

Committee(s): Audit and Scrutiny Committee	Date: 12 January 2022
Subject: Pre-scrutiny of proposed report to Council re strategic partnership with Rochford District Council	Wards Affected: All
Report of: Cllr Chris Hossack, Leader of the Council	Public
Report Author/s: Name: Steve Summers, Strategic Director Telephone: 01277 312500 E-mail: steve.summers@brentwood.gov.uk	For Decision

Summary

The purpose of this report is to update the Audit and Scrutiny Committee as to the Council's proposals for a strategic partnership with Rochford District Council ("RDC") ahead of a report being presented to an extraordinary meeting of the Council on 26 January 2022 following an extraordinary meeting of RDC on 25 January 2022 that will recommend.

The Committee is invited to pre-scrutinise the proposed contents of the report and the recommendations (in paragraph 3.1) proposed to be brought to the extraordinary meeting of Council, as the same are set out below in paragraphs 2-4 inclusive. The purpose of pre-scrutiny is to provide robust and constructive challenge and make any comment or suggestion which will improve the quality of that report before it is published.

Recommendation(s)

Members are asked to:

R1: Consider the report and to provide robust and constructive challenge and make any recommendations to Council further to those set out in paragraph 3.1 of this report;

R2: Subject to R1, recommend to Council to adopt the contents of this report.

Main Report

1. Introduction and Background

- 1.1 Following a decision by the Council on 28 July 2021 and an earlier reciprocal decision by RDC on 20 July 2021, Jonathan Stephenson was appointed as Joint Chief Executive/Managing Director for both councils (hereinafter referred to as the "Joint Chief Executive") and designated as Head of Paid Service for RDC with effect from 1 August 2021 until 28 February 2022.

- 1.2 At those same meetings, it was resolved that the Joint Chief Executive and the Strategic Directors of each council, in consultation with the Leader and Deputy Leaders of each council undertake the creation of a feasibility study to explore further shared and partnership opportunities with one another. A further report with proposals was due to be brought back to each council for consideration by the end of 2021. Due to the amount of work to be completed and the desire to engage with the overview and scrutiny committee of each council it was not possible to meet this deadline although a verbal update was provided by both Leaders to their respective meetings of full council in December 2021.
- 1.3 As part of the feasibility study, the two councils have been working with external experts Shared Service Architecture (“SSA”) who have supported other councils through this process. SSA has helped to facilitate engagement; ensure alignment and develop of Heads of Terms for the proposed strategic partnership (the “Partnership”). Through these sessions the councils have created a shared understanding of what they want to achieve together and how they want to achieve it. Leaders have also engaged with senior leadership teams of both councils to ensure they have been included in the discussions and have informed thinking.
- 1.4 Leaders believe that the Council and RDC are appropriate partners because of the following identified reasons relevant to the two councils:

Both councils are located in South Essex	They already have a shared set of strategic interests
Both councils are second tier councils	There is parity in their local government status
Both councils have similar size net revenue budgets	There is equality of bargaining power and both are experiencing similar financial pressures
Both councils have similar socio economic make up and demographics	There is much commonality in residents' interests, scale and dynamics by population (Brentwood Borough c77,000 and Rochford District c87,000)
Both councils have a mixed economy of in-sourced/ outsourced services	There is no dogma or overriding philosophy which could be a brake on creativity
There is no joining administrative boundary	There is no legal ability to merge into one council – because this is simply not an option, it removes any tension or suspicion from the partnership and allows the councils to focus on making it work

2. Issue, Options and Analysis of Options

A: Heads of Terms and the Vision for the Partnership

- 2.1 The terms of the Partnership between the two councils will be set out in a written Memorandum of Understanding (MOU) document which will formalise the details of the arrangement. The Heads of Terms which will form the basis of the MOU have been agreed by the Leaders of both councils and are set out at Appendix A.
- 2.2 The Heads of Terms sets out the key points and principles which underpin the Partnership. From these the two councils will continue to develop and agree the MOU which will set out in more detail how the Partnership will work going forward. An MOU is not a contractual document but the obligations contained within it set a precedent for how the two councils intend to work together and so it is dependent on the trust and confidence which has been built through the process.
- 2.3 A more formal legal agreement will also need to be created under s.113 Local Government Act 1972 (the “s113 Agreement”) to make the councils’ workforces available to one another and to adopt harmonised terms and conditions.
- 2.4 The vision of the two councils set out in the Heads of Terms is that the Partnership will be:

