

The partners also have a number of shared service partnerships with other authorities outside the 2020 partners, e.g. Forest of Dean's participation in South West Audit Partnership, and their Revenues and Benefits partnership with Gloucester City Council and Civica; Cheltenham's participation in One Legal with Tewkesbury Borough Council and Gloucester City Council; and the three Gloucestershire partners' participation in the Gloucestershire Joint Waste Partnership with the county and other district councils.

However, there are many services which continue to be provided individually on behalf of each partner council. By joining up these services, the Councils would be able to realise efficiency gains as well as improving capacity and resilience.

2.5 Business needs

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 as per each Council's Medium Term Financial Strategy are set out in the table below, together with each Council's plans to deliver the savings.

Table 3: Partnership savings targets

	CBC (£000)	CDC (£000)	FODDC (£000)	WODC (£000)
Total Annual Savings Target	3,727	1,644	2,112	1,110
2020 Vision Savings included within published MTFS#	394	1,055	1,143	1,110
Other Identified Savings	1,791	589	941	0
Shortfall (Surplus)	1,542	0	28	0

 # The Strategic Outline Case indicated that the financial benefits from the 2020 Vision over a ten year basis amounted to £1.3m per annum per council. Cheltenham Borough Council have not incorporated the full value of the potential savings within the MTFS.

All four councils face a longer-term challenge - how to deal with the increasing costs of funding the employers' contributions to the Local Government Pension Scheme (LGPS). Even though the scheme has recently been renegotiated to make it more sustainable, it is a growing burden.

The formation of a Teckal Company would enable the Councils to mitigate against this increasing cost burden by introducing a stakeholder pension scheme for new employees, however, further works needs to be carried out in order to understand more fully the implications of establishing a Teckal company on the LGPS costs. In addition, certain changes to the LGPS Regulations would help to avoid increased cost of the LGPS as a direct result of the move to a Teckal company. The 2020 programme is working with the two pensions authorities (Gloucestershire County Council and Oxfordshire County Council), and nationally with the Department of Communities and Local

Government on these issues. The outcome of this work will be incorporated within the business case for the creation of a Teckal company, which is due to be completed in the summer of 2016.

2.6 Potential business scope and key service requirements

Given the financial challenges faced, there are three principal options open to each authority to make the savings needed:

- Achieving **economies of scale**: through sharing services and management across the partnership; and additionally considering running the shared services through a Teckal company.
- **Re-designing the service**: finding new ways of delivering a service; making more use of technology; streamlining processes; or redesigning jobs.
- **Re-defining the service:** this could include making reductions in service levels; cutting non-statutory services; or transferring responsibilities to citizens and communities.

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. Making savings through encouraging greater customer self-reliance is an objective for a number of councils, but this can involve a lengthy process of transition and can result in failure where a council withdraws too quickly before the local community has the capacity to take on a greater share of responsibility.

Service redesign can take many forms: Job enlargement, i.e. asking managers and staff to multi-task has already been pursued in each authority, but this has its limits. Asking managers and staff to take on broader spans of control is likely to produce savings but is also likely to dilute the expertise needed for complex, technical issues. Technology driven change has an investment cost which may be prohibitive if carried out by a single authority. Fundamentally, any worthwhile service redesign is likely to generate even greater returns if shared.

In the past, the starting point for councils to achieve economies of scale was to centralise back office functions, and indeed most support services have been centralised and shared, e.g. through GO and shared IT, legal and audit partnerships. Few economies are likely to flow from sharing closely with a county council as they do not have services in common apart from support services and since most county councils' support services rely on sophisticated (and more expensive) enterprise resource planning (ERP) software (i.e. finance, HR and procurement) the cost of changing from GO's Unit 4 software is likely to be unaffordable. Sharing with a different group of district councils will also prove challenging due to these conversion costs.

Set against these constraints, each authority will need to decide whether there are alternatives to 2020 Vision that could provide savings on the scale required. The 2020 Vision is anticipated to make a major contribution to each Council's Medium Term Financial Strategies - *see Table 3: Partnership savings targets*.

2.7 Main risks

See Appendix A

2.8 Constraints

The project is subject to the following constraints:

- Political decision making;
- Statutory legislative change;
- Pensions, amendments would be required to the LGPS Pension Regulations to enable the Councils to fully benefit from pension savings available through the Teckal or Trading Company options.

2.9 Dependencies

The project is subject to the following dependencies that will be carefully monitored and managed throughout the lifespan of the scheme.

- That the partner councils approve the recommendations in September/October
- That the Councils are able to recruit/second officers to manage the implementation of the various projects underpinning the programme. Funding for backfilling has been provided for within the business case.

3 Economic case

3.1 Introduction

This section of the Business Case documents the wide range of options that have been considered in response to the potential scope identified within the strategic case.

