

Dear Members

Cabinet

A meeting of the Cabinet will be held on **Tuesday 22 November 2022 at 6.00pm** in the **Oak Room, County Buildings, Martin Street, Stafford** to deal with the business as set out on the agenda.

Please note that this meeting will be recorded

Members are reminded that contact officers are shown at the top of each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.



Head of Law and Administration

CABINET - 22 NOVEMBER 2022

Chair - Councillor P M M Farrington

AGENDA

- 1 Minutes of 3 November 2022 as circulated and published on 4 November 2022
- 2 Apologies
- 3 Councillors' Question Time (if any)
- 4 Proposals of the Cabinet Members (as follows):-

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(a) LEADER OF THE COUNCIL

- (i) Business Case for Shared Services 3 - 84

Membership

Chair - Councillor P M M Farrington

- P M M Farrington - Leader
- F Beatty - Economic Development and Planning Portfolio
- J M Pert - Deputy Leader and Community Portfolio
- J K Price - Climate Change Portfolio
- R M Smith - Resources Portfolio
- C V Trowbridge - Leisure Portfolio
- M J Winnington - Environment Portfolio

Agenda Item 4(a)(i)

Cabinet Date:	22 November 2022
Contact Officer:	Tim Clegg
Telephone Number:	01785 619200
Ward Interest:	Nil
Report Track:	Cabinet 22 November 2022 Council 6 December 2022
Key Decision:	Yes
Submission by:	Councillor P M M Farrington - Leader of the Council

Business Case for Shared Services

1 Purpose of Report

- 1.1 To consider the business case contained in the **APPENDIX** proposing the sharing of services between Cannock Chase District Council and Stafford Borough Council, including the sharing of a Senior Management Team led by a shared Chief Executive.

2 Proposal of Leader of the Council

- 2.1 That Council is recommended to approve the wider sharing of services including a shared Chief Executive and Leadership Team i.e. Option 1 set out in the business case. All services are to be shared with the exception of:

- Housing services that are funded by the Housing Revenue Account at Cannock Chase Council;
- The management of the Housing Registers for both Councils; and
- The management and delivery of Elections (we will develop a collaborative model and consider sharing at a later date).

- 2.2 Subject to 2.1 being approved, Council is asked to approve:

- (i) the Senior Management Structure set out at section 9 of the business case which comprises:
- 1 x Chief Executive (Head of Paid Service)
 - 2 x Deputy Chief Executives (one of which will be the s151 Officer); and

- 7 x Heads of Service (one of which will be the Monitoring Officer)

This would give rise to a financial saving of £88k (6.7%) at current salary rates.

The shared senior management structure should be put into place as quickly as possible with a target start date of 1 April 2023.

- (ii) the delegation of authority to the Chief Executive in consultation with the two Leaders to finalise the terms and conditions of employment for the Chief Officers comprising the senior management structure.
- (iii) The creation of a joint appointments committee for elected members of both Councils to make appointments to vacant posts on the shared senior management team.
- (iv) To commence the recruitment process for the new Deputy Chief Executive - Place
- (v) The governance arrangements for overseeing the implementation and ongoing oversight of shared services set out in section 11 of the business case. This includes establishing:
 - A Joint Strategic Shared Services Board
 - A Joint Operational Shared Services Board

2.3 For the transitional period from the date of the Council decision until the new shared services arrangements comes into effect, Council is asked to approve:

- (i) The ongoing sharing of the Chief Executive; and
- (ii) The continuation of the interim Deputy Chief Executive arrangements at both Councils in order to provide adequate cover and to provide a mechanism in relation to conflicts of interests whilst the arrangements for sharing services are put into place.
- (iii) That the non-decision-making Shared Services Board continue to consider any matters that arise in the interim.
- (iv) That the Head of Law and Administration together with the interim Head of Human Resources, in consultation with the Leader of each Council are authorised to finalise the necessary legal and HR arrangements in relation to the above recommendations.

2.4 If Council determines to reject the business case for shared services, Council is asked to approve the ongoing sharing of the Chief Executive for a period to be agreed with both Leaders, to support Cannock Chase Council in putting interim arrangements in place pending the recruitment of a new Chief Executive.

3 Key Issues and Reasons for Recommendations

- 3.1 Over the past few years both authorities have seen a reduction in the funding received from local government, and this is a trend that is likely to continue. There is also uncertainty in respect of the review of business rates and the formula for new homes bonus. This means that the financial pressures facing both authorities is likely to become more acute over the coming months and this is further compounded by the level of inflation being experienced at this time. This situation can only be mitigated by ensuring that both Councils reduce costs and create capacity and resilience to face the challenges ahead.
- 3.2 Both Councils are currently facing deficits in their budgets for 2023/24 onwards; Cannock Chase Council has an estimated deficit of £2.8m and Stafford Borough Council has an estimated deficit of £2m. Whilst other savings options are being identified as part of the budget process, savings from Shared Services beyond the senior management structure are estimated to be £1.1m for both Councils combined and this would make a significant contribution towards the deficits. If the Shared Services proposals are not agreed these savings will need to be found from other cost reductions in each authority.
- 3.3 In addition to this there are also issues with capacity, resilience, recruitment and retention that can be addressed through the further sharing of services across the two authorities. Currently both Councils have flat management structures and have experienced issues with long terms sickness and retirement of senior managers. This has impacted on the work of the Chief Executive and service managers and highlights the need to create greater strategic capacity at a senior level in both authorities. This will provide an additional resource for the strategic development of the Councils and to influence decisions on resources and infrastructure at a county, regional and national level as well as decisions on the levelling up and devolution agendas.
- 3.4 The second stage of the development of the business case to consider extending the sharing of services between the two Councils has been completed and concludes that the benefits of sharing services outweigh the risks.

It is considered that a full sharing arrangement between both Councils, with a shared Chief Executive and Leadership Team affords the best opportunity to maximise the benefits from the wider sharing of services. The business case sets out how this can be taken forward with proposals for the governance arrangements, a new senior management structure, the necessary legal, financial and HR arrangements and an indicative timeline.

4 Relationship to Corporate Business Objectives

- 4.1 This cuts across all Council corporate business objectives.

5 Report Detail

- 5.1 Following the agreement of both Cannock Chase District Council (CCDC) and Stafford Borough Council (SBC) to proceed to the second stage of the development of a business case for the further sharing of services, a working group was established to oversee its development and delivery. Two options: have been considered
- (i) A shared Chief Executive, Leadership Team, and services; and
 - (ii) Sharing some additional services but not a Chief Executive and Leadership Team.
- 5.2 The business case is attached at **ANNEX 1**, This document details the outcome of the work that has been undertaken and the conclusions of the business case. As part of the process Members and senior officers from both Councils have been consulted and their discussions have informed the development of the business case.

Key workstreams

- 5.3 The key workstreams that have been considered as part of the business case are:
- Learning from the existing shared services at Cannock Chase District Council and Stafford Borough Council, including financial savings and wider efficiencies achieved
 - Lessons from councils who have already put shared management teams in place
 - A structure for a shared management team. This has considered the priorities that both Councils want to deliver and the need to add strategic capacity.
 - The drivers and benefits of sharing services - consideration has been given to the financial pressures facing both Councils, the national agenda for devolution, the capacity and resilience of our workforces and the need maintain or improve our service delivery to customers.
 - The financial model for sharing services and estimated savings that could be achieved.
 - The transformation work that will be needed to support the bringing together of services in the most efficient and effective way in order to deliver savings and improve service delivery to our residents and service users
 - The governance arrangements to ensure the effective delivery of the shared services and to maintain the sovereignty of both Councils
 - Legal, financial and HR arrangements - consideration has been given to what would need to be in place to allow both Councils to share services
 - Risks of sharing services and the mitigating actions required to manage these risks.

The Vision for Shared Services

- 5.4 The first stage of the business case for shared services set out a high-level vision as to what will be different for both Councils as a result of sharing a single Leadership Team and workforce. This has been developed further and the key elements of the vision are:

Cannock Chase and Stafford Councils working together will be:

- ***Ambitious for our communities and clear about our purpose***
- ***Collaborative in how we work***
- ***Effective and efficient***
- ***Resilient***
- ***An attractive employer***

The full vision is detailed on page 28 of the business case.

Conclusions

- 5.5 There is substantial evidence from our own experiences of sharing services since 2011 and the lessons learnt from other Councils that sharing services and senior management does work. In particular, Councils who share services and management teams:

- ✓ do retain their identity and sovereignty;
- ✓ elected members remain in charge of decision-making in their respective Councils;
- ✓ deliver significant financial savings and efficiency savings;
- ✓ achieve service improvements for customers;
- ✓ can successfully support the delivery of two Councils priorities, projects and policies even where they are different;
- ✓ maintain working relationships with other partnerships

- 5.6 To share services effectively and to maximise the benefits, it is essential to:

- share a Chief Executive and Leadership Team - this promotes clarity of direction and consistent decision making and allows for full alignment of IT systems, maximising savings from joint procurement, breaking down barriers between the employees of both Councils and standardising working practices to deliver efficiencies.
- have a clear vision and ambition for the sharing of services which is supported by Members and officers of both Councils.
- have a governance framework in which Members are actively engaged
- communicate and engage with Members and employees throughout the process.

- 5.7 As set out in the business case there are a number of councils that currently share a senior management structure and all services very successfully. The main benefits of having this type of arrangement would be the ability to

maximise the delivery of savings and to make decisions to align systems and processes. From our own experiences of sharing services since 2010, having two separate Chief Executives and Leadership Teams has been the limiting factor in realising the full potential of this arrangement. In particular, it has fettered the streamlining of ICT application software systems, the appetite for joint procurements etc and different and duplicate processes has led to inefficiencies in working practices.

- 5.8 The sharing of a senior management structure would provide an opportunity to have a fundamental restructure of senior management to build in strategic capacity which is currently limited in both Councils structures. A proposed new senior management structure is set out in section 9 of the business case.
- 5.9 The proposal includes two Deputy Chief Executive posts which will provide a new strategic level of support to Members and the Chief Executive. The two Deputies will create capacity for the Chief Executive to focus on the strategic direction for both Councils and to work closely with the Leaders, the Cabinets and be accessible to all Members. The two Deputies will also be accessible to and work closely with all Members. The Heads of Service posts reflect the key priorities of both Councils and add capacity to the management of front-line services. The Heads of Service will be accessible to all Members concerning the services they manage.
- 5.10 The role of the Chief Executive and Head of Paid Service would remain to be the chief policy advisor to both Councils and he would have more capacity to devote to this strategic role. The Chief Executive would have more time (assisted by his two deputies) to be the visible and accessible link between Members and the staff team, ensuring that Members are able to contact Heads of Service and other officers. The Chief Executive and his deputies will support the Leaders and Cabinet Members to further increase their influence in County wide decision making including the Staffordshire Leaders Board, Staffordshire and Stoke on Trent Integrated Care Board and Local Enterprise Board and regional bodies, including the West Midlands Combined Authority (as appropriate).
- 5.11 Both Councils are now well advanced with their service and financial planning for 2023/24 and beyond. Both are actively considering savings in response to reductions in income, including potential cuts to services. Although the sharing of services will not remove the need for savings it will contribute to achieving them. It is estimated that sharing services will deliver savings of approximately £1.2m for both Councils combined.

Furthermore, the sharing of services will give Members of both Councils options that would not otherwise be open to them if they continue to work alone. That said, the saving may be reduced depending on the other savings options which are to be included in the budget for 2023/24.

- 5.12 It is anticipated that further savings can be delivered from the existing shared services once all of the remaining services are shared and have undergone the transformation process, thus making a significant contribution to the financial sustainability of both authorities.
- 5.13 In light of the risk assessment and the extensive learning from other Councils, it is considered that the benefits to Cannock Chase Council and Stafford Borough Council of sharing services significantly outweigh the risks, subject to the mitigating actions being implemented.
- 5.14 For the wider sharing of services to be successful and maximise the benefits, it is considered essential that this is supported by a shared Chief Executive and Leadership Team. There will be insufficient capacity within the existing management structures of both Councils to limit the sharing to services only.
- 5.15 A shared senior management team would have the ability to make decisions to align systems and processes across both councils, rather than two different sets of managers having to negotiate every change (NB this does not apply to policy decisions which remain within the remit of the Members for each Council). A shared Chief Executive and Leadership Team will set the tone, values and culture for the wider sharing of services which will be key to achieving a one team approach, good relationships with Members and great customer service.
- 5.16 The wider sharing of services and a Leadership Team will not be a merger of the two Councils; it will be a sharing of the management and staff resource, working together to find the best way to deliver good services to our communities.
- 5.17 Cannock Chase District Council and Stafford Borough Council would continue to be two sovereign bodies with differences in policy as now. The sovereignty of the two Councils would be maintained through the respective democratic processes and Constitutions. The Councils will retain their own Civic Offices, identities, websites and telephone numbers so that the residents in both areas have clarity about their Council. Additional joint governance arrangements would be established to oversee the implementation and ongoing managements of the shared services arrangements.
- 5.18 Alternatives to sharing services have not been specifically considered as part of this work as the mandate from the Councils was to develop a business case to consider the wider sharing of services. The key alternative delivery model would be to outsource front-line and support services through a competitive procurement process and become a commissioning council. Both Councils currently adopt a mixed approach to service delivery with some services such as waste collection and leisure services outsourced and others operated internally. Any decision to outsource the remaining service(s) would need to be based on a business case.

- 5.19 As part of the decision to proceed to the second stage of the development of the business case, the Councils agreed that the Local Government Association (LGA) should be invited to support this work by:
- Engage with Members and all Heads of Services to seek their views on the wider sharing of services: and
 - To review the second stage of the completed business case, prior to its submission to both Councils for consideration, to ensure that it provides sufficient and balanced information for Members to make a final decision on.
- 5.20 The LGA agreed to support the Councils with the further development of the business case. The results of the workshops with Members and discussions with Heads of Services are set out in section 5 and **ANNEX 2** of the business case. The business case seeks to address the issues identified by the LGA review.
- 5.21 Subsequently the LGA have commissioned an independent review of the draft business case; their report endorses the business case and states:

“The Business Case which has been prepared is a very comprehensive and wide-ranging analysis of the key matters required for consideration. It provides a clear narrative for change while properly addressing the political, operational, legal, governance, financial and people management issues that inevitably arise from such a large-scale transformation project.

The Business Case and the identified drivers for further sharing of services set out a compelling case for both Councils to move forward and create further joint services led by a refocused and more resilient joint leadership team. Any risks can be mitigated and are outweighed by the benefits that would result. The proposals are well researched and evidenced while respecting the circumstances of each Council.”

6 Implications

6.1 Financial

Financial savings for sharing services had been calculated based on a % of gross salary costs - 8% for front line services and 10% for corporate and support services. This equates to £1.2m for both Councils combined.

There will be costs associated with the implementation of sharing services and transformation and these may include consultancy/interim fees and redundancy costs. These costs will be shared 50/50 unless otherwise agreed in advance by both Councils.

