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| Meeting | Simultaneous Executive Meetings | Subject | Adur and Worthing Partnership Strategy - High Level Business Case and Possible Single Officer Structure |
| Date | 15th March 2007 | Author | Adur and Worthing Partnership Management Board |

1. **SUMMARY**

- 1.1. This report, together with its accompanying papers, represents a highly innovative step in the potential development of local government services in Adur and Worthing. In the climate of the Local Government Bill and the Comprehensive Spending Review 2007, both Councils have received wide recognition for the original and creative steps that they are exploring to meet the challenges ahead.
- 1.2. In considering the results of this work, it is suggested that the two authorities need to keep a careful eye on the longer term. It is clear from discussions within the local government family around the country that locally based single authority initiatives are unlikely to meet these challenges.
- 1.3. Whilst Adur and Worthing Councils should accept the praise that they have received for being so open to forward thinking, it is now time to consider how to capitalise upon the huge progress we have made. Clearly this will imply different ways of working for officers within a single, joint officer structure, but it will also require a new approach for Members too. If the Councils decide to go down this route it is important that we all accept the need to adapt to the new way of working in the interests of our communities and our council tax payers.
- 1.4. Officers have prepared the papers which follow to facilitate this debate.
- 1.5. This report has been prepared by the Adur and Worthing Partnership Management Board, in connection with the possible development of a Single Officer Structure to serve both Councils in the future. It focuses upon the High Level Business Case that has been prepared by the Partnership Management Board and reports to Members the evaluation undertaken by Capita on behalf of the two Councils.

- 1.6. It also draws Members attention to comments that have been received during the staff consultation exercise, and to other observations made by external bodies who have commented on the High level Business Case.
- 1.7. On the basis of the work undertaken so far, it concludes that there is a case for taking this work forward on a phased basis. During the first phase, more detailed consideration needs to be given as to how a single structure should be developed across eleven service areas. Further work also needs to be undertaken on possible financial arrangements and issues relating to corporate governance. Both Councils will also need to agree certain actions.
- 1.8. It consequently proposes that Simultaneous Executive Meetings (SEMs) recommends that both Councils in March 2007 approve the revised High level Business case and the supporting Implementation Strategy, so that further work can be undertaken between April and July 2007. It also recommends a number of other key actions be approved and are brought back to Members in July 2007. At that time, both Councils will need to consider moving to the next phase of implementation.

2. **BACKGROUND**

- 2.1. On 21st September 2006, SEMs considered a report from Officers giving four options for steering the Partnership Strategy between the two Councils over the years to come. SEMs agreed to pursue Option 4, which was to work towards a comprehensive merger of services as a likely preferred strategic approach for partnership working. Since that time, a High Level Business Case has been prepared to help decide how this approach might be taken forwards.
- 2.2. At the end of January 2007, the initial draft High Level Business Case was distributed to all Members of both Councils and made available to staff in both Councils. In January 2007, the Joint Appointments Committee, set up between the two Councils, appointed Capita to consider and evaluate the Business case and the possible Single Officer Structure, on behalf on the two Councils. The High Level Business Case was passed over to Capita at the end of January 2007, with a brief that its work be undertaken throughout February 2007. That work has been completed and Capita's summarised conclusions are set out in this report. Capita's report is attached as Appendix 1.
- 2.3. There has been consultation with the staff, which has included three briefings for staff from both Councils on 7th and 9th February 2007, and discussions with Members of both Councils. The Audit Commission, the South East Centre for Excellence (SECE) and the Improvement and Development Agency (IDeA) were also provided with a copy of the High Level Business Case and their views are also considered in this report.
- 2.4. Members are reminded that the version of the High Level Business Case that was submitted to Capita, the staff and other interested parties, at the end of January 2007, set out the position reached by the Partnership Management Board at that time. It was understood that the High Level Business Case would

need to evolve, be developed and updated in the light of feedback from Capita, from the staff consultation and the views of other bodies.

3. ISSUES ARISING

- 3.1. In developing the High Level Business Case and in updating it since its initial preparation, it has become increasingly obvious that the possible development of a Single Officer Structure to serve both Councils is a groundbreaking piece of work. There is consequently very little, if any, experience of or learning from projects like this from elsewhere. In consequence, a number of “difficult” areas have had to be addressed, which over the coming months will need further work and development in order to ensure that the project can and should be taken forward after July 2007.
- 3.2. In particular, the potential financial and governance arrangements for the two Councils have been particularly challenging. Finance, in particular, still needs further consideration and development work.
- 3.3. There has also been considerable debate on what the Officer structure might be for the future. This work has also evolved with changes being made to what is now proposed in the High Level Business Case. Many of these changes have been driven by issues that have been raised throughout the consultation and challenge period. Some of these will also need further development work over the coming months. Consideration is now given to the comments that have been made on the High Level Business Case during the consultation and challenge period.

4. CONCLUSIONS AND RECOMMENDATIONS FROM CAPITA

- 4.1. Capita Advisory Services was commissioned by Worthing Borough and Adur District Councils to review the High Level Business Case. Its report was received in accordance with the agreed timetable, at the end of February 2007. Capita recognises the strong and established working partnerships that exist between the two Councils and structures its report as follows:-
 - i) Executive Summary
 - ii) Introduction
 - iii) Methodology of the Business Case Review
 - iv) Strengths and Weaknesses of the Business Case
 - v) Key Observations and Issues Identified
 - vi) Recommendations and Next Steps
- 4.2. In undertaking its review, Capita carried out a robust evaluation of the High Level Business Case and interviewed a number of Members and Officers from both Councils, together with the Chief Executive of West Sussex County Council and the Chief Executive of Horsham District Council (in his capacity as the CenSus representative in connection with Adur’s current joint working in relation to that project). There have also been regular weekly meetings with the Partnership Management Board to assess progress, to clarify issues and to

ensure that there is understanding on both sides as to how matters might progress.

- 4.3. In relation to strengths and weaknesses, Capita concludes that there are no significant gaps within the High Level Business Case and notes that it deals properly with both short and long term implications. It also observes that the document is apolitical and that it does not “over-promise” on what it might deliver.
- 4.4. Some weaknesses have also been identified. There is some concern about unnecessarily deferring some key decisions, some sections need a clear rationale or justification and some further clarification is required on the impact of the project on the overall efficiency and savings targets for both Councils. The need to further develop the Implementation Plan has also been highlighted and a high level evaluation has been included to verify whether the objectives of the exercise were met by the work.
- 4.5. Within the concluding “Recommendations and Next Steps” section of the report, there are a number of actions that have been highlighted and that need to be considered. These relate to financial governance, legal structural issues and political governance, the process for appointments to key posts, issues relating to transitional uncertainty, the process and approach to transition and the number of Directors and the final Officer structure model. There are also recommendations on portfolios in the final structure for Members, the timing of the service reviews and consolidation process, both Councils being clear about their priorities and the approach to be taken on the service reviews and the consolidation of services. (This is dealt with in Section 7 of this report).
- 4.6. Each of these has been carefully considered and either dealt with in the revised High Level Business case or as an action in the Implementation Strategy, which is Appendix 6 to the revised High Level Business Case.
- 4.7. In summary, Capita’s overall assessment is that there has clearly been a great deal of consideration and debate on this topic within the Councils for a significant period of time. The High Level Business Case document, as it stands does not do justice to the level of thought that has gone into it. There are some areas of specific concern, particularly:-
 - The approach to transition that is proposed and the level of uncertainty that this would create.
 - The pressure on already stretched resources will be created by the significant amount of activity that is being pushed into the three or four month period between April and July 2007.
- 4.8. However, notwithstanding these concerns, there are no “show stopping” issues that should prevent the Councils from proceeding within the proposal contained within the High Level Business Case. Members will note that Capita also make a number of recommendations for the Councils to consider at the end of their report.

- 4.9. Members are reminded that Capita's evaluation was based on the original High Level Business Case that the Councils provided at the end of January 2007. Capita has offered to review its recommendations in the light of the changes that have been made to the High Level Business Case since undertaking the original evaluation. This work is ongoing at present and Members will be updated accordingly at the SEMs meeting.
- 4.10. It is possible that some of Capita's original recommendations may well change or reduce as a result of this further work and that some minor changes to the High Level Business Case and some additions to the Implementation Strategy may be needed. It is consequently recommended that Officers be given authority (in conjunction with both Leaders) to make appropriate changes to the High Level Business Case between the SEMs meeting and the two Council meetings at the end of March 2007.

5. **ISSUES RAISED BY STAFF AND OTHERS DURING THE CONSULTATION PERIOD**

- 5.1. Consultation with staff and other bodies has been undertaken in a variety of ways. Three staff briefings were held on 7th and 9th February 2007 at the Adur Civic Centre, the Connaught Theatre and at Commerce Way, Lancing. The Chief Executive's presentations made in Worthing and Shoreham were video-recorded and copies of the presentations have been made available to all staff, upon request. In addition, a number of staff e-briefings have been issued and generally staff have been given every encouragement to comment upon the High Level Business Case. This has been made available to Managers and has also been placed on both Council's Intranets. Both Councils provided a facility for comments to be made "on-line" and staff have also been encouraged to reply in other ways, including in writing or by email.
- 5.2. Members will be aware that potential change of this type can have an unsettling effect on staff. Some staff are understandably concerned about taking even more capacity out of both organisations and on the potential impact that the project might have on their own positions and careers - particularly with savings and efficiencies forming part of the reason for it.
- 5.3. It follows, therefore, that a number of detailed comments have been made by a number of different staff on how the project might impact upon their own positions and careers, and a number of concerns have been submitted in this regard. In addition, other comments have also been made which are of a more strategic nature. These have all, in a number of respects, impacted upon what is contained in the revised High Level Business Case, the timetable for change and the current recommendations on a possible Single Officer Structure to serve both Councils.
- 5.4. A more detailed summary of individual and other comments received is set out in Appendix 2A. A record of the comments submitted by staff through the electronic Intranet system has been collated and is included in Appendix 2B. These summaries reflect or set out the comments made. All have been carefully

considered and many have been taken into account in revising proposals and recommendations.

- 5.5. Equally, however, Members should be aware that some of these matters cannot be dealt with or questions answered until more detailed proposals have been developed on how services might be brought more closely together. Appropriate staff will be involved in the refinement of the service blocks as they are examined more closely over the coming months, if the recommendations set out in this report are accepted. Staff will also be involved in any bringing together of service blocks after this time.

6. **ISSUES RAISED BY EXTERNAL PARTIES**

6.1. The Improvement and Development Agency (IDeA)

6.1.1. The IDeA has been supporting the development of the project in a variety of ways, including helping facilitate the workshops with staff and Members and in terms of helping provide “Peer” Member support. The IDeA has been very supportive of the project and its conclusions on the draft High Level Business Case are summarised as follows:-

- i) Much more should be made of the current working relationships between the two Councils and the fact that there are no inherent cultural differences between the two. Furthermore, positive outcomes from joint working need emphasising more, as does the fact that the overriding strategic political objectives appear to be very similar.
- ii) There is clear evidence of strong working relationships at both Senior Officer and Member level. This good practice now needs filtering down through both organisations, at both Officer and Member level.
- iii) The project should explain that the need to develop stronger working relationships with Local Strategic Partnerships and Local Area Agreements, and highlight the fact that a stronger partnership between the two Councils may help deliver some of these strategic objectives.
- iv) While the joint working between Adur and Worthing is positive and is supported, more should be made of the fact that partnerships outside of the two Councils are also already developing and this partnership approach may well help that develop still further in the future.
- v) More could be made of the advantages of a possible Single Officer Structure - particularly in relation to establishing a better critical mass and greater resilience to serve both Councils.
- vi) The High Level Business Case should clarify what the corporate approach might be by both Councils towards future policy development and to dealing with differences in performance. The report suggests that performance is similar between the two Councils, whereas the Appendix

suggests that there are differences. There may be opportunities for each Council to learn from one another and to improve overall performance.

6.2. The South East Centre for Excellence (SECE)

6.2.1. SECE has also been very supportive of the project and has provided financial support and other help over the last 5 months. It has recommended that the High Level Business Case would have a more robust structure if all the recommendations can be pulled together into one place. This will give clarity as to the actions that need doing and will, effectively, provide a Project Plan for future implementation.

6.2.2. SECE also recommends that the Executive Summary be more focused and “punchier” so that there is a clear message and clarity about what needs doing in the future. It is also suggested that some of the data could be presented in a more comparative way, in order to show similarities or differences between the two Councils.

6.2.3. SECE has also suggested that, in due course, greater clarification needs to be given as to what the Partnership Strategy means for the two communities which both Councils serve. Further development work will also be needed on the issue of financial savings and the hypothesis set out in the High Level Business Case will need to be tested further, in due course.

6.3. The Audit Commission

6.3.1. The Audit Commission has focused on what it considers to be the key risks or issues for both Councils, based on a high level review of the High Level Business Case. The Audit Commission will wish to take an ongoing interest in the project (if and when it develops) to gain a better understanding of the potential risks and benefits for both Councils.

6.3.2. In general terms, it supports the commitment to increased partnership working as a means of securing service improvements and value for money for local communities. The proposed project is innovative and builds on existing partnership work. The Commission is aware of the previous work undertaken in relation to a possible merger of both Councils and the subsequent rejection of that option in June 2005.

6.3.3. As the External Auditor to both Councils, there are a number of issues relating to the proposed approach which might present a not inconsiderable risk to both organisations, which the Commission is professionally bound to comment on. In particular, both Councils need to consider whether the processes involved and the associated risks are worth pursuing, in order to secure potential savings in excess of £500,000. Savings from re-engineering business processes and providing services jointly are likely to accrue, whether or not the management structure and responsibilities are streamlined.

6.3.4. The Commission then highlights some more detailed comments and raises some concerns. It also asks a number of questions about various aspects of the High Level Business Case. These are set out in more detail in Appendix 4A.

6.4. Deloitte & Touche Public Sector Internal Audit Ltd

6.4.1. With regard to the provision of a joint Internal Audit service as a "quick win", Deloitte and Touche will be happy to be involved in taking this forward and would welcome any opportunity to discuss this further.

6.4.2. In relation to the overall proposal for Council services going forward, Deloitte and Touche will discuss the audit implications with both Councils to ensure that there is appropriate coverage from an audit perspective.

7. **ISSUES THAT NEED FURTHER CONSIDERATION**

7.1. Governance Issues

7.1.1. So far as Officers and our advisors, including Eversheds, are aware, no two other Councils have developed a Partnership Strategy of this type or have considered possible governance arrangements in as much detail. Indeed, the current SEMs arrangements are probably groundbreaking and may well already be well ahead of what any other Councils are likely to have in place. As Members are aware, the SEMs arrangements have been established for some years now and they have worked well and effectively, including when there have been differences in the political control in one or other of the two Councils. The very recent decisions on the AWS initiative demonstrate the positive outcomes that this has helped deliver.

7.1.2. The work that has been undertaken so far has been extensive. As concluded in the High Level Business Case, Officers believe that there is an appropriate way forward for dealing with the governance arrangements between the two Councils. While a substantial amount of work has been undertaken, and a possible solution is being presented to Members, it is clear that this will need further detailed work over the coming months. The aim will be to ensure that the arrangements that are eventually recommended will serve the best interests of both Councils and their residents.

7.1.3. If both Councils decide to proceed with the Partnership Strategy in March 2007, then this further development work needs to be undertaken over the following 3-4 months, to work this up in more detail. It is recommended in this report that SEMs receives a further report from Officers in July 2007 on the overall strategy development. If both Councils agree, at that time, more detailed decisions will need to be made in respect of a number of matters. The governance arrangements will be one such matter.

7.2. Financial Arrangements

7.2.1. The possible financial arrangements have been particularly challenging and they still need further work. Officers have developed some possible proposals, with

help and support from Capita, who assisted in particular by bringing in external support.

7.2.2. The conclusion at present is that future financial arrangements also need to be the subject of more detailed work over the coming months. Officers are, again, of the view that an arrangement can be developed which will properly serve the interests of both Councils. Some of the work required will be substantial and complex. Consequently, some further external assistance will be required, with funding (hopefully) being provided externally to support this work. Such external support will be particularly important and helpful more widely. If other Councils are to develop partnerships like Adur and Worthing, then they will undoubtedly run up against similar complex problems which will also need dealing with.

7.2.3. Overall, Officers conclude that a solution does exist and that this can be further developed over the coming months. This should also form part of the further consideration of this matter by SEMs in July 2007, assuming Members agree to progress to the next stage.

7.3. Single Officer Structure

7.3.1. Assuming that both Councils agree to continue to work towards development and implementation, some refinement work needs to be undertaken over the coming months to refine the service blocks, including the detailed services to be included within each block.

7.3.2. Within the original High Level Business Case, consideration was given to a possible officer structure which would have provided a 2 Director and 13 service block model by April 2009. This generated considerable interest from Capita and staff across both Councils. Arising from this work, further consideration has been given to the appropriate number of Directors and the number of and composition of the service blocks at the next level down.

7.3.3. A number of those making comments (including Capita, the Audit Commission and some staff) have raised some concerns about overall capacity to meet the needs of two Councils that want to keep separate identities. In particular, there have been some reservations about the ability of only two Directors and the Chief Executive to be able to serve all the needs of both Councils - particularly having regard to the agreed objective of retaining separate identities.

7.3.4. The outcome of these considerations is a recommendation that both Councils now work towards a 3 Director model, rather than a 2 Director model, to support a Joint Chief Executive. Each of the Directors would have a strategic role and would directly support the Chief Executive in the undertaking of his or her duties. It is considered that this would provide greater resilience and a more robust structure to meet the needs of both Councils in the future. The three Directors should also be Deputy Chief Executives.

7.3.5. Further consideration has also been given to the original service blocks on which there have also been a number of comments from staff and other bodies. While a number of suggestions and issues have been raised, the Partnership

Management Board has concluded that it would now be more appropriate to reconfigure the service blocks and to have 11 service blocks by April 2009. The 11 suggested service blocks are within Appendix 2 to the revised High Level Business Case.

- 7.3.6. Particular attention is drawn to the fact that the service blocks do not need to be fixed at this stage. Further refinement is needed over the coming months, with the aim of settling these in July 2007. However, there has to be a starting point. The structure set out in the revised High Level Business Case, based on a 3 Director and 11 service block model is considered the correct future structure to take both Councils forward after July 2007.
- 7.3.7. If Members agree, each service block will be the subject of further refinement involving staff and Directors by July 2007. This will set out exactly which services are to be included in each service block (and there may be some minor changes during this development phase). Each service block will also have a timetable for implementation. This exercise will pick up some of the detailed operational matters that have been raised, such as IT, service standards and other related issues raised throughout this process.
- 7.3.8. Once the structure of the service blocks has been settled in July 2007, then appointments to “lead or manage” each one will commence later in the year. The aim will be to make all such appointments by March 2008 at the latest. Once appointed, each service head will develop a costed business plan for bringing the joint management arrangements and delivery of services into place by April 2009, to include their allocated share of the expected efficiency savings.
- 7.3.9. At this stage, it is not recommended that any service block is allocated to any specific Director, although each Director will take responsibility for overseeing the refinement of a group of service blocks within the period between April and July 2007.

7.4. What is meant by a Single Officer Structure to serve both Councils?

- 7.4.1. One issue that has evolved from the consultation process and our dialogue with external advisors is the need to make clear the nature of the proposals under consideration. Specifically there is some uncertainty about whether the idea is to share an officer structure or is it primarily about joining up all services.
- 7.4.2. The current relationship between Adur and Worthing Councils already involves a substantial degree of work on shared services and other joint arrangements. The business case and supporting documentation make numerous references to this being extended in a number of ways. However, the Local Government Bill, the Comprehensive Spending Review 2007 and the proposed extension of joint work within West Sussex authorities, may have clouded this picture. Quite reasonably people have asked how this might all fit together.

- 7.4.3. If Adur and Worthing decide not to progress a shared officer structure, both Councils will still be in the same contextual position, facing financial pressures, the need to modernise the way we work and reluctant to cut our services. This will certainly force both organisations to continue the discussions going on at present between Adur and Worthing, and with our other partners in and outside West Sussex to seek solutions to the difficulties we all face.
- 7.4.4. Therefore, the shared services aspects of the business case are, to an extent, independent of the shared officer structure. Partnerships on services can and will take place with Councils or other organisations beyond the boundaries of Adur and Worthing alone, regardless of whether or not we have a joint officer structure.
- 7.4.5. There is, however, a crucial link with the joint officer structure. In a sense the commissioning of a shared officer structure is in itself a shared service proposal (i.e. the sharing of officer services). And it must be remembered that one of the reasons for proposing it was to drive the delivery of joint services more rapidly than it was progressing.
- 7.4.6. Another key point is that the creation of a joint officer structure would not restrict joint working to Adur/Worthing arrangements alone. Indeed it could give the two Councils even more influence on any external arrangements that may be beneficial to both. Joining the CenSus projects could be a good example.
- 7.4.7. And finally, it should also be remembered that one of the prime objectives of the joint officer structure is to reduce the cost of overheads. So, if we do reject those potential savings, they will still have to be found from front line services or support activities close to the customer.

7.5. Development Work and Issues to Consider

- 7.5.1. Readers of this report, the High Level Business Case and its appendices and the comments of our external consultants will readily appreciate that human resources issues lie at the heart of the way forward. The following suggest a timetable and an outline process for setting up the new structure that meets current standards of equality in relation to appointments.

7.6. Phase 1 – April to July 2007

- 7.6.1. Following on from all of the above, it is clear that a considerable amount of work needs to be undertaken during the fairly restricted period between the time that both Councils make a decision in March 2007 and when Officers report back with more detailed proposals in July 2007. The work that needs to be undertaken is set out in the Implementation Strategy and includes:-
- i) Further refinement to settle and agree the structure of and the services to be included within each service block and a timescale for the bringing together of that service by April 2009.

- ii) In relation to financial matters, while Officers conclude that there is likely to be a way forward which protects the interest of both Councils and its tax payers, it is clear that further work needs to be undertaken during this period for Members to consider in July 2007. This is likely to be a particularly challenging area and one which will need recognition of the time and resources required.
- iii) Further work is needed to develop robust governance arrangements to serve both Councils. As above, the resources needed to undertake this work also need to be recognised.
- iv) Adur District Council is recommended to consider in March 2007 whether, in principle, it wishes to move towards a Cabinet structure, as recommended in the High Level Business Case.
- v) If Adur does decide to do so but opts for a Cabinet structure, then both Councils may also wish to further consider their arrangements, with the aim of bringing both Cabinet arrangements as closely together as possible.
- vi) The position of the Chief Executive needs to be considered, given that the current arrangement between the two Councils operates only until 30th June 2007. There are very good reasons for continuing with the current arrangement, at least up until the end of 2007, when the both Councils will have decided whether to pursue this project further. This would allow sufficient time to commence the recruitment process for a Joint Chief Executive soon after July 2007.
- vii) Both Councils need to agree to place any savings in 2007/08 into a Partnership Contingency Fund to help dampen the impact of departure costs in 2008/09.

7.6.2. For this first phase of the exercise, both Councils need to confirm the interim arrangements for project managing the further investigatory and development work that will follow the two Council Meetings on 27th and 29th March 2007, assuming a decision to proceed. This has already been the subject of preliminary discussions amongst the senior managers of both authorities.

7.6.3. These deliberations, combined with the views of our external consultants, have led to the conclusion that the interim joint management roles should not be formalised. This would create a substantial amount of technical human resources and legal process, which would actually only be needed for a very short period of time. A permanent management structure is now recommended to be in place by 1st April 2008.

7.6.4. Instead, the interim roles should be allocated as change management projects to relevant Directors, rather than be formalised in the way originally visualised. This can be achieved by internal discussion rather than formal appointment. This phase will be delivered between April and July 2007.

7.7. Phase 2 – July 2007 to March 2008

- 7.7.1. This second phase will be to appoint a senior management structure and for this to be in place by 1st April 2008. Relevant steps to achieve this are set out in the paragraphs below. There will also be other decisions to be made within this phase, which are also explained in more detail below.
- 7.7.2. One approach to the appointment of a new senior management structure for an organisation that is starting afresh would be to start from the most senior post and work downwards. However, we are not starting afresh and the need to find efficiencies and economies does place a premium on finding the necessary skills from within the two existing officer structures.
- 7.7.3. The appointment of a new Joint Chief Executive will be a very significant step within this process. The standard approach for this post would be to advertise nationally and, following competitive processes, for a new postholder to take up his or her role accordingly. This would certainly take up to six months to implement. It would also add the uncertainties that would inevitably result between appointment and arrival and an unknown factor about the degree to which the individual would accept the project plan as it existed.
- 7.7.4. An alternative approach would be to appoint a Joint Interim Chief Executive from the current Chief Executive and the four Directors, following competitive interviews. This could be for a fixed term. This approach would have the advantage of continuity in delivering the two Councils' Implementation Strategy, prevent the inevitable waiting time for an external appointment, and yet still give the certainty that such an arrangement has a definitive end date.
- 7.7.5. Another advantage of this approach could be that the skills required to manage the new arrangement after April 2009 may well be different from those required to set it up. A fixed-term appointment would represent a natural break between the different requirements of both phases. It is this approach that will be recommended, subject to further advice on the legal and human resource processes that will need to be applied.
- 7.7.6. If this approach is adopted, competitive interviews for the 3 new Director posts would follow from within the ring fence of current Directors. As with the appointment of the fixed term Joint Chief Executive post, a Joint Appointments Committee (for staffing and appointments) needs to be established in accordance with the resolution of SEMs on 21st September 2006.
- 7.7.7. Following the appointment of a Joint Chief Executive and Joint Directors, the appointment of the Service Heads will take place from a ring fence of existing Assistant Directors and Divisional Managers from both Councils. At present, Adur and Worthing Councils have different delegations arrangements for appointments to this level within the officer structure. For the purposes of setting up this new arrangement, it will be recommended that, subject to the

legal and human resources processes referred to in paragraph 7.7.5 above, the Joint Appointment Committee also appoints the new Service Heads from within the ring fence of the current Assistant Director and Divisional Manager posts.

- 7.7.8. Naturally, the job descriptions and person specifications for each of these posts will need to be prepared in advance of a selection processes. These will need to reflect the fact that most of the jobs being created within this process will be substantially different from those that existed in the two separate Councils previously.
- 7.7.9. Managing a single delivery organisation for two Councils is obviously the major difference. Consequently, it will be important to take advice on the appropriate terms and conditions for these posts, prior to them being advertised and appointed to (internally or externally). It is recommended that specialist consultants should be appointed to advise Members on an appropriate set of arrangements.
- 7.7.10 Finally, it is important to remember that whilst this process will create a new management structure by 1 April 2008, it will also displace a number of existing senior managers. Therefore, another important task that needs to be completed prior to any appointment process is the way in which each of the authorities, separately or collectively, will handle such departures. This will be dealt with through the new Joint Redundancy Policy.

7.8. Phase 3 – April 2008 to April 2009

- 7.8.1. From 1st April 2008, the new senior management structure appointed within Phase 2 above will be tasked with developing and implementing costed business plans for each service block. The aim then will be to implement the bringing together of each service by 1st April 2009.

8. WHAT HAPPENS IF WE DO NOT PROCEED?

- 8.1. It is clear that the steps we are considering here are bold and might create new problems or risks. Capita's report and the comments from external advisors, together with some of the points raised at Member briefings and through staff consultation have elaborated upon these concerns.
- 8.2. Consequently, it is entirely logical to consider the steps that both Councils might take if the joint officer structure and shared services arrangement is not progressed, as recommended by officers.
- 8.3. At this point, it is worth rehearsing the prospects faced by both Councils. The combination of the decisions taken on how to proceed within West Sussex following publication of the Local Government Bill and the known pressures ahead from the Comprehensive Spending Review 2007 represents a huge challenge for both authorities.

- 8.4. The theory behind the approach proposed in the High Level Business Case is that a shared services arrangement between Adur and Worthing Councils will deliver improvements, efficiencies and new ways of working. Some of these could be delivered through partnerships with other authorities. In addition, a joint officer structure will help reduce overheads and protect frontline services.
- 8.5. Therefore, if one or both Council's decide not to proceed with the joint officer structure, this will leave both open to pursue the joint services and partnership working route in the ways described. At face value, this might seem like an easier route. However, the simple truth is that at District Council level, the fixed costs of being a Council (management and overhead costs) is a substantial sum when compared with total expenditure.
- 8.6. Consequently, any proposal that can deliver significant reductions in those overheads deserves careful consideration. Otherwise, any expenditure of an overhead or fixed cost nature that is unnecessarily retained in effect is removed from the direct provision of front line services.
- 8.7. Members are also reminded that following the rejection of the full merger proposals in June 2005, it was resolved that we should continue with the development and implementation of shared services. The investigation of the joint officer structure was commissioned partly as a response to the slow progress that was made on shared services, whilst the two management organisations function entirely separately. It may be no coincidence that this project has moved on more rapidly since the interim joint period of management commenced at the beginning of 2006.
- 8.8. So, to repeat the question, what happens if we do not proceed as recommended? The answer is that remains an option. However, Members need to balance the practicalities and difficulties of proceeding down the joint officer route against the added pressures that not doing so would create for each Council separately. It remains officers' firm recommendation that the balance of this equation is still very much in favour of proceeding.

9. **PROPOSED WAY FORWARD**

- 9.1. A substantial amount of work has been undertaken over the last six months on this project. The amount of investigation and research that has been completed within a comparatively tight period should be acknowledged. A High Level Business Case has been drafted, has been the subject of consultation with staff and others and has now been evaluated externally by Capita. Capita has concluded that, with further work, there is no reason why the project should not proceed.
- 9.2. Appendix 6 to the revised High Level Business Case is an Implementation Strategy which contains a number of recommendations and actions that need to be progressed and implemented in the future. Very broadly, there are certain actions that need to be taken forward during Phase 1 between April and July 2007, from which some of the outcomes need to be considered by SEMs in July 2007.

9.3. Assuming that, at that stage, the project is taken forward further, then there will be further actions that need to be implemented in Phase 2 between July 2007 and March 2008. These are all set out in the Implementation Strategy which both Councils are recommended to approve and to take forward. From April 2008, the new management structure will then need to proceed with implementation of the bringing together of all services by April 2009.

10. **SUMMARY OF DECISIONS AND ACTIONS NEEDED FOR EACH PHASE**

10.1. Implementation needs to be progressed over three phases. Phase 1 is between April and July 2007 and Members may find the summary of the main work that needs doing in this period helpful. This represents a considerable challenge, during a relatively confined period between April and July 2007.

10.2. **Main Decisions and Actions needed in Phase 1 - April to July 2007**

- a) In March 2007, both Councils need to commit themselves to the Vision and Objectives of the Partnership Strategy and to adequately resource it.
- b) In March 2007, both Councils need to agree to progress Phase 1 of the Partnership Strategy and to agree the recommended officer structure as the basis for the way forward
- c) In March 2007, both Councils need to agree to extend the current shared arrangements for the Interim Chief Executive until 31st December 2007.
- d) In March 2007, a Joint Appointments Committee (for staffing and employment issues) needs to be established to consider options and a process for the appointment of a Joint Chief Executive, the 3 Directors and the 11 Service Heads after July 2007, in the event of the project being taken forward after that time.
- e) In March 2007, both Councils need to agree that any savings in 2007/08 are put into a Partnership Contingency Fund to help dampen the impact of departures in 2008/09.
- f) From April 2007, Officers need to refine the recommended service blocks, so that these can be settled in July 2007
- g) Officers also need to further develop appropriate financial and governance arrangements for Members to agree in July 2007 and need to investigate and seek external funding to help progress the development of appropriate financial and other arrangements. The appointments processes for appointments to the new management structure also need to be settled.
- h) In March 2007, Adur District Council should consider if it wishes, in principle, to move to a Cabinet system.

- i) If Adur decides to move to a Cabinet system at that time, both Councils need to develop Cabinet arrangements that align to each other as closely as possible.

10.3. Decisions and Actions in Phase 2 from July 2007 until March 2008

10.3.1 So far as Phase 2 is concerned, subsequent actions will be dependant upon both Councils resolving to take the project forward in July 2007. On the basis that both do, some of the actions that will need addressing include the following:-

- a) In July 2007, both Councils should agree which will be the host authority for the employment of staff.
- b) In July 2007, a Joint Strategic Committee and Joint Delivery Committee will need to be established.
- c) In July 2007, joint overview and scrutiny arrangements will need to be agreed by both Councils.
- d) In July 2007, external consultancy support will be required to assist with terms and conditions for the proposed replacement management structure (Joint Chief Executive and Directors and Service Heads).
- e) In July 2007, both Councils need to adopt the recommended Dispute Resolution arrangements in the High level Business Case
- f) In March 2007, both Councils will agree a Joint Redundancy Policy and Procedure to deal with departures as implementation proceeds. This will need to be implemented from July 2007 onwards.
- g) From September 2007, the agreed process for the appointment of a Joint Chief Executive for a fixed term, followed by the appointment of the 3 Directors and then the Service Heads will need to commence and be completed by April 2008.
- h) Adur District Council will need to progress the implementation of a Cabinet system if it resolves to do so in March 2007, with both Councils aligning portfolios, as far as possible.

10.4. Decisions and Actions in Phase 3 – April 2008 to April 2009

- a) This will be the main implementation stage for the bringing together of joined services, both Councils having created and implemented the new joint officer structure. The main actions in this phase will be:-
- b) During 2008, both Councils should consider if they propose to move towards 4 yearly Elections from 2011.

- c) Both Councils should implement the aligned Cabinet arrangements by May 2008.
- d) The new management structure will need to prepare and implement costed business cases, applying a business transformation approach to each. This will need to be developed and agreed by Members for each service, before joint service delivery commences. This should be completed by April 2009.

11. **CONCLUSION**

- 11.1. As has been stated elsewhere, the High Level Business Case probably does not give full justice or recognition to the huge amount of work that has been undertaken on this project over the last six months. The commitment and political courage to take this groundbreaking project forward also needs to be emphasised. Much has been achieved and it has been demonstrated and validated that a business case does exist to take this project to the next stage.
- 11.2. Members of both Councils are recommended, therefore, to agree that work continues and to agree that the Implementation Strategy should form the basis of future development work.
- 11.3. The aim then will be to present a further report to SEMs and both Councils at the conclusion of phase 1 in July 2007. At that time, further key decisions will need to be made, after which implementation on Phases 2 and 3 will commence, depending on decisions made at that time. This will be a particularly important date as this will be the time when decisions will be made that will facilitate the actual implementation of the project.

12. **RECOMMENDATIONS**

- 12.1. **SEMs should consider this report, the revised High Level Business Case, the report from Capita and the feedback from consultation. It is then recommended to resolve that:-**
 - 1) **Capita be thanked for its evaluation, which was delivered in a timely and constructive manner and staff, Unison, Members, the Audit Commission, the IDeA and SECE be thanked for their help with and contributions to the work;**
 - 2) **Officers be authorised, in conjunction with both Leaders, to make minor changes and additions to the High Level Business Case and the Implementation Strategy, once feedback on the further work has been received from Capita, before both Council meetings in March 2007;**

- 3) **Worthing Borough Council on 27th March 2007 and Adur District Council on 29th March 2007 be recommended to authorise Officers to progress immediately with implementation of Phase 1 of the Partnership Strategy and both Councils:-**
- a) **adopt the Vision and Objectives of the Partnership Strategy and to adequately resource it;**
 - b) **agree the recommended officer structure as the basis for the way forward;**
 - c) **agree to extend the current shared arrangements for the Interim Chief Executive until 31st December 2007;**
 - d) **establish a Joint Appointments Committee (for staffing and employment issues) to consider options and a process for the appointment of a fixed term Joint Chief Executive, the 3 Directors and the Service Heads from September 2007, in the event of the Partnership Strategy being taken forward;**
 - e) **agree that Officers refine the recommended service blocks, further develop appropriate financial and governance arrangements for Members to consider in July 2007 and investigate and seek external funding to help progress the development of appropriate financial arrangements;**
 - f) **place any savings achieved in 2007/08 in a Partnership Contingency Fund to help dampen the effect of departure costs in 2008/09; and**
- 4) **Adur District Council is additionally recommended to consider if it wishes, in principle, to move to a Leader and Cabinet system and if decides to do so, both Councils should subsequently develop Cabinet arrangements that align to each other, as closely as possible.**

**ADUR & WORTHING
PARTNERSHIP MANAGEMENT BOARD**

Principal Author and Contact Officer:

Ian Lowrie
Chief Executive - Adur District Council
Interim Chief Executive - Worthing Borough Council

Background Papers:

High Level Business Case - January 2007

Report from Capita - February 2007

Comments from the IDeA, SECE, Audit Commission and Deloitte Touche

Comments received from staff and Members at Adur District and Worthing Borough Councils

Strategy & Improvement Section

Chief Executive's Department

Portland House

Worthing

ADSI/lja

7th March 2007

APPENDIX 1

REVIEW OF HIGH LEVEL BUSINESS CASE

WORTHING BOROUGH AND ADUR DISTRICT COUNCILS

February 2007

CONTENTS

| | | |
|----------|--|-----------|
| 1 | EXECUTIVE SUMMARY | 3 |
| 2 | INTRODUCTION..... | 4 |
| 2.1 | Background | 4 |
| 2.2 | The Structure of our Report..... | 5 |
| 3 | METHODOLOGY OF THE BUSINESS CASE REVIEW | 6 |
| 3.1 | Key Considerations for this Assignment..... | 6 |
| 3.2 | Our Approach..... | 7 |
| 4 | STRENGTHS AND WEAKNESSES OF THE BUSINESS CASE | 10 |
| 4.1 | Strengths of the Business Case | 10 |
| 4.2 | Weaknesses of the Business Case | 10 |
| 5 | KEY OBSERVATIONS AND ISSUES IDENTIFIED | 13 |
| 5.1 | Preparation for the Single Senior Officer Structure | 14 |
| 5.2 | Transition to the Final Single Senior Officer Structure Model..... | 19 |
| 5.3 | Service Review and Consolidation Process | 24 |
| 6 | RECOMMENDATIONS AND NEXT STEPS..... | 27 |
| 6.1 | Recommendations for enhancing the Business Case | 27 |
| 6.2 | Next Steps | 30 |
| 6.3 | Overall Assessment..... | 30 |

1 EXECUTIVE SUMMARY

Capita Advisory Services was commissioned by Worthing and Adur Councils to review their High Level Business Case for the implementation of a Single Senior Officer structure. In order to achieve this, we have reviewed relevant documentation and discussed key issues with a number of senior officers and members of both authorities.