An enduring partnership between two sovereign councils, with a joined officer team that delivers high quality outcomes for our communities, operating a one culture ethos

A partnership with greater combined capacity to manage change strive for continuous improvement

A partnership that retains ‘local identity’ and has the scale to make tangible investments and improvements in our communities for the wellbeing of our residents

A well-resourced and fully integrated, modern council officer team, delivering for both councils, with built-in resilience, focussed on improving front-line services and effective back-office functions

A people first partnership recognising that its strength comes from the talents our people bring through a depth of skills & experience developed further through collaboration and creativity

An equitable partnership that brings financial sustainability and organisational resilience to both councils

- 2.5 The two councils’ ambition is to create One Team, One Culture, One Partnership between Two Sovereign Councils.

B: Transformation Programme

- 2.6 Implementation of the ambitions of the Partnership will be delivered using established programme methodology (the “Transformation Programme”).
- 2.7 The Transformation Programme will be led by the Joint Chief Executive and managed by one of the Strategic Directors who will be the Senior Responsible Owner (SRO). A designated Transformation Unit will be created to drive delivery and to provide specialist advice, skills and support to the implementation of the Transformation Programme, including an externally recruited specialist programme manager.
- 2.8 The Transformation Programme will be delivered via a series of projects sequenced over a period of approximately 2.5 years from February 2022 to September 2024 (the “Roadmap”). There will be a programme plan and workstream milestone plans to deliver the Roadmap. This detailed project planning will be undertaken from February 2022 once the Transformation Unit is assembled. A high level year one indicative timetable is set out below.

Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22									
Policy Alignment Workstream																			
Tier 2 Process		Tier 3 Process			Service Delivery Workstream														
Workforce Development Workstream																			
Communications and Engagement Workstream																			

Phase 1: Creation of a Single Unified Leadership Team – February 2022 to September 2022

- 2.9 The creation of One Team and One Culture requires the alignment of the officer organisational structure between both councils. This is Phase 1 of the Transformation Programme which is intended to take place between February and September 2022.
- 2.10 Creation of One Team requires the formal appointment of Jonathan Stephenson as the Joint Chief Executive for both councils. The RDC meeting on 25 January 2022 recommends his appointment as Joint Chief Executive and Head of Paid Service. This Council is also asked to agree that Jonathan Stephenson be Joint Chief Executive of both councils. The terms and conditions of his employment will remain with the Council and the requirements of the Council relating to his employment, including the sharing arrangements with RDC, will be contained within the legal s113 Agreement which will also contain provisions relating to discontinuing the arrangements if required in the future.

- 2.11 The draft job description and draft person specification for the role of Joint Chief Executive are set out at Appendix B. These have been written and benchmarked by the East of England Local Government Association (EELGA) whose report can be found at Appendix C.
- 2.12 The Committee should note that the salary requirement for the post of Joint Chief Executive is subject to the agreement of both Leaders and will be presented to the respective meetings of full council on 26 January 2022 (for the Council) and 25 January 2022 (for RDC) for formal approval.
- 2.13 It follows that the Joint Chief Executive Officer must be empowered to lead the transformation required to deliver the Partnership, along with a senior leadership team who will support the delivery of both councils' ambitions.
- 2.14 Accordingly, the next step for the creation of One Team is the creation of a single unified officer structure for Tier 2 and Tier 3 which is proposed as set out below:

		The Council	RDC
Tier 2 Strategic Director	Current position	3 FTE	1FTE
	Future position	3 FTE initially (then 2)	
Tier 3 Assistant Director /Corporate Director	Current position	6 FTE	6 FTE
	Future position	9 FTE	

- 2.15 For Tier 2 (Strategic Director) this will create a saving of 1 post across the Partnership and it is proposed that the vacant post at the Council will be deleted and the saving shared as part of the overall saving apportionment across all phases. It is proposed that a further saving of 1 post will be created after the Transformation Programme is completed.
- 2.16 New job descriptions and person specifications will be created for each of the 3 new Tier 2 roles. These posts will be ring fenced to the existing Tier 2 Strategic Directors in each council. Current postholders will be consulted about the restructure proposals and invited to apply for one or more of the new roles during late January/early February 2022.
- 2.17 An assessment of suitability will be undertaken by the Joint Chief Executive supported by EELGA and suitably qualified applicants will be offered the new roles with effect from 1 March 2022. The roles will be offered on common terms and conditions of employment which will be the same across both councils.
- 2.18 The outcome of this process will be reported to meetings of each respective full council not later than the first meeting of the new municipal year.