The Councils had previously agreed a sum of £60K towards the preparation of this business case and most of this is unspent and will be available for the implementation stage. The budgets available to each Council to fund shared service transformation are held in earmarked reserves: £199k for Cannock Chase and £365k for Stafford. The use of these reserves will be a decision of each Council.

The cost and savings sharing formula has been developed and will be shared with the Councils' external auditors. We will have an agreed framework in place that sets out how this broad formula will be tested and reviewed annually to ensure it is still fit for purpose and safe to use for the costs and savings allocation in the joint working arrangement. The purpose of this framework and annual reviews is to ensure that one Council does not subsidise the other.

6.2 Legal

There are a variety of provisions which enable Councils to share services:

- (a) Section 101 of the Local Government Act 1972: allows local authorities to delegate functions to other local authorities.
- (b) Section 102 of the Local Government Act 1972: allows local authorities to set up joint committees with other local authorities to discharge functions that have been delegated to that committee.
- (c) Section 113 of the Local Government Act 1972: allows a local authority to place officers at the disposal of another local authority for the purpose of carrying out the latter's functions

Previous shared service arrangements between the Councils were based upon option (a) above with each Council delegating responsibility for a function to the lead authority. Both Councils also entered into Service Level Agreements to agree how resources would be shared, and what services would be delivered, in respect of each function.

The Chief Executive is currently shared on the basis of a section 113 agreement between both Councils. This allows the Chief Executive to act on behalf of Cannock Chase Council and carry out any functions delegated to its Chief Executive/Managing Director.

6.3 Human Resources

There are a wide range of HR implications related to the sharing of services. In the short term these will be primarily focussed on the employment model and engagement with employees and trade unions. In the longer term the focus will be on aligning terms and conditions, developing the workforce, succession planning, establishing the two Councils as an employer of choice and supporting establishing an organisational culture.

6.4 Human Rights Act

None

6.5 Data Protection

None

6.6 Risk Management

An assessment of risk has been carried out as part of the business case and is included in section 15 and at **ANNEX 3**.

6.7 Community Impact Assessment Recommendations

Impact on Public Sector Equality Duty:

There are no known impacts.

Wider Community Impact:

If agreement is given to progress shared services, the wider community impact will be considered as part of the community impact assessment conducted for each of the individual services as they go through the transformation process.

7 Previous Consideration

Nil

8 Background Papers

Reports to Council: 17 May 2021 and 19 April 2022

Shared Services Business Case

Cannock Chase District Council and

Stafford Borough Council

November 2022



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Annexes

Annex 1	Lessons learnt from councils that have shared their services and issues for consideration
Annex 2	Feedback from LGA workshops held during July 2022
Annex 3	The Key Risks of Sharing Services and Mitigations

1. Introduction

Purpose

- 1.1 To consider the case for the extension of shared services between Stafford Borough and Cannock Chase District Council (Cannock Chase and Stafford Borough Council) to include the sharing of a Senior Management Team led by a shared Chief Executive.

Context

- 1.2 In May 2021, Stafford Borough Council and Cannock Chase District Council agreed to the secondment of Stafford Borough Council's Chief Executive, Tim Clegg, to Cannock Chase District Council to provide services as Joint Chief Executive and Head of Paid Service from 1 June 2021, for a period of 14 months. In April 2022, agreement was given by both Councils to continue to share a Chief Executive and to develop the second stage of a comprehensive Business Case for sharing services.
- 1.3 The information provided in this business case encompasses the following:
- (i) The key drivers for the further sharing of services;
 - (ii) Lessons learnt from sharing services;
 - (iii) Financial Pressures, Savings and Costs;
 - (iv) The Scope for Sharing Services;
 - (v) The Ambition and Vision for Sharing Services,
 - (vi) Risks and Risk Management.
 - (vii) HR, Legal and Financial Models to support the sharing of services
- 1.4 Proposals to support the business case and the development of wider sharing arrangements have also been prepared and this includes:
- (i) Senior Staffing Structure recommendations
 - (ii) Joint appointments process for Chief Officers.
 - (iii) Joint governance arrangements for key decisions, performance management and monitoring.
 - (iv) Transformation process
 - (v) Implementation timetable and key milestones.
 - (vi) Communications and Engagement

1.5 The Councils face increasing budgetary pressures and the implementation of a shared management structure and the wider sharing of services across both authorities will mitigate this and provide the opportunity to deliver on their ambitions for their communities, through the prospect of achieving:

- Economies of scale;
- Pooling skills, talent and experience of a combined workforce;
- Maintain or improve service delivery for our customers;
- Development and implementation of innovative methods of service delivery across both local authority areas;
- To trade and charge creatively to raise revenue without imposing unacceptable costs on local people; and
- Better position each Council to be able to successfully bid for funding streams made available by Central Government and other funding bodies.

Approach

1.6 The first stage of our work has been to look at whether a shared leadership team could be achieved operating across both Stafford and Cannock. In addition to this, Heads of Service were asked to look at the respective functions they are responsible for and to work with their counterparts to discuss whether a shared service could be achieved and if so, what kind of efficiencies that would realise. They were also asked to consider the risks and anything that would be out of scope for sharing.

1.7 In addition to this work has been undertaken to analyse baseline 2021/22 budget data provided by both councils and to assess the potential savings that could be achieved through sharing services.

1.8 The final stage of the work has been to consider some of the issues around transformation and implementation including the HR and Legal implications.

1.9 The business case has considered two options for sharing services:

- (i) A shared Chief Executive, Leadership Team and Services; and
- (ii) Extending the current shared services but without a shared Chief Executive and Leadership Team

2. The Key Drivers for Further Sharing of Services

- 2.1 As referred to in the first part of the business case reported to Council in March 2022 there are a number of key drivers for considering the further sharing of services and these are summarised below:

The pressure on Local Government Finance

- 2.2 The overall long-term trend of diminution of funding for local government due to cuts in government grants is expected to continue unabated. There is also only a very limited opportunity to offset this pressure by increasing Council Tax. There is still uncertainty as to when the Government will complete its review of Business Rates and the system of resource allocation to local authorities.
- 2.3 The financial pressure facing both Councils is becoming more acute as high inflation impacts on operational costs (energy bills, staff pay awards etc.), the cost of delivering key projects (cost of materials etc.), rising costs of our key contracts (in particular Leisure) and the ongoing loss of revenue as a result of the pandemic and increases in the cost of living to residents and businesses (e.g. income from car parking).
- 2.4 Demographic changes have increased demand for services and resultant costs more quickly than the Councils' ability to raise council tax or business rates.
- 2.5 The success of bids for Levelling Up and Future High Streets Funding is welcome but requires the councils to borrow money to match fund the grants resulting in ongoing revenue costs to service the debt. The recent increases in interest rates has made this borrowing more expensive. The delivery of these complex projects also creates a significant demand upon limited staff capacity to manage them.
- 2.6 The Councils need to reduce costs and create capacity (including financial capacity) to weather the challenges and thrive.
- (i) Like most councils, we are facing significant shortfalls in our Medium-Term Financial Strategies (MTFS) and it is clear that the type of cost-saving activities, which have been successfully pursued in both councils in recent years, are not going to deliver the larger-scale cost reductions now required.
 - (ii) Both Councils are now well advanced with their service and financial planning for 2023 and beyond. The savings from sharing services will reduce the shorter- and medium-term savings required from budgets. Shared services is likely to provide additional savings opportunities for both councils that would not be available if they continue to work alone.

Risks and challenges facing the Councils

- 2.7 In addition to financial uncertainties and pressures, there are a number of potential risks that are more local for each authority. For example:
- Capacity and resilience - both Councils have flat management structures with a combined total of ten Heads of Service reporting to the Chief Executive. The absence of a Head of Service has a considerable impact on the resilience of the wider team, impacting upwards to the Chief Executive, across the wider Leadership Team and puts additional pressures on to service managers. Both Councils have experienced the challenges of an ageing Leadership Teams over the last 18 months with 4 experienced Heads of Service retiring and a further one imminent.
 - The recruitment and retention of experienced staff post pandemic is becoming harder across a range of services. The difficulty in attracting staff and is impacting on service delivery.

Levelling Up / Devolution

- 2.8 The Government's Levelling Up White Paper encourages regional/ sub-regional structures with governance arrangements and strong identifiable leadership models with which Government departments will deal. To enable both authorities to continue influencing the agenda and to be effective partners with central Government, there is a need to create strategic capacity at a senior level in both authorities so that we can play a full part in this work.
- 2.9 In Staffordshire, a proposed County Deal has been developed and a formal structure in the form of a Leaders Board for Staffordshire has been established, consisting of the Leaders of the County Council and the 8 district/ borough councils to drive collaboration on key issues including economic development and climate change. It is likely that future funding will be directed via this route so it is important that both authorities continue to influence the development of the county deal and play a full part in working with partners to deliver our objectives.

3. Why Should Cannock Chase and Stafford Borough Councils share Services

Existing Shared Services

- 3.1 The two Councils have been sharing a number of services since 2011. Of the six service areas shared in the first phase, four are support services and two are front facing. Two additional services were added to the sharing arrangements in 2018. The services currently shared are:

Stafford Borough Council Led	Cannock Chase Council Led
<ul style="list-style-type: none">• Legal	<ul style="list-style-type: none">• Finance and Revenues and Benefits
<ul style="list-style-type: none">• Human Resources	<ul style="list-style-type: none">• Internal Audit, Risk, Procurement and Civil Contingencies
<ul style="list-style-type: none">• Technology	<ul style="list-style-type: none">• Building Control
<ul style="list-style-type: none">• Pest Control (2018)	<ul style="list-style-type: none">• Information Governance (2018)

- 3.2 There are five Heads of Service who are classed as “Shared Heads” (i.e. those for the support services) and this accounts for 50% of the number of substantive Heads of Service roles across the two Councils. The Shared Heads of Service sit on both Councils’ Leadership Teams.
- 3.3 There are a total of 163 employees working for both Councils as part of the shared services and this amounts to 31% of the combined workforces (excluding HRA employees).
- 3.4 Given the existing services that are shared and the IT infrastructure that has been created, it makes sense to consider further sharing between the two Councils rather than looking for another Council to share all services with at this time. However, this does not preclude this being considered in the future and building further on the sharing of services. We will also share specific services where there is benefit in doing so e.g. Disabled Facilities Grants with South Staffordshire District Council.
- 3.5 Being neighbouring Councils is helpful when sharing services as it minimises the travel time between sites for officers attending meetings; it is only 10 miles between the two Council offices. Whilst the need for travelling between the two sites has reduced since the adoption of Teams technology for video calls and virtual meetings, it still remains an important factor particularly for the delivery of many of the front facing services. The Building Control Team, whilst being a Cannock Chase led shared service, opted to be based at Stafford as this gave them a central location from which to travel to sites across the two areas.

Shared characteristics

- 3.6 Each Council is distinct in its history, traditions, geography and community make-up and each has much in common which should be highlighted and celebrated moving forward:
- (i) Both have ambitions for improving the quality of life and wellbeing of their residents, for supporting business growth and to be financially sustainable.
 - (ii) Both areas are experiencing significant growth and regeneration.
 - (iii) Both councils are working towards achieving net zero carbon emissions.
 - (iv) Each has a relatively small officer establishment the main difference accounted for in the type of delivery of housing provision.
 - (v) Both Councils have chosen to outsource their leisure and cultural services and waste and recycling services, whilst retaining in-house Streetscene (parks and open spaces and street cleansing) services.
 - (vi) Both have limited revenue and capital resources to tackle the multitude of challenges each faces irrespective of the recent success of both Council's in gaining central funding through Future High Streets and Levelling Up Fund bids,
 - (vii) Both areas have historic town centres and extensive rural land areas to manage within.
 - (viii) Both Councils have their individual areas of deprivation with differing levels of health inequalities, crime and disorder and educational under-achievement. The prospects for young people are mixed, taking account of a wide range of socially constructed issues relating to educational standards, health and job opportunity irrespective of the impact of the pandemic on national and local economies.
 - (ix) Both council workforces are ageing and recruitment in many disciplines is difficult. Both Councils need a workforce development plan and to invest in our rising stars - we can do this better together.
 - (x) Customers increasingly expect choice and convenience in how they request services and both Councils need to offer a comprehensive digital platform and it will be cheaper and better to develop this together with integrated services.

Differences

- 3.7 There are also two key differences between the two Councils:
- (i) Stafford Borough Council has all-out elections, whereas Cannock Chase District Council elects by thirds.
 - (ii) Cannock Chase Council retains responsibility for its housing stock

Benefits and Opportunities

- 3.8 There are a number of shared characteristics and opportunities identified for both councils that creates the potential for joint working on common strategic issues across our administrative boundaries and would provide the potential to deliver a number of advantages which are set out below.

Economic Growth

- 3.9 The opportunity offered by the recent funding allocations from central Government demonstrates the potential for the scale and quality of change that can be achieved. Each Council has an ambitious economic growth and regeneration agenda and has set objectives to improve the wellbeing of residents but this level of ambition will require resources to deliver it. The sharing of key skills, experience and knowledge across both councils will enhance the potential to develop (as appropriate) joint business cases for further major investment. An opportunity also exists to continue to improve coordination and effective joint working with a range of private, public and voluntary sector partners.
- 3.10 Working together will enable both Councils to develop a broader influence in the allocation of resources from County level, regional funding, and central Government on the basis that any future shared partnering arrangements will represent a greater population and general scale of required need and delivery.
- 3.11 Extending joint working will also provide both Councils with a stronger voice in any future process to reshape local government in the County by enabling a common direction, agenda and a single voice. The organisations will also gain valuable experience of managing strategic change quickly and effectively. We already share some services with other authorities e.g. Health and Safety and DFGs and there is scope to increase this further.

Community Health and Wellbeing

- 3.12 Seamless, uninterrupted planning and delivery of services to a community whose common needs are not primarily shaped or dictated by administrative boundaries would be beneficial. The Staffordshire Commissioner has already started to commission cross boundary projects to reduce antisocial behaviour, domestic abuse and hate crime and there is an expectation for councils to explore this further in relation to mental health, drug and alcohol use.

Financial Sustainability

- 3.13 The delivery of savings is one of the key benefits of sharing services and is achieved through economies of scale and reducing duplication, allowing frontline resources to be protected. The headline facts are:
- A combined spend of £30.9 million based on the approved budgets for 2022/23.
 - Previous shared arrangements achieved approximately 10% savings amounting to in excess of £1m for both Councils, combined with improved efficiencies and resilience. Further savings were achieved following the outsourcing of leisure services at both Councils, 10% is typical of the level of savings for back-office services, whereas 8% is the indicative saving for front line services. Our own experience and that of other Councils who have chosen to share services provides a level of confidence in the delivery of savings.
 - The natural level of turnover in both Councils will provide opportunities to re-engineer structures at minimum cost without necessarily impacting adversely on staff morale or requiring compulsory redundancies.