In parallel, both Councils have continued to develop their thinking in this area, and this review focused on the “Business Case for Consultants” provided rather than subsequent developments. Once the final Business Case has been produced for members, the recommendations of this review will be re-assessed.

The review’s conclusions are broadly in line with senior officer’s self-assessment of the Business Case. Both authorities have clearly given this initiative a great deal of consideration and debate over a significant period of time, and we believe that they have developed a balanced assessment of the Business Case’s strengths and weaknesses.

However, the Business Case document, as it stands, does not do justice to the level of thought that has taken place, nor does it fully present the justification or thought processes which lie behind certain key recommendations. In both of these areas, officers should be able to quickly and materially enhance the quality of the document.

Key recommendations of the review include:

- That the approach to transition be streamlined to reduce the period of uncertainty for staff and management
- That a 3-Director model appears more justifiable than a 2-Director model (although it is recognised that there may ultimately be a case for this)
- That given the limited resources available, a phased approach to service reviews is likely to be necessary to ensure that these are undertaken to appropriate levels of detail and quality

The Business Case identifies the benefits from a Single Officer Structure, and identifies that significant further benefits may be available through deployment of common service levels across both authorities where politically acceptable.

Notwithstanding these recommendations, there are no ‘showstopping’ issues that should prevent the Councils from proceeding with the proposals. No attempt appears to have been made to inflate or deflate any of the benefits, costs or associated risks within the Business Case. There appears to be a realistic prospective for efficiency savings through both the immediate proposals and future service consolidation.

2 INTRODUCTION

Capita Advisory Services have been commissioned by Worthing and Adur Councils to review their High Level Business Case for the implementation of a single senior officer structure. This report contains the findings of that review. Capita were commissioned by the Councils to act as a 'critical friend' and to evaluate and challenge the Business Case. As such, this report is balanced more towards the areas where the document could be enhanced or improved rather than highlighting its many strengths.

2.1 Background

As a group, West Sussex authorities have been at the forefront of promoting partnership working. The key to the successes in this area has been the recognition that not all partnerships need to include all authorities. As a result both Adur and Worthing have engaged with different partners in the region to meet particular needs. These partnerships have included:

- The AWS partnership (previously PAWS) between Adur and Worthing for refuse and recycling services
- The CenSus (Central Mid Sussex Shared Service) partnership between Horsham, Adur and Mid Sussex which initially looked at document and records management issues and whose scope has subsequently broadened
- The wider West Sussex Accessible Service Partnership which has pursued a broad agenda of service improvements.

This has led to Adur and Worthing formally considering (in June 2005) whether to pursue a merger of the two Councils. It was agreed that this should not take place, but a programme of joint working was approved, subject to the development of a sound Business Case.

This direction of travel has been strongly supported by the recent Government white paper, which has firmly endorsed partnership working for all Local Authorities.

In October, both Councils agreed to investigate the deployment of a single senior officer structure for both authorities. Despite the partnership working to date, this represents a significant step for both authorities: as well as the obvious local and regional implications, this is likely to generate significant national interest, exposure and profile.

As a result, the Councils considered it to be extremely important to demonstrate that the Business Case for the change is robust and can withstand significant challenge and scrutiny from Members, officers, and residents as well as national stakeholders such as the Audit Commission and DCLG.

Officers and Members from both Councils (supported by the IDeA and SECE) have been working to develop the proposed single senior officer structure and High Level Business Case, and this work was completed in January. Adur and Worthing went out to tender to commission an organisation to act as a 'critical friend' who would provide structured, robust and independent support to ensure the quality of the recommendations in the report scheduled to be presented to both sets of Members in March 2007.

Capita Advisory Services were appointed in January to act as the Councils' critical friend with a view to carefully assessing both the proposed single senior officer structure and the High Level Business Case, providing challenge and feedback as well as ensuring that it is aligned with Members' statements of principles and objectives. This report contains the conclusions of that assessment.

2.2 The Structure of our Report

This report is structured as follows:

- **Section Two** – contains a summary of the methodology that was used to carry out the review of the Business Case
- **Section Three** – provides an overview of the key strengths and weaknesses of the Business Case document
- **Section Four** – discusses in more detail some of the key issues that have been identified in the course of the review and recommends some actions for the Councils to take to address these issues
- **Section Five** – summarises our recommendations and sets out the next steps.

3 METHODOLOGY OF THE BUSINESS CASE REVIEW

3.1 Key Considerations for this Assignment

Having reviewed the Councils' requirements, Capita Advisory Services identified a number of key considerations which the single senior officer structure and the High Level Business Case needed to consider.

The structure under development included the top three tiers of the organisation (Chief Executive and two layers of direct reports). Capita's key considerations for the structure were as follows:

- Maintaining customer service levels and performance
- Implications of multiple Member accountability (potentially across managers providing differentiated service levels)
- Feasibility of officer spans of control
- Overheads of two regulatory regimes (e.g. CPA, BVPI etc)
- Overheads of two organisational regimes (e.g. financial regulations, HR policies, performance management and other corporate support procedures)
- Implications for the senior team of the Joint Local Pay & Grading Review (who may need to be re-evaluated)
- Requirements on the structure during the transitional period (which could be 3 to 5 years)
- Recruitment and retention issues given the new post requirements and candidates available in the local area.

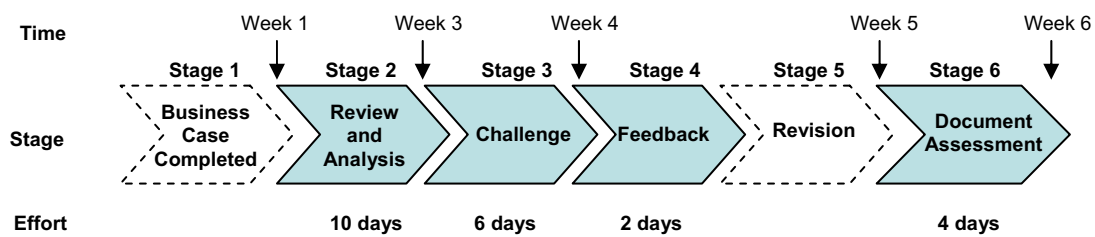
Whilst the High Level Business Case looked at the financial case for merging the senior officer structures, it did not present a direct financial case for downstream efficiency gains through further service integration. Capita's key considerations within the Business Case review process were as follows:

- Ensuring that appropriate consideration is given to both ongoing revenue and transitional capital costs
- Ensuring that the assumptions are valid and supportable
- Testing the sensitivity of the model to variations in assumptions and inputs
- Ensuring that the level of contingency is appropriate given the risks and challenges of the initiative
- Ensuring compliance with relevant financial guidelines and best practice.

These lists of considerations are not exhaustive, but they do illustrate some of the most significant issues for the project.

3.2 Our Approach

Our approach involved a number of stages which are outlined in the diagram below. We used a review and challenge model based, at a high level, on the Audit Commission's and other Best Practice inspection and review processes:



Stage 1: Business Case and Single Senior Officer Structure Completed

The Business Case and single senior officer structure was first completed by Adur and Worthing staff and provided to the Capita review team.

Stage 2: Review and Analysis

Once received, our team reviewed the following documentation in addition to the High Level Business Case and its appendices:

- Existing organisation structures for both Councils
- Both Councils' customer satisfaction results and Worthing's more recent customer survey
- Evershed's legal advice
- Project plan for the Joint Pay and Grading Review and recent staff updates
- "More sophisticated approach" document
- Merger report
- Communications Strategy
- Financial and structure working papers.

The team interviewed the following officers about particular sections or areas of interest within the Business Case

| Officer | Area |
|--------------------------------|---------------------------------|
| Alan Smith | Financials |
| Andrew Gardiner | Services |
| Tim Everett | Structure |
| Ian Lowrie | Governance |
| Peter Latham | HR |
| Mike Bleakley/Carol Stephenson | Implementation Plan & Customers |

The team also attended one of the Councils' staff briefing sessions and consulted with the following key stakeholders:

- Councillor Neil Parkin
- Councillor Julie Searle
- Councillor Keith Mercer
- Councillor Bob Smytherman
- Councillor Bryan Turner
- Councillor Liza McKinney
- Councillor Richard Burt
- Mark Hammond, Chief Executive of West Sussex County Council
- Tom Crowley, Chief Executive of Horsham District Council

Following this documentation review and consultation exercise, Capita prepared an initial assessment. This assessment included:

- An overall summary of strengths and weaknesses
- A list of questions, concerns, issues and further information required
- Identification of key areas for discussion
- Proposed structure for the following stage "Challenge".

Stage 3: Challenge

During this stage Capita acted as a critical friend to provide constructive challenge to both the single senior officer structure and Business Case. We held a number of workshops and meetings with key officers from both authorities to:

- Discuss our overall assessment of the work carried out to date
- Investigate areas requiring clarification
- Challenge areas where we felt conclusions were questionable or required further supporting evidence.

These workshops and meetings focused on the following key areas:

- Financial Governance
- Legal and Political Governance
- Proposed Single Senior Officer Structure and Approach to Transition
- Appointments Process.

In addition the Councils held a number of internal sessions regarding the proposed structure and the service consolidation process.

Stage 4: Feedback

The outcomes of the review and challenge were presented to the Partnership Management Board and are formally documented in this report which contains in Section 5 a suggested action plan for addressing the issues and concerns identified.

Stage 5: Revision

Once the feedback has been provided, the next stage will be for Council staff to work to consider the review and address and resolve the issues in response to concerns identified where appropriate.

Stage 6: Document Assessment

Once we have received the final single senior officer structure and Business Case, we will complete a final review and prepare a formal addendum to this report outlining our assessment of the robustness of the output.

4 STRENGTHS AND WEAKNESSES OF THE BUSINESS CASE

Our review of the Business Case highlighted a number of key strengths and weaknesses. These are described in summary below and then explored in further detail in the next section.

4.1 Strengths of the Business Case

In the course of our review we have noted the following key strengths of the document:

- **Identification of issues.** The Councils have undertaken a thorough investigation of all the issues associated with bringing the two Councils closer together and particularly moving towards a single senior officer structure. The Business Case demonstrates marked self awareness of the strengths and weaknesses associated with the proposition
- There are **no significant gaps**. The Business Case document covers all the topics we would expect to see and all relevant areas appear to have been considered. For example, the strategic context is set, the options available are outlined, the chosen option is described, the costs are analysed, a risk assessment has been performed etc.
- The Business Case considers both the **short and the long term implications**. The document covers the immediate introduction of a single senior officer structure and the future prospects presented by a more complete consolidation of the services provided by the two Councils over time.
- The document is **apolitical**, and maintains the rights of members to separate political identities and priorities whilst highlighting opportunities for efficiency gains.
- The Business Case **does not overpromise**. In the absence of specific data about each of the services on which to base informed assessments, the document does not estimate a particular percentage of savings that the Councils may be able to make, over and above the savings identified by the implementation of the single senior officer structure.

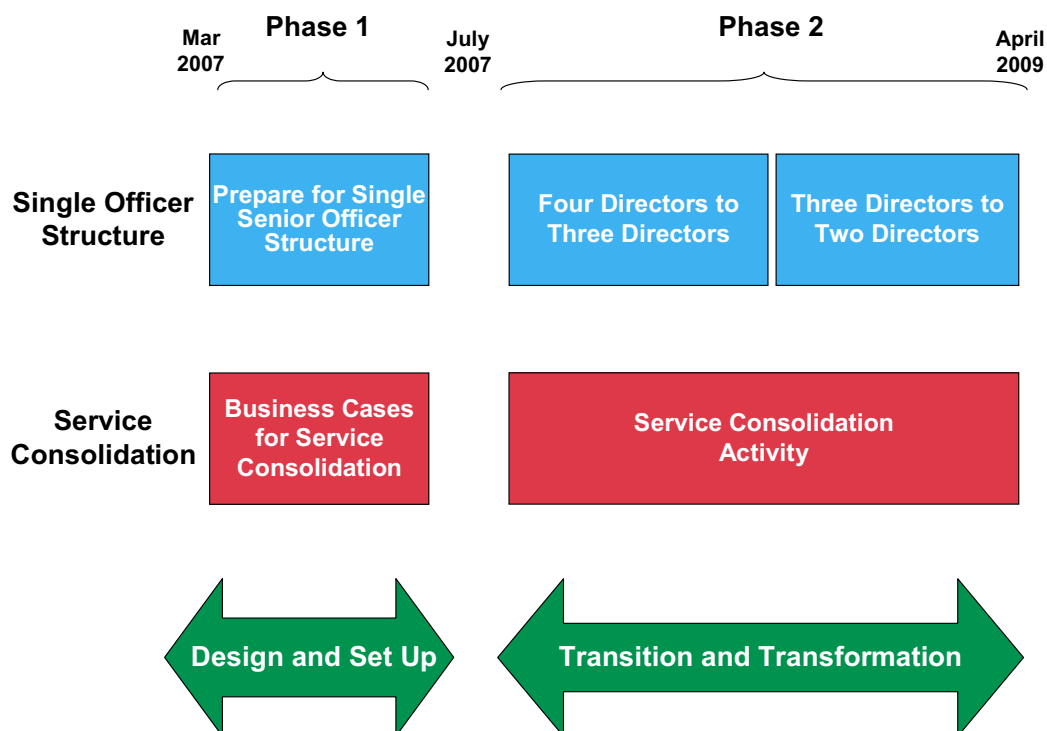
4.2 Weaknesses of the Business Case

We have also noted the following key weaknesses:

- There are a number of points in the document where, rather than take a decision or make an explicit recommendation, the **decision is delayed** to a future Member approval engagement.
- Some sections of the Business Case lack a **clear rationale or justification** of options chosen and options disregarded. It is clear from our discussions that

this is not because due consideration has not been given to the options, but rather because the outcomes of deliberations have not been completely documented in some areas. This has the effect of bringing the reader of the document in at the conclusion of the debate without allowing them to hear all of the arguments that have led to that conclusion.

- There are areas of **overlap between short and long term** components, particularly between the single senior officer structure and the service consolidation components. The diagram below sets out the distinct phases of activity that are referred to within the document for both the introduction of the single senior officer structure and the wider service consolidation process that will take place in parallel. There are a number of points within the document where these distinctions could provide increased clarity.



- **Overall effect on efficiency and savings requirements.** It is clear that the move to a single senior officer structure alone will not achieve the two Councils' overall savings and efficiency targets although it may contribute to them. The successful consolidation and transformation of the services that the Councils provide is more likely to generate the level of efficiencies that the Councils require. Furthermore, the greatest benefit will be realised through providing services with common service levels across the two Councils. This point is widely recognised, but is not brought out strongly within the Business Case.
- The **implementation plan** is very high level and is focused primarily on the timetable for activities from a member approval perspective. There is very little

detail as to how these activities will be undertaken, or what level of resources and skills will be required.

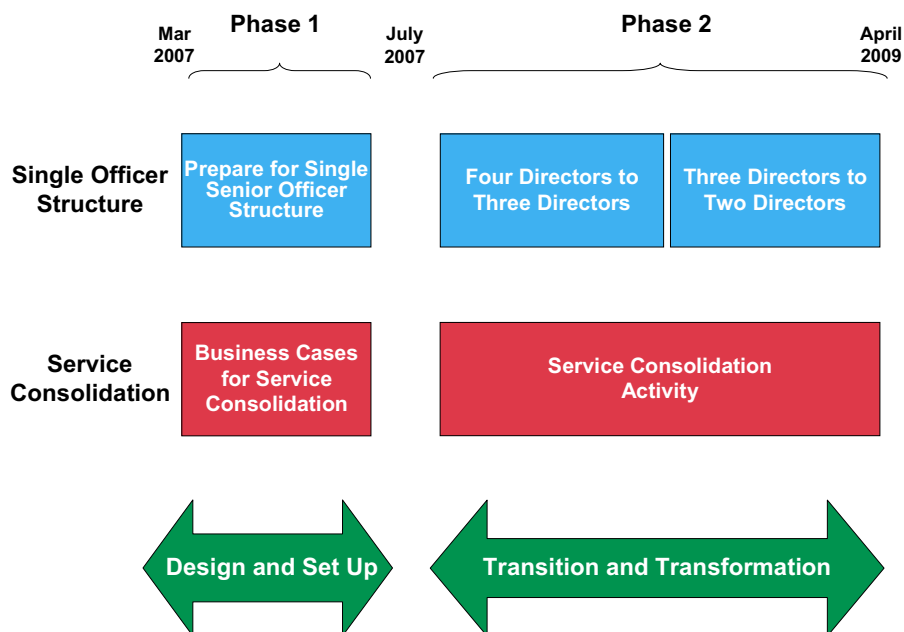
- There is a mismatch between **the purpose** of the document (as stated in Section 3.3.1 of the Business Case) and the contents. The table below highlights this mismatch:

| | Purpose (As stated in Section 3.3.1) | Comments |
|---|--|--|
| 1 | Identify options for a single officer structure serving both councils; | This is an appropriate objective for the Business Case |
| 2 | Define current service provision and the costs of each service; | This purpose will be achieved through the future service review work, and is not contained within this Business Case |
| 3 | Analyse possible collaboration models for each service; | |
| 4 | Identify the benefits and risks | These appear an appropriate objective for the Business Case. |
| 5 | To put forward a recommendation to both councils on a proposed single officer structure and proposals for the integration and management of shared services to be provided to both councils and an implementation plan for the delivery of the partnership objectives. | |

Objectives 2 and 3 will be covered through future activities and are not fulfilled through the Business Case (nor would we expect them to be at this stage). The Councils either need to amend Section 3.3.1 to reflect of the Business Case or undertake further work on objectives 2 and 3 to address this mismatch.

5 KEY OBSERVATIONS AND ISSUES IDENTIFIED

This section discusses in more detail the observations and issues that have been identified in the course of this review. It is structured around the three areas that the Business Case covers as shown in the diagram below:



These three areas are:

1. **Preparation for the single senior officer structure.** This includes all the activity that the Councils will need to undertake in order to enable Members to sign up to an initial combined senior officer structure.
2. **Transition to the final single senior officer structure model.** This covers the transitional period during which the number of Directors within the organisation structure will reduce from four to three and then from three to two.
3. **Service review and consolidation process.** This includes the work that will be carried out to review each service and produce a Business Case for consolidation as well as the period of service transformation that will then follow where appropriate.

5.1 Preparation for the Single Senior Officer Structure

This section highlights the following topics:

- Financial governance arrangements (Section 5.1.1)
- Legal structural issues and political governance (Section 5.1.2)
- Process for appointments (Section 5.1.3).

For each topic, we have included the main areas of strength and issues identified, together with the recommended actions to be taken.

5.1.1 Financial governance arrangements

Areas of strength

The Financial Issues section of the Business Case deals with the costs and benefits of implementing the proposed single senior officer structure and also recognises and discusses some of the key issues associated with financial governance arrangements for the future, including the allocations of costs and benefits between the two Councils as services are consolidated.

It has been clear over the course of our review that this is an area of significant interest and concern to all stakeholders, particularly Members.

Issues identified

The financial issues section of the Business Case covers both elements of the potential change (the proposed single senior officer structure and the service consolidation) whilst the financial model focuses on the single officer structure without making any attempt to qualify the benefits of the service consolidation. Whilst this represents a more mature approach than attempting to qualify service consolidation savings at this stage, it does create the potential for confusion with sections of the document which cover the broader consolidation.

The Business Case starts to explore the issues around financial governance, but is inconclusive. Whilst it is accepted that the Business Case to be presented to members in March can not provide comprehensive answers to all of the issues and questions raised in this area, it was felt that it should provide at a minimum:

- Recognition of the issues in this area
- Confidence that these issues can be addressed
- An outline of the style of approach which may be adopted

As part of this review a workshop was set up to review the topic of financial governance. At this workshop the following approach was discussed:

- There appears to be a clear requirement for **three budgets elements: Adur's, Worthing's and Joint Services**. Consideration will need to be given

on a service by service basis as to whether there should be joint budget and, if so, who should run it and how it should be recharged

- The Councils need to **baseline both budget and service levels** (whilst the budget forms the financial baseline but it can not form the service quality baseline). There remains a question as to which year to use as the baseline budget, and as to the process for determining service level baselines
- **Changes to the baseline need to be measured and agreed.** The process for agreeing any changes in services (for example in response to political priority changes) needs to be simple, robust, intelligible and fair. For joint services, any changes in service specification should not have a detrimental affect on service provision within the other partner
- Cost apportionment should **focus on direct costs** rather than support and management overheads so as to minimise any recharge implications. Whilst these would need to take place on a case by case basis, focusing on direct costs would minimise the number of agreements required
- **Benefits and costs should be allocated together**
- For the top two management tiers (Chief Executive Officer and Directors) a **50%-50% split of costs** (including departure costs) and benefits appears to be a equitable
- **Cost apportionment for third tier of management is complex**, and could either be costed as part of the services or as a management overhead. This is particularly difficult given the different starting numbers of staff at this level on both sides
- **Aligning both Councils' financial processes** (including budget setting) would be required to avoid service managers operating two different sets of financial processes (Adur's proposed move to a cabinet-style governance model will ease the budget setting capability)
- Use of **separate Internal Auditors** for each Council may ensure that both Councils are confirmed as being treated fairly as individual entities
- There may be potential for a **conflict of interests** in having one Section 151 Officer for both Councils, and care would need to be taken to avoid this.
- A variety of joint **protocols** need to be developed to outline, in advance, the joint approach to a variety of financial issues

Whilst there is significant work that needs to be undertaken to clarify the details of this proposition over the March to July period, no single financial issue was identified which was seen to prevent the proposal from proceeding.

Actions to be taken

The discussion and agreement at the workshop needs to be documented within the Business Case to provide greater clarity on:

- What the issues surrounding financial governance are
- What has been discussed and agreed
- What now needs to be agreed and the process for doing so
- Outstanding activity that needs to take place.

The Councils should also consider whether the section in the Business Case on Financial Issues should be restructured in order to separate the issues relating to the implementation of the single senior officer structure more clearly from those that relate to the wider service consolidation.

5.1.2 Legal structural issues and political governance

Areas of strength

Adur and Worthing already have practical experience of operating innovative governance structures in regards to the AWS partnership. They have secured external legal advice from a reputable organisation and developed a proposed framework for political governance.

Issues identified

Much of the considerations and thought that have gone into the governance structure are not represented in sufficient detail within the Business Case. In discussions, Council staff had strong responses to many of our challenges and concerns, but we felt that these did not come across strongly enough to those reading the Business Case.

Key questions which were discussed included:

- Roles and responsibilities within the governance model
- Composition and members of the various governing groups
- The separation of “strategic” and “delivery” responsibilities within the joint governance arrangements
- The decision making process, including overview and scrutiny and dispute resolution processes
- The costs and benefits associated with utilising a “Host” authority rather than a 3rd party host organisation
- The legal basis for Host authorities / companies providing statutory functions to the non-host authority
- The operation of regulatory committees
- Changes required to authorities’ Constitutions (including standing orders and schemes of delegation)

Actions to be taken

It is clear from discussions with the Councils that the majority of these questions have already been considered in detail and can be robustly responded to. Where possible, these details should be documented within the March Business Case.

Where this is not possible, the Business Case should state what action will be required in order to do so and when this action will occur.

5.1.3 Process for appointments

Areas of strength

It is clear from our discussions with the Councils that significant consideration is being given to the issues connected with making appointments to the roles in the revised structure. The HR teams from the two Councils have been working closely together for some time now on a number of different issues, not limited to the Partnership model, including the Joint Local Pay and Grading Review. This joint working approach and shared understanding of issues provides a solid basis for supporting the future organisational change in both Councils.

Issues identified

Insufficient detail. Whilst there is an appreciation of the significant human resources issues that need to be addressed, there is insufficient detail within the Business Case as to how the people management arrangements will work in practice. In particular, there is no detail about how the resourcing process for the new structure will work.

The Business Case states at Section 9.5.3 that procedures regarding interview, competition ring fencing and 'slot in' of staff in the new senior staff structure cannot be determined at the moment in the absence of a preferred model. However, the Business Case needs to set out an indicative appointments process, stating the principles that will be adopted, even if the details are yet to be finalised. A number of key questions will need to be answered, including:

- What will the procedure for appointment at each tier in the structure look like?
- How will redundancy arrangements be handled? For example, will there be any opportunities for voluntary redundancy?
- Will any posts be filled by 'slotting in' selected individuals?
- How will the 'ring fencing' arrangements work in practice?
- How will the timing of appointments to posts at each tier be phased?

Employing body and TUPE process. No decision has been made yet about whether the employing body will be either one of the host authorities or a newly created host company. Under TUPE legislation, the employing body has responsibility for consultation to affected employees. Therefore, it is critical that the timing of the process is undertaken appropriately to ensure there are no legal issues with the establishment of the single senior officer structure at any stage.

Timing. Given the lengthy timescale involved with appointments at a senior level taking into account the consultation and selection requirements, it is necessary to develop and agree the process for the appointments of the senior officers as soon as possible. The timing of the appointments at each tier (and the process for handling the displaced individuals) needs to be carefully designed, so that it is considered to be fair to employees while supporting the performance of the Councils.

A Joint Managing Organisational Change Policy and Procedure is being developed, but it is unlikely to be finalised and agreed by the unions in time. There would be a risk in rushing the finalisation of this policy as it may not be possible to develop enough detail at this time to enable it to be fit for purpose for both the single senior officer structure implementation and any future organisational change.

Ensuring a fair and transparent process. The appointments process will need to be agreed in advance by all stakeholders, including union side, to ensure that there is confidence in the fairness of the process. The thought process about this issue is fairly advanced, including the consideration of the potential for conflict of interest between HR teams from each Council and the potential for including external representation on the selection panel in an advisory role to ensure the process is followed correctly, and provide reassurance to all parties on this matter.

Actions to be taken

The Business Case document needs to provide an outline appointments process for the new structure, together with a statement about how and when the details will be confirmed. It is important that the reader of the document is aware that due consideration is being given to the issues and feels comfortable that a suitable process will be followed. We recommend that this outline process includes the following components:

- Ongoing communications and consultation
- Agreeing the process and scope of applicability
- Confirming the structure and requirements of each post
- Developing job descriptions or role definitions
- Evaluating and grading the posts
- Implementing the appointments process (including ringfencing arrangements)
- Implementing the selection procedure (including notifying candidates, making applications, specifying assessment criteria, establishing selection panels)
- Managing displaced employees (including redundancy arrangements)
- Handling any appeals.

The Councils should undertake an assessment of the strengths and weaknesses of the various options for components of the appointments process. This assessment should consider both the operational and financial impact of each option to support the decision about the most appropriate detailed process to be followed.

The Business Case should reflect the recognition that there must be a clear link between the process followed for appointments at the senior officer level and any ongoing appointments process, by demonstration of the same underlying core principles.

The Councils should continue working on the Joint Managing Organisational Change Policy and Procedure, but not rush through its implementation in time for the single senior officer structure. They should ensure that the process to be followed for the single senior officer structure is developed in accordance with the principles that are contained within the draft Joint Policy.

5.2 Transition to the Final Single Senior Officer Structure Model

This section highlights the following topics:

- Degree of uncertainty during transitional period (Section 5.2.1)
- Process and approach to transition (Section 5.2.2)
- Number of directors in the final model (Section 5.2.3)
- Service groupings in the final structure (Section 5.2.4).

For each topic, we have included the main areas of strength and issues identified, together with the recommended actions to be taken.

5.2.1 Degree of uncertainty during transitional period

Areas of strength

The approach to transition that is set out in the Business Case indicates that the two Councils will quickly move to the 4-Director Model, from July 2007, and will in due course move to the 3-Director Model and then on to the 2-Director Model with a view to having the 2-Director Model in place by April 2009.

By leaving the timing of the shift from four Directors to three and then from three Directors to two deliberately open, the Councils will be able to be as flexible as possible in their progression. This will allow them to take advantage of the findings of the service reviews that will be undertaken and take a pragmatic view as to how long to retain the senior management capacity required to manage the resulting changes. They will also be in a good position to respond to any relevant external events.

This approach will also ensure that the individuals responsible for managing services on an ongoing basis are at the heart of driving the change within the organisation.

Issues identified

By adopting this approach the Councils will be imposing upon themselves an extended period of transition and uncertainty which will have an impact on both the senior managers themselves and the staff throughout the organisation who will be involved in the transformation and consolidation of the services. The Councils will be in a state of transition for approximately two years which may have serious consequences in terms of staff morale and turnover.

Alternative approaches that may provide for less flexibility but increased clarity and continuity of roles, are not currently considered within the Business Case document but have been the subject of significant debate and discussion.

Actions to be taken

If the Councils wish to continue with this approach, then we would suggest a robust and transparent discussion within the document of both the strengths and weaknesses of this approach. The Councils need to demonstrate within the document that they have considered:

- What options for transition are available to them?
- Is this chosen option the right strategic approach?
- Will it be deliverable and what are the likely impacts of this approach?
- Any impacts on morale and continuity

5.2.2 Process and approach to transition

Areas of Strength

The two Councils have avoided the temptation to pin down particular target dates for moving from one model to the next. Given the level of detailed work required before meaningful target transition times can be agreed this seems appropriate.

However the overall project timeframe of April 2009 (two and a half years) appears a realistic timeframe for a project of this magnitude.

Issues identified

The Councils have deliberately not tied themselves to particular timings for the transition from four Directors to three Directors to two Directors. Whilst this approach has merit in that it allows the organisations sufficient flexibility to respond to changing circumstances, it lacks definition and there is a danger that it will increase the already high level of uncertainty associated with the approach to transition that has been adopted (outlined in Section 5.2.1 above).

It is not clear from the document that the Councils have considered the point at which they would consider the two organisations to be ready to move to the next stage of transition.

Actions to be taken

Given the level of uncertainty that will be created by the current approach, it is recommended that the Council's consider changing to alternative approaches. This could potentially involve a more immediate move to a final structure whilst utilising any individuals displaced to support transitional arrangements.

Should the Councils wish to continue with the current approach, they should consider defining appropriate milestones which will trigger the transition from four Directors to three and then to two Directors. These milestones need not be time-bound but might instead be linked to the service consolidation process that will be undertaken in parallel to the transition to the single senior officer structure.

5.2.3 Number of directors in the final model

Areas of strength

The Councils have stated within the document a clear vision for their final structure while acknowledging that the details may need to be amended as the structure is influenced by the joining up of the services below.

They have also clearly recognised in their evaluation that the average number of Directors within Local Authority District Councils is likely to decrease over the timeframe of this project rather than increase.

There has been no attempt to create a further “virtual” director, by either expanding the role of the Executive Office or using the Chief Executive to provide line management to services.

Issues identified

Proving the case for the 2-Director Model. The document states the Councils’ intention to move to a 2-Director Model, but does not prove the case for doing so. Some validation of the 2-Director Model has been undertaken by comparing against the “top ten” District Councils (i.e. the ten Councils with the largest resident populations, which a joint Adur/Worthing Council would be among), but the justification that this validation exercise gives to the 2-Director Model is not present within the document in sufficient detail.

Capacity concerns. There remain some significant concerns about the senior management capacity that will be provided with a 2-Director Model for an organisation of this size. Currently it appears that eight out of ten of the top ten District Councils had either three or four Directors. The combined Adur/Worthing senior officer structure would be serving a resident population of a similar scale and in addition would need to have sufficient capacity to deal with two separate political decision making bodies.

Actions to be taken

As with Section 5.2.1 above, it is clear that the debate in this area is still ongoing. The Business Case needs to reflect this debate and make a clear and justified case for the chosen number of directors.

5.2.4 Service groupings in final structure

Areas of strength

Although the Councils recognise that the service groupings in the final structure are likely to change as the service consolidation process goes on, the Councils have been bold in setting out a vision at the outset of a significant reduction in the number

of third tier directors. This will help to ensure that they do not have to restructure again once the organisations have completed their service consolidation activity.

There has been a strong recognition amongst senior staff that there are a variety of practical and meaningful dispositions of services amongst second and third tier managers: many of which could provide robust operational management.

Similarly there is also recognition that the disposition of services across managers can be changed with greater ease than many of the other aspects of this overall proposition (such as financial and political governance) and that as such there is greater opportunity to address any weaknesses in the proposed structures as and when they appear.

Issues identified

Whilst plans for the top two tiers (Chief Executive Officer and Directors) seem to be robust and well thought out, plans for the third tier are still being refined. This is not felt to be a critical issue and it is clear that service groupings can be adjusted over time.

Clarity on the executive office. The vision for the role of the Chief Executive as stated in the Business Case is that it should be as “non-departmental” as possible. Greater clarity is required as to what this will mean for the organisations. The Business Case specifies that the Executive Office should undertake the following functions:

- Performance
- Change Management
- Communications
- Emergency Planning
- Business Continuity.

It is not clear how or why these functions have been selected.

Decisions about the third tier will have impacts on other areas discussed within this report such as the appointments process (see Section 5.1.4). In particular, the job descriptions of the roles will need to be developed as soon as possible, so that they can be evaluated fairly and the appropriate salary level identified. Due consideration needs to be given as to whether the level of any role is likely to be reduced (or enhanced) in the near future, in line with service consolidation.

Salary levels. As part of this review, a verification exercise has been conducted on the proposed salary levels at the top three tiers, in so far as this was possible in the absence of clearly defined job descriptions. Feedback from this exercise has been provided in confidence to the Director of Resources at Worthing Borough Council as it could impact the financial elements of the Business Case, and could be used to infer confidential information.

Actions to be taken

The Business Case needs to clearly reflect the current view of the organisations as to the number and content of the service groupings at the third tier.

As with Section 5.1.2 those questions that can be answered now, should be documented within the March Business Case. Where this is not possible, the Business Case should state what action will be required in order to do so and when this action will occur.

5.3 Service Review and Consolidation Process

This section highlights the following topics:

- Timing of the service review and consolidation process (Section 5.3.1)
- Priorities (Section 5.3.2)
- Approach to the service reviews (Section 5.3.3).

For each topic, we have included the main areas of strength and issues identified, together with the recommended actions to be taken.

5.3.1 Timing of the service review and consolidation process

Areas of strength

The Councils have recognised and accepted that a robust, service by service review is required and that each review should produce a Business Case before consolidation commences.

Issues identified

The Councils are proposing to produce a Business Case for each of the service blocks identified within the document between April 2007 and June/July 2007. There is a significant risk that this will not be realistic or achievable, given:

- the limited resources available to undertake this work
- the recognition that individuals involved in the work will also need to continue carrying out their “day jobs”
- the considerable amount of other activity that will need to take place during the same timeframe, particularly relating to financial governance, political governance and the appointments process.

Given the effort that has been expended to produce the current Business Case, and our experience of preparing businesses cases for other clients, we believe that there is a significant risk that there are insufficient resources to undertake the work envisaged to an appropriate quality and level of detail.

Actions to be taken

The Councils should identify all of the activities that they are planning to undertake during this time period and determine which of those activities are essential and which are desirable. They may then consider how best to alleviate the pressure on this critical time period. For example, they might consider phasing the Business Case work so as to focus their efforts on fewer, higher priority areas before

June/July. The implementation plan contained within the Business Case at Appendix Five should be updated accordingly.

Members' expectation of the June/July output need to be correctly set to ensure that they are being presented with the information they believe they need to evaluate this proposition effectively.

5.3.2 Priorities

Areas of strength

Members and officers of both Councils have already worked to produce a set of objectives for the creation of the single senior officer structure and the management of shared services. These objectives are clearly set out within the Business Case at Section 2.2.1.

Issues identified

As is often the case within local authorities, a tension exists between the need to generate efficiency savings and the desire to make improvements to services. From reviewing the Business Case document and from our discussions with the various stakeholders involved it has become clear that there are some differences in priority across the organisations as to which of these two ambitions should be the primary driver of the Business Case.

Whilst both of these aims are present within the objectives documented in the Business Case at Section 2.2.1, priorities for achieving these objectives are yet to be agreed. It will be difficult for the organisations to assess the extent to which the proposed single senior officer structure and consolidation of services have been successful until these objectives have been prioritised.

Actions to be taken

The Councils should consider the mechanism that they will use to assess the extent to which the Business Case objectives have been met.

5.3.3 Approach to the service reviews

Issues identified

The Councils are proposing to undertake a review of each of the identified service blocks with a view to producing a Business Case for service consolidation. These reviews are expected to take place between April and June/July 2007. The reviews will be split up and each will be overseen by one of the current four Directors. They will involve many different individuals and will touch every part of both Councils. It is anticipated that each review will explore the opportunities for sharing services between Adur and Worthing whilst also taking into consideration opportunities that

may exist for sharing services more widely, for example across the CenSus partnership and the wider West Sussex Accessible Service Partnership.

While it is clear that local variation may be required to take account of the size and nature of each service block, there is a risk that, without central oversight and a standardised approach to undertaking the reviews, the Business Cases may vary widely in terms of structure, timing and content.

Having carried out a significant number of shared-services focused service reviews, we would estimate that each review would take between 4 and 8 weeks of person effort to complete to appropriate detail and quality standards.