- 2.19 The Joint Chief Executive and Strategic Directors will then prepare proposals for a restructure to bring together the senior leaders of both councils at Tier 3 (Assistant Director/Corporate Director). This will create a saving of 3 posts. This will require a formal restructuring exercise which will be undertaken in accordance with best practice and the policies/procedures of the two councils. Consultation with affected staff will take place in April 2022 with a recruitment and selection exercise completed not later than 31 July 2022. All staff appointed to the new roles will have their employment retained with their existing council, however the total cost/savings accruing to the new roles will be shared across the two councils.

Phase 2: Alignment of service delivery and creation of joint working opportunities – September 2022 to September 2024

- 2.20 It is proposed that following the creation of one unified leadership team, the services delivered by both councils will also be transformed to optimise opportunities for improved delivery across both councils in order to achieve the vision and ambitions of the Partnership. This is Phase 2 of the Transformation Programme. Phase 2 will take approximately 2 years to deliver to ensure orderly transition and minimise disruption to the delivery of services.
- 2.21 Proposals for transformation of services will be subject to a robust service review methodology and captured in business cases for change (“Business Cases”). The Transformation Unit will support the creation of all Business Cases but Business Cases will not be implemented until formal corporate governance approval has been given by each council.
- 2.22 Services will be reviewed in their directorate groupings so that the Tier 3 leader is an integral part of the service redesign. However, the integration of back-office services – the business of doing the business - will be a priority. This is because it will be important to stabilise the core of the councils’ business and the new single officer leadership team to preserve service delivery and continuity. It will also be a priority to focus on improvements to the customer experience so that the benefits of the Partnership can be demonstrated to residents as soon as possible.

C: Transformation Programme Governance

- 2.23 It is a fundamental premise of the Partnership that the sovereignty of each council is not compromised. This means that all formal decision making remains within the auspices of each council’s own Constitution. In Phase 1, appointments will follow the standard procedures in both councils. In Phase 2, no Business Case will be implemented unless it has been approved through the relevant council’s corporate governance. Where a Business Case affects both councils, both councils must approve it before it can be implemented.

- 2.24 Internal programme governance will be overseen and managed by the Joint Chief Executive and SRO. There will be regular reporting into the councils' respective corporate governance processes in a planned manner so that all members have visibility of the Transformation Programme and regular reporting as to its progress.
- 2.25 There will be an annual report to each council reporting benefits realised by the Transformation Programme. This will enable the Partnership to be considered at the same time as the councils review their respective corporate strategies.
- 2.26 In between times there will be a quarterly update report to the Executive (for RDC) and to the Policy, Resources and Economic Development Committee ("PRED") for the Council. In advance of these meetings, reports will be presented to each council's overview and scrutiny committees in order that questions can be asked and performance scrutinized and recommendations made. Municipal calendars will be aligned to enable this to happen effectively.

D: Benefits Realisation

- 2.27 It is intended that the Transformation Programme will yield annual savings of £600,000 - £850,000 in total between the two councils with effect from 2024/25 once the Transformation Programme is complete. Savings would be shared across both councils; the apportionment of these savings would need to be mutually agreed following a further review of the respective current structures and reflecting the Heads of Terms set out at Appendix A. The saving and apportionment (on a service by service basis) would be agreed by each council as part of the Business Case approvals process in Phase 2 of the Transformation Programme.
- 2.28 It is also intended that there will be other non-financial benefits including:
- Improved Retention and development of staff
 - Efficiencies and economies of scale in service delivery and procurement
 - A stronger and more influential regional voice

E: Risks

- 2.29 A full risk register for the Transformation Programme will be created and reported against as part of the programme management process. This work will begin from February 2022 once the Transformation Unit has been commissioned.
- 2.30 At this stage, a very simple analysis of the most obvious key risks around embarking on the Partnership is set out below: There are, of course, many more risks which need to be defined, mitigated and actively managed. These will form part of the programme governance and reporting referred to in paragraphs 2.23 -2.26 inclusive above.