Capacity and Resilience

- 3.14 The creation of one senior management team to deliver services to both Councils presents an opportunity to address the capacity and resilience issues currently faced by both Leadership Teams and to succession plan for the future. Currently the Chief Executive has 11 direct reports that split their time between strategic and operational responsibilities. The pandemic, together with increasing service demands has changed the focus to operational issues rather than planning and shaping the future. There is a need to re-dress this imbalance. Furthermore, in the event of an absence at Head of Service level, as has been the case at both Councils over the last six months, it falls to the Chief Executive to cover for the absent Heads of Service together with support from the respective service managers. Over the last six months, the two Interim Deputy Chief Executives have been able to offer some support in this regard, though this has been limited by their respective existing service remits. These capacity and resilience issues need to be addressed and the creation of a shared leadership team provides an opportunity to do this.
- 3.15 In addition, there are opportunities to:
- achieve economies of scale by pooling talent, skills and experience in a combined skilled workforce.
 - Retain and recruit staff - some teams are experiencing high turnover and difficulties in recruiting to professional/specialist roles. Others have the potential to be combined and/or rationalised. The wider sharing of services will create larger teams and provide greater opportunity for career development and advancement for staff and a shared brand to attract future talent to a new and vibrant alliance working together.

Organisational Transformation

- 3.16 Transformation of services and creating a unified culture focussing on continuous improvement and customer service will be key to the success of sharing services. Both councils have changed how they work as a result of the pandemic, with most office-based staff having worked from home on the advice of the government to reduce infection rates. Staff surveys have shown that there is a wish on the part of both workforces to operate a hybrid way of working in the future, allowing staff to work flexibly from home and council offices. This has “unfrozen” traditional patterns of working and will require organisational and management change to be effective. This presents an opportunity to create a shared way of working and to consider opportunities to rationalise accommodation, which would reduce costs and provide an opportunity for increasing income through the leasing of vacant office space.
- 3.17 There are additional opportunities to:
- Develop and implement innovative methods of service delivery
 - Jointly procure and implement new technology more economically and efficiently. As referred to earlier, progress in doing this through the current shared IT service has largely been limited to those services which are shared; it has proved more challenging to achieve this where services aren't shared. Further sharing will remove barriers and aligning technology will be key to service transformation, delivering efficiencies and improving customer satisfaction.
- 3.18 Ultimately, it will be staff that will make the wider sharing of services work well. Engagement with the workforces will be a key aspect of bringing together talent across both Councils and support the aligning of culture and values to maintain enthusiasm and interest in this exciting venture.
- 3.19 The key to realising these opportunities quickly is effective political leadership across both authorities, served by a unified leadership team led and managed by a shared Chief Executive.

4 Lessons learnt from sharing services and issues to consider

4.1 The sharing of services and management teams continues to be a well-established and recognised strategy to address a wide range of issues relating to finances, capacity, growth, and resilience.

4.2 This section sets out our own experiences of sharing some services and those of others who have shared all services and a Chief Executive and Leadership Team.

Lessons learnt from our current shared Services

4.3 The first phase of shared services has been successful in:

- (i) Delivering a combined total of on-going savings in the order of £1m;
- (ii) Creating a critical mass by the joining of services has also:
 - Delivered further savings following the outsourcing of leisure services by both Councils and efficiency savings as part of ongoing budget savings; and
 - Allowed support services (IT, Legal, Audit etc.) to continue to be delivered in-house; had they remained separate teams, some of them would have been reduced to such a small size that they could not be sustained and would have been outsourced.
- (iii) Transforming services - all services went through a transformation process to align and re-engineer processes. This was particularly successful for the Revenues and Benefits service and led to improvements in performance for turnaround times. Numerous policies, regulations and guidance notes have been aligned across the two Councils.
- (iv) Increasing resilience - this was particularly successful for Building Control and the operation of its trading account.
- (v) Alignment of some ICT systems - this mainly relates to the IT infrastructure and those services that have been shared. This generated financial savings, efficiency savings and resilience (in terms of business continuity) for both Councils

4.4 There are however a number of areas where the first phase of shared services has not delivered all of the benefits anticipated and this is largely due to not all services being shared. Examples include:

- (i) Information Technology - limited progress has been made in sharing bespoke software with duplicate systems being maintained e.g., Planning, Environmental Health and Elections.

This has been a particular issue for the Building Control Team which is a shared service; it has not been able to share an IT system due to the interdependencies with the two Planning Teams who have maintained their own systems.

- (ii) Procurement - limited progress in aligning contracts and delivering savings through joint tenders;
 - (iii) Sharing of best practice - whilst progress has been made by the shared services themselves, very little has been shared outside of these services. Also, progress for the shared services has been limited in some cases where protocols are set outside by services that are not shared e.g., committee report templates.
- 4.5 Under a wider sharing of services, the existing shared services could be reviewed to deliver further savings, efficiencies, and improvements to service delivery.
- 4.6 A second phase of shared services was considered by both councils in April 2019 which looked at Environmental Service Digital/Customer services and the management of Planning Services and Systems. Both Councils agreed to review the options for further collaboration and Phase 2 of the Environmental Services Review, including the potential for further shared services, after a period of 18-24 months.

Lessons learnt from other councils who share senior management teams

- 4.7 Local government continues to lead the way in the public sector with collaborative service delivery and implementation through shared service arrangements, saving the taxpayer over £1.34bn in cumulative efficiency savings from 626 partnerships, which has helped to safeguard front line services during a time when local authorities are facing continual budget reductions.
- 4.8 There are a number of councils that have been successfully sharing chief executives and management teams since 2010 and through that process have delivered efficiencies. Breckland and South Holland District Councils are one of those and they began sharing as a way of increasing resilience, capacity and at the same time delivering financial efficiencies. They indicated that one of the problems they experienced related to perception that the shared service situation was more beneficial to one council than the other. This was addressed through open and honest communication and by addressing any perceived bias that had seeped into the officer culture. Another challenge they experienced was making sure that staff understood the rationale for sharing and also what benefits there were.

4.9 There are a number of reasons that authorities have shared management teams:

- Cost savings and efficiency - the main driver for shared management is the potential to get more for less, being able to make cost savings while improving services for the customer through a process of transformation
- Wider transformation - sharing a management team also provides opportunities to look at things with a fresh pair of eyes, identifying shared priorities and ambitions, shared strategic plans and financial and procurement strategies
- Resilience and greater collective capacity - by combining resources councils can deliver more efficient services to the customer, whilst at the same time, increasing their sustainability and resilience

(Source: Local Government Association, (2016): *Stronger Together, Shared Management in Local Government*)

(Partnership 2021) (Lincolnshire n.d.) (Partnerships 2021) (Council 2013)



Figure 1: Recipe for successful shared management team - Source: Local Government Association)

4.10 The recipe for success is to make sure that each area takes a tailored approach to shared management as no two areas are the same. Evidence suggests that the process is easier if the councils are a similar size, have similar aspirations and political leadership and that they are also looking at similar approaches to efficiencies and transformation. The situation is also easier if the councils already share a Chief Executive as there will be a consistent approach to vision and ambition and it also negates the need to appoint at that very senior level, which can be time consuming and costly.

Councils who are already sharing management teams indicate that the following are important:

- Vision and Culture - setting out a clear vision from the start and moving to a single organisational culture
- Managerial Leadership - a joint chief executive and senior managers need to ensure there is no perception of bias from members, officers and the public; shared management can also have an impact on manager time as you are dealing with more than one set of councillors and attending different meetings
- Adaptability - flexibility and compromise are important
- Trust, honesty and openness - effective communication is critical to success and regular meetings that provide an opportunity to discuss day to day issues and longer-term strategic plans
- Visibility - senior officers and managers to be visible in both locations either in person or virtually
- Councillor involvement - role of councillors is vital and plays an important part in the success of shared management teams; maintaining sovereignty and democratic accountability is important
- Staff engagement - bringing staff on the journey with you is important as is engagement with the trade unions; communication, openness and honesty are essential as staff may be feeling worried about whether their jobs are safe or not so providing support for them is key
- Communication - effective communication needs to be instilled from the outset of any shared management proposal to outline the rationale for shared management proposals to councillors, staff and residents; a communications plan should be developed as part of this process and continue throughout and post shared management
- Joint infrastructure projects - for example many councils highlighted the importance of joint ICT infrastructure as a key enabler of shared management to ensure that effective communication is able to take place
- Resourcing and pace of change - once the business case has been produced and agreed, the level of investment required to carry out the transformational change required should not be underestimated. There will be a need for dedicated programme and project management throughout the process that will be resourced and built into the financial strategy.

This change will not happen quickly, it is likely to take a number of years as in the case of Chiltern and South Buckinghamshire, their transformational process took up to 5 years

(Source: Local Government Association, (2016): Stronger Together, Shared Management in Local Government)

Issues to Consider

4.11 Research conducted by officers on shared chief executive and shared leadership arrangements at other local authorities has identified a number of issues to consider before taking the decision to share services and/or senior management. The issues cover:

- Setting the direction
- Financial Issues
- Impact on service delivery
- Impact on Structure
- The transition
- Impact on Members
- Impact on staff
- Impact on partners and community
- “With hindsight”

The issues are set out in detail in Annex 1.

4.12 The research concluded that:

- Councils who share management teams do retain their sovereignty, and elected members of such councils remain in charge of decision-making in their respective districts.
- Councils do share management teams successfully.
- Theoretical savings have turned out to be real, and often greater than predicted.
- Shared officers do successfully serve two councils, even where the priority projects and policies remain different.
- Councils which share management teams do carry on working in other partnerships where appropriate.

5. Member and Officer Engagement

Member Engagement

- 5.1 A workshop facilitated by the Local Government Association (LGA), was held with the Members of each Council to discuss their hopes and fears for shared services. In summary, the workshops recognised the potential benefits to sharing services to deliver savings, opportunities to improve resilience and increase efficiencies. Equally Members expressed their concerns about sovereignty, effective governance and sharing a Chief Executive.
- 5.2 The workshop also highlighted that a number of Members weren't aware of the arrangements for the existing shared services.
- 5.3 In line with the recommendations of the LGA, a further joint workshop has been held with the Members of both Councils to explore any concerns and provide information on existing shared services.
- 5.4 The detailed feedback from the workshops is set out in Annex 2.

Leadership Teams Feedback

- 5.5 In addition to the Member workshop, the LGA also undertook 1-2-1 discussions with each of the substantive Heads of Service from both Councils to seek their views on sharing a leadership team and services.
- 5.6 In summary, the Heads of Services are supportive of the vision for sharing services and consider the appointment of a single Chief Executive to be a positive step in aligning the two Councils and the Leadership Teams.
- 5.7 The key concerns for the Heads of Service are:
- the need to create capacity at senior leadership level as a priority; and
 - the buy in of Members to ensure that they have a full understanding of what is happening and what the implications are.
- 5.8 The detailed feedback from the Heads of Service is set out in Annex 2.

6. Financial Pressures and Savings

Pressures

- 6.1 There are a range of international, national and local factors which create uncertainty and financial pressures on the Councils. The impact of Covid has diminished, but there is still the need for the economy to recover, and there is always the possibility of a new strain of Covid, or a new virus, that could have an adverse economic impact. The war in Ukraine is having an impact on inflation and interest rates, and in particular, significantly higher energy costs.
- 6.2 The current national economic situation is one of high inflation, at least in the short term. Indications are that existing assumptions regarding Government departmental settlements for future years (which were based on the much lower inflation assumptions of a year ago) will not be updated in the new financial settlement. This would affect the budget for DLUHC, which will in turn restrict funding to local government. There may even be budget cuts, in order to balance the books at a national level.
- 6.3 The timing of the draft financial settlement for local government, which is commonly in late November or December, is unclear - it seems likely to follow the planned announcement of the Fiscal Plan, scheduled for 17 November. The Government has for some years been planning a number of major changes for local government finance, which for a variety of reasons have been postponed. These include a Business Rates review, a review of New Homes Bonus (the funding both Councils have received for building new homes is reducing) and a Fair Funding review. This year, given the upheaval in domestic politics, the workload of Government departments and macro-economic uncertainty, it is likely, that the local government financial settlement for 2023-24 will look very similar to that of 2022-23. Therefore, based on what is known, it would be reasonable to conclude that there will be no changes of significance to Business Rates policy, New Homes Bonus policy or funding distribution methodology in 2023-24.
- 6.4 Therefore both Councils, along with all local authorities, will be facing risks and pressures arising from the war, energy crisis, inflation resulting in a cost of living crisis, a potential recession and interest rate rises. Even assuming no new adverse impact on finances arising from the local government financial settlement, all these factors will create budgetary pressures in 2023-24 and beyond.
- 6.5 Inflation, which was rising around the time both Councils' 2022-23 Budget and 2022-25 MTFs were being produced, is now predicted to persist for longer than initially thought. Costs, including pay, supplies and contractors, are all likely to rise significantly.

- 6.6 Interest rates have risen and may stay high, relative to recent years. Both Councils are relatively well placed to manage higher interest rates, given their level of borrowing - indeed, higher interest rates will enable an improved return on investment income. But the adverse impact of higher interest rates will be felt by residents and businesses. Apart from the impact on Council Tax and Business Rates collection rates, businesses are likely to reflect their increased costs and financial uncertainty through higher prices on new Council contracts. The Councils are already receiving requests for additional financial support from their respective leisure providers who are facing increasing costs including for energy to heat swimming pools and buildings.
- 6.7 Additionally, the same pressures that affect Government finance will have an impact on individuals and businesses - which will place demands on the Councils' services and reduce our income e.g. car parking. There is no specific financial provision in the current MTFS for these factors. Essential services will be in greater demand, and benefits and debt defaults may increase. The scope for the Councils to increase income in proportion to inflation is limited: we have no control over Business Rates, and Council Tax is currently limited to the higher of 2% or £5, without a referendum.
- 6.8 Respective Councils received Budget reports in February/March 2022 that set out the projected budget gap for 2023-24 and beyond. The budget gap represents the difference between projected expenditure and projected income. These were £2.8 million for Cannock Chase and £1.7 million for Stafford, as set out below:

Council	2023-24 £m	2024-25 £m	2025-26 £m
Cannock	2.8	3.1	3.1
Stafford	1.7	1.9	1.9
Total	4.5	5.0	5.0

- 6.9 Since then, these projections have been updated to reflect a "no change" assumption to the 2023-24 financial settlement, but they do factor in the impact of inflation - as well as any other changes that remain relevant. The revised projections have to be recognised as educated guesses, given the huge uncertainty. Cannock Chase's revised 2023-24 budget gap is still £2.8 million; Stafford's is £2 million. A summary breakdown of the 2023-24 budget gap for each Council is set out below:

Item	Cannock £m	Stafford £m	Total £m
New Homes Bonus loss, arising from known time-limited NHB	0.800	0.900	1.700
Use of reserves in 2022-23, not repeated in 2023-24	1.100	0	1.100
Increase in pay	0.500	0.600	1.100

Item	Cannock £m	Stafford £m	Total £m
General inflation on costs	0.150	0.200	0.350
Inflation on utilities (proxy for energy)	0.250	0.300	0.550
Total	2.800	2.000	4.800

6.10 The above table highlights the major new variations between the 2022-23 base budgets and projected 2023-24 budgets. It already assumes increases in Council Tax and fees and charges, in line with existing policies.