Actions to be taken

The Councils should put in place a standard approach for undertaking the reviews and ensure that the programme is managed centrally. This standard approach should include:

- The methodology to be used
- The information that is required
- The template for the Business Cases.

The Business Case should include details of the programme of reviews that are to be carried out.

6 RECOMMENDATIONS AND NEXT STEPS

6.1 Recommendations for enhancing the Business Case

The table below summarises the recommended actions to be taken against each of the topic areas identified. We recognise that it may not be practical to address all of these issues within the March Business Case, however, where it is not practical to do so we would expect the Councils to provide some steer or guidance within the Business Case as to how these will be addressed between the March and June/July period.

| | Topic | Action to be taken |
|---|--|--|
| 1 | Financial Governance | <p>The discussion and agreement from the financial governance workshop needs to be documented within the Business Case to provide greater clarity on:</p> <ul style="list-style-type: none"> • What the issues surrounding financial governance are • What has been discussed and agreed • What now needs to be agreed and the process for doing so • Outstanding activity that needs to take place. |
| 2 | Legal structural issues and political governance | <p>It is clear from discussions with the Councils that the majority of the questions raised in Section 5.1.2 have already been considered in detail and can be robustly responded to.</p> <p>Where possible, these details should be documented within the March Business Case. Where this is not possible, the Business Case should state what action will be required in order to do so and when this action will occur.</p> |
| 3 | Process for appointments | <p>The Business Case document needs to provide an outline appointments process for the new structure, together with a statement about how and when the details will be confirmed. The outline process should include the components identified in Section 5.1.3 of this report.</p> |
| 4 | Principles of appointment process | <p>The process to be followed for the single senior officer structure should be developed in accordance with the principles that are contained within the working draft Managing Organisational Change Joint Policy (even though the policy has not yet been implemented)</p> |

| | Topic | Action to be taken |
|---|---|--|
| 5 | Degree of uncertainty during the transitional period | <p>The Councils should consider alternative approaches to minimise uncertainty during the transitional period.</p> <p>Should the Councils wish to pursue this approach, they will need to demonstrate within the document that they have considered:</p> <ul style="list-style-type: none"> • What options for transition are available to them? • Is this chosen option the right strategic approach? • Will it be deliverable and what are the likely impacts of this approach? • Any impacts on morale and continuity |
| 6 | Process and approach to transition | <p>The Councils should consider defining appropriate milestones which will trigger the key stages of transition (i.e. from four Directors to three and then to two Directors). These milestones need not be time-bound but might instead be linked to the service consolidation process that will be undertaken in parallel to the transition to the single senior officer structure.</p> |
| 7 | Number of directors in the final model | <p>It is clear that the debate in this area is still ongoing. The Business Case needs to reflect this debate and make a clear and justified case for the chosen number of directors. Given the evidence available a three Director model would readily supported. A two Director model could be seen as a future consideration once service consolidation had been completed.</p> |
| 8 | Service groupings in the final structure | <p>The Business Case needs to clearly reflect the current view of the organisations as to the number and content of the service blocks / groups at the third tier.</p> |
| 9 | Timing of the service reviews and consolidation process | <p>The Councils should identify all of the activities that they are planning to undertake between April and June/July 2007 and determine which of those activities are essential and which are desirable given the effort (4-8 weeks per service).</p> <p>A degree of phasing is recommended to alleviate the pressure on this critical time period. Whilst a phased approach will create other issues, there appears little alternative given available resource levels.</p> <p>Members' expectation of the June/July output need to be correctly set to ensure that they are being presented with the information they believe they need to evaluate this proposition effectively.</p> |

| | Topic | Action to be taken |
|----|---|--|
| 10 | Priorities | <p>The established priorities need to be refined to provide clear direction and success criteria for the overall project. This should include:</p> <ul style="list-style-type: none"> • a clear focus on either customer improvements or financial savings (to enable optimal phasing) • a set of “success criteria” for the overall programme |
| 11 | Approach to the service reviews and consolidation process | <p>The Councils should put in place a standard approach for undertaking the service reviews and ensure that the programme is managed centrally. This standard approach should include:</p> <ul style="list-style-type: none"> • The methodology to be used • The information that is required • The template for the Business Cases. <p>The Business Case should include details of the programme of reviews that are to be carried out.</p> |
| 12 | Implementation Plan | <p>The Councils should revisit the implementation plan contained in Appendix Five of the Business Case in order to provide more detail about the activities that need to be undertaken, including how and when they should be undertaken and what level of resources and skills will be required.</p> |
| 13 | Purpose of document | <p>The Councils should review the purpose of the Business Case as stated in Section 3.3.1 and either amend the section or undertake further work on the Business Case to address the mismatch identified between the purpose and the contents</p> |
| 14 | Start of transformational journey | <p>The Business Case should bring out more strongly the view that the move to a single senior officer structure alone will not achieve the two Councils’ overall savings and efficiency targets although it may contribute to them.</p> <p>The successful consolidation and transformation of the services that the Councils provide is more likely to generate the level of efficiencies that the Councils require. Furthermore, the greatest benefit will be realised through providing services with common service levels across the two Councils.</p> |

6.2 Next Steps

Once the Councils have reviewed the feedback that has been provided in this report, the next stage will be for Council staff to work to address and resolve the issues and concerns identified.

The Councils will then re-issue the revised Business Case to Capita and the team will then complete a final review and prepare a formal addendum to this report outlining our assessment of the robustness of the output.

6.3 Overall Assessment

There has clearly been a great deal of consideration and debate on this topic within the Councils for a significant period of time. The Business Case document as it stands does not do justice to the level of thought that has gone into it. There are some areas of specific concern, particularly:

- The approach to transition that is proposed and the level of uncertainty that this would create
- The pressure on already-stretched resources that will be created by the significant amount of activity that is being pushed into the three or four month period between April and June/July 2007.

However, notwithstanding these concerns, there are no 'showstopping' issues that should prevent the Councils from proceeding with the proposal contained within the Business Case.

HIGH LEVEL SUMMARY OF INDIVIDUAL COMMENTS RECEIVED ON THE HIGH LEVEL BUSINESS CASE

| Number | From | Summary of Contents |
|---------------|------------------|--|
| 1. | Audit Commission | <p>The Audit Commission, within the time available, has focused on what it considers to be the key risks or issues for both Councils and are based on a high level review of the Business Case. The Audit Commission will wish to take an ongoing interest in the project (if and when it develops) to gain a better understanding of the potential risks and benefits.</p> <p>In general terms, it supports the commitment to increased partnership working as a means of securing service improvements and value for money for local communities. The proposed project is innovative and builds on existing partnership work. The Commission is aware of the previous work undertaken in relation to a possible merger of both Councils and the subsequent rejection of that option.</p> <p>As the External Auditor to both Councils, there are a number of issues relating to the proposed approach which might present a not inconsiderable risk to both organisations, which the Commission is professionally bound to comment on. In particular, both Councils need to consider whether the processes involved and the associated risks are worth pursuing to secure potential savings in excess of £500,000. Savings from re-engineering business processes and providing services jointly are likely to accrue, whether or not the management structure and responsibilities are streamlined.</p> <p>The Commission then goes on to highlight some more detailed comments and raises some concerns and asks a number of questions about various aspects of the High Level Business Case.</p> |

| Number | From | Summary of Contents |
|--------|--------------------------------|--|
| 2. | Improvement Development Agency | <p>The Improvement Development Agency (IDeA) has been supporting the development of the project in a variety of ways, including helping facilitate the workshops with staff and Members and in terms of helping provide "Peer" Member support. It has been very interested in the project and its conclusions on the draft High Level Business Case are summarised as follows:-</p> <ul style="list-style-type: none"> i) Much more can be made of the current working relationships between the two Councils and the fact that there are no inherent cultural differences between the two. Furthermore, positive outcomes from joint working need emphasising more, as does the fact that the overriding strategic political objectives appear to be very similar. ii) There is clear evidence of strong working relationships at both Senior Officer and Member level. This good practice now needs filtering down through both organisations, at both Officer and Member level. iii) The project should explain that the need to develop stronger working relationships with Local Strategic Partnerships and Local Area Agreements, and that a stronger partnership between the two Councils may help deliver some of these more strategic objectives. iv) While the joint working between Adur and Worthing is positive and is supported, more should be made of the fact that partnerships outside the two Councils are also already developing and this partnership approach may well help that develop further in the future. v) More could be made of the advantages of a possible Single Officer Structure - particularly in relation to establishing a better critical mass and greater resilience to serve both Councils. vi) The Business Case should perhaps clarify what the corporate approach might be by both Councils towards future policy development and to dealing with differences in performance. The report suggests that performance is similar, whereas the Appendix suggests that there are differences. There may be opportunities for each Council to learn from one another. |

| Number | From | Summary of Contents |
|--------|----------------------------------|--|
| 3. | South East Centre for Excellence | (Awaited) |
| 4. | Deloitte & Touche | <p>With regard to the provision of a joint Internal Audit service as a "quick win", we are happy to be involved in taking this forward and would welcome any opportunity to discuss this further with yourself and Andrew.</p> <p>In relation to the overall proposal for council services going forward, we will discuss the audit implications with Andrew to ensure that there is appropriate coverage from an audit perspective.</p> |
| 5. | Unison | <p>The document presents a case for organisational / structural change without cultural change. The options presented look only at the proposals for partnership and, although not ruling out merger long term, do not look at this in detail. This is not the true nature of an optional appraisal but a good definition of where the outcome is already decided upon and then a case is made.</p> <p>Unison then goes on to make detailed comments and questions on the various sections of the report. Some of the general concerns set out include:-</p> <ul style="list-style-type: none"> • People's jobs and futures are being put on the line and the resulting financial outcome will not be known until everything has been put in place. • There is an assumption that there will be political stability in each authority. • A merged workforce can only operate if the Joint Local Pay Review is fully implemented across both Councils. • Communication within the local community is not apparent and needs to be improved. • CenSus is not proven to work efficiently and Unison would like to see facts and figures for the Business case of that scheme. • The risks are not quantified and unison would like to see the details. • Clarification is needed as to whether the Chief Executive's post is going to be advertised as a joint Adur / Worthing post, or as a Chief Executive to a new company. |

| Number | From | Summary of Contents |
|--------|--|--|
| | | <ul style="list-style-type: none"> • The timescales appear to be extremely tight - particularly with detailed project plans for all services and staff within three to four months. • When will the locations and buildings be determined as Unison has assumed that this major issue has already been looked at too, with various cost scenarios. The possibility of staff having to work in different locations or in satellite locations may create difficulties. • It may be difficult to retain and enhance separate identities when services and staff are consolidated. • Further partnership working with other local authorities could result in a further staff reduction. • What is meant by “trading” needs to be clarified. • How can AWS be quoted as a “notable success” when it has not yet been implemented. • It needs to be clarified whether the evaluation results from the service workshops were a consensus from each group or were they counted individually. • How the “no detriment principle” will be funded after 2007/08 needs to be clarified. • Under Human Resources, there is no mention of Unison consultation within the process. |
| 6. | Liberal Democrat Group of Worthing Borough Council | <p>It is not clear whether the document relates to merger of officer structure or merging of services delivered to the public. The document seems to face both ways. I.e. independence or Councils/common services.</p> <p>If improved services are to be ascertained then surely you look at the service you want to deliver, then how you are going to it, what you need to do it and then who you need by way of staff. By firstly setting the officer structure services would be considered to fit the structure.</p> <p>Our residents could suffer - It is possible that our service delivery could fall to the level of Adur (we are, in the main, improving and delivering at a better rate) and that Adur residents would benefit whilst Worthing's stand still until Adur catches up.</p> |

| Number | From | Summary of Contents |
|--------|------|---|
| | | <p>General -</p> <p>MOST SERIOUS CONCERNS - Risk assessment - Apportionment of costs- talk of imbalance of Council Tax collective decisions - Any efforts to "rebalance or minimise council tax increases will be to detriment of Worthing. Collective decision making very difficult if changes of political representation where policies differ considerably.</p> <p>The substantial risks identified and the lack of any estimated costings together with the lack of budget provision make it difficult to accept that the proposals are viable. Certainly in the case of Worthing, Capital expenditure is committed to 2011 as well as having to borrow for agreed projects.</p> <p>It is evident from the draft that savings will not be realised in the short term. The only really short term being the shared Chief Executive and we all ready benefit from this within our budgets.</p> <p>No alternatives to Adur/Worthing merger have actively been explored. There are many other options which should be looked at.</p> <p>1.3.3 "cost savings that can follow from using more modern business systems. - Pretty obvious no budget provision for high set up costs that would be necessary to implement this.</p> <p>1.3.7 "one partner may need to trim..." Adur is less financially stable than Worthing.</p> <p>1.3.11 Human Resources - see Cabinet Report of 30th January - clear that Pay and Regrading can not be undertaken easily (as we said) without knowledge of the proposed structure.</p> <p>1.5.1. "without initially reducing Management structure" - no savings there then!</p> <p>3.5.1 It is still questionable as to whether the current Interim CE should be leading on this. Is there not a conflict of interest? Also it is not correct to say "members" are regularly briefed - we have had nothing on merger this year, with the exception of staff briefings, until now.</p> <p>4.2.10 - slightly misleading - if the final decision is substantially different from the one originally made by cabinet it can be called in.</p> <p>4.3.5. How can it be said that customer satisfaction is comparatively high and increasing in some areas if the results from the survey are not expected until spring 2007?</p> |

| Number | From | Summary of Contents |
|--------|------|--|
| | | <p>Page 19 - Adur's Revenue budget Council tax in Adur is already higher than in Worthing. he proposed increase is also higher.</p> <p>Adur's budget does not include £260k for estimated costs of implementing the Pay and Grading Review (one presumes they will fund this from Reserves?) Is other known likely expenditure missing from Adur's budget?</p> <p>Adur's Medium term Financial Strategy is based on an assumed RPI of 3.9% for 2008/9 and 2009/10 - our figures for the same period are based on 1%. How can we be sure that Adur has the financial resource to make the necessary financial investment for set up costs on a spend to save basis?</p> <p>5.3.3 Rationalisation of Policies/Standards..... my comments on Adur being supported by Worthing apply.</p> <p>5.5.4 It would be best practise to run parallel systems but this would be costly in terms of staff time. Also accommodation space could be a difficulty.</p> <p>6..2.11 What is current status of Adur Leisure Trust?</p> <p>Governance & Public representation - already difficult, under present cabinet system - will be less transparent and representative of those who elected us with decisions being taken by a joint committee. e.g 7.2.2 "a system of truly joined up decision making"</p> <p>8.2.6 I think a business case must include calculations for staff vacancies not filled, for posts that would be affected by any merger. One Council could otherwise have a considerable gain over the other even if redundancy costs were shared.</p> <p>I am still of the view that we can certainly merge certain services, one by one. We should look at trading, contracting in and out as well as other partners or a wider partnership for certain services such as Building control.</p> |

| Number | From | Summary of Contents |
|--------|---|--|
| 7. | Liberal Democrat Member at Worthing Borough Council | <p>Where is the clamour for merger coming from? It is not bottom up but appears to be top down only the leadership of the local Conservative seem to demanding a merger. I expect because it would make like easier for them.</p> <p>It would make more sense if an amalgamation would result in a larger unitary authority, it is clear that the split in responsibilities in the two tier system leads to confusion in the public mind. That would also reduce a layer of administration and would be worth the expense and effort. This is not however is what is on the agenda; because the proposed area will not have a big enough population. We are looking at a larger district authority with the same confusion as now.</p> <p>Many or indeed most of the advantages outlined in the report could be achieved by expansion of joint working. This would be achieved without the upheaval or expense foreshadowed by the report/proposals.</p> <p>The suggestion that both councils adopt a common set of aspirations and vision statements assumes that both areas have the same aspirations. The reality is that the bigger the area the more vague and meaningless a vision statement will become. It is not surprising that Central Government are making supportive noises, Governments of both persuasions would rather deal with as few local authorities as possible in fact they would rather have no local Government at all to interfere with their plans.</p> <p>All democrats should have real concern at the number of references to savings that can be made by having fewer members, less meetings, euphemistically known as “a streamlined system”. No one ever said democracy comes cheap time and again the same savings are mentioned at the expense of democracy. Fewer members to annoy officers, fewer backbenchers to question the cabinet and less chance of anyone spotting anything daft. In terms of savings why not abolish all local government and have one person appointed by the central government to administer the local area?</p> <p>Consider the few details of costs supplied, the £50,000 per authority to investigate is just a guess and remember this is just to investigate, not actually do anything. No one knows how much the reorganisation will cost nor are any savings quantified. There is no knowing about future costs and such details of where officers would be situated or where the council would meet. Who has ever heard of a newly formed authority that did not believe that it should be worthy of a new civic centre? (Including Adur)</p> |

| Number | From | Summary of Contents |
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| | | <p>The appendix from CIPFA and the appendix showing financial details ask many more questions than they answers. Consider council tax Worthing's average is £149.26 and Adur's £191.24 if we are to become one authority then there will have to be an equalization meaning Worthing's will have to rise to meet Adur. The net budget per head of population is such that Worthing's will have to rise to make an equalisation. Consider debt even though if the pension fund deficits and the outstanding debt are added each authority could be said to have around £25 million debt. At present the Worthing pension fund deficit of around £25 million gives about £250 per head. If there is a merger the total debt of £50 million will be spread over around 160,000 meaning about £310 per head an increase for Worthing council tax payers. The CIPFA paper describes many of the difficulties loss of fixed cost grants for small authorities only one planning delivery grant. Even if the Government grants transitional arrangements they will end after a few years.</p> <p>Looking at the supposed advantages.</p> <p>Good potential for long term savings, no mention of what how and when and how much. This surely could be achieved by more joint working, as could savings in scale, office structure and streamlined management. A stronger louder voice not really so as it will still only be a District council so only one vote at SEERA, SE Employers etc. Lower council tax, not for Worthing Residents. Fewer meetings and streamlined decision making only for Adur as Worthing would not change and Adur already decided it wanted to retain the committee system.</p> <p>The right political environment for what and for whom?</p> <p>Stakeholder involvement brings us back to my first sentence who is pressing for this the public have not been asked and reading between the lines one can see that the architects of this have no intention of holding a referendum to let them make a decision.</p> <p>No one has any idea of how much this will cost or what if any savings above those that could be achieved by more joint working are and in what time scale they could be achieved in if at all. Nor has anyone any idea of how long it would take to recoup costs incurred in the operation.</p> |

| Number | From | Summary of Contents |
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| 8. | Officer 1 | <ul style="list-style-type: none"> • It must be recognised that the Single Officer Structure serving two Councils will not deliver the savings that a fully merged organisation would deliver. This means that more resources than might be the case for a merged Council. • There is an absence of adequate recognition of the complexities of having Councils with different political aspirations. The High Level Business Case should recognise that there could be a change in political control and should address the consequences of that happening. • Some of the “quick wins” quoted in paragraph 6.2.11 may not be correct and need further development work. • In the light of comments about governance, there is a strong case of having three Directors rather than two. • Some of the service blocks do not appear to be correct and need further development work. For example, there is a strong case for aligning Environmental Health with Community Planning and Community Safety, with Economic Development and regeneration being put with Planning Services and Building Control. • This project will bring about significant change which will place considerable demands upon Senior Officers. It is essential that all Senior Officers have adequate support to run the new services. |
| 9. | Officer 2 | <ul style="list-style-type: none"> • While the partnership work is supported, the change management requirement needs to be very carefully considered. The High Level Business Case makes no reference to the capacity needed for the huge task of managing and implementing the shared service change across both Councils. • While some potential risks have been identified, many of these will need to be addressed as part of the implementation of the strategy, some of which will have resource implications for both Councils. The change management needs to be adequately resources. |

| Number | From | Summary of Contents |
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| | | <ul style="list-style-type: none"> • The emerging staff structure must take account of the requirements for a creative, innovative and effective change management programme. This will have huge implications for performance and project management across both Councils over a period of time. • On a positive note, there are some sound building blocks for change management in place already and these will need to be built upon and linked to the overview and scrutiny process that both Councils might develop. • There is a strong case for the organisational and people side of change management to be brought together. This should be built into the evolving structures. |
| 10. | Officer 3 | <ul style="list-style-type: none"> • There is a strong case for Customer Services remaining within the Revenues and Benefits as in Worthing. • Good practice elsewhere suggests that this is the best arrangement for customers and would be the best arrangement for this project. • In Worthing we already have a successful corporate contact centre and a benefits service that is delivering top grade performance to the Council. This can be extended across both Councils. • The potential for seeing what impact the CenSus and West Sussex Accessible Services approaches might have, the best arrangement in the interim period is to keep Customer Services and Revenues and Benefits together. |
| 11. | Officer 4 | <ul style="list-style-type: none"> • It would not be best practice to locate Overview and Scrutiny within the Legal and Democratic Services block. • At Worthing Overview and Scrutiny had worked effectively within the Performance Management area and this would be the best practice for the new Council. • Big improvements are being made to the overview and scrutiny function at Worthing and this could be extended into even better practice across both Councils. • The Government's Local Government Bill is advocating stronger scrutiny and both Councils should look to build upon the Government's objectives in this regard. |

| Number | From | Summary of Contents |
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| 12. | Officer 5 | <ul style="list-style-type: none"> Both Councils achieved the best CPA scores and normally those that have a strong, challenging performance focused scrutiny function. Within the Legal Services Section there is some concern about capacity issues, the timing of the merger of Legal Services, concerns about redundancy and where a joint service might be located. |
| 13. | Officer 6 | <p>Further comments from the GMB Union are expected to supplement the above comment.</p> <ul style="list-style-type: none"> While the recommended approach seems to be sensible, there is some reservation that Revenues and Benefits is being moved around the organisations. At Adur, it has effectively been transferred to CenSus, whereas in Worthing it is located within Customer Services. On balance, it may be best to locate Revenues and Benefits within the Financial Services block of a Resources Department. |
| 14. | Officer 7 | <ul style="list-style-type: none"> Effective internal communications play a significant part in meeting the demands of high quality and efficient services and these need to be improved still further. Across both Councils, there needs to be improved staff awareness of corporate objectives through improvements to the appraisal processes, both Councils advertising corporate priorities and a review of Council literature and letter headings to reflect aspirations. All of the above will help improve overall knowledge of the direction in which both authorities are moving and will help to ensure that customers receive accurate and up-to-date information, assistance and services. |
| 15. | Officer 8 | <ul style="list-style-type: none"> Before there can be any extensive merger of services there will need to be a harmonisation of schemes of delegation, financial regulations and standing orders. If not, there will be confusion and there needs to be a sensible timescale for achieving this, which is set out in a recommendation in the report. The Section 151 responsibility is a personal one and the post holder needs to attend a number of key meetings across both Councils. If the role is vested in one person, it is difficult to see how they can adequately service both Councils, particularly at Budget time. |

| Number | From | Summary of Contents |
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| | | <ul style="list-style-type: none"> • It is consequently difficult to see how one Section 151 Officer can adequately resolve these conflicts and as a minimum, there will need to be two strongly empowered Deputy Section 151 Officers, if not a separate Section 151 Officer for each Council. • The Section 151 Officer is legally responsible for the collection of tax and there may be a case for locating revenues and benefits with that role. However, this can be addressed in other ways provided that the Section 151 Officer retains influence over the work of the Revenues and Benefits Section. • It makes sense to package as many of the corporate support services together as possible under one Director - particularly given the longer term objectives. Splitting ICT and Financial Services makes little sense, as does putting Housing and Leisure Services together as there seems to be little harmony between functions. • Although not identified as quick wins, early consideration needs to be given to bringing Democratic Services together early on. Without doing this there will be difficulty in arranging meetings and other administrative arrangements. • The Business Case does not thoroughly really look into other alternatives. It could, and possibly should, have investigated a full merger or a pro-active programme of merged services where a strong Business Case exists to do so. |
| 16. | Officer 9 | <ul style="list-style-type: none"> • Provided there is a will, a joint working proposal should work provided that the appropriate resources and incentives are provided. • A Single Officer Structure should deliver some efficiencies, although it is difficult to assess how much at this stage. • Both Councils must be clear on ensuring that there is clarity of levels of service between the two Councils. There are differences at present and these will need to be addressed within the development work. Some services will be easy, others will be more difficult, but this is a key area of further work. • A further issue to be addressed is the fact that both Councils use different software and different procedures and the sooner that common ground can be achieved, the more effective service delivery will be. |

| Number | From | Summary of Contents |
|--------|------------|--|
| 17. | Officer 10 | <ul style="list-style-type: none"> • Budgeting and financial matters will be particularly difficult to deal with and there is still a long way to go. • Training could be an issue and both Councils need to ensure that they have sufficiently well trained and motivated staff. • In a number of service areas, there are not enough suitably qualified staff available and so internal training is essential to ensure that services are properly delivered. |
| | | <ul style="list-style-type: none"> • The proposal to have a single Legal and democratic Services Section to serve both Councils will be challenging and will provide a very stretched role for such a Service Head. A number of examples are given of the types of challenges that will have to be met. • In consequence, dedicated administrative support for the role will be needed together with properly rewarded staff and other resources. • There would need to be a recognition that the capacity of the post holder, support staff below would be limited and sufficient capacity will need to be created at a lower level. • The Business Case contains no detail about the savings that might be accrued within this service area, but it must be recognised that the scope to reduce staffing levels will be very limited or non-existent. • There is a good case for Democratic Service, Mayoral Service, Elections, Legal Services and Land Charges being in one unit. • Although certain “quick wins” have been identified, it is clear that further development work will be needed across all service areas. • Certain services may suffer some detriment during a period of change, for example, Land Charge searches might be affected during the introduction of a new joint service. • There may be operational difficulties in trying to manage two services from one location. |

| Number | From | Summary of Contents |
|--------|------|--|
| | | <ul style="list-style-type: none"> • In relation to Elections, as four yearly election cannot be implemented before 2011, it needs to be emphasized that Worthing and Adur elections will continue as they are until then. This will stretch the staff needed to support these elections. • Full ICT support will be needed to support an election service and an assurance will need to be built into a Project Plan. • If an electoral service is located in one location (ie. at Worthing or Shoreham, then this might have an adverse impact upon agents and candidates who may need to travel further). • The High Level Business Case acknowledges the risk of a lack of capacity to deliver the project. Within the Legal Services area, the risk will be high as there will be a substantial amount of work to undertake. • Although phasing is referred to in the High Level Business Case, there is only limited time, given the intention of implementing the change by April 2009. • If the project proceeds towards implementation, then it will be necessary to ask specific staff to devote significant parts of their time to the above issues. This might have an adverse impact on other corporate objectives and issues. • In relation to project planning, Legal, Financial and Human Resources have not been heavily involved in the development process but will need to be in future project planning. • Although it was concluded at the workshops that services could be joined up by 1st April 2009, it will not be practically possible to implement this by that time. • In the interim period, much tighter project planning is needed and projects cannot proceed until appropriate Member authority has been granted. • Given the objective of retaining the identity of both Councils, joint services are likely to result in performance standards being similar for both Councils. Clarification is needed as to whether it is proposed to keep separate Performance Indicators and reporting mechanisms for both Councils. |

| Number | From | <p style="text-align: center;">Summary of Contents</p> |
|--------|------------|--|
| | | <ul style="list-style-type: none"> • If there is to be only one Monitoring Officer to serve both Councils, then a protocol will be needed setting out the arrangements whereby each Council would obtain a separate Monitoring Officer advice when it is appropriate to do so. It may, consequently, be appropriate to consider appointing Deputy Monitoring Officers to both Councils. • The High Level Business Case includes a reference to the creation of Deputy Chief Executive roles (para 6.2.8) and these being linked to the monitoring role. This uncertainty needs to be clarified. • The proposed High Level Business Case needs clarification and refinement in a number of areas (on which some detail is also given). • Both Legal and Human Resources advice will need to be taken in relation to a procedure for appointing a joint Chief Executive in accordance with the recommendations in the High Level Business Case. • Finally, it will be essential for Managers to be consulted further upon all the detailed aspects of implementing joint working across the services. |
| 18. | Officer 11 | <ul style="list-style-type: none"> • The Business Case is well laid out and sets out the Case for the consultants to consider. • Given the proposals in the recent Local Government Bill, the steps now being taken to look at joining together the senior management structures at Adur and Worthing must be in the interest of residents of both communities. • The proposal should provide a stable future platform to deliver into the future, although Officers will need to work in a much different way in the future. Overall, this proposal is a positive way forward, is full of challenge and a lot of effort needed to implement it. |
| 19. | Officer 12 | <ul style="list-style-type: none"> • It is pleasing to see that Human Resources and organisation development is considered to be a separate professional and strategic service group within the proposed new structure. • There is a strong case for Human Resources remaining as a separate service and it would be inappropriate to consider incorporating it into one of the other service blocks. |

| Number | From | Summary of Contents |
|--------|------------|---|
| | | <ul style="list-style-type: none"> • Human Resources and organisation development should remain strategically aligned to the joint authority, rather than be viewed as just a routine administrative function. • The size of the service should not be an issue but its impact on the organisation should. Human Resources does and will continue to have a strategic impact on both Councils. Overall, the Business Case has quite rightly promoted this way of thinking and recognises that there is a huge amount of work to be undertaken by Human Resources both now and in the future. • Overall, I am fully in support of the Partnership and the principle of further joint working. |
| 20. | Officer 13 | <ul style="list-style-type: none"> • Any proposal for the Community Wellbeing function to be prioritised as a 'quick win' would be welcome. This block should include Community Development, Health Development, Community Safety, Culture, Leisure Sport and Art, Sustainable development, Community Planning and Strategic Local Partnerships. • There is synergy between the two Councils to bring these services together, as they have similar issues, demographics and community wish lists. • There are greater opportunities within a possible Partnership to bring even more services, such as Adur Watch, tenant participation and some parks and open space functions together. • Any proposal to place Community Wellbeing alongside Regeneration is also welcomed. • This proposal would fit well with some of the Masterplan and Regeneration issues facing both Councils. • While immediate financial savings within this area may be low, high value must be placed on the positive customer experiences if these functions were to merge. • Both Councils should have regard to the "White Paper - Strong and Prosperous Communities" which covers in detail the role of the community and the pivotal role that Local Government has. • Due to the range of skills that Officers at both Councils have in these areas, a great deal can be shared and exchanged which will benefit both organisations and both communities. • The initial structure in the High Level Business Case indicates that Planning Policy is to be placed within a Planning Services block. While this may appear logical, strong ties with Community and regeneration need to be maintained across both Councils. • Overall, the location of all of these specific services needs further development before matters are settled. • The joining up of services will put both Councils in a stronger position for accessing external funding from a variety of sources. • The Partnership may also generate other potential savings or reallocations of resources that can benefit both communities. |

APPENDIX 2B

On-line staff consultation feedback

1. Of course it all makes sense - let's just get on with it!
2. I feel that there is a lot of scope at making savings by looking at using ICT to deliver efficiency savings to both Councils over the next 3 years. This was highlighted in the Transformational Government Report. I think there should be more of a drive from senior management to push through changes to internal bottlenecks. E.g. looking at electronic procurement, delivering more self service initiatives, creating automation in back offices to reduce administration costs etc.
3. Organisation structure might be seen as WBC biased? Adur doesn't seem to have obvious correctly graded candidates for 7 of the 13 posts (Exec office, Financial Svces, Revs and Bens, HR, Property&Facilities, Regulatory Svces, Leisure&Cultural) so there is a real risk of ending up with 10 WBC and 3 ADC senior managers?
4. What happens if someone doesn't get a job at their level? Will they have a chance to apply for jobs of the next grade down or will they be instantly on the redundancy list?
5. Worthing's Building Control Team would like to make the following comments to you on the proposal to split Building Control from the Development Control function ('Planning') and merge our service into 'Regulatory Services' (Environmental Health, Building Control and Licensing).

As you know Building Control faces ever increasing competition from the private sector, and it is essential that we provide the most effective and cost efficient service to our customers.

In our view it is vital that we retain a close working relationship with Development Control, and indeed we have been making efforts to improve and enhance those working arrangements.

The following are our brief comments on the 'Benefits of Retaining our DC Link'.

BENEFITS OF RETAINING DC LINK

 - Ø - Vast majority of development work relates to both disciplines (BC & DC).
 - Ø - Shared customer base.
 - Ø - Shared computer database – CAPS.
 - Ø - Both disciplines are part of Chartermark Award.
 - Ø - Regular counter enquiries for one (say DC) discipline immediately require contact with BC.
 - Ø - Customer base expects a close link between BC/DC.
 - Ø - Close working relationships between DC/BC enable design consideration (problems) to be discussed early – saving time and money for all parties.

Ø - BC's link with DC enables BC to gain marketing advantages by encouraging contact at the planning stage. This is a valuable marketing tool as our current charging structure does not let us compete on an individual fee per job basis.

Ø - National LABC guidance and advice recommends utilising our close links to DC and indeed promoting them as part of our marketing strategy.

Ø - BC/DC currently share Admin/Technical Staff who are multi-skilled across both disciplines. Any break in the link will probably mean additional Admin resources will be required to service BC needs.

Ø - DC/BC share a customer liaison forum that meets on regular basis.

Ø - The level of service to DC/BC customers would improve if the services were moved together. It may also result in efficiencies by further utilisation of shared support services.

Ø - BC's main core activity (new building work) relates heavily to Planning. Only a small percentage of BC workload is connected to Environmental Health activity.

6. My comments are concerning the Recommended Structure - Section 6 - whilst I appreciate the structure has not been agreed in detail and we should not take too much notice of the "boxes" in the 2,3 and 4 Director Models - I have two areas that I would like to comment on that I have a vested interest in.

1. Procurement

During the various workshops the benefits of joint procurement was raised consistently however it does not get a mention in the Business Case. This is both Strategically and operationally through numerous procurement projects. I am also surprised as SECE were involved in assisting the Partnership Management Board with the report. Professional procurement can make a big impact in the changes proposed and achieve significant efficiency savings. At Worthing this has been proven (Alan/Cliff can verify). We are reducing Maverick spend, ensuring compliance with EU Public Procurement Rules and the Councils Standing Orders and achieving financial savings. To achieve some of the efficiencies and make the changes happen across the two Councils, I would suggest that the profile of Procurement in this Business Case is increased and highlighted?

As for the preferred detailed approach - I have worked for both the Chief Executive before and now Director of Resources (PFM). The latter has worked very well in the last 2 years with benefits from the management links with Technical Staff and Facilities/IT. Procurement can get bogged down in detail and therefore I would suggest it is better under the Resources portfolio.

2. Business Continuity.

Paragraphs 6.2.2 and 6.2.3 mention that the Chief Executive should be kept as non departmental/strategic as possible. I think there is a conflict here. Business Continuity is a new responsibility for local

authorities as CAT1 Responders and again is very much involved in detail that I do not believe is the role for a Chief Execs Department.

In Worthing we have just identified and agreed that Business Continuity Plans should be prepared on a site by site basis. The outcome will be approximately 14 site plans. Significant detailed work will be carried out by the Emergency Planning/B. Continuity Officer to do this in partnership with the Site Managers and relevant staff. I am not convinced this fits well with the Executive Office proposal. The model proposed in the Business Case is I believe based on Adurs existing set up. The work required on Business Continuity Planning and Management currently outweighs by far the work on "pure" Emergency Planning.

Again, I have a vested interest, but the current Worthing model works very well with good links with Property and IT colleagues when preparing individual site plans and examining their risks etc and the support/influencing required.

7. In the Commercial section of Environmental Health someone has to write procedures for food safety, health and safety etc - this can be very time consuming. There is also someone in Worthing doing the same thing - far better to have one person doing this for both teams than two! We also have to carry out promotional campaigns for food safety and health and safety. With a joint officer structure we could have more resources, better targeting and more clout. However I think we should only carry out visits on the districts that we currently work on, not move across the border as this would involve too much travel time.
8. Excellent way forward for both Council's - why couldn't it have been done sooner? However, how is the public communications to be handled? I know of many residents - across a whole range of ages who are against this and also wish to be asked if they want non-local services.
9. Other savings - More use of IT with good hardware frameworks but staff to be supported during the purchase and implementation not left to do it themselves.
Reduce the management levels in Worthing Council.
Provide increased leisure facilities in Adur.
Stop doing the things the Councillors don't want doing - there are loads of things that councillors have not prioritised which officers are still involve with - carryout a fundamental review of all sections - don't leave the section manager to do it they have no teeth to stop their staff doing things the staff enjoy.
10. Scrutiny across both councils should not be in legal or committee it is a separate function
11. With regard to the Service blocks, I generally agree that fewer rather than more is the way forward, which I acknowledge will result in

larger 'functional blocks' and that there will be a consequent need to back-fill underneath to AD/DM. This was discussed fully at CMG.

With regard to the Service blocks, I very strongly feel that the positioning of parks and open spaces within the Leisure and Cultural Services (LCS) 'family' has worked extremely well in Worthing. The use of external contractors and previously in-house work staff as a result of various rounds of CCT has worked well, and has delivered many thousands of pounds worth of savings over the years. However there are concerns that contractors are now struggling to maintain standards and still meet their profit margins. I would very strongly support the merger of the Worthing (Client) and Adur 'Client' and 'workforce' functions under the LCS umbrella. I feel that the potential benefits of a 'mixed economy' of contractor and in-house workforces would work well (keep the contractor honest!). The future for contract grounds maintenance is not without its challenges but I believe that they can be overcome. Cems and Crems may find a natural home here too as a significant 'user' of the grounds maintenance function - this is a common organisational link elsewhere.