3.2 Critical success factors

The critical success factors (CSFs) shown within the Strategic Outline Case (SOC) were as follows:

a) The commitment of all partner councils to the programme;
b) The successful implementation of the ICT systems to support the efficiency gains envisaged in this business case;
c) The successful realisation of the benefits of shared working to a level envisaged in the vision of the programme.

These have been re-visited in the context of the Business Case and remain valid.

3.3 The long-listed options

There are numerous choices available for securing the sourcing model best able to meet the outcomes expected for 2020 Vision. Whereas in the past, the choice could be represented as a simple '*make or buy*' decision, there is now a much greater variety of sourcing options in use by local authorities. Each model has particular strengths and weaknesses and the choice of model will depend on what the commissioner is trying to achieve.

Table 4: Sourcing options

Make	Buy	Share	Divest
• In-house transformation • Continuous improvement • Arms-length company	• Outsourcing to the private sector • Outsource to the third sector • Private-sector joint venture	• Shared services • Shared management • Public Sector joint ventures	• Transfer to community management • Mutualisation • Devolve to parish • Closure

From the spectrum of sourcing options summarised in the table above, a long-list of options was identified in discussion with members and senior managers that are more likely to meet the needs of the partners, given the ambitions set out in 2020 Vision and the outcomes framework. Three of the main options above were easily eliminated:

- Large scale outsourcing for four authorities would be extremely time-consuming and expensive and would be unlikely to secure general support. The procurement process for services on this scale would also introduce a substantial delay and unacceptable risk to the delivery of savings;
- Transferring services to community management or devolving them to parishes would be too complex and impractical for the range of services under consideration;
- Cessation of services is precisely what 2020 Vision is designed to avoid.

The Long-list of Sourcing Options for 2020 Vision is set out in the table below:

Table 5: Long-list of options

Type	Potential Option
Make	As is (or suggested as *'in-house transformation'*).
Buy	Private sector joint venture.
Share	Arms-length company (Teckal) jointly owned by partner authorities (i.e. a public sector joint venture). Jointly owned trading company. Shared services model (lead authority or joint committee).
Divest	Spin out to mutual or charitable trust.

An option appraisal to identify the sourcing options most likely to meet the outcomes framework has been carried out. Each of the long-listed models has been evaluated for its contribution to each of the outcomes using a simple rating of high, medium and low; no weightings have been applied.

Table 6: Options appraisal

	Outcomes					
Model	**Savings**	**Influence**	**Quality**	**Creativity**	**Shortlist?**	**Key Issues**
In-house transformation	L	H	M	L	No	Lacks scale economies
Private sector joint venture	L	M	L	M	No	Poor Return On Investment Long lead-in
Sharing	H	H	M	M	**Yes**	Tried and tested
Local authority company	H	H	M	M	**Yes**	Local experience
Spin-out to mutual or trust	L	M	M	M	No	Long lead-in Not at this stage

As a result of the shortlisting process, two broad strategic options were recommended for consideration on the shortlist:

- Traditional Sharing (s101 and s102)
- Teckal and Trading Companies.

3.4 Shortlisted options and preferred way forward

Traditional Sharing, Teckal and/or Trading Companies all have the merit of being able to deliver significant savings, but without the delays incurred through an expensive procurement exercise. They also have the merit of using partnership models that are tried, tested and trusted already among the partner authorities (e.g. GOSS, SWAP and Ubico).

Given the partners' interest in being able to expand the partnership and to trade, a Teckal company route is likely to provide the most effective and flexible approach. It would also open up the potential to employ new starters on different terms and conditions, including a stakeholder pension scheme rather than the LGPS. However, at this stage, further work is required to confirm the approach on pensions, including establishing a consensus within all four authorities and confirming the financial affordability of such a move.

In the meantime and to avoid delays in progressing joint projects, it is recommended that the new **Partnership Venture (PV)** is established at an early stage under the control of a member-led **Joint Committee (JC)**.

The JC would manage the PV and begin to embed the new philosophy and approach wanted in the long-term:

- Managerial leadership: the JC would appoint an interim Partnership Managing Director and management team to lead and develop the PV and prepare for the transition to the long-term model;
- Management culture: a more commercially-minded and socially responsible entrepreneurial ethos would be fostered;
- Business development: a planned approach would be developed to pursuing opportunities to extend the partnership and secure new business.

As a result, it is recommended that the partners consider the following as a preferred way forward:

Table 7: Preferred way forward

Step	Sourcing Model	Rationale
1 – Short term (January 2016 to March 2017)	The preferred **sourcing model for 2020 Vision** is a **PV**. This would initially function as a shared service arrangement operating under a JC made up of elected members from each authority. JC goes live Feb 2016 Proposed operating model implemented April 2016 First tranche of PV shared services operational April 2016 New employee contracts implemented While the **PV is maturing** and the benefits are being realised, the partner authorities would decide on	Members' direct oversight would be retained using a well-established local government governance model, allowing shared co-ordination and control. Allows progress in delivering shared efficiencies to be made while key issues (e.g. pensions) are resolved. The need for a separate company for trading purposes will need to be considered if a move to company is not agreed or is delayed. Allows a joint decision by the authorities to be made on whether and when to progress to a different model.