6.11 Major exercises are in train to identify savings, outside of shared services, with the aim of bridging the budget gaps. However, it is unlikely that the sum of these eventual savings will be enough - savings from shared services will be required. Indeed, savings from shared services may well have less of an impact on service delivery than some alternatives.

Savings

6.12 The opportunities presented by sharing services include direct financial savings.

6.13 Indicative savings targets were set for shared services, working on the assumption that in general, savings of 10% could be achieved in back-office services and 8% in front-facing services. This gives an indicative savings target of £1.1 million for both Councils combined. A functional breakdown of the savings targets is given below:

Function	£
Corporate	308,740
Environment	427,930
Leisure	55,930
Housing	63,160
Economic Development / Planning	260,080
	1,115,840

6.14 The Heads of Services have looked at the deliverability of the savings targets as part of their work on the service business cases. Whilst there is confidence that savings can be achieved, it is difficult to determine at this early stage in the process the timing of when the savings can be achieved. Therefore, for the majority of savings in sharing services, these are assumed to be effective in the latter part of 2023-24 or in 2024-25.

6.15 The savings targets are only estimates and these may reduce due to other savings options being considered as part of the budget process. Conversely, it is anticipated that some additional savings may be achieved through revisiting the existing shared services at a later stage in the transformation process (see section 10).

6.16 These savings can most obviously contribute to the budget gaps, but they can also help ensure that services to customers are protected and, ideally, enhanced through investment. More resilient services can have the capacity to trade and raise revenue, as well as to bid for external funding. This in turn can enable reinvestment into the service.

7. Scope for Sharing and Service Business Cases

- 7.1 It was agreed by the Shared Services Board that all services except those at Cannock Chase Council funded by the Housing Revenue Account (HRA), would be considered in scope for the sharing of services.
- 7.2 As part of the work for the second stage of the business case, the Heads of Service from both Councils were asked to work together to consider and develop an outline business case for their services. This work included:
- Providing a description of the functions to be shared;
 - Details of any services not considered suitable for sharing, the reasons for this and alternatives considered;
 - Defining the ambition/what could be achieved by sharing the services - e.g. resilience; opportunity to create or retain specialisms; improved performance; opportunities for employees; diversification
 - An overview of volume of work and performance
 - The budgets for the functions
 - The team/employee structures
 - Indicative savings from vacancies, sharing systems and operational costs
 - Any pump priming costs need to bring the services together - this primarily relates to unifying / new ICT systems
 - Any material factors that may influence the implementation date for commencement of the shared service e.g. contract commitments, service issues
 - Any potential barriers, material consequences or risks of the proposal specific to the service.
- 7.3 All Heads of Service identified benefits to sharing services and all are considered suitable for sharing with the exception of:
- Elections
 - Housing Register
- 7.4 With regard to Elections, it is considered that the difference in electoral cycles and the time critical pressures of delivering elections would be challenging to manage via a shared service. It might however be possible to achieve this over time. In the short term it is considered that this could be a collaborative model, with both teams reporting the same Head of Service, but with separate managers. There would be benefits in exploring joint working on electoral registration but this could only be achieved if the software applications used to manage elections and electoral registration were aligned. It is proposed to look into this further as cloud-based applications become available and not before Cannock Chase Council has completed its boundary review and first set of all out elections in 2024.

- 7.5 In terms of the Housing Register, it is considered that the Cannock Chase register is an integral part of the delivery of the HRA related services and it would be problematic to separate this out. However, this doesn't limit the ability to share the homelessness service and the Housing Register for Stafford Borough Council could be retained with this service.

Options for sharing

- 7.6 Members of both Councils asked that two options be considered when looking at the wider sharing of services:
- (i) Option 1 - A shared Chief Executive, Leadership Team and services; and
 - (ii) Option 2- Sharing some additional services but not a Chief Executive/Leadership Team.

Sharing a senior management structure and services

- 7.7 As set out in the lessons learnt section of this report, a number of Councils share senior management and all services.
- 7.8 The main benefits of having a joint Leadership Team would be the ability to maximise the delivery of savings and to make decisions to align systems and processes without reference to another management structure. NB this does not apply to policy decisions which remain within the remit of the Members for each Council). Having two separate Chief Executives and Leadership Teams has been the key limiting factor for the existing shared services to achieve its full potential. It has affected the streamlining of ICT application software systems, fettered the appetite for joint procurements etc and different and/or duplicate processes has led to inefficiencies in working practices. It is anticipated that further savings can be delivered from the existing shared services once all of the remaining services are shared and have undergone the transformation process.
- 7.9 The sharing of a senior management structure would provide an opportunity to have a fundamental restructure of senior management to build in strategic capacity which is currently limited in both Councils structures. Without sharing a Leadership Team, it would be difficult for each Council to do this on their own due to the current small and flat senior management structure and budgetary pressures.
- 7.10 A shared Chief Executive and Leadership Team would set the tone, values and culture for the wider sharing of services which will be key to achieving a one team approach, good relationships with Members and great customer service. This would also remove one of the key barriers in the first phase of shared services which was in some instances perceived as a takeover and has created a division between those services which are shared and those which aren't.

Extension of sharing services without a joint Leadership Team

7.11 There are two sub-options within extending the existing shared services but not sharing a Leadership Team:

- Sharing more support/back-office services; and/or
- Sharing more front-line services

7.12 There are currently a number of support services which aren't shared:

- Policy and Performance
- Communications
- Democratic Services
- Support Services
- Civic Support and Personal Assistants
- Health and Safety
- Asset Management
- Caretaking and Cleaning

A number of these services (i.e. Policy, Communications and Democratic Services) work closely in supporting the respective Leadership Teams and transformation of these services without sharing senior management would be limited and this would impact on the savings that could be delivered. The majority of these services are small and would not generate significant savings through sharing, though there would be benefits in terms of capacity and resilience.

7.13 The majority of the Councils' front-line services are not shared and so there is more potential in this area. There are four key service areas which have previously been considered for sharing due to the scale of the services and the potential savings that they would generate:

- (i) Streetscene/ Parks and Open Spaces - this was previously explored in 2019. Whilst the review concluded that there would be benefits in sharing, it was recommended that Cannock Chase Council's team needed to change its operating model to a multi-tasking approach first to bring it in line with Stafford's model. This work has not progressed due to Covid and capacity issues. Estimated saving £312k.
- (ii) Environmental Health - similar to Streetscene, this service was also reviewed in 2019. It was also considered that this would be suitable for sharing but again there is a fundamental difference in the Cannock Chase operating model which requires a policy decision from Members at one or both Council to address the difference. Since the review some changes have been at Cannock Chase to bring the two previously separate environmental health teams together but the fundamental policy difference remains an issue. Estimated saving £138k.

- (iii) Planning - this was looked at several years ago but not subjected to a full independent review. Currently both Councils' planning teams are struggling to recruit experienced planning staff and the team at Stafford is addressing a backlog of work that has accrued since Covid. Estimated saving £205k.
- (iv) Customer Services - this has been considered previously but not in detail. The two Teams are currently working together to jointly procure a new customer portal. However, a shared team will only achieve its full potential if all services are shared and transformed. In order for a shared service to work effectively, all front-line service processes would need to be aligned so that the team has one set of scripts with which to answer all customer enquiries. Consequently, it is not considered worthwhile to share this service without sharing all services. Estimated saving £54k.

7.14 There will be insufficient capacity within the existing management structures of both Councils to share these services in isolation due to the existing workloads. This is likely to have an impact on the delivery of the shared services and the other services and priorities within the Heads of Services remits.

7.15 Furthermore, in order to share the Streetscene, Planning and Environmental Health services successfully, a significant amount of transformation work will be needed. It will be challenging to do this if the Heads of Services have limited capacity to lead this process and transformation resources are split across the two Councils.

7.16 The support of a joint Leadership Team and direction of a single Chief Executive is essential to extending the sharing of services across the two Councils.

Conclusion

7.17 The wider extension of sharing services and a senior management structure is a natural progression from the first phase of sharing services which commenced in 2011. This would be a key driver to making savings to meet the deficit in the Councils' budgets both directly from the sharing of services and by creating opportunities to do things differently.

7.18 As we have found with the existing shared services, the full savings and potential for sharing services will be limited if this is done without the support of a shared senior management structure.

7.19 It is therefore considered that Option 1, a full sharing arrangement between both Councils, affords the best opportunity to maximise the benefits from the wider sharing of services. The support of a shared Chief Executive and Leadership Team will be essential to further extending the sharing of services between the two Councils.

8. Long-term Vision and Ambition - The Vision for Shared Services

- 8.1 The vision for shared services below sets out what will be different for both councils as a result of working closely together and sharing a single Leadership Team and workforce.
- 8.2 The respective Cabinet and Council reports considered by Members of both authorities established a basis for shared working as follows:
- Each council should retain its distinct and local identity, including decision making powers, service priorities, direction and accountability.
 - To deliver improved outcomes for local people at the same or reduced cost than could be achieved if services continue to operate separately.
 - “One team supporting both councils”
 - Transformation of services and processes through process re-engineering, smarter working and the use of improved technology.
- 8.3 The following paragraphs build on that framework and seeks to describe how the new partnership will look and feel to Members, our employees and our partners.

Cannock Chase District and Stafford Borough Councils working together will be:

1. ***Ambitious for our communities and clear about our purpose*** - our councils are rooted in their communities and our purpose is to improve the lives of our residents. Our partnership will have a stronger voice in the County, regionally and nationally. We will work together to attract further investment in our economies and our communities and positively influence decisions on issues including health, education and strategic infrastructure.
2. ***Collaborative in how we work*** together as two Councils and with our public and private sector partners to influence their decisions on investment and service delivery to maximise sharing ideas and resources for the benefit of our areas. In transforming how we work, we will promote an outward facing culture, proactively engage with our partners, both public sector and business and enhance our reputation by promoting our successes.

We will foster a sense of belonging amongst staff by adopting an authentic *One Team approach*. We will actively value and celebrate the roles of individuals and teams in achieving shared success. We will share ideas between the two councils and with our partners.

3. We will be **effective and efficient** - we will encourage a bias for action and achievement and learn from our experiences. We will establish a Transformation Team with the key skills and resources to work with managers to achieve service improvement through business process re-engineering and organisational transformation

We will value and respect our local residents and elected Members and provide them with timely and appropriate responses to enquiries and complaints.

We will work flexibly to focus resources on those services that need to improve to deliver the ambitions of both councils. The proposed management structure for shared services focuses resources on these areas and will be reviewed regularly to ensure that capacity is focused on the areas of greatest importance and need.

The increased capacity at a strategic level will help us to anticipate opportunities and risks. We will have the capacity to consider new ways of doing things for the benefit of both organisations.

We will implement an organisation roadmap to ensure that all staff understand the change required and we will develop a culture of organisational readiness across both Councils in advance of the transformation.

4. **Resilient** - the councils will continue to face significant challenges as a result of financial constraints and the demands of Government, business and our communities. We have shown ourselves to be resilient organisations through a decade of austerity, a pandemic and continued uncertainty about local government funding.

We will continue to be innovative in our response to the challenges we face. The larger teams that shared services will provide will give us greater scope for strategic thinking and retaining specialist roles in key areas. The increased strategic capacity will provide us with the opportunity to horizon scan for new challenges, learning from the experience of others, greater flexibility in how we work, enabling us to be more agile in meeting new challenges.

5. **Sense of significance** - a greater clarity of purpose, a clear expression of organisational culture and how we work and recognising our achievements will make us **a more attractive employer**, helping us to recruit and retain the skills that we will need. Larger teams will also provide more opportunities for officers to progress in their career paths.

Sharing services under a single Leadership Team provides Members and officers with the opportunity to step back and review what we do and how we do it and importantly how we face the challenges of the future.

We can create a new culture and new ways of doing things whilst acknowledging the roots of both organisations and what they have achieved to date.

It is important that all Members and staff feel part of this new arrangement. We need to consistently communicate our vision, our sense of purpose and nurture our sense of belonging and excitement for the future.

9 Shared Management Structure

Proposed senior management structure

9.1 The shared senior management structure described below seeks to address the following:

To focus capacity and management resource on those areas that are identified as priorities for the councils in their corporate plans for the next three years i.e.

- Economic Development and the delivery of major projects (Levelling Up Fund, Future High Streets etc.)
- Operational Services that make our areas great places to live and invest in (clean, green, safe and attractive).
- The Wellbeing of our communities (housing, health, climate change and supporting the most vulnerable).
- Financially viable and stable councils. The senior management structure should deliver a saving of 5 to 8%.
- Transformation to improve service delivery, reduce costs and bring teams together.

9.2 The current flat structure in each authority provides for limited strategic capacity and results in the shared chief executive line managing too many staff to provide effective support to individuals.

9.3 The proposal to have two Deputy Chief Executive posts will provide a new strategic level of support to Members and the Chief Executive. The two Deputies will create capacity for the Chief Executive to focus on the strategic direction for both Councils and to work closely with the Leaders, the Cabinets and all Members. The two Deputies will also be accessible to and work closely with all Members.

9.4 The role of the Chief Executive and Head of Paid Service would remain to be the chief policy advisor to both councils and he would have more capacity to devote to this strategic role. The Chief Executive would have more time (assisted by his two deputies) to be the visible and accessible link between Members and the staff team, ensuring that Members are able to contact Heads of Service and other officers and receive timely responses to their enquiries.

9.5 The Chief Executive and his deputies will support the Leaders and Cabinet Members to further increase their influence in County wide decision making including the Staffordshire Leaders Board, Staffordshire and Stoke on Trent Integrated Care Board and Local Enterprise Board and regional bodies, including the West Midlands Combined Authority (as appropriate).

