

You are requested to attend a meeting of the Tenant Services Management Board to be held in The John Meikle Room, The Deane House, Belvedere Road, Taunton on 28 October 2013 at 18:00.

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## Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Tenant Services Management Board held on 16 September 2013 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests  
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 5 Taunton Deane Borough Council and West Somerset Council Joint Management and Services Project. Report of the Strategic Director (attached).  
Reporting Officer: Shirlene Adam
- 6 Housing Services Fees and Charges 2014/2015. Report of the Housing Income Manager (attached).  
Reporting Officer: Lisa West
- 7 Sheltered Housing Property and Service Review. Report of the Housing Services Lead (verbal)  
Reporting Officer: Stephen Boland
- 8 Dates of Tenant Services Management Board Meeting 2014. Report of the Tenant Empowerment Manager (attached).  
Reporting Officer: Martin Price

The following items are likely to be considered after the exclusion of the press and public because of the likelihood that exempt information would otherwise be disclosed relating to the Clause set out below of Schedule 12A of the Local Government Act 1972.

- 9 Review of The Deane Helpline. Verbal report of the Health and Housing Manager.

Reporting Officer: James Barra

Tonya Meers  
Legal and Democratic Services Manager

13 November 2013

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under "Public Question Time" is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors or Tenant Services Management Board Members begin to debate the item.

This is more usual at meetings of the Council's Planning Committee and details of the "rules" which apply at these meetings can be found in the leaflet "Having Your Say on Planning Applications". A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

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An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.

**For further information about the meeting, please contact the Corporate Support Unit on 01823 356414 or email [r.bryant@tauntondeane.gov.uk](mailto:r.bryant@tauntondeane.gov.uk)**

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**Tenant Services Management Board Members:-**

Mr D Etherington	(Chairman)
Mrs J Hegarty	(Vice-Chairman)
Councillor R Bowrah, BEM	
Mrs J Bunn	
Mrs E Drage	
Mr M Edwards	
Mr D Galpin	
Mr I Gould	
Mr K Hellier	
Mr R Middleton	
Mrs T Urquhart	

**Minutes of the meeting of the Tenant Services Management Board held on Monday 16 September 2013 at 6pm in The John Meikle Room, The Deane House, Belvedere Road, Taunton.**

**Present:** Mr Dustyn Etherington (Chairman),  
Mrs J Hegarty (Vice-Chairman),  
Mrs J Bunn, Mrs E Drage, Mr M Edwards, Mr D Gaplin, Mr R Middleton,  
Councillor Bowrah and Councillor Wedderkopp.

**Officers:** Stephen Boland (Housing Services Lead), Norah Day (Housing Estates Manager), Steve Esau (Property Manager - Maintenance), Phil Webb (Housing Manager – Property Services), James Barrah (Health and Housing Manager), Martin Price (Tenant Empowerment Manager) and Emma Hill (Corporate Support Officer).

**Others:** Councillors Jane Warmington  
Andrew Hinchcliffe from Somerset County Council

(The meeting commenced at 6.00pm)

**1. Apologies**

Mr K Hellier

**2. Minutes**

The minutes of the meeting of the Tenant Services Management Board held on 19 August 2013 were taken as read.

**3. Public Question Time**

No questions received for Public Question Time

**4. Declarations of Interest**

Mr D Etherington, Mrs J Hegarty, Mrs J Bunn, Mrs E Drage, Mr M Edwards, Mr D Gaplin and Mr R Middleton declared an interest as a Taunton Deane Borough Council Housing Tenant. Councillor Bowrah declared an interest that a member of family was a Taunton Deane Borough Council Housing Tenant.

**5. Somerset County Council's Consultation on changes to Children's Centres**

Andrew Hinchcliffe of Somerset County Council gave a verbal update on Somerset County Council's Consultation on possible changes to the county's Children's Centres. This consultation and review of Children Centre facilities within the county didn't necessarily mean closure of facilities. This was a review of the way each facility was currently used and what the community needs and wants.

The consultation was aimed at communities and families to gather their opinions and comments on what they wanted and needed from their local facilities as well as how and what services they want or need to access from the same facilities.

SCC asked the Board Members for help in contacting local communities and families within the Taunton Deane area to take part in the consultation. SCC would be placing access to the consultation at all the county's Children's Centres as well as other community facilities for example Acorns, Holly's, Hillside, Bishop Henderson School, The Villages, Wellington and Bishop Lydeard.

During the discussion of this item, board members and the public made the following comments and asked questions:- (*Responses shown in italics*)

- What services did the Children's Centre facilities deliver to their communities?  
*SCC Children Centres provide venues that families want to go to seek the services they require. These provide single locations for a variety of services preventing the need for families to go to many different locations for services. For example, early years services helping the families to deal with small issues before they become much bigger ones.*
- Could the current facilities be used for anything else by their communities? For examples, local youth clubs for older age ranges if the facilities weren't used much at the moment.  
*Anything was possible, opening up these facilities to use by other elements of the communities.*
- Would SCC be looking at providing services to families and communities at these facilities such as education, improving health of children and budgeting?  
*SCC currently provides such services at Children's Centres.*
- Did SCC have access to benefit information to help target those families most in need of help?  
*SCC didn't have access to that information but using such examples as 'The One Team' gather knowledge about such families.*
- What about Rural families? Were there such facilities in the needy rural areas?  
*The Internet has a part to play in this as well as Health Visitors and Mid-Wives. SCC would use these existing services to help identify those rural families that may have fallen through the net. Looking to work as one team.*
- There were families in rural areas without transport; would SCC consider looking into providing transport for the areas to enable the access to services?  
*We were not looking to close services or centres. It's about changing the existing centres to a different form for the community. Transportation was a bigger issue than just access to services and children's centres. This was a multi-agency/department issue.*
- It was suggested that SCC contacted the Tenants' Forum as well on this.

**Resolved** that the Board noted the Officer's report.

## 6. Tenancy Agreement Report

Considering the report previously circulated, concerning the Taunton Deane new Tenancy Agreement Policy.

Taunton Deane Borough Council (TDBC) Housing Services was to undertake a review of its current tenancy policy.

In November 2010, the Government published *Local decisions: a fairer future for social housing*, setting out plans for radical reform of the social housing system.

In addition to other matters, the paper made clear the Government's intention to change the legislation governing the types of tenancies granted to social housing tenants.

These changes were intended to provide greater freedoms and flexibilities for local authorities and social landlords to meet local needs and local priorities; make better use of resources; promote fairness; and ensure that support was focused on those who need it for as long as they need it.

Below was a summary of the positive and negative points retaining to either keeping the existing Council Policy or moving away from it.

Positives:

- May make it easier to maintain settled communities & neighborhoods;
- Fewer vacancies meaning lower voids costs;
- Tenants may look after their homes better, improve and invest in them if they think they would be there if there for as long as they want to be, subject to there being no serious tenancy breaches;
- It may be more likely to promote tenant satisfaction.

Negatives:

- Reduces our ability to tackle under occupation;
- Reduces our ability to ensure that our properties continue to be let in accordance with our HRA Business Plan objectives;
- Future tenants may appeal against not being offered a lifetime tenancy.

Below was a summary of the positive and negative points regarding granting flexible tenancies:

Positives:

- Allows us to deal effectively and in a timely manner with under-occupation and with households who no longer need adapted properties;
- Allows us to deal with tenancy fraud better than we currently can;
- Allows us to take an active approach with serious tenancy breaches such as rent arrears, property damage and neglect and anti-social behavior.

Negatives:

- Tenants may be less inclined to improve and invest in their homes;
- Applicants may be less inclined to accept an offer of a flexible term tenancy;
- Higher management costs, void refurbishment costs and voids rent loss;
- Likely to incur additional management costs to the service to deal with additional administration.

Below was a summary of the positive and negative points regarding granting introductory tenancies:

Positives:

- Introductory tenants can be evicted much more easily than secure/flexible tenants. The Council didn't have to prove a legal reason in court but they had to follow the correct procedure;
- Contribute to sustainable communities.

Negatives:

- The Loss of security for new tenants during the first year of their tenancy;
- Tenants did not enjoy all of the rights of a secure/flexible tenant. For example, Rights to Exchange, Right to Buy and Carry out improvement etc.

TDBC Housing Services agreed to review its existing tenancy policy. The Policy was a draft tenancy policy proposal for consideration and comment by Board Members.

During the discussion of this item, board members made the following comments and asked questions. Responses shown in italics:

- Mixed views regarding how Board Members felt about the Tenancy Policy.
- Agreement with all of proposed actions with Tenancy Policy, It's difficult if you had lived in a property for a long time to move on.
- Concerns were expressed if Tenants had been there for a considerable number of years then personalised and altered the property wouldn't be very happy if moved onto a flexible five year tenancy.
- Don't think it is fair to move tenants on from properties if they had lived there for many years.
- I think it was a good idea to move tenants on from properties that had too many rooms they do not need even if they had lived there many years  
*For some tenants, being moved on from their properties may have a physical and mental impact.*
- What compensation would be offered to tenants if had rooms full of furniture etc and then had to down size? These tenants would be losing money after decorating and furnishing parts of these properties and may not be able to take it with them.  
*We could look into the current incentives system with a view to increasing them for Tenants who downsize and leave large properties for smaller to encourage people to move.*
- The Council needs to increase the incentives and compensation for Tenants who were downsizing to smaller properties.
- It was suggested to the Board Members by Ward Councillor that they should put themselves into the shoes of those Tenants who in the future would not be getting a secure tenancy but introductory or flexible tenancy. Council needed to increase incentives for tenants who downsize and put more emphasis on the positives in moving properties.
- Council could consider increasing social housing by extending existing two bedroom properties by extending the kitchen and adding a third bedroom above the extension.
- The new arrangement would only apply to 'new' tenants not existing tenants with secure tenancy agreements. There was protection for existing tenants and those tenants with special needs.
- If you were good tenants, then you would not have anything to fear from the flexible tenancy. This approach was to help deal with problem tenants allowing officers and the council to dealing with them quickly and eventually moving them on.



- Who makes the decision about issuing a secure or flexible tenancy? And at what stage would you engage the Housing Portfolio Holder? Is there a chain of command for this?  
*There was guidance for officers and then there would be discussions with the tenants, they would be notified of the outcome of the decision. The Manager would only get involved if it was a problem/difficult case or a complaint was made. The procedure still needs to be developed for this and Members would have an opportunity to influence that procedure. Officers make the decisions but Manager would get involved at appeal stage.*
- The Council evicted a problem neighbour or tenant, would the Council have to re-house them?  
*Evicted secure tenants had to find their own new accommodation and If an evicted person(s) then tried to register as homeless and were found to made themselves intentionally homeless, the Council did not have to find them accommodation through this either.*
- Were there any further plans to increase social housing following the Creechbarrow development?  
*The Council has put money aside for further development building social houses and this is progressing.*
- Did the Council think the government would/or might give money back to the Local Authorities to enable them to build new houses?  
*Central government had made changes already that allowed the Council to build.*
- If a tenant with a secure tenancy makes the decision to downsize and move home, would their tenancy change to a flexible tenancy?  
*If you were a tenant with a secure tenancy and decided to downsize, your tenancy would not change and you would not be worse off tenancy wise.*
- Concerning property extensions, would or were the Council considering this a variable option for housing development?  
*Extending existing properties from two bedrooms to three bedrooms would be considered when surveyors were making their assessments.*
- Eventually over time all Council tenants would have flexible tenancies. Would or could the Council consider increasing the length of the introductory tenancy to longer than 18 months? As well as the introduction of mutual exchange?  
*The government had set the rules and rights of Council tenants for Introductory Tenancies through the legislation. There was no room for the Council to adapt it.*
- How much did Tenancy Fraud cost the Council? Would it be cheaper to tackle tenancy fraud rather than implementing these changes? Consider the inclusion of Estates Officer's visits to every five years?  
*Tenants had the right through flexible tenancy to peaceful life and the right to refuse officers entry to the property. The Council didn't have any contact with a portion of its tenants.  
Tenants would have the same rights, just not a 'home for life'.*
- This would affect the mixture of age groups with streets and communities as some streets were made up on mostly three bedrooms properties. This would lead to the complete removal of the older age groups from streets and streets full of teenagers. This would change the social dynamic.  
*There was an argument relating to forcing change in that direction by removing older generations off the estate.*
- The board was making decisions on behalf of those young people. The Council was moving forward slowly with the policy and the Board Member would accept the Officers experience.

*This was an important topic and needed to do the right thing locally.*

- Could the Housing Department approach and exchange views with other Local Authority areas to find out whether or not they had taken on the Tenancy Policy and any comments or feedback.
- Fairest way to introduce this would be to introduce it to all tenants. How many houses were under occupied?

*Housing Services would be taking this to Tenant's Forum. The Localism Act protects existing tenancies and the Council cannot alter this.*

**Resolved** that the:-

1. The officer's report was noted.
2. Board Members requested that officers complete more consultation regarding the new Tenancy Policy. This to include new or prospective tenants and the wider community.

## **7. ALHCO Performance Report for Quarter One 2013/14**

Considering the table previously circulated, concerning the monitoring information on the performance of the servicing and repair contract with ALHCO. The Property Manager (Maintenance) reported on Quarter One of 2013/14 showing performance data and report highlighted any issues with the contract and improvements being made.

The spreadsheets detailed the overall performance of Quarter One 2013/14 breakdown into Servicing, Reactive Maintenance, Voids, Requests for Service, Health & Safety, and Finance.

Below was a summary of the ALHCO performance during Quarter One 2013/14:

- ALHCO were on target for Quarter One. 100% achieved.
- Gas Safety; the current position was that only one property outstanding to date. The Council was going through the legal process to gain access.
- There were still problems with data transfer between ALHCO and TDBC.
- Working on improving administration and officer time.

Below was a summary of the ALHCO Reactive Maintenance performance during Quarter One 2013/14:

- Percentages for Reactive Maintenance were improving but not where we want them to be.
- Boiler servicing would be taking place between April and September, while the heating in the properties aren't in use.
- CO detectors were being installed to those relevant properties during existing visits such as servicing.
- Changes to ALHCO had included structure and consolidation of call centres from three into one. The new and main location being in Scotland.
- There was now dedicated section for all TDBC enquiries at the Scotland Call Centre.
- TDBC and ALHCO were currently working on data interface, between our software systems.

During the discussion of this item, board members made the following comments and

asked questions. Responses shown in italics:

- Why had there been a reduction in the revenue from scrap metal?  
*Most of Scrap revenue had come in smaller instalments. The officer would find out for the Board and bring answer with the next Performance Report.*
- When would all the properties have CO detectors installed in them? The Board Member mentioned they hadn't had a CO detector fitted yet. They had Solid Fuel heating.  
*The CO detectors were being installed during the Service period of the properties that require them. Officers said they would look into it and also other Solid Fuel properties as well.*
- The Performance figures were better than last Quarter and they were continually improving.

**Resolved** that the Board noted the Officer's report.

## **8. Health and Housing Services Quarter One Performance Scorecard 2013/14**

Considering the Performance Scorecard tables previously circulated, concerning the Health and Housing Quarter One Performance Scorecard 2013/14. The tables detailed the breakdown of overall performance for Quarter One 2013/14.

Looking at each section of the performance scorecard for Quarter One, the figures and percentages as follows:

- Managing Finances (Housing) – There was 9 measures of which 56% were Green, 33% were Red and 11% were N/A.
- Service Delivery (Satisfaction) - There was 11 measures of which 55% were Green and 45% were Amber.
- Service Delivery (Decent Homes) – There was 2 measures of which 50% were Green and 50% were Red.
- Service Delivery (Manage Housing Stock) – There was 18 measures of which 50% were Green, 11% were Amber and 22% were Red.

Below is a summary of the planned actions that were off course:

- Housing Services - Estate Management. Our arrears figures were higher than target at the end of the quarter but the position had now improved and it was better than the target as of 5<sup>th</sup> July 2013.
- Local Authority Minor and Major Aids and Adaptations, spend against budget – there were ongoing discussions to establish the predicted end of year position.
- One Measure for Decent Homes was off course. New person in post to lead on retrofit project and had started to look at SAP ratings data.
- Housing Services Diversity Information. We hold 54.87% of diversity information which had increased since last quarter. We had increased our target from 58% to 90%.
- Two Repairs and Maintenance measures relating to completion on time. Whilst the indicators had not met target, there had been an improvement of 3.45% on Q4 for 24 hour repairs and 2.24% for 3 working day repairs.
- Local Authority Major Aids and Adaptations, end to end completion time. The figure reported was 32 weeks with the exception of two cases which if removed from the figures the completion time would be 21 weeks.

Below is a summary of the planned actions that had uncertainty in meeting them:

- Housing Services – 4 Satisfactory measures. The 2013 Star survey (conducted every two years) reported satisfaction figures in general needs tenants and sheltered housing tenants which were below target. We were waiting for our council national rankings.
- Repairs and Maintenance. 97.07% of tenants were satisfied with the repairs and maintenance service, our target is 98%.
- Lettings – The % of properties accepted on first offer was slightly short of target. The service was confident that the target would be met next quarter.
- Local Authority Major Aids and Adaptations, number of applications if current trends continue the service would process 72 applications not the 84 target.

Below was a summary of the planned actions that were on course:

- Housing Services, expenditure against budget. The current forecast was for the revenue account to be £99,580 overspent against a budget of £24,950,700 which was 0.4% overspend.
- Housing Managing Finances – 4 measures were better than target.
- Lettings Team Measures – 7 measures were better than target.
- Gas servicing satisfaction measure better than target.
- Supported Housing Satisfaction Measure – was better than target.
- Local Authority Major Aids and Adaptations – 100% satisfaction.
- Gas Safety Certificate 100% against 100% target, this position had improved again since last month.
- Three Community Development measures are on track.
- Repairs and maintenance – 91.87% of non urgent repairs were complete within priority time of 28 days; this was up from 89.03%. Target is 85%
- Local Authority Minor Aids and Adaptations – 452 predicted by year end against a target of 350

During the discussion of this item, board members made the following comments and asked questions. Responses shown in italics:

- Why had there been an increase in the Housing Services Diversity Information?  
*There were seven areas of data that were collected. This helps the Council to alter the services to meet everyone's needs. So far Officers experience and Members decisions and choices had directed services. But now the Council uses the information to build a profile about our customer to changes services i.e. range of ways to pay their rent. They had the opportunity to influence the way the Council delivers those services.*
- Board Members suggested including an explanation as to why the Council were asking these questions. This would encourage people to answer them.