Step	Sourcing Model	Rationale
	whether to continue operating as a JC or moving to a company model (June 2016).	The new PV operating under a JC would develop some of the characteristics needed for a more commercial, income-generating model.
2 – Medium term (April 2017 to April 2021)	Teckal company operating (April 2017 at earliest) Commissioning review of all services (2020/2021)	To deliver savings as set out in the financial case.
3 – Long term (2020 onwards)	The **potential for conversion to a mutual** could be explored if the option commands support and the partnership venture has developed the expertise needed to win the contract in competition.	The move to a mutual model would be a major step involving significant risks. Any new shared entity needs time to develop its skills, systems, relationship management and initial customer base before it can compete confidently.

3.5 Economic appraisal

3.5.1 Introduction

The costs and benefits of the Programme have been used to populate a cost/benefit model which adjusts for "optimism bias" on both programme costs and financial benefits.

3.5.2 Estimating financial benefits

Detailed salary budgets have been provided for each of the partner councils. The Councils have previous experience of implementing shared services and the experience of savings delivered has been applied to this business case. Where services are in scope for sharing, the following principles were applied in order to estimate the potential level of financial savings:

- Transactional savings of 15% can be realised where services have not been shared before;
- The level of management savings will vary according to the degree of sharing of management resources currently in place (savings from 0% to 10% depending upon the degree of sharing);
- Costs for officers to be shared will increase by 5% (on average) to reflect the cost of additional responsibilities;
- Savings reduced by 3% to reflect the fact that each Council currently has an annual '*vacancy*' savings factor within the base budget. This vacancy factor will need to reduce to reflect a reduced employee budget;

With regard to the Trusted Advice and the managers of Shared Service positions, detailed modelling was carried out on the costs of the officer positions which would be ring-fenced into these positions. Where certain positions were vacant, it was assumed these posts would remain unfilled and the savings are available to the programme.

There is the potential for further financial benefits to be realised as a result of implementing this programme. It is possible that the Councils could spread overheads or generate income by trading (for example, by enabling the building control service to operate in a commercial arrangement or by selling support services). The proposal is to create a flexible entity where it is possible for other public sector bodies to buy services, or indeed to join as partners in the future.

The programme has commenced a piece of work to ascertain the scale of the market opportunities, identify potential clients and assess how prepared the shared services are for entering into a more commercial environment. The business case has not assumed financial benefits from these wider aspirations.

3.5.3 Estimating costs

Where costs are known these have been included within the business case (e.g. certain costs for external advice which has already been procured, redundancy costs already incurred, programme office costs as a recruitment process has been completed).

As the Councils have experience of creating shared services and forming new entities (Ubico Ltd and The Cheltenham Trust), provision for one-off specialist external advice has been based upon that previous experience.

Redundancy costs have been estimated by quantifying the number of officer posts which are likely to become redundant and applying an estimated redundancy and strain on pension fund cost. The estimates have been ascertained by using data from the creation of previous shared services.

The costs of investment in ICT have been provided by the CDC/WODC Head of Service based upon soft market testing.

It has been assumed that the resource requirements of the Monitoring Officer and the Chief Finance Officer support for the Joint Committee will be provided within existing capacity. Therefore, as the additional costs of operating under a JC arrangement are minimal, the business case has not included any additional costs for operating under a JC arrangement. The support costs for a Teckal company have been based upon experience from the operation of Ubico Ltd and The Cheltenham Trust.

3.5.4 Net present value findings

A summary of the financial benefits from the programme is set out in the table below:

2020 Vision Summary of Savings	Savings	CBC	CDC	FoDDC	WODC
Savings Already Delivered – In Base Budgets					
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**
Shared Services Phase 1 – Savings Deliverable 2016/17 – 2017/18					
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**
Shared Services Phase 2 – Savings expected to be delivered 2018/19					
Savings from:					
Commissioning/Policy Support, Planning, Procurement savings related to supplies and services budgets, Housing Support.					
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**
Shared Services Phase 3 – Savings expected to be delivered 2019/20 Onwards					
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**

2020 Vision Summary of Savings	Savings	CBC	CDC	FoDDC	WODC
Other 2020 Vision Savings					
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**

In general, savings have been allocated according to the 2015/16 baseline funding position for each partner council that is part of a shared service. The costs of the new structure for Trusted Advisers has been compared to each Council's baseline funding position and savings calculated accordingly. Some savings have been assumed by bringing some contracted out services into the 2020 Vision delivery model.

