



St Edmundsbury
BOROUGH COUNCIL

C184

Council **25 October 2011**

Shared Services: Forest Heath District Council and St Edmundsbury Borough Council

1. Purpose of this Report

- 1.1 To report on the successful negotiations recently held between St Edmundsbury and Forest Heath Councils and to formally propose to both Councils that the remit of the Shared Services agenda be extended to include the management teams and that a combined staffing structure be created to serve both Councils and their respective Council areas.**

2. Summary

- 2.1 Members will be aware that St Edmundsbury Borough Council and Forest Heath District Council have been pursuing a Shared Services agenda for approximately 20 months.
- 2.2 A review of the work has been undertaken and it is now agreed that both Councils should move forward with the Shared Services agenda and officially join both Council staffs including their respective management teams.

3. Background

- 3.1 St Edmundsbury Borough Council and Forest Heath District Council worked closely together in developing a West Suffolk Unitary Council proposal in the period of Local Government Reorganisation (LGR). When LGR ceased it was agreed that both Councils would continue to work together to pursue common goals and aims.
- 3.2 This approach was consistent with other similar authorities across Suffolk, the fusion of Waveney and Suffolk Coastal and Babergh with Mid Suffolk. Also for Mid Suffolk and Babergh there was a proposal to formally merge the two Councils at a political level as well as managerially. This is **not** the case with St Edmundsbury Borough Council and Forest Heath District Council, instead what is under consideration is a managerial merger.
- 3.3 This approach to Shared Services has been accepted further afield as well. Many councils in neighbouring Norfolk are considering mergers and many others on a national stage are also moving in this direction. This is not surprising when we consider the financial pressures that are facing all councils and other public services. The Shared Services model does allow for economies of scale to be realised.

- 3.4 The fundamental purposes of the Shared Services between Forest Heath District Council and St Edmundsbury Borough Council are to:-
- (a) minimise the impact of funding cuts on the people we serve in West Suffolk;
 - (b) increase resilience; and
 - (c) make budget savings.
- 3.5 Both Councils working together can protect frontline services for our residents and businesses better through cutting duplication, increasing income and, by having one workforce, creating greater flexibility to deliver efficient services across both geographic areas.
- 3.6 The two points relating to budget savings and resilience are mentioned in the first paragraph of the report to full Council at Forest Heath District Council by their Chief Executive. This is attached as Exempt Appendix 1 to this report, since in the concerns raised by Forest Heath District Council as part of their review of Shared Services, it refers to staff conditions and the employment status of individuals.
- 3.7 Some of the issues will be open to different interpretations and understandings. However, these should not deflect us from the overall ambitions expressed in this report and there can be no doubt our collective ambition is strengthened by having stronger confidence in each other and increased levels of trust.
- 3.8 The two issues which caused most debate were the first two numbered in paragraph 7 in the report to Council at Forest Heath District Council (Exempt Appendix 1). Issues around the apportionment of savings were modelled for both authorities and a satisfactory solution was found. The other major concern, the payline, was also modelled and any doubts that we would not be able to establish a payline which is fair to both Councils' staff, and remains affordable, were dispelled. This removed the need to expressly identify staff pay reductions for either Council.
- 3.9 In relation to the other issues raised in the review conducted by Forest Heath District Council, the summary of the discussions between both Councils is included as a private and confidential summary in Exempt Appendix 2 to this report.
- 3.10 Members will note that some of the original Forest Heath District Council requests were challenged and often a "middle way" was arrived at between the two Councils after legal, financial and Human Resources advice had been obtained.

4. **Next Steps**

- 4.1 It will be necessary to deal with the very practical issues involved in the appointment of a new senior management team serving both authorities. It is proposed that "outside expertise" is utilised to support the ensuing recruitment process.
- 4.2 An agreed timetable will be required, a joint appointments panel set up, salary levels agreed and published (a proposal in the Localism Bill if enacted) and a staffing structure created which meets the social, environmental and economic needs of the West Suffolk area, its residents and the businesses both Councils serve.

5. **Other Issues**

- 5.1 Previously, work has been undertaken on a service-by-service basis and there are some business cases outstanding for Phase 1 which require final approval. The cases outstanding relate to: Communications, ICT, Learning and Development, Payroll and Property Services. It is suggested that these be advanced as soon as possible.
- 5.2 For the Phase 2 work which is currently underway again it is proposed that the work be continued and concluded on Customer Access, Environmental Health and Licensing, Housing, and Planning Services.
- 5.3 Related to these services it is suggested that the previous methodology of appointing service lead officers and developing business cases be reviewed and if possible a more streamlined approach adopted. Proposals will be developed and presented to the Shared Services Group.
- 5.4 There will be the need to have a thorough communications strategy accompanied by a realistic project plan with dedicated staff to see that the various strands of the outstanding work and that the new work is brought to timely conclusions.
- 5.5 It is suggested that this communications strategy involves all Members and partner agencies.
- 5.6 Also, the suggestion that staff will continue to be employed by their "home" authority is an area for further more detailed thought. There may be other models but it is accepted that the current suggestion is a good start.
- 5.7 Forest Heath District Council met on Wednesday 19 October 2011 and a copy of the resolutions passed at that meeting are attached as Appendix 3.