**Resolved** that the Board noted the Officer's report.

TPAS Conference – Tenant Empowerment Manager approached the Board about a replacement Board Member to go to the TPAS conference in place of Mr K Hellier as he was unable to go.

**Resolved** that no replacement was available to attend.

(The meeting ended at 8.27pm)

## Declaration of Interests

### **Tenant Services Management Board**

- Taunton Deane Borough Council Housing Tenants;
  - Mrs J Bunn
  - Mrs E Drage
  - Mr M Edwards
  - Mr D Etherington
  - Mr D Galpin
  - Mr I Gould
  - Mrs J Hegarty
  - Mr K Hellier
  - Mr R Middleton
  - Mrs T Urquhart
  
- Family member a Taunton Deane Borough Council Housing Tenant;
  - Councillor Bowrah

# Taunton Deane Borough Council

## Corporate Scrutiny 19 September 2013

### Medium Term Financial Plan Update & Approach To Budget Setting 2014/15

(This matter is the responsibility of Cllr John Williams, Leader of the Council)

#### 1. Executive Summary

This report covers 3 areas:-

- The formal closedown of the Business Plan Project; and
- An updated look at the Council's Medium Term Finances; and
- A briefing on the approach to budget setting for next year (2014/15).

The Corporate Business Plan was approved by Full Council in January 2013, and clearly sets out the Vision, the Corporate Aims and the Eleven Key Objectives for the period 2013/14 to 2015/16. There is no further work to do on this document – it's now a case of delivering what we said we would do and reallocating our finances to match the priorities set out therein. This will now be progressed through the forthcoming budget setting process.

The Medium Term Financial Plan (MTFP) has now been updated to reflect the latest Government announcement on funding levels for local authorities. The assumptions used for modelling have also been reviewed and updated where appropriate. The Council is facing a budget gap of around £1.5m for next year (2014/15) alone. The picture – looking longer term – is very serious with a budget gap totalling nearly £4.5m over the next 3 budget years.

The final section of this report pulls together the information we have learned from the Corporate Business Plan re ambition and priorities with the financial forecasts set out in the MTFP. Clearly, the challenge ahead is more significant than this Council has faced to date and in that context we propose a different approach to budget setting for 2014/15. The paper sets out a suite of “principles” within which the Council's Corporate Management Team will develop budget proposals for consideration by Members over the coming months.

## 2. CORPORATE BUSINESS PLAN

- 2.1 The Corporate Business Plan was developed over a fairly lengthy period – which included an LGA Peer Review process and a follow-up Member Workshop. The Vision, Aims and Objectives emerged from this work and clearly set out Members ambitions and aspirations for the community and organisation. The Corporate Business Plan was approved by Full Council on 22<sup>nd</sup> January 2013.
- 2.2 As a reminder, the agreed Vision, Aims and Key Objectives for the Council are:

Vision: Taunton Deane is known nationally as a quality place that is growing and developing sustainably, with a vibrant economic, social and cultural environment.

Aim 1: Quality sustainable growth and development

Aim 2: A vibrant economic environment

Aim 3: A vibrant social, cultural and leisure environment

Aim 4: A transformed Council.

### Objectives:

1. Facilitate a significant increase in the number, quality and range of available houses within the Borough, including the highest achievable proportion of affordable housing
2. Deliver the infrastructure necessary to bring forward development opportunities
3. Improve the perception of Taunton as a regional centre of economic growth and a place to do business – attracting new businesses whilst supporting existing ones
4. Increase the economic activity within the Borough including the number and value of jobs
5. Work with partners to encourage strong, informed and active communities
6. Work with partners to improve the lives of our most vulnerable households
7. Facilitate and support cultural and leisure opportunities
8. Maintain clean streets, good quality parks, open spaces and leisure and cultural facilities
9. Achieve financial sustainability
10. Transform services
11. Transform the way we work



2.3 The Corporate Business Plan also recommended the progression of 4 key projects to support the above:-

- Asset Management Strategy;
- Accommodation and Customer Access Project;
- Marketing and Promotion of Taunton;
- Streamlined Modern Services.

2.4 The first 3 projects have been commissioned and are underway, and the final one will be when we know the outcome of the key decision later this year on working with West Somerset Council. This will avoid duplication of work if the business case is approved.

2.5 Since the Corporate Business Plan was approved in January 2013, we have held a further workshop with Members (facilitated by the LGA) to try and get a deeper understanding of priorities, and importantly areas that are less important. This workshop provided some useful insight, but not enough detail to simply produce a 3 year budget plan as was hoped.

2.6 We believe that the detail set out in the Corporate Business Plan is sufficient for Officers to progress some more detailed planning. We therefore propose to formally closedown this project and to progress the challenge of matching resources to ambition through the budget setting process. We believe a different approach is needed this year – due the scale of the challenge ahead, and more detail on this is set out in Section 4 of this report.

### **3 MEDIUM TERM FINANCIAL PLAN UPDATE**

3.1 Appendix 1 contains a detailed update report from the Financial Services Manager on the latest forecast position. This reflects the recent funding announcements from Government, updates other assumptions in the model to better reflect reality, shares the key risk areas of our forecast, and some sensitivity analysis on them.

3.2 The headline message in this update is on the forecast budget gap position. It has grown since we shared the last update in February 2013, mainly due to the reduction in Government Funding, and the change in our assumptions re future tax levels. The table below shows the challenge ahead:-

	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k
Predicted Budget Gap (Cumulative)	1,508	3,079	4,498	5,333	6,130
Budget Gap Change Each Year	1,508	1,571	1,419	835	797

- 3.3 Closing a budget gap of this scale simply cannot be done without impacting on services to our community. This is beyond the usual “budget savings routine” and will require fundamental change if we are to continue as a financially viable Council.
- 3.4 The Council’s General Fund Reserves are currently above the minimum required by our Policy – but the following table shows what would happen to them should we not deliver on the savings needed, and have to use reserves to support ongoing spending:

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k
Estimated Balance B/F	3,943	2,298	790	(2,289)	(6,786)	(12,119)
Supplementary Estimates	(1,645)					
Projected Budget Gap	0	(1,508)	(3,079)	(4,498)	(5,333)	(6,130)
Estimated Balance C/F	2,298	790	(2,289)	(6,786)	(12,119)	(18,249)

- 3.5 This table shows that we would dip below the minimum acceptable level of reserves (currently set at £1.5m) within the next year and quickly after that go into a negative reserve position. Clearly we cannot allow this to happen.
- 3.6 **As the Council’s s151 Officer, I urge all Members to read the detailed update in Appendix 1. I need to emphasise the seriousness of the situation this Council is in and encourage you all – as those charged with the responsibility to set a balanced budget – to embrace the challenge ahead and work together to deliver a sustainable solution for the organisation and the community.** We will support Members in this challenge but need acceptance of some fairly harsh facts. We cannot do this without services being reduced. It is a case of which services and by how much and when. The LGA Peer Review last year left some fairly clear messages with us and this report simply reinforces them (e.g. “...it will be essential for Members to acknowledge the financial challenges facing the council and make a commitment to address these”.)
- 3.7 In light of this very challenging situation, we propose a different approach to budget setting for 14/15 as set out in the following section.

#### 4. APPROACH TO BUDGET SETTING 2014/15 AND BEYOND

- 4.1 The Corporate Business Plan project has provided as much detail as it can on Members ambition for our community and our organisation. The task is to now match this with our funding situation and to develop proposals that will not only close our budget gaps, but will also progress our vision, aims and objectives agreed with Members.

- 4.2 This will be a difficult and challenging process – on a scale not undertaken by this Council to date. In this context we propose a different approach to delivering budget proposals for next year.
- 4.3 We propose that:-
- Within a framework of “High Level Principles”, Corporate Management Team (CMT) develop a budget proposal that closes the budget gap whilst meeting key ambitions of the Corporate Business Plan.
  - That these proposals are shared with Members in late autumn for discussion and debate.
  - That Members will need to develop alternative proposals for closing the gap should any of CMT’s be deemed unacceptable and may wish to start thinking about this now. Officers will support Members with this work to ensure plans are deliverable.
- 4.4 The framework of “High Level Principles” has been developed by CMT from the work undertaken during the Corporate Business Planning Process. They, if accepted, will form the basis of how CMT approach their budget proposals.
- 4.5 The Framework of High Level Principles fall into 4 broad areas and the table below sets out the key principles along with the work that will be needed to progress them:-

<b>STRATEGIC FINANCIAL PRINCIPLES</b>	<b>ACTIONS REQUIRED</b>
<p>1. All “unallocated” New Homes Bonus will be set aside for investment in growth and regeneration.</p> <p><i>(Note: Many other Councils are now using NHB to fund ongoing services – due to the scale of the funding cuts from Government. Our ambition is to direct this funding to the Growth ambition. This may need to be revisited – for example we may wish to take a pragmatic and sensible view on the timescales of service changes.)</i></p> <p>2. All capital investment will be focussed on growth and regeneration projects – or - organisational change designed to achieve a sustainable financial future or on-going revenue stream.</p>	<p>Refresh the MTFP to be clear on savings targets to 2015/16.</p> <p>Review earmarked reserves and maximise the return to GF reserves.</p> <p>Review all policies with a financial impact etc Business Rate Relief, Discretionary Policies, grants, SLA’s, Corporate Spend (e.g. training) with a view to saving at least 10% of current spend.</p>

<p>3. Earmarked reserves and provisions will be fundamentally reviewed.</p> <p>4. Council Tax will be frozen until 2015/16.</p> <p>5. Expenditure on welfare will be frozen until 2015/16 and any further Central Government cuts will be passed onto claimants.</p> <p>6. Expenditure on grants to the community and businesses will be frozen until 2015/16 – but – may be redistributed /redirected.</p> <p><i>Note: Corporate / cross-organisation budgets (eg training) will also be reviewed by the s151 Officer to ensure this is not missed in any service based reviews.</i></p>	
<b>INCOME PRINCIPLES</b>	<b>ACTIONS REQUIRED</b>
<p>7. We will actively seek income generating opportunities where they are complementary to our Core Business. We will compete with the private sector where community benefit can also be demonstrated.</p> <p>8. We will maximise all charging opportunities beyond traditional “fees and charges”.</p> <p>9. We will minimise our costs and maximise our income in managing our Asset Portfolio. We will acquire assets that generate a sustainable revenue stream.</p>	<p>Deliver the Asset Strategy Project to achieve a minimum saving of at least 25% and to deliver policies and processes for future acquisitions.</p> <p>Commission a Corporate Project on Income Generation designed to explore and maximise opportunities.</p>
<b>ORGANISATIONAL PRINCIPLES</b>	<b>ACTIONS REQUIRED</b>
<p>10. We will minimise all of our “running costs”.</p> <p>11. We will minimise our accommodation costs.</p> <p>12. We will maximise the use of technology to minimise running costs.</p> <p>13. We will review staff terms and conditions whilst staying within the national scheme for local government.</p>	<p>Deliver the accommodation project to achieve a minimum saving of 20%.</p> <p>Commission a Corporate Project on the use of ICT designed to explore opportunities to reduce costs.</p>

<p>14. We will seek to reduce the cost of democracy and internal governance</p>	<p>Review the cost of democracy and internal governance arrangements and redesign to achieve a minimum saving of 10%.</p> <p>Review the staff suggestions from the Budget Review programme to identify any saving ideas.</p>
<p><b>SERVICE PRINCIPLES</b></p>	<p><b>ACTIONS REQUIRED</b></p>
<p>15. We will share management and services wherever possible to reduce costs.</p> <p>16. All trading services/income generating services must, as a minimum, break even for the Council to justify retaining the function. This includes the services paying for any capital investment needed.</p> <p>17. The HRA will pay for all facilities and services delivered to our main estates.</p> <p>18. Fees and charges will rise to the legal maximum and/or upper quartile benchmark for other providers.</p> <p>19. We will apply the “subsidiary” test to all services, devolving where we can to the community, voluntary sector or lower tier of local government.</p> <p>20. Service efficiency will be required from all services irrespective of their “status” or relative priority. Statutory services will also not be protected beyond the statutory minimum unless they are a priority within the Business Plan.</p> <p>21. Service reductions will be made based on the following hierarchy:-</p> <ul style="list-style-type: none"> <li>• Discretionary “Bronze” services</li> </ul>	<p>Review priority list of services (App G) in Business Plan to take account of further Member feedback at LGA Priorities workshop.</p> <p>Review all services to pro-actively identify devolution opportunities.</p> <p>Reduce service spend by £1.799m over the plan period through efficiency measures including sharing, lean, technology etc. (Joint Management &amp; Shared Services Project)</p> <p>Reduce service standards based on the priorities of the Business Plan to resolve the remaining budget gap.</p>

<ul style="list-style-type: none"> <li>• Discretionary “Silver” services</li> <li>• Discretionary “Gold” services</li> <li>• Services contributing to Corporate Priorities</li> <li>• Statutory services at minimal level</li> </ul>	
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4.6 Assuming these High Level Principles are accepted, the indicative overall programme of savings required to close the budget gap of £4.5m over the next 3 years will look broadly as set out below. At least £1.5m of this will need to be delivered in time to support the 2014/15 budget:-

	Savings Target £
Review Discretionary Policies & Grants (10%)	68,000
Asset Strategy Project (25%)	89,000
Accommodation Project (20%)	68,000
Governance & Democracy (10%)	55,000
Efficiencies & Sharing Services	1,799,000
Savings Targets For Theme Managers	2,419,000
<b>TOTAL</b>	<b>4,498,000</b>

4.7 There is more work to do to refine these targets and to better understand the likely timings of the savings emerging. The Council’s General Fund Reserves position is **not** sufficiently high to allow the majority of the savings to be delayed until year 3. We will need to find a significant element of the above programme ready to deliver in year 1.

4.8 Work will continue on this over the coming weeks, but meantime it was felt important to share the broad picture now with Members. Corporate Management Team were briefed on this broad picture over the summer and tasked with progressing their proposals within this framework.

4.9 The overview timeline, showing the **key** stages for Member involvement is set out below.

Month	Key Activities
September	<ul style="list-style-type: none"> <li>• Update Report (this one!) Shared – Corporate Scrutiny</li> <li>• CMT Continue To Work on Budget Proposal</li> <li>• Detailed Savings Targets Are Refined / Issued.</li> </ul>
October	<ul style="list-style-type: none"> <li>• CMT Review of Emerging Budget Proposal</li> </ul>

	<ul style="list-style-type: none"> <li>• Informal Briefing to Exec Cllrs On Progress of CMT Budget Proposal</li> </ul>
November	<ul style="list-style-type: none"> <li>• Update Report on Progress of CMT Budget Proposal – Corporate Scrutiny</li> <li>• Exec &amp; CMT to review any Scrutiny feedback on progress report</li> </ul>
December	<ul style="list-style-type: none"> <li>• CMT Budget Proposal Shared – Corporate Scrutiny</li> <li>• Informal Exec – To Feedback on CMT Budget Proposal – ready for Xmas Pack.</li> <li>• Budget Consultation Pack Issued To All Cllrs (to include the Budget Proposal plus the Executive’s Comments)</li> </ul>
January	<ul style="list-style-type: none"> <li>• Informal Exec – To Finalise Exec Budget Proposal For Scrutiny</li> <li>• Executive’s Budget Proposal Shared – Corporate Scrutiny For Debate.</li> </ul>
February	<ul style="list-style-type: none"> <li>• Executive Debate Budget</li> <li>• Full Council Budget Debate &amp; Decision</li> </ul>

## **5 Finance Comments**

- 5.1 This is a financially driven report and the key messages are clearly set out in earlier sections.

## **6 Legal Comments**

- 6.1 The Council is required by law to set a balanced budget and failure to do so would result in government intervention.
- 6.2 Each of the projects identified may have legal implications and these will be assessed on a project by project basis.

## **7 Links to Corporate Aims and the Health and Wellbeing Strategy**

- 7.1 The proposals in this report progress the Vision, Aims and Objectives agreed by Members in the Corporate Business Plan and start to shape a programme of savings that will align our ambitions with our finances.

## **8 Environmental and Community Safety Implications**

8.1 None applicable

## **9 Equalities**

9.1 The Corporate Business Plan provides a high level strategic direction for the organisation and an Equalities Impact Assessment was included when this was approved by Full Council. The specific budget proposals that develop from this will require detailed equalities impact assessments and action plans to understand impacts and mitigations for the protected characteristic groups.

## **10 Risk Management**

10.1 The Corporate Business Plan does not have its own risk register as it is a high level strategy. Any new risks emerging during the development of the budget proposals will be captured in the Council's Corporate Risk Register.

10.2 Financial risks are covered in section 2.3 of Appendix 1.

10.3 The Corporate Risk Register includes strategic risks that relate to the Medium Term Financial Plan.

10.4 More detailed risks will be identified and assessed for impact and probability as part of the process for developing the budget proposal. These risks will be included in the reports to Members to inform the discussion and ultimately, the decision making process.

## **11 Partnership Implications**

11.1 The impact on partners of emerging budget proposals will be considered as these are shared over the autumn.

## **12 Recommendations**

12.1 Corporate Scrutiny is requested to consider the information in this report and to support the following recommendations:-



1. To formally closedown the Business Plan project (recognising that Members have shared sufficient detail on priorities for Officers to progress strategic plans).
2. To note the Council's latest Medium Term Financial Plan and the challenges ahead in producing a balanced budget;
3. To note the framework of High Level Principles as set out in section 4 of this report, and to note that Officers will progress budget proposals on this basis.