- 9.6 A structure with three directors was considered, however, this would have increased costs or reduced the number of Head of Service posts.
- 9.7 The draft structure increases the Head of Service posts focussed on the delivery of front-line services to local residents. The support services will focus on service and organisational transformation, financial sustainability and governance.
- 9.8 Deputy Chief Executive Place - will be responsible for efficient, effective front-line delivery of services that have a key role in making our areas great places to live, work and invest. Recruitment to this important post will be open to our existing heads of services and external candidates and to ensure that we recruit someone with the necessary experience, knowledge and attitude to transform front-line service delivery.
- 9.9 Deputy Chief Executive Resources/ S151 - Chris Forrester has been recruited as the new s151 Officer for both Councils and Deputy Chief Executive for Cannock Chase Council. This role will be expanded to be the Deputy for both Councils with responsibility for managing the services that support front-line services. Chris will be responsible for the successful transformation of the Councils to shared services and the management of key services including finance, governance, human resources, IT, communications and elections.
- 9.10 Head of Economic Development and Planning - this role will focus on delivering the major economic development projects at each council and improving the performance of the planning function. These services are paired as effective development control is a key contributor to economic development.
- 9.11 Head of Operations - will be responsible for achieving efficiencies from bringing together the Streetscene/ parks and open spaces and street cleansing services. Managing the waste contracts for each authority.
- 9.12 Head of Wellbeing - this is a new post that reflects the importance placed by both councils on supporting our most vulnerable residents at a time of financial crisis. The post will manage strategic housing and housing options, private sector housing and those services that contribute to health and wellbeing, including leisure.
- 9.13 Head of Housing (HRA) and Corporate Assets - this post will manage the corporate assets of both councils, including the 5,000 council houses managed by CCDC and will seek to maximise the synergies between housing and corporate asset maintenance to produce additional efficiencies.
- 9.14 Head of Regulatory Services - this post brings together a group of services that play a major role in ensuring the safety of local residents and businesses. The postholder will also lead on the climate change agenda.

- 9.15 Head of Transformation - the key levers for changing how our employees and teams perform are brought together under one Head of Service who will support other services to come together and improve their performance and identify savings.
- 9.16 Head of Law and Governance - together with the statutory post of Monitoring Officer will ensure the effective management of elections, democratic and support services.
- 9.17 The senior management structure is illustrated in the table below. This also includes a list of the functions expected to sit within each role. There may be some movement of the functions between roles following consideration of comments received as part of the formal consultation process on the new structure.
- 9.18 A review of the management tier below Head of Service will follow.
- 9.19 The Chief Executive and two Deputy Chief Executives will form a Corporate Management Team and the wider Leadership Team will include Heads of Service.

Chief Executive

Deputy Chief Executive - Place					Deputy Chief Executive - Resources/ s151 Officer		
Head of Economic Development and Planning	Head of Regulatory Services	Head of Operations	Head of Wellbeing	Head of Housing HRA and Corporate Assets	Reporting directly to the DCE Resources/s151	Head of Law and Governance/ Monitoring Officer	Head of Transformation
<ul style="list-style-type: none"> • Economic Development • Planning Policy • Development Management • Planning Enforcement • Land Charges • Street Naming and Numbering 	<ul style="list-style-type: none"> • Environmental Health • Licensing • Community Safety and CCTV • Civil Contingencies • Building Control • Climate Change 	<ul style="list-style-type: none"> • Streetscene (inc Parks and Open Spaces) • Waste Contract • Bereavement Services • Fleet Management and Vehicle Workshop • Markets • Car Parking 	<ul style="list-style-type: none"> • Housing Strategy/ Homelessness • Housing Register - SBC only • Private Sector Housing • Disabled Facilities Grants • Health in All Policies • Reducing inequalities • Asylum Seekers and Refugees • Vulnerable People • Leisure 	<ul style="list-style-type: none"> • Housing - HRA (Cannock) • Housing Register CCDC only • Corporate Asset Management • Caretaking and Cleaning 	<ul style="list-style-type: none"> • Finance • Revenues and Benefits 	<ul style="list-style-type: none"> • Legal • Democratic Services • Electoral Services • Information Governance • Civic and Corporate Support 	<ul style="list-style-type: none"> • Human Resources • Information Technology • Business Planning and Performance • Projects and Transformation • Customer Services • Communications • Internal Audit and Risk • Health and Safety • Procurement

Future Chief Officer appointments

- 9.20 Both Councils currently have separate processes for the appointment of Chief Officers which are defined within the Constitution. In both cases an Appointments Panel is convened and is responsible for making the appointment. Given that a Shared Leadership Team is being proposed both Councils need to agree to a consistent approach to Chief Officer appointments process moving forward, which will in turn necessitate a change to the Constitution.
- 9.21 Assuming that Chief Officers will be split across both Councils it would be logical for the employing authority to take the lead in the recruitment and selection process.
- 9.22 Moving forward it is suggested that any recruitment panel should include a maximum of six members from both Councils which is led by the Leader of the relevant Council (or his/her delegated deputy) in conjunction with the relevant Cabinet Portfolio holder. It is also suggested that the Leader should have the casting vote in making the appointment decision, whilst taking into account any thoughts and considerations from the Chief Executive.

Savings from senior management

- 9.23 Savings will be delivered through the proposed new senior management structure.
- 9.24 The current costs (including on-costs) of the senior management structures are set out below.

Cost of existing senior management structure

Post	Total FTE	CCDC Budget £000	SBC Budget £000	Total Budget £000
Chief Executive	2.0	153	162	315
Heads of Service	10.0	502	511	1,013
Total	12.0	655	673	1,328

FTE = full time equivalent.

- 9.25 The above represents the costs of staff as they are employed by the two Councils. Shared posts will be subject to recharging, e.g. some of the S151 Officer post will accrue to Stafford after the recharging process. The table is included to illustrate the total number of posts and costs of the combined senior management structure.

9.26 The costings for the proposed new senior management structure are set out below:

Post	Total FTE	Total Budget £000
Chief Executive	1.0	191
Deputy Chief Executives	2.0	286
Heads of Service	7.0	763
Total	10.0	1,240

9.27 The costs shown in the table are based on indicative salary bands as follows:

- Chief Executive - £140K
- Deputy Chief Executives - £95k-£105K
- Heads of Service - £75k-£85K

The salary bands have been based on a comparison of salaries for similar roles in local government and take into account working across two Councils. The actual salaries for each role will be determined through an independent job evaluation process.

9.28 The proposed senior management structure represents a total net reduction of 2.0 FTE and a saving of £88k (6.7%). The respective share of this saving between the two Councils is £44k for Cannock Chase and £44k for Stafford.

9.29 The above savings would contribute towards funding the overall 2023-24 budget gap for each Council.

9.30 Additional savings are also expected to be delivered from a restructure of the management tier in due course.

10 Transformation (including Digital) and Measuring Success

- 10.1 Transformation will be one of the key components of making shared services a success for both Councils both in terms of service delivery to our customers and making savings. Transformation of service delivery will be essential and making better use of technology will play a key role in this. In addition to the service transformation, it will also be necessary to transform our organisational infrastructure and culture to create an environment to support joint working and maximise the effectiveness of this.
- 10.2 Transformation could be done individually by each Council but by doing it together both Councils can benefit from sharing knowledge, ideas and skills and there will be economies of scale and reduced costs in supporting a joined-up approach.
- 10.3 It will be important to measure our success in transforming services and maintaining or improving service delivery. We will need to be clear about the performance of the respective Councils at the outset and to monitor performance regularly to ensure that our transformation work has the desired effect.

Service Transformation

- 10.4 In order to create successful shared services, it is essential to align processes. This will be achieved through a comprehensive service transformation process.
- 10.5 Reviewing how and why services are delivered, aligned with a renewed approach to customer experience and access, will play a vital role in how the shared teams deliver services in the future.
- 10.6 Sharing services will provide the opportunity for both organisations to learn and adopt the best practice from each other and to learn from others. The transformation process will help to determine service improvements, performance targets, opportunities to make efficiency savings and policy related savings which will require a decision from Members.
- 10.7 It is acknowledged, that there may be some differences in service delivery due to the different policies adopted by each Council. The ability to maintain different levels of service delivery across the two Councils is important to sovereignty but it needs to be acknowledged that this can be difficult to achieve in small teams and will limit the ability to deliver savings. Differences in service delivery/policy will be reviewed as part of the transformation process and options to align or change both Councils' models will be presented to Members for consideration. This will initially be considered through the Shared Services Governance arrangements. Where Members are supportive of the changes, this will then be reported to both Cabinets for a decision through the normal democratic process.

- 10.8 No service delivery option will be ruled in or out at this stage – the transformation process will seek to identify the best option for the Councils, our residents, businesses and any other interested parties. This will involve reviewing existing contacts when opportunities arise and looking at options for delivering services in a different way for customers.
- 10.9 Our experiences from service transformation in 2011, showed that this worked well particularly for transactional and customer facing processes. The Revenues and Benefits service were a good example of this. They adopted the LEAN technique and this allowed them to challenge every step in their processes to see what the impact was on the customer and where there was “waste” (inefficiencies) in the system. As a result of this work, they redesigned their processes with the emphasis on making it easier for the customer. It also brought about improvements in performance in handling benefits claims for Stafford Borough Council. Pre shared service, Stafford’s processing times were in a range of 41-68 days and is now 16.7 days. Cannock Chase’s performance has remained consistent – it was 16-33 days and now averages 16.5 days.
- 10.10 In terms of the services that would be shared and transformed in this phase, it is anticipated that teams such as planning and environmental health would also benefit from adopting the LEAN technique (or similar). There are also opportunities to improve service efficiency through greater use of digital technology with officers out on-site using tablet devices to input the findings of their inspections directly rather than typing up their handwritten notes after their visit. The introduction or improvement of existing e-forms and customer portals should also improve service accessibility for our customers (see digital transformation below for more details).
- 10.11 Our corporate processes will also be aligned and transformed wherever possible to deliver efficiency savings e.g. committee reports, maintenance of webpages (though separate websites will be retained)
- 10.12 For most services, the process of transformation will follow on from service convergence, (joining together the separate teams). This stage will focus on driving further efficiencies and savings by using current best practice, which may be from either authority or others, doing things differently and exploring alternative service delivery models.
- 10.13 For a few services, transformation will come at a later stage. This will be due to either:
- A need to complete time critical work e.g. the local plan; or
 - The need for other services to complete their transformation first e.g. the Customer Services team will need other services to align and transform their process so that they have a single script to deal with customer enquiries.

- 10.14 The transformation process is also helpful in providing an opportunity for the teams to come together and share their ideas for improving processes and service delivery.
- 10.15 Experience from our sharing of services in 2011, shows that the transformation process takes time as it has to be done alongside the delivery of services and needs to be properly resourced. A project manager was brought in to lead this process but some services, having gained an understanding of the techniques involved, felt they could manage without the support from the project manager. This slowed progress and in some cases, it came to a halt. This time around it is proposed to ensure more rigorous project management of the transformation process and delivery of the action plans.
- 10.16 Dedicated resources will once again need to be provided to support the effective delivery of the transformation but this will be time limited. It is proposed to establish a small team, led at Head of Service level, for the transformation process. The team will draw on expertise from across the Council, and specialist resources will be brought in where required. It is anticipated that it will take 2-3 years to complete the transformation process and team integration.
- 10.17 Each service area will be expected to:
- Hold workshops to understand the current processes and policies being used;
 - Identify those processes that need to be reviewed and aligned
 - Identify any significant differences in policy that impact on service delivery that need to be referred to the Joint Strategic Board (Members) for consideration;
 - Develop a transformation action plan outlining all the processes and policies, where appropriate, that need to be reviewed.
- 10.18 The transformation plans will be presented to, challenged and delivery monitored by the:
- Programme Implementation Board (Officers); and
 - The Joint Operational Board (Members)
- 10.19 Once the transformation plans have been approved, the service can proceed to service redesign and implementation. The key steps at this stage are to:
- Redesign the service to deliver it in the most effective and efficient manner for the customer considering best practise;

- Pilot the new service design to ensure that it delivers the required outcomes;
- Refine and embed the new process
- Develop through continuous improvement.

10.20 It is anticipated that savings can be achieved through the transformation of services. However, this Business Case does not provide a definitive financial estimate at this stage. Indicative savings have been identified but these could be more or less depending on the scale of transformation and Members willingness to change service levels or policy.

10.21 The transformation process set out above relates to the newly created shared services. However, it is anticipated that the current shared services will also undergo further transformation work once the new shared services have completed theirs. This may deliver further savings in some service areas through reducing duplication of work.

Digital Transformation

10.22 Learning from our own experiences of shared services and that of other councils, shows that it is critical to get the same IT systems and associated processes in place across the two authorities and the services as soon as possible.

10.23 As we already have a shared Technology service in place, much of the work around aligning the two Councils infrastructures has already been achieved. Doing this has delivered savings and increased our resilience with data being backed up across both sites. Each Council is able to run all of its systems at the opposite site. In 2011 the cost of doing something similar via an external company was £19,684. The email archiving system used at one council (Vaulcritical) was £9,900. This was replaced by migrating data to a better product. The joint cost is £16,468. There are still a few exceptions regarding infrastructure and these are:

- The desktop telephone system;
- Telephone line supplier
- Websites
- Intranet sites

10.24 Good progress has already been made to facilitate the efficient operation of joint management arrangements such as e-mail and diary management, remote file access. This has advanced further as a result of the pandemic through the use of Teams across the two Councils which supports agile working and enables remote and hybrid meetings to take place.

- 10.25 As referred to previously in the lessons learnt from the current shared services, progress has also been made in aligning the software used by most of the shared services i.e. Revenues and Benefits, Finance, Legal, HR.
- 10.26 The two Councils are currently working together on the procurement of a new customer portal which will support the wider transformation of services and improve customer service. It is anticipated that the procurement will be completed shortly and implementation will commence later this year. The focus of the new system will be to make it easier for those customers who want to access our services online to do so. The current e-forms package is outdated and it will be replaced by a more user-friendly package. For those customers who do not want to access services on-line, they will still be able to access services via the telephone or in person.
- 10.27 The sharing of service specific software is the area where most work and investment will be required. The Heads of Services have identified, as part of the work on the service business cases, the need to align and upgrade application software systems to allow the shared services to operate effectively and to deliver improved services to customers. The key application software systems that need to be replaced or aligned include:
- Planning (including access for the public and document management);
 - Environmental Health including licencing
 - Elections (though not planning to share this service)
 - Members portal and document management
- 10.28 These systems need replacement and upgrade regardless of whether services are shared or not. Whilst it is anticipated that some savings can be achieved through sharing software, it is difficult to quantify this. It should be noted that it is highly unlikely that costs will be halved as many applications are based on the costs of licenses for users rather than the purchase of the system. There will however be benefits in sharing capacity/resources for both the technology team and the service teams in implementing the new systems and the ongoing support and administration.
- 10.29 The estimated costs for the two key systems that will need to be replaced are set out below:

Environmental Health:

Replacement of the current software system, which is used by both Councils and is nearing its “end of life”. Estimated cost £160k.

IT hardware and software to facilitate working on site which would improve efficiency and reduce the need to travel to the office. Estimated cost of £30k to buy tablet devices.

Bespoke ICT software system required for Licensing. Estimated cost of £75k. This may come as part of package for a new Environmental Health system which would negate or reduce the cost.

There is currently an annual budget of £39k available to meet the cost of licenses and maintenance.

Planning:

Procurement of a new planning system and migration of the data from both of the existing systems is estimated to cost £335,000.

New hardware is estimated to cost a further £34,000.