The Net Present Value (NPV) of the programme has been calculated using a cost benefit analysis model which incorporates adjustments for optimism bias (financial benefits could be overstated) and optimistic costs (costs understated). The model has been used to calculate NPV both with and without the Transformation Challenge Award Grant funding. The optimism bias adjustments mean that the payback period is different than that shown in Table 7: Preferred way forward. In both cases there is a positive NPV of the Programme, as set out below:

Table 8: NPV findings

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

3.6 Sensitivity analysis

The cost benefit model has applied the following optimism bias adjustments to the costs and financial benefits from the programme:

- ICT Costs – 5% adjustment (assumes optimistic costs in business case);
- Redundancy Costs – 5% adjustment (assumes optimistic costs in business case);
- External adviser support – 10% adjustment (assumes optimistic costs in business case);
- Programme office/backfill requirements - 5% adjustment (assumes optimistic costs in business case);
- Financial Benefits – 5% (assumes savings optimistic in business case);
- On-going support costs for Teckal company – 5% (assumes optimistic costs in business case).

3.6.1 Results of scenario planning

The net present value and payback period for the programme are very positive. No concerns over the financial viability of the programme have been identified.

3.7 Preferred option

The preferred option as set out in detail at 3.4 can be summarised as:

- forming a Joint Committee early in 2016,
- transferring responsibility for the initial shared services to the Joint Committee from April 2016.
- the business case for a Teckal company to be considered during Summer 2016.

4 Commercial case

4.1 Introduction

In order to progress shared services savings quickly, it is proposed to initially operate them under a JC with the Councils continuing to act as employers. This will allow progress in achieving shared efficiencies whilst developing the detailed arrangements for the establishment of the new sourcing model.

4.2 Required services

The joint committee will focus upon providing strategic direction and overseeing the performance, development and continued operation of the Partnership on behalf of the Councils.

The JC will have the following **roles**:

Strategic Direction

- Responsible for the on-going strategic delivery and governance of the Partnership Venture Shared Services to the required standards.

Financial

- Develop and approve the Partnership Financial Case from time to time and to make recommendations to the Partner Councils accordingly for adoption.

- Receive reports on and monitor the Partnership Financial Case.
- Oversee the delivery of the financial savings and benefits as set out in the Partnership Financial Case.

Delivery

- Responsible for the delivery of the Partnership Vénture in accordance with the Business Case (timescales, costs and performance) and to agree tolerances, identify and manage risks, issues or concerns as necessary.

Monitoring

- Approve annual service plans and performance reports for each of the Partnership Venture Services
- Receive reports on the performance of the Partnership Venture Services at such intervals as may be provided by the s101 Agreement[s] or as the Joint Committee may require; to make recommendations for service improvements as appropriate and to generally monitor the delivery of the Partnership in accordance with the s101 Agreement[s] for the Partnership Venture.

Improvement

- Responsible for the on-going enhancement of the Partnership Venture and the Partnership Venture Services.
- Receive reports on improvements or changes to service delivery of the Partnership Venture Services from the Partnership Managing Director and to recommend for approval major changes to the service delivery to the Partner Councils as necessary.
- Receive reports on any potential expansion of the Partnership Venture and to make recommendations to the Partner Councils accordingly.
- Receive reports on any requests for service contracts outside of the existing Partner Councils from the Partnership Managing Director and to make recommendations to the Partner Councils accordingly.

Disputes

- Receive reports on cases where conflicts between the interests of the Partner Councils have arisen or are likely to arise and to agree the manner in which such conflicts will be managed or resolved if possible.

The interim joint committee will oversee development of a report to the partner authorities on Teckal company recommendations, which will be presented in the summer of 2016. Should they be approved, as the plans for a move to a company model take effect, it may be helpful to create a shadow company board which would represent the company in negotiating the service contracts with the partner authorities. This will help to avoid the new company having to work to a contract that it had no part in negotiating and so had not been able to satisfy itself was realistic.

4.3 Potential for risk transfer

At this stage, Programme risks are overseen by the Member Governance Board and are escalated to the partner authorities as necessary. Ultimately all risks remain with the partner councils.

4.4 Proposed charging mechanisms

The partner councils have approved the principles under which costs and benefits will be shared.

4.5 HR implications (including TUPE)

It is anticipated that the TUPE – Transfer of Undertakings (Protection of Employment) Regulations – will not apply to this investment at this stage. Under the JC model, the staff will remain employed by their existing employers. Employment issues will be considered as part of the Teckal report to councils in the Summer of 2016. It is anticipated that the staff employed by each of the authorities will share common terms and conditions, in order to develop closer working and sharing. This will be done through consultation and discussion with employees. Further work will be undertaken to align rewards and benefits for all staff working for the authorities through a Total Reward Strategy. Reduction in staff numbers will be carried out in accordance with the policies in each authority and where possible where there are job losses, natural wastage and volunteers will be sought.

5 Financial case

5.1 Introduction

The purpose of this section is to set out the financial implications of the preferred option (as set out in the economic case section) and the proposed deal (as described in the commercial case section).