**Contact:**

Shirlene Adam

Strategic Director

01823 356310

[s.adam@tauntondeane.gov.uk](mailto:s.adam@tauntondeane.gov.uk)

**Background Papers:**

Corporate Business Plan – January 2013

Budget Setting Papers – February 2013

### Medium Term Financial Plan (MTFP) Update

#### 1 Background

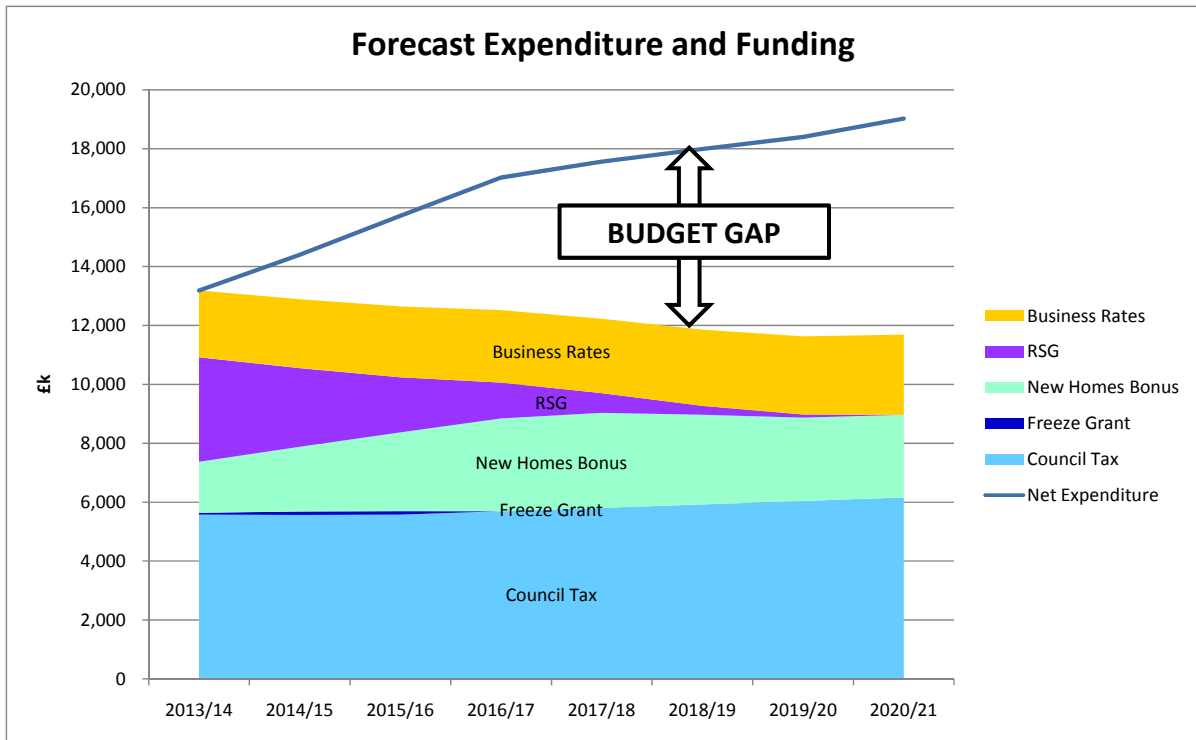
- 1.1 Since the Comprehensive Spending Review in 2010, the Council has successfully responded to the local budget pressures falling out of the Government's strategy to tackle the national debt by reducing public sector spending. During this period, we have also seen changes in the way council's are funded following the Local Government Resource Review. This has led to the introduction from April 2013 of localised Council Tax Support (replacing centrally-funded Council Tax Benefit) and a new Business Rates Retention scheme. These changes pass funding risks from central to local government, and the Council's current Medium Term Financial Plan reflects these risks.
- 1.2 The Council approved a new Corporate Business Plan in March 2013, and has since continued to plan how the priorities can be delivered in an affordable and sustainable way.
- 1.3 The most recent medium term financial plan (MTFP) information was provided to Members with the budget setting reports in February 2013. Since that time the key assumptions supporting the MTFP have been reviewed and this report provides updated financial forecasts through to 2018/19.
- 1.4 The Government announced the outcome of the 2013 Spending Review in June and subsequently has issued consultation documents regarding the Funding Settlement. Provisional funding information for 2014/15 was provided with the Finance Settlement back in February around the time that the Council's own budget was finalised, with a 12.7% reduction in "Baseline Funding". The headline from this latest Spending Review is a further 10% cut for Local Government in 2015/16, although in reality the cut to general funding for TDBC (and other Shire Districts) is greater than this. The consultation has also provided an indication of national public sector budgets, and therefore provisional TDBC Funding Settlement information for 2015/16.

#### 2 General Fund Revenue Budget Position – Medium Term Financial Plan

- 2.1 The current forecast position is shown below. The Budget Gap for 2014/15 is broadly similar to the forecast provided in February; however the Gap has grown considerably over the medium term based on our updated information and assumptions related to funding.

**Table 1: Summary MTFP**

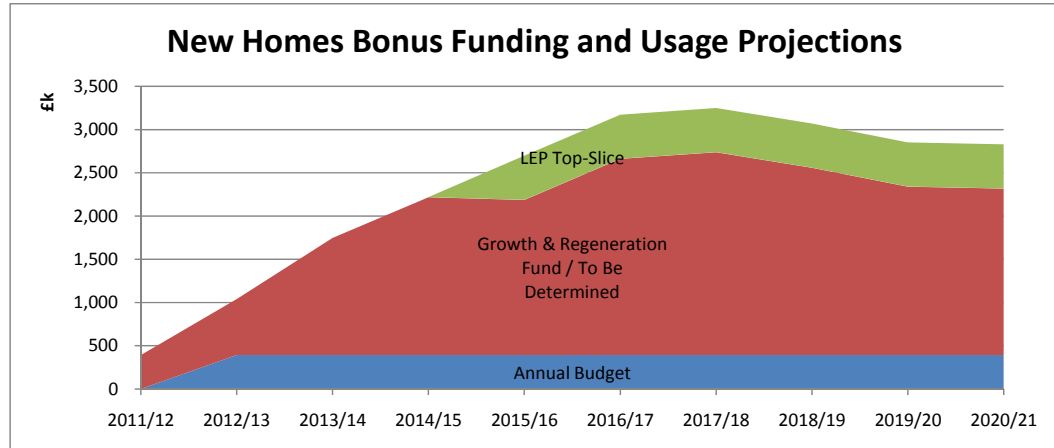
	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k
TDBC Forecast Net Expenditure	14,400	15,724	17,021	17,562	17,990
Retained Business Rates	(2,338)	(2,403)	(2,463)	(2,525)	(2,588)
Revenue Support Grant	(2,672)	(1,870)	(1,216)	(669)	(301)
New Homes Bonus	(2,197)	(2,677)	(3,151)	(3,228)	(3,048)
Council Tax Freeze	(114)	(114)	0	0	0
Council Tax-TDBC	(5,051)	(5,061)	(5,172)	(5,285)	(5,400)
Council Tax-Parishes & Special Exps	(520)	(520)	(521)	(522)	(523)
Forecast Resources Available	(12,892)	(12,645)	(12,523)	(12,229)	(11,860)
Predicted Budget Gap (Cumulative)	1,508	3,079	4,498	5,333	6,130
Budget Gap Change Each Year	1,508	1,571	1,419	835	797



2.2 The general assumptions used to build this forecast include:

- **Staff pay award** estimated at 1% in 2014/15, and then 2% annually;
- **Employers' pension** contributions will rise from the current 18.4% in 2013/14 to 21.9% in 2016/17 and later years (the Pension Fund technical advisor ("Actuary") is due to issue the results of the latest 3-yearly review of the Pension Fund in September, which may lead to these assumptions being updated);

- **National Insurance (NI)** forecast for 2016/17 has been updated as the Government has indicated that the “contracted out” reduction - applied to employers’ NI contributions where employees contract out of SERPS in favour of an employer pension scheme - will cease. This will mean that the Council will have to pay a higher NI rate regardless of staff pension arrangements, and it is estimated to cost the General Fund an additional £177k per year.
- **Inflation** costs are included for utilities and major contracts, but it is assumed all other inflationary pressures will be absorbed within current budgets
- Inflationary increases for **Fees & Charges** income have been excluded, and it is assumed any changes to service costs and related prices for customers will be proposed through the annual budget process (some inflationary increases for income had been included in the MTFP in February);
- **Housing Benefit and Council Tax Support Admin Grant** is assumed to reduce by 5% in each of the next two years, following the 5% reduction in 2013/14;
- Per the Finance Settlement consultation details issued in late July 2013, the combined funding from **Retained Business Rates and Revenue Support Grant (RSG)** is expected to reduce by 13.6% in 2014/15 and a further 14.3% in 2015/16. Information is not available for subsequent years, but we are estimating further reductions of: 2016/17 = 13.5%, 2017/18 = 12.7% and 2018/19 = 9.1%. This assumes for financial planning purposes that business rates income will keep pace with inflation (0% growth) but RSG will be significantly reduced each year through cuts in Government funding.
- **New Homes Bonus** projections have been included based on prudent/cautious estimates of housing growth. Of the grant estimates shown in Table 1 above, £392k is included in the budget as ‘mainstream funding’ for services, with the balance being set aside in an earmarked reserve to fund one-off projects and investments. The government is currently consulting on proposals to transfer £400m of New Homes Bonus funding to Local Enterprise Partnerships from 2015/16. The MTFP reflects an assumption that an estimated £510k of TDBC funding will be passported through to the LEP (however, worse case could be an estimated £940k is transferred);



- **Basic Council Tax** is assumed to be frozen for the next two years within the financial forecasts above, and then increase by 2% annually. Through the Spending Review 2013 the Government has indicated that it will offer an equivalent 1% **Council Tax Freeze Grant** for each of the next two years. The Council Tax Freeze Grant for 2011/12 of £138k per year is incorporated within the Business Rates and RSG figures per the last Finance Settlement. The Freeze Grant for 2013/14 of £57k is included under this heading in 2014/15 and is then rolled into the Business Rates and RSG baseline figures in 2015/16.
- Council Tax Base, currently 37,280.6 Band D Equivalents in 2013/14, is projected to increase by net 0.5% annually for net growth, with a 3% increase in Council Tax Support reductions each year;

### ***Risk and Uncertainty***

2.3 There is currently a significant amount of uncertainty around the financial position for the Council. The major areas of risk and uncertainty include:

- **Business Rates Retention:** 2013/14 is the first year under of the new funding regime from Business Rates income. Early forecasts in the current year are very close to our budget assumptions however it is “early days”. The Council’s funding will be responsive to changes in Business Rates Yield and will not be known with certainty until the end of the financial year.
- **Revenue Support Grant:** This is likely to the main route through which cuts in funding from Government are delivered. The latest Spending Review provides an indication of pressures on funding up to 2015/16. The position beyond that is unknown but we have included prudent forecasts with indications from DCLG that this funding will potentially disappear by 2020.

- **Council Tax and Council Tax Support:** Changes to welfare support, and the introduction of Council Tax Support is likely to affect Council Tax Collection Rates. The Revenues & Benefits Service has an excellent track record on collection. The Tax Base for 2013/14 included prudent assumptions in recognition of this increased risk of non-collection and this will be monitored throughout the year to highlight any ongoing potential budget impact. 2013/14 is the first year of operating the new Local Council Tax Support policy. Changes in eligibility and demand could impact on council tax income forecasts and will be monitored closely.
- **Income from Fees & Charges:** Income from fees and charges for services that charge directly on usage have reported significant volatility over the past 2-3 years – the main ones being car parking, planning and cemeteries and crematorium. Although no changes to underlying budgets have been assumed at this point, finance officers will be working with responsible service managers during the summer to review current trends and forecasting techniques to inform future detailed estimates for budgeting purposes.
- **Wider economic factors:** The ongoing state of the national economy brings risk and uncertainty for local services. Together with welfare reform and potential reductions in benefits received by individuals and families, the Council could see changes in demand for local services, e.g.
  - Risk of increased demand/eligibility for discretionary benefits
  - Ongoing impact on treasury performance of low interest rates and instability of banks and other financial institutions
  - Risk of reduced demand for chargeable services leading to reduction in income
  - Risk of individuals' and business' ability to pay, placing increased risk to collection levels for Council Tax, Business Rates, and other rents, fees and charges for local services
  - Risk of homelessness increasing
- **Local Priorities:** The development of a new Corporate Business Plan, and the potential for Joint Working with West Somerset Council, are predicated on the need to produce a sustainable budget over the medium term. It is essential that savings are identified and delivered in order to address the Budget Gap within our current forecasts.
- **Capital Investment:** When the Capital Programme for 2013/14 was approved in February, it was agreed that further work was needed to develop a clearer set of capital investment options for Members to prioritise into an agreed Capital Programme. The MTFP will need to be updated to reflect decisions taken in due course.

- 2.4 The table below attempts to show the “sensitivity” of some of the assumptions we have used for inflation and demand impact on service cost and funding income estimates, and the potential shift in General Fund budget gap should these assumptions change.

**Table 2: Sensitivity Analysis (-£xk = higher income / lower costs)**

	2014/15 Forecast		Impact of 1% Change	Forecast Range	
	%	£k		Upper % / £k	Lower % / £k
<b>Cost Areas:</b>					
Pay	1%	87	£87k	2% / 174	0% / 0
Utilities	6.7%	19	£3k	10% / 29	5% / 15
<b>Funding Income:</b>					
Business Rates & Revenue Support Grant	-13%	755	£57k*	-14% / 812	-12% / 698
Council Tax Rate	0%	0	£50k	2% / -101	0% / 0
Tax Base (including Council Tax Support)	0.21%	-17	£50k	-1.14% / 57	1.12% / -56

\*Business rates and Revenue Support Grant forecast is based on Provisional Settlement figures and local forecast of business rates yield.

### 3 2014/15 Budget Gap

- 3.1 When the 2013/14 Budget was approved by Full Council in February 2013, the MTFP included a projected Budget Gap in 2014/15 of £1.2m (rising to £3.3m by 2016/17). The latest estimate of the Budget Gap for 2014/15 shows an increase to £1.5m (rising to £4.5m by 2016/17) mainly affected by further cuts in government funding. This change in forecast is largely due to:

- Council Tax assumptions: Finance officers have prudently assumed Council tax will be frozen in 2014/15 and 2015/16 (previously assumed to be 2%);
- Settlement Finance Assessment (Business Rates and Revenue Support Grant) forecasts updated to reflect the Spending Review and recent Consultation;
- Inflation estimates have been updated to reflect final approved budgets, and to take out assumed inflation on income from fees & charges.

- 3.2 The Budget Gap for 2014/15 is reconciled as follows:

		£k
	Budget Gap – 2013/14 Approved Budget	0
A	Removal of one-off items in the 2013/14 Budget	42
B	Estimated net inflation costs	526
C	Projected reduction in Revenue Support Grant	884
D	Projected growth in share of Business Rates Yield	-74
E	Estimated 5% reduction in Council Tax Admin Grant	35
F	Estimated council tax with 0% rate increase and 0.5% tax base increase	-11
G	Cremation income reduction due to new Cremator in Bridgwater (initial best estimate)	60
H	Electoral Services costs of Individual Registration (initial best estimate)	65
I	Contribution to Home Improvement Agency and Care & Repair	44
J	Council Tax Freeze Grant	-57
K	Other changes	-6
	<b>Current Projected 2014/15 Budget Gap</b>	<b>1,508</b>

- 3.3 The Council has recently approved two changes that are expected to provide budget savings – the Joint Chief Executive with West Somerset Council, and the sale and acquisition of assets and Lisieux Way in Taunton. These have not been factored into the MTFP at this stage, but will be incorporated when Savings Targets have been confirmed and issued to responsible managers, as measures to close the Budget Gap.

#### 4 General Fund Reserves

- 4.1 Based on the current forecast for the MTFP above, if no further action was taken and reserves were used to balance the budget, the forecast Reserves position would be follows:

	2013/14 £k	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k
Estimated Balance B/F	3,943	2,298	790	(2,289)	(6,786)	(12,119)
Supplementary Estimates	(1,645)					
Projected Budget Gap	0	(1,508)	(3,079)	(4,498)	(5,333)	(6,130)
Estimated Balance C/F	2,298	790	(2,289)	(6,786)	(12,119)	(18,249)

- 4.2 When the budget was set in February 2013 the S151 Officer indicated her advice that the minimum reserves balance for the General Fund should be increased to £1.5m (from £1.25m) in recognition of increased risks under Localism. The above forecast shows that there is insufficient headroom in reserves to cover the projected Budget Gap for 2014/15 and subsequent years. This is not sustainable and reinforces the importance of addressing the underlying financial position and delivering a financially sustainable Corporate Business Plan. **Action must be taken to reduce costs** to



ensure the Budget Gap is closed and appropriate reserve balances are maintained.

## 5 Savings Targets

- 5.1 In order to produce a sustainable financial base for the Council, it is recommended that a balanced budget is set for each year of the medium term plan. It is assumed for financial planning purposes that any “headroom” in general reserves balances will be used for one-off items such as funding service transformation costs, and on this basis Savings Targets are aligned to the Budget Gap estimates.
- 5.2 As the table shows, the Savings Targets are significant at approx **£1.5m per year for the next three years**. It is inevitable that service costs will need to be significantly reduced in order to meet the challenge, potentially making some services unsustainable. As well as joint working, sharing of services and service transformation; income generation and asset optimisation will be important in helping to meet the Targets.