I feel that there is a need for discussion about 'Community Well-being' (Adur - which includes sports/arts development) and the synergy that this has with Leisure Development (Worthing). This is alluded to within the Business Case. I believe that there is a need to retain a Leisure Development function within the LCS family because of its link with facilities and the development of programmes which ultimately work to the wider benefit of the facilities and their programmes. This is not so apparent in Adur who now manage their facilities through a Trust. I believe strongly that any 'developmental' (sports/arts) work should be undertaken by local authorities for the intrinsic value of the activity to the community and should also be sustainable in the long term without LA input after initial establishment. Wider community benefits such as inclusion and 'well being' will flow from this. Worthing has a strong arts facility base, but no arts development, Adur is almost the mirror image and I believe the synergy is therefore compelling.

I believe Worthing staff could add value to the Adur client management of the Trust, although I have little or no direct knowledge of the contract.

Tourism was formerly in the LCS family, but I'm not making a bid, although there are sound potential links!

12. Partnership Working

Electoral Registration & Elections

(Work to the same legislation & priorities).

Preliminary observations

Electorate (as published Dec. 2006)

Worthing: 78,920

Adur: 47,468

Together: 126,388

Staffing (hours worked by staff on elections and registration)

Worthing hours (weekly): 99

Adur hours (weekly-maximum):68

Together 167 hours

Divided by electorate-to give a very rough estimation of volume of electoral registration work generated and staff availability to carry it out.

Worthing:797

Adur:698

(Adur are currently slightly 'better off' for staffing of this work)

Electoral Registration

I understand that it is difficult for Worthing staff to carry out the volume of work generated without building flexi hours.

Adur staff can usually carry out registration work without building hours.

(Adur have a budget to employ casual office staff to help at canvass time).

I estimate that in a joint dedicated electoral services office the combined electoral registration work could possibly be carried out with 161 available staff hours and also give better cover for annual leave and sickness for both authorities:

This structure could be possible from October 2009 after the planned departure of Worthing staff.(*Both authorities already have built in additional hours for elections ie. PT posts increase hours).

Electoral services manager/supervisor (FT)

Senior electoral services officer (FT)

Electoral services assistant (FT)

2 electoral services assistants (PT 25 hours, plus additional hours during elections or canvass*)

Presently, Adur combines elections and electoral registration with local land charges. If the two electoral services sections integrated it would not be practical to run local land charges along side due to the volume of electoral work. Any joint section should be dedicated to elections and electoral services only.

Software system/training

Worthing and Adur both use Strand (along with other West Sussex authorities except of Mid Sussex). Therefore although there would still be two 'sites' (unless the licences could be negotiated to integrate both sites), staff from both authorities could be interchangeable, and cover work from either authority without any additional training.

Purchase of services

With joint purchase of printing services (eg. postal vote packs) there could be considerable savings over the elections and canvass cycles for both authorities due to the lower cost for larger orders. This would apply to all purchases of equipment too.

Accommodation

Working together would require at least 5 desks/workstations along with space for at least two printers and associated equipment related to Selcheck.

Combining offices would mean the absence face to face electoral staff at either the Civic Centre or Town Hall .

Generally Adur staff do not have too many electoral registration queries that cannot be solved by talking on the internal telephone or forms being issued by a member of the Help Point. Help Point staff have been briefed on access to the current hard copy Register of Electors which they keep for public reference at the Help Point.

During elections it would be necessary to have an officer at the 'unmanned' building to answer election queries and issue emergency proxies and replacement postal votes.

Delivery of nomination papers is to the Returning Officer, so they would be delivered to whichever building he/she is based.

Adur has space at Commerce Way for election equipment and limited storage at the Civic Centre. If storage of equipment was in one place this may save the cost of some storage budgets.

Summary

Apart from saving a few staff hours there could be savings on accommodation, hardware and eventually (possibly) software licenses.

A larger electoral services section would be better placed to provide cover during staff absences.

It would be possible to run a joint count centre as well as other savings at election time. (For example, logistical savings at parliamentary elections where constituencies cross boundaries).

However, a period of working together (before key Worthing staff plan to retire) so that staff are aware of the electoral areas and office procedure would be necessary. Any major differences should be identified and addressed well before any joint working of elections begins.

Organisation of elections and working during the election timetable is extremely stressful. Elections are high profile and need to be carried out according to strict timetables. If the two authorities are to work jointly to produce successful elections, the joint electoral services office would have to be set up and running at least six months before any scheduled elections. So as well as the 'quick win' timetable, consideration must be given to the scheduled elections for both authorities as well.

The scheduled elections are:

May 2007-District elections in Worthing

May 2008-District elections for both authorities and Parish elections in Adur

May & June 2009-County and European Parliamentary elections

May & ? 2010-District and Parliamentary elections

For consistency it would also be helpful for there to be one Returning Officer for the two authorities (with more Deputies).

13. Planning Services Section

Response to the High Level Business Case Report – Adur/Worthing Merged Officer Structure.

The Planning Services Section has considered the High Level Business Case predominantly in relation to the proposed structure

and division of service blocks amongst fewer Assistant Directors and wishes to raise the following concerns.

There appears to be no logic in the proposal to separate the Development Control and Building Control Groups. The synergy between the two Groups has long been recognised at Worthing and at the national level. Indeed there is a need to forge even closer links with the increasing complexity of building regulations and planning legislation, particularly in relation to sustainable construction and the provision of renewable energy sources in all new developments. The comments of the Building Control Group already submitted are endorsed and are repeated below with some further elaboration:

Ø Vast majority of development work relates to both disciplines (BC & DC).

Ø Shared customer base.

Ø Shared computer database – CAPS.

Ø Both disciplines are part of Chartermark Award.

Ø Regular counter enquiries for one (say DC) discipline immediately require contact with BC.

Ø Customer base expects a close link between BC/DC and joint meetings occasionally take place where necessary.

Ø Close working relationships between DC/BC enables design consideration (problems) to be discussed early – saving time and money for all parties. This is particularly important in relation to disabled access and construction issues relating to sustainability.

Ø BC's link with DC enables BC to gain marketing advantages by encouraging contact at the planning stage. This is a valuable marketing tool as our current charging structure does not let us compete on an individual fee per job basis.

Ø National LABC guidance and advice recommends close links between DC and BC and indeed promoting the close working relationship as part of BC's marketing strategy.

Ø BC/DC currently share Admin/Technical Staff who are multi-skilled across both disciplines. Any break in the link will probably mean additional Admin resources will be required to service BC/DC needs.

Ø DC/BC share a customer liaison forum that meets on regular basis (Planning User Group).

Ø The level of service to DC/BC customers would improve further if the services were moved physically together. It may also result in efficiencies by further utilisation of shared support services.

Ø BC's main core activity (new building work) relates heavily to Planning. Only a very small percentage of BC workload is connected to Environmental Health activity.

In view of the above comments the Section has considered the various options for the provision of the Development Control/Building Control 'service block' within any merged officer Structure with Adur DC. The following are considered all viable options in terms of obvious linkages and are assessed in relation to the needs of customers, the ability to merge and capacity concerns.

- 1) Status Quo – current WBC Planning Services Section expanded to accommodate the equivalent services in Adur i.e. Development Control (including Enforcement, Major Applications and Design and Conservation), Building Control and Support Services.
- 2) Service Block as above but adding Planning Policy
- 3) As above, but adding Regeneration, Community Planning and Economic Development.
- 4) Regulatory Services – Development Control, Building Control, Environmental Health and Licensing.

Managers feel that option 1 would be the most effective way of ensuring successful integration within the proposed timescale whilst maintaining the capacity at AD level to implement a number of key strategic development sites within the two administrative areas. Particularly given:

- § the considerable work necessary to integrate service standards;
- § workload involving managing two Development Control Teams (dealing with in excess of 2,200 planning applications);
- § serving two Planning Committee's with different Development Plans and emerging LDFs and;
- § difficulties of recruiting and retaining professional staff within both the Development Control and Building Control Groups.

The desire to create a central policy unit three years ago reflected a general move within Local Authorities to separate regulatory services away from policy formulation and the decision making process with the 'new' Cabinet style of governance. Having made this split, Managers expressed some concerns at this shift back to the 'old' style Head of Planning. Generally there is a feeling that the current split in the functions has not caused significant difficulties and the new LDF process perhaps makes it easier to keep the two service areas apart.

However, it is recognised that Members have reservations and are confused about the different roles of each Section. Certainly the Development Control Committee does not feel any ownership to emerging policies and feels isolated from the policy making function and the Cabinet feels that the DC Committee is not committed to its vision for economic regeneration.

Merging back with Planning Policy (option 2) would help to address these concerns. It is also relevant that the public and other agencies often see Planning as a single service area that would include planning policy as well as DC and BC. However, any larger service block must address the capacity concerns associated with the AD taking a more strategic/management role. Members' expectations in relation to Development Control and the nature of the work involved does mean that it will be important that sufficient capacity is provided under the AD to ensure that staff below them can deal/assist with the delivery of major/strategic sites. This is particularly important if additional service areas are added. There is considerable concern that, given past reorganisations both at Adur and Worthing, removing capacity at senior management level will not be replaced at the lower

level and the new merged officer structure will not have the capacity to meet Members' expectations.

Option 3 recognises that there is an increasing desire to link service areas like Community Planning with Planning Policy and certainly the desire to link LSPs far more closely with the LDF will inevitably mean that this should be combined with the Policy Group in the future. The Regeneration and Economic Development Groups are clearly linked to Policy and Development Control and an argument for combining these groups can be made. The strong caveat to this is that this would be a very sizeable Section with considerable member involvement and expectations, which would require strong management of the individual groups to deal with day-to-day issues. It would be important to manage Members' expectations of the relevant AD and certainly the ability of the relevant AD to attend two DC Committees, Cabinet Member meetings and external meetings as well as lead on Masterplan delivery etc would be challenging unless the appropriate resources are in place.

Option (4) merging regulatory services is only a reasonable proposition if Development Control forms part of this service block. All the Groups have linkages and could effectively work together but it does not address the perceived weakness with the current split of planning related services.

14. Response to High Level Business case. My concerns regarding more general issues relating to the report and the proposal to merge services and the officer structure with Adur have been incorporated in the response from the Services AD's. I have also collated the comments from my Managers in the response from the Planning Services Section. These are my personal thoughts on the proposed structure contained within the report:

i) Development Control should be linked with Building Control in any revised structure.

ii) There are a number of advantages with linking Planning Policy with Development Control in terms of the public's understanding, improving links between Development Control Committee(s) and the Cabinet(s) and ensuring a closer working relationship between planning staff.

iii) The links with Regeneration are also strong, particularly in relation to the implementation of Masterplan objectives within the Town. It will be also important to link Community Planning with Planning Policy in the future to ensure improved links between the LSP with emerging LDF policies.

iv) However, adding further related planning functions across both Councils would be create a very large and important service area that must have the appropriate capacity below the relevant AD to deliver an effective combined service.

v) My Development Control Manager has very real concerns that his Group would not be able to take on my current workload and I share his concerns and it is vital that the staffing issues within the Development Control Group(s) are resolved as part of this process.

This will have costs associated and it will be important to recognise that merging these service areas are unlikely to provide any savings.

15. One line bullet points

- A full merger would generate substantially more savings than the proposed partnership
- A full merger would be easier for senior staff to manage
- It was encouraging to hear Robert Dunn at Strategy Group say that the partnership was only an interim measure pending full merger
- I believe that the issue around differential council tax might be overcome by use of Special Expenses regulations - this would require legal and District Audit advice
- I have very serious reservations on the mechanics of senior staff serving two masters
- I have very serious reservations on senior staff's capacity to serve two masters/councils - in particular from a Finance point of view preparing two budgets and two Statement of Accounts simultaneously
- I have very serious reservations on the ability of senior staff to do the day job - running their Divisions - and introduce the partnership arrangements, appointing section manager staff, consolidating systems, redundancies etc
- The joint CEO has found it necessary to spend a full week in each camp to manage his time and appointed a 'deputy' to run Adur in his absence - I do not believe this 'luxury' would be available for other managers
- My thoughts around the allocation of costs are well known - it is an extremely complex task
- It was clear from Strategy Group that Members seriously underestimate the complexities of the work necessary to set up the partnership
- I have no confidence in Capita's opinions - their input to the Financial 'workshop' was meaningless - I felt we were being treated like country bumkins and that we had no idea of what needs to be done - Grannie did a lot of egg sucking
- I have no strong views on the structure, or which service rests with which Director or Divisional Manager - having been through a restructuring of some sorts every 4 or 5 years, staff will make it work however good or bad it is - my big concern is that there are enough DM's to manage - clearly the 2005 cull was too sharp and must not be repeated.

Good luck !

16. 1. In the past 2 restructurings at ADC, fourth level officers and below have not shared in the additional salaries paid to higher level officers, to reflect the extra work they now do as a result of the restructurings. How will the current pay and grading review (likely to be completed before the officer merger) reflect the likely addition of yet more duties on lower level staff the addition of which is likely to take place after the P&G review?

2. Why having merged sections under single divisional managers in the last restructuring at ADC to save money, are we now demerging them to form 13 divisions in the new joint structure? Surely far too many divisions!

17. My main concern is that there will be a lack of positions for the number of people.

Will my present salary be protected after Pay and Grading or will there be a new contract.

What if I'm not happy with my new position or the people I'm working with will there be a settling down period?

Allowance for working further afield.

Will we have to reapply for our own jobs?

Will there be a pay increase?

18. Whilst I recognise that change could bring new opportunities for staff, I do have the following concerns which are mainly expressed as questions.

Would there be a relocation allowance if the department was moved to a different area?

Reluctant to travel for the following reasons: expense, the extra time to travel especially if using car, longer distance means can't walk or cycle.

Would there be a cooling off period if you found the move difficult for one reason or another? If offered another post but don't accept it would we still get redundancy package?

Will there be a salary protection if transferred to another post?

Will it be necessary to apply for our own jobs? Will admin jobs change, new openings/opportunities?

Will the people of Worthing and Adur be given the opportunity to give their views on partnership working?

19. Let me start by expressing my support for the proposal to pursue a joint officer structure to serve the communities of Worthing and Adur. If it is viable once the political, legal and financial issues are concluded then there is no reason why it should not work and achieve major ongoing efficiencies.

You will be aware that I contributed to the discussions at our CMG and RMT about the matter so I apologise if some of what is below is repetition. My comments are in no particular order of priority and only focus on the major areas of concern/comment....

General:

1. The reality is that it will take a substantial time to sort out the legal, finance, HR, ICT and accommodation issues before any real progress on providing a joint structure can start and real efficiencies achieved.

2. The reality is that maximum efficiencies will only flow through truly shared services, contracts, standards, policies, strategies and procedures. There must be 100% political support and commitment for the move from both Councils and all parties to make this happen

successfully both now and in the future. An acceptance of the need to compromise is also required. Any variation on this will mean inefficiencies and additional resource requirements. This potential problem may be particularly acute when there are different political parties controlling each Council.

3. An early and definitive view on the relationship between the new structure and Census is required as it is fundamental to a number of services, particularly ICT.

4. ICT and accommodation considerations both need early and expert input to provide clarity to staff and members as to where we are heading. We should not miss the opportunity to accelerate modern ways of working. We need to take the opportunity to get mobile, hot desk, video conference, expand self service, etc and utilise the accommodation and working efficiencies they bring.

5. In retrospect it was a mistake to specify which services might be quick wins without specifying what was meant by 'quick wins'. It would be better to not be specific and say that 'there is the opportunity to bring some service areas together in the near future subject to individual and full consideration of each one.'

Structure:

6. Whilst I wouldn't rule out the possibility of moving to 2 strategic directors in due course I think that it would be unwise to plan for it now. Aim for 3 and reconsider the matter in three years time when, hopefully, substantial progress has been made and a more considered view can be taken.

7. As far as the splitting of services between Directors is concerned I would suggest that there should be 2 'resources' and 2 'services' directorates with a separate Executive Office reporting direct to the Chief Executive.

8. Moving to 3 directorates should be based upon a 'resources' directorate and 2 'services' directorates with a separate Executive Office reporting direct to the Chief Executive.

9. I personally strongly feel that 13 service units is too many and is unnecessary. With good calibre 'heads of service' with proper support, delegation and resources the services both Councils require can be effectively and efficiently provided by a smaller number of service managers. In this scenario it is even more important that some of the savings being achieved by reducing the number of senior managers must be re-invested in providing the staffing capacity to deliver below senior manager level.

10. There is also a need for more detail and clarity as to which Teams within current Sections are intended to go where.

My proposals are detailed below with more detail on those areas of activity for which I have a direct responsibility or a strong view about.

1. Executive Office: high level corporate policy, strategy, public relations, performance management, change management and scrutiny

2 HR

3. Legal & Democratic Services

4. Finance and Audit

5. Property & Facilities Management:

- a. Engineering
- b. Non housing Surveying and Design Services
- c. Estates
- d. Business Services:
 - Procurement
 - DTP & printing
 - Telephony
 - Emergency Planning & Business Continuity
 - Security & porterage
 - Accommodation
 - E-business
- e. Car Parking (including LAPE)
- f. ICT
- g. Corporate Information Management (GIS, LLPG and Street/House Naming and Numbering)

NB: the precise makeup of the above teams is not definitive and needs further consideration.

6. Revenues and Benefits/Customer Services
7. Leisure & Culture
8. Housing & Health (inc crematorium)
9. Housing Stock Management (inc housing Surveying and Design Services)
10. Planning (inc planning policy, development control and building control)
11. AWS

There is an unresolved minor issue regarding the future location of the responsibility for the client side of public conveniences and office cleaning which currently rests with AWS but does not form part of their longer term business plan and is likely to move to Property & Facilities Management at some time in the near future.

I appreciate that there are some 'moveable feasts' and I am probably not best placed to comment on the eventual locations of some of them such as scrutiny, planning policy, customer services, etc.

Whilst recognising the importance of Customer Services I am not convinced it is a natural bedfellow with ICT or that it warrants its own service head. The provision of receptions/help points and the contact centre could be deemed a 'facilities management' function as is commonplace in the private sector.

In truth ICT has no common bedfellow but it does not warrant its own service head. It must be an integral part of a larger service unit. It is imperative that the situation where ICT at Worthing had no responsible service head for 5 years is avoided. The present arrangement where the team is part of the Property & Facilities Management Section works well and this should not be disregarded without careful consideration.

Emergency Planning and Business Continuity is not a high level strategic matter and should not rest in the Executive Office. It is a corporate service and has close links and overlaps with property, engineering and ICT. With the Business Services Manager devoting a

proportion of his time to this area of activity it is something that should be considered much more carefully before any decision to move it away from Business Services is made.

I hope these comments are helpful. I am more than happy to discuss them further if you wish.

20. Although the business case states that cost allocation is fundamental to the process, I do not feel this has not been given the prominence that it warrants within the business case. The central cost allocation process for any authority is extremely complicated, but to try and unravel each authority's and attribute cost to the new partnership services will be a major task in the time scale expected. Is it anticipated that the finances (e.g. cost allocation etc.) of each authority and the new (finance) partnership be sorted and agreed first before any services transfer into their possible partnerships? If so when will this happen and who will be pulling these figures together, if not, then when and how will this happen? I have concerns over the time it will take to carry out these tasks, but my main issue is the officers who know how these allocations are pulled together have a day job to do as well as supporting the possible new partnership, will there be any backfilling of posts so these tasks can be completed with some certainty?

Cost summary

The saving against existing budget, is this shown per year? as the departure cost are shown cumulative. If it is shown per year, then the savings up to 2009/10 will only be £633k for both authorities is this enough? or are you looking for further savings?

The above paragraph also implies that senior managers have spare capacity now, will there not be the need to have additional staff lower down the authorities to pick up the slack? Has this cost been included in the figure provided in the business case? I know most staff at Adur have had their services trimmed to the bone in recent years regarding staff, I'm sure Worthing are the same.

There is no mention in the business case as to the cost of new systems, the savings suggested per year on Senior managers is £573pa (after 2009/10) I would be very surprised if the new systems can in any near this figure, probably 2 or 3 times more, so when would the real savings be identified, before the decision is made or after?

I know we have the opportunity to this consultation, but how involved have Team Adur (and Worthing's equivalent) been involved in the strategic decision making process? Have they had the opportunity to making decisions and input into the business case, or has this just been "top" strategic officers?

I really feel there are some great opportunities for working to improve services and save costs by being in partnership with Worthing and other authorities, but I have concerns on the time scale, planning, project management and ensuring that those areas that are "fundamental" to the business case are dealt with before a decision is

made. However I do prefer the big bang, quick approach rather than a long draw out process.

Last one!

The business case talks about a separate "business" to be set up to deal with the partnership. Will this "business" have public body status from DCLG, this is probably essential to allow the new "public body" to have the same VAT savings now allowed for local authorities. If not then there will be some real implications for the "new business". Having recently had a VAT inspection and talk to the inspector about the issue he has suggested the "new organisation" that will deal with the partnership must have public body status and this should be requested a.s.a.p. if we are to go down this road.

Thanks for the opportunity to comment

21. What is crucial to the single structure working will be how well members at both authorities respect the governance procedures, in particular ensuring they do not seek to bypass the joint committee and associated machinery in order to get direct to an officer to get a pet project done.

Linked to this is the concern that even if members have similar or identical cabinet briefs, assuming Adur goes to a Cabinet system, they will have to agree policies and strategies on particular issues between them. While there is room for local variation up to a point, if it finishes up with a single officer corps trying to operate two completely different sets of policies and priorities (over say for example use of land assets to fund affordable housing) then this will be extremely problematic. The situation where in wider partnerships the same officer will be expounding two separate points of view is clearly not one which might inspire confidence in partners. This may be extreme but it could happen and steps need to be taken to ensure it is avoided.

In terms of groupings of services, I am one of the DMs where the initial proposals for grouping services result in my existing division being split down the middle. While this will no doubt be one of the issues needing more close scrutiny from April should members decide to proceed, there are a number of concerns from colleagues about the Environmental Health function. Merely because it is in large part a regulatory function it does not automatically follow that it has any real synergy with other regulatory functions such as Building Control.

22. I would like to make the following comments on the High level Business case report re the Adur and Worthing Partnership:-

In particular I refer to the possible Officer models which are set out on Page 33 of the report and the 13 main service blocks on Page 32.

I appreciate that the possible 'Director models' are not 'set in stone' but I would like to comment on the possibility of the Scrutiny support function being located in the Legal and Democratic Services section - Paragraph 6.2.11 (iii) refers.

At present Worthing Borough Council (WBC) has its Scrutiny support function located in the Chief Executives Department. I believe Adur District Council has Scrutiny support located with the Democratic Services section but Adur at this point has no Cabinet. I firmly believe that it would be more beneficial to have the scrutiny role located in a separate section divorced from Legal and Democratic Services, as Worthing has at the moment. (I would suggest that it could be located in the possible Executive Office which is proposed or a similar type of section).

When WBC undertook a previous restructuring in late 2005 it was decided to split the scrutiny role away from the support provided to the Cabinet which is now performed by Democratic Services. This split has created a scrutiny role within the new Performance, Scrutiny and Communications team in WBC. Although this team is fairly new (1 year approx), I believe we are making great strides - with limited resources - in helping the Council achieve some of the Council's key aims in the Corporate Plan. This is down in part to the enthusiasm and dedication of the Officers involved. The scrutiny role links very well with the Performance management and communications functions. Performance management is a key component of effective scrutiny and is built in to the Scrutiny work programmes.

I see the Scrutiny role as being a key part of the Council's make up over the coming years and if you look at the contents of the Government's White Paper and the new Local Government Bill you will see that the Government is advocating improving the powers for Local Government scrutiny to make more of a challenge to the wider and stronger role of Council Leaders as place shapers and convenors to public services which is advocated in the Bill. There is also a role for scrutiny in the Community Call for Action proposals which are not too far away - April 2008. They also wish to see effective, accountable Local Government being achieved - Scrutiny is part of this. There is also a growing trend for Councils to want to scrutinise Local Partnerships which is also the case in WBC with proposed scrutiny of the LSP and Worthing Community Partnership. The Government White Paper also advocates encouraging Local Authorities to dedicate appropriate resources to scrutiny - The key to successful scrutiny is adequate resources.

Members from WBC are beginning to grasp the scrutiny role and what effect it can have on a Council. I believe that locating scrutiny with Legal and Democratic Services would be a backward move at a time when we are trying to look forward.

I attended one of the staff workshops before Christmas and was with the Democratic Services staff. The feeling was that with partnership working it was an ideal opportunity to strengthen the scrutiny role utilising resources in both authorities especially if Adur introduce Cabinet working. This could strengthen the service being provided without involving extra costs.

I would also like to add that evidence is available which suggests that CPA scores are higher for Local Authorities which have a strong, challenging, performance focused scrutiny function with a work

programme integrated with the Council's wider corporate objectives and elected members who are supported, developed and resourced. I believe we are beginning to achieve those requirements in WBC which is illustrated in the work being undertaken by the OSC and its Panels. We are also receiving recognition for the scrutiny work which we are undertaking from other Councils and the Centre for Public Scrutiny.

I am concerned, however, that moving the scrutiny role to the Legal and Democratic Services section will weaken the achievements we have made and scrutiny may become what it was before the restructuring - Simply an add on to the Committee support from Democratic Services. Unfortunately I do not see anything in the report which supports having Scrutiny with Legal and Democratic Services - Indeed the Officers at the Workshops supported having it in a separate unit as we do in Worthing.

I hope you find the comments useful.

- 23.1 think
*a merger with Adur is preferable to joining CenSus which is likely to be too big and unwieldy.
*Revenues teams could work well together now that Adur have adopted Academy software (but can they get out of CenSus?)
*Ctax Recovery at Worthing deals with its own correspondence and telephone calls and should therefore break away from CRM

24. Recommendation 2 "Quick wins"

Some of these services could be brought together but there will be an effect upon discussions about the future structure:

e.g Estates, Local Land Charges and Human Resources. Adur currently has all of these in a single Division. If we move to a "quick win" on any or all of them how do we then discuss the overall structure, unless they are joined within existing structures?

Could add Benefit Fraud Investigations - At Adur this is a small team of 2 officers. Capacity would be enhanced if made part of a larger team. There would be no direct impact on any other part of the service

Also, need to be aware of role of HR staff within any TUPE discussion and the necessity to ensure that transferring staff have consultation with senior staff and HR staff from the transferring organisation as well as separate consultations with senior staff / HR Staff from the receiving organisation.

Paras 6.2.11 - 13

Suggest that these proposed groups are removed and replaced with a list of functions, which could be greater in number.

Two reasons:

1. It is too early in the process to be proposing actual groupings. There has not been discussion / consultation with Assistant Directors / Divisional Managers.
2. As we are looking to make financial savings, as well as creating more efficient services Adur needs to be able to justify a move that

leads to a greater number of ADs / DMs. The size of the organisation is part of this, but, surely, one premise on which the merger is based is that senior officers will be able to take on responsibility for more staff as resources will be saved by not having an officer from each authority attending strategic meeting, representing the authorities in external meetings etc. If the result of the merger is that we determine that additional senior staff are required is Adur making the necessary savings?

3. Within the proposals, Adur would be agreeing to an additional 5 DMs and Worthing an additional 3. In total the two Council's are only saving 4 DM / AD posts. I propose that we should be more radical and consider reducing the total number of DM / AD posts to 10 with the following groupings for discussion.

(i) Adur and Worthing Services (AWS) inc collection of waste, recycling etc

(ii) Corporate & Legal Services – HR (including payroll), organisational development , Corporate & Public Safety (Emergency Planning & Health & Safety for the Councils) Legal Services, Democratic Services, Elections, Estates & Facilities Management)

(iii) Customer Services and ICT Financial Services and Audit

(iv) Executive Office – Performance, Change Management, Communications, Emergency Planning and Business Continuity

(v) Housing Management (including, Housing Management and Building Services) Leisure and Cultural Services (essentially based on Worthing's current section, plus client side for Adur Leisure Trust) *

(vi) Housing Need and Policy

(vii) Planning (including Planning Policy and Development Control)

(viii) Regulatory Services (Environmental Health, Building Control and Licensing *)

(ix) Regeneration and Community Development (including Economic Development, Community Well-Being, Community Safety and Community Planning

(x) Revenues and Benefits

**The Crematorium and Cemetery Services could be part of either of these service areas.

I am sure that others will have views about groupings.

Alternatively, if Human Resources is to be a separate Division then it is essential that to give it added value it must be led by an officer with the appropriate CIPD qualification. I have heard that one reason for this being a separate division is to ensure that it has a place at the 'top table'. This has been successfully achieved at Adur without it being a separate section. Therefore I am of the opinion that this can continue to be achieved successful with no risk to the Council. The DM / AD will, presumably be at the top table if my proposals were to be supported.

Similarly with Estates and Facilities management, if this is to become a separate Division, from Adur's current position, the main justification would, I suggest, have to be that there is a need for a suitably qualified officer at DM level. Again. The current arrangements serve

Adur well and do not, I suggest, need changing. If, however, it is a separate Division, I suggest that we are very careful about the qualifications needed.

I realise that some of this is detail, but it is necessary to support the contention that only 10 DMs / ADs are required.

25. I welcome any changes. Change is good, positive. This organisation needs shaking up and being modernised. If a new officer structure can help with that that would be good.

However, the proposals come across as too drastic and very one-sided. I consider that there is not enough evidence that other measures to save money have been investigated. The Council should be evaluating each service and assess how efficiently they operate at the moment.

Savings could be made by looking at assets. There is spare capacity in office space, space could be used in a more efficient way, incl. office storage space, hot-desking in combination with working from home could be introduced saving office space. There are the theatres which could be reduced from three to one. The leisure centres could be managed by the private sector. The crematorium could be looked into, either managed by the private sector or by the church(es).

Worthing could look at joining 'Census' like other district councils, to manage their IT services.

My comments on the management structure would be that it is hard to tell how the proposed structure would work out but it is important that there is a good management structure with sufficient contact between staff and managers at all levels. The more staff are considered and taken seriously and informed the happier your staff will be. Staff need to feel ownership and individual services need to be given sufficient weight in the organisation and valued for the service they deliver. We need to be able to attract quality staff and this needs to come with the right incentives from the council, we are not competing with neighbouring districts in order to get the best skilled staff. The quality and quantity of contact between management and staff is something that could be improved and if a restructure would help with that that would be positive. Change brings opportunities.

There are real opportunities to work together on issues such as affordable housing and EWAR, I cannot see how the proposed structure is going to assist in achieving any improvements.

26. I know that the two Councils have considered a full merger before, but can we ensure that a full merger is not discounted as if we are going to merge all staff there is a clear extension to merge the two Councils, which would lead to additional savings from a reduction in meetings and Councillors.

27. My argument is that Revenues & Benefits Services and Housing Services should be contained within the same organisational unit as Customer Services, reporting to a Director of Services.

Revenues and Benefits services are almost invariably contained within the same organisational unit because of the deep interconnectedness between business rates, council tax, council tax benefits and housing benefits. The Academy software suite provides a fully integrated solution for these activities. Similarly, Housing Services are often located in the same department as Housing Benefit and Council Tax Benefit Services. These are key customer facing activities, not finance-based support services.

Corporate contact centre solutions and Revenues & Benefits services are highly interdependent. Most of the call handling time and many of the most contentious enquiries are focused on these service areas. If the relationship does not work well, there can be seriously adverse consequences. During 2001, I spent six months working for the DWP's Housing Benefits Help Team supporting five councils with under-performing Revenues and Benefits services: Newham, Havering, Birmingham, Bristol and Norwich. A remarkable degree of consistency emerged; all five councils were experiencing very high levels of 'failure demand' due to communication problems between their customers, corporate contact centres and Revenues & Benefits back-offices. In a nutshell, the contact centres and CRM systems had created barriers between customers and R&B back-offices that severely disrupted the flow of information needed to correctly assess and pay benefits, and to bill and collect council tax. Customer dissatisfaction had reached critical levels. Politicians were discontent. Administration costs were escalating. Other corporate priorities were subordinated to the task of sorting out Revenues and Benefits services. At Newham, where I spent most of my time, significant improvements were eventually achieved by re-integrating customer services into the Revenues and Benefits Division.

In Worthing, we set about avoiding the 'pitfall' that Newham and others had fallen into. We began by creating a R&B call centre that could deal with a high proportion of incoming calls. Crucially, the call centre staff were trained by R&B specialists and located in the same office. Later, we were asked to deal with switchboard calls and these were integrated into the call centre with a minimum of disruption. When the Council decided (in response to the e-Government agenda) that it would create a corporate contact centre based on the R&B call centre, we believed that this would be good solution for the whole organisation.

Worthing's corporate contact centre is now a separate section within the Customer Services Division and is separately located on the top floor of the Town Hall. It handles calls for a wide range of services and is performing well in all respects. However, it is the continuing link with the R&B service that provides the greatest hidden value to the organisation. It is restricting the overflow of R&B calls into the back-office and enabling more than 90% of incoming calls to be resolved at the first point of contact, in the contact centre. Consequently, Worthing has both a successful corporate contact centre solution and a Revenues & Benefits service that is delivering "top grade" performance. I am confident that similar arrangements

can be made to work equally well for Worthing and Adur in partnership.

It remains to be seen how Census and WSASP will affect Customer Services or Revenues & Benefits services in the medium term but my advice is that Worthing and Adur should keep Customer Services, Revenues & Benefits, and Housing Services within the same organisational unit they are quite sure that they have a better solution. In the mean time, the joint promotion of self-service and cooperation to reduce "non-value demand" across both organisations, represent very big opportunities for service improvement and cost reduction.

28. I have considered all the information that has been provided at the staff briefings that I have attended plus the details within the High Level Business Case document that has been circulated, and it would appear that retaining the status quo (and Worthing not at least exploring partnership working) is simply not a viable option due to pressure from Central Government. It would also appear that there is an imperative that partnership working achieves financial savings, although I would suggest that service delivery to customers should have at least the same level of importance attached to it.

In relation to the benefit section it would appear that a partnership between WBC and ADC potentially has considerable merit, and I fully support this course of action as a way forward. However, the complications of, and benefits to be gained from, CenSus appear to be very unclear (even to the Benefit teams currently in the partnership).

Based on what I do know, it would appear that ADC Revenues & Benefits primarily joined CenSus due to the need to introduce a new IT solution, and CenSus offered the best method of achieving this. There is no such requirement for WBC Revenues & Benefits, and it is also interesting to note that WBC Benefit performance indicators are, in the main, better than those for ADC. This therefore raises the question about what WBC Benefits has to gain from joining CenSus, and I would therefore strongly recommend that WBC Revenues & Benefits should not join CenSus until such time as the benefits of doing so are much clearer.

Even if potential benefits are readily identified, I have yet to read any articles in local authority journals that suggest anything other than

- Partnership working between two LA's is eminently achievable
- When a partnership involves three LA's it becomes extremely difficult
- Four or more LA's working in partnership is unrealistic

It would therefore seem very unwise for WBC Revenues and/or Benefits to enter into a partnership with ADC with the intention of joining CenSus.

Irrespective of whether the current WBC Customer Services team (comprising Revenues, Benefits and telephones/counter) remains together, this would nevertheless appear to be an ideal opportunity to "merge" the client/contractor Benefit functions at WBC, and I believe

that there are potential efficiencies to be gained doing so. In any case I cannot envisage how the current split could be retained if any partnership is introduced because the structure of all partner LA's would need to be very similar, if not identical, and there are no other partners within CenSus that share the same client/contractor split.

As the Business Case indicates (and to a large degree relies upon), I agree that there are many similarities between WBC and ADC, both in general and specifically in relation to Benefits. However, I am much less convinced that WBC shares these similarities with MSDC and HDC both of which cover large geographical areas with many rural communities. This demands differences in the provision of a Benefits service, whereas WBC and ADC are both relatively small non-rural coastal areas sharing many commonalities.

I believe that a WBC-ADC partnership for Revenues & Benefits would produce tangible benefits for both LA's and their customers. Both LA's utilise the same core IT application (Academy) but there would be the not insignificant issue of the need for ADC to introduce a DMS system. Given the current WBC license agreement with Anite (which provides substantially reduced overhead costs), it would seem financially unsound for WBC to move to another system, which it would need to do if it was to join CenSus.

I am not aware of the financial commitment that ADC has in relation to its Benefit service remaining part of the CenSus partnership. My preferred option would therefore be for ADC to withdraw its Benefit Service from CenSus in order to actively implement joint Benefit working between the two LA's. However, it would appear that ADC Revenues may be more committed to CenSus (given the appointment of Tim Delaney), but it would not be an ideal situation unless both Revenues and Benefits for WBC and ADC were all working in the same joint partnership.

From an employment perspective, I am encouraged to read that the Business Case recommends that staff should remain as direct LA employees and that a company should not be set up for this purpose.

In summary, my preferred course of action would be as follows:

1. ADC Revenues & Benefits to withdraw from CenSus
2. WBC client/contractor teams to be merged
3. WBC & ADC Revenues & Benefit teams to pursue partnership working

29. The Corporate and Public Safety Unit undertakes the responsibilities of:

Emergency Planning

Health and Safety

Insurance

Risk Management

Business Continuity

And as an add on Unlawful Encampment liaison.

The unit was set up following an extensive Best Value of the services and the need to address emerging (in 2002) issues surrounding the Civil Contingencies Act and other legislation.

It is pleasing to see that in Section 6.2.11, of the high level case, Emergency Planning and Business Continuity are included in one area. The report is however not clear in relation to Health and Safety, Risk Management and Insurance.

Whilst this may reflect the way that Worthing Borough is set up in these areas, it does not reflect the way Adur District operates. The CP Unit is multi skilled and employees have competencies across the functions thereby reducing the previous silo effects of having the elements spread across differing divisions and different Corporate Directors.

All of the functions are in effect risk based and as such have a strong connection. To adopt a different model would be a retrograde step and place the authority back into an era of inefficiency and lost opportunity. I am aware that Adur approach reflects modern thinking and a progressive way of working and that there may be resistance to have conjoined services within a joint approach.