6. **Summary and Conclusions**

- 6.1 Agreement has been achieved at senior level in both Councils to move forward with the Shared Services agenda and a single combined staff structure which will include a single Chief Executive Officer and a single management team to drive forward the implementation of the new structures for both Councils.
- 6.2 A realistic timescale will be set which will allow appropriate consultation to take place with Members and Trade Unions. The consultation will enable us to get things right rather than imposing unrealistic time constraints which may lead to errors.

7. **Equality, Legal, Human Rights Implications and Risk Implications**

- 7.1 All future discussions and proposals and indeed the subsequent decisions that are taken will be consistent with the legislative framework that we currently operate within.

8. Recommendations

It is **RECOMMENDED** that:-

- 8.1 the Council approve the creation and implementation of a shared officer structure between Forest Heath District Council and St Edmundsbury Borough Council for the purpose of delivering services across the areas of both Councils, expressly pursuant to the agreed conditions 1-15 inclusive, as described in Exempt Appendix 2 of Report C184;
- 8.2 further work be undertaken between both Councils to consider the practical steps necessary to recruit a Chief Executive Officer to serve both Councils and that the details of the process and the anticipated timings be reported to both Councils at the December 2011 cycle;
- 8.3 further work be undertaken by the appropriate officers to develop a common payline for both Councils;
- 8.4 business cases for the remainder of Phase 1 and Phase 2 services be concluded where appropriate and submitted for approval as soon as possible; and
- 8.5 a draft budget be prepared and presented to the December 2011 Council meeting, outlining the contingent costs of these proposals.

Geoff Rivers

Chief Executive

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Background Papers

- (1) Report A395 to both Councils, 'Joint Report of the Chief Executives of Forest Heath District Council and St Edmundsbury Borough Council; The Shared Services Agenda', considered by the Borough Council on 15 December 2009. The link to Report A395 on the Borough Council's website is <http://www.stedmundsbury.gov.uk/sebc/live/documents/reports/A395%20Shared%20Services%20Agenda%20-%20Joint%20Report%20of%20Chief%20Executives%20of%20FHDC%20and%20SEBC.pdf>
- (2) A Memorandum of Understanding (MoU) between the two Councils (attached as an Appendix to the report to Forest Heath District Council, Exempt Appendix 2 to this Report) approved by the Borough Council (minute 84) on 1 December 2010. The link to the MoU on the Council's website is <http://www.stedmundsbury.gov.uk/sebc/live/documents/reports/B304%20Memorandum%20of%20Understanding%20between%20FHDC%20and%20SEBC.pdf>

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**Draft Minute from Forest Heath District Council's Meeting of 19 October 2011
Shared Services: Forest Heath District Council and St Edmundsbury Borough
Council**

RESOLVED:

That:-

- 1 The Council approves the creation and implementation of a shared officer structure between Forest Heath District Council and St Edmundsbury Borough Council, for the purpose of delivering services across the areas of both Councils, expressly pursuant to the agreed conditions 1-15 inclusive, as set out, amended and described in paragraphs 7-9 inclusive of the report and subject to, and conditional upon, a reciprocal approval to these conditions being given by St Edmundsbury Borough Council.
- 2 Authority be given to the Shared Services Steering Group to develop a common payline, pursuant to the agreed position as set out in Paragraph 8 of this report, under the heading of "Condition 2".
- 3 In relation to any further deliberations of the Shared Services Steering Group, the Leaders of Forest Heath District Council and St Edmundsbury Borough Council each be authorised (in addition to the existing membership) to attend such meetings, ex officio, and vote, as and when, in their respective discretions, they consider it to be appropriate.
- 4 For the purpose of progressing the shared officer structure and associated issues, from a Forest Heath District Council perspective, an internal Shared Services Working Group be established, consisting of the Leader and Deputy Leader of the Council, together with the Chairman of the Corporate Services Committee and the Chairman of the Planning Committee.
- 5 Delegated authority be given to the Chief Executive and the Management Team, in consultation with the above mentioned Shared Services Working Group, to proceed with the creation and implementation of a shared officer structure, in accordance with all the agreed conditions 1 to 15 inclusive, as set out in paragraphs 7-9 inclusive of the report, with an update and/or reports, as appropriate, to each Council meeting.
- 6 In consultation with the Shared Services Working Group and the Strategic Director (Resources), the Chief Executive be given delegated authority to incur such expenditure, upon engaging temporary additional resources, as is considered to be appropriate, in order to deliver the implementation of the shared officer structure, efficiently and in a reasonable timescale.