	2014/15 £k	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k
<b>Annual Savings Targets</b>	<b>1,508</b>	<b>1,571</b>	<b>1,419</b>	<b>835</b>	<b>797</b>
<b>Cumulative Savings Targets</b>	<b>1,508</b>	<b>3,079</b>	<b>4,498</b>	<b>5,333</b>	<b>6,130</b>

## 6 Housing Revenue Account (HRA) – Medium Term Financial Plan

- 6.1 The updated HRA 30 Year Business Plan was approved in December 2012, and 2013/14 is the second year of operating under Self Financing. At this stage there are no formal changes to the HRA MTFP as previously reported.
- 6.2 However, there will be changes considered and reported during the summer, as the annual review of the Business Plan and the detailed estimates process progresses. There are some known issues, risks and uncertainties highlighted below that will need to be taken into account:
- 6.2.1 The Housing Service is progressing with housing developments at Creechbarrow Road and other sites through the Social Housing Development Programme. The impact of these proposed investments were included in the HRA MTFP in February, and the related financial forecasts will be reviewed as the final costs and timing of these projects is firmed up.
- 6.2.2 It is assumed that the Council will continue with the current Rent Policy. Information arising from the CSR is that rent formula will move from RPI+0.5% to CPI+1% with effect from 2015. The Government has also indicated it will cease the graduated move to Rent Convergence a year

early – in 2014/15 – which is expected to have a detrimental impact on total Rent Income base estimated in the region of £250k. The review of the Business Plan will respond to this issue and include proposals for reducing costs accordingly.

6.2.3 The service has reported an increase in the number of voids this year – linked to re-housing programme in response to Welfare Reform – and this is currently placing pressure on maintenance costs in preparation for re-lets. The review of the Business Plan will assess the impact of this trend and consider proposals to balance the overall HRA budget.

6.3 As a reminder, the forecast budget for the HRA as shared at budget setting time, is summarised as follows:

	Budget 2013/14 £k	Estimate 2014/15 £k	Estimate 2015/16 £k	Estimate 2016/17 £k	Estimate 2017/18 £k
<b>TOTAL INCOME</b>	-24,951	-25,730	-26,708	-27,888	-28,672
<b>EXPENDITURE</b>					
Management & Maintenance	10,376	10,636	10,870	11,142	11,421
Major Repairs Allowance	6,385	6,536	6,690	6,849	6,240
Other Costs	1,263	1,294	1,327	1,360	1,394
<b>TOTAL EXPENDITURE</b>	18,024	18,466	18,887	19,351	19,055
<b>NET COST OF SERVICES</b>	-6,927	-7,264	-7,821	-8,537	-9,617
Net Interest Costs	2,902	2,767	2,683	2,677	2,640
Capital Financing & Debt Repayment	3,643	4,374	4,990	5,683	6,964
Transfers to General Fund	382	123	148	177	13
Transfers to/from HRA Reserves	0	0	0	0	0
<b>(SURPLUS)/DEFICIT</b>	0	0	0	0	0

## 7 HRA Reserves

7.1 The recommended minimum reserves level for the HRA is £1.8m. The current projected reserves balance remains above this minimum, providing some flexibility to support services and/or investment in future:

	Budget 2013/14 £k	Estimate 2014/15 £k	Estimate 2015/16 £k	Estimate 2016/17 £k	Estimate 2017/18 £k
Balance b/f 1 April	2,247	2,247	2,236	2,236	2,236
Supplementary Estimates	0	(11)	0	0	0
Balance c/f 31st March	2,247	2,236	2,236	2,236	2,236

Paul Fitzgerald  
 Financial Services Manager, Southwest One  
 01823 358680  
 p.fitzgerald@tauntondeane.gov.uk



# Taunton Deane Borough Council West Somerset Council

## Business Case - Joint Management & Shared Services





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## FOREWORD

"We are delighted to present this Business Case to you.

As community leaders, we have a responsibility to the people we serve to do what is right for them. We cannot protect the status quo when the world has changed and we have significant challenges to our financial future and sustainability.

We must find new ways to continue to invest in the future, supporting economic prosperity while protecting the services that are important to our customers and communities, and keeping council tax down.

We are absolutely determined to achieve this and we believe that we will be stronger together in facing the challenges that could derail our ambitions.

Our residents must be able to continue to hold us accountable as two separate democratic organisations for the delivery of the priorities they have set us. Nothing in this Business Case will undermine this fundamental principle. Members are at the heart of this proposal; we simply seek to derive benefits that will enable the Councils to continue to serve your communities and business well in the future.

This will be achieved by creating one officer team, which will support both Councils. We have already agreed to share a Chief Executive, saving both Councils money. We already share some services and the time is right to extend this across the Councils. This will save us money, increase our resilience and overall capacity to face our challenges.

We need to deliver savings and increase our income because of the financial pressure facing both Councils. These pressures will only grow so we are clear we have a duty to act now and to ask you to support us in delivering this Business Case as part of the solution, a solution that protects democratic representation, our ambitions and our services.

We cannot afford to stop simply at driving out efficiency savings from joining up our management and services – we must go on to challenge how we deliver services in the future as well. This is a fantastic opportunity for all members to influence what this looks like in the future, ensuring we protect what is really important to our residents and businesses while opening ourselves up to new ideas and new ways of delivery.

The opportunity to work together on our mutual challenges cannot be wasted. Let us grab it, let us protect what is important but let us work together to deliver this Business Case and the savings it offers, savings that will enable us, not simply sink to a place where all we can deliver is statutory services, but continue to do great things for our areas".

**Cllr John Williams**  
Leader TDBC

**Cllr Tim Taylor**  
Leader WSC





# 1. Executive Summary

1.1 This project can deliver significant annual savings to each Council, as illustrated below:

		Annual Savings			
		Total £	TDBC £	WSC £	
Business Case	Joint Management (Phase 1)				
	Shared Services (Phase 2)				
	=		Staff 1.389m	1.182m	0.207m
			Non-Staff 0.50m	0.400m	0.100m
		<b>1.889m</b>	<b>1.582m</b>	<b>0.307m</b>	
Transformation (Phase 3)		+£Additional	+£Additional	+£Additional	

1.2 Confidence in the ability to deliver Phase 1 and 2 is such that both Section 151 Officers are able to include this level of savings into the Councils' MTFP, therefore reducing the ongoing budget gaps at both Councils.

1.3 No savings target has been set for the Transformation stage (Phase 3) of the implementation programme. We have the same level of confidence in our ability to deliver savings in Phase 3 as we do for the earlier phases but we do not have the same level of certainty over the exact level of savings that can be achieved. It would not be prudent to predict and include these in the MTFPs at this stage. Needless to say, they will only improve the Business Case position.

1.4 By **2015/16**, the project will start making **annual net savings** of over **£300k for WSC** and almost **£1.6m for TDBC**.

1.5 These savings are critical given the significant and immediate pressures facing our Councils. If we take no action, the predicted General Fund (GF) budget gaps shown below indicate that **neither Council** has a sustainable future:

	2014/15	2015/16	2016/17
<b>TDBC</b>			
Cumulative Budget Gap	£1.51m	£3.08m	£4.50m
<b>WSC</b>			
Cumulative Budget Gap	£79.3k	£561.6k	£729.7k

- 1.6 In late February / early March 2013, both Councils approved a project mandate, Appendix A, to explore joint management and shared service structures across both Councils as a way of helping to narrow our budget gaps.
- 1.7 This Business Case is the product of that mandate.
- 1.8 The changes proposed within the Business Case fall into three areas:-
- 1) Forming a single joint senior management team for the two Councils;
  - 2) Joining our services together, under single joint service managers;
  - 3) Transforming services - implementing the most appropriate long-term service delivery options.
- 1.9 The Project Mandate recognised that this project alone would not solve the financial difficulties we face. Each Council will need to look at a combination of initiatives to close the budget gap.



- 1.10 However, sharing a joint senior management team and sharing services between our Councils can be a significant part of the solution and means pressure to consider some of the more unpalatable options, such as cuts to services and rises in Council Tax, are lessened.
- 1.11 The proposed savings stated within the Business case are deliverable since the joint senior management team and shared services will, at the outset, be designed to fit within a reduced 'cost envelope', thereby making a cost reduction certain.
- 1.12
- Difficult choices will need to be made in order to balance budgets going forward. These proposals enable significant savings to be made, largely through removal of duplication within the management and officer structures of the Councils, without an adverse impact on service delivery and will, therefore, largely be 'invisible' to the electorate and businesses.

1.13 In order to achieve these savings, there is a need for one-off investment. Primarily this will cover staff termination costs, additional Information Technology to support collaborative working, and programme costs associated with ensuring change is managed and delivered safely.

1.14 The indicative one-off transition costs required, on an 'invest to save' basis, based on the financial model, are projected to be:

Total £	TDBC £	WSC £		
2.716m	2.002m	0.714m	£1.191m	Termination costs *
			£1.237m	ICT costs **
			£0.287m	Programme costs
			<b>£2.716m</b>	

\* See assumptions set out at 7.4

\*\* It is anticipated that around £1m of the ICT costs could be capitalised.

1.15 This Business Case offers both Councils significant savings. The payback period is within acceptable 'invest to save' parameters.

1.16 We have briefed External Audit on the methodology we intend to use to apportion costs and savings fairly and the framework that we will need to have in place for monitoring this moving forward. This framework draws on the practices of other authorities who are sharing management and services. The proposed framework will be reviewed by audit and checked annually. The purpose of this framework and annual reviews is to ensure that one Council does not subsidise the other.

1.17 We have adopted a deliberately cautious but realistic approach to the implementation timescales. The key milestones are:

- 12 Nov 2013 - Joint CEO position made permanent
- By 1 Jan 2014 - 2nd and 3rd Tier Managers in Place
- By 1 Jul 2014 - 4th Tier managers in post
- By 1 Aug 2014 - Leads / Supervisors in post
- By 31 Mar 2015 - All staff in place within shared service structure
- By 1 April 2015 - Terms and Conditions harmonisation complete
- 1 April 2015 - Service Transformation begins
- 1 April 2016 - Service Transformation complete

These are long-stop dates - the ambition is to deliver earlier and to look for 'quick wins'.

1.18 The Business case and the transformation that flows will deliver key benefits and outcomes:

**Shared Chief Executive, Management Team and Services (Section 14 & 15)**

Leading to the following outcomes:

- Greater resilience than either Council could have on their own;

- Greater critical mass and capacity;
- Access to a broader range of skills and experience ;
- A combined saving to the Council General Funds of approx £1.9m per annum;
- Sufficient leadership and senior operational capacity to deliver Members' priorities, the transformation agenda, a sustainable future for both Councils and “business as usual”;
- Greater leadership capacity for the HRA at TDBC and the ability to recruit for new skills and experience for delivery of the development programme;
- Provide the capacity to maximise the community and economic benefits of the proposed Hinkley Point development;
- Sustainable funding for the delivery of the regeneration of Taunton;
- Provides a model for further sharing with other Local Authorities / partners moving forward;
- Good fit with current government policy for local government;
- The shared Joint Management team will have greater influence at a County, regional and national level.

**'One Team' With a Single Employer and Harmonised Terms and Conditions** (Section 8 & 9)

Leading to the following outcomes:

- One employer safely managing the new organisation;
- Cost neutral harmonisation;
- Common values and culture.

**Two Separate Democratic Councils Retaining Their Sovereignty Whilst Maximising Members' Opportunity to Work, Learn and Develop Together.**

Leading to the following outcomes:

- More efficient and effective ways of working for Members;
- A renewed focus on Member development;
- Maximising opportunities for joint briefings and working also enabling officers to work efficiently;
- Sharing of good practice and work on policy development.

- 1.19 An early draft of this Business Case was subject to an independent Assurance Review in early September. The review was conducted by Local Partnerships ([www.localpartnerships.org.uk](http://www.localpartnerships.org.uk)), a company jointly owned by HM Treasury and the Local Government Association. The review report is provided at Appendix B.

The headline from this review is that the Business Case is 'safe' and is robust in its assumptions, and it is therefore safe to proceed for a Member decision.

## 2. Context - National and Local

- 2.1 The recent global financial crisis and subsequent contraction in public spending have placed great challenges on local government. As a consequence, there has been an increased demand (and necessity) for public sector innovation. The investigation and implementation of shared chief executives, senior management teams and services has become a growing trend in local government.
- 2.2 According to the Local Government Association, at March 2012 there were 34 Councils who shared a CEO and management team; that number will have certainly risen in the intervening months. The majority are across district Councils.
- 2.3 The need to consider shared CEOs and senior management is not however entirely a product of the recent financial crisis. The 2006 Local Government White Paper entitled 'Strong and Prosperous Communities' highlighted the potential for shared management to drive the efficient provision of public services and to get 'more for less.' However, it is true to say that Councils having to implement an average 28 per cent cut in central government grant as a result of the 2010 Comprehensive Spending Review has increased focus and momentum for this type of change. The more recent 2013 Spending Review has only heightened the need to review alternative solutions, at pace.
- 2.4 Local Government Minister Brandon Lewis, in addressing the Municipal Journal Forum in April 2013, quoted several examples of existing shared management and shared services arrangements and urged this type of collaboration to become the norm. It is clear that this is the direction which Government sees, and expects, district Councils in particular to move in the short to medium term.
- 2.5 Within Somerset, SCC Leader, Cllr John Osman, has recognised the opportunity that sharing services on a bigger platform could bring and has recently set up a Task & Finish Review group, made up of representative Councillors from the districts in Somerset and the county Council to progress this.
- 2.6 This review is due to conclude in December 2013. The outcome will clarify the ambition and appetite for change and collaboration on a bigger scale across the County. In the longer term, we would expect to see this programme broaden to include the wider public sector.
- 2.7 Our proposed approach is to deliver our joint arrangements safely yet speedily – making sure we build a solution that is flexible enough to grow and possibly become the foundation of a future county-wide arrangement. However, to be absolutely clear, this Business Case does not rest or fall on others joining with our two Councils or our two Councils joining with others.
- 2.8 Somerset County Council supports our approach and has a seat on our Project Board which helps ensure progress on the two projects is complementary. The County Council has also provided resources to our project team to support the delivery of our Business Case.

2.9

"I whole heartedly support the shared services agenda across Somerset and am working with all Somerset Councils to promote this work. I am so pleased that West Somerset Council and Taunton Deane Borough Council have agreed to explore sharing services in detail and will do all I can from a County perspective to support their work".

John Osman - Leader, Somerset County Council

2.10 The other Somerset District Councils also support our work and are watching with interest as the Business Case develops.

Specifically, Mendip District Council received political approval on 8 July to formally work with us on exploring options for shared service delivery models (not CEO or senior management however). Mendip recognises the potential of three districts joining forces for mutual benefit, and wants to help us shape the solution.

2.11 Other neighbouring authorities, particularly Exmoor National Park Authority and Sedgemoor District Council, are also represented on the Project Board and similarly support our ambitions.

2.12 Although we are confident that bigger plans will evolve, history tells us that more can be achieved by starting small and growing incrementally. Our experience in relation to the South West Audit Partnership (SWAP) very much supports this. TDBC were founding partners in the hugely successful Partnership, set up in April 2005 for the delivery of internal audit services. From small beginnings, many local authorities have now joined the partnership including all the Councils of Somerset, three Councils in Dorset (two districts and one county), one in Gloucestershire, one in Devon and most recently Wiltshire Unitary Council. The partnership has recently formed a Local Authority Company to allow it to further grow its partnership ambitions.

2.13

Our proposals should therefore be seen as a starting point for wider scale sharing services in Somerset, rather than the end game.

### 3. Context - The Financial Position the Councils

3.1 The following tables and charts highlight the current projections from the Medium Term Financial Plan of both Councils, as approved by Councillors in February 2013, and as adjusted in light of more recent funding announcements from central government. Both Councils are anticipating reductions of around 20-30% in their funding from Central Government over the next two years.

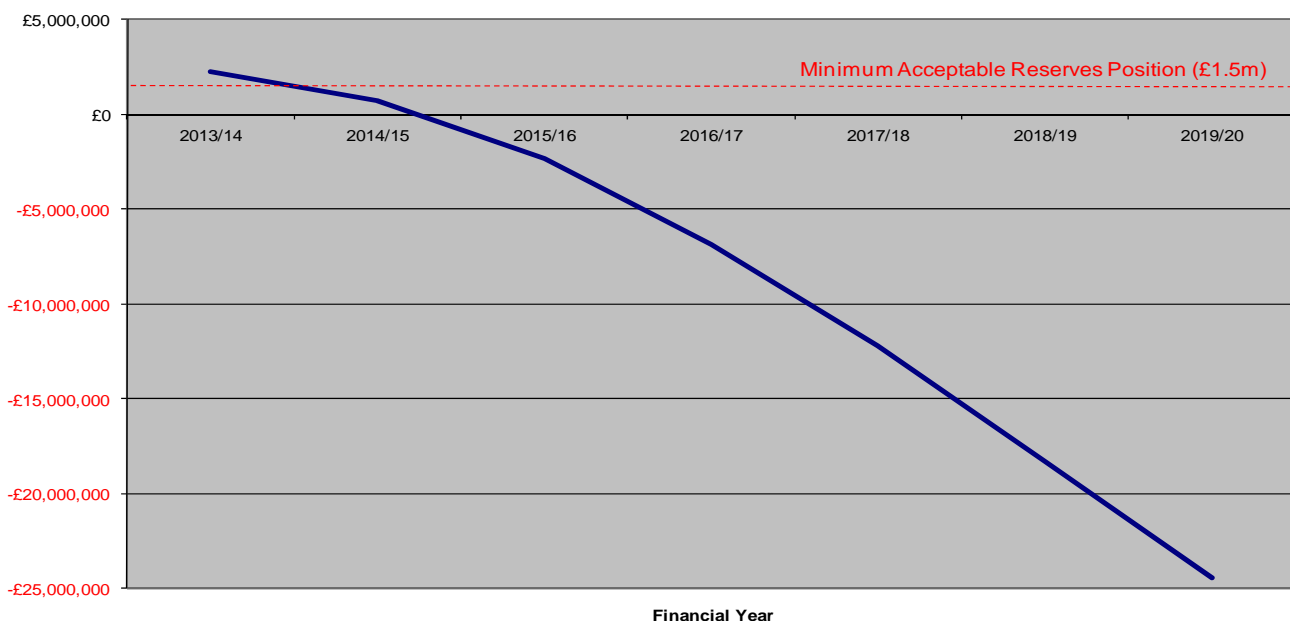
TDBC's Councillors have agreed in principle to ring-fence future New Homes Bonus for growth and regeneration projects within the Borough, whereas WSC are using the expected increase in New Homes Bonus to reduce the projected deficit in its Medium Term budget.

