

**X/09/10**

**EXECUTIVE COMMITTEE – 11 JANUARY 2010**

**LOCAL GOVERNMENT REVIEW AND AN ALTERNATIVE MODEL OF PARTNERSHIP WORKING**

Authorship: Andrew Good, Chief Executive

(01449) 724802

**1. Summary/Main Issues**

- 1.1 This report acknowledges the judgement handed down by the Court of Appeal in regard to the review by the Boundary Committee. It also seeks approval to commit to an alternative model of partnership working with Babergh District Council to run parallel with the review process.
- 1.2 Whilst the context of the alternative proposal is the need for efficiency savings against a forecast budget deficit in future years of between at least £0.5m and £0.7m per annum, this need is equalled by the good sense in improving the capacity of both Councils with the aim of maintaining and possibly enhancing service standards. Full Council has already given a mandate to the Chief Executive to progress discussions with Babergh and other partners if appropriate.
- 1.3 This report should be read in conjunction with reports elsewhere on the agenda dealing with the 2010/11 budget and a proposal to consider a shared Revenues and Benefits service with three other Councils.

**2. Financial Implications**

- 2.1 There are none arising directly from this report. However, if any aspects of the recommended proposal require investment of resource that could not be accommodated within budgetary provision during 2010/11, this would be referred to Members for decision. The intention is to carry out the review and business case development by officers but specialist advice may be required if momentum is to be achieved in what is already a busy time with senior level vacancies. One of the objectives of the proposal is to ensure that both Councils meet their respective savings targets in 2011/12 and subsequent years.

**3. Legal and Risk Management Issues**

- 3.1 There will be a requirement to consider governance and legal issues if the two Councils move towards joint arrangements. At this stage, issues relating to employment models and salary/wage assimilation are not being highlighted but will require discussion at some point.
- 3.2 The review of local government by the Boundary Committee presents its own associated risks but these are not rehearsed as part of this report. Should the formation of a unitary council(s) proceed, further reports will be presented.
- 3.3 Risk management is about mitigating risks. The proposals put forward in this report mitigate the future risk of insufficient funds and capacity to maintain and develop services.

#### **4. Consultations**

- 4.1 The formal views of the public and staff as stakeholders have not been obtained. The informal view of the Administration has been obtained and is positive regarding the need for local government reform and/or the integration of services with Babergh.
- 4.2 Managers have been involved in developing discussions with Babergh District Council and all staff have been made aware of the intention to do so. It is the intention to involve union representatives if the two Councils provide a mandate to progress integration.

#### **5. Sustainability**

The social, economic and environmental impact has been considered in making this report's recommendations and further evidence of this is available. Joint working has the potential to reduce carbon emissions.

#### **6. Recommendations**

- 6.1 That Babergh and Mid Suffolk District Councils commit to preferred partner status and to undertake a comprehensive joint review that seeks to develop fully integrated systems of service delivery at managerial and operational level by April 2011 or earlier if it is possible to do so.
- 6.2 That the two Councils set up a joint board at Member level to
- (a) Provide good political governance and leadership to the review process
  - (b) Consider the desirability of seeking to achieve common constitutional arrangements by May 2011 in order to achieve common decision making processes.
  - (c) Consider whether and when to assess the desirability, practicality and possible timing of full constitutional merger, noting that such a merger would require primary legislation ie to create a single 'Central Suffolk' Council.

The Executive Committee is asked to make a positive recommendation to Full Council on the matter and to delegate authority to the Chief Executive, in consultation with the Leader, to progress arrangements.

- 6.3 That the Council reiterate to local Members of Parliament and local government Ministers and Shadow Ministers why the introduction of unitary structures is necessary in order to maximise efficiency savings and eliminate duplication within the local government system.