The cost of annual licence fees and maintenance costs is estimated to be £137,000. There is currently a total budget of £118,000 across the two Councils for this.

10.30 These costs are indicative only and could be more or less expensive. The costs have been based on information provided as part of the service business cases. Market testing will need to be undertaken to give a better understanding of the costs.

10.31 There are limited funds set aside for the procurement of new ICT systems so the replacement of software will need to be prioritised and done in phases.

10.32 There will be an opportunity to align and transform the current intranet sites into one site which supports the employees at both Councils. A similar approach could be adopted for Members to ensure that they have access to relevant information. Both Councils will continue to maintain their own separate websites but management of this will be brought together allowing for efficiency savings in updating information.

Organisational Transformation

10.33 The two Councils have similar values but slightly different organisational cultures. One of the foundations for building a joint leadership team will be to create an organisational culture and ethos that drives the shared services agenda and supports the delivery of the ambition set out in section 6.

10.34 Cultural change was one of the objectives of the first phase of shared services in 2011 but this was difficult to achieve with two separate leadership teams and chief executives. Under the proposal set out in this business case, with one chief executive and a joint leadership team, this will provide a good starting point. Furthermore, a number of the heads of service are already shared and working across both Councils so there is common ground on which to build. The two Leadership Teams have met a number of times as part of the preparation of the business case and have worked well together

with similar aspirations. It will be important for the Leadership Team to work with Members of both Councils to establish the values and culture and to act as ambassadors as we move forwards.

- 10.35 Values and organisational culture will need to be established early in the transformation process so as to underpin the ongoing service delivery for both Councils and the transformation work. This will be essential in helping to break down myths and barriers across both Councils so that the wider sharing of services is not seen as a takeover or a merger.

Measuring Success

Performance in service delivery

- 10.36 Similar service performance can be an aid to sharing. However, where performance converges at a low or middling level, the sharing itself should be seen as an opportunity to reinvent service approaches and improve performance.
- 10.37 Furthermore, learning from the experience of other Councils that share services, performance measures should not be used for direct comparison between the sharing Councils.
- 10.38 Instead, performance measures should initially be used to ensure standards of service for each Council are maintained during a time of change and are valuable indicators of the impact and success of sharing services. This will be captured as part of the service level agreements set by each Council for their services.
- 10.39 It is important to note that simply sharing services will not result in identical performance. Similar processes and policies will help to make the services efficient but the relative demand, demographics; affluence etc between the two Council populations will all have a bearing on performance which will not be negated simply through adopting a shared workforce.
- 10.40 For many of our services, the differences are in the level or type of services provided rather than the performance of the teams in delivering the services.
- 10.41 Performance in delivering services will continue to be measured. A dashboard of Key Performance Indicators (KPIs) will be produced and agreed with the Shared Services (Joint Operational) Board; these will be used to provide a snapshot as to how the shared services are performing. As set out in the Governance Framework, each Council's Scrutiny Committees will retain responsibility for monitoring and challenging the performance of services.

Outcomes

10.42 In addition to the performance in service delivery there are other outcomes that both Councils want to see the following from the wider sharing of services:

- Financial savings of sufficient scale achieved to make the project worthwhile
- Corporate priorities achieved and key projects delivered (as set out in each Council's corporate plans)
- Improvements in service delivery and efficiency to achieve more efficient and effective ways of work and sharing of good practice and joint work on policy development
- Partnerships performance unaffected or improved
- Good relationships and contact are maintained between the Members and the Leadership Teams

10.43 These aspects will be monitored where appropriate through existing Cabinet and Scrutiny arrangements. The remainder will be managed through the proposed governance arrangements for sharing services.

11 Sovereignty, Governance Arrangements and Identity

Sovereignty

- 11.1 The Councils will retain their own sovereignty and remain as separate entities. They will retain their existing democratic processes and their own Constitutions.
- 11.2 Members at each Council will remain responsible for making decisions that affect the residents in their areas.

Governance arrangements

- 11.3 If shared services proceeds, it is proposed to supplement the existing democratic structures for each Council, with a joint structure to support the delivery and oversight of the sharing of services.
- 11.4 Under the 2011 Shared Services model, there was a Strategic Board comprising the Council's two Chief Executives and the Client Officer for each Council. The purpose of the Strategic Board was to maintain oversight of the delivery and performance of the shared services and resolve any issues referred from the Programme Board.
- 11.5 Below that was a Programme Board which comprised representatives in equal parts from the services being shared and the Client Officers for each Council. The role of the Programme Board was to drive the individual shared service projects forward ensuring that any blockages are dealt with and that the individual projects do not adversely impact upon each other or other services of the councils.
- 11.6 These arrangements have remained in place, though over time meetings have just been held on an "as and when required" basis.
- 11.7 Whilst these arrangements worked well for the sharing of predominantly back-office services, more robust arrangements will be needed if a full sharing of Leadership Team and services proceeds. Member oversight will be central to these governance arrangements. It is proposed that the following structures should be put in place:

(i) Joint Strategic Board (Members)

Membership: the two Leaders and their Deputies . The Board would be supported by the Chief Executive (or their nominated deputy in their absence)

Purpose: the Board would have responsibility for ensuring delivery or/compliance with the Memorandum of Understanding, considering opportunities for shaping of policies, other shared/ joint working and

considering any points of dispute that cannot be resolved by the Chief Executive. The Board will report back on any matters/concerns to the respective Cabinets.

As required, the Strategic Board can set up joint Member Working Groups, comprising officers and Members, to review differences in approach / policy between the two Councils and to report back their findings to the Strategic Board for consideration.

Meetings: to be held quarterly initially and moving to half yearly once the shared Leadership Team is firmly established (approx. 1-2 years)

(ii) Joint Operational Board (Members)

Membership: 10 Members, 5 from each Council. This would comprise: Council Leaders, the Cabinet Members with responsibility for finances and corporate matters and 3 other Members (to include the Leaders of the Opposition or their nominated deputy) from each Council, to be appointed annually. To be chaired alternately by each Leader. The Chief Executive (or a nominated Deputy in their absence) will provide support to these meetings along with the lead officer responsible for the delivery of shared services.

Purpose: to be responsible for strategic assurance and monitoring of the implementation programme across each organisation, ensuring the shared services programme delivers to agreed strategic objectives and timescales.

Meetings: quarterly.

This Board would be dissolved once the shared Leadership Team has been established, services have been shared and transformation work is substantially completed. (it is envisaged that this will take 2-3 years).

- 11.8 Each Council will retain its own Scrutiny Committees which will have the right to scrutinise the performance of all services regardless of which Council is the lead for the service. The Committees will not however have the right to scrutinise the progress of the delivery of shared services arrangements, as this will be the responsibility of the Joint Operational Board (as set out in 11.7 (ii)). Ideally, in the medium to longer term, a joint Scrutiny Committee comprising members of both Councils should be set up to scrutinise the performance of Shared Services. This would relate to performance only and not the delivery of projects or policy matters which are unique to each Council.

11.9 In addition to the governance arrangements for Members, the Chief Executive will put in place arrangements for officers to ensure the effective delivery of the shared services project. This will include:

(i) Project Implementation Board (Officers)

Membership: the Chief Executive, their direct reports, the s151 Officer and Monitoring Officer.

Purpose: To provide overall management, direction, guidance and control of the project delivery plan ensuring key deliverables are achieved. Responsible for the direction, approval and operational decision-making of the implementation of sharing services and transformation.

Meetings: monthly initially but moving to quarterly as the project progresses.

(ii) Service Delivery Groups (Officers)

Members: the relevant Director, Heads of Service and Managers as required. Supported by the Transformation lead officer and other support services as required eg HR, Technology

Purpose: To be responsible for day-to-day delivery and support of the project implementation and transformation plans for their service area(s).

Meetings: monthly initially but moving to quarterly as the project progresses.

Identity

11.10 Each Council will retain its own Civic Offices, identify, separate websites and telephone numbers to ensure that local residents have clarity as to who their councillors are and how they contact the Council to access services.

11.11 Shared services branding was established in 2011 for the current shared services and this will continue to be used where appropriate. The branding includes the logos of both Councils.

12 Financial Model

Allocation of costs and savings

- 12.1 The initial methodology used to arrive at savings for the respective councils will be as follows. Currently, costs are initially charged to one or the other council, and if appropriate (e.g. a post is already shared) the cost is then recharged, in part, to the other council. The same approach is planned to be adopted in future.
- 12.2 The means by which the savings accruing to each council are calculated, for a particular service, is to apportion the cost of the new shared service in similar proportions to the respective cost of the service for each council before the shared service is formed. An example is set out below.

The current cost of a Council A service is £60 and for Council B it is £40. So this total combined cost of £100 is spread 60% for Council A and 40% for Council B. A new shared service is established, costing £80 in total, so saving £100 - £80 = £20 overall. The cost of the new shared service will be apportioned the same as before shared services, i.e. the cost to Council A will be £80 x 60% = £48 and the cost to Council B will be £80 x 40% = £32. So £48 + £32 = £80. The saving to Council A will be £60 - £48 = £12. The saving to Council B will be £40 - £32 = £8. In tabular form:

	Council A	Council B	Total
<i>Current cost</i>	£60	£40	£100
<i>New cost</i>	£48	£32	£80
<i>Saving</i>	£12	£8	£20
<i>Proportions</i>	60%	40%	100%

- 12.3 After the new shared service has been created, the service will be subject to transformation. This may result in a change to the method of apportioning costs between the two Councils.
- 12.4 The overriding principles are to avoid any cross-subsidisation and to respect independent decisions of each council regarding the configuration of its services. Therefore it may be that the existing apportionment method (based on pre-shared service budgets) will need updating for individual services. For example, one Council may decide that it wants to scale back a service. Using the above example, if Council B decides to reduce its service by £10 (as a result of transformation or simply to reduce costs), this would result in the following:

	Council A	Council B	Total
<i>Initial shared service cost</i>	£48	£32	£80
<i>New cost</i>	£48	£22	£70
<i>Saving</i>	£0	£10	£10
<i>Proportion of saving</i>	0%	100%	100%
<i>New service proportions</i>	68.5%	31.5%	100%

- 12.5 When future service changes give rise to costs attributable to the change itself - e.g. ad-hoc costs of a feasibility study, or redundancy costs - these will be charged accordingly. This means that if the proposed change is owned by both Councils, these costs will be shared 50/50, unless otherwise agreed in advance by both Councils. But if one Council is driving the change and will benefit from the change, that Council alone will incur the costs.
- 12.6 As regards service income, where that income relates generically to the shared service, it will be apportioned similarly to expenditure - e.g. if the shared service is able to generate consultancy fee income. However, any income that relates specifically to one particular Council will accrue exclusively to that Council - e.g. Government grants awarded to one or both Councils; or fees and charges income from car parking.
- 12.7 The cost and savings sharing formula will be shared with the Councils' external auditors. We will have an agreed framework in place that sets out how this broad formula will be tested and reviewed annually to ensure it is still fit for purpose and safe to use for the costs and savings allocation in the joint working arrangement. This framework draws on the practices of other authorities who are sharing management and services. The proposed framework will be reviewed annually. The purpose of this framework and annual reviews is to ensure that one Council does not subsidise the other.

Costs of transformation

- 12.8 There are some small costs incurred to date in respect of shared services - less than £10,000. All these costs will be shared 50/50 unless otherwise agreed in advance by both Councils. Future costs may include consultancy/ interim fees and redundancy costs. There may also be some early transformational costs, if the transformation takes place at this initial stage of shared service implementation - e.g. it is an essential requirement to invest in an ICT systems change, to enable the new service to operate. These costs will also be shared 50/50 unless otherwise agreed in advance by both Councils.
- 12.9 The budgets available to each Council to fund shared service transformation are held in earmarked reserves: £199k for Cannock Chase and £365k for Stafford. The use of these reserves will be a decision of each Council, but the above initial costs can be funded from the reserves. In future, there may be more substantial ad-hoc costs of shared service transformation, and the reserves can be used until they are exhausted. One means of protecting the reserves to some degree may be to expect each service to fund its own transformation, e.g. by the reserve initially paying for the transformation but then requiring the service to "pay back" the cost over a number of years, funded from any savings arising from the transformation. This can be decided at a later date.

13 Legal Arrangements

Shared Service legal arrangements - delivery vehicle options:

- 13.1 There are 3 key models for the sharing of services
- (a) Collaborative working
Each Council retains its own staff and resources for each service but agrees to work together to achieve joint objectives or agrees to provide assistance to the other Council.
 - (b) Lead Authority Shared Service
Staff and relevant resources are transferred to one lead authority with an agreement to provide services for both Councils.
 - (c) Third party
Staff are transferred to a separate organization (e.g. Limited Company), which agrees to deliver services to both Councils.
- 13.2 Previous shared service arrangements between the Councils were based upon option (b) above with each Council being the lead authority for a number of different services. This option has the advantage of allowing central management of each service and gives the greatest scope to create shared staffing structures and recruit more efficiently and effectively than maintaining separate teams.

Legal basis for sharing:

- 13.3 There are a variety of provisions which enable Councils to share services:
- (a) Section 101 of the Local Government Act 1972: allows local authorities to delegate functions to other local authorities.
 - (b) Section 102 of the Local Government Act 1972: allows local authorities to set up joint committees with other local authorities to discharge functions that have been delegated to that committee.
 - (c) Section 113 of the Local Government Act 1972: allows a local authority to place officers at the disposal of another local authority for the purpose of carrying out the latter's functions

Previous shared service arrangements between the Councils were based upon option (a) above with each Council delegating responsibility for a function to the lead authority. Both Councils also entered into Service Level Agreements to agree how resources would be shared, and what services would be delivered, in respect of each function. It will be essential at the outset to ensure that the service being delivered for each Council is clearly understood.

This will be achieved through the establishment of a series of Service Level Agreements (SLAs), which will set out clearly the service to be delivered, and the performance standards that are to be achieved as part of that service delivery. It is not expected that service level agreements will be restrictive in their application or extremely detailed but they must be adequate to protect both authorities interests as they continue to operate as separate entities.

- 13.4 It is important to note that both Councils have different methods of service delivery, which reflect their differing aims and objectives, which may require differing levels of service being delivered by the shared service.
- 13.5 The SLA's will represent the level of service at the point of transfer. This will change over time through the transformation work and any policy decisions taken by one or other Council, particularly where their individual financial position means that their desired level of service can no longer be funded. Any such changes will need to be reflected in the SLAs.
- 13.6 The Chief Executive is currently shared on the basis of a section 113 agreement between both Councils. This allows the Chief Executive to act on behalf of Cannock Chase Council and carry out any functions delegated to its Chief Executive/Managing Director.