I would like to suggest that in the new way of working the combined service has a Corporate and Public Safety Unit covering all of the areas listed above. I would not be precious about which Directorate it sat within or if it remained as partly envisaged within the Chief Executive Office.

In terms of quick wins I believe that with good management, a bit of leadership and a will to make it work this can be done in less than 12 months.

30. I have given much thought to the Business Case, and all the other information that has been available to date, and am pleased to be able to relate my conclusions at this stage. My comments are predominantly service based rather than a corporate view.

I accept that retaining the status quo is probably not a viable option and therefore partnership working has to be the way forward. I would also advocate that partnership with Adur has much merit. The two Authorities have many similarities, as detailed in the Business Case, and I believe that more joint working and shared services could work well. There are opportunities to make financial savings and improve service delivery. I wholly support the recommendation that staff should remain directly employed by a LA rather than transferring to a company set up for this purpose.

From a personal viewpoint Revenues (and Benefits), within Customer Services, is currently providing a high level service to the residents of Worthing, it has been confirmed in the Business Case that Worthing is out performing Adur. The fact that ADC has now converted to the same core business system for delivering Revenues (and Benefits) is beneficial, albeit that service provision is being controlled by CenSus. Worthing has much to offer Adur at this time. WBC has used the Academy system since 1990 and has considerable expertise in its use. WBC has over 8 years experience of using a document management system.

I know Census is relatively new and I am unsure of the level of commitment to it by ADC. Tim Delaney has only taken up the post of

Revenues Manager this week, so it is far too early to be making judgements. I would comment however, that whilst the Business Case uses our similarities to build confidence in joint working between ADC and WBC, the partners in CenSus are very different. I fear ADC is definitely the 'poor relation'. Much has been written on partnership working in recent times and the general consensus seems to advocate the ideal is just two Authorities. Opinion indicates that a partnership of 3 LA's is difficult and 4 is unrealistic. As I have already advocated partnership working is the way forward I would therefore be very reluctant to suggest that WBC Revenues joins CenSus.

All teams within the Customer Services section will have their own preferences and problems in this regard. Although Revenues and Benefits are inextricably linked I have not presumed that Benefits' staff would necessarily concur with me. I am aware however, that Kevin Masters has put forward the case for keeping Customer Services and Revenues and Benefits in the same organisational unit, with which I am in total agreement.

My preferred option is for ADC to withdraw from CenSus and provide a shared Revenues & Benefits Service, and an overall Customer Service, with WBC.

31. I think that the two district councils should first be formally, legally merged as one district council. This would avoid the problems associated with setting up a company to provide services and of TUPE-transferring employees either from one authority to the other or from either to the new company. I think that the members' own political vanity should not be allowed to jeopardise a sound and cost effective administrative approach. The recommended hotch-potch proceeding from an unsound starting point looks like a recipe for breeding confusion, resentment and quite probably good staff leaving because of the uncertainty.
32. Seems a bit strange that the Summary part of the document talks about themes such as 'transforming the way we work' but these are not backed up with detail in the main body. The standard for reports should be not to introduce new themes in the Summary. Anyone reading the summary only would assume this is all explained in detail in the document but it 'aint.
33. Not clear from the report whether 'major change' is seen as part of the agenda or not. There is a view that significant cost reductions could be achieved by looking more widely at how we work but this isn't really covered off (supported or rejected). The organisational structures suggested don't seem to indicate any clear way such activity would be managed - does this mean it will be done on a very incremental basis?
34. 10.1.4 Is this saying that Adur will set up a full Contact Centre to establish a 'single point of contact' and is it understood that this will

be financed by efficiency improvements that enable the move of people (or pay budget) from the services to the Contact Centre? Have members approved this decision?

35. Just a few general comments.

We might as well go the whole hog and go for full merger. Knock down the two buildings and make one lovely eco friendly one in the middle. Two hopes (We could always camp out in portacabins while our new fab civic town hall is built.)

The devil will defiantly be in the detail and personally I see the difficulties being of the political persuasion and especially if there is any change of colours.

36. I note from the Business Case report that there is an inference that Regeneration and Community be combined under one division, for which I am sure there are valid reasons. An aspect that I would like to add, not having been part of the original officer workshops and occupying a somewhat unique position in Adur as Major Projects Officer, is the natural synergy between Regeneration and Property Services (investment and development expertise as opposed to estates management). We are seeing the early benefits that can be gained within the Shoreham Renaissance strategy of having on board as part of the Economic Development and Regeneration team a property specialist capable of engaging with the private sector marketplace, evaluating risk and viability, refining and prioritising regeneration schemes from masterplans for implementation and representing the interface between the roles of planning and delivery. Some of the skills required may or may not be present among certain of the estates staff at both councils but this necessarily implies that the spare capacity is available to service the need. Along the coastal strip, outsourcing to firms of property consultants has proved to be a growing tendency but this can prove to amount to a high cost strategy over time if it comes to be employed as the rule as opposed to the exception. In summary, I would simply wish to re-state the added value and complimentary benefits that property specialists can contribute to regeneration and that this should be factored into any consideration of divisional working under the new regime. This is intended to be an objective comment rather than to be interpreted as a case of 'blowing ones own trumpet'.

Adur and Worthing Partnership
High Level Business Case

High Level Business Case
For SEMs

Simultaneous Executive Meetings
Thursday, 15th March 2007

Table of Contents

| | <u>Page</u> |
|---|-------------|
| 1. <u>Executive Summary</u> | |
| 1.1 The Document | 4 |
| 1.2 The Context | 4 |
| 1.3 The Proposal | 4 |
| 1.4 The Task | 5 |
| 1.5 Conclusions | 5 |
| | |
| 2. <u>Overview</u> | |
| 2.1. Vision | 6 |
| 2.2. Objectives | 6 |
| | |
| 3. <u>Introduction and Background</u> | |
| 3.1. The Background to the Partnership | 7 |
| 3.2. The Strategic Decision to develop a High Level Business Case for the Partnership | 8 |
| 3.3. The Purpose of the High Level Business Case | 10 |
| 3.4. Decision Making | 10 |
| 3.5. Project Management | 11 |
| | |
| 4. <u>Assessment of the Current Situation</u> | |
| 4.1. Context | 11 |
| 4.2. Governance | 12 |
| 4.3. The current status of the services provided in each Council | 13 |
| 4.4. Demographic Factors | 14 |
| 4.5. Medium Term Financial Plans | 15 |
| 4.6. The Officer Workshops | 18 |
| 4.7. The Member Workshops | 19 |
| 4.8. Summary of Key Issues impacting on the Business Case | 19 |
| | |
| 5. <u>Service Workshops and Proposals for sharing Services</u> | |
| 5.1 Officer Workshops | 20 |
| 5.2 Possible Benefits from sharing / integrated services | 21 |
| 5.3 Possible Constraints or Disadvantages | 21 |
| 5.4 Contracts / Suppliers | 22 |
| 5.5 A Methodology for identifying which Services can be shared or integrated | 22 |
| 5.6 Conclusions on sharing Services | 23 |
| | |
| 6. <u>Single Officer Structure</u> | |
| 6.1 Introduction | 24 |
| 6.2 Recommended Structure | 25 |
| | |
| 7. <u>Governance Issues</u> | |
| 7.1 Introduction | 27 |
| 7.2 Cabinets, Committees and Elections | 27 |
| 7.3 Governance Arrangements | 29 |
| 7.4 Delegations | 33 |
| 7.5 European Procurement Rules | 33 |
| 7.6 Transfer of Undertakings (Protection of Employment) Regulations | 33 |

SEMs High Level Business Case

| | | |
|-----|---|----|
| 7.7 | Conflicts of Interest | 34 |
| 7.8 | And what if it goes wrong? | 35 |
| 7.9 | Summary and Conclusions | 35 |
| 8. | <u>Financial Issues</u> | |
| 8.1 | Introduction | 37 |
| 8.2 | Costing the Proposed Single Senior Officer Structure (SSOS) | 37 |
| 8.3 | Cost Summary | 39 |
| 8.4 | Cost Sharing Arrangements between the two Councils | 40 |
| 8.5 | Proposals for dealing with constructing and agreeing Budgets under the new Single Officer Structure | 41 |
| 8.6 | The viability of moving to Comprehensive Shared Service Delivery | 42 |
| 9. | <u>Human Resources Issues</u> | |
| 9.1 | Background | 43 |
| 9.2 | Issues to Consider | 43 |
| 9.3 | Human Resource Management Capacity | 44 |
| 9.4 | Managing the Change | 44 |
| 9.5 | Redundancy Management and Internal Recruitment | 45 |
| 9.6 | Employment Arrangements | 45 |
| 9.7 | Pay Protection | 45 |
| 9.8 | Workforce Development Plans | 46 |
| 9.9 | Chief Executive Appointment | 46 |
| 10. | <u>Business Transformation</u> | 46 |
| 11. | <u>Strategic Risk Assessment</u> | 47 |
| 12. | <u>Conclusion</u> | 49 |

Appendices

| | |
|-------------------|--|
| <u>Appendix 1</u> | Summary of Questions asked, Outcomes from and Issues raised at the November 2006 Staff Workshops |
| <u>Appendix 2</u> | Proposed Service Blocks for further evaluation by July 2007 |
| <u>Appendix 3</u> | Chart showing Proposed Financial Arrangements |
| <u>Appendix 4</u> | High Level Strategic Risk Assessment |
| <u>Appendix 5</u> | Workforce Development Planning |
| <u>Appendix 6</u> | Implementation Strategy |

1. **EXECUTIVE SUMMARY**

1.1 **The Document**

1.1.1 This is part of the collection of documents that assess the business case for creating a joint officer structure to serve Adur District Council and Worthing Borough Council. This latest draft of the High Level Business Case has been prepared specifically for the Simultaneous Executive Meeting (SEMS) of Adur District and Worthing Borough Councils on 15 March 2007. It is the third substantive draft, following intensive work by officers, staff consultation, the report of appointed consultants Capita and comments received from the IDeA, the Audit Commission, SECE and staff.

1.1.2 The intensity and high quality of this work has been specifically mentioned by the external commentators. This should assist Members in taking decisions, confident in the knowledge that a thorough job has been done on this analysis.

1.2 **The Context**

1.2.1 Members may find it helpful to be reminded of the challenging context faced by both Councils in the medium term. In brief these include:-

- The desire to maintain and improve services
- Increasing customer expectations
- Meeting Government performance targets
- The unacceptability of major increases in council tax
- The limited capacity to find savings without service reductions
- Reduction of government funding of 3% per annum over next three years (Comprehensive Spending Review 2007)
- Delivery of the expectations set by the local government bill, in particular the increasing role both Councils will need to play within Local Area Agreements

1.2.2 Another important and highly positive aspect of the context for evaluating this proposal is the good track record and experience that both Councils already have of working in partnership. The substantial achievements of Adur and Worthing Services in defining joint refuse and recycling services and the necessary procurements have received national recognition. This experience is a real asset and is the foundation for the formulation of further progress.

1.3 **The Proposal**

1.3.1 The proposal under consideration is whether or not a single officer structure can serve both Councils, while at the same time, deliver the savings, efficiencies and service improvements that they both seek. For clarification, this does assume that both Councils will continue with their search for efficiencies and improvements through shared services and partnership arrangements. It is assumed that this will, in some cases, involve a variety of arrangements with other Councils as well as Adur and Worthing. This is also consistent with the direction of change suggested in the Local Government Bill.

1.3.2 The proposed joint officer structure is a simple idea. In essence, it seeks to improve the cost effectiveness of the resources that both Councils spend on their

SEMs High Level Business Case

overheads. For the senior management structure alone this could eventually amount to full year revenue savings between the two Councils of £500,000 per annum.

1.3.3 For smaller councils, like Adur and Worthing, economising in these areas is always a difficulty as the very existence of a Council as a separately constituted organisation demands a series of compulsory activities. There is also a fixed element within the management arrangements of individual councils, regardless of their size. It is hard to economise upon this without risk to the corporate responsibilities and objectives of the Council. In effect this top slices the available resources to pay for them.

1.4 **The Task**

1.4.1 The task set for SEMS in considering the proposals contained in these documents is to use the substantial work completed to date, together with the external validation provided by the Councils' consultants, Capita and others. This should help both to decide whether or not there is sufficient merit and potential in this idea to progress it further.

1.4.2 This executive summary is positioned right at the start of the High Level Business Case. However, it is equally applicable to the full list of documents which are relevant to this item of the SEMS agenda, which include :-

- A covering report to SEMS by the Adur and Worthing Partnership Management Board
- The revised High Level Business Case
- The various Appendices
- The recommended Implementation Strategy
- Summaries of comments received on the original High Level Business Case
- The Report by consultants Capita

1.5 **Conclusions**

1.5.1 The papers and assessments contained in the above documentation conclude that there are no technicalities that would prevent the Councils taking this route - no "showstoppers" as Capita summarise it.

1.5.2 There are workable options for governance. Human resources issues can be resolved with appropriate effort. There is confidence that further work on the details of a formula and a process for managing the financial relationship between the Councils can be found.

1.5.3 In each of these key areas, the objective in creating the new arrangements will be to find ways to make it work that do not impose an onerous or bureaucratic process that unnecessarily consumes precious resources, to no benefit for front line services.

1.5.4 The combined scale of the customer base of Adur and Worthing would place the Councils within the top ten largest "lower-tier" authorities in England and Wales. This would provide real opportunities for further economies and reduced unit costs

SEMs High Level Business Case

in the medium term, as new ways of working and replacement business systems enabled the Councils to drive costs down and efficiency up.

- 1.5.4 The combined scale of an Adur/Worthing jointly managed operation would place both authorities in a stronger position to engage with and influence partnerships outside Adur/Worthing.
- 1.5.6 It is essential that the need for careful business plans and change management arrangements forms an integral part of the way forward and that it is accepted that this will take time.
- 1.5.7 Finally, the potential for savings, starting with the estimated £500,000 per annum that could be saved from senior management costs is worth pursuing to the next stage in July 2007 as recommended.

2. OVERVIEW

2.1 Vision

2.1.1 The vision of the partnership is that both Councils will:-

'Work towards a comprehensive merger of services' as the strategic approach for partnership working between Adur and Worthing Councils, and to seek to provide cost effective, resilient and improved services to both communities through the implementation of a single officer structure and the management of shared services for each Council.

2.2 Objectives

2.2.1 The objectives of creating a single officer structure and the management of shared services for both Councils are set out below. Members have not agreed any priority in achieving these objectives during the approach proposed later in this report:-

- A robust and effective single officer structure which is "fit for purpose"
- Better and improved services for customers within both communities
- To share existing strengths and to develop best practice across the two Councils
- To create a more resilient and robust "service delivery" organisation
- To secure efficiencies and savings in accordance with the Government's agenda
- To generate financial savings for both Councils
- To retain and enhance the separate identity and reputation of both Councils
- To explore opportunities for further partnership working, in order to secure further savings and efficiencies
- To explore opportunities for trading in the medium to longer term

Recommendation 1

It is recommended that both Councils adopt the Vision and Objectives set out in paragraphs 2.1 and 2.2 above, as the guiding principles for the development of the Partnership Strategy.

3. INTRODUCTION AND BACKGROUND

3.1. The Background to the Partnership

- 3.1.1 The history of partnership working between Adur and Worthing Councils goes back many years with some tentative exploration of whether a joint depot could be operated between the two authorities. However, the mix of issues and personalities involved in both organisations did not conclude this arrangement satisfactorily. In simple terms the risks and uncertainties outweighed the advantages, particularly in the short term.
- 3.1.2 Since then, a much stronger drive for efficiency and cost savings has been pursued and the long term future of each of the Councils has been seen to depend much more on the degree to which they can demonstrate a wider perspective on service delivery and organisational structure. In recent years within Adur and Worthing this has led to a huge volume of discussion about how to move partnership working forwards. Adur and Worthing Services (referred to elsewhere in this report as AWS) and its joint depot and, more recently, the authorities' agreement to establish a joint refuse and recycling service is a notable success.
- 3.1.3 In exploring the way forward for AWS it was obvious that there were many common themes to be resolved if the Councils were to progress a wider range of partnership activities. Essentially the governance, legal and financial arrangements dominated the debate in almost any service under discussion. As a result of this dialogue between the two authorities, both at senior officer and member level, it became clear that merging the two authorities might well be a quicker way of delivering the benefits of working in partnership. Members commissioned this task and two senior managers spent six months researching it.
- 3.1.4 The conclusion of this work was that the burden of issues surrounding democratic representation, precepting and government funding formulas (to name just a few) were substantial. Therefore, the issues for taking full merger forwards were too onerous and too long term to expect a commitment from the Members and Officers of both authorities to deliver it. It was decided to continue with service by service mergers and partnerships to take things forward, and progress has been made in a number of areas.
- 3.1.5 However, it emerged that the two Councils needed a 'bigger picture' to guide future arrangements. The Simultaneous Executive Meetings (referred to elsewhere in this report as SEMS), agreed to pursue further partnership working and requested a Partnership Strategy to guide this which was subsequently endorsed by both Councils.

SEMs High Level Business Case

- 3.1.6 The partnership working that has taken place between Adur and Worthing Councils has placed them at the forefront nationally of creative partnership working. However, as partnership working progressed within the Adur/Worthing services partnership (AWS) and in other areas of activity involving partnership working, a clear pattern of issues arose involving many common complexities.
- 3.1.7 Within West Sussex the high level of partnership working already underway is also seen as a strong example of how improved two-tier arrangements can contribute to this new direction for local government. However, despite the existence of examples such as AWS, the CenSus partnership between Adur, Horsham and Mid Sussex and the West Sussex Accessible Services Partnership (WSASP), it is unquestionable that partnership working between different authorities does face common challenges. The IDeA has commented upon this in its response to the original High Level Business Case.
- 3.1.8 In the climate of the Government's Comprehensive Spending Review 2007, the Lyons Review of local government functions and finance and the proposals contained in the Local Government Bill (published on the 12th December 2006), it is certain that there will be further pressure on local government to achieve savings and efficiencies via partnerships and shared services.

3.2. **The Strategic Decision to develop a High Level Business Case for the Partnership**

- 3.2.1 In outlining the main choices, a report to the Simultaneous Executive Meeting on the 21st September 2006 did not focus on all the detailed issues within them, as this would have clouded the simplicity of the choice which needed to be made and the clarity of the guidance that was needed for future partnership working and shared services to progress.
- 3.2.2 It is also assumed that, following the extensive research done on a full merger of the two authorities that a full merger of the authorities was **not** back on the agenda. Similarly, it had been assumed that the Government White Paper would propose improving two-tier arrangements, potentially with heavy financial/efficiency targets, rather than a local government reorganisation.
- 3.2.3 Therefore, at the highest level, the report to SEMS in September 2006 presented 4 main options for steering the Partnership Strategy over the years to come. These are summarised below:-
1. **Unravel existing partnerships/shared services and return to fully independent arrangements.**
 2. **Maintain the existing level of partnership working (AWS, etc.), but draw a line under further developments.**
 3. **Continue with existing partnerships and use an "as and when" approach to further partnerships/shared services between the authorities.**
 4. **Work towards a comprehensive merger of services.**

3.2.4 The Simultaneous Executive Meeting on the 21st September, 2006 made the following Recommendations to each Council, which were subsequently agreed.

- (i) that the progress and timetable outlined for the production and agreement of a Partnership Strategy between the two authorities be noted;**
- (ii) that the attendance by both Leaders of the two Councils at the Officers Seminar on 29 September 2006 to outline the Member view of the way forward on partnership working be endorsed;**
- (iii) that it be recommended to each Council that Option 4 'Work towards a comprehensive merger of services' be agreed as the likely preferred strategic approach for partnership working;**
- (iv) that a Joint Committee of 3 Members of Worthing Borough Council's Cabinet and 3 Members of Adur District Council's Policy and Strategy Committee plus one non-voting observing member from Worthing Borough Council's opposition be appointed to select and instruct suitable consultants to advise upon the following, in conjunction with an officer team from the two Councils appointed by the Chief Executive (Adur) and the Interim Chief Executive (Worthing):-**
 - (a) the maintenance of services, the benefits, potential efficiency savings and the costs for the two Councils arising from the establishment of a single officer structure for both;**
 - (b) the risks and potential barriers to delivering such a structure;**
 - (c) the administrative, employment, legal and financial arrangements for such a structure;**
 - (d) the management structure;**
 - (e) the development of a business case;**
- (v) that the Members appointed to the Joint Committee in (iv) above be agreed as Adur District Councillors Robert Dunn, Julie Searle and Liza McKinney and Worthing Borough Councillors Keith Mercer, Brian Turner and Paul High and Councillor Bob Smytherman as the non-voting observer member;**
- (vi) that it be recommended to each Council that a Joint Appointments Committee comprised of 3 Members from each Council be established to deal with the staff employment outcomes arising from the consultant's advice. To include at this stage:**
 - (a) preparation for a recruitment and selection exercise;**
 - (b) preparation for the terms and conditions of a joint Chief Executive and staff at the first and second tiers of the officer structure; and that further authority from the Council will need**

SEMs High Level Business Case

to be obtained before the Appointments Committee proceeds to implement the recruitment and selection exercise and (in the case of Worthing) that its General Purposes Committee endorses this recommendation to Council;

- (vii) that the costs of the consultants to provide the advice referred to in (iv) above be met in equal parts by the two Councils from the reserve fund at Adur and from the special and other emergency expenditure reserve funds at Worthing and that the costs be agreed by the Director of Resources (Adur) and the Director of Resources (Worthing) in consultation with the Leader of each Council;***
- (viii) that it be recommended to each Council that the Assistant Director (Legal and Democratic Services) (Worthing) and the Head of Corporate and Legal Services (Adur) be authorised to determine all procedural matters relating to the Joint Appointments Committee;***
- (ix) that a Joint Working Party comprising of the Leader and Deputy Leader of each Council be appointed to assist in informing the Simultaneous Executive upon the outcomes of the advice work referred to in recommendation (iv) above;***
- (x) that it be recommended to each Council that an arrangement whereby Ian Lowrie is the Interim Chief Executive for Worthing be extended to 30 June 2007 and that the Director of Services (Worthing) be authorised to agree all necessary terms for the continuation of this arrangement for Worthing;***
- (xi) that the Chief Executive (Adur) / Interim Chief Executive (Worthing) draw up a communications strategy for the public and staff;***
- (xii) that the Chief Executive (Adur) / Interim Chief Executive (Worthing) present a preliminary outline Business Case to the next meetings of each Council.***

3.3. The Purpose of the High Level Business Case

3.3.1 The purpose of the preparation of the High Level Business Case is to:-

- Identify options for a single officer structure serving both Councils;
- Define current service provision and the costs of each service;
- Analyse possible collaboration models for each service;
- Identify the benefits and risks; and
- To put forward a recommendation to both Councils on a proposed single officer structure and proposals for the integration and management of shared services to be provided to both Councils and an implementation plan for the delivery of the partnership objectives.

3.4 Decision Making

3.4.1 The project has been commissioned by both Adur District and Worthing Borough Councils. It will be the two Councils, following detailed consideration of the High

SEMs High Level Business Case

Level Business Case by the Simultaneous Executive Meeting (SEMs), which will make the final decision. SEMs will put forward as a recommendation to both Councils on a proposed single officer structure and proposals for the integration and management of shared services to be provided to both Councils and an implementation plan for the delivery of the partnership objectives.

3.5 **Project Management**

3.5.1 The Project Manager is the Chief Executive for Adur and the Interim Chief Executive for Worthing. He leads the project through a Partnership Management Board which is involved in all aspects of the delivery of the project, and especially the development of the High Level Business Case. The Chief Executive is responsible for providing regular briefings and reports to Members to ensure that the project timetable can be achieved.

4. **ASSESSMENT OF THE CURRENT SITUATION**

4.1 **Context**

4.1.1 The Local Government and Public Involvement in Health Bill, as introduced in the House of Commons on 12th December 2006, gives effect to the Government's proposals for reform of the local government system in England and for reform of the current arrangements for patient and public involvement in the provision of health and social care services.

4.1.2 In July 2004, an initial discussion document '*The future of local government - developing a 10 year vision*' was published by the then Office of the Deputy Prime Minister (now known as the Department for Communities and Local Government) to launch the debate on the future of local government between central government, local government and other stakeholders under the heading *local:vision*. Between July 2004 and February 2006 numerous documents under the *local:vision* heading were published setting out ideas for discussion and consultation.

4.1.3 The Local Government White Paper '*Strong and Prosperous Communities*', published on 26th October 2006, was a response to the *local:vision* consultation. The publication of the Bill follows on from the response to the White Paper.

4.1.4 In West Sussex, an initial response to all of the above was published through a Joint Leaders statement on the 29 November 2006:-

"We the elected Leaders of West Sussex local authorities commit to achieving annual savings of £25 million by 1 April 2009 - through greater joint working, to provide improved, efficient, more seamless services for our residents through enhanced multi-tier working which comprehensively represents our local communities."

4.1.5 The County Council then resolved on December 15th 2006 to support enhanced multi-tier working. This will involve closer links with the seven District and Borough Councils, and detailed talks will be held to find new ways of working, which produce savings in the cost of services. In a statement, the County Council Leader stated that it believes there is the potential to save £25 million a year by working

SEMs High Level Business Case

better together so that we can deliver better services and keep Council Tax at affordable levels.

4.2 **Governance**

Adur District Council

- 4.2.1 The Council is comprised of 29 Councillors (known as Members) representing 14 wards in Adur, with half elected every other year. Councillors are democratically accountable to residents of their ward. The overriding duty of Councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.
- 4.2.2 All Councillors meet together as the Full Council, to decide the Council's overall policies and set the budget each year. The Council encourages public participation through state of the area debates and allows time for questions and statements by the public at meetings. The structure of decision making focuses on the role of Council as the sovereign body controlling and co-ordinating the executive, and scrutiny arms of the Council's Committee structure and driving the regulatory strategic direction of the Council.
- 4.2.3 Due to the number of decisions that the Council has to make it works through Committees, Sub-Committees and Officers. Under the Local Government Act 2000, and following extensive consultation, the Council chose to adopt a streamlined Committee system.
- 4.2.4 The Committee structure adopted is essentially divided into three arms. These are:-
- a. Executive Committees: This is the main decision making arm of the Council on its day to day functions. Any decision of an executive Committee cannot be acted on unless it is deemed to be urgent.
 - b. Regulatory Committees: These determine applications for planning and related permission, liquor licensing and licenses relating to hackney. These decisions are not subject to "call-in" process. This arm also looks at issues of Councillor conduct; and,
 - c. Development and Scrutiny Committees: which review the decisions of the executive and carry out work to assist or support the executive in the development of policies etc for the Council.
- 4.2.5 All Committees and Sub-Committees, except the Standards Committee and the Licensing Determination Sub Committee, are politically balanced. This means that the number of Councillors from each political party or group is in the same proportions to the total number of each party or group on the Council as a whole.

Worthing Borough Council

- 4.2.6 Worthing Borough Council adopted its new Constitution in July 2001 following the Government's requirement under the Local Government Act 2000 for Councils to

SEMs High Level Business Case

modernise their decision making processes. There are 37 Councillors representing 13 Wards in the Borough.

- 4.2.7 The Council's Cabinet has six Members. These include the Leader, Deputy Leader and Cabinet Members for Resources, Environment, Housing and Community Services and Culture, Leisure and Sport. Most major decisions are taken by either the full Cabinet sitting together or by one of the six individual Cabinet Members. Issues relating to the "Policy Framework" (e.g. the Budget) are dealt with by full Council.
- 4.2.8 The Cabinet and Council Committees meet formally at least once every eight weeks and the public are welcome to attend these meetings. Cabinet Members do not hold formal meetings. A regular weekly bulletin is circulated advising the public of reports under consideration and decisions that have been taken. The Cabinet Members also consult as widely as possible with interested parties before taking important decisions.
- 4.2.9 No decision can be acted upon until five days after its publication, unless there are urgent or exceptional circumstances. Any three Councillors may 'call-in' a decision with which they are not in agreement, so long as they do so within the five-day period.
- 4.2.10 If a decision is "called-in", it is referred to the Council's Overview and Scrutiny Committee whose recommendations are considered by the Cabinet or appropriate Cabinet Member before a final decision is taken. This final decision cannot be called in again.
- 4.2.11 The Overview and Scrutiny Committee may also hold in-depth reviews or consider any issues within the Council's responsibility, but it may only make recommendations and cannot take decisions.
- 4.2.12 The exceptions to this are the Council's two Regulatory Committees - Development Control Committee and Licensing and Control Committee - which determine planning and licensing applications respectively. There is also a General Purposes Committee and a Standards Committee.

4.3 **The Current Status of the Services provided in each Council**

- 4.3.1 The delivery of high quality and efficient services is an important element relating to the key objectives of both Councils. Both pay particular attention to ensuring that high performance is achieved in relation to delivering local priorities, key Best Value performance indicators and in relation to matters affecting reputation and customer satisfaction. A comparison of the Best Value Performance Plans for both Councils published in 2006/07 shows that performance is higher in Worthing. Worthing has just over one third of all Best Value Performance Indicators in the top quartile, with 13% in the bottom quartile. In Adur, 14% are in the top quartile and 39% in the bottom quartile.
- 4.3.2 In terms of performance trends, performance in Worthing is improving in 57% of indicators that have performance history, but it is also deteriorating in 34%. For Adur, 42% are improving and 40% are deteriorating.

SEMs High Level Business Case

- 4.3.3 From the above, it can be ascertained that performance is not the same in both Councils but that in some areas, it is continuing to improve. Both Councils, however, demonstrate a fall in performance in certain areas, which is being addressed through the developing performance management frameworks that both Councils operate.
- 4.3.4 In relation to customer satisfaction, local authorities are required to undertake customer satisfaction surveys every three years, the last of which was carried out in 2003. The results were published in 2004. In order to retain focus upon customer satisfaction, Worthing also undertook its own surveys in 2004 and 2005.
- 4.3.5 Both Councils undertook the regular three yearly survey at the end of 2006. The results from these surveys are expected in the spring 2007.

4.4 **Demographic Factors**

- 4.4.1 The combined population, which the two Councils serve, is in the order of 160,000 people. There are roughly 100,000 people in Worthing and about 60,000 in the Adur District. Projected increases up to 2011 and 2016 suggest that the population of the two Districts could increase to 162,000 people within this period. This is made up of an increase in Worthing and a small decrease in Adur.
- 4.4.2 Based on the last census which was carried out in 2001, the number of households in Worthing was 44,128 with an average household size of 2.15. In Adur, there were 25,870 households, with average household size being slightly higher at 2.27. The slightly larger size of property, in Worthing, is reflected in the fact that the average number of rooms per household in Worthing was 5.81, while in Adur it was 5.07. Average household size in both Adur and Worthing was below the regional and national average of about 2.36 persons per household. This is perhaps a reflection of the comparatively older population living along this part of the coast.
- 4.4.3 The proportion of households without the use of a car or van was 26% in Worthing and the same in Adur. This was well above the regional average of 19%, but slightly below the national average of 27%. The proportion of households with two or more cars was higher in Worthing at 28%, compared to 23% in Adur.
- 4.4.4 In relation to health, the proportion of residents who had a limited long term illness is 20.1% in Worthing and slightly lower in Adur at 19.2%. In relation to economic activity, some 41,660 Adur residents were potentially economically active, compared to 66,660 in Worthing. In relation to numbers unemployed, the figure for Adur was about 850, compared to 1,400 in Worthing.
- 4.4.5 According to 2005 figures, the average house price in Adur was £194,223 and in Worthing £185,423. The average income in Adur was £18,862 and in Worthing £21,397. Wages appear, therefore, to be higher in Worthing where house prices are also lower.
- 4.4.6 Overall, while there are some very limited differences, there are many similarities between the makeup and the structure of the population living within the two Districts. Both have issues to address around areas of deprivation, the economy and housing that are shared elsewhere along many parts of the Sussex coast. What

SEMs High Level Business Case

is evident overall is the fact that in many respects the two Districts are very similar and the issues that the two Councils consequently have to deal with are very similar.

4.5 **Medium Term Financial Plans**

Adur District Council

4.5.1 The Medium Term Financial Strategy has articulated the financial objectives of the Council as follows:-

- Resources follow priorities as outlined in the Corporate Plan and Community Strategy
- Council Tax increases to be kept as low as practicable, subject to the need to protect core services
- Revenue Reserves to be maintained at a level consistent with sound financial management
- Meet government efficiency targets
- Achieve more for less through partnership working
- Maintain standards of good financial management

4.5.2 Resources must follow priorities as determined through the political process and it is important to provide the financial context within which medium term corporate planning will take place. Providing a financial overview early in the budget process is designed to assist Members in formulating a medium term budget and in ensuring the allocation of resources to policy priority areas.

4.5.3 In July 2006, the Policy and Strategy Committee considered reports on the updated Medium Term Financial Plan and agreed the detailed Budget Strategy and Guidelines for 2007/08. The report pointed out that there were still many uncertainties around the factors that influence financial projections and planning.

4.5.4 The budget forecast relied on the assumption that key elements of Budget Strategy remains:-

- Current levels of service will be provided in 2007/08
- Council Tax increase to be no more than 5% above this years Council Tax
- Essentially a no growth budget

The 2007/08 Revenue Budget and following two years

4.5.5 The process for agreeing the 2007/08 Revenue Budget and the consequent level of Council Tax was running at the same time as much of the drafting of the High Level Business Case was taking place. In November / December 2006, the Programme Committees reviewed their budgets and made recommendations to the Policy and Strategy Committee on the 30th January 2007, who made recommendations on the final budget and level of Council Tax to a meeting of the Adur District Council on the 15th February 2007.

4.5.6 The Council agreed the recommendations of the Policy and Strategy Committee and a summary of the net budget requirement and average Council Tax for Adur District Council is as follows:-

SEMs High Level Business Case

| | |
|---|-------------------|
| | £ |
| Net Committee expenditure | 10,417,070 |
| Less | (4,184,000) |
| Revenue Support grant | (702,000) |
| Redistributed Business Rate | (40,000) |
| Collection Fund Surplus | |
| Amount required from Council Tax | 5,491,070 |
| Divided by Council Tax base – 22,207.7 = Council Tax | £247.26 |
| Increase over 2006/07 | 4.90% |

Medium Term Financial Strategy

4.5.7 In preparing the budget for 2007/08 it is also necessary to consider the impact of decisions being made in the financial years 2008/09 and 2009/10. Taking the figures from the table above and combining it with forecasted Finance Settlement figures (assuming current RPI – 3.9% November 2006) and projections for 2008/09 and 2009/10 produces the following:-

Three-year projection of Council Tax including known cost pressures

| | 2007/08 | 2008/09 | 2009/10 |
|--|----------------|-----------------|-----------------|
| | Actual | Forecast | Forecast |
| | £000 | £000 | £000 |
| Total Budget Requirement (as above) | 10,417 | 10,835 | 11,349 |
| Less | | | |
| Revenue Support grant | (4,184) | (4,347) | (4,516) |
| Redistributed Business Rate | (702) | (729) | (757) |
| Collection Fund Surplus | (40) | (40) | (40) |
| Amount required from Council Tax | 5,491 | 5,719 | 6,036 |
| Divided by Council Tax base | 22,207.7 | 22,350 | 22,500 |
| Council Tax - Band D | 247.26 | 255.88 | 268.27 |
| Increase over previous year | 4.90% | 3.51% | 4.84% |
| Expected 3% reduction against 2007/08 base | | 313 | 626 |

Worthing Borough Council

4.5.8 The budget forecast for 2007/08 relied on the following key assumptions:-

- Core priority services will be protected and enhanced
- Council Tax increase to be no more than 5% above this years Council Tax

SEMs High Level Business Case

- Essentially a no growth budget
- Challenging targets set for efficiency savings and savings on lower priority services

The 2007/08 Revenue Budget and following two years

4.5.9 The process for agreeing the 2007/08 Revenue Budget and the consequential level of Council Tax was running at the same time as much of the drafting of this High Level Business Case was taking place. Consultation was undertaken on service improvements, lower priority service savings and the level of Council Tax increase. The Cabinet met on 30th January 2007 to make recommendations on the final budget and level of Council Tax which was considered by the Overview and Scrutiny Committee before being agreed at the meeting of Worthing Borough Council on 20th February 2007.

4.5.10 The budget can be summarised as follows:-

- Base budget updated for inflation (£525k) on service costs to 31st March 2008
- Growth – unavoidable costs/committed expenditure (£1,358k)
- Additional income, efficiency savings and lower priority service savings identified (Cr. £1,002k)
- Use of reserves (Cr. £475k)

A summary of the basic net budget requirement is as follows:-

| | |
|---|-------------------------|
| Net budget requirement | £ 15,186,100 |
| Less | |
| Revenue Support Grant | (1,112,400) |
| Redistributed business rate | (6,628,600) |
| Collection Fund surplus | (34,060) |
| Amount required from Council Tax | 7,411,040 |
| Divided by Council Tax base – 38,286.5 = Council Tax | £193.59 |
| Increase over 2006/07 | 3.91% |

Medium Term Financial Strategy

4.5.11 In preparing the budget for 2007/08 it is also necessary to consider the impact of decisions being made in the financial years 2008/09 and 2009/10. Taking the figures from the table above and combining it with forecast Finance Settlement figures and projections for 2008/09 and 2009/10 produces the following:-

Three year projection of Council Tax including known cost pressures

| | 2007/08 | 2008/09 | 2009/10 |
|---|----------------|----------------|----------------|
| | £000 | £000 | £000 |
| Total budget requirement (as above) | 15,186 | 16,519 | 17,071 |
| Less | | | |
| Amount required to balance budget | N/A | (962) | (1,094) |
| Revenue Support Grant | (1,112) | (1,123) | (1,134) |
| Redistributed business rate | (6,629) | (6,695) | (6,763) |
| Collection Fund surplus | (34) | 0 | 0 |
| | | | |
| Amount required from Council Tax | 7,411 | 7,739 | 8,080 |
| | | | |
| Divided by Council Tax base | 38,286.5 | 38,439.7 | 38,593.5 |
| | | | |
| Council Tax Band D | 193.59 | 210.33 | 209.34 |
| Increase over previous year | 3.91% | 4.00% | 3.98% |

Comprehensive Spending Review 2007

4.5.12 The LGA produced a summary of key messages following publication of the Chancellor's pre-budget report on the 6th December 2006.