5.2 Impact on the organisation's income and expenditure account

The financial case for the **overall programme** is set out below:

Table 9: Financial case for the overall programme

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	April 2020-March 2024 £000	Total £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**

The financial case for **Cheltenham Borough Council** is set out below:

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	April 2020-March 2024	Total
	£0	£0	£0	£0	£0	£0	£0	£0
Programme Costs	**66**	**592**	**822**	**357**	**327**	**10**	**0**	**2,174**
Funded by:								
TCA Grant	66	592	292	0	0	0	0	**950**
Council	0	0	530	357	327	10	0	**1,224**
Total	**66**	**592**	**822**	**357**	**327**	**10**	**0**	**2,174**
Savings Annual	0	155	303	330	166	124	174	**1,252**
Savings Cumulative	**0**	**155**	**458**	**788**	**954**	**1,078**	**4,744**	**8,177**

The financial case for **Cotswold District Council** is set out below:

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	April 2020-March 2024	Total
	£0	£0	£0	£0	£0	£0	£0	£0
Programme Costs	**132**	**689**	**965**	**505**	**327**	**10**	**0**	**2,628**
Funded by:								
TCA Grant	132	689	129	0	0	0	0	**950**
Council	0	0	836	505	327	10	0	**1,678**
Total	**132**	**689**	**965**	**505**	**327**	**10**	**0**	**2,628**
Savings Annual	0	215	597	294	288	119	145	**1,657**
Savings Cumulative	0	215	812	1,106	1,394	1,512	6,406	**11,445**

The financial case for **Forest of Dean District Council** is set out below:

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	April 2020-March 2024	Total
	£0	£0	£0	£0	£0	£0	£0	£0
Programme Costs	**90**	**759**	**965**	**505**	**327**	**10**	**0**	**2,656**
Funded by:								
TCA Grant	90	759	101	0	0	0	0	**950**
Council	0	0	864	505	327	10	0	**1,706**
Total	**90**	**759**	**965**	**505**	**327**	**10**	**0**	**2,656**
Savings Annual	0	19	509	146	404	121	139	**1,338**
Savings Cumulative	0	19	528	674	1,078	1,199	5,133	**8,631**

The financial case for **West Oxfordshire District Council** is set out below:

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	April 2020-March 2024	Total
	£0	£0	£0	£0	£0	£0	£0	£0
Programme Costs	**142**	**734**	**965**	**505**	**326**	**10**	**0**	**2,682**
Funded by:								
TCA Grant	142	734	74	0	0	0	0	**950**
Council	0	0	891	505	326	10	0	**1,732**
Total	**142**	**734**	**965**	**505**	**326**	**10**	**0**	**2,682**
Savings Annual	0	101	419	181	561	111	122	**1,497**
Savings Cumulative	0	101	521	702	1,264	1,375	5,797	**9,760**

In section 2.5 table 3 set out each Council's financial savings targets for the period 2015/16 to 2018/19 and the respective plans for delivering the savings. The table has been updated below to show the revised contribution from the 2020 Vision.

Table 10: Revised financial contribution from 2020 Vision to Councils' savings targets

	CBC (£000)	CDC (£000)	FODDC (£000)	WODC (£000)
Total Annual Savings Target	3,727	1,644	2,112	1,110
Potential 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)

5.3 Impact on the balance sheet

Investment in ICT will increase the value of intangible assets held across the partnership. Funding of one-off revenue costs will either reduce the partner authorities' revenue reserves, or will utilise in year funding.

5.4 Overall affordability

The proposed cost of the project is £10.1m over the 5 years of the expected lifetime of the programme. The Councils have already significantly provided for the programme costs within their Medium Term Financial Strategies. The Member Governance Board / Joint Committee will keep the programme finances under review, any additional funding request will be recommended to the

Councils as the programme progresses and actual costs become known. Funding of core programme expenditure (i.e. of benefit to all partner authorities) will be initially funded from the £3.8m award of Transformation Challenge Award Funding.

6 Management case

6.1 Introduction

This section of the Business Case addresses the 'achievability' of the scheme. Its purpose therefore, is to build on the Strategic Outline Case by setting out in more detail the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.

6.2 Programme management arrangements

The programme is managed using a MSP (Managing Successful Programmes) structure incorporating a Programme Board (the Member Governance Board) and Programme Team supported by a pool of specialist resource and advisors responsible to the Programme Director. The programme organisation can be summarised as follows:

- **Member Governance Board** – made up of the Leader and Portfolio Holder from each partner Council. The board has delegated authority on behalf of the partner Councils to deliver the 2020 programme including oversight of the setup of the PV and commissioning framework in line with the 2020 Vision. Programme delivery is subject to a series of decision points by Partner authorities.
- **Programme Team** – made up of the three senior managers appointed by the Member Governance Board to deliver the 2020 Vision supported by a strategic programme manager; strategic advisors and programme resources (see programme office). The Head of Paid Service at FoDDC and the acting Heads of Paid Service for the other Councils sit on the programme team in order to co-create programme development and to enable business as usual to be maintained in the partner Councils, however they do not report into the Member Governance Board.
- **Programme Office** – the programme team is supported by a pool of people including a number of strategic advisors, programme managers, a change and engagement officer, a communications officer and specialist resource such as HR, finance, legal and audit.