Risk type	Description	Mitigation
Political	The Partnership becomes or is perceived to become a political merger or take over of one council by another;	The absence of a geographical boundary makes merger legally impossible; and the benefits of the Partnership continue to be tangible and cogent irrespective of political leadership
Economic	The Partnership does not achieve its potential for wider economic benefits for the community	Working in partnership to achieve inward investment activity will be a joint strategic aim of the Partnership and measured via the Transformation Programme
Financial	The Partnership does not yield the financial benefits it aims to achieve	The Transformation Programme is designed to deliver financial benefits which are measured via the programme governance and formal reporting
Organisational	The Transformation Programme causes instability within the workforce	The Workforce Development workstream is designed to address the people side of change
Technological	Incompatibility of IT systems becomes a barrier to harmonisation of services which in turn frustrates the efficiencies of creation of one team	Whilst both councils operate Office 365; due diligence of applications will be carried out as part of the service review and Business Case approval process in Phase 2 of the Transformation Programme and it is anticipated that decisions will be made accordingly.
Legal	The sharing of services and workforce creates legal blurring of responsibilities between the councils	The s113 Agreement will address this and all legal implications of service reviews will be considered as part of the Business Case approval process in Phase 2
Environmental	There could be a negative environmental impact arising from the operational requirements of sharing workforce and services but this will not become obvious until the service review process at Phase 2 of the Transformation Programme.	Implications of service reviews will be considered as part of the Business Case approval process at Phase 2. It is envisaged that the progress we have seen through new working practices and utilisation of technology will be built upon in the way the teams will work and interact across the two partnership areas.

3. Reasons for Recommendation

- 3.1 It is proposed that the Council will be asked to consider the following recommendations its meeting on 26 January 2022:
- (1) To agree the Strategic Partnership between Rochford District Council and Brentwood Borough Council and that Jonathan Stephenson is the Joint Chief Executive for both councils;
 - (2) To approve the Heads of Terms set out in Appendix A;
 - (3) That the Joint Chief Executive and the Monitoring Officer of each council, be given delegated authority, in consultation with the Leader of each council, to enter into a Memorandum of Understanding and s113 Agreement to give effect to the Partnership;
 - (4) That the Joint Chief Executive be given delegated authority to undertake a restructure of Tiers 2 and 3 of the councils in consultation with the Leader of each council;
 - (5) That a maximum of £300,000 (as set out in paragraph 4.2 of this report) be allocated from general reserves to fund the additional programme resource for the Transformation Unit;
 - (6) That the Monitoring Officer be given delegated authority in consultation with the Constitution Working Group to make any required changes to the Constitution to give effect to the recommendations in this report.

3.2 The Committee is asked to consider these recommendations as part of its pre scrutiny.

Consultation

No External consultations have been carried out.

References to Corporate Plan

The Partnership will identify further opportunities for beneficial shared service arrangements with other local authorities. In addition, the Partnership's strategic priorities of:

- Deliver financially sustainable, high-quality services that are valued by our community;
- Lead the way to improve our environment by acting locally, contributing globally;
- Provide high quality, sustainable housing to meet the needs of our community;

- Improve the quality of life, health and wellbeing of our residents; and
- Create opportunities for economic growth and improved connectivity in which businesses can flourish;

broadly reflect the Council's priorities of :

- Growing the economy;
- Protecting the environment;
- Developing communities;
- Improving housing; and
- Delivering an effective and efficient council.

4. Implications

Financial Implications

Name/Title: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources)
Tel/Email: 01277 312500 /jacqueline.vanmellaerts@brentwood.gov.uk

- 4.1 In the 20 July 2021 meeting Council agreed that a maximum of £20,000 be allocated from general reserves to fund 50% of the costs required to undertake the feasibility study and provide additional programme resources. RDC also committed £20,000 of resources to undertake this work, making a total of £40,000. The cost of this work is currently £10,000 underspent, forecasted at £30,000 which will be borne equally between the two councils.