- **Future funding of local government services** - there are crucial decisions to be made within the next few months about how local government services will be funded in the coming decade. This includes paying for care for the elderly, disposing of our growing waste mountain, improving the environment and making our transport system better. It is disappointing that The Chancellor's pre-budget report does not set out how the Government will meet these challenges.
- **3% a year efficiency target** - Councils have been leading the public sector in delivering on efficiency and saving the Council taxpayer £1 billion a year. The Chancellor has announced that he has chosen to adopt the narrow approach of increasing efficiency targets to balance the books. This target will lead to a short term approach. It will not deliver the investment needed for the longer term, nor will it result in more productive gains.
- **Delay to the Lyons Inquiry** - Around the same time it was announced that the Government intended to delay the publication of Sir Michael Lyons' Inquiry into the role, function and funding of local government still further. It is now due in March 2007.

4.6 The Officer Workshops

4.6.1 On the 22nd, 23rd, 29th and 30th November, four successful officer workshops were held to cover all the main service areas. This was a highly positive approach to furthering the Partnership Strategy and many areas were identified for further joint working.

4.6.2 The conclusions identified that there was already a good track record in some service areas and a positive culture for service improvement. Some clear advantages of scale of operation were identified, as well as more resilience in service provision. However, there were few obvious savings revealed at this stage, and some substantial practical issues in implementation, including some cultural differences were also identified.

4.7 **The Member Workshops**

4.7.1 Individual workshops were held for each Council's political groups on the 6th December 2006. The workshops considered the following options in the light of emerging information:-

- Continue and complete Business Case for joint officer structure by March 2007
- Put joint officer structure on hold, but press on with a structured approach to merge suitable services
- Cease work to set up joint officer structure and engage with West Sussex-wide approach
- Watch progress in other areas, (e.g. mergers in Kent) and reconsider full merger for Adur/Worthing in the future

4.7.2 Members raised various concerns, particularly with regard to the timescale for researching and writing the Business Case and each Council's approval timescale. The outcome was that Members of both Councils gave a clear indication that officer's should continue and complete the work on the Business Case for a joint officer structure by March 2007.

4.8 **Summary of the Key Issues impacting on the Business Case**

4.8.1 The initial analysis of the proposal and the approach to formulating the High Level Business Case quickly posed a number of questions as to how to take the strategy forward. The following is a summary of the key Issues impacting on the Business Case, most of which are dealt with in the following paragraphs.

- Governance
- Duplication of decision-making and administration
- Annual/alternate year elections
- Sovereignty and identity
- Alignment of plans/standards
- White Paper/Local Government Bill
- External views (IDeA, SECE, Peer Members)
- Outcomes from workshops
- Is a single partner best for all purposes?
- Savings - no major opportunities (except possibly through a phased single officer management structure)
- Investment needs
- Set-up costs/investment and timescale
- Capacity to deliver overall project and within timescale proposed
- Crucial stage for both authorities regarding structures and ability to deliver cost effective services

SEMs High Level Business Case

- Substantial work to prepare Business Case
- Appointment of consultants to validate Business Case

5. **SERVICE WORKSHOPS AND PROPOSALS FOR SHARING SERVICES**

5.1 **Officer Workshops**

- 5.1.1 The basis of the evaluation of the options available to achieve the vision of 'Working towards a comprehensive merger of services' was identified following the running of four highly successful officer workshops on the 22nd, 23rd, 29th and 30th November, which were designed to cover the main service area blocks which are set out in the appendix.
- 5.1.2 The workshop delegates were asked to consider how the services should be provided under a single officer management structure, which may include varying the number of service elements which are shared and/or the extent to which the service is shared i.e. strategic partnership, jointly managed in-house shared service, fully outsourced service managed by third party.
- 5.1.3 It should be stated from the outset that, in the timescale allowed, a detailed cost benefit analysis of integrating the various services under review was not possible. However, there was a highly positive approach to furthering the partnership strategy, and many areas were identified for possible further joint working.
- 5.1.4 The workshops considered a series of questions, and were asked to formulate an outcome based on the discussions held on the day and the knowledge of those officers present at the workshops. The introductory questions were as shown on Appendix 2 attached to this business plan.
- 5.1.5 A high level analysis of the issues arising from the service workshops has been prepared. The Project Team has broken down its review into 19 main areas and the summary results for each area is attached as Appendix 3.

| |
|---|
| <p>Summary of Issues Arising from Service Workshops - November 2006 (19 Services Reviewed)</p> |
|---|

| | |
|---|---|
| <p>Can the service be joined fully, partially or not at all?</p> | <p>Fully - 17 Services</p> |
| | <p>Partially - 1 Service (improve the status quo)</p> |
| | <p>Other - 1 Service (Status Quo (Adur Housing Landlord function))</p> |

| | |
|---|--|
| <p>How quickly could shared services be implemented?</p> | <p>Within 1 year - 10 Services</p> |
| | <p>Within 2 years - 4 Services</p> |
| | <p>3 years or more - 2 Services</p> |
| | <p>Not Specified - 1 Service</p> |
| | <p>Not applicable - 2 Services</p> |

5.2 **Possible Benefits from sharing/integrating services**

5.2.1 From the analysis of the service workshops the groups which identified that further joint working could be achieved indicated, but did not quantify at this stage, what the cost related benefits might include:

- Cost savings e.g. reduced staff costs including management overheads, reduced maintenance, reduced equipment cost
- Cost avoidance e.g. increased service with the same staff
- Joint Procurement
- Shared systems and infrastructure – over time
- Increase revenue from income opportunities
- Further partnership working
- Lowering the workload for specific staff to enable them to focus more on other priority areas

5.2.2 The analysis also produced a considerable number of service related benefits, and these are summarised below:

- Rationalisation of Policies / Standards / Culture – political application
- Achievement of policy objectives e.g. safer workplaces, better community health etc
- A more holistic service
- Greater availability of service
- More robust services
- Greater resilience and flexibility
- Improved productivity
- Increased capacity
- Pooled expertise / knowledge and sharing of best practice
- Shared skills / knowledge
- Faster turn around time
- Avoiding duplication of effort
- Strengthen scrutiny
- Better services – more for the same cost
- Wider external funding opportunities
- Reduction in management

5.2.3 The groups also identified that there would be possible opportunities for further partnerships, with 13 of the 19 indicating that there may be opportunities in the future, 5 said no and 1 probable.

5.2.4 The groups were also asked to identify if there would be possible trading opportunities in the future, 7 of the 19 indicating that there may be some opportunities and 12 said no.

5.3 **Possible Constraints or Disadvantages**

5.3.1 The analysis of the service workshops has identified a number of constraints and strategic risks. There is a separate section contained in the business plan which deals with the strategic risks and their particular impact and possible cost of

SEMs High Level Business Case

resolution. The predicted threats and risks to the organisation are shown so that decisions based on the perceived risk can be taken.

5.3.3 In terms of providing high quality customer-focussed services the following constraints or disadvantages were identified:

- Implementation of a seamless customer service to both communities
- Implementation of new IT and associated systems
- The need for staff to learn the new system
- Timing differences between current systems
- Possible down time
- Marketing cost to get customers to understand the benefits of the change and how to use and access the merged services
- Ethical / contextual issues

5.4 **Contracts / Suppliers**

5.4.1 The service workshops identified a number of contracts / local agreements for the supply of services, activities and systems to both councils which will need to be critically reviewed in bringing forward proposals to share all services. These are shown in the appendix.

5.4.2 In broad terms investment or additional costs can be expected in the following areas. This is a non-exhaustive list of the type of additional or set up costs expected to be incurred, and no attempt has been made to evaluate the extent of the financial commitment which might be required at this stage in the evaluation of the business case.

5.5 **A methodology for identifying which services can be shared or integrated**

5.5.1 The two councils have been working closely with the IDeA and the South East Centre for Excellence (SECE), who have both provided support in progressing the project to date. SECE has produced some research work entitled “Approaches to Shared Services”, and is currently hosting various events promoting debate in this area.

5.5.2 SECE has suggested that at a high level, there are generally two key approaches which could be followed – a “big-bang” approach or an incremental approach.

- The big bang approach would involve tackling the larger more complex service areas such as ICT and customer services first to put the shared infrastructure in place which would facilitate a number of follow-on projects over time.
- An incremental approach would initially focus on a number of quick wins and gradually bring more and more projects on-line over time, so that eventually a significant number of services have similar infrastructure, which will facilitate the sharing of more complex projects.

5.5.3 By following an incremental approach, there are generally three types of shared service opportunities open to both councils in going forward:-

SEMs High Level Business Case

- (a) Quick wins – these projects would be relatively quick and easy to implement but will generate minimal efficiency gains;
 - (b) Medium Term projects - these projects will be more complex to deliver, but are manageable in the medium term and will deliver greater efficiency gains;
 - (c) Longer Term opportunities – these opportunities hold the greatest potential in terms of efficiency gains but have the greatest barriers to delivery.
- 5.5.4 In terms of implementing an approach in relation to the overall vision of '*Working towards a comprehensive merger of services*', both council's must agree a programme of how service areas are going to be shared or integrated, and ensure that adequate resources are available to deliver the overall project. It will be absolutely fundamental to the successful delivery of the project that the preparation of a sound business case to support decisions to share individual services/activities will need to be prepared and agreed in advance.
- 5.5.5 From the analysis of the service workshops and discussions with the facilitators there are a number of services or activities that may fall immediately into the "Quick Wins" category. These services/activities are set out in the appendix for illustrative purposes only and no further work on the preparation of a detailed business case and the practicalities involved in implementing them has been completed at the time of writing this document.

5.6 **Conclusions on sharing services**

- 5.6.1 The conclusions from the officer service workshops were generally that there was already a good track record in some service areas - AWS etc, and a positive culture for service improvement. Some clear advantages of scale of operation were identified and more resilience in service provision. Some service areas have already been identified as areas that we could move forward on early in the project. However, there were few obvious savings revealed at this stage, and some substantial practical issues and risks in implementation, including some cultural differences.
- 5.6.2 To take this forward it is recommended that both Councils agree a prioritised programme for implementing the sharing or integration of services/activities over a two year period, including the identification of possible "quick wins" and to ensure that adequate resources are available to deliver this part of the overall project.
- 5.6.3 It is absolutely vital to the successful delivery of the project overall, that a sound, detailed business case to support decisions to share individual services/activities be prepared and agreed in advance.

Recommendation 2

It is recommended that:

- (a) In terms of implementing an approach in relation to the overall vision of ‘Working towards a comprehensive merger of services’, both Councils agree a prioritised programme for implementing the sharing or integration of services/activities over a two year period and to ensure that adequate resources are available to deliver this part of the overall project.**
- (b) To ensure the successful delivery of the project overall, that a sound, detailed business case to support decisions to share individual services/activities be prepared and agreed in advance.**

6. SINGLE OFFICER STRUCTURE

6.1 Introduction

- 6.1.1 The Local Government Act 1972 (as amended) allows most functions to be carried out by one Council on behalf of another, or by a Joint Committee of these Councils. The same legislation allows Officers of one Council to be given specific delegated powers by another Council. Prior to 1974 it was commonplace for small rural District Councils, in particular, to pool resources to make shared appointments. Neither the Partnership Management Board, nor the Managers involved in the service workshops have identified any barrier to a joint management structure.
- 6.1.2 A joint Chief Executive and joint Strategic Directors model seems possible but some services may (at least initially) need to be kept separate at the Assistant Director/Divisional Manager level. The service workshops identified only two service areas that did not possibly lend themselves to joint working. One (Housing Management) is more clear as only Adur has a housing stock. Staff identified that a strategic choice has to be made to either the service becoming more independent, or needing to broaden services to deliver corporate priorities. The other, Housing Need, reflects more on different policies. However, there appears to be no reason preventing a jointly managed service if the relevant policies are harmonised.
- 6.1.3 The joint population of the two Districts is 160,000. This would make Adur/Worthing (in effect) the seventh largest District Council in England. The median population of the largest 10 District Councils is approximately 162,000. In developing a single officer structure, regard has been given to the structures adopted by these 10 authorities.
- 6.1.4 Some allowance must be made in capacity terms for the additional workload arising from two separate Councils, and the consequential need for Senior Officers to work with two separate groups of Members.

SEMs High Level Business Case

6.1.5 In parallel with the consideration of the new Adur/Worthing approach, discussions have started at the County level on the implications of the recent Local Government Bill. No applications were made by any West Sussex authorities for unitary or pathfinder status and discussions are now focusing on other ways of delivering an improved multi tier system. This could include wider partnership working and the provision of specific services being focused in lead authorities. This is no reason to delay any Adur/Worthing proposals. Indeed, it gives the two Councils the opportunity to achieve earlier benefits and to have greater influence on the wider debate.

6.2 **Recommended Structure**

6.2.1 It is recommended that there should be a Joint Chief Executive if the Partnership Strategy is pursued. This post would be the Head of Paid Service (a statutory appointment) for both Councils. This post does not need to be the Returning Officer for either Council, as this can be allocated elsewhere.

6.2.2 At Director level, most of the "Top 10" Districts have three Directors and the median is three. Both Councils currently have two Directors (Services and Resources), albeit with some differences in the spread of responsibilities. In looking at comparative performance data for the 10 largest Districts (based on CPA scores and latest published "Use of Resources"), there are no significant differences correlating to the number of Director posts.

6.2.3 Another issue looked at in the "Top 10" is whether the Chief Executive post has substantial departmental functions. In Adur's case of the seven service areas, one reports directly to the Chief Executive's post, as well as the Executive Office. In Worthing, there is one supporting Section, that includes both functional responsibilities and the corresponding "Executive Office".

6.2.4 The conclusion of the Partnership Management Board is that the Chief Executive should be kept as "non-departmental" as possible. In all the options considered, the emphasis has been placed on the strategic role of the three Director posts, with these posts and that of the Chief Executive providing corporate leadership to both Councils.

6.2.5 Initial service blocks are recommended for agreement in March 2007 with the aim of undertaking further development work by July 2007. Despite a reduction in one Chief Executive post at this stage, the further investigations into these functions will help ensure that there is sufficient capacity in the joint senior management team to corporately drive through the change management process that will be necessary.

6.2.6 The proposal is to move from the current 4 Director to a 3 Director model by April 2008. The possibility of moving to a 2 Director model is not recommended at this stage. It would be sensible to move to the 3 Director model, as soon as practicable after the two Councils have confirmed an intention to proceed. This will reduce uncertainty and will avoid the need for services to be switched between Directors during this part of the transition period. There is a sound case for designating the Directors as Deputy Chief Executives, as has been done elsewhere.

SEMs High Level Business Case

6.2.7 Within the largest 10 District Councils, the average number of Assistant Directors/Section Heads is 13, ranges from 7-19. Adur currently has 7 Divisional Managers plus an Executive Office Manager. Worthing has 8 Assistant Directors, as well as the Joint Strategic Head of Human Resources and the AWS Manager.

6.2.8 The scale of each service area in terms of budget and personnel varies considerably. The grouping of functional areas also differs between the two Councils. While some are broadly similar, others are not. Furthermore, Adur retains Housing Management, Worthing has a large crematorium, and a substantial portfolio of leisure services. The current structures reflect the recent history of reorganisations.

6.2.9 Following feedback and having given the matter further consideration, the Partnership Management Board has refined its view. It now proposes 11 service blocks that reflect both Councils' respective corporate priorities and the means for ensuring their delivery. As at present, this will include elements of both in-house and outsourced services, and, in the future, may well include more services delivered through wider partnerships such as those that could be developed across West Sussex.

- (i) Executive Office
- (ii) Human Resources (including Payroll and Organisational Development)
- (iii) Legal and Democratic Services
- (iv) Financial Services and Audit
- (v) Property and Facilities
- (vi) Customer Services (including Revenues and Benefits)
- (vii) Leisure and Cultural Services
- (viii) Housing Management
- (ix) Planning and Regeneration
- (x) Health and Community Services
- (xi) Adur and Worthing Services (AWS)

6.2.10 A more detailed chart showing the 11 service blocks and the services that might be included within each is attached as Appendix 2. At this stage, it is recommended that Members agree the broad service blocks as set out above. Officers can then refine these in consultation with staff within the next phase of the work which will place between April and July 2007. Members can then consider these further in July 2007.

Recommendation 3

It is recommended that:-

- (a) from 1st April 2007 the Chief Executive and the 4 Directors undertake further evaluation of the 11 service blocks with the aim of each being progressed towards a joint delivery arrangement by April 2009.**
- (b) subject to confirmation by the two Councils in July 2007 on the implementation of the joint arrangements, the current top management structure of the two Councils be replaced by a joint Chief Executive and 3 Joint Strategic Directors by 1st April 2008.**

- (c) **the current sections be replaced from 1st April 2008 with 11 service blocks, each under a joint Head of Service.**
- (d) **the two Councils note that the speed and extent of delivering efficiency savings through a joint structure will depend on the ability to agree joint services to a common standard across the combined Districts**

7. **GOVERNANCE ISSUES**

7.1 **Introduction**

- 7.1.1 Issues surrounding governance have occupied a substantial proportion of discussion at seminars and conferences and written material in articles or evaluations, surrounding creative approaches to shared services or innovative arrangements within local government. Similarly, within discussions surrounding the Adur/Worthing partnership arrangements, governance has surfaced as a significant issue to be resolved.
- 7.1.2 For the purposes of the analysis set out below, a number of key assumptions have been made in the interests of making the evaluation understandable to all readers and of minimising the number of permutations that would arise if every single possibility was to be identified and evaluated.
- 7.1.3 The most important key assumption in this respect is that both Adur and Worthing Councils take decisions in March 2007 to continue to explore the possibility of creating a single officer structure and the merging of services by April 2009. Naturally, this will depend on the results of other elements of the Business Case pointing in this direction.
- 7.1.4 Another key assumption made within this analysis is that the main thrust of the proposals contained in the Government's Local Government Bill will be enacted. This is important in the context of governance for Adur and Worthing as it provides some clear pointers to the way in which local government is to be reshaped, if it is to meet the challenges being set for it by our customers and by central government.
- 7.1.5 Finally, the analysis below has been formulated by joint work between the two authorities, together with advice provided by Eversheds. The support and funding by the South East Centre of Excellence (SECE) and the Department of Communities and Local Government (DCLG) Capacity Building Fund to make this possible is acknowledged.

7.2 **Cabinets, Committees and Elections**

- 7.2.1 Adur and Worthing Councils have established a very effective arrangement that solves the dilemma of one Council operating a Cabinet system and the other the Committee system when operating its joint arrangements so far. Members will be familiar with the Simultaneous Executive Meetings (SEMs) as the device that has allowed formal public debate and decision-making on joint matters. This operates on the technical basis of the two Councils' respective executive arrangements

SEMs High Level Business Case

taking place at the same time in the same location – but technically acting as two meetings.

- 7.2.2 Whilst this has operated well, scaling up the degree of joint working to the point when there is a joint officer structure, does suggest that it needs to be upgraded to a system of truly joint decision-making. For reasons that are all too apparent about the need for a single employer and an unambiguous arrangement for taking decisions, delegating and managing activities, the current SEMs arrangement is not likely to work without risk and difficulty.
- 7.2.3 Under the proposals contained within the Local Government Bill, there is a strong steer towards the Cabinet model for all Councils. It is also suggested that Leaders will take on a new level of accountability for portfolio holders within their respective Councils. Therefore, it is suggested (and assumed from this point on) that Adur District Council should move from its existing modified Committee model to a Cabinet form of governance. This would eliminate a huge amount of confusion that would otherwise exist and would give the Leaders of both Councils equivalent powers when they participate in post-Bill activities on the Local Area Agreement/Public Service Board and other partnership arrangements elsewhere.
- 7.2.4 From our knowledge of both organisations, it has also been assumed, for the purposes of this document that both Councils would wish to operate the system currently available whereby the elected Members of each Council select their Cabinet and Leader. (If the Local Government Bill is enacted in its present form either (1) the Councils would elect the Leader and the Leader would then appoint Members to the executive cabinet or (2) there would be directly elected Leaders and Cabinets).
- 7.2.5 The benefit of Adur moving to a Cabinet and Leader model is that it will provide for consistent decision-making and enable Adur Members to make decisions without having the need to call a Committee or delegate to an Officer. There is likely to be merit in considering similar Cabinet Member portfolios for each Council.
- 7.2.6 As this has already been a topic of discussion within Adur District, a draft project plan to change to Cabinet is in course of preparation. It is estimated that if a decision is made to go down this path, a period of approximately six months should make it possible to implement this arrangement.
- 7.2.7 The Local Government Bill makes strong suggestions and provides mechanisms which, if enacted, will enable Councils to move more rapidly to all-out four-yearly elections. The reasoning for this, during the debate upon the White Paper, is the need to take a more radical approach to the reshaping of local government if it is to deliver service and cost/efficiency expectations at the scale required. The White Paper and the Local Government Bill are aiming at empowering and increasing the accountability of Leaders at the same time as giving greater stability for Councils by way of the all out elections.
- 7.2.8 In the context of Adur/Worthing initiatives and the improved multi-tier approach to the Local Government Bill within West Sussex, it is hard not to agree that a longer-term approach to the change process is needed. There are few easy or short term answers. Therefore, it seems logical to tie the electoral process to reflect judgement by the electorate on a longer-term basis too.

7.2.9 In considering the way forward for Adur and Worthing within this High Level Business Case, Members are asked to reflect on the wider debate within West Sussex and the merits of being judged on a meaningful period of their stewardship every four years. This would also make savings on the cost and frequency of elections. Members of both Councils will be asked to make a formal decision upon whether to move to four-yearly elections if the Local Government Bill becomes law. In accordance with the contents of the Bill, the earliest opportunity for this to be introduced in both Councils would be 2011.

7.3 **Governance Arrangements**

7.3.1 Each Council would retain its full Council meeting which would set the budget and policy framework and deal with significant variations from them. It would also have certain retained functions, e.g., the appointment of a Chief Executive, and certain proper Officers of the Council.

7.3.2 On the assumption that Adur moves to Leader and cabinet - each Cabinet will retain responsibility for:-

- advising its Council on its budget
- advising its Council on its Council Tax
- advising its Council on policies reserved to it

7.3.3 Each Council will retain an Overview and Scrutiny Committee which will consider all Overview/Development and scrutiny matters relating solely to that Council and not the other. However, as is explained in paragraph 7.3.11, there can also be some joint scrutiny for appropriate joint service areas.

7.3.4 Each Council would retain its own Committees to carry out non-executive functions including Development Control and Licensing. Each Council would retain a Standards Committee, although the Bill does provide for the making of regulations to allow for joint Standards Committees and so this may be kept under review. Each Council may retain the management of functions which have no equivalent in the other, such as Adur's Housing Management service.

7.3.5 The Council and Cabinet would retain strategic control over delivery of the Council's services, including the level of budgetary provision for particular services. For all matters where the two Councils are working together there will be the following joint governance arrangements, which will ensure that each Council has the same position as regards joint working arrangements.

7.3.6 The Councils will, by agreement, establish a Joint Strategic Committee consisting of all Cabinet Members from each authority. The Joint Strategic Committee will have delegated to it all strategic decisions on joint working, including strategic matters of interest to both Councils and where a joint view is believed to be appropriate. This allows joint consideration of new services to be delivered jointly, major transport issues etc.

7.3.7 The Councils will, by agreement, establish a Joint Delivery Committee consisting of the Cabinet Members of each Council less the Leaders and Deputy Leaders.

SEMs High Level Business Case

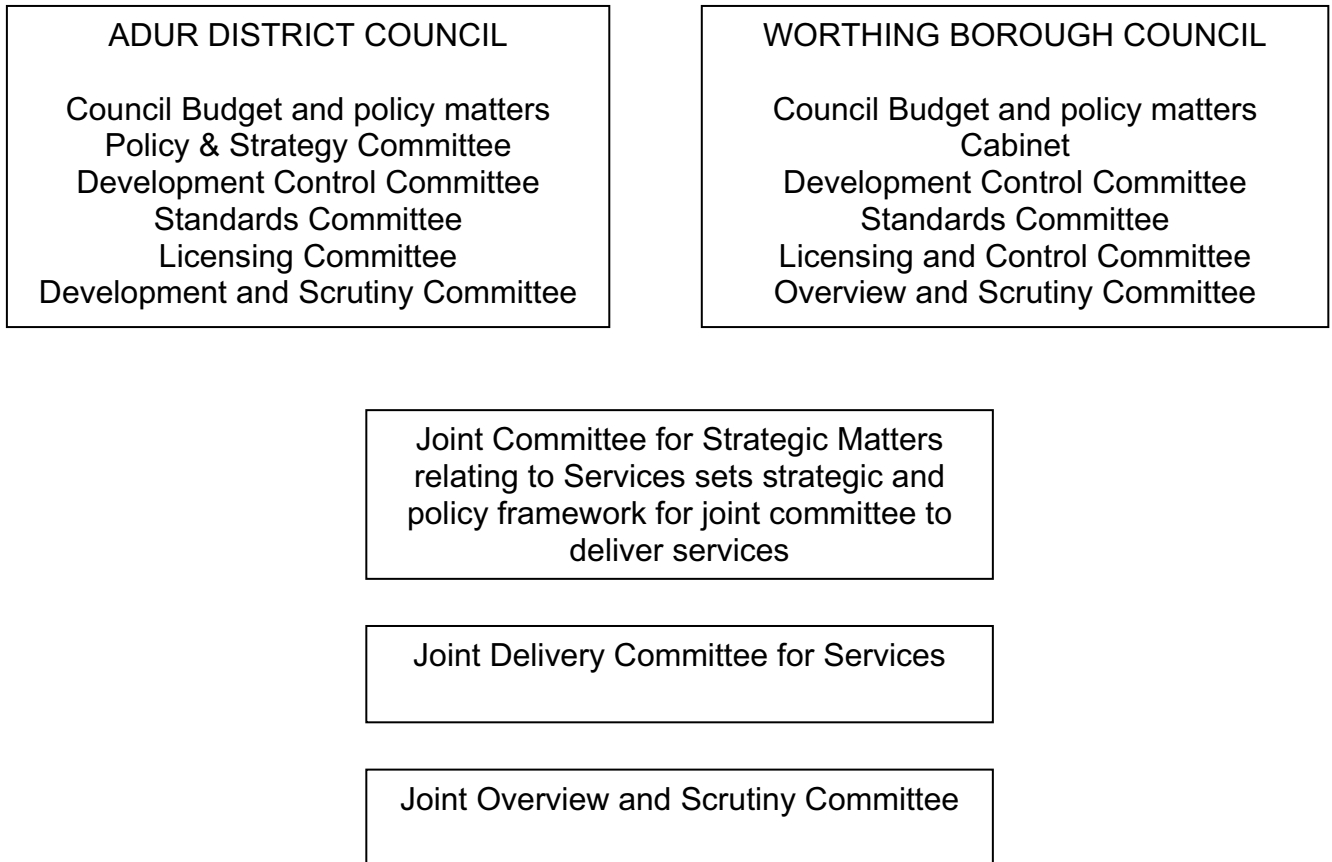
- 7.3.8 The Joint Delivery Committee will be responsible for the delivery of the services in accordance with the policies and budgets of each Council and any agreed strategic development of the services as agreed by the Joint Strategic Committee.
- 7.3.9 Appropriate delegations to Officers will come via the Joint Delivery Committee, thus ensuring that all Officers are responsible to the same body. Other delegations will come from each Council.
- 7.3.10 There will be clear protocols for relationships between Officers and the Members from each Council.
- 7.3.11 The Councils will, by agreement, establish a joint Overview/Development and Scrutiny function which will be responsible for all Overview/Development and Scrutiny functions in relation to matters affecting the delivery of the joint services. This would encompass all decisions where Members of either of the Councils are concerned about the effect on their particular Council e.g. in terms of increased costs or standard of service.
- 7.3.12 There will not be a Chairperson's casting vote in the joint committees and where a vote is tied the status quo will remain.
- 7.3.13 In such cases of uncompleted decisions or disputes, there would be the following arrangements for resolution:-
- a) where the "dispute" is within the Joint Delivery Committee, then referral to the Joint Strategic Committee for determination.
 - b) where the "dispute" is unresolved or is within the Joint Strategic Committee then referral to the respective Leaders for determination in consultation with the Chief Executive or to the respective Cabinets
 - c) where the "dispute" still remains unresolved then referral to external arbitration

It will be important to ensure that there is no uncontrolled "drift" of services into joint provision by establishing the principles that 1) this must be the subject of formal Member decision and a business case for each service (including a costed service specification) be agreed.

SEMs High Level Business Case

7.3.14 Set out below is a diagram showing the proposed new structure

DIAGRAM – JOINT COMMITTEE ARRANGEMENTS



NOTE

Some of the work of the Joint Delivery Committee may be capable of being carried out by the relevant Cabinet Members meeting together.

SEMs High Level Business Case

7.3.15 An alternative option which was considered would be for the Councils to create a joint delivery company. The table below provides a brief comparison of the two options.

| Factor | Joint Committee controls the services directly | Joint Committee establishes a Company to deliver the services |
|----------------------------------|--|--|
| Council influence upon decisions | Direct control by the two Councils' representatives at the Joint Committee meetings. | Control of services by the Company Board, whose Members are appointed equally by the two Councils. Board reporting to the Joint Committee. |
| Membership | Elected Members of the two Councils on the Joint Committee. | Elected Members and/or Officers of the two Councils on the Board. |
| Financial responsibilities | In-house financial advice. No special arrangements needed. | Specialist financial advice required. Separate VAT registration and bank account. Annual return to Companies House. |
| Employment | Staff remain with local authority employment, but transfer to one of the Councils as host employer. | Staff transfer to the company. |
| Complexity | Joint Committee agreement and meetings called under local authority procedural rules. Existing models are available, and it runs in parallel with other constitutional arrangements of the Councils. | Registration at Companies House; filing accounts; detailed company law provisions as to the role and potential liabilities of Company Directors/Officers upon which advice would need to be taken on an ongoing basis. Need for a specification to which the company works in delivering services. |
| Assets | Hosting Council holds on behalf of both. | Company holds. |

7.3.16 In the single body model, the Joint Committee would not be a separate legal entity and so could not employ staff or hold assets directly. Therefore, one Council would be identified to perform this role (or one for employment, and the other for assets). Nevertheless, the interests of the non-host Council would be protected by means of its equal participation in the Joint Committee and by provision for a fair split of employment/asset obligations upon any termination of the arrangement.

7.3.17 There are further potential difficulties in pursuing the option of establishing a company, including (1) potential VAT liability where the Councils currently have exempt status for VAT purposes and (2) the difficulty in ensuring that a company could directly perform certain Council functions in the absence of an order allowing delegation to it under the Deregulation and Contracting Out Act 1994. These are additional complications which point away from pursuing the company option.

7.3.18 It is, therefore, proposed that the services are managed and provided directly via a Joint Committee and that the option of establishing a company reporting to it is not

SEMs High Level Business Case

taken up. For the technical reasons outlined above one of the Councils would host the employment and asset arrangements (or one Council for employment, and the other for assets).

7.3.19 The legal powers for such arrangements have been identified. Section 101(5) of the Local Government Act 1972 and sections 19 and 20 of the Local Government Act 2000 would enable the two Councils to discharge functions jointly by means of a Joint Committee.

7.4 **Delegations**

7.4.1 Naturally, the establishment of this arrangement would require the drafting and agreement of a scheme of delegations for both Councils via the Joint Committee. To some extent, this may be influenced by the outcome of the Bill, which proposes full authority to rest with the Leader of a Council for their four year period of office.

7.4.2 In these circumstances, and knowing the existing cultures of both the partner authorities a similar pattern of delegations might be visualised; for the Leader to delegate to portfolio holders and for this to be delegated down to Officers in a way similar to the current arrangements in Worthing. This would again assume that Adur District Council will convert to the Cabinet model as outlined above. Worthing currently has decision-making by individual Cabinet Members and this could be retained within the overall joint committee structure. The two Cabinet Members (Adur and Worthing) would amount to a sub-committee of the joint committee and would be enabled to make decisions in a meeting or by writing.

7.4.3 There would have to be clear delegation to the Joint Committee to allow it to function as a body. As previously confirmed, some delegations will come from within each Council.

7.5 **European Procurement Rules**

7.5.1 If the arrangements are managed by a Joint Committee between the two Councils, then this is an administrative arrangement outside the EU procurement rules. The Councils would rely upon relevant powers under sections 101/102 of the Local Government Act 1972 and sections 19 and 20 of the Local Government Act 2000. It would be distinct from an arrangement whereby the Councils contract with a third party. Therefore, the Councils would not advertise and go through a tendering and selection process prior to establishing the joint officer structure and service.

7.6 **Transfer of Undertakings (Protection of Employment) Regulations**

7.6.1 The provision of the services under the control of the Joint Committee and by means of staff transferring to the host authority would mean that there would be a transfer of staff falling within the regulations. In essence, the effect of this is that :-

- There is a requirement on both the Transferor (the current employer) and the Transferee (the new provider) to inform and consult (prior to the transfer) with any of their respective staff who may be affected by the transfer. This obligation is to be complied with through the representatives of recognised

SEMs High Level Business Case

Trade Unions or, for any group of staff for whom no union is recognised, through elected employee representatives.

- The employment of any staff wholly or mainly engaged in the provision of the particular service will transfer to the Transferee automatically by operation of law.
- These employees will transfer with their statutory employment rights (such as continuity of employment) and their contractual entitlements (their terms and conditions of employment) intact;
- It will not be possible for the Transferee to change the terms and conditions of these staff simply in order to achieve harmonisation of contract terms. Change is only possible either for some reason wholly unconnected with the transfer or for an ETO reason, that is to say “an economic technical or organisational reason entailing a change in the workforce”. An example of this would be a staff restructuring which involves changes in duties, location and/or line management. Even in these circumstances changes can only be made by agreement and after consultation with the relevant staff and Unions;
- Any dismissal by reason of the TUPE transfer will be automatically unfair unless it is for an ETO reason as described above. The most common example of this is a redundancy exercise and the usual rules as to consultation and a need to make every effort to redeploy “at risk” staff into suitable alternative employment will apply.

7.6.2 Where local authority staff are transferred, the Code of Practice on Workforce Matters and Local Authority Service Contracts (ODPM Circular 03/2003) provides protection over and above the provisions of TUPE with regard to pension. Transferring staff must have ongoing access to the Local Government Pension Scheme (LGPS) or (where staff are being transferred to a new provider which does not have Admitted Body status in the LGPS) be offered an alternative good quality occupational pension scheme (which as evidenced by a certificate issued by the Government Actuaries Department) provides comparable benefits.

7.6.3 There will be a need to second staff to the non-employing Council for certain purposes. For example the statutory officer functions of Monitoring Officer, Section 151 Finance Officer, and Head of Paid Service. Further detailed advice will need to be taken as to the application of the regulations and the limited secondment arrangements.

7.7 **Conflicts of Interest**

7.7.1 It is anticipated that Officers within a single workforce will face conflicts of interest from time to time in the advice they give, where the authorities may have different objectives or views on priorities, or indeed if an outright dispute emerges.

7.7.2 A protocol to deal with such situations will need to be devised at the outset and this may include provision for the Councils to be advised by separate Officers and/or for external advice to be provided to one of them (e.g., from another authority or the private sector).

7.8 And what if it goes wrong?

- 7.8.1 Naturally, the partner Councils would be going down this path for positive reasons. Therefore, it is important not to overstate the degree to which we need to prepare for things going wrong. However, it would be foolish not to consider how such an approach might be unravelled if it was felt by one or both to be so unsuccessful that this step seemed necessary. And it is clearly appropriate to consider what might need to be done as a key part of our risk assessment of these arrangements. This features in the section on risk management.
- 7.8.2 The first observation in this section is to refer to the earlier comments about dispute resolution. The formulation and agreement of protocols and procedures for resolving disputes within any of the new forums created by these arrangements would lie at the heart of avoiding major or structural difficulties that might lead to one or more partners wishing to bring the partnership to a halt.
- 7.8.3 However, all of this could still fail. Therefore, it is important for both partners to understand that either Council could technically choose to return to individual operation with its own officer structure. Naturally, the decision by one party to do this would potentially impose a huge process and cost on the other as well as itself. Therefore, it would be appropriate to identify a reasonable notice period required to leave the arrangements; mechanisms that would programme the events and actions required; and provision for a fair distribution of assets, employees and costs. It is suggested that a minimum period of two years would be required for this not to be disproportionately onerous and expensive to Council Tax payers. It would also need to build in checks and safeguards to ensure that there was a sound Business Case for undoing the shared arrangement. The role of external auditors and inspectors would be important in this respect.