The programme management arrangements are built to ensure strong governance and proactive stakeholder engagement; both of these being critical to the successful delivery of the 2020 Vision and the associated Benefits.

6.3 Project management arrangements

Projects are managed using a Prince 2 framework with an Agile project management approach, providing robust, responsive governance. Projects vary greatly in size and complexity, so the project management put in place is tailored accordingly.

Programme and project management organisation and processes have been designed to ensure that there are good links between each project and the programme, whilst allowing each project to run autonomously within the programme framework.

Programme and projects links include:

- Project sponsors drawn from senior managers on the Programme Team
- A programme manager is assigned to each project to act as a liaison between the programme and the project. Their role is to manage interdependencies between projects; help resolve issues that are not entirely within the project's control; continuously improve the programme management approach to better support effective and efficient project delivery, risk management , benefits realisation, stakeholder communications and engagement. In addition the programme manager is an effective escalation route to the programme as and when needed.
- Project and programme plans, risk registers, communications and engagement plans, and benefits realisation plans are coordinated, regularly reviewed and changes are highlighted through monthly status reports.

6.4 Use of special advisers

Special advisers have been used in a timely and cost-effective manner. Details are set out in the table below:

Table 11: Special advisers

Specialist Area	Adviser
Financial	AON Hewitt – pensions advice CIPFA – external assurance of the business case
Technical	Activist Group, Eunomia Ltd
Legal	Bevan Brittan

6.5 Outline arrangements for change and contract management

At the project level, any proposed change to project objectives, deliverables, scope or timescales must be raised with the project manager. Change request implications are evaluated by the project manager and project board. The project sponsors have final say on changes. If a change is approved, the project manager will update relevant sections of the Project Initiation Document, project plans, and the risk and issue logs.

Where changes impact upon programme interdependencies, these must be raised with the programme manager for consideration. If a solution cannot be established between project and programme managers, this will be escalated to the programme team for resolution.

6.6 Outline arrangements for benefits realisation

The programme uses standard MSP and Prince 2 based approaches to benefits realisation. Programme benefits are shown in section 2.3 of this document, and progress towards their realisation is monitored by the Programme Team and Member Governance Board via status reporting.

Progress towards benefits realisation is also monitored at the project level, and a business change manager is identified for each project to ensure that project outputs are converted into business benefits.

6.7 Outline arrangements for risk management

The programme uses standard MSP and Prince 2 based approaches to risk management. Risk registers are held at project and programme level, and any project level risks identified which pose a broader threat or opportunity to the programme are escalated up to the programme register. Individual partner authorities also hold risks to their own organisations relating to the programme, in their own corporate risk logs.

Reviews of risk occur on a regular basis at all levels of project and programme governance – risk is a standing agenda item at project progress meetings.

6.8 Outline arrangements for post project and programme evaluation

After project and programme completion, an end of project or programme review will take place to consider the following points:

- Achievement of the project's/programme's objectives
- Performance against planned time and cost
- Did the project/programme deliver the intended benefits?
- Lessons learned – What went well?; What went badly?; What advice would you give to future project/programme managers and team members?

This objective review of project/programme performance will enable useful organisational learning which can be carried forward into future programmes and projects. There is a good track record of this happening in previous programmes and projects and the learning has been used to design the current programme and project management arrangements.

Reviews are held regularly throughout the lifecycle of the programme as well as on completion, to ensure learning happens within the programme and not just for future programmes.

6.9 Gateway review arrangements

This Business Case has been subject to a number of gate reviews to reach this point. To date, these have comprised:

- A legal gate review
- A high level gate review involving all of the major contributors (HR, legal, ICT, finance)
- A detailed financial gate review by the Chief Finance Officers

The gateway review provides assurance as to the robustness of key documents governing the programme and the ability to move forward. The output of the gate reviews inform programme office and are used to provide assurance to the Member Governance Board and councils.

Partner councils may also undertake their own gate reviews to satisfy themselves that the business case is right for their organisation. Going forward, formal Gateway reviews will be carried out before each key decision point.

6.10 Contingency plans

Should this programme fail to secure the buy in of all four partner councils, work would be undertaken to see whether there was sufficient merit in proceeding with three, or even two partners. At the same time, options for bringing other organisations into the partnership would be explored.