14. Human Resources Considerations

Overview

- 14.1 There are a wide range of HR implications related to the sharing of services. In the short term these will be primarily focussed on the employment model and engagement with employees and trade unions. In the longer term the focus will be on aligning terms and conditions, developing the workforce, succession planning, establishing the two Councils as an employer of choice and supporting establishing an organisational culture.
- 14.2 There will be challenges and opportunities for employees under the wider sharing of services. It is important that the workforce issues associated with the wider sharing of services are handled sensitively and consistently and do not become a major barrier to the success of this significant change for both Councils.

Pay/Grading

- 14.3 Ideally, all employees would have the same pay, terms and conditions. Both Councils currently use the same Job Evaluation Scheme, but each has separate and distinctly different conventions and consequentially different grade boundaries attributed to the evaluation process. This can result in the same/similar roles being paid different salaries at each Council.
- 14.4 Creating a single grading structure will require significant commitment by both Councils, in terms of financial and staffing resources to undertake the process. External specialised knowledge and skills will be needed and it is a time-consuming process which requires every unique post to be evaluated. It is estimated that it would take 2-3 years to complete this. All of this also requires the engagement and support of our Trade Union colleagues, both locally, regionally, and nationally for implementation.
- 14.5 In undertaking such an exercise there needs to be acknowledgement that there will be an expectation of harmonisation upwards both in terms of salaries and allowances and the cost of this should not be underestimated. Whilst some jobs may go up with evaluation, some will remain the same and others could reduce in grade based on a new set of conventions and grade boundaries. For those roles where the grade is reduced, a period of pay protection would apply. A further note of caution is that any new grading structure will require an equality impact assessment which again would need to be to the satisfaction of our Unions.
- 14.6 Given the time that creating a new job evaluation scheme would take and the unknown financial cost of doing this, it is proposed to defer a decision on this in the short term and consider it in 3-5 years once the shared services are well established, the transformation process has been completed and the funding of Local Government is hopefully clearer.

- 14.7 In the short to medium term this will mean retaining one or both of the current job evaluations schemes and this will be determined according to the employment model to be adopted.

Terms, Conditions and HR Policies

- 14.8 As well as differences in pay between the two Councils, there are also differences in terms and conditions. Examples include differences in annual leave entitlements, payments for overtime, additional hours and standby, notice periods etc. The Constitution at both Councils provides delegated responsibility to the Chief Executive to review, determine and implement any changes to Terms and Conditions with the recognised trade unions through the Council's normal negotiating arrangements.
- 14.9 Whilst many HR policies have been reviewed and aligned since the sharing of service began in 2011, there are still some that haven't due to differences in each Council's approach eg Annual Leave and Code of Conduct. With the wider sharing of services and a joint leadership team, work could begin on aligning the remaining HR policies.

Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE').

- 14.10 Before considering the employment models, it is necessary to outline the protection that will be available to employees to safeguard their pay, terms and conditions so they do not suffer any financial loss as a result of any change of employer. All employees who are transferred to the employment of the other Council under the employment models that follow will have their pay, terms and conditions protected under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE').
- 14.11 TUPE provides a defined format for protecting the interests of employees. Broadly, the effect of the TUPE regulations is to preserve the continuity of employment and terms and conditions of service of those employees who are transferred to a new employer when a relevant transfer takes place. This means that employees employed by the previous employer (the 'transferor') when the transfer takes effect automatically become employees of the new employer (the 'transferee') on the same terms and conditions of employment (except for certain pension rights, excluding the Local Government Pension Scheme). The situation is as if the contracts of employment had originally been made with the new employer. Protection of terms will continue indefinitely or until there is an economic, technical or organisational reason for changing things. The regulations contain specific provisions to protect employees from dismissal before or after a relevant transfer.
- 14.12 There is the potential for staff to move on to the terms and conditions offered by their new employer but generally this is at the choice of the employee where it is in their interest to do so. Changes cannot be imposed as a result of a service transfer unless strict criteria are met.

- 14.13 Conversely, it should also be noted that as much as TUPE protects employees at the date of transfer, it does mean that employees can transfer and be on less favourable terms than their new colleagues. There is no right in the TUPE regulations to transfer onto the new terms and conditions.
- 14.14 Under our existing shared services arrangements, all of the staff who transferred have been protected by TUPE. Over the last 11 years, where structures have changed and roles have been revised or new ones created, the roles have been evaluated against the relevant Council's job evaluation scheme and individual employees have had the option to move to the new terms and conditions of employment or to remain on their protected terms and conditions under TUPE. Of those 97 employees who formed the first tranche of shared services, a total of 13 employees have elected to remain on their TUPE protected Terms and Conditions: 4 at Stafford and 9 at Cannock.
- 14.15 In summary, no employees will experience a financial loss as a result of a change in their employer.

Employment Models

- 14.16 Sitting alongside the legal model for sharing services, as set out in section 13, and the issues related to pay and grading set out above, is the need to consider who will act as the employer for the shared services.
- 14.17 The interim report previously identified the 3 main models which are used to manage the employment of staff under Shared Services arrangements. The 3 models are:
- (1) The 'host authority' model in which one or other of the two partner Councils becomes the employer in law for all the employees of both Councils. This would require a transfer of staff to one or other of the partner Councils. TUPE would apply to staff transferred under this model.
 - (2) The 'current employer' model. This would see employees remain with their existing local authority employer but would be allowed to work for the partner authority under powers set out in section 113 of the Local Government Act 1972 as part of the sharing of services. This model would maintain the existing terms and conditions for each Council. There would be no staff transfers under this model.
 - (3) The third option is a hybrid model or lead authority/paired model. Under this option there is a "Lead Authority Employer" for a particular service, and these are paired between the two Councils so that as far as possible the number and size of the shared services led by each Council is equal. This would require a transfer of staff to the Council leading on particular services and TUPE would apply.

14.18 Our current shared service arrangements are based on the 3rd option, i.e. lead authority model. We have however reviewed whether this continues to be the most appropriate model moving forward. The key advantages and disadvantages of each option are detailed below:

Model	Advantages	Disadvantages
‘Host authority’	<ul style="list-style-type: none"> • All Employees employed by a single authority • Offers the potential for terms and conditions to be aligned over time. New employees would join on the host employer’ T&C’s and where services are restructured, employees may choose to accept the T&Cs of the host employer. 	<ul style="list-style-type: none"> • Employees may perceive this as a ‘takeover’ by which ever Council is determined to be the ‘host employer’ • Perceived loss of sovereignty by Members • Has implications for pension liabilities and how this will be shared
‘Current employer model’	<ul style="list-style-type: none"> • Simple to administer as no employees are transferred 	<ul style="list-style-type: none"> • Existing Employer Terms and Conditions are maintained which creates a perception of a two-tier approach to shared services • Does not address the existing difference in pension liabilities arising from the 2011 phase of shared services
‘Lead Authority model’	<ul style="list-style-type: none"> • Offers the potential for terms and conditions to be aligned within services/teams over time. New employees would join on the lead authority’s T&C’s and where services are restructured, employees may choose to accept the T&Cs of the lead authority. • Opportunity to reduce/equalise pension liabilities across both Councils • Employees at both Councils are familiar with the current employment arrangements under shared services 	<ul style="list-style-type: none"> • Grading, salaries and terms and conditions will continue to differ slightly across both Councils

14.19 Having considered the advantages and disadvantages of each of the models, it is proposed to continue with the current Lead Authority model. This approach has been tried and tested by our existing shared services and by other Shared Service authorities, such as Moorlands and High Peak and Bromsgrove and Redditch.

14.20 The key reasons for this are:

- It provides for consistency in approach for all Shared Services; and
- It creates an opportunity to incrementally align pay/grading within service areas over time without the need for a new job evaluation scheme. The costs of this can be borne incrementally as and when changes occur.

14.21 With the recommendation to continue with the Lead Authority model, it is acknowledged that this will result in ongoing differences between the two Council's pay/grading structures and terms/conditions. This will lead to discord for some employees. This is not a new issue and has been an issue for the existing shared services. But TUPE will ensure that no employees suffer a financial loss.

14.22 As referred to earlier, the intention would be to review the position after 3-5 years, to assess the appetite for and implications of establishing a single job evaluation scheme to be adopted by both Councils. During this time, the pay gap should have narrowed making the cost of such a change more affordable. Creation of a single grading structure doesn't necessarily mean that all employees will move onto this scheme. All employees protected by TUPE would still have the option to remain on their existing terms and conditions if they choose to do so.

National Pay Situation

14.23 There are also pressures on the current grading systems due to the national pay and negotiations process associated the NJC (National Joint Council) Terms and Conditions of Employment and Collective Agreements.

14.24 The negotiation and agreement to the annual pay award has become increasingly complicated in recent years due to the substantial increases in the National Minimum Wage (NMW) which have occurred and are envisaged in the future based on the political commitment to this issue. The key issue is that negotiations for the Local Government pay award begin after the NMW has already been implemented and rising inflation is creating additional pressure on the negotiation process. Budgeting for pay awards has ordinarily including a 1% or 2% increase. We have been advised nationally that this will not be sufficient, so both Councils' Medium Term Financial Strategies are to be revised to include a 5% increase for both 2022/2023 and 2023/2024.

14.25 Given the budgetary pressures which both Councils currently face, together with short to medium term issues associated with the impact on the NJC pay award it is therefore difficult to see how either Council could realistically commit to a timetable for full harmonisation of T&C's currently. As referred to earlier, it is therefore proposed to review the situation in 3-5 years.

Workforce Development and Succession Planning

- 14.26 One of the challenges which both Councils face is the ability to recruit and retain a workforce which have skills and knowledge to deliver services to our residents.
- 14.27 It has become increasingly difficult to recruit and retain in some areas including planning, building control and environmental health and is a national issue which is not easily resolved. Stafford has a career graded structure for Planning Assistants/Officers, which has been in place for 10 years and has on the whole being an effective mechanism for ‘growing our own’ planning professionals. Bringing services together provides the opportunity to develop resilience by providing other career structures, post entry training and development opportunities which are more attractive to young people leaving university or looking for a career in local government.
- 14.28 In addition both Councils have an ageing workforce. The percentage of employees (31.3.2022) over 55 is 32.73% at Stafford and 39.81% at Cannock. Stafford has a further 17.49% over 50, whilst Cannock has 16.35% in this group and are spread across the workforces.
- 14.29 We are aware that there are a number of senior managers who fall within this group, so it is important that we harness the talent which exists and look at ways of developing their leadership skills and capabilities as part of the transformation process as part of a succession planning process. Another way of addressing this could be to pool our Apprenticeship Levy and use this to create an apprenticeship programme to support more manual roles which exist across both Councils as well as a structured approach to upskilling existing employees during the transformation process.

Establishing the two Councils as an Employer of Choice

- 14.30 Both Councils are committed to looking at other employee benefits which will assist us in recruiting and retaining the most appropriately qualified employees to deliver services on behalf of our communities. Both Councils already offer good annual leave entitlements, an Employee Assistance Programme (VIVUP), Counselling Support and a Cycle to Work Scheme.
- 14.31 In order to compete in the ever-changing recruitment market we need to ensure that our approach to people management is flexible and adaptable to the expectations which have arisen from the pandemic. Young people as well as older employees with caring responsibilities are increasingly looking to employers who offer flexible working practices. As part of the transformation process we will be reviewing our people management policies and to ensure that we can compete in what is a challenging recruitment market.

15. Risks

- 15.1 Undertaking a project of this nature, inevitably involves risks. Members will need to consider whether the opportunities that can be achieved from the wider sharing of services outweigh the risks.
- 15.2 Identifying and managing the risks is an important element to securing the success of the proposals for the wider sharing of services. In order to take an informed decision about whether to proceed with the proposals, Members need to be aware of the risks associated with the creation of a joint management team and the wider sharing of services arrangements and how these can be effectively managed to ensure achievement of the stated objectives and deliver the benefits set out in this report.
- 15.3 To assist Members in their consideration of this, a risk assessment has been undertaken and this is set out at Annex 3. Alongside the risks, mitigating controls and actions have been identified to reduce and manage the risks.
- 15.4 In summary, the key risks are:
- Failing to secure member support for the wider sharing of services
 - Other corporate priorities and projects suffer due to a lack of capacity
 - The practical arrangements for sharing services are not thought through
- 15.5 It is considered that the benefits of sharing services outweigh the risks and as such the Councils should tolerate these risks at this level going forward.
- 15.6 Reviewing risk is an iterative process and risks will be continually reviewed and actively managed as part of the project management arrangements if the decision is taken to approve the wider sharing of services.
- 15.7 It is envisaged that the proposed Joint Operational Board (referred to within the Governance section of this Business Case) will have responsibility for overseeing the risk management process for the implementation phase.

16 Implementation and Key Milestones

- 16.1 If members decide to share a senior management structure and all services, there will be a number of key steps as part of the implementation process to move towards a joined-up structure. This will then be followed by the transformation process set out in Section 10.

Timeline for implementing the shared senior management structure

- 16.2 The first step will be to implement the shared senior management structure. Whilst indicative pay bands have been included with the structure proposals set out in Section 9, delegated authority will need to be given to the Chief Executive in consultation with the two Leaders, to finalise the details of the terms and conditions for the senior management posts. The salary for the new posts will need to be independently evaluated alongside the job descriptions. Consultation with the trade unions will also need to be undertaken.
- 16.3 Once this has been completed, existing senior management can be consulted and then assimilated into relevant posts; this will be done in accordance with the Councils' joint Redundancy and Restructuring Policy. It is anticipated that this process can be completed for a start date of **1 April 2023**.
- 16.4 The next step will be to commence recruitment for the remaining vacant posts. It is proposed to undertake an external recruitment process for the new Deputy Chief Executive - Place to fully test the market and ensure the appointment of a suitably experienced officer. Internal candidates will be encouraged to apply. A Joint Appointments Panel will be established to oversee the appointment to this post.
- 16.5 For the new/vacant Heads of Service posts, an internal recruitment process will be undertaken. If suitable candidates are not appointed, the roles will be advertised externally. A Joint Appointments Panel will be established to oversee the appointment to these posts.
- 16.6 In order not to delay the wider sharing of services and to allow Heads of Service to commence their new roles, it may be necessary to cover the vacant Heads of Service posts on an interim basis pending the recruitment of permanent staff. This will be essential to allowing the management tier to be restructured.
- 16.7 Once Heads of Service have been assimilated into the new structure, they will commence reviewing and restructuring their management tier. Consultation will take place in May/June so that the new structure can be implemented in **July 2023**. The stage may take slightly longer depending on the complexity of changes necessary.

Timeline for bringing services together and transformation

- 16.8 The bringing together and development of the shared services will be a two-stage process.
- 16.9 The first stage will be to bring the services together through a TUPE transfer of employees (as referred to in the HR section of the report) and the second stage will be a longer-term transformation process ensuring that there is a continuous improvement process embedded within each shared service area. (as set out in section 10 of the report).
- 16.10 As referred to above, the first stage can only commence once all of the senior management structure is in place and the Heads of Service (or interims) and their management teams are able to support the bringing together of the service teams.
- 16.11 The second stage is the transformation work. The Transformation Lead Officer will work with the Project Implementation Board and Heads of Services to determine the sequencing for the transformation work. From the work undertaken on the service business cases there are some time sensitive factors that will need to be built in, e.g. the delivery of local plans for both Councils.
- 16.12 The outline action plan for the transformation work will be considered by the Joint Operational Board and approved by the Joint Strategic Board for Shared Services.