7.9 Summary and Conclusions

- 7.9.1 It will be within the statutory powers of the two Councils to establish a joint officer structure and joint services. Certain functions will be retained by each Council and they will respectively set their annual budget and policy framework. A significant part of their functions would be delegated to a Joint Committee, upon which they would each be equally represented. A Joint Committee agreement will need to be put in place prior to the services commencing under the Committee's control.
- 7.9.2 It is anticipated that Adur will move to the Leader and Cabinet model of executive arrangements, and that the portfolios of responsibilities for Cabinet Members will be matched between the two Councils.
- 7.9.3 Consideration will be given to all-out four-yearly elections for each Council.
- 7.9.4 It is anticipated that the staff would be employed by a host authority, but with the governance arrangements of the Joint Committee ensuring that each Council has an appropriate voice in the decision-making arrangements. The staff would transfer under the TUPE regulations, and with limited secondments.
- 7.9.5 A detailed Scheme of Delegations to the Joint Committee and Officers will need to be developed; protocols are necessary in respect of any conflicts of interest; and

SEMs High Level Business Case

there must be agreed arrangements to deal with dispute-resolution and termination of the arrangements.

7.9.6 The European Union procurement rules do not affect the proposal, since it is an administrative arrangement between the two Councils. There would be no requirement to advertise the proposal and select a contractor.

Recommendation 4

It is recommended that Adur District Council agrees to move to the adoption of a Leader and Cabinet governance arrangement in March 2007, subject to all necessary consultation.

Recommendation 5

It is recommended that the Cabinet Member portfolios of the two Councils are established in similar terms.

Recommendation 6

It is recommended that the two Councils give consideration to a move to four-yearly elections in 2011.

Recommendation 7

It is recommended that a Joint Strategic Committee and a Joint Delivery Committee are established to oversee the services as outlined in this section of the Business Case.

Recommendation 8

It is recommended that one of the Councils be the host authority for employment of staff within the governance arrangement of the joint Committees with a decision upon which is to perform this role to be made in July 2007.

Recommendation 9

It is recommended that the dispute resolution arrangements outlined in this section be adopted.

Recommendation 10

It is recommended that no services commence jointly between the two Councils until formal Member decisions have been taken and a business case for each service has been agreed.

Recommendation 11

It is recommended that the joint scrutiny arrangements as outlined in this section of the High Level Business Case be adopted.

8. FINANCIAL ISSUES

8.1 Introduction

8.1.1 The main financial issues, as far as the high level business case is concerned, are

- Costing the proposed single senior officer structure
- Cost sharing arrangements between the two councils
- Proposals for dealing with constructing and agreeing budgets under the new Single Officer Structure
- The viability of moving to comprehensive shared service delivery

8.1.2 These issues will be affected by the choice of governance model and, in particular, which body will employ the staff. As the option of establishing a local authority company is not recommended, there are no consequential implications for the councils' VAT/taxation status.

8.1.3 It should be noted that the councils have already achieved cash savings equivalent to a Chief Executive post throughout the period of the interim joint arrangements to date.

8.2 Costing the Proposed Single Senior Officer Structure (SSOS)

8.2.1 A number of assumptions have had to be made in costing the proposed structure (Chief Executive, Directors, Service Heads [currently Assistant Directors / Divisional Managers]) as outlined below.

- (a) A decision is required on who will be the employer for the proposed Single Senior Officer Structure as this will affect the employer's oncosts rate applied and the terms and conditions of the staff. They could be employed by either Council (see recommendation 4). For costing, it is assumed that the SSOS are employed by their present Council for the transitional year (2007/08) and by a single Council for future years with no material pension fund consequences. The pension fund actuary has confirmed that there is no problem with merging the two pension funds and that either Council could be the single employer (but that Worthing would have to ensure that

SEMs High Level Business Case

the cost of their higher contribution rate for past service is met by Worthing only).

- (b) All posts in the SSOS will be subject to job evaluation in due course. (The current job evaluation scheme does not cover the Chief Executive or Director posts). For costing, notional enhancements (as recommended by the consultants) plus oncosts have been made to existing average budgeted costs for the Chief Executive, Directors, Divisional Managers/Assistant Directors and Personal Assistants.
- (c) The basis for allocating the cost of the SSOS to the two Councils needs to be agreed. This is a fundamental issue to be resolved, and is considered further later in this section. Time allocation is the most obvious, but has real consequences:-
- initial allocations may change significantly over time, reflecting major projects and policy shifts
 - present time allocations are “wooden dollars” within each council, whereas future cross-council allocations would have a “cash impact” on each council.

Blunter alternatives that could, however, give greater stability and certainty would be a straight 50:50 split, on the basis of population (38:62) or in the same ratio as the existing senior staff costs of each council (48:52 for top two tiers, 45:55 for top three tiers). For costing the SSOS, financial consequences are therefore shown at the joint level rather than the individual Council level.

However, from the above, a decision could be made to share the costs/savings of the top two tiers (Chief Executive and Directors) on a straight 50:50 basis without material detriment to either council. Cost apportionment for the third tier is more complex.

- (d) Redundancy costs - In the first instance, it must be the current employer. However, to avoid a potential imbalance of costs borne, it is proposed to set up a Departure Cost/No Detriment Holding Account that can be reallocated on the same basis as eventually agreed at 8.2.1(c) above. For costing, financial consequences are again shown at the joint level rather than the individual council level.
- (e) Redundancy costs used for the High Level Business Case - For costing, the average redundancy cost per head of the tier of staff affected has been used as obviously the individuals' that may be made redundant is unknown at this stage. There are however, very significant differences in individuals' departure costs, particularly for those over 50 years of age. Other factors assumed in the calculation are:
- capital cost to the pension fund is spread over five years;
 - the redundancy lump sum is paid up front;
 - any redundancy takes place at the very beginning of a financial year so that a full year's saving on salary costs can be achieved;
 - no account has been taken of changes to individuals' departure costs as they move to 1st April 2008;

SEMs High Level Business Case

- no possible impact arising from possible changes to pension regulations presently out to consultation;
 - any possible departure costs of the Chief Executive.
- (f) Arrangements for location/presence of the proposed SSOS need to be considered, for example, the (Interim) Chief Executive presently uses an office at each Council and has an alternate week presence at each. For costing, it is assumed that there is no overall change to accommodation costs. For the transitional year (2007/08), this is likely to be the case but there will be remote management, co-location of services, travel cost, lost productive time and communication link issues in future years as the new arrangements are set up. These will be evaluated as part of the more detailed work on shared services.

8.3 Cost Summary

8.3.1 The table below shows for indicative purposes only the total, joint forecast costs in moving to the proposed SSOS by 1.4.09, all at 2007/08 prices, including average departure costs. The savings quoted do not allow for any capacity backfill requirements at fourth tier and below.

| | SSOS Tier | | | Budget £ '000 | Saving against existing budget £'000 | Departure Costs £ '000 |
|---------------------------------------|-----------|-----|-----|------------------|--|------------------------------|
| | 1st | 2nd | 3rd | | | |
| The existing Senior Officer Structure | 2 | 4 | 18 | 2,277 | 0 | 0 |
| The transitional year, 2007/08 | 1 | 4 | 18 | 2,117 | (160) | 0 |
| The phased year, 2008/09 | 1 | 3 | 11 | 1,659 | (618) | 316 |
| The full year, 2009/10 | 1 | 3 | 11 | 1,659 | (618) | 129 |

8.3.2 In the above, it has not been possible to cost the implications of a comprehensive shared service programme, only the SSOS. However, although identified as a potential risk, there should be a confident expectation of achieving further savings and/or improvements to services. These will be evaluated in more detail, including any capacity backfill implications below SSOS level, by summer 2007 as scheduled in the Implementation Strategy (Appendix 6).

8.3.3 For costing purposes, no significant savings beyond those of operating with a joint Chief Executive rather than two are envisaged for the transitional year 2007/08. This does give the opportunity to have a higher baseline on which future cashable efficiency savings targets will be based, as well as the savings arising actually then contributing to those targets. However, departure costs will have an effect on the level of net savings achievable in 2008/09.

Recommendation 12

It is recommended that any savings achieved in the transitional year 2007/08 should be placed in a Partnership Contingency Fund, primarily to dampen the impact of departure costs in 2008/09.

8.4 **Cost Sharing Arrangements between the two Councils**

8.4.1 The whole question of the financial governance of the new single senior officer structure, and for the consequent comprehensive shared service arrangement, has been identified as a complex and potentially difficult issue to resolve in coming to a view on the way forward. The following paragraphs rehearse many of the issues which need to be dealt with in moving forward and makes some initial proposals for resolving these.

8.4.2 The Department for Communities & Local Government (DCLG) has issued guidance – Rethinking Service Delivery; Shared Service and Public/Public Partnerships – which refers to local authorities being used to determining payment arrangements on a cost-sharing basis, but that does not mean that it is straightforward or without complications. Common understanding and definitions need to be established underpinning the arrangements covering:

- What costs are to be shared and the basis on which they are to be shared e.g. number of hereditaments, and what costs are not to be shared;
- The basis for the allocation of benefits sharing e.g. savings on accommodation costs which may be much greater for one partner than another, but are a direct result of the partnership arrangements;
- What treatment is to be applied for unexpected events e.g. additional costs/unexpected benefits;
- The supply of support services and the residual costs impact;
- How overheads and central support costs are to be accounted for:
- Minimum term;
- Payments in respect of early exit arrangements.

Regrettably, the DCLG gives no recommendations or suggested best practice on resolving these issues.

8.4.3 The cost sharing arrangements between the two Councils is seen as a fundamental issue to resolve and is identified as a key risk to the Partnership. A variety of appropriate and very logical allocation bases could be applied to shared service costs (time, caseload, properties, population, value etc) but may result in very different costs being charged to the individual Councils compared to their existing costs. There is the potential to go from an internal recharge within a single council, with no impact on the Council Tax, to a cash recharge between the councils with an impact on both Council Taxes (one positive, one negative). There are ways to address this issue such as damping arrangements, a “no detriment” holding account, establishment of baselines for budgets and service levels or even just accepting the risk. On the assumption that a benefit can be achieved at the joint level, there must be a way of ensuring that the joint benefit can then be shared equitably.

8.5. **Proposals for dealing with constructing and agreeing budgets under the new Single Officer Structure**

- 8.5.1 Attached as an Appendix 3 to this report is a diagrammatic representation of the proposed financial governance arrangements for the new structure and shared service delivery. Many of the Strategic Financial Decisions will still remain with each Council, e.g. approval of the Annual Budget and setting of the Council Tax, or delegated to a Committee of the Council, e.g. approval of the Council's Statement of Accounts. However, it is recognised that agreement needs to be reached on a process for constructing and recommending the budget for each service / activity from the joint delivery organisation.
- 8.5.2 It is proposed that, with effect from the 1st April 2008, the existing budgets calculated by the two individual Councils will become the agreed baseline for the shared services under the new single officer structure. This baseline will obviously be a financial reflection of the current service, based on exiting standards and level of service in each Council, and taking into account existing allocation and apportionment methodologies used by each Council.
- 8.5.3 The proposal that each Head of Service will take responsibility for preparing a detailed business case for the consolidation of the services within their remit, will enable a review to take place of the cost of providing that joint service going forward, which will form the basis of the budget for that service once consolidation is achieved. This will also be used as the basis for restating the budgets for the two Councils for the forthcoming budget round. The preparation of the business case will also enable the basis on which the costs will be shared between the two Councils to be identified and agreed. This basis as stated previously will depend on the particular service or activity under review.
- 8.5.4 The process for setting budgets and sharing costs for services identified above would also be designed to enable:-
- financial variations to be agreed through Costed Service Specifications;
 - variations between the Councils and the Joint Delivery Organisation to deal with changes in standards / volumes / provision of service;
 - a formal mechanism for identifying future growth / savings / efficiencies
- 8.5.5 Following a discussion between senior finance officers from each Council and external financial advisors, it was agreed to review the way that costs are identified and allocated to services. The basic principle which has been agreed is to establish as much of the cost of providing services as direct costs to services, thereby reducing the amount of costs which are dealt with through holding accounts or support services reallocation. This would have the effect of giving greater clarity to the costs of each service / activity, and perhaps reducing the areas where difficulties may be encountered over the apportionment or allocation of certain costs.

SEMs High Level Business Case

8.5.6 In costing terms this scenario would be as follows:-

| Cost | Adur | Worthing | Joint |
|---|-------------------|-------------------|-------------------|
| | £'000 | £'000 | £'000 |
| Direct Operational Expenditure and Income | Per SLA | Per SLA | Per SLA |
| Management Overheads | 50% | 50% | 100% |
| Support Services | Agreed allocation | Agreed allocation | Agreed allocation |
| TOTAL COST OF SERVICE | x | y | x+y |

8.6. **The Viability of moving to Comprehensive Shared Service Delivery**

- 8.6.1 After the transitional year 2007/08, and as services merge, the governance/employer issue will be crucial for all staff, not just the SSOS. A single employer would eradicate some of the difficulties over the supply of support services and the residual costs impact. Implementation of a common pay structure following local pay and grading review is seen as essential in progressing the single employer option as the review could otherwise have a different financial impact on the two individual Councils. This will also be crucial when services from the two councils are consolidated, as there is likely to be two differing pay scales operating under existing service groupings.
- 8.6.2 Much of the discussion in paragraph 8.3.4 above has centred around the agreement of a strategic financial governance model. However, there is much further work to do on the basis of allocating and apportioning costs to services for onward charging to the two councils. This is also vital in identifying the effect on each respective Council's budgets and the impact on each authority's Council Tax.
- 8.6.3 Cost sharing principles will need to be resolved at an early stage before evaluation and roll out of individual shared services as recommended above. It has not been possible in the time available to do any detailed examination of the High Level Business Case for a comprehensive shared service programme (investment, accommodation, cost allocation basis, capacity backfill, etc.). However, a potential high level risk has been identified in that the comprehensive shared service delivery programme will need to be viable in terms of investment and implementation costs versus expected efficiencies and savings and also in the improvement of both services and the customer experience.
- 8.6.4 The "No Detriment Principle" will need to apply in the interim, whereby any merger of service should not unnecessarily add to the overall costs of that service to either of the councils and adjustments will need to be made via a joint No Detriment Holding Account. This will apply particularly where changes in the allocation of indirect costs, e.g. support services may have an impact on the cost of any service/activity.
- 8.6.5 Following discussions with the Consultants, it is considered most appropriate to pursue the establishment of baselines for both budgets and service levels. This would require the establishment of baseline budgets at an agreed point in time for each service at each Council, together with a statement of service standards. A clear price can then be established before agreeing any changes to those standards, volumes or service provision. Appropriate allocation bases for each

particular service can then be established for growth, savings or efficiencies achieved over and above the baseline. This will be an extensive piece of work and the Consultants have recommended that it be externalised and an application made to the Department for Communities and Local Government for funding.

Recommendation 13

It is recommended that Officers investigate and seek possible external funding to assist with the review of the detailed financial and other arrangements for all services across both Councils.

9. **HUMAN RESOURCES ISSUES**

9.1 **Background**

9.1.1 The creation of a single officer structure involves some 650 employees at Worthing and 420 at Adur making, by any measure, a significant combined workforce of 1,070 people.

9.1.2 The bringing together of that workforce means the joining of people on different sets of working terms and conditions employed by Councils operating different human resources policies and procedures. There will be many issues to consider.

9.2 **Issues to Consider**

Joint Local Pay and Grading Review

9.2.1 One key issue to consider is the current Joint Local Pay and Grading review and the extent to which it will be fully implemented. It is assumed that the equality element of this exercise will be implemented throughout both Councils to ensure there is not legal challenge. Worthing has yet to fully implement single status, whilst Adur has already done so. Single Status will be fully implemented at Worthing Borough Council from 1st April 2007 as this is a legal requirement.

9.2.2 Without implementation of a joint pay scale, a single officer structure will be in fact impossible to implement and manage if the two workforces remain on separate pay scales. This could also lead to disharmony amongst the workforce and to claims for equal pay for work of equal value. Once we join any of our services, we can be considered to be associate employers which make potential challenges easier.

9.2.3 The ability and willingness of both Councils to implement pay and grading in the same way (excluding equality issues as above) must be tested at the earliest opportunity and the costs involved if implementation takes place must be measured.

9.2.4 Apart from single status there are a number of differences between the two workforces for example long service awards/ overtime arrangements etc. A full review has been undertaken and recommendations are currently being considered.

9.3 **Human Resource Management Capacity**

- 9.3.1 The adoption of a single officer structure will involve the harmonising of staffing policies and procedures. It is estimated that this may take between two and three years to complete, including full consultation, unless additional resources are found to undertake the task and there was full acceptance of any proposed changes.
- 9.3.2 There is a capacity resources issue within Human Resources at both Councils. At Adur, there is a lack of dedicated professional and strategic leadership. Worthing Borough Council also has a resource issue and additional staff will probably be required. These resource requirements are needed, regardless of the additional work that would need to be undertaken to support the implementation of a Partnership Strategy. If a decision to proceed with this Strategy is made in July 2007, therefore, then to help facilitate a speedier conclusion to the work required, consideration will need to be given to employing some additional human resources staff, at that time.
- 9.3.3 The current Joint Strategic Head of Human Resources is employed on a contract that ends in January 2008. To ensure the best chances of a smooth implementation of a single officer structure and the necessary organisational change, the future requirements for this post will need to be considered in July 2007. The Joint Strategic Head of Human Resources is currently not responsible for strategic HR at Adur other than the Joint Local Pay and Grading Review. This is currently under the remit of the Head of Corporate and Legal Services at Adur District Council. This matter will, therefore, require careful consideration at that time.

9.4 **Managing the Change**

- 9.4.1 All experience from such processes of change as the one proposed show that there are common elements to achieving success, which, in no order of priority, are:-
- The Councils currently operate different HR policies and it is considered to be wise to ensure that each authority has the same policy. There is a need to put into place a common employment stability policy to establish a fair “playing field”. HR at Worthing and Adur are currently working on a Joint Managing Organisational Change Policy and Procedure and a Joint Redundancy Policy and Procedure. This will be considered at the March 2007 SEMs meeting.
 - It is in the nature of things that the tendency in bringing organisations together is to round up practices and standards rather than to round down and this is probably true at a political as well as an officer level.
 - In the example of AWS, the bringing together of the two services produces not only financial savings, but also improved standards across both Councils. This is obviously welcomed and so creates a climate where staff management problems are minimised. The principle of working to the same standards and policies is paramount when bringing services together.

SEMs High Level Business Case

- Change management requires strong leadership and dependent upon the model chosen the new structure needs to ensure that it has the correct blend of experience, skills and leadership and equally important motivation, created from a sense of a single team approach.

9.5 **Redundancy Management and Internal Recruitment**

- 9.5.1 In similar organisations, change management of this kind is often accompanied by a contingency fund which can be used to both encourage individuals to leave the organisation and to help both the competition and “slot in” process that will be adopted.
- 9.5.2 It is expected that most units will be integrated by April 2009. It is an obvious point that cultural, practical and procedural barriers will need to be removed to ensure the required team ethos driving towards shared objectives.
- 9.5.3 There are some obvious procedures to be established with regard to interview, competition ring fencing and ‘slot in’ of staff in the new senior structure, but this cannot be determined at the moment in the absence of a preferred model.
- 9.5.4 Whilst wishing to ensure that there will be a smooth path there will inevitably be some redundancies that will require the full application of employment stability values and necessary statutory processes.

Recommendation 16

It is recommended that both Councils agree a Joint Redundancy Policy and Procedure for the purposes of dealing with any departures arising from the implementation of this Strategy.

9.6 **Employment Arrangements**

- 9.6.1 Work is currently being undertaken on the AWS model which is providing some valuable lessons. Amongst these is the desirability to TUPE staff from one organisation to the other. Some thought has been given to the extension of this principle to the whole organisation, but further work is needed.
- 9.6.2 As secondment can only be used for temporary arrangements any more permanent arrangements will require staff to be TUPE'd from one Council to the other. For this process to work effectively pay and conditions need to be harmonised before TUPE takes place.

9.7 **Pay Protection**

- 9.7.1 Issues of pay protection are important and the adoption of the same approach by each authority is an important factor and one upon which each Council should have the same policy. The change process can only be employed well if effective communications are put in place, with informed, in depth consultation.

9.8 **Workforce Development Plans**

9.8.1 People are both Council's most important asset. To this end, the way in which we plan, manage and recruit our workforce is crucial to service delivery and improvement. This improvement can be achieved by employing the right people with the right skills in the right place. Some commentary on this issue is provided in Appendix Five.

9.9. **Chief Executive Appointment**

9.9.1 Adur has a Chief Executive who is also acting as Interim Chief Executive at Worthing until July 2007. He is, therefore, working part time for each authority. Throughout this process we must ensure that the Chief Executive as well as other affected senior staff have equal appropriate opportunity to be considered for relevant posts resulting from a change in structure.

9.9.2 The Chief Executive is entitled to full employment protection rights. Worthing Council originally resolved to appoint a full time Chief Executive for Worthing. It subsequently resolved that the position be put on hold, pending the outcome of this work.

9.9.3 As part of these proposals both Councils have to determine the position of the Chief Executive.

Recommendation 17

It is recommended that:-

- (a) Both Councils agree to extend the shared arrangement for the Chief Executive by six further months until 31st December 2007.**
- (b) Officers prepare options for a process for the appointment of a Joint Chief Executive to serve both Councils for consideration in July 2007, and that both Councils then resolve to implement this process at that time.**
- (c) In accordance with the resolution of SEMs on 21st September 2006, a Joint Appointments Committee, comprising of three Members from each Council, be established in March 2007 to also deal with the process for the appointment of the Joint Chief Executive, the Directors and the Service Heads (that will replace Assistant Directors and Divisional Managers).**

10. **BUSINESS TRANSFORMATION**

10.1 There is a risk in an exercise of this nature of being drawn into a consideration of different ways of shuffling the pack as it exists now. However, it is absolutely essential that in developing the way forward for both authorities in this debate that the opportunity to take more radical steps to transform our service and efficiency should not be overlooked.

SEMs High Level Business Case

- 10.2 The current service climate around us is changing at a rapid rate. Modern customer service standards and business systems are enhancing customer service and at the same time raising expectation of all service providers. Ordering, buying, booking and finding out have all been revolutionised by modern business systems. Significantly, in a climate of reducing resources, these new ways of providing service also deliver significant cost savings.
- 10.3 For local authorities it would be misleading to believe that this is a simple solution to our problems. Most commercial organisations have a very modest number of different transactions, whereas local authorities conduct scores of fundamentally different transactions. However, there is no question that our collective or separate way forward will necessitate us capturing the service and economic advantages of a radical rethink of the way we do things and make use of modern more economical business systems.
- 10.4 For the exercise in hand it is essential that Members and Officers of both authorities recognise that this thinking needs to be built into the detailed appraisals of joining up services and activities that are scheduled to take place between the end of March and July 2007. This crucial period of more detailed analysis needs to capture the potential for radical change within our service and support activities. We need to consider how to deliver in more modern ways, how to capture the economies that can accompany this and to recognise that in some areas it may well be more appropriate to seek wider or different partnerships to make the best choices for our respective communities.
- 10.5 Our deliberations to date amongst Officers and Members have raised concerns about how we might find the investment required to undertake modernised approaches of this kind. Whilst there can be no denial that investment may be required it is important to recognise that a more locally owned solution to our collective way forward gives us the best chance of re-diverting existing resources and the programmed investment that may be required to replace them to a more favourable collective approach. This approach has already been put to good use within individual authorities and had also been employed, for example, in securing some of the investments made within the CenSus partnership. The alternative, of an externally imposed solution is more likely to be highly wasteful of recent investment or potential.

Recommendation 18

Both Councils are recommended to implement a business transformation approach for the evaluation of future shared services and make this integral to the more detailed development of service areas and implementation plans throughout the project.

11. **STRATEGIC RISK ASSESSMENT**

- 11.1 As the Partnership Project Strategy has evolved, the Partnership Management Board has been fully aware and alive to the various strategic risks which need to be considered. As the project has moved forward, the identified risks have either changed or their relative importance has changed. However, it is important that

SEMs High Level Business Case

the risks associated with the project are carefully considered and, where appropriate, managed in order to ensure that if the project is taken forward, it succeeds.

- 11.2 The high level risks have been identified and developed from a number of different sources. In particular, some of the risks have evolved from the service workshops that were held in November and December 2006, with a number of senior Managers from both Councils and with Members from both Councils. In addition, feedback has been obtained from Capita, the Audit Commission and from the organisations such as the IDeA and SECE, who have been assisting the Partnership Management Board with the development of the project. Careful consideration has also been given to advice that has been received from other partners, such as Eversheds, who have been giving support on the legal and governance issues.
- 11.3 Eight potential high level strategic risks have been identified, together with a list of other issues which will need to be addressed if a single officer structure is to be developed between the two Councils. Of the potential high level risks, four have a “red” high level risk assessment, while the other four are medium risks in the “yellow” area. The risk assessment was undertaken using the matrix that is presently utilised by Adur District Council.
- 11.4 The High Level Strategic Risks that have been identified are as follows:-
- Officer capacity to implement and deliver (red)
 - Apportionment of costs between the two Councils (red)
 - Consequences of both Councils not taking this project forward together (red)
 - Staff morale, recruitment and retention, training re-skilling in a period of change (red)
 - Costs to implement project versus expected savings not materialising and/or acceptable (yellow)
 - Recommended governance arrangements fail, including legislative and financial issues (yellow)
 - Customer satisfaction (yellow)
 - Different implementation arrangements for outcome of Pay and Grading Review (yellow)
- 11.5 The detailed potential high level strategic risk assessment and list of other issues that have been identified as in need of further consideration is attached as Appendix 4 to this report. In each case, the impact and likely issues arising are highlighted, together with the action that will be needed to manage or deal with the risks that are raised. Where appropriate, these will be built into specific actions which will be taken forward as part of the Implementation Strategy.
- 11.6 Overall, while there are clearly, and not unexpectedly some high level risks associated with the project, as far as possible, these have been built into the development of the Strategy in order to reduce or manage the risk. For example, there are a number of risks associated with the capacity of both Councils to deliver the change quickly. Because of the risk associated with this, it is now being recommended that the project be implemented, in its entirety, over a two year period, which should help to ensure that the appropriate level of capacity and the right skills are available in order to ensure that the project is successful. This will

SEMs High Level Business Case

require highly effective project management to be applied by both Councils throughout the change period.

- 11.7 Overall, however, provided that the risks are managed effectively, it is not considered that there is any overriding reason why the Partnership Strategy should not proceed, as recommended.

12. **CONCLUSION**

- 12.1 This High Level Business Case and recommended officer structure was originally prepared by the Partnership Management Board during late December 2006 and January 2007. Since that time, it has been updated following careful consideration of the issues raised. The revised Case summarises the substantial amount of evaluation and other work which has been undertaken in connection with the project, both by the Board, the Project Support Group and by other internal and external contributors.
- 12.2 Options for the potential way forward have been evaluated and have changed throughout the course of this work. The Partnership Management Board is of the view that there is a High Level Business Case for Adur District Council and Worthing Borough Council implementing a single officer structure by April 2008.
- 12.3 The proposal is that in April 2007 we will further develop the proposed Officer structure. Each Director will take responsibility for overseeing the refinement of a group of service blocks within the period between April and July 2007, working towards the implementation of a permanent joint Officer structure by April 2008. This will lead to the development of a programme of service reviews which will be overseen by the Directors and supported by the new Service Heads. The aim of both Councils will be to progress implementation as rapidly as possible, with the development of a costed business case for bringing the joint management and delivery of services into place by April 2009.
- 12.4 This intensive piece of work has identified a number of areas that still need more detailed work to enable Members to take fully informed decisions in July 2007 about the way forward. Particular attention will need to be paid to the financial implications of the proposed approach beyond the calculations so far which only cover the senior management structure.
- 12.5 By committing themselves to this initiative, both Councils will be placing themselves in a stronger position to take part in the wider West Sussex service delivery debate and for working in partnership with other potential public, private and voluntary sector partners in the future.
- 12.6 Finally, the arrangements for decision making and governance also need to be further considered by Members. Strategic choices are proposed to make the arrangements as equitable, efficient and transparent as a possible, yet protect the separate identities of both communities. It is crucial that they are seen as an essential part of delivering the potential of these arrangements.
- 12.7 Capita Advisory Services were appointed by the Joint Appointments Committee to evaluate this Business Case and the recommended officer structure. The original High Level Business Case, together with the associated appendices and

SEMs High Level Business Case

recommendations, formed the basis of their evaluation. The consultants completed their evaluation at the end of February 2007.

- 12.8 Their recommendations, together with the outcomes from consultation with staff, the Audit Commission and other interested bodies throughout February 2007, have been built into the report to the Simultaneous Executive Meeting between the two Councils on 15th March 2007. Where appropriate, they have also been built into an Implementation Strategy which accompanies the SEM report. Recommendations from this meeting will be made to Worthing Borough Council on 27th March 2007 and to Adur District Council on 29th March 2007.
- 12.9 If Members decide to proceed in March 2007, it will set in motion a number of actions of an interim nature (i.e. not fully committing either authority) to further refine a joint officer structure by July 2007. Decisions to then be taken will commit the Councils to this way forward and changes thereafter will be components of the new established arrangement of the two Councils.
- 12.10 April 2009 is the target for completion of this task. The decisions that are recommended to be made by both Councils in March 2007 will not fully commit either to implementing the detailed project. More important decisions, in this regard, will need to be made in July 2007. Therefore, from the timing of the decisions to be made in July 2007, the imperative will be to progress the project and to deliver the savings and service improvements in as short a time as possible. The objective will be to minimise the period of uncertainty and maximise the benefit to the Council Tax Payers and customers of both communities. The Implementation Strategy which forms part of the report to SEM will be a key component of driving the project forward.

Authors of Business Case: Adur and Worthing Partnership Management Board - comprising:

- | | | |
|------------------|---|---|
| Ian Lowrie | - | Chief Executive Adur District Council and Interim Chief Executive, Worthing Borough Council |
| Peter Latham | - | Director of Services, Adur District Council |
| Andrew Gardiner | - | Director of Resources, Adur District Council |
| Tim Everett | - | Director of Services, Worthing Borough Council |
| Alan Smith | - | Director of Resources, Worthing Borough Council |
| Carol Stephenson | - | Executive Office Manager, Adur District Council |
| Mike Bleakley | - | Assistant Director Strategy & Improvement, Worthing Borough Council |

SHARED SERVICES AND REVISED MANAGEMENT ARRANGEMENTS

Adur District and Worthing Borough Councils

Partnership Strategy - Service Workshops - November 2006

**Template for facilitating discussion at the Workshops
on 21st, 22nd, 29th and 30th November 2006**

1. General Strategic Objectives and Outcomes

In order to facilitate the Workshops, a number of broad strategic objectives and possible outcomes have been identified, as follows:-

- Better and improved services for customers within both communities
- A robust and effective single officer structure which is “fit for purpose”
- To share existing strengths and to develop best practice across the two Councils
- To secure efficiencies and savings in accordance with the Government’s agenda
- To generate financial savings for both Councils
- To retain and enhance the separate identity and reputation of both Councils
- To explore opportunities for further partnership working, in order to secure further savings and efficiencies
- To explore opportunities for trading externally in the medium to longer term

2. Themes

In developing outcomes from the workshops, there needs to be particular focus on three themes, as follows:-

- Retaining customer focus and the reputation of both Councils.
- Relationship with both Councils’ Objectives and Priorities.
- The need to secure savings and efficiencies.

2.1. Questions to be asked at the Workshops

10.10am

1. Briefly share, and summarise within your group, exactly what your current services include. (20 minutes)

(This session should identify and summarise the key services that are provided and should highlight any differences in arrangements between the two Councils).

2. What are the current strengths that can be identified within current service provision? (In dealing with this question, please use the 4 areas below as a general guide). (20 minutes)

- a) Any general successes, accreditations and other strengths such as Chartermark and ISO 9002.
 - b) Compare performance using Best Value Performance Indicators as a guide.
 - c) Assess comparisons in customer satisfaction using relevant customer satisfaction surveys as a guide.
 - d) Detail any other “successes” relating to general service provision.
3. Identify any opportunities that are likely to arise in the future to improve and enhance your services and to meet agreed objectives. (10 minutes)
4. Please now summarise the main conclusions arising from each of the above and identify for your service the 5 most important strengths and the 5 best opportunities for improving the service. (10 minutes)

11.10am

There will now be a short comfort break of 15 minutes

11.25am

1. Is this service an obvious candidate for future joint working? Alternatively, is it a service that may be possible with certain further development work, or is this a service which is simply not suitable for future joint working?

In dealing with these questions, consideration should be given to how a single service might be delivered and the following questions need to be answered. (40 minutes)

- a) Is a shared service the better option?
 - b) Are there any alternatives to a shared service such as outsourcing, working with other partnerships and, if so, what are these opportunities?
 - c) Is status quo the best option for this service?
 - d) None of the above.
2. What constraints and risks for each of the above options would you identify as affecting future delivery of a joint service. (40 minutes)

(Table for guidance only)

| Option | Constraint / Risk | Constraint / Risk | Constraint / Risk | Constraint / Risk | Constraint / Risk | Constraint / Risk |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| A fully shared service | | | | | | |

| | | | | | | |
|-------------------------|--|--|--|--|--|--|
| Some sharing of service | | | | | | |
| Other / Status Quo | | | | | | |

In answering the above questions, the issues that need to be considered include, overall benefits (financial and non-financial), possible disadvantages, likely costs, the need for capital investment in new systems, project management costs, staff retraining, procurement, consultancy, early breaking of existing contracts, risks, the likely timeframe and any other relevant considerations.

12.35pm Lunch

At the conclusion of this session lunch will be taken for 1 hour but staff are encouraged to continue to discuss the issues raised during the morning session.

1.30pm

This is the key development stage. Participants should be encouraged to produce, over the next 90 minutes, recorded outcomes which deal with the following questions.

1. What is the preferred approach?

The group needs to discuss any options identified in the previous session and to come to an agreed conclusion on the preferred approach.

- a) Fully integrate the service as a shared opportunity.
- b) Look for some shared working.
- c) Retain the status quo.

2. If it is joint working, (ie. a) or b) above), please identify the key issues that need to be addressed in order to ensure and facilitate effective delivery?

| Issue | 1 | 2 | 3 | 4 | 5 | 6 |
|---------------------------------|---|---|---|---|---|---|
| Legislative | | | | | | |
| Staffing issues | | | | | | |
| Business systems (including IT) | | | | | | |

| | | | | | | |
|--------------------|--|--|--|--|--|--|
| Customer issues | | | | | | |
| Contractual issues | | | | | | |
| Investments needs | | | | | | |
| Risks | | | | | | |
| Service standards | | | | | | |
| Other | | | | | | |

3. If your group concludes that joint working is not appropriate and that a status quo is the best way forward, please set out in the table all the reasons why joint working is not considered to be appropriate. Please provide a brief explanation as to how this conclusion has been reached.

| Reason | Explanation |
|--------|-------------|
| | |
| | |
| | |
| | |

4. How quickly can we bring together the services from the two Councils and can you set down the factors that will affect implementation.

Time to implement shared working

5. What is the appropriate level of management with the new organisation to manage the services?

| Service Area | Management Level |
|---------------------|-------------------------|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

6. What issues need addressing to make this happen?

| Issues that need to be considered and dealt with in order to bring about implementation | | |
|--|--------------------------|-----------|
| Number | What needs doing? | By |
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |

7. Finally, please summarise the benefits and outcomes, using the list of possible outcomes identified at the start of the day to support and verify your recommendations and conclusions.

| Criteria | Potential Benefits |
|--|--------------------|
| Better and improved services for customers within both communities | |
| A robust and effective Officer structure which is "fit for purpose" | |
| To share existing strengths and to develop best practice across the two Councils | |
| To secure efficiencies and savings in accordance with the Government's agenda | |
| To generate financial savings for both Councils | |
| To retain and enhance the separate identity and reputation of both Councils | |
| To explore opportunities for further partnership working, in order to secure more further savings and efficiencies | |
| To explore opportunities for trading externally in the medium to longer term | |

Issues identified from service workshops November 2006

| Service | Can it be joined fully, partly or not? | When | Cost | Risks | Efficiency/service improvements | Savings | Contracts | Customer impact | Further partnerships | Trading |
|--------------|--|---------|--|--|---|--|----------------------------|---|----------------------|---------|
| Env Health | Yes | 1 year | IT. Standardisation of policies and procedures | | Increased capacity. Pooled expertise. More flexibility | Limited e.g joint procurement | - | Adverse impact customers & delivery | No | No |
| H&S | Yes | 2 years | IT – different databases | Ensuring clarity of responsibility within each “authority” for all risks | Avoid duplication of effort | - | Occupational health. IT | Relationship with other agencies | Probably | No |
| Planning | Yes - but see risks | 2 years | IT – different systems. For WBC to join CenSus. Training. Servicing separate democratic processes | Governance. Accommodation. Risks increase as more of service(s) is merged | Political application of policies, standards, culture. | Joint procurement for consultancy work ? | ADC - CenSus | Provision of duty officer? Quality of service(s)? Accessibility ? | Yes | Yes |
| Dem Services | Yes | 1 year | IT. Training | Frequency of elections different. ADC cttee structure/WBC Cabinet. Member support ? Member expectations ? | Capacity. Strengthen Scrutiny. Shared skills/ knowledge | - | - | ? | - | - |

| Service | Can it be joined fully, partly or not? | When | Cost | Risks | Efficiency/service improvements | Savings | Contracts | Customer impact | Further partnerships | Trading |
|-------------------|--|-------------------------|---|--|--|---|---|---|----------------------|---------|
| ICT/GIS | Yes | Up to 3 yrs unspecified | Capital. Revenue. Licenses/Copyright. Could be significant | Copyright issues. CenSus. Scale of anticipated costs. Disruption of services. Shortage of skilled staff. Different timescales of existing contracts | More robust. Capacity. Wider skills base. | Joint procurement opps. Eventual sharing of systems | ADC in CenSus. Supply contracts. Different timescales. | Disruption of services. New/different/unfamiliar systems for customers to use. | Yes | - |
| Customer Services | Yes | 2 years | IT Telephony. Accommodation. Investment costs. | - | Potential to release back offices resources ? Greater resilience & flexibility. | Joint procurement. Future wider working e.g. WSASP/Cen Sus | LAGAN. Telephony. CenSus/contact centre. Help Point WSASP | Adverse culture changes | WSASP | - |

| Service | Can it be joined fully, partly or not? | When | Cost | Risks | Efficiency/service improvements | Savings | Contracts | Customer impact | Further partnerships | Trading |
|---|--|--------|-----------------------------|---|---|--|--|--|-----------------------------------|----------------------------------|
| Parks, open spaces, inc crem & cems | Yes | 1 year | IT. Accommodation. | Good publicity needed to promote, advise why changes are being made to avoid confusion, retain public support etc | Yes – unspecified – better service for same cost | None – better service for same cost. Possible inc. income opportunities | WBC in 10 year contract/ADC in-house grounds maintenance | Possible disruption. Good publicity needed to promote, advise why changes are being made to avoid confusion, retain public support etc | Yes with other councils /agencies | Yes but only in specific areas |
| Econ Devt/regeneration inc town centre management | Yes | 1 year | Training. Accommodation. | ? Funding when grants expire for both councils | Greater resilience from pooled resources. Reduce duplication e.g officer attendance at meetings from 2 councils | Possible joint procurement for external works. Increased capacity possibly available | - | Need to engage with partners and external agencies | Possible through AIF? | In the future in specific areas? |

| Service | Can it be joined fully, partly or not? | When | Cost | Risks | Efficiency/service improvements | Savings | Contracts | Customer impact | Further partnerships | Trading |
|-------------|--|--------|--|--|---|--|---------------|----------------------------------|--|---------|
| Revs & Bens | Yes | 1 year | EDRMS. IT. Join CenSus for WBC ? | Failure of CenSus. WBC rejects CenSus. Dip in performance/morale during change | None identified | None identified | ADC in CenSus | Dip in Performance during change | Possibly within CenSus | - |
| Wellbeing | Yes | 1 year | - | Political – Members aspirations; clarity of priorities for Adur and Worthing areas. | Opps to secure joint funding bids. Management efficiencies ? | Improved services seen as priority NOT savings. Potential to attract more funding across whole area | - | Nothing adverse identified | Some already taking place e.g. CDRP; LAA | - |

Officer Workshops

The basis of the evaluation of the options available was identified following the running of four highly successful Officer Workshops 2006. These were designed to cover the main service area blocks.