#### **7. Background/Comments etc.**

- 7.1 In a separate report on this agenda, consideration is given to the progress being made towards setting a balanced budget for 2010/11. General Fund savings in the order of £0.7m will be needed to achieve this. Service reductions and closures involving limited redundancies and increased income generation are all identified as essential elements of achieving a balanced budget.
- 7.2 The Committee has already also been advised of the scale of projected savings needed for 2011/12 onwards and the reasons for this. Members are reminded that for 2011/12 and 2012/13, projected General Fund savings of between £0.5m and £0.7m respectively will be needed, as will significant annual savings thereafter. That level of year-on-year budgetary saving will simply not be achievable without unacceptable damage to the Council's

capacity to deliver either the full range of its current services or the quality of those services, unless the Council can identify and deliver radical alternative models of service provision. This underlines why unitary structures would present a more sustainable future for local government.

- 7.3 On two occasions in 2009, the Council has given its approval to the implementation of unitary structures of local government in Suffolk from April 2011, as one of the most decisive and certain means by which appreciable efficiencies and economies of scale can be achieved in the short to medium term.
- 7.4 At the time of writing this report, the outcome of the review of local government in Suffolk is not known and is, of course, outside this Council's control. Indeed, it may be several months before there is any certainty on this point, given the indications that any incoming Conservative government would seek to overturn any provisions made by the current Government to implement such changes. The fact remains that the Secretary of State has signalled his intention to make an early decision now that the Court of Appeal has found in favour of the Boundary Committee. Whether an incoming Conservative Government would actually overturn the process is political conjecture.
- 7.5 Although unitary reform of local government in Suffolk remains a prospect, the pressing need to find on-going savings and efficiencies, whilst also retaining resilience and increasing capacity amongst our staff to maintain high standards of service delivery, makes it essential to plan pro-actively now for alternative scenarios if unitary change is not to happen from April 2011.
- 7.6 For that reason, discussions have begun at Chief Executive and Management Team level with Babergh District Council to explore the scope for achieving integrated management and service delivery arrangements between our two Councils. It should be noted that Suffolk Coastal & Waveney District Councils and St Edmundsbury Borough Council and Forest Heath District Council are moving in a similar direction through emerging integrated working and "preferred partner" status. Each Council has similar drivers but local motivations differ.
- 7.7 Our Management Teams believe that there is considerable common ground between our two Councils that could provide a strong platform from which to embark on a programme of integration at all levels within both organisations. Both Councils support unitary arrangements as the most sustainable means of securing effective local government for the people of Suffolk. However, if this is not to be an option in Suffolk for the foreseeable future, both Councils have previously expressed a commitment to working towards the integration of management and operational service delivery with one or more councils as the most viable alternative to local government review. Some form of integration between Babergh and Mid Suffolk could therefore be a realistic and achievable means of securing capacity for both Councils, sharing knowledge and reducing costs to aid service improvement to our customers and to provide a stronger and more stable career framework for the retention and recruitment of high calibre staff.
- 7.8 Underpinning our shared broad vision for the longer term future of local government in Suffolk are some key common characteristics e.g.
- Our strategic priorities and objectives are closely aligned
  - Our net budgets, Council Tax levels and staffing establishment are similar
  - Our landscape, communities and populations are similar
  - We have common needs and issues requiring common solutions

- We already have joint arrangements in place for some services and are exploring the scope for others
- We have similar political dynamics