7 Appendix A: Programme risk log

ID	Description	Date raised	Last updated	Owner	*Impact*	*Likelihood*	Score	Control	Action	Deadline
4	If there is failure to reach agreement between members across all four Councils the programme may not be delivered	01/09/2014	03/08/2015	SRO (Andrew North)	*5*	*3*	15	Reduce	Member Governance Board, widespread engagement and shared management arrangement.	Autumn 2015
22	Programme does not progress as Members do not have their concerns properly addressed	01/09/2014	03/08/2015	SRO (Andrew North)	5	3	15	Reduce	Ensure Members are able to share their ideas and expectations – disagreements are aired and debated. Expressly discuss issues of control and sovereignty. Establish clear understanding of each council's appetite for change and their commitment to a shared vision. Member values and priorities made integral to investment objectives.	Autumn 2015

ID	Description	Date raised	Last updated	Owner	*Impact*	*Likelihood*	Score	Control	Action	Deadline
7	If there is a lack of employee support and significant resistance to change the programme delivery and realization of benefits will be delayed	01/09/2014	03/08/2015	DN	*4*	*3*	12	Reduce	Proactive engagement and communication with staff is crucial. 'Leading through change' programme being developed for roll out to all staff Direction of travel is well known Need to engage with employees at the appropriate time and employee and stakeholder engagement would be a key strand within the programme. Employee sessions have shown that they are concerned about pace of change, uncertainty and resources.	Ongoing
11	If the programme is too difficult to reverse once fully implemented there may be a reticence to make a full commitment to its delivery	01/09/2014	03/08/2015	SRO (Andrew North)	4	3	12	Reduce	Councillors need to fully understand proposals so important to have good member engagement from an early stage Contract length and phasing may need to be considered	Ongoing
12	If any part of the new organisation fails there will be a negative impact on the reputation of all four councils	01/09/2014	03/08/2015	HoPS	4	3	12	Avoid	The Councils need to ensure that robust governance arrangements are in place to manage the partnership venture.	Ongoing
20	Changes to Local Government from external factors (e.g. outcomes from future Comprehensive Spending Review, new legislation, devolution) impact upon ability to resource the programme	01/09/2014	03/08/2015	HoPS	3	4	12	Reduce	To be managed by partner councils as part of performance management arrangements. Interim management arrangements to be put in place to manage business as usual.	Ongoing

ID	Description	Date raised	Last updated	Owner	*Impact*	*Likelihood*	Score	Control	Action	Deadline
25	Lack of clarity on scope of engagement, leading to confused messages	01/09/2014	03/08/2015	SRO (Andrew North)	4	3	12	Reduce	All members of programme and engagement team are aware of and confident in the engagement plan. Consistent key messages are used in communications with stakeholder groups. All engagement work across programme co-ordinated and consistent.	Ongoing
26	ICT - availability / capacities of technical resources required to fully research and understand the current configuration of the existing networks and systems used across the 4 partner Councils.	01/09/2014	03/08/2015	HoPS	4	3	12	Reduce	This to some extent has been mitigated by commissioning external ICT support, and partnership working with WODC/CDC but will be monitored throughout the project.	Ongoing
27	ICT - scope will creep as technical problems / challenges continue to be uncovered.	01/09/2014	03/08/2015	ICT Managers	4	3	12	Reduce	This is being addressed by working closely with Andy Barge / Giles Rothwell who are responsible for the FoD / CBC ICT shared service and Phil Martin / John Chorlton who are responsible for WODC / CBC ICT shared service . Initial work is identifying the strengths and weaknesses of how the 4 Councils current infrastructure support current needs with a view to shaping how best to support the needs of the new structure in future.	Ongoing

ID	Description	Date raised	Last updated	Owner	*Impact*	*Likelihood*	Score	Control	Action	Deadline
28	During the programme there may be a reduction in performance due to the impact of the programme on capacity within the four Councils.	14/10/2014	03/08/2015	HoPS	4	3	12	Reduce	Ensure communication about any changes and the reasons for them is clear and understood. Provide support for problematic areas at the appropriate time. Ensure sufficient resources are available to backfill capacity where appropriate	Ongoing
30	If projects are not aligned, we may inadvertently limit future sharing options e.g. REST and shared public protection.	20/11/2014	03/08/2015	Programme Director	4	3	12	Reduce	Rigorous programme management practice (including reporting) and regular communication between project and programme managers.	Ongoing
33	The 2020 programme requires effective collaboration between officers and members drawn from four councils. If officers and members are unable to collaborate effectively, this could impact significantly upon achievement of the programme's objectives.	09/02/2015	03/08/2015	SRO (Andrew North)	4	3	12	Reduce	Deborah Bainbridge developing a team building programme. Member and senior officer collaboration events held	Ongoing
14	If the pensions liability advice is not accurate, all 4 Councils' existing pension schemes may be adversely affected.	01/09/2014	03/08/2015	JP	5	2	10	Reduce	Advice from the actuary says that pensions savings are realistic in the 10 year period. Work stream being led by Jenny Poole from GOSS – programme board received report and advice from actuary. Further action to be taken to feed into workstream about company options Dec '15 to June '16	Ongoing
8	If there is the perception of "Takeover, level of employee support will be reduced	01/09/2014	03/08/2015	DN	*3*	*3*	9	Reduce	Establishment of a new employment vehicle and shared management arrangement can reduce risk	Ongoing