The broad groupings of services covered on the four workshops days were:-

Business Services (including Emergency Planning, Reprographics and Procurement)
Community Wellbeing
Customer Services
Democratic Services
Economic Development and Regeneration
Environmental Health
Financial Services
Health and Safety
Housing Need
Housing Management
Human Resources and Payroll
ICT / GIS
Land Charges and Elections
Legal Services
Leisure and Cultural Services
Parks and Open Spaces (including the Crematorium)
Planning Services
Property Services
Revenues and Benefits

The workshop delegates were asked to consider how the services might be provided under a single officer management structure, which may include varying the number of service elements which are shared and/or the extent to which the service is shared (i.e. strategic partnership, jointly managed in-house shared service, fully outsourced service managed by third party).

Within the timescale available, a detailed cost benefit analysis for integrating the various services was not possible. However, there was a highly positive approach to the principle of the Partnership Strategy, with many areas being identified for possible joint working.

The workshops considered a series of questions, and delegates were asked to formulate an agreed outcome, based on the discussions and the knowledge of those officers present at the workshops. The introductory questions are also included in this Appendix.

High Level Analysis of Service Workshop Outcomes

A high level analysis of the issues arising from the service workshops has been prepared. The Project Team has broken down its review into 19 main areas and the summary results for each area is set out in Appendix 3.

**Summary of Issues Arising from Service Workshops - November 2006
(19 Services Reviewed)**

| | |
|--|--|
| Can the service be joined fully, partially or not at all? | Fully - 17 Services |
| | Partially - 1 Service (improve the status quo) |
| | Other - 1 Service (Status Quo (Adur Housing Landlord function)) |

| | |
|--|-------------------------------------|
| How quickly could shared services be implemented? | Within 1 year - 10 Services |
| | Within 2 years - 4 Services |
| | 3 years or more - 2 Services |
| | Not Specified - 1 Service |
| | Not applicable - 2 Services |

Possible advantages

The primary focus of the proposed change is to generate benefits for the organisations, and the communities which the two Councils serve. It is anticipated that some financial savings can be derived in the short to medium-term, through the introduction of a Single Officer Structure serving both Councils. In the medium to long term, (depending on which services are merged or where further integration takes place), additional savings and further efficiencies might be achieved.

The groups that identified that further joint working could be achieved indicated, (but did not quantify), what the cost related benefits might include:-

- Cost savings (e.g. reduced staff costs including management overheads, reduced maintenance, reduced equipment cost)
- Cost avoidance (e.g. increased service with the same staff level)
- Joint Procurement
- Shared systems and infrastructure
- Increase revenue from income opportunities
- Further partnership working
- Lowering the workload for specific staff to enable them to focus more on other priority areas

The analysis also produced a number of service related benefits which are summarised below:-

- Rationalisation of Policies / Standards / Culture
- Achievement of policy objectives (e.g. safer workplaces, better community health etc)
- A more holistic service
- Greater availability of service
- More robust services
- Greater resilience and flexibility
- Improved productivity
- Increased capacity
- Pooled expertise / knowledge and sharing of best practice
- Shared skills / knowledge
- Faster turn around time
- Avoiding duplication of effort
- Strengthened scrutiny
- Better services - more for the same cost

- Wider external funding opportunities
- Reduction in management

The groups concluded that there may be opportunities for further partnerships, with 13 of the 19 services areas indicating that there may be opportunities in the future. The groups were also asked to identify possible trading opportunities in the future. 7 of the 19 groups indicated that there may be some opportunities but 12 concluded there were not any.

Possible Constraints or Disadvantages

The service workshops identified a number of constraints and strategic risks. There is a separate section contained in the business plan which deals with the strategic risks and their particular impact and possible cost of resolution. The predicted threats and risks to the organisation are shown so that decisions based on the perceived risk can be taken.

A further piece of analysis has centred on identifying the recurring generic issues emanating from a good proportion of the groups. These included general governance, Members expectations, provision of IT and other infrastructure, location of staff and accommodation, and many relating to employment, (e.g. Terms and Conditions, morale and staff retention and training and re-skilling).

In terms of providing high quality customer-focussed services the following constraints or disadvantages were identified:

- Implementation of a seamless customer service to both communities
- Implementation of new IT and associated systems
- The need for staff to learn the new system
- Timing differences between current systems
- Possible down time
- Marketing cost to get customers to understand the benefits of the change and how to use and access the merged services
- Ethical / contextual issues

Contracts / Suppliers

The service workshops identified a number of contracts and/or local agreements for the supply of services, activities and systems to both Councils, which will need to be critically reviewed in bringing forward proposals to jointly manage services.

The following is an extract from the workshops which is designed to give a flavour of the areas which may be affected by any future proposals:

| | | |
|---------------------------------|--|-----------|
| Cost / Investment needed | IT | 16 |
| | Other incl. Legal and Financial | 10 |
| | Training | 6 |
| | Accommodation | 5 |
| | Telephony | 2 |
| | Increased standards / service provision | 2 |

| | | |
|--|-------------------|----------|
| | Democratic | 1 |
| | Staffing | 1 |

This is a non-exhaustive list of the type of additional or set up costs expected to be incurred, and no attempt has been made to evaluate the extent of the financial commitment which might be required at this stage in the evaluation of the business case.

The set up or additional costs will reflect the following:-

- Capital expenditure required to set up the service (including the acquisition and implementation of additional ICT hardware and software, installing resilient ICT infrastructures, migration of information between old and new systems, and the training of staff)
- Human resource costs (assessing how many people will be required to implement the shared service arrangements and continue to operate the service, the possible recruitment of new skills, and the eventual departure costs of any staff declared redundant in the new structure)
- Risk Management costs - (Section 11 shows the strategic risk assessment and any costs of mitigating any strategic risks)
- Change management costs - (in a project of this magnitude it can be expected that some staff will need to be allocated / retained to ensure that the whole project is delivered on time)
- Quality management costs
- There may be a need to duplicate certain systems for a period of time, until new arrangements have bedded in
- Current assets / facilities may become redundant, (for example surplus accommodation and other assets (e.g. vehicles, plant and equipment) and provision should be made for the cost of resolving/disposing of these items)

Stakeholder Analysis

It is normal for a Business Case to prepare a stakeholder analysis, listing the major stakeholders (Members, Management and staff, Customers, Suppliers, Partners, Auditors, Funding Partners and Agencies and the Community), and analyse how stakeholders:-

- might impact on the project
- might be impacted by the project
- any issues it might raise for the stakeholder, and
- how we will engage stakeholders.

For the purposes of the high level business case evaluation, the workshops were asked to review possible impacts on our customers.

| | | |
|------------------------|---|---------------------|
| Customer impact | Adverse impact on service delivery | Unfamiliar 3 |
| | | Publicity 2 |
| | | Performance |

| | | |
|--|--|----------|
| | Relationship with other agencies | 1 |
| | Quality of Services provided | 2 |
| | Accessibility of staff | 3 |
| | Disruption to services | 2 |
| | Cultural Changes | 1 |
| | Engage with partners and external agencies | 1 |
| | Political Priorities / Officer work programmes conflict | 1 |
| | Additional Travel time for staff | 1 |
| | Branding / Marketing | 1 |
| | Change Management | 1 |

A number of these are picked up through the strategic risk assessment.

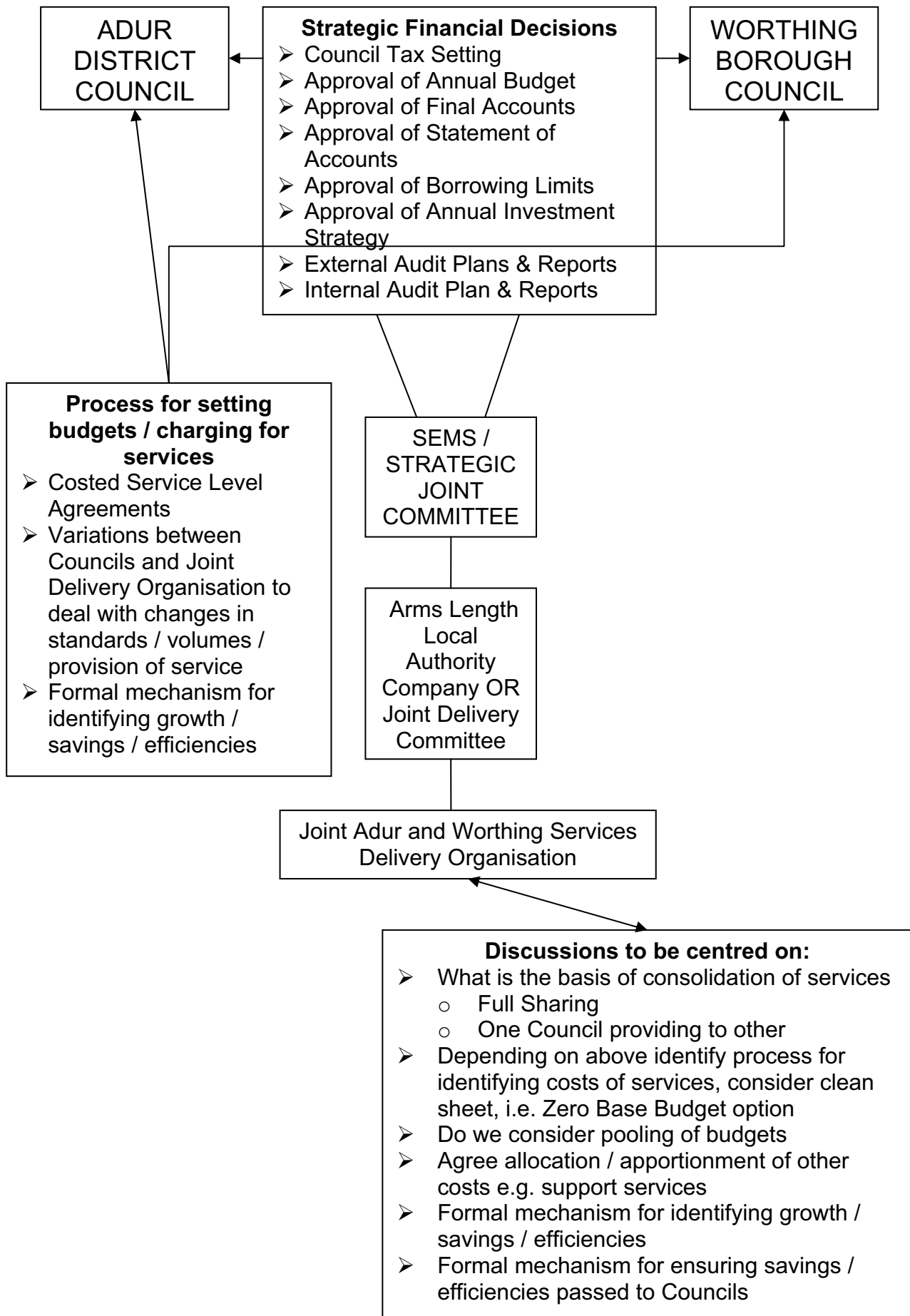
SERVICE IMPLEMENTATION

| Service Area | Service Head | Services Included | Start Date | Implementation Date | Budget | Staff |
|-------------------------------|----------------------------|---|-------------------|----------------------------|---------------|--------------|
| 1) Chief Executive's Office | Head of Executive Office | Media, Communications & Websites Strategic Risk Management Performance Management Overview and Scrutiny Corporate Strategy Policy Development | | | | |
| 2) Financial Services & Audit | Head of Financial Services | Section 151 Role Exchequer Services Accountancy Internal Audit Insurance | | | | |
| 3) Property & Facilities | Head of Property Services | Property & Estates Property Maintenance (non-housing) Engineering Emergency Planning Business Services and Procurement Coast Protection and Land Drainage Car Parking Public Conveniences and Cleaning | | | | |

| Service Area | Service Head | Services Included | Start Date | Implementation Date | Budget | Staff |
|--------------------------------|---------------------------------|---|------------|---------------------|--------|-------|
| 4) Leisure & Cultural Services | Head of Leisure Services | Parks & Open Spaces (inc. grounds maintenance) Leisure Development Theatres & Museums Leisure Facilities Foreshore Management | | | | |
| 5) Housing Management | Head of Housing Management | Housing Management and Maintenance Community Alarm Building Services | | | | |
| 6) Planning & Regeneration | Head of Planning & Regeneration | Development Control Planning Policy Economic Development & Marketing Tourism Services Building Control | | | | |

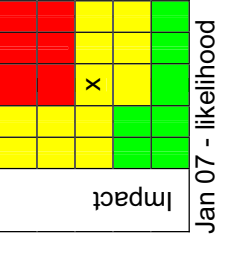
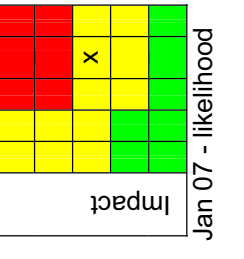
| Service Area | Service Head | Services Included | Start Date | Implementation Date | Budget | Staff |
|-----------------------------------|---------------------------------------|---|------------|---------------------|--------|-------|
| 7) Adur & Worthing Services (AWS) | Head of AWS | Refuse & Recycling Street Cleaning Vehicle Maintenance Waste Strategy | | | | |
| 8) Customer Services | Head of Customer Services | Customer Services Help Point Information Technology Revenues & Benefits Concessionary Fares | | | | |
| 9) Legal and Democratic Services | Head of Legal and Democratic Services | Monitoring Officer Legal Services Electoral Services Land Charges Democratic Services Civic Services | | | | |

| Service Area | Service Head | Services Included | Start Date | Implementation Date | Budget | Staff |
|--|-------------------------------------|--|------------|---------------------|--------|-------|
| 10) Health & Community | Head of Health & Community Services | Environmental Health Community Planning Community Safety Street Scene Licensing Community Wellbeing Adur Watch Cemeteries and Crematorium Health and Safety Housing Strategy and Development Tenancy Services Housing Advice and Homelessness Care and Repairs | | | | |
| 11) Human Resources and Organisational Development | Head of Human Resources | Human Resources Organisational Development Payroll Training & Development Occupational Health Equalities | | | | |



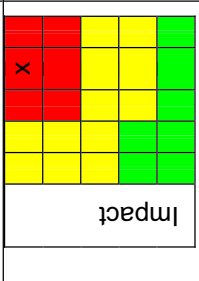
**POTENTIAL RISKS AS REFERRED TO IN THE ACCOMPANYING REPORT ON A SINGLE OFFICER STRUCTURE /MERGING
OF SERVICES BETWEEN
ADUR DISTRICT AND WORTHING BOROUGH COUNCILS**

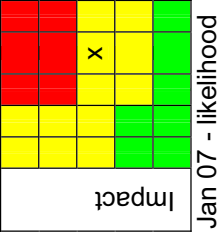
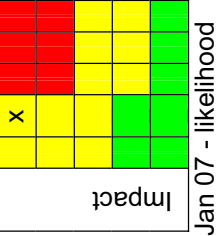
Appendix 4

| Potential high level risk | Impact/issues | Risk Rating | Action |
|--|--|---|---|
| <p>Officer capacity to implement and deliver</p> | <ul style="list-style-type: none"> Proposed reduction at senior management level Loss of knowledge and experience Carry on the day job and deliver proposed changes i.e. merged services. Already limited resources in some areas Capacity to support two organisations Capacity to take part in wider West Sussex review of services at same time |  | <ul style="list-style-type: none"> Phased approach to merging of services to allow more controlled changeover Phased approach to reduction in senior managers to allow work on the merging of services and interaction with other WSx councils and continue the day job Training of other staff between authorities to share best practice Closely monitor staff well-being during this time to identify at an early stage any workload or stress related issues |
| <p>Costs to implement project versus expected savings not materialising and/or acceptable</p> | <ul style="list-style-type: none"> High redundancy costs High implementation costs – IT/ accomm etc Savings not materialising within service areas for 3/5 years No financial benefits to one/either/both councils In order to achieve max efficiencies, policies and charging structures need to be harmonised, may have Political implications |  | <ul style="list-style-type: none"> Member recognition that there will be none, or very limited savings in the first year Member decision as to whether cost savings are paramount or whether there is a willingness for investment to improve services As each service is reviewed – savings and investment needs to be clearly identified and quantified before decision taken to merge individual services When new single officer structure agreed – cost potential savings including associated costs in reducing both establishments |

| Potential high level risk | Impact/issues | Risk rating | Action |
|---|---|---|---|
| <p>Apportionment of costs between the two councils</p> | <ul style="list-style-type: none"> • Could have significant adverse effect on one or other Council's Council Tax • No mechanism for this to be done fairly, consistently between services/councils at present • Could be affected by Member priorities as to allocation of resources in any financial year | <p>Jan 07 - likelihood</p> <p>Mar 07 - likelihood</p> | <ul style="list-style-type: none"> • Political will needs to be ascertained at a very early stage as to whether Members of both Councils are prepared to recognise the potential effect of this issue • Members need to be aware that they will need to commit to collective decisions being taken in the future to avoid any significant imbalance in one or other's Council Tax increases • Need to identify at a very early stage a mechanism that is open, transparent, legitimate and simple to apply to satisfy Members and audit and not be too onerous to apply by staff • Seek external advice if necessary to inform further consideration by Members in a report to both SEMS and both Councils June/July 2007 |
| <p>Consequences of ADC/WBC separately of not taking this project forward</p> | <ul style="list-style-type: none"> • Both authorities having to address same issues separately - financial , capacity, service delivery/improvements/ • customer dissatisfaction | <p>Jan 07 - likelihood</p> | <ul style="list-style-type: none"> • Both authorities will still need to address their own financial/required efficiency issues separately. • Both councils will need to review their priorities in the light of that decision. • Both authorities will still need to review individual service provision |

| Potential high level risk | Impact/issues | Risk rating | Action |
|--|--|---|--|
| <p>Recommended Governance arrangements fail inc. legislative and financial issues</p> | <ul style="list-style-type: none"> Political management structure – Adur committee/Worthing Cabinet Need for separate committees ? Query Sec 151, Monitoring officer, Returning Officer responsibilities Audit concerns Lack of clarity of officer/ Member accountability/ responsibility in two authorities Who is employing authority ? Legal advice may be Politically sensitive in some circumstances, therefore Members and officers need to be comfortable that their interests are considered Insurance for officers working across Adur and Worthing e.g. Building Control Officers Complexity of financial arrangements -two separate financial accounts for two organisations – workload/ accountability/ probity | <p>Impact Jan 07 – likelihood</p> <p>Impact Mar 07 - likelihood</p> | <ul style="list-style-type: none"> ADC could decide to move to a Cabinet structure to simplify Political working arrangements Both councils will need to be very clear about what the priorities are for both/each Council to ensure Member/officer understanding Decision required as to whether one authority becomes the employing authority or to set up a Joint Committee or a.n. other Insurance issues need to be resolved and implemented Resolve Sec 151 and monitoring Officer responsibilities and allocate to named officers for clarity in each authority Protocol and procedures need to be agreed and put in place to resolve any future disputes/anomalies |

| Potential high level risk | Impact/issues | Risk rating | Action |
|--|---|---|---|
| <p>Staff morale, recruitment and retention, training, re-skilling in period of change</p> | <ul style="list-style-type: none"> Proposed reduction at senior management level - loss of knowledge and experience Carry on the day job and deliver proposed changes i.e. merged services. Already limited resources in some areas Fear and uncertainty over potential job losses/changes in working practices Potential for loss/turnover of skilled staff Working to different “priorities” between two councils Unable to recruit until clarity on new structure/ redeployment and re-training of existing staff Confusing lines of management/areas of responsibility/ accountability Cost and time of necessary associated training and re-skilling of staff Existing different terms and conditions and pay for staff |  <p>Impact</p> <p>Jan 07 - likelihood</p> | <ul style="list-style-type: none"> Ensure communication channels are used to their full potential to keep all staff fully informed at all times Identify which services are to be reviewed when and make special provision for those staff to undertake the work needed and become fully engaged in any discussions/decisions about taking those services forward Endeavour to maintain/improve staff morale so as to retain staff during transitional period Resolve any issues around line management responsibilities at an early stage for clarity of all staff involved Identify all staff training needs at an early stage and make arrangements for these to be addressed Allocate more time for those directly affected Consider how to address issues surrounding difficulties in recruiting in this transitional time Implement outcome of pay and grading review Harmonise Terms and Conditions Protocol and procedures need to be agreed and put in place to resolve any future disputes/ anomalies |

| Potential high level risk | Impact/issues | Risk rating | Action |
|---|--|--|---|
| <p>Customer satisfaction</p> | <ul style="list-style-type: none"> Possible disruption/reduction in service levels /accessibility during transitional period Customer perception as to whether services have improved or not as a result of this project Confusion – where to go, who to speak to, who is their Council Loss of public support/confidence Cost e.g. impact on Council Tax ? |  <p>Impact Jan 07 - likelihood</p> | <ul style="list-style-type: none"> Keep staff, the public, partners and other stakeholders fully informed at all times When reviewing individual services, consider customer needs and expectations before, during and after the implementation of any changes to service provision are made to ensure customer needs are being addressed Promote/explain the benefits of any changes identified Endeavour to keep any disruption to services to a minimum during any changes Undertake a promotion/publicity campaign |
| <p>Different implementation arrangements for outcome of pay and grading review</p> | <ul style="list-style-type: none"> Currently different pay scales in two authorities Staff morale Cost of implementation of outcome of pay and grading review for both authorities (affordability) Different timescales |  <p>Impact Jan 07 - likelihood</p> | <ul style="list-style-type: none"> Member decision required at an early stage in both authorities on whether/ability to implement outcome of pay and grading review in both councils - at same time, across all staff, as services are merged etc Keep staff fully informed at all times |

Key

- Green – low risk
- Yellow – medium risk
- Red – High risk

ISSUES WHICH NEED TO BE ADDRESSED IN SINGLE OFFICER STRUCTURE /MERGING OF SERVICES BETWEEN ADUR DISTRICT AND WORTHING BOROUGH COUNCILS

| Issue | Specific issues | Action |
|------------------------------|--|--|
| IT and infrastructure | <ul style="list-style-type: none"> • Cost of additional hardware – corporately/service by service • Cost of additional software - corporately/service by service • Cost to join or leave existing contracts/licences • Capacity of existing networks | <ul style="list-style-type: none"> • Consider full effect or phased approach in both councils • Quantify scale of investment required • Corporately and service by service • Undertake audit of all existing hardware, systems, contracts, licenses etc in both councils • Quantify cost to exit existing contacts etc • Review existing infrastructure, systems capacity to cope with any changes proposed • Quantify implementation/investment costs as each service is reviewed before determining way forward |
| Accommodation | <ul style="list-style-type: none"> • Co-location of individual services or not • Customer accessibility • Where • Associated costs • Timescale | <ul style="list-style-type: none"> • Consider accessibility issues to customers when reviewing individual services, before making decisions on location of services in the future • Quantify any associated costs/timescales/IT/telephony needs/adaptations when reviewing individual services |

| Issue | Specific issues | Action |
|---|--|--|
| Member expectations | <ul style="list-style-type: none"> • Too ambitious • Savings not realised • Service improvements not achieved • Lack of clarity/different “priorities” in two authorities • Timescale • Cost | <ul style="list-style-type: none"> • Ensure member understanding from outset as to scale of this project given officer capacity/financial/governance limitations • Clarify Member expectations at the outset as to aims and objectives of this project and what they want to achieve to avoid misunderstanding in the future. • Clarify Member priorities for both Councils |
| Terms and Conditions | <ul style="list-style-type: none"> • Currently different T&C in each authority • Capacity to address HR issues • Some changes would require staff/union consultation • Timescale • Associated costs | <ul style="list-style-type: none"> • HR to consider and resolve matters as a matter of some urgency • Consider increasing HR resources if needed during transitional stage • Engage and consult with staff on all relevant issues • Quantify any related staffing costs to this project redundancy, training etc |
| Threat/damage/impact on existing partnership arrangements – e.g. CenSus, WSASP etc | <ul style="list-style-type: none"> • Whether WBC wish to join CenSus partnership or not - advantages/disadvantages to WBC • Cost to WBC to join (if any) • Timescale • Perception of existing partners • Complexity tends to increase as number of partners involved in sharing arrangement increases | <ul style="list-style-type: none"> • Keep all partners fully informed throughout process • WBC to consider advantages of joining CenSus - when and any related costs • Look for improved partnership working eg across West Sussex, between councils etc • Consider reduction in staff attending partnership groups when services are merged |

| Issue | Specific issues | Action |
|---|--|--|
| Further development of Customer Services e.g. contact Centre/CRM | <ul style="list-style-type: none"> • Different service standards in both authorities at present • ADC/ WBC operate quite differently at present e.g. switchboard/contact centre arrangements • ADC has just linked with WSCC switchboard provision • Difference in split between front/office back office work | <ul style="list-style-type: none"> • Need for standardisation of service levels between two authorities • WBC to consider benefits of moving to WSCC switchboard provision • Both authorities to define front/back office split • Staff training |
| Loss of identity for one or other Council | <ul style="list-style-type: none"> • Confusion to electorate/ customers/partners/agencies etc • Member esteem/morale • Officer esteem/morale | <ul style="list-style-type: none"> • Emphasise retention of two authorities NOT a merger or takeover in all press/media/ staff/Member publicity material |
| Existing contractual/copyright/license arrangements | <ul style="list-style-type: none"> • Cost to enter or leave existing Contracts/licenses • Copyright restrictions/additional costs • Timescales | See IT issue above |
| Elections | <ul style="list-style-type: none"> • Currently different election cycles/frequency for both councils | <ul style="list-style-type: none"> • ADC to decide whether to move to Cabinet structure • Decide whether to move to 4 year elections, simultaneously or not |

| Issue | Specific issues | Action |
|---|---|---|
| Standardisation of policies, strategies, Contracts etc | <ul style="list-style-type: none"> • Capacity • Timescale • | <ul style="list-style-type: none"> • Some areas have been identified for early consideration – HR, legal etc • All services to review individual policies, contract documentation etc as each service is considered for merging |
| External funding | <ul style="list-style-type: none"> • Future cost to one or other authority when some funding streams expire • | <ul style="list-style-type: none"> • Ascertain if any of the existing funding streams may be affected by this proposal • Consider effect upon both or each Council |
| Need to converge quality assurance system e.g. IIP, ISO 9001 etc | <ul style="list-style-type: none"> • Potential for different levels of quality information, data, service provision | <ul style="list-style-type: none"> • All services to review individual policies, accreditation standards/levels as each service is considered for merging |

WORKFORCE DEVELOPMENT PLANNING

Effective and proactive workforce planning ensures links between corporate plans and strategies, recruitment and retention strategies and the planning and delivery of development and training. Workforce planning is the prediction of future demand for various staff groups and matching the requirements with supply. There is no set model and it is not a static process. The planning is built around customer and service needs and the skills required to deliver them.

In terms of a basic approach, we would first analyse the current workforce/s and then analyse the future skills and competencies needed to deliver new and improved services. The main drivers for workforce planning will include political and policy change, the labour market, demographic and social change and technical change.

The benefits of effective and efficient workforce planning include the following:-

- Addresses staff shortages and costs
- Supports the management of employment expenditure by anticipating changes
- Helps ensure delivery of quality and timely services
- Helps reduce the cost of high vacancy and turnover
- Links training and development with future skills needs

A strategic Human Resources and Senior Management Team approach is crucial in ensuring that a successful plan is originated, implemented and reviewed. A recommended strategic approach would be as follows:-

- Involve Senior Management Team and Members
- Take a project management approach
- Have in place a steering group to plan and review
- Originate a realistic project plan and place on Covalent software
- Identify senior 'Champions'
- Identify skills gaps
- Set time scales against business planning cycles
- Set priorities
- Check systems/data sources
- Monitor and feedback

In considering the time scales for such a project, at least 12 months would most likely be allowed for forward planning. A 3-5 year plan would be ideal. The Workforce Development Plan/Strategy would be a living document and would require regular reviews. HR Considerations to be taken into account include:-

- General HR policies and strategies
- Terms and Conditions
- Skills mix, staff deployment, performance management and outsourcing
- Information systems/employee data

- Support from finance, business planning and strategy development, and learning and development colleagues
- Should be treated as a mainstream management activity
- Must obtain buy in from line and departmental managers

ADUR AND WORTHING PARTNERSHIP STRATEGY – HIGH LEVEL BUSINESS CASEIMPLEMENTATION STRATEGY

| Action | Task | Responsibility | Timescale | Resources | Comments |
|---|--|--------------------------------------|-----------------------------------|-----------|---|
| <u>PHASE 1 - ACTIONS AND DECISIONS (MARCH 2007 TO JULY 2007)</u> | | | | | |
| 1. | Both Councils to adopt the Vision and Objectives set out in paragraphs 2.1 and 2.2 of the High Level Business Case, as the guiding principles for the development of the Partnership Strategy. | Adur & Worthing Councils | Decision to be made in March 2007 | — | To be agreed by both Councils in March 2007. |
| 2 | Officers to prepare a programme to support decisions on jointly delivered services by July 2007, based on 3 Directors and 11 Service Blocks. | Adur & Worthing Councils | April 2007 | — | To follow decisions of both Councils in March 2007. |
| 3. | The Chief Executive and the 4 Directors to refine the service blocks and prepare a programme for each being progressed towards a joint delivery arrangement by April 2009. | Chief Executive & Directors | Between April and July 2007 | — | To follow decisions of both Councils in March 2007. |
| 4. | Adur District Council to consider the adoption of Leader and Cabinet style governance arrangements in March 2007. | Adur District Council | Decision to be made in March 2007 | — | Only a decision in principle is needed in March 2007. Implementation to follow, if agreed. |
| 5. | A Joint Strategic Committee and a Joint Delivery Committee to be established to oversee the services as outlined in the Business Case. | Legal & Democratic Services Officers | Decision to be made in July 2007 | — | This will be a key issue for further development between April and July 2007. |
| 6. | The dispute resolution arrangements outlined in the High Level Business Case be adopted. | Adur & Worthing Councils | Decision to be made in July 2007 | — | To be agreed by both Councils in July 2007. |
| 7. | The joint scrutiny arrangements as outlined in the High Level Business Case to be adopted. | Adur & Worthing Councils | Decision to be made in July 2007 | — | This relates to areas of the joint service delivery only. Each Council will still have its own scrutiny function. |

| Action | Task | Responsibility | Timescale | Resources | Comments |
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| 8. | Any savings achieved in the transitional year 2007/08 to be placed in a Partnership Contingency Fund, primarily to dampen the impact of departure costs in 2008/09. | Adur & Worthing Councils | Decision to be made in March 2007 | — | This will help facilitate implementation of the project. Both Councils to agree this in March 2007. |
| 9. | Officers to investigate and seek possible external funding to assist with the review of the detailed financial and other arrangements for all services across both Councils. | Partnership Management Board | Between April and July 2007 | — | Without such support, this aspect of the project will be difficult to take forward. |
| 10. | Both Councils agree a Joint Redundancy Policy and Procedure for the purposes of dealing with any departures arising from the implementation of this Strategy. | Joint Head of Human Resources | Decision to be made in March 2007 | — | Approval in March 2007 for implementation after July 2007. |
| 11. | Both Councils to agree to extend the shared arrangement for the Chief Executive by a further six months until 31 st December 2007. | Adur & Worthing Councils | Decision to be made in March 2007 | — | To be confirmed by both Councils in March 2007. |
| 12. | Officers to prepare options for a process for the appointment of a Joint Chief Executive to serve both Councils for consideration in July 2007 Both Councils then resolve to implement this process after July 2007. | Heads of Human Resources at Adur and Worthing Councils Joint Appointments Committee | Between April and July 2007 | Some external expertise and support may be needed to assist with this work. | Process to proceed if agreed by both Councils in July 2007 as part of a decision to implement the Strategy. |
| 13. | A Joint Appointments Committee, comprising of three Members from each Council to be established in March 2007 to deal with staff and employment outcomes resulting from this Partnership Strategy, especially the preparatory work for the appointment of the Joint Chief Executive | Adur and Worthing Councils | Decision to be made in March 2007 | — | This needs to be established in March 2007 to enable processes to be developed and agreed by July 2007, so that implementation can follow thereafter. |

| Action | Task | Responsibility | Timescale | Resources | Comments |
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| 14. | Both Councils to jointly develop and agree appropriate processes for the appointment of senior staff within the new management structure. | Legal and Human Resources Officers at both Councils | By July 2007 | Some resources may be needed to assist with this work. | These processes will be needed to ensure that all appointments to the new management structure are made in accordance with all appropriate guidelines, procedures and Standing Orders. |
| <u>PHASE 2 - ACTIONS AND DECISIONS (JULY 2007 TO MARCH 2008)</u> | | | | | |
| 1. | Agree the programme for implementing jointly delivered services over a two year period and to ensure that adequate resources are available to deliver the overall project. | Adur & Worthing Councils | Decision to be made in July 2007 | To be clarified further in July 2007 | Resource will need to be identified as development work on jointly delivered services progresses. |
| 2. | Subject to confirmation by the two Councils in July 2007 on the implementation of the joint arrangements, the current top management structure of the two Councils to be replaced by a Joint Chief Executive and 3 Joint Strategic Directors with effect from 1 st April 2008. | Adur and Worthing Councils | Decision to be made in July 2007 | — | To be implemented progressively between September 2007 and April 2008. |
| 3. | The Cabinet Member portfolios of the two Councils should be established in similar terms to facilitate simultaneous decision-making. | Adur and Worthing Councils | Decision to be made in May 2008 | — | To be pursued if Adur Council resolves to move towards a Cabinet system. |
| 4. | One of the two Councils to be agreed as the host authority for employment of staff within the governance arrangement of the joint Committees. | Adur & Worthing Councils | Decision to be made in July 2007 | — | A decision on which Council shall be the employing body will be needed in July 2007. |
| 5. | Formal Member decisions to be taken to approve the delivery of joint services supported by a costed business case for each service. | Joint Strategic Committee | Between September 2007 and March 2009 | — | Development work to be carried out between July 2007 and March 2007 so that the implementation of jointly delivered services can follow. |

| Action | Task | Responsibility | Timescale | Resources | Comments |
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| 6. | Both Councils to implement a business transformation approach to the evaluation and development of jointly managed services. | Partnership Management Board | Between September 2007 and March 2009. | — | This will be built into the development of all joint management arrangements. |
| 7. | Both Councils to agree that some external support will be needed to help determine the right terms and conditions for the proposed senior management structure (Joint Chief Executive and Directors and Service Heads). | Adur & Worthing Councils | Decision to be made in July 2007 | Resources will need to be identified by both Councils | This external support will be needed to ensure that the changed responsibilities for all senior staff are properly reflected in new terms and conditions. |
| <u>PHASE 3 - ACTIONS AND DECISIONS (APRIL 2008 TO APRIL 2009)</u> | | | | | |
| 1. | The current services to be replaced from 1 st April 2008 with the service blocks as identified, each under a joint Head of Service. | Directors | Between April 2008 and April 2009. | — | Savings will accrue as services become jointly managed. To be implemented between April 2008 and April 2009 although some services may be able to be delivered jointly more quickly. |
| 2. | Both Councils should give consideration to a move to four-yearly elections. | Adur & Worthing Councils | During 2008 | — | Both Councils to decide during 2008. |