- 4.2 The following resources are the best estimates required to create the Transformation Unit over the course of the Transformation Programme. Costs will be shared equally between the two councils. The costs will be profiled accordingly over the appropriate financial years:

Role	Year 1	Year 2	Year 3 (part year)	Total
NEW POST Programme Manager and Service Delivery workstream lead (0.6 FTE)	£60,000	£60,000	£30,000	£150,000
Programme office admin support (0.2 FTE)	£10,000	£20,000	£10,000	£40,000
Key Change Champions	£20,000 back fill costs	£20,000 back fill costs	£10,000	£50,000
	£15,000 training costs	Nil	Nil	£15,000

Role	Year 1	Year 2	Year 3 (part year)	Total
NEW POST Workforce development workstream lead (0.6 FTE)	£40,000	£60,000	£30,000	£130,000
Workforce External Training and Development courses	£5,000	£10,000	£5,000	£20,000
Additional HR support (EELGA)	£20,000	Nil	Nil	£20,000
NEW POST Communications and engagement workstream lead (0.6FTE)	£20,000	£40,000	£20,000	£80,000
Additional legal and financial support (s113 Agreement development)	£40,000	£40,000	£15,000	£95,000
	£220,000	£240,000	£120,000	£600,000
Cost to each council				£300,000

- 4.3 Indicative benchmarking exercises have been undertaken to estimate the likely achievable savings over the two phases of the Transformation Programme. Total savings following the completion of the Transformation Programme are estimated to be between £600,000 and £850,000 per annum across both councils. These savings would be cashable from financial year 2024/25 and accrue each year thereafter. The apportionment of these savings as between the councils would need to be agreed following a further review of the respective current structures.
- 4.4 This is an invest to save programme and over the 2.5 years of its duration, it is expected that the costs incurred (as outlined in the table above) would be paid back through the savings achieved, by the end of financial year 2023/24.

Legal Implications

Name & Title: Amanda Julian, Corporate Director (Law & Governance) and Monitoring Officer

Tel & Email: 01277 312705/amanda.julian@brentwood.gov.uk

- 4.5 Section 4 of the Local Authority and Housing Act 1989 states it shall be the duty of every local authority to designate one of their officers as Head of Paid

Service, and to provide that officer with such staff and accommodation and other resources that are in his/her opinion, sufficient to allow his/her duties to be performed.

- 4.6 It is common to designate the role of Head of Paid Service to the Chief Executive. The decision to designate the Head of Paid Service to the Chief Executive is reserved to full council.
- 4.7 As set out in paragraphs 2.1 -2.3 inclusive above, both councils will need to enter into a MOU and a legal agreement to give effect to the partnership arrangements. The Local Government Act 1972 s113 allows a local authority to enter into an agreement with another local authority to place its officers at the disposal of another authority. Subject to consultation with the staff concerned, including any negotiation in changes to terms and conditions.
- 4.8 Further, Section 1 Local Authorities (Goods and Services) Act 1970 enables a local authority to enter into an agreement to provide goods and services with another local authority including administrative, professional or technical services.
- 4.9 The legal agreements will include the usual standard contract clauses around performance, termination, breach, dispute resolutions and regulatory duties as well as mutually agreed terms and conditions.
- 4.10 Legal advice will be provided as Business Cases are bought forward.
- 4.11 By following the proper processes identified in this report the Council will mitigate the risk of challenges to outcomes.

Economic Implications

Name/Title: Phil Drane, Corporate Director (Planning and Economy)

Tel/Email: 01277 312500/philip.drane@brentwood.gov.uk

- 4.12 The establishment of a Strategic Partnership between Rochford District Council and Brentwood Borough Council enables two relatively small district councils to gain a stronger and more influential regional voice. This will assist in securing additional opportunities for public and commercial sector inward investment into both council geographic areas.

Equality and Diversity Implications

Name/Title: Kim Anderson, Partnerships, Leisure & Funding Manager

Tel/Email: 01277 312500/kim.anderson@brentwood.gov.uk

- 4.13 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
 - a. To eliminate unlawful discrimination, harassment and victimisation

- b. To advance equality of opportunity between people who share a protected characteristic and those who do not
 - c. To foster good relations between those who share a protected characteristic and those who do not
- 4.14 The protected characteristics are age, disability, gender, race, sexual orientation, religion, gender reassignment, marriage/civil partnerships, pregnancy/maternity.
- 4.15 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups as defined under the Equality Act 2010.

Background Papers

None

Appendices to this report

Appendix A: Heads of Terms

Appendix B: Job Description and Person Specification for Joint Chief Executive

Appendix C: EELGA Benchmarking Report