#### 3.2 TDBC - MTFP

	2014/15	2015/16	2016/17
Budget Gap	£1.51m	£3.08m	£4.50m
Gen Reserves	£0.72m <i>(is below min acceptable position)</i>	-£2.36m	-£6.85m

3.3 The table below shows the projection for TDBC's general reserves in relation to its £1.5m minimum acceptable reserves position, based on retaining expenditure at current levels. (The net revenue budget (GF) is £13.47m). This of course assumes that no action is taken to progress savings and the Council relies on GF reserves to support existing spending levels - which clearly from this table is unaffordable and unsustainable.

Projected Level of TDBC's General Reserves



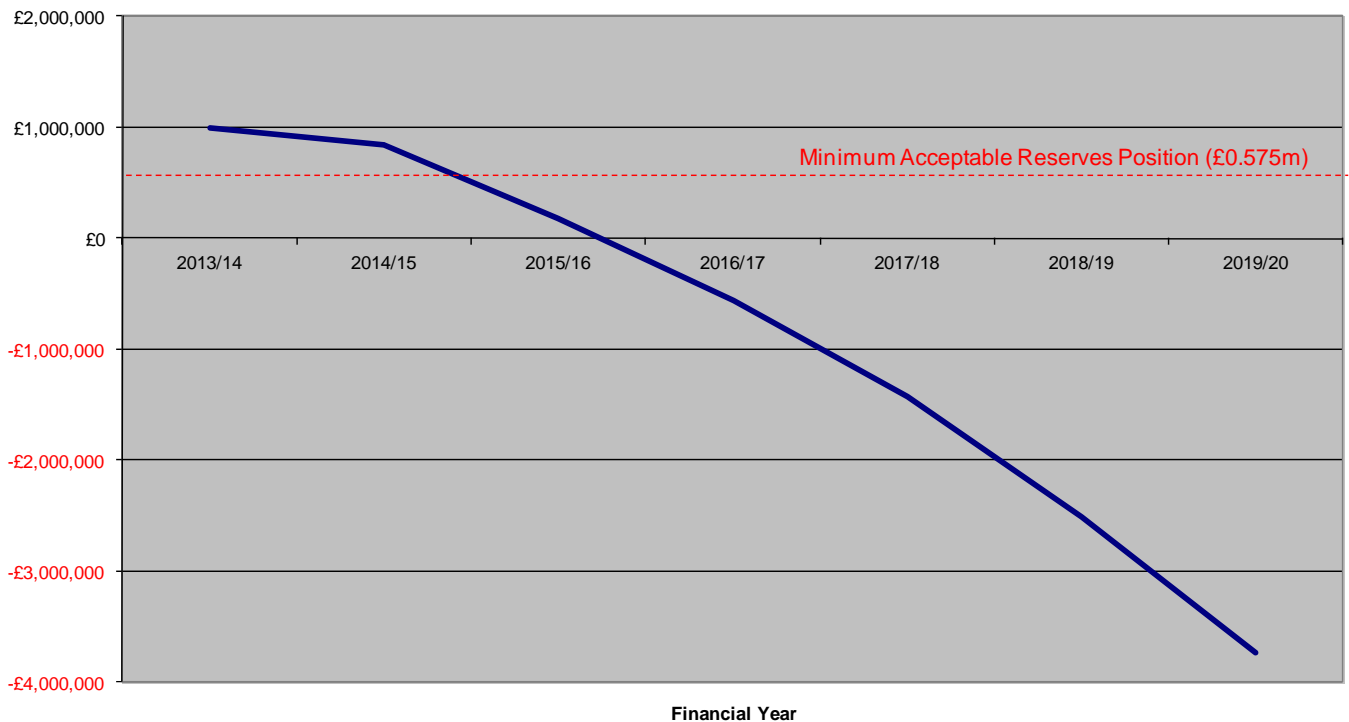


### 3.4 WSC - MTFP

	2014/15	2015/16	2016/17
Budget Gap	£79.3k	£561.6k	£729.7k
Gen Reserves	£836.3k	£174.7k <i>(is below min acceptable position)</i>	-£555.0k


3.5 The table below shows the projection for WSC's general reserves in relation to its £0.57m minimum acceptable reserves position, based on retaining expenditure at current levels. (The net revenue budget (GF) is £4.974m). As for the TDBC table, this assumes that no action is taken to progress savings and the Council relies on GF reserves to support existing spending levels - which clearly from this table is unaffordable and unsustainable.

**Projected Level of WSC's General Reserves**



## 4. Background to the Business Case

- 4.1 In July 2012, WSC invited the LGA to lead an independent review into West Somerset's current financial circumstances, and to make recommendations on realistic ways forward. The review also assessed what savings could be made by the Council working more closely with partners to reduce its expenditure.
- 4.2 Each year, WSC incurs additional, unavoidable cost pressures (e.g. inflation, contract and property costs) amounting to some £150,000, representing around 3% of costs, but a 2% Council Tax rise is only able to raise £35,000 a year. This structural problem generates an ongoing inherent increase in the Council's budget deficit of £115,000 each year on an annual net budget of £4.974m. This position is unsustainable without fundamental change.
- 4.3 For WSC, given the restricted supply of available development land and the disadvantage of being remote from railway and motorway networks, growth will be relatively limited and have less of an impact upon Council finances. Although the proposed Hinkley Point C nuclear power station development has the potential to generate significant extra income through business rate retention, this is unlikely to happen before 2020, and therefore won't address the present concerns regarding the financial viability of the Council.
- 4.4 Following the LGA review, WSC invited TDBC to explore the possibilities of working together to draft a Business Case for the commissioning or sharing of services, management and staff as a way of both Councils addressing budget pressures in their respective Medium Term Financial Plans.
- 4.5 Due to the reductions in government funding that local government has had to face, both TDBC and WSC are predicting that, based on current trends, they will run out of general reserves in the next few years.
- Even sooner, both Councils will breach their minimum acceptable reserves position if matters are not addressed.**
- If nothing changes, Taunton Deane's general reserves will fall under its minimum acceptable reserves position of £1.5m by the end of 2014/15 and will exhaust its general reserves at the end of the following year, with West Somerset breaching its minimum acceptable reserves position of £0.575m by 2015/16 and having no general reserves left by 2016/17.
- 4.6 In late February / early March 2013, both Councils approved a project mandate, Appendix A, to explore joint management and shared service structures across both Councils as a way of helping to narrow our budget gaps.



4.7 This Business Case is the product of that mandate.

4.8 The changes proposed within the Business Case fall into three areas:-

1. Forming a single joint senior management team for the two Councils;
2. Joining our services together, under single joint service managers;
3. Transforming services - implementing the most appropriate long-term service delivery options.

4.9 In practice there will be some overlap between 2) and 3) above, and these won't always be sequential steps. For some services, there are immediate opportunities for transformation, involving sharing with other partners, beyond just TDBC and WSC. In such circumstances it would be a wasted effort and cause delay, if we were simply to join our two services together only then to immediately deconstruct this arrangement to enable the service to fit within a wider model. Instead the opportunity to transform the service would be 'fast tracked'.

## 5. Approach to Developing the Business Case

- 5.1 In compiling the Business Case, learning from the experiences of other Councils that have or are implementing joint management and sharing services has been invaluable.
- 5.2 A desktop exercise was undertaken, focusing on District/ Borough Councils which were sharing management and / or services.
- 5.3 Visits to West Dorset and Weymouth & Portland Councils and the South Oxfordshire and Vale of White Horse Councils have been undertaken. Feedback was also provided by the Mid Suffolk and Babergh Partnership and Suffolk Coastal and Waveney Councils on their experiences of partnership working.
- 5.4 These Councils have been a rich source of practical advice in helping us to develop the Business Case and giving us confidence in the opportunities which sharing can deliver. They have also provided an insight into the reality of the partnerships, their lessons learnt including what worked and what didn't.
- 5.5 Together with learning from other Councils that have successfully implemented shared services, there are also lessons that can be learnt from Councils that have not been successful or have chosen to terminate their sharing agreements.
- 5.6 The practicalities of serving Councils not geographically close can cause issues, especially for senior management that need to provide a physical presence at two locations and has caused some sharing arrangements to fail. However, given TDBC and WSC share a boundary and have principal offices just 15 miles apart, this isn't considered an issue for our proposed arrangements.
- 5.7 The relationships, trust and respect between Leaders and Members from sharing Councils and between Leaders and Members and senior management is also key. If these relationships break down, this can be another cause of sharing arrangements to fail.
- 5.8 In early September an independent review of the draft Business Case was undertaken by Local Partnerships (see Appendix B). They reviewed the document and undertook interviews with the project team, CEO's and the Council Leaders. Amongst their observations, was the relationship between the TDBC and WSC Leaders appears positive and based on trust and a sense of common purpose. That trust extends to their confidence in the joint Chief Executive.

## 6. The Business Case - Scope

6.1 The scope of these proposals focuses on reducing ongoing revenue costs relating to employees and non-pay budget items (e.g. supplies and services costs) within the General Fund of both Councils.

### 6.2 TDBC Housing Revenue Account

Unlike WSC, TDBC retains its own housing stock and accounts for income and expenditure in connection with its role as a landlord through a Housing Revenue Account (HRA). These proposals do not seek to make any savings in relation to the HRA as this would have no impact upon the General Fund Medium Term Financial Plan (MTFP), which is where the present financial challenges lie. Officers working within the HRA would however be within the shared workforce and would therefore be affected by any changes to terms and conditions and job evaluation.

### 6.3 Members and Sovereignty

The proposals seek to preserve the democratic sovereignty of both Councils and enable the 84 elected Members of the two Councils to continue to fulfil their full representational and leadership roles on behalf of their respective communities. This Business Case does, however, propose joint Member governance arrangements to oversee the safe implementation of this Business Case and the progression of the change programme.

TDBC has been given notice that the Boundary Commission will be undertaking a review of electoral wards within Taunton Deane. This is a separate process, entirely unconnected with this Business Case and will take place irrespective of whether or not TDBC share management and services with West Somerset.


### 6.4 WSC Staff Funded by EDF

WSC has 11 posts which are funded by EDF linked to the proposed development of Hinkley Point C nuclear power station. These posts would need to be managed within the new proposed joint management structure.

### 6.5 Existing Partnerships

Several key partnerships are already in place affecting one or both of the Councils. Key amongst these are the Somerset Waste Partnership, South West Audit Partnership and Southwest One (TDBC only). These partnerships are outside of the scope of this Business Case and consequently this Business Case is not predicated on generating any savings from the present arrangements.

6.6 TDBC does, however, have ongoing separate reviews in relation to key partnerships which may identify alternative options for service delivery.



6.7 Principal Offices

This Business Case assumes that in the short to medium term both Councils retain their existing principal offices, in Taunton and Williton respectively, and no savings from consolidating premises or acquiring smaller premises are proposed nor have been included within the Business Case. TDBC has two separate projects, outside of the scope of this Business Case, which might have implications for accommodation and costs /savings relating to it. These are the Asset Management project and Customer Access project. It would be sensible for WSC's requirements to be included within the scope of this work to identify opportunities for both Councils.

- 6.8 A natural consequence of any reduction in staffing numbers may be the creation of surplus office space within the existing offices. This might lead to further opportunities in the short term to let out this surplus office space. However, this is not crucial to this Business Case and no income arising from such an arrangement has been included within this Business Case. Although, any such savings would only improve the Business Case.

## 7. Cost and Savings Sharing Principles

- 7.1 **For the purpose of drafting the Business Case**, a steer has been given by the Project Board and Joint Members Advisory Panel about the methodology for sharing costs and savings. These assumptions have been used in the Business Case of sharing moving forward unless more relevant data becomes available.
- 7.2 **Joint Management** –the working assumption has been that the top two tiers of the structure (Chief Executive and Directors) will be shared 50/50, and that the third tier (Assistant Directors) will be shared 80/20 (TDBC/WSC). However, these assumptions have been modified as more detail about the proposed joint management structure has become available.
- 7.3 **Shared Services** – Where no better information is known, the working assumption is that these savings and costs will be shared based on the ratio of total budget of each Council, which is 80% TDBC and 20% WSC. This will be refined as we join up each service where more appropriate methodology exists. For modelling purposes though and as a default, 80:20 is sound.
- 7.4 **Staff Termination Costs** – Staff termination (redundancy) costs for all tiers will be based on the ratios used for each tier, as set out in 7.1-7.3, above.

Without calculating the redundancy entitlement and pension obligation of every member of staff, nor knowing which staff may not retain their employment, it is not possible to provide an accurate figure for the termination costs arising from these proposals. Factors such as length of local government service, salary, age and the different redundancy policies of the two Councils will influence the termination payment for those staff affected. Therefore, for the purpose of this Business Case the following projected values have been used. The final figures may be higher or lower than these.

Employees	Projected Termination Cost (per employee)
Tier Two (Directors) and Tier Three (Theme Managers TDBC / Corporate Managers WSC)	75,000
Service Managers / Lead Officers	50,000
Remaining Staff	25,000

- 7.5 An assumption has been made about the likely numbers of officers leaving the Councils. Clearly, if more officers leave than anticipated, the total costs would be higher.
- 7.6 **ICT and Programme Costs** – These one-off costs will be treated on a case-by case basis, depending on the nature of the expenditure. For example, some ICT and Programme costs will be based on the number of staff in each organisation, and so will be split accordingly. However, some costs will be ‘fixed’ and will need to be incurred by each Council equally.

7.7

The cost and savings sharing formula which has been used in progressing the financial model in the business plan has been tested as part of the External Assurance Review and was found to be appropriate.

The project team have briefed the external auditor on our approach.

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 by audit and checked annually.

The purpose of this framework and annual reviews is to ensure that one Council does not subsidise the other.

7.8

Savings made as a direct result of one of the Councils ceasing to deliver a service would accrue in full to the authority ceasing to provide that service (subject to the decision not increasing the costs of continuing to deliver the service by the other Council, above the original baseline). The same principle would apply to additional costs incurred due to one of the Councils requiring an additional service or an enhancement to an existing service. In such a case the Council requiring the additional service or enhanced service would have to finance in full the additional costs associated with the change.



## 8. Employment Models

- 8.1 The fundamental principle of the partnership is that all staff will be working together for the benefit of the two Councils and, over time, will not consider themselves particularly attached to a specific Council.
- 8.2 The detailed review in Appendix G examines the issue in some depth and sets out the 'pros' and 'cons' of the two main approaches available.
- 8.3 Members will see that the 'pros' and 'cons' are finely balanced and either option could work. On balance, however, it is the view of the Project Team that a cleaner and more permanent outcome will be provided by the 'host employer' model. The 'host employer' model is where one or other of the two partner Councils becomes the employer in law for the employees of both Councils. It is anticipated that this will require a transfer of staff to one or other of the partner Councils which could trigger the application of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE').
- 8.4 For the reasons set out it is therefore recommended that the 'host employer' model should be adopted for inclusion within the overall Business Case and that discussions also take place with UNISON. It is further recommended that TDBC be the 'host employer'.
- 8.5 As appointments are made within differing levels of the workforce, postholders would be employed by TDBC.
- 8.6 It is envisaged that all officers will be employed by TDBC by 31 March 2015.
- 8.7 Further detail about how this change can be managed and achieved is set out within the 'Creating the Shared Workforce' report, which appears on the same agenda as this Business Case.

## 9. Terms and Conditions and Pay

- 9.1 In joining together to make a single workforce there is a need to harmonise terms and conditions of employment for staff. This will require early and on-going detailed consultation with UNISON and staff.
- 9.2 The outcome to which the Councils should be working anticipates:
- A single set of pay and conditions based on a local government model;
  - A single set of policies and work practices;
  - A single pay scheme;
  - A negotiated agreement for transition arrangements for staff (e.g. any pay or travel protection).
- 9.3 The creation of a shared management and service partnership will create a significant amount of concern for staff over an extended period. In harmonising the terms of conditions of all employees in the partnership it is vital that we agree a set of terms and conditions that reflect authorities operating in the current political and economic climate but also, and more importantly, reflect that it is through the workforce of the partnership that we will continue to deliver services to the public and they must see that this is reflected in how their employer treats them.
- 9.4 On this basis, it is recommended that the harmonisation of terms and conditions is conducted on the basis that the authorities support remaining within the framework of the national terms and conditions of employment but would look to agree variations to these conditions where it is beneficial for the delivery of services.
- 9.5 It is also recommended that the harmonisation of terms and conditions, which will need to be undertaken through consultation and negotiation, is carried out on the basis that it will, in the worst case scenario, be 'cost neutral' although opportunities for savings will be explored. As a starting point to these discussions, UNISON has undertaken a consultation survey with all staff at WSC and TDBC to gauge the relative importance of each of the current terms and conditions.
- 9.6 Further detail about how this change can be managed and achieved is set out within the 'Creating the Shared Workforce' report, which appears on the same agenda as this Business Case.
- 9.7 The outline implementation plan includes the aim to harmonise all terms and conditions, and employment policies and procedures, by 1 April 2015.

## 10. Assets

- 10.1 Each Council owns a number of assets including such things as offices, other operational property, investments, etc. **There will be no change in the ownership of those assets.**
- 10.2 As each Council will continue to be a separate legal entity and therefore required to complete its own Statement of Accounts there will be a requirement to “charge” each Council with its fair share for the use of those assets which the shared service will use.
- 10.3 Therefore for financial purposes a decision will need to be made for each individual asset to agree if that asset is to have a “shared” use or a specific use. Specific uses are those assets which have the exclusive benefit of one Council. For example, the crematorium in Taunton or marina at Watchet, etc.
- 10.4 There may be some assets that are purchased jointly e.g. new ICT systems, vehicles or equipment. These will still need to be recorded in each Council's individual set of accounts.
- 10.5 Other assets such as investment portfolios, property etc will remain the responsibility of each Council and recorded separately in the individuals Council's set of accounts.