Delegated Authority for delivering services

- 16.13 Both Councils will in due course need to approve the respective delegation of authority to the Council who will be leading on the delivery each service.

17. Communications and Engagement

Management

- 17.1 Engagement in developing the shared services business case has primarily been with the Leadership Teams of both Councils and to a lesser degree with managers. The Heads of Service have produced the individual service business cases referred to in section 7 of this report. The Leadership Teams are supportive of the proposals set out in the wider business case.

Employees

- 17.2 There has been communication across both Councils to advise staff of the development of the business case for shared services. Staff have been briefed on the final business case report. So far there has been limited opportunity to consult or engage with employees in any detail. This typically comes once the decision to share has been made when staff will be engaged in developing the shared services (see the transformation section 10 of the report).

Trade Unions

- 17.3 Whilst staff haven't been consulted directly, the trade unions have been briefed/consulted on the proposals set out in the report. They will continue to be involved at key stages if the business case is approved.

Members

- 17.4 Two workshops facilitated by the LGA have taken place with the Members of each Council. Members were given an opportunity to discuss what they would like the sharing of services to achieve, their parameters for this and any concerns. A summary of this is set out at section 5 and in Annex 2.
- 17.5 In addition to this a joint workshop has been held to give the Members of both Councils the opportunity to meet to discuss their vision for sharing services and their concerns.

Future Communication and Engagement

- 17.6 If it is agreed to proceed with the wider sharing of services, the importance of keeping everyone informed of progress will take on even greater prominence. It will be important to provide regular, honest and timely information, in an appropriate format, to all staff, Members and key partners setting out the key messages throughout the process. A Communications Strategy will be developed covering:

- Members;
- Employees;
- Residents;

- Businesses; and
 - Key partners of both Councils
- 17.7 As we communicate about change, a shared media protocol, a shared communications plan and a shared Chief Executive and Leadership Team will all play important roles in ensuring consistent and accurate messages are given, whilst ensuring the independence and sovereignty and accountability of the two Councils is maintained.
- 17.8 Employees - a shared area will be accessible to employees, where project information will be stored. However, as change will affect different services at different times, and in many cases will have HR implications, team briefings will play a prominent role as a simple 'one size fits all' approach to communication is unlikely to be adequate.
- 17.9 Members - all-Members briefings will be provided to keep Members informed of progress. Members will also be involved in the change programme through the mechanisms set out in the governance framework.
- 17.10 Residents and Stakeholders - we will use a variety of different communication channels to meet the needs of our residents and stakeholders. These will include:
- Use of social media and both Councils' websites;
 - Press releases, statements and briefings;
 - Agenda and minutes published on our websites.

References

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Sharing services - lessons learnt from councils that have shared their services and issues for consideration

Setting the direction

- Sovereignty - need to ensure that this is not compromised.
- Communications - cannot do enough with members, officers, unions and stakeholders. Keep messages clear and simple, and repeat the message as it will not always be heard or understood the first time. Be consistent. Use all media, email, face to face, letters, briefings etc.
- Trust and clarity - members from both authorities must trust the shared Chief Executive and be clear with him about their expectations and priorities.

Financial Issues

- Similar issues and priorities - councils should have some common issues and concerns, requiring similar expertise in officers.
- Different priorities - can be recognised and respected - whether in the way resources are allocated or paid for, or in the way constitutions remain different and distinct.
- Shared S151s and Monitoring Officers - this works.
- The savings - these are real and deliverable.

Impact on service delivery

- Unexpected benefits/efficiencies - varying from single response to government consultations, to taking good practice from one organisation and transferring to other; streamlining procedures (helps officers working across two organisations) - BUT NOTE that this should not become the rule unless acceptable to members in both organisations.

Impact on Structure

- Harmonising terms and conditions - at the outset or after appointment of senior management team, both models are possible, although not harmonising in advance adds complexity in an already complex environment.
- Employing the shared management team - all officers employed by one organisation or employed by "home" (originating) organisation.

The transition

- Pace – once the proposal is agreed, it is important to move as quickly as possible in order to minimise uncertainty for officers.
- IT - this is crucial to efficient working from more than one location/base for officers, and it is essential compatible IT systems are in place in both organisations as early as possible.

- Appointing the shared management team - by a Joint Appointments Committee/Panel, comprising members from each organisation.
- Rigorous project management - ensures this complex series of inter-related initiatives are delivered on time and savings/efficiencies are realised.

Impact on Members

- Changing roles - members become more strategic, focussed on priorities; service managers have to take on more responsibility for delivering services as senior team's focus becomes more strategic.
- Sharing services with other organisations - some sharing arrangements were "monogamous", some more mixed.

Impact on staff

- Sharing services - this is where the greatest on-going efficiencies are to be achieved, but officers and members have to be prepared to be innovative and think about services differently to deliver savings whilst maintaining (or improving) service levels. Heads of Service need to be appointed with clear expectation that they will prepare business cases for sharing services and implement these cases if they are approved.

Impact on partners and community

- Residents - residents in general are not concerned with shared management arrangements provided service levels are maintained and Council Tax levels/increases are low; being able to demonstrate overhead savings is a vote winner in the view of politicians.
- Impact on stakeholders - in some cases, other organisations had followed suit and joined up, for example, Staffordshire Police and Fire Authorities

With hindsight

- Travel between sites - minimise by use of teleconferencing, telephone and email, otherwise can be very time-consuming to travel several times a day between sites.
- One way door - once shared management has been begun, there is no return - not only due to cost considerations, but also because it is successful in delivering efficiencies and protecting front line services.
- No regrets from anyone - and hearty recommendations to follow them all down this path.

Sources: *South East Lincolnshire Council Partnership. 2021. "Business Case for Shared Services." and Local Partnerships. 2021. Financial Feasibility Study: Collaboration between Guildford Borough Council and Waverley Borough Council. Local Partnerships, HM Treasury, Local Government Association.*

Feedback from LGA workshops held during July 2022

Members' Feedback

Reflecting on the vision

- Vision feels like it is in its early stages, more dialogue needed with members
- Concern around both councils being the 'underdog' and that they will lose their personalities
- Recognition of the benefits of shared services and increased efficiencies, resilience and sustainability
- Concerns that shared services might lead to less capacity and resilience

Key information to be included in the business plan

- Proposed improvements to current IT systems
- How financial systems can be aligned more efficiently
- Evidence of effectiveness of current shared services
- Organigramme/organisational chart

Important hopes for further shared services

- Visibility of service plans and positive impacts for the community
- Learning from other areas who have done this
- Robust strategic leadership across the council at highest level
- Being an ambitious, efficient council that performs well and provides a 'seamless' services for customers and improved customer experience and quality of outcome
- Savings on back-office services to focus resources on front facing services
- Opportunities to grow services and take on a commercial approach

Concerns about sharing further services

- Politicians need to be at the centre of the agenda to demonstrate political leadership and officers and senior staff need to understand manifesto pledges of both councils
- Sovereignty of both councils needs to be retained so that neither council loses its identity and shared management team should not impact on the political aspirations of both councils
- A shared leadership team structure needs to work, in particular, in aligning the different policies and priorities of both councils, to resolve capacity issues and to reassure members that the chief executive and senior staff will still be available and able to support them at meetings
- Effective governance and scrutiny arrangements need to be in place so that everyone is aware of how to raise issues, resolve disputes and scrutinise the arrangements and performance

- Organisational development - to develop the right kind of culture to support the perception that both councils are supported equally and that they are able to retain high calibre staff
- Engagement of councillors - this need to be planned effectively throughout the journey, members need to meet as one group to discuss this further
- Need an understanding of what services need improving and how this can be achieved - need to benchmark services across both authorities

Where do you want to be in 5 years?

- This needs to be discussed in further details with councillors but initial thoughts are a physical place in the community to engage with the council where efficient services are delivered

Feedback from the LGA on the Members workshops

- A joint meeting with Cannock Chase and Stafford Councillors to discuss common themes and the business case
- Ongoing discussions with SBC Members about the issues to build on conversations from the workshop
- Provide further information on the impact of the existing CCDC and SBC shared service outcomes

Leadership Teams Feedback

Vision

- Strong awareness of the vision and rationale for shared services and the opportunity to learn, improve services and to build resilience.

What has gone well/not so well

- Appointment of single Chief Executive - positive step in aligning the two councils, leadership team and delivering what is best for both councils
- More joined up working at strategic level, although there is recognition that there is a current lack of capacity at that senior level and some duplication of meetings for shared heads of service
- Joint leadership meetings have worked well and there was an appreciation that a restructured senior leadership team would drive efficiencies but would mean some service reconfiguration in the existing back-office services to support the front facing service delivery which would potentially generate further savings

Proposed timetable

- Agreement that if the business case is agreed that it will be a 3 - 5-year transformation journey and it would be vital to ensure that there was sufficient capacity to support this, at the same time, delivering what was required from business needs

Service delivery

- Consensus that identifying opportunities for sharing services was incredibly important
- Recognised that the default position was to rationalise and provide more efficient services, rather than it be a cost saving exercise, but at the same time, appreciating that services are already very lean

Member engagement

- Recognition that there was a need to bring members on the journey and that planning regular sessions with them was important so that they could voice their concerns and be given the opportunity to overcome any barriers

Biggest worry

- Capacity - Consensus that trying to create capacity at senior leadership level was the most urgent need
- Organisational development - implementing a programme to understand and support culture change across the two councils and to support workforce development to ensure high calibre staff are retained
- Buy in of members - members being taking on the journey and having a full understanding of what is happening and what the implications are
- Financial - not achieving the required savings targets and understanding the implications of what this might mean

The Key Risks of Sharing Services and Mitigations

	Risk	Mitigations
	General	
1.	Lack of clear and shared vision; the reasons for shared management and sharing of services	<ul style="list-style-type: none"> • The business case addresses this. • Engagement with Members via workshops to ensure the objectives of the business case are clearly understood.
2.	A poor relationship or lack of trust between Members, Leaders or senior staff	<ul style="list-style-type: none"> • Openness, transparency. • Building on the existing positive relationships between Members and Officers. • Members (including opposition) make all senior appointments. • Transformation plan to include developing relationships between members and senior officers.
3.	Concerns around the loss of sovereignty of a council	<ul style="list-style-type: none"> • Each Council continues to be governed by its own Constitution which is a key principle of the Business Plan. • Memorandum of Understanding between the two Councils. • Each council makes decisions about its level of service - expressed in service level agreements.
4.	Fears of a 'takeover' by one council	<ul style="list-style-type: none"> • Establishing a shared senior management structure with officers from both councils and new appointees. • Senior officers being visible at each council.
5.	Perceived differences in the organisational culture of the councils	<ul style="list-style-type: none"> • Development of unified values and culture to support the sharing of services across the two Councils - this will be one of the early pieces of work for the shared Leadership Team. • One Team serving two councils approach.

	Risk	Mitigations
6.	Local Government Reorganisation	<ul style="list-style-type: none"> In Staffordshire, a proposed County Deal has been developed which includes a formal structure in the form of a Leaders Board of Staffordshire County Council and the 8 district/ borough councils to drive collaboration on key issues including economic development and climate change. This is designed to have a positive influence should Local Government Reorganisation be required of Staffordshire
7.	Ensuring that key stakeholders are communicated with in the right way and at the right time (includes internal communication and Member Communication)	<ul style="list-style-type: none"> Communications plan to be developed
Financial		
8.	Local Government Funding	<ul style="list-style-type: none"> Local Government funding challenges are inevitable and evidenced by each Council's funding gaps. The business case assumes a shared opportunity for efficiency savings and to generate income.
9.	The Government Spending Cuts will impact on pace and scope of transformation and will reduce the resource available to deliver front line services	<ul style="list-style-type: none"> Ensure savings targets are realised Regular programme board review of programme costs and budgetary requirements linked to MTFP's Appropriate levels of support are given through support Teams i.e. Transformation, HR, Finance
10.	Shared Services do not deliver required savings and / or process is frustrated by tight timescales which will have a significant impact on the MTFs of both authorities	<ul style="list-style-type: none"> Clear mandate to Heads of Service to develop Transformation Plans Appropriate level of resources applied to individual transformation projects Top down support to help remove barriers / obstacles from the transformation proposals

	Risk	Mitigations
		<ul style="list-style-type: none"> Clearly defined baseline of costs and clarity on scope for improvements
Employees		
11.	Staff retention and resilience	<ul style="list-style-type: none"> Develop a Workforce Strategy that makes the 2 Councils a place of choice to work for staff. Bringing the service teams together will create opportunities for career development, capacity and resilience
12.	Staff resistance to change / transformation	<ul style="list-style-type: none"> Ongoing engagement with staff Ongoing review by Leadership Team
13.	Ensuring that affected employee are dealt with in accordance with TUPE regulations	<ul style="list-style-type: none"> Specialist support from HR and Legal services Each project/service area should proactively identify any affected staff at the earliest possible stage. Consultation with affected staff must commence as early as possible. Engagement with Trade Unions
Transformation		
14.	Both authorities become overburdened with too much change	<ul style="list-style-type: none"> Regular review of progress / issues and prioritisation of work Transformation is planned in tranches of work Appropriate levels of support are given to support Teams i.e. transformation team, HR, Finance
15.	Ensuring that change and transformation is managed and that activity is not undertaken in an ad-hoc manner	<ul style="list-style-type: none"> Projects are planned in tranches of work. The use of lean principles or equivalent to ensure that continuous improvement is ensured. Develop Transformation Plan for each Shared Service area

	Risk	Mitigations
16.	Ensuring clarity around new/redesigned service	<ul style="list-style-type: none"> • Clear and consistent communications delivered to all stakeholders regarding the development of redesigned services/processes as they develop. • Method for implementation of redesigned services should be communicated at the earliest possible opportunity.
17.	Ensuring that the implementation of joint work does not adversely affect service delivery / performance	<ul style="list-style-type: none"> • Transition management will be ongoing from the start of the programme until the new service is in operation and fully supported • A business as usual approach will be taken to allow improved processes to be implemented as existing ones continue to operate
18.	Ensuring that benefits are realised throughout the transformation process and beyond	<ul style="list-style-type: none"> • Establish benefits (tangible/intangible) from the as is state • Ongoing measures to track expected benefits • Continually refine, re-asses and adjust benefits profiles • Continually monitor programme progress against the predicted benefits and SLAs
19.	Ensuring that there is sufficient drive and commitment to the programme to deliver changes across both authorities	<ul style="list-style-type: none"> • Shared Chief Executive with oversight of both Councils • Shared Leadership Team • Shared Services Project Board