- 7.9 Beyond that considerable common ground, both Councils also demonstrate awareness and recognition of the need to consider issues from the perspective of what is best for Suffolk as a whole. Any proposal for integration would therefore not neglect the opportunities for working with other Councils and partners, in particular Ipswich Borough Council and Suffolk County Council.
- 7.10 At its meeting on 17 December 2009, Babergh's Political Leaders Group endorsed the principle of formalising discussions with ourselves to explore the scope for achieving integrated management and service delivery arrangements between our two Councils. Similar endorsement was given at a meeting of Mid Suffolk's Portfolio Holders on 21 December. It was agreed at these meetings that this matter be referred for formal consideration by Mid Suffolk's Executive Committee on 11 January 2010 and at the meeting of Babergh's Strategy Committee on 14 January 2010.
- 7.11 Integration could range from shared arrangements for the delivery of specific services, through to full merger of our respective staff within a single management and operational structure, all of which would be achievable in principle within existing legislative provisions. Such a commitment should not be undertaken lightly but the principle of doing so is sound and purposeful. The least the two councils should be seeking to achieve, however, is a level of integration that would secure the delivery of the year-on-year savings required by both Councils. Quick wins can occur where vacancies are currently being held. Total integration should be the aim but this may require circumstances to present themselves.
- 7.12 A summary of the current status of discussions between the two Councils on specific service areas is attached at Appendix A to this Paper. This gives an early flavour of current discussions.
- 7.13 Beyond operational and/or managerial integration, full constitutional merger of the two Councils at Member level would require primary legislation. The desirability or otherwise of full merger and, if appropriate, the need to press for legislative change could be considered either as part of exploratory discussions or at a later stage if Members of the two Councils wished to do so. Such a mutual merger would be unique in local government history and provide additional savings.
- 7.14 In the meantime, and unless overtaken by local government review, there may be merit in both councils considering whether it would be desirable to achieve as much constitutional similarity as possible, both to provide strong governance arrangements to oversee any service integration that might take place and to make any longer term constitutional merger that might be sought easier to implement. Although Mid Suffolk has a Council Leader and Portfolio Holders serving on a balanced Executive Committee it too has the constitutional status of being a Council operating under "fourth option" or "streamlined committee" arrangements.
- 7.15 From Babergh's perspective, any such joint review could readily be accommodated within the work of the recently resumed Constitution Review Task Group. That Group is currently considering the merits of a possible change to Leader & Cabinet arrangements, in the event that the current LGR process does not lead to structural change from April 2011. The timing of the resumption of the work of this Task Group reflects the fact that, unless preparatory work is done and a resolution is passed by December 2010 to change to new executive arrangements with effect from May 2011, the next opportunity for such a change would not then arise for a further four years under current legislative provisions. Mid

Suffolk's Constitution Review Group would be similarly placed to carry out a review in conjunction with Babergh.

7.16 Finally, it should also be noted that any proposal to integrate services and/or structures would require a clear understanding of the potential implications of the CSD contractual arrangement within Mid Suffolk for prospective integrated working between our two Councils.

7.17 If the proposition of formalising discussions is acceptable to both Councils our two Management Teams would map out an outline approach, likely to comprise the following key elements:

- Timely briefings, consultation and engagement with all of our staff and Members at all stages
- Informal and formal consultation as appropriate with unions about our intentions and the inclusion of union representatives in any implementation groups
- The setting up of some agreed form of joint arrangements at Member level e.g. a joint board to provide good governance and political leadership to the review process
- The involvement of Heads of Service and Managers/Team Leaders/Professional Leads in creating a plan and service proposals that make sense and are capable of implementation
- A realistic review programme to match our capacity, opportunities and circumstances
- The development of a common workforce strategy and recruitment protocol, applied with fairness, equity and integrity
- Analysis of the implications of the current CSD arrangements within Mid Suffolk for any integration or future merger proposals
- Subject to any constraints imposed by political or other considerations either now or at any later stage, we would work towards full integration of staff at managerial and operational level by April 2011 or earlier if appropriate
- Any work on the political aspects of this issue (e.g. the commonality of constitutional arrangements and the possibility of full constitutional merger) would be incorporated into the work plan according to Member wishes

7.18 If both Councils give their endorsement to the recommended approach, the outline timeframe could be as follows:

- Scoping of work and plan preparation – January 2010
- Briefings to all staff and Members – January 2010
- Proposed work streams developed – January/February 2010
- Formal decision of both Councils to commit to preferred partner status and joint review of operations – February/March 2010
- Staged implementation of any agreed joint arrangements from April 2010 with the objective of full managerial and operational integration by April 2011
- Constitutional matters – as determined by Members

**8. APPENDICES**

Appendix A - Partnership Working with Babergh District Council

Andrew P Good  
Chief Executive

Background Documents: None