## 11. Finances - Savings Summaries

11.1 The following table illustrates the likely spread of costs and savings by year which accrue from the proposals within this Business Case; specifically sharing managements (pay savings) and sharing services (pay savings) and transforming services (non-pay budget savings) discussed in sections 14, 15 and 16 of this Business Case.

11.2

TOTAL Costs and Savings - (£,000's)						
	2013/14	2014/15	2015/16	2016/17	2017/18	Cumulative Costs
<b>Costs</b>						
Staff termination costs	410	781	0	0	0	1,191
ICT costs	502	450	225	60	0	1,237
Programme costs	134	153	0	0	0	287
<b>Total costs (rounded)</b>	<b>1,047</b>	<b>1,384</b>	<b>225</b>	<b>60</b>	<b>0</b>	<b>2,716</b>
<b>Savings</b>						
Net staff savings	9	-400	-1,389	-1,389	-1,389	
Non-pay budget savings	0	0	-500	-500	-500	
<b>Total savings</b>	<b>9</b>	<b>-400</b>	<b>-1,889</b>	<b>-1,889</b>	<b>-1,889</b>	
<b>Annual cost / -saving</b>	<b>1,055</b>	<b>984</b>	<b>-1,664</b>	<b>-1,829</b>	<b>-1,889</b>	
<b>Cumulative cost / -saving</b>	<b>1,055</b>	<b>2,040</b>	<b>376</b>	<b>-1,453</b>	<b>-3,342</b>	

11.3 The table below shows the position for TDBC only.

TDBC Costs and Savings (£,000's)						
	2013/14	2014/15	2015/16	2016/17	2017/18	Cumulative Costs
<b>Costs</b>						
Staff termination costs	274	625	0	0	0	898
ICT costs	356	315	165	45	0	881
Programme costs	100	122	0	0	0	222
<b>Total costs</b>	<b>730</b>	<b>1,063</b>	<b>165</b>	<b>45</b>	<b>0</b>	<b>2,002</b>
<b>Savings</b>						
Net staff savings	7	-391	-1,182	-1,182	-1,182	
Non-pay budget savings	0	0	-400	-400	-400	
<b>Total savings</b>	<b>7</b>	<b>-391</b>	<b>-1,582</b>	<b>-1,582</b>	<b>-1,582</b>	
<b>Annual cost / -saving</b>	<b>737</b>	<b>672</b>	<b>-1,417</b>	<b>-1,537</b>	<b>-1,582</b>	
<b>Cumulative cost / -saving</b>	<b>737</b>	<b>1,409</b>	<b>-8</b>	<b>-1,545</b>	<b>-3,127</b>	

11.4 The table below shows the position for WSC only.

WSC Costs and Savings (£,000's)						
	2013/14	2014/15	2015/16	2016/17	2017/18	Cumulative Costs
<b>Costs</b>						
Staff termination costs	137	156	0	0	0	293
ICT costs	146	135	60	15	0	356
Programme costs	34	31	0	0	0	65
<b>Total costs</b>	<b>317</b>	<b>321</b>	<b>60</b>	<b>15</b>	<b>0</b>	<b>714</b>
<b>Savings</b>						
Net staff savings	2	-9	-207	-207	-207	
Non-pay budget savings	0	0	-100	-100	-100	
<b>Total savings</b>	<b>2</b>	<b>-9</b>	<b>-307</b>	<b>-307</b>	<b>-307</b>	
<b>Annual cost / -saving</b>	<b>319</b>	<b>312</b>	<b>-247</b>	<b>-292</b>	<b>-307</b>	
<b>Cumulative cost / -saving</b>	<b>319</b>	<b>631</b>	<b>384</b>	<b>92</b>	<b>-215</b>	

11.5 Taking account of this investment, the project payback period is March 2016 for TDBC and July 2017 for WSC.

However, were all of the one-off costs to be paid up-front, then by 2015/16 the project will start making annual net savings of over £300k for WSC and almost £1.6m for TDBC.

## 12. Finances - Transition Costs

12.1 In order to safely and successfully bring about the changes required within this Business Case and to realise the significant annual savings forecast, certain one-off costs will be necessary.

12.2 Our best estimate of the costs associated with the change programme is £2.716m (£1.191m Termination costs, £1.237m ICT, £0.287m Programme costs).


This will cover the following areas;

- Officer termination costs;
- ICT enhancements to support shared services (e.g. internal joined infrastructure, system consolidation, improving customer access) ;
- Programme costs (e.g. Benchmarking; Additional external advisory support for job evaluation; Additional HR support to handle staffing changes; Member and Management Leadership development).

12.3 It is impossible at this stage to accurately detail each element of expenditure that will be incurred as there will be many variables which will come into play. For example, with termination costs the age, salary and length of service of the individuals concerned will directly impact on the final cost; for ICT tenders and negotiations will determine the final cost. These two areas are, by far, where expenditure will be highest.

12.4 In the early part of the programme, simply due to timing differences, there will be likely deficits between savings delivered and expenditure incurred. A total of £2.716m is projected to be required in order to meet the one-off costs necessary to support this programme of change, on an 'invest to save' basis. This investment would be £2.002m from TDBC and £0.714m from WSC. If these costs are accounted for up-front, by 2015/16 the project will start making annual net savings of over £300k for WSC and almost £1.6m for TDBC.

12.5 For TDBC, the proposal is to use a mixture of General Fund Reserves, part of New Homes Bonus 2014/15 settlement and unallocated capital. In terms of General Fund Reserves, the current balance is £2.231m (September 2013). It is anticipated that this balance will be increased by £0.498m through the release of surplus earmarked reserves (subject to approval), increasing the balance to £2.729m. The recommended minimum balance for General Fund Reserves is £1.5m.



12.6 For WSC, the proposal is to use the Sustainability Fund that is forecast to have a balance of £500k at the end of 2013/14.

Any ICT costs that can be capitalised and be funded from capital receipts and the remainder will need to be funded from the General Fund.

## 13. Implementation

13.1 The changes proposed within the Business Case fall into three areas:-

- 1) Forming a single joint senior management team for the two Councils;
- 2) Shared services - joining our services together, under a single structure;
- 3) Transformation - implementing the most appropriate long-term service delivery options and bringing about organisational and cultural change.

13.2 In practice there will be significant overlap between 2) and 3) and these won't always be sequential steps. For some services, there may be immediate opportunities for transformation, involving delivering services collaboratively with other partners, beyond just TDBC and WSC. In such circumstances it would be a wasted effort and cause delay, if we were simply to join our two services together only then to immediately deconstruct this arrangement to enable the service to fit within a wider model. Instead, in such a case the opportunity to transform the service would be 'fast-tracked'.

13.3 The establishment of a new joint senior management team will be the driver for changes within services and create momentum for the change programme. 'Fast-track' opportunities give additional pace to sharing and transforming services between our Councils and others. These 'fast-tracked' services will influence the approach to sharing for other services.

13.4 Two services have already been identified where there is a current potential opportunity to deliver services in conjunction with other Councils, where we can 'fast-track' the transformation of services, subject to acceptable Business Cases being put forward, demonstrating acceptable cost reductions and assurance regarding future service performance. These are:

- Legal Services -where a shared service with TDBC, WSC and Mendip is being explored.
- Building Control - where shared service options are being explored between the Somerset Districts.

Additional 'fast track' opportunities may present themselves during the early part of the change programme and will be considered accordingly.

13.5 Work to progress these opportunities will run concurrently with the implementation of joint management and shared services.

13.6 If this Business Case is approved a detailed implementation plan will need to be developed and approved. This will require four distinct workstreams to support the process -

- HR
- Technology
- Corporate & Governance
- Culture and Communications



13.7 These workstreams will lead cross-cutting initiatives that will be needed to support the joint management and the sharing of services and will also run concurrently with work on those areas;

**HR**

- Aligning Terms and Conditions through appropriate negotiation and consultation
- Supporting staff through change
- Harmonising policies
- Job Evaluation to align pay scales.

**Technology**

- Introducing common corporate platforms e.g. Email account/calendars etc enabling staff and Members to work more effectively
- Integrated phone system/printing/flexible office space
- Customer Access options – website/drop in hubs/mobile working

**Corporate & Governance**

- Aligning policies where necessary
- Developing service standards/measures
- Baselineing and benchmarking service performance
- Financial monitoring - costs and savings and sharing
- Performance management

**Culture and Communications** - This area will be lead by the CEO and supported by the new senior management team

- Defining 'The way we work'
- Internal Communications
- Producing a clear set of organisation-wide principles for those tasked with service reviews and transformation to adhere, and ensure a consistent and corporate approach to change.

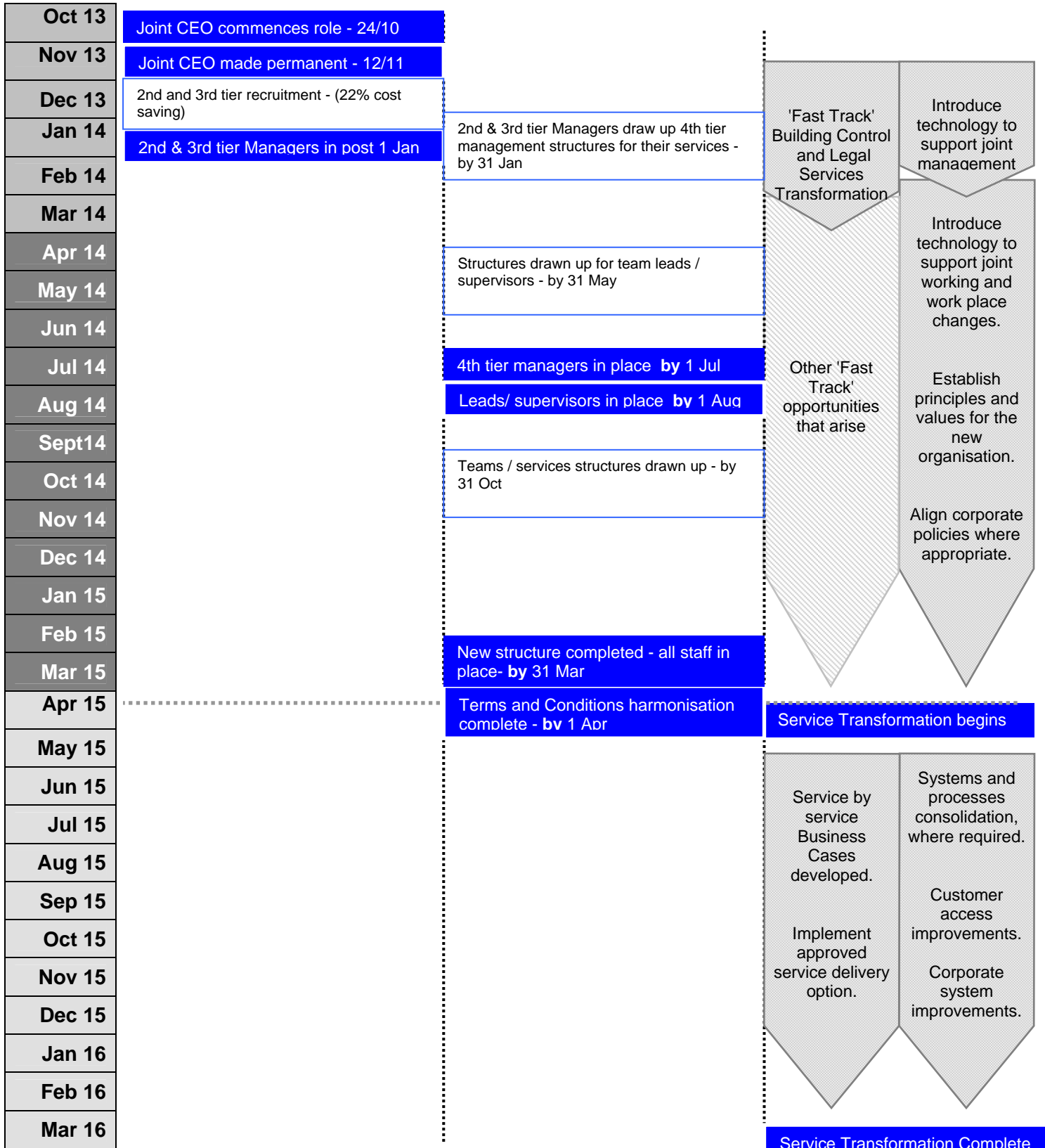
13.8 The illustration in the following page provides an indicative overview of the key elements and milestones for the project.

# Indicative Implementation Timeline

## Joint Management

## Shared Services

## Transformation





## 14. Joint Management

- 14.1 Members will be aware that at meetings of the respective Councils on 22 and 23 July WSC and TDBC agreed to an interim arrangement whereby Penny James was appointed to the role of joint CEO (Head of Paid Service role) under Section 113 of the Local Government Act 1972.
- 14.2 If this Business Case for joint management and shared services is approved by both Councils in November 2013, this interim arrangement for a shared CEO would be made immediately permanent. If the Business Case is not supported, the joint role would be reviewed in May 2015, following district Council elections.
- 14.3 To ensure a safe transition, from two separate CEOs to one joint CEO, WSC's outgoing CEO will be retained in the capacity of Executive Director until 31st March 2014. Similarly, it is anticipated that any outgoing members of the existing senior management teams, will remain until end March 2014, to provide a period of knowledge transfer and safe handover to the new Joint Management Team.
- 14.4 Although delivering worthwhile savings, sharing a CEO alone leads to a relatively small positive impact on the MTFP but places a significant burden on the individual - as set out in the July papers to both Councils.
- 14.5 There will be an overall additional time commitment falling on the joint CEO as a result of working in two Councils. This is manageable but will be challenging and the post holder will need the support of Members and staff to make the arrangement a success.
- 14.6 A joint CEO will work more effectively where they are supported by a single integrated senior management team with a strategic and delegated structure that allows the CEO more freedom to act as a place shaping advocate for both authorities and to become more strategic and disengage from some matters of detail. The integrated team can allow the CEO to lead cultural and service reform with a single and consistent voice across the two Councils.

Having said that, the arrangement can work standing alone and be separate to other changes, albeit that the personal challenges to the joint CEO to perform to the highest level will be greater and the potential to make significant further savings from management and service integration would be lost.

- 14.7 There will be an impact on Corporate Management Team (CMT) colleagues; it is likely that they may be required to do additional work, take on new challenges or take on extra responsibility as a consequence of this proposal. This is supported from the experiences shared by the Chief Executive South Oxfordshire and Vale of White Horse when the project team visited in June 2013.
- 14.8 It is pleasing to report that the proposal, to progress to a joint management structure, has the "in principle" support of both management teams.
- 14.9 A new single, coherent senior management structure will deliver:
- significant financial savings to the General Fund of both Councils;
  - greater critical mass and capacity;
  - access to a broader range of skills and experience;
  - sufficient leadership and senior operational capacity to deliver Member priorities, the transformation agenda, a sustainable future or both Councils and 'business as usual';
  - capacity to maximise the community and economic benefits of the proposed Hinkley Point development;
  - greater influence for the Councils at a County, regional and national level.
- 14.10 There is no formula available to determine the ideal level of management overhead a specific organisation should have. There are however some guiding principles. These include:
- Comparison with arrangements elsewhere;
  - The ongoing good practice of seeking continuously to improve the ratio of frontline resourcing to strategic decision-making;
  - Judgements about sustainability and resilience. These include assessments of the sustainability of a management model in terms of its short-term impact on services: would a radical reduction in the management overhead lead to problems at the frontline? These assessments then need to be balanced against a resourcing judgement: is the management model ultimately affordable in the medium to longer term?
- 14.11 When considering what has happened elsewhere, in Adur and Worthing, the Councils have reduced their Strategic Directors from four to two and their Heads of Service from 17 to 7. Elsewhere, In South Oxfordshire and Vale of White Horse District Councils, the Chief Executive is shared; Strategic Directors have been reduced from five to three and Heads of Service from 14 to seven.
- 14.12 Obviously the above would be too crude a basis on which to base what would be right for TDBC and WSC, as factors such as rurality, the extent to which service outsourcing had taken place, population size whether either, neither or both authorities have retained their housing stock and Direct Labour Organisation (DLO) and the ambitions of both Councils would all be important factors in determining the optimum senior management provision. Nevertheless it illustrates the scale of the reductions which can be, and have been, achieved.

14.13 The advantages of bringing senior management together before joining services are:

- the senior management will be made up of those committed to transforming services,
- it will demonstrate leadership from the top,
- it will give the Chief Executive and management team the exciting opportunity to shape the structure of the organisation beneath them rather than having a structure imposed upon them.

14.14 The cost of two CEO and the two senior management teams cost the General Fund of the two authorities a combined total of **£1.052m** per annum (a further £158k of the TDBC senior management salaries is charged to the HRA in recognition of the responsibilities which these officers have for that part of the Council's business).

14.15 The current separate senior management teams, below the interim joint CEO, are illustrated in the diagram below:



14.16 To ensure further savings are realised, beyond that achieved by sharing a single joint CEO, and so the joint CEO has influence in the management structure below her, it is proposed that the joint CEO would be given a reduced 'cost envelope' within which to design the management team.

14.17 In determining the appropriate size for the 'cost envelope', the project team have researched the shared structures adopted elsewhere. This has demonstrated reductions in senior management costs through sharing of broadly 25% to 30%. It is felt that a 22% reduction would be safe and deliverable for our Councils.

14.18 The size of the General Fund 'envelope' proposed is therefore **£825k**. This represents a **£227k (22%)** saving on the previous General Fund costs of employing two CEOs and two senior management teams.