ID	Description	Date raised	Last updated	Owner	*Impact*	*Likelihood*	Score	Control	Action	Deadline
9	If staff are opposed to transfer to new employment body and revised T&Cs there may be an increase in staff turnover and loss off skills	01/09/2014	03/08/2015	DN	3	3	9	Reduce	Initial employee sessions have not demonstrated that there is staff opposition. Unions broadly supportive T & Cs will need to developed as part of a new reward and recognition package	Ongoing
13	If there are future political changes (nationally or locally) there may not be the political support that is currently available	01/09/2014	03/08/2015	HoPS	3	3	9	Accept	Governance models will need to be robust Proposal could be scalable to other councils or functions Cross party advisory group will build political consensus.	Ongoing
15	If there was trade union opposition then the project delivery may be more difficult or delayed	01/09/2014	03/08/2015	HoPS	3	3	9	Reduce	Trade union engagement is on-going	Ongoing
19	Pension savings are not deliverable due to LGPS regulations or application of regulations by administering authorities	01/09/2014	03/08/2015	DN	3	3	9	Reduce	Lobby DCLG for changes to LGPS pension regulations to enable the partner councils to under-write the LGPS pension liabilities and continue to make contributions as in the existing delivery model. Use of professional advisers to find solutions.	Ongoing
29	Contracts with third parties may not be transferrable into the new partnership. Some contracts cannot be transferred to the new partnership so either they cannot be part of the scope or there could be considerable costs to terminate.	14/10/2014	03/08/2015	HoPS	3	3	9	Reduce	Ensure a full contracts register is drawn up, including termination dates and conditions, and factor into the plan.	Ongoing

ID	Description	Date raised	Last updated	Owner	*Impact*	*Likelihood*	Score	Control	Action	Deadline
6	If Programme resources / costs are insufficient the programme delivery and realization of benefits will be delayed	01/09/2014	03/08/2015	SRO (Andrew North)	*4*	*2*	8	Avoid	Previous programme experience used to estimate programme costs. Programme Management processes will identify issues to be addressed. If resources insufficient - Re-scope the Programme plan so that workload is manageable. Increase investment in resources to meet timescales. Input to partner council financial planning process.	Ongoing
24	Programme progressing too quickly resulting in demotivated staff which has an adverse impact on service delivery	01/09/2014	03/08/2015	SRO (Andrew North)	4	2	8	Reduce	Produce and communicate clear, phased timetable for programme. Key messages are consistent and feedback is prompt. Test stakeholders' readiness to move on to next phase of engagement.	Ongoing
31	As partnership working develops and/or individual council's reduce the size of their labour force it may not be possible for individual councils to sustain a response to a civil emergency beyond a short initial period – the more so if the emergency affects more than one District	16/12/2014	03/08/2015	HoPS	4	2	8	Reduce	Project in development to address this. Proposed Measures Review existing emergency response structures Review scope to 'pool' resources and develop revised response arrangements Ensure any new employed arrangements include a contractual requirement to respond in an emergency	Ongoing

ID	Description	Date raised	Last updated	Owner	*Impact*	*Likelihood*	Score	Control	Action	Deadline
2	If risk is measured and managed differently across the four Councils there may be a conflict of priorities within the programme	01/09/2014	03/08/2015	HoPS	*3*	*2*	6	Avoid	Co-ordinated approach through joint discussions between risk owners. Regular sharing and review of corporate and programme risk registers. Any conflict in risk priorities to be raised with Programme Team for resolution. Proposal to align risk management methodologies across partners to be considered as a candidate project.	Ongoing
5	If expected benefits are not realised there may be a move to return to previous organisational structures	01/09/2014	03/08/2015	SRO (Andrew North)	*3*	*2*	6	Reduce	Programme resources and clear benefits realisation plan must be in place	Ongoing
34	The cost of the programme may exceed the allocated programme budget	20/03/2015	03/08/2015	Programme Director	3	2	6	Reduce	Ensure rigorous financial monitoring and control is exercised through programme governance arrangements. Programme Board to request individual Councils to provide additional funding if required.	Ongoing
36	A crisis in one partner organisation could affect service delivery in partner organisations if capacity diverted across the partnership to help address crisis	03/07/15	03/08/2015	HoPS	3	2	6	Reduce	Controls to be built into future governance of partnership.	Ongoing
35	Discussions about the devolution agenda could divert/distract from discussion required to reach agreement on 2020 vision development	03/07/15	03/08/2015	HoPS	2	1	2	Accept	Clear briefing required to show that the 2020 vision is aligned with devolution agenda	Ongoing