14.19 There is projected to be a one-off cost associated with this reduction in management in the order of **£326k** (£407k when including the CEO tier) to cover termination costs. However, for the reasons set out in para 7.4 it is not possible to provide a precise cost (other than for the CEO tier) in advance of the recruitment process having concluded.

Should the proposed slot-in and internal recruitment processes not prove entirely successful, the one-off costs associated with this reduction in management could be as high as almost £890k (over £970k when including the CEO tier).

14.20 The management structure proposed, and the rationale behind, is provided as a separate agenda item for consideration, should this Business Case be approved.

14.21 The intention is for the new senior management team to be in post **by 1 January 2014**.



## 15. Shared Services

- 15.1 The appointment of a single joint CEO and establishment of a joint senior management team across both organisations provides the foundation and impetus for the shared service agenda to develop and progress. In effect it 'opens the door' to the greater savings which can be achieved through sharing services, than would be possible were senior management alone to be shared.
- 15.2 Shared services will deliver the new model of local government for TDBC and WSC and will also provide a platform for wider sharing of services across Somerset.
- 15.3 The senior management (Tiers 2 and 3), once in place, will be required to draw up the 4th tier management structures for the services under their control.
- 15.4 They will be provided with a requirement of overall savings to be achieved and will have to design 4th tier and subsequent posts within this reduced 'cost envelope'.
- 15.5 4th tier managers would be in post **by 1 Jul 2014**.
- 15.6 3rd and 4th tier managers will then be required to draw up structures for team leaders/supervisors; again within the overall 'cost envelope' available.
- 15.7 It is anticipated that Assistant Directors and 4th tier managers, with input of their respective team leaders and supervisors, where appropriate, will design the remainder of the service structure within the balance of the available 'cost envelope'.
- 15.8 By adopting this cascading approach to team design, it ensures that those who have responsibilities for service delivery have a direct input to the way in which their services are resourced. It also ensures that savings are certain and delivered quickly, since services are required to be designed at the outset with a reduced overall cost.
- 15.9 This merger of service teams will start to deliver savings to the Councils during 2014/15 and will be completed **by 31 March 2015**.
- 15.10 Preparatory work has already commenced on the shared services phase. A workshop was held in May 2013, and a further one in September 2013 attended by service leads from both TDBC and WSC. These were opportunities to facilitate dialogue between managers about the opportunities to share services and has been the catalyst for building relationships that will be key to the development of shared services and service transformation going forward.



- 15.11 Service profiles have been drafted capturing details about each service, including staffing structure, performance, IT systems, existing contracts and customer contact. Following this, meetings have been held with key services attended by the respective service leads at TDBC and WSC and these will continue for all services during the coming months.
- 15.12 This information will be vital in setting a cost baseline against which savings requirements can be calculated, and performance in reducing costs measured.
- 15.13 The pay and on-cost General Fund budget for the 367.31fte employees **outside of the senior management tier** is £11.620m. £9.189m (287.32fte) of this relates to TDBC, and £2.431m (79.99fte) to WSC.

15.14

Having taken into account other Councils who have undertaken similar arrangements, it is anticipated that a 10% saving is credible and deliverable for this staff cohort. This is at the lower range of savings generated by others (for example South Oxfordshire and Vale of White Horse achieved a 28% reduction in staffing numbers), but reflects the modest staffing numbers at WSC compared to other districts which have shared services.

**This alone would result in a reduction of around 37 FTE posts and a further on-going saving of £1.162m pa.**

These post reductions will be made through a combination of deleting vacant posts (where applicable), voluntary redundancies, voluntary turnover and, as a last resort, compulsory redundancies.

- 15.15 Of the 10% reduction in staff costs, it is anticipated that 'natural wastage/churn/voluntary turnover' will account for 2.5%. This figure is less than the Councils' normal voluntary turnover figures (just over 4% per annum) as some of these posts will not be suitable for redeployment and will need to be recruited externally.
- 15.16 Taking account of the 2.5% figure, above, and average termination figures for staff at these levels, it is estimated that the total termination cost could be around £780k.
- 15.17 Both Councils are clear that we do not want to wait until full service transformation has been undertaken and new systems and processes adopted in each service line before joining teams together. Such an approach would delay realising savings and would dilute the sense of momentum which we want to achieve.



15.18

Learning from research and experience of others who have undertaken similar service sharing arrangements supports the potential for realising additional savings; from non-pay budgets. Driving out these additional savings will be a key objective for the newly appointed shared service managers, to ensure delivery.

**We believe there is the potential for further savings of £500k through sharing services** - which represents 5% of the non-pay discretionary General Fund budgets for the services within the scope of this project.


15.19 Some examples of areas where non-pay savings could potentially be realised include:

- Consolidated and renegotiated third-party contracts;
- Reduced ICT costs through rationalising applications and third party suppliers;
- Reduced costs of internal audit from South West Audit Partnership;
- Reduced costs of annual external audit exercise;
- Shared use of specialist supplies and equipment;
- Shared use of professional advice (e.g. Treasury, Legal and HR);
- Reduced requirement for, and more cost effective access to, a wide range of training needs;
- Reduced cost of attending national or regional conferences or events, through single officer attendance for the two authorities.



## 16. Service Transformation

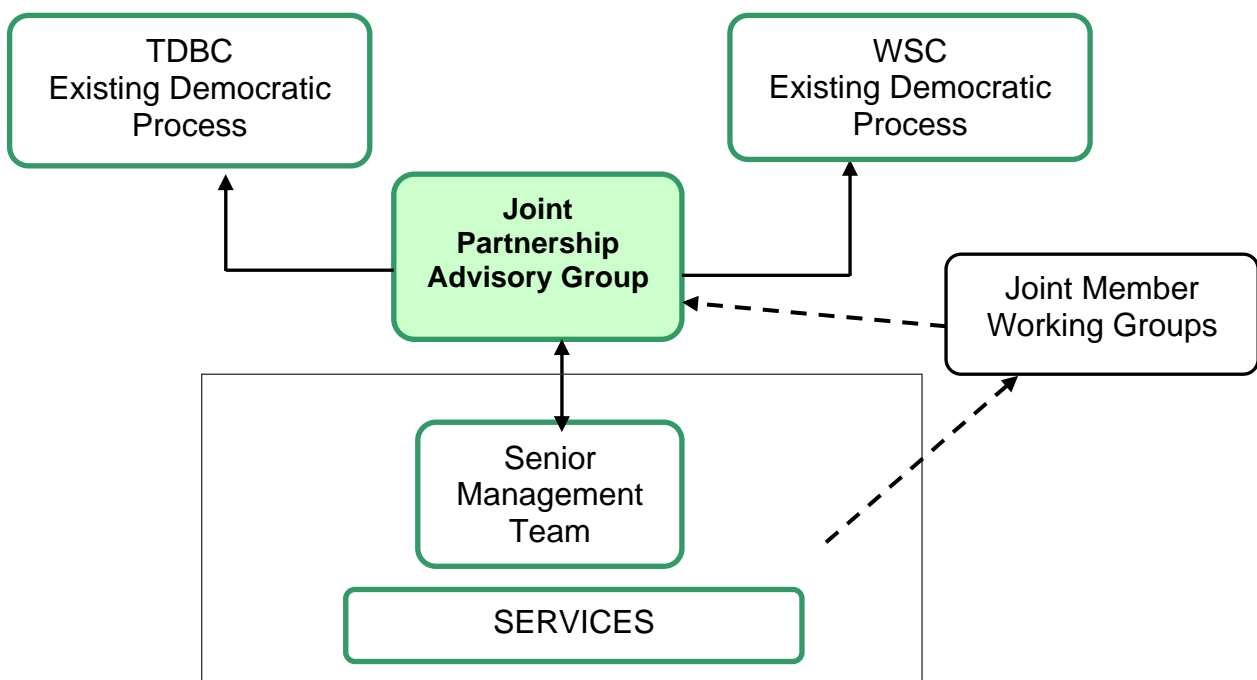
- 16.1 For most services, Transformation will follow on from service convergence, (joining together separate TDBC and WSC teams under single joint service managers). This stage will focus on driving out further efficiencies and savings by using current best practice, which may be from either authority or others, doing things differently and exploring alternative service delivery models.
- 16.2 As referenced in 13.4, there will be some services where Transformation is 'fast-tracked' and would happen before, and instead of, service convergence between TDBC and WSC. This would be, for example, where opportunities currently were available or arose at an early stage, for delivering services using a new more efficient and cost-effective way.
- 16.3 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.
- 16.4 Sharing services will provide the opportunity for both organisations to learn and adopt the best practice, not only from each other but to learn from others and take the opportunity to implement changes and improvements to the service. The services will be using comparative information available (e.g. Rural Services Network – SPARSE data) and CIPFA information to benchmark against 'best of breed' for both performance and cost. This will help set the benchmark for modelling the shared service and the ability to set appropriate service budgets and performance targets. The ability to vary levels of performance across the two organisations is important to sovereignty although we need to acknowledge that this is not easy to achieve, particularly in organisations of different sizes.
- 16.5 No service delivery option is to be ruled in or out at this stage – the project will seek to identify the best option for the Councils, our residents, businesses and any other interested parties. This will involve reviewing existing contacts as part of the overall service transformation process when opportunities arise.
- 16.6 The localism agenda also provides opportunities to look at options for delivering services in a different way. It provides the ability to work collaboratively with a broad range of organisations to deliver effective local services for customers.
- 16.7 Service reviews to transform services will be prioritised to ensure that resource is available to support the work, minimise risk and minimise disruption to service delivery.

- 
- 16.8 It is important that all Members have the opportunity to get involved in the review projects that will be undertaken. Members will need to be involved at an early stage if this process is to work effectively. The proposals in section 17 on governance set out our suggestion for ensuring members help drive this important Transformation phase of the project.
- 16.9 To determine the order in which services are reviewed, a priority matrix will be used, where the following criteria will used:-
- Greatest potential for savings (These will typically be the larger service teams, often with a high transactional element to the workload);
  - Opportunities to increase service resilience;
  - Potential to generate additional income.
- 16.10 We believe that savings can be achieved through the transformation of services. However, this Business Case does not provide a financial estimate at this stage. Any savings generated would only improve this Business Case.

## 17. Governance

- 17.1 The Councils will remain as separate entities; as will their existing democratic processes.
- 17.2 However, to supplement the existing democratic structures, the Inter Authority Agreement, which is the subject of a separate report on the agenda, proposes a Joint Partnership Advisory Group (JPAG) be formed and provides the detail around this.
- 17.3 It is proposed that the JPAG be a non decision making body whose membership is drawn from the Authorities, comprising ten (10) members, comprising the Leader from each Authority plus four other members from each council to be appointed annually.
- 17.4 The main role of the Group is to monitor that the approved business plan is being delivered and to report back on any matters/concerns to the two authorities. The Group will also make any necessary comments on joint policy work to each Authority (to executive/cabinet or Council) on any new shared services proposals with other partners. **It would not replace the respective roles of the existing scrutiny committees**, but would as Joint Members Advisory Panel (JMAP) does currently, add value and challenge to the proposals that emerge.
- 17.5 As required, it is envisaged that joint Member Working Groups will be formed between officers and Members to discuss and help shape Transformation plans for consideration.

### Proposed governance structure



## 18. The Performance of Each Council

- 18.1 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.
- 18.2 Learning from the experience of other Councils that share services, performance measures should not be used for direct comparison between the sharing Councils.
- 18.3 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.
- 18.4 Performance of the Councils has historically differed and may continue to do so. It is an important point to make 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.
- 18.5 Using nationally-comparative performance information from other best practice Councils that are achieving value for money services, reflected in the cost of the services, the performance being achieved and customer satisfaction is also valuable in gauging the opportunity for improvement in the standards of service delivered.
- 18.6 There are various sources of comparative data that enables both cost and performance comparison to be undertaken. CIPFA (Chartered Institute of Public Finance and Accountancy) run a number of benchmarking services, SPARSE (Rural Services Network) provide a comparison of service costs for sparsely populated local authorities. This comparative information will be especially useful when services are converged and then transformed in the later stages of implementation.
- 18.7 As an overview of each organisation's performance at this stage, we will be utilising the LG Inform performance metrics. These incorporate key measures using service data collected for submission for Central Government's returns. The information and reporting functionality provides access to performance information locally, regionally and nationally across all areas of England and Wales and provides the opportunity to benchmark against other Councils.
- 18.8 The LG Inform headline reports are attached as Appendix C and provide performance comparison against all English district Council authorities.
- 18.9 In addition to these national indicators, we will also use local indicators important to Members, to ensure that the impact of change can be tracked.

## 19. Equality Impact

- 19.1 Shared service arrangements must deliver the equality objectives of the Councils both in delivery of services, which meet the needs of their different communities, and in promoting equality and diversity in the workforce.
- 19.2 The main stakeholders possibly impacted by the proposed changes within this Business Case are:
- Residents – want accessible services that are delivered with clarity and provide good value for money;
  - Members – as for residents, with a central focus on saving money without compromising the quality of service delivery and retaining appropriate access to officers;
  - Employees – want to deliver services to the public, job security, clarity of role, rates of pay and terms and conditions in line with colleagues, time to adjust to change and flexibility;
  - Business communities - want consistent processes, value for money and prompt response times, recognising that for businesses time is money.
- 19.3 An Equality Impact Assessment (EIA) for the Business Case for joint management and services arrangements between TDBC and WSC has been carried out and is attached at Appendix D.
- 19.4 Further detailed EIAs will be completed on a service by service basis when detailed plans for joining and transforming particular services are developed.

## 20. Communications and Consultation

- 20.1 There has been a need for effective and on-going communications throughout the project.

It is 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

- 20.2 A Communications Strategy has been developed and implemented, covering the period up to the presentation of the Business Case for approval. Should the Business Case be approved there will be further communication requirements relevant to implementation and the strategy will need to be refreshed at this time.

- 20.3 The governance framework established to oversee the project also provides a key role in communicating the key messages and progress of the project as well as providing a forum to review proposals made.

The Project Board, held monthly, is attended by the project team and senior management from both Councils. Representatives from neighbouring Councils are also invited to attend, enabling them to contribute to the process and keep up-to-date on progress.

- 20.4 The Joint Members Advisory Panel (JMAP) made up of Member representatives from each Council meets on a monthly basis. The Member representatives provide advice, challenge and guidance to the project team. It is also a key communication channel for both JMAP Members and to their wider Member colleagues.

- 20.5 Key events have also been held throughout the process to keep all Members and staff informed of progress at key stages.

- 20.6 All Member briefings have been held respectively at WSC and TDBC at important stages of the project.

- 20.7 For staff, all staff briefings at WSC and team lead briefings at both WSC and TDBC, have been held, providing an opportunity for key messages to be relayed to staff as well as providing an opportunity for staff to raise questions regarding the project. Additionally staff drop-in sessions have been held at both WSC and TDBC offices.

- 20.8 Monthly project newsletters are circulated to both staff and Members and have been an effective mechanism to ensure everyone is kept informed.

- 20.9 Service lead workshops have also been held, bringing officers together from both Councils. These are opportunities to update staff at key stages of the project as well as involving them in work that has informed the Business Case and future service developments.

- 20.10 Key partners and organisations of both Councils have been notified of project progress.
- 20.11 WSC's Community Matters and TDBC's Weekly Bulletin have been used to keep Parish/Town Councils and community groups informed.
- 20.12 The press and media are kept up to date at key stages of the project via media briefings and press releases.
- 20.13 Agreement has been reached with UNISON to hold joint branch meetings to discuss this project. Regular monthly meetings have been held which, if the Business Case is approved, will lead to a continuation of meetings with UNISON to commence a process of formal consultation and negotiation.

20.14

An early draft of the Business Case was subject to an independent assurance review by Local Partnerships ([www.localpartnerships.org.uk](http://www.localpartnerships.org.uk)); a company that is jointly owned by HM Treasury and the Local Government Association, providing trusted, professional support and advice to local authorities, public bodies and Government departments.

The report of their observations is provided at Appendix B.

- 20.15 As we move closer to sharing services, the importance of keeping customers and partners informed of progress will take on even greater prominence. Our Councils touch the lives of thousands of people every day and, during an economic downturn, Councils, and the services they provide, become more important to people as change can cause concern or uncertainty.
- 20.16 When people feel well informed by their Council, they are likely to be more satisfied with their Council and feel more engaged in the Councils decision making.
- 20.17 As we communicate about change, a shared media protocol, a shared communications plan and a single joint CEO and management 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.
- 20.18 We will consider several different communication channels to meet the needs of our residents and stakeholders. These will include:

**Printed Media:**

- Press releases, statements and briefings;
- Annual Council Tax booklets;
- Corporate publications - Tenants Talk (for TDBC housing tenants), Deane Dispatch (monthly paid-for section of the County Gazette)



### **Electronic Media:**

- Weekly Bulletin (TDBC) and Community Matters (WSC -emailed to Members, Parishes and Community Groups);
- E-newsletters for key partners;
- News articles on our websites;
- Agenda and minutes published on our websites.

### **Broadcast Media:**

- Arranging television and radio interviews where necessary

20.19 For Members and officers, the project newsletter has been effective and we propose to continue with a newsletter. However, as change will affect different services at different times, and in many cases will have HR implications, team briefings will play a more prominent role as a simple 'one size fits all' approach to communication is unlikely to be adequate.

20.20 Additionally, it is hoped that it will be possible to provide staff with a common Intranet, where project / change related information can be stored and accessed easily by staff as change can often bring uncertainty and worry so it will be vital that all staff are aware of what is planned, when and why.

20.21 All-Members briefings will continue to be used to keep members informed of progress. Members will also be fully involved in the change programme, through Corporate Scrutiny, the Joint Partnership Advisory Group and the Joint Member Working Groups highlighted in Section 17.

## 21. Risk Management

- 21.1 Identifying and managing risk is an important element to securing the success of these proposals. In order to take an informed decision about proceeding with the proposals, Members need to be aware of the risks associated with the creation and implementation of the joint management and shared service arrangements and how these can be effectively managed to ensure achievement of the stated objectives and deliver the benefits.
- 21.2 Risks have been reviewed regularly by the project team and both JMAP and the Project Board have reviewed these. Reviewing risk is an iterative process and risks will need to be continually reviewed and actively managed if the project is to succeed. It is envisaged that the proposed Joint Partnership Advisory Group (referred to within the Governance chapter of this Business Case) will have responsibility for overseeing the risk management process for the implementation phase.
- 21.3 The current implementation risk register is attached at Appendix H.

## 22. Outcomes and Measures

- 22.1 At its fundamental level, everything contained within this Business Case can be summarised as seeking to achieve Value for Money.
- 22.2 Value for Money can be readily measured in terms of **customer satisfaction, cost and performance**.
- 22.3 The following measures will be used to gauge the success of the changes proposed:

<b>Customer Satisfaction Outcomes and Measures</b>		
	Outcome	Measure
1	Overall customer satisfaction is at least maintained.	Monitoring the overall customer satisfaction is vital, especially when services are undertaking transformation. To ensure an effective baseline, a customer satisfaction survey will be undertaken at the time of annual Council Tax billing in Feb / Mar 2014 and annually thereafter. Current service-specific customer satisfaction surveys will continue and will also be a valuable baseline and measure going forward.

<b>Cost Outcomes and Measures</b>		
	Outcome	Measure
1	Sustainable senior management structure in place that reduces the General Fund management overhead for both councils and can drive forward service integration and transformation.	Appointment of Senior Managers (top 3 tiers) has been completed by <b>1 Jan 2014</b>  The 2014/15 overhead (General Fund) for the top 3 tiers of management will have reduced by approx <b>£227k</b> compared to 2013/14.
2	Single workforce in place reducing the General Fund pay overhead.	Staff costs for the remainder of the organisation (e.g. excluding senior management – 3 tiers) will, in 2014/2015 be approx <b>£1.162m</b> lower than the 2013/14 base.

## Cost Outcomes and Measures cont'd

	Outcome	Measure
3	Further significant savings made from non-pay budgets.	From 2015/16 a potential further <b>£500k</b> will have been saved from non-pay budgets, by comparison to 2013/14, as a result of service efficiencies made / new ways of working.

## Performance Outcomes and Measures

	Outcome	Measure
1	Service quality improved or maintained during a period of financial restraint	Service Performance is (at least) maintained at 2012/13 figures during 2013-15 by reference to data collected from Central Government returns.  Service-specific customer satisfaction for both Councils is maintained at 2013/14 levels during 2014-16
2	Greater consistency and 'joined-up' service delivery across the 2 areas (and increased as roll-out develops)	Single service teams operating across both authorities by 1 April 2015 lead by a joint manager.  Consistency of application form designs and aligned processes in place by 1 April 2015.
3	Services important to our local communities, are providing value for money.	SPARSE/CIPFA benchmarking information

22.4 The project outcomes for Members would include:

- More efficient and effective ways of working;
- A renewed focus on Member development;
- Maximising opportunities for joint briefings and working also enabling officers to work efficiently;
- Sharing of good practice and work on policy development.



## 23. Conclusion

- 23.1 It is widely accepted that the status quo is not an option. Cuts in our funding mean that we won't have a future without change.
- 23.2 This is a fresh approach to helping deal with the difficult challenges we face.
- 23.3 The proposals within this business are affordable, credible and deliverable and this has been verified by the Assurance Review process.
- 23.4 Sharing a single management team and sharing services will enable significant financial savings to accrue to both Taunton Deane and West Somerset Councils, helping protect the services which our communities value.

**PROJECT MANDATE**

**JOINT WORKING BETWEEN  
TAUNTON DEANE BOROUGH COUNCIL  
AND  
WEST SOMERSET COUNCIL  
FEBRUARY 2013**

## 1. INTRODUCTION

- 1.1 This document sets out the high level issues that Members need to consider in deciding whether to progress this project. It shares early thoughts on the following:

Section 2 Aims & Objectives (and Show-Stoppers)

Section 3 Project Scope & Duration

Section 4 Governance Arrangements for the Project

Section 5 Project Resourcing

Section 6 Critical Success Factors

This Project Mandate will, if approved, be used to develop a Project Initiation Document and can be used as a “base” to assess Project progress against.

### **Background**

- 1.2 This Project is being developed against a background of increasing changes in both local and central government where pressure to maintain services is set against an increasingly difficult financial position.
- 1.3 West Somerset Council's financial position has been well publicised and is summarised well in the report to their Full Council on 12<sup>th</sup> December 2012. The report also shares an independent assessment on the Councils financial viability and sets out a strategy for protecting their future position. Members at West Somerset will be considering this Project Mandate (as a way of moving their strategy forward) at their Full Council meeting on 27<sup>th</sup> February 2013.
- 1.4 Taunton Deane's financial position is also well understood and Members have started to develop a Corporate Business Plan to assist with the challenge of working in an environment of shrinking resources. The challenges currently faced by West Somerset will be a familiar picture to many more authorities – including TDBC - in the next couple of years as the funding available for local government services continues to reduce. Fundamental change is required if this Council is remain financially viable for the medium term.

- 1.5 As set out in the covering report of the Chief Executive this Project fits with the strategic objectives of Taunton Deane.
- 1.6 The difficult financial challenges facing both Councils will not be met entirely through joint working. Both Councils will still need to decide separately on the balance they wish to make between levels of tax, their appetite for investment and risk, their views on priorities and service standards, and so on.
- 1.7 This Project will bring forward options for Members to consider in driving forward joint management and joint / shared services (with no option ruled in or out at this stage) in Taunton Deane and West Somerset.

## **2. AIMS & OBJECTIVES / SHOW STOPPERS**

- 2.1 The Strategic Business Case will explore whether joint working will help both Councils achieve:-
  - A sustainable future for both democratically independent organisations.
  - Reduced net costs – major financial savings (reduced staff numbers, reduced duplication of systems and processes).
  - Improved resilience – protecting each Council further against the risk of service failure.
  - Effective, efficient and affordable service delivery (developing a flexible approach to service delivery).
- 2.2 The Strategic Business Case will be developed to support the vision of:-
  - A single, fully merged affordable Officer structure serving two separate, sovereign Councils.
  - Each responsible for the government of their own area, acting independently of each other much of the time.
  - The ability for Members to make local decisions on the quality and level of service will be preserved.
- 2.3 In addition, it is hoped that the joint working arrangements could progress some other ambitions for the Councils such as retaining local employment, and promoting high quality customer access (retaining face to face presence in both localities). Until the Strategic Business Case is developed it will not be clear whether these are deliverable, or simply unaffordable.
- 2.4 There are two identified “show stoppers” for both Councils:-



- The Councils will retain their democratic independence as two sovereign local authorities with separately elected Members.
- There must be no detriment to the local taxpayers of either Council in the delivery of joint management and services.

### 3. PROJECT SCOPE AND DURATION

- 3.1 This project will produce a Strategic Business Case to explore a single Officer management and staffing structure to provide services to the communities of Taunton Deane Borough Council, and West Somerset Council.
- 3.2 The project will consider how this will fit with existing Partnerships and wider collaboration ambitions with neighbouring authorities and other public sector providers. The aim will be to ensure that nothing prejudices further wider collaboration in the medium to long term.
- 3.3 No service delivery option is to be ruled in or out at this stage – the project will seek to identify the best option for both Councils and any interested parties.
- 3.4 The project, if approved will start in early March 2013 and will aim to produce the Strategic Business Case for approval in October 2013. Should this be approved, then the implementation of joint management could be in place for April 2014, with the implementation of service delivery options, including shared services in place for April 2015.

#### **Project Outline**

- 3.5 This section outlines the staging and phasing of the project. The project will be managed using the principles of PRINCE2 standards and associated controls (including risk management).
- 3.6 The project will consist of a number of stages as follows:

<b>Stage 0</b>	Mandate To Proceed With Project
March 13	MEMBER DECISION TO PROCEED
<b>Stage 1</b>	Preparation of Project Initiation Document Project Governance Put In Place Protocols for Joint Working Developed Research / Best Practice

<b>Stage 2</b>	Preparation of Strategic Business Case Setting Out: <ul style="list-style-type: none"> <li>• Detailed Joint Management Proposals</li> <li>• High Level Joint Service Arrangements (all services)</li> </ul>
Oct 13	MEMBER DECISION TO PROCEED
<b>Stage 3</b>	Implementation of Joint Management
April 14	Ongoing Development of Detailed Business Case For Joint Services
<b>Stage 4</b>	Business Case For Joint Services
Oct 14	MEMBER DECISION TO PROCEED
<b>Stage 5</b>	Implementation of Joint Services
Apr 15	

3.7 The timing above ensures alignment with budget setting, and for Taunton Deane, the finalising of the Corporate Business Plan.

#### **4. PROJECT GOVERNANCE**

4.1 Each Council will need to take key decisions as this project progresses, and this will involve Scrutiny, Executive, and Full Council. It may be appropriate, at key stages of the project, to hold Joint Member Briefings.

4.2 To further support this Project, and recognising its importance to the future of both organisations, it is proposed to create a Joint Members Advisory Panel (consisting of 4 Members from each Council). This group will work closely with the project team and ensure democratic involvement in the project direction (in addition to the existing arrangements in both Councils to brief Members). Draft Terms of Reference is included at Appendix 1

4.3 The Project Board will initially consist of the two Chief Executives, the 3 TDBC Directors, and 3 WSC Corporate Directors / Managers. In addition to the core membership, a senior representative from SCC and SDC will be invited to attend. The LGA and CLG will be offered updates following each of the Project Board meetings. The core membership may change should other partners wish to formally engage in the Project. The role of the Project Board is to provide leadership on the project and to ensure it is delivering against objectives. Draft Terms of Reference is included at Appendix 2.

4.4 The Business Development Director from Somerset County Council, reps from Sedgemoor, the Exmoor National Park Authority (ENPA), the Local

Government Association (LGA), and Government (CLG) will all be kept in the loop and may attend the Project Board meetings as appropriate.

- 4.5 The Project will engage with many existing Member and Officer and Union forums to ensure they are briefed at key stages (eg Group Leader Meetings, Leads Meetings, Unison Meetings). Details will be developed as part of the Communications Workstream.
- 4.6 In addition to the above, the Chief Executives will ensure that regular updates are provided at the Somerset CEO and Somerset Leaders meetings.

## 5. PROJECT RESOURCING

- 5.1 The Project will require resourcing appropriately. Members may choose to backfill any gaps created by this, or simply to decide that this Project is now a key priority and accept that other pieces of work will take longer to progress or will no longer be a priority and will not be delivered.
- 5.2 The Project will need the support in the following areas. Detailed Workstream Plans will be developed as part of the Project Initiation Document (next stage of the project). To provide a flavour of the likely resource requirement the following table gives some headlines against each Workstream.

### 5.3

PROJECT ROLE	WHO?	IMPACT
Project Manager	Shirlene Adam, TDBC	<ul style="list-style-type: none"> <li>• Full-Time Secondment (but continuing s151 role for TDBC)</li> </ul>
Project Lead WSC	Kim Batchelor, WSC	<ul style="list-style-type: none"> <li>• 3 Days Per Week</li> </ul>
Project Lead TDBC	Paul Harding, TDBC	<ul style="list-style-type: none"> <li>• 3 Days Per Week (Existing Workload To Be Reallocated / Slowed Down)</li> </ul>
Finance	Finance Managers + Additional SCC Support – Stephen Edmonds	<ul style="list-style-type: none"> <li>• 2 Days Per Week From SCC to support finance work (funded by SCC).</li> <li>• TDBC Will Need Additional Time From SW1 Finance Team - Approx £10k</li> </ul>

HR	Martin Griffin For Both Councils	<ul style="list-style-type: none"> <li>This will become a priority project and external support procured when necessary.</li> </ul>
Communications / PR	Debbie Rundle for Both Councils	<ul style="list-style-type: none"> <li>This will become a priority project.</li> </ul>
Legal	Monitoring Officers	<ul style="list-style-type: none"> <li>This will become a priority project and external support procured when necessary.</li> </ul>
Admin / Project Officer	Jo Comer, TDBC	<ul style="list-style-type: none"> <li>3 Days Per Week From existing support teams at TDBC (backfill to be funded by WSC).</li> </ul>

5.3 There will be a need to resource specific packages of external advice at key points in the project (HR / Legal). These new additional joint costs are at to ensure the safe delivery of the Strategic Business Case in October 2013. We estimate £25k will be needed to get the project to that stage (to be shared between authorities – TDBC’s share being £20k and WSC’s share £5k).

5.4 Should this project be approved, both Councils will approach CLG and LGA requesting transitional grant funding to support the additional costs incurred by this project. Should this approach be unsuccessful then the additional costs will be shared between the Councils on an 80:20 (TDBC : WSC) basis. The Joint Member Advisory Panel will monitor the project budget. This investment supports the projects aim of unlocking ongoing savings for both organisations.

## 6. CRITICAL SUCCESS FACTORS

6.1 This project will require the following to succeed:-

- A clear and shared vision (aims and objectives) agreed by Members
- Strong political and managerial leadership to support the significant levels of change required.
- Continued focus on this project as a priority for both organisations to ensure this is progressed with pace.
- Continued focus on benefits realisation.
- Investment of Officer and Member time, and potential future investment to unlock fundamental change.

## **7. REQUEST TO PROCEED / NEXT STEPS**

- 7.1 The next steps would be as set out in the table in section 3.7 of this mandate. There is a significant amount of work to be progressed swiftly to develop the project PID and associated joint working protocols (all to be signed off by the Joint Members Advisory Panel).
- 7.2 Members are requested to consider whether to support this project.

## JOINT MANAGEMENT & SERVICES PROJECT

### JOINT MEMBERS ADVISORY PANEL – TERMS OF REFERENCE

#### Who Attends

<b>TDBC:</b> Cllr Vivienne Stock-Williams (PFH) Cllr Jefferson Horsley Cllr Libby Lisgo Cllr Eddie Gaines	<b>WSC:</b> Cllr Kate Kravis (PFH) Cllr Doug Ross Cllr Karen Mills Cllr Anthony Trollope-Bellew
<b>Project Team:</b> Shirlene Adam (Project Manager) Paul Harding (Project Lead) Kim Batchelor (Project Lead) Jo Comer (Project Support)	

Due to the sensitive and confidential nature of the discussions at the meetings, ***no substitutes*** will be required if Councillors are unable to attend meetings.

#### Chairing Arrangements

The Chair will be the PFH for either Council, depending on the host venue.

#### Role of Advisory Panel

- Provides policy direction and advice to the project.
- Reviews Project process and approves any exceptions to the approved scope of the project.
- Ensures the process is properly aligned at all stages to the strategic outcomes required.
- Supports key communication processes across all key stakeholders.
- Ensures democratic engagement and accountability throughout the Project.

#### Frequency of Meetings

Meetings will be held monthly. Dates for 2013 are listed below.

Tuesday 23 April	Directors Meeting Room, TDBC Offices
Tuesday 14 May	Dunkery Meeting Room, WSC Offices
Tuesday 25 June	Directors Meeting Room, TDBC Offices
Tuesday 9 July	Council Chamber, WSC Offices
Tuesday 13 August	Directors Meeting Room, TDBC Offices
Tuesday 10 September	Dunkery Meeting Room, WSC Offices
Tuesday 8 October	Directors Meeting Room, TDBC Offices

## JOINT MANAGEMENT & SERVICES PROJECT

### JOINT PROJECT BOARD – TERMS OF REFERENCE

#### Who Attends

<b>TDBC:</b> Penny James (CEO) Brendan Cleere (Director) Joy Wishlade (Director) Shirlene Adam (Director)	<b>WSC:</b> Adrian Dyer (CEO) Bruce Lang (Director) Ian Timms (Manager) Steve Watts (Manager)
<b>Project Team:</b> Shirlene Adam (Project Manager) Paul Harding (Project Lead) Kim Batchelor (Project Lead) Jo Comer (Project Support)	
<b>Project Observers:</b> Richard Williams (Somerset County Council) Bob Brown (Sedgemoor District Council) Nigel Stone (Exmoor National Park)	

Due to the sensitive and confidential nature of the discussions at the meetings, ***no substitutes*** will be required if Officers are unable to attend meetings.

#### Chairing Arrangements

The Chair will be the CEO for either Council, depending on the host venue.

#### Role of Project Board

- Owns the strategic vision for the project
- Provides clear leadership and direction during the course of the project.
- Provides policy direction and advice to the project (alongside the Joint Members Advisory Panel).
- Secures the investment required to set up and run the project and fund the transition activities required.
- Receives regular reports on project progress
- Takes key project decisions and makes recommendations to Councils.

#### Frequency of Meetings

Meetings will be held monthly. Dates for 2013 are listed below

Monday 22 April	Directors Meeting Room, TDBC Offices
Monday 13 May	Committee Room 2, TDBC Offices
Monday 24 June	Committee Room 1, TDBC Offices
Monday 8 July	Council Chamber, WSC Offices
Monday 5 August	Directors Meeting Room, TDBC Offices
Monday 9 September	Dunkery Meeting Room, WSC Offices
Monday 7 October	Directors Meeting Room, TDBC Offices

# Taunton Deane & West Somerset Councils

## Local Partnerships' Assurance Review



Local Partnerships is jointly owned by





## Local Partnerships Assurance Review

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This report is an evidence-based snapshot of the project's status at the time of the review. It reflects the views of the independent review team, based on information evaluated over a two day period, and is delivered to the Project Owner immediately at the conclusion of the review.

# Local Partnerships Assurance Review of the Draft Business Case for Joint Management and Shared Service arrangements between Taunton Deane & West Somerset Councils

## 1: Executive Summary

1.1: The Local Partnerships' Assurance Review Team, on the basis of our review, agree that the sharing of management and services as outlined in the Business Case will be a positive step for both Councils.

1.2: From a financial perspective:

- We believe the savings targets are soundly-based and achievable even without external support (e.g. from the DCLG Transformation Fund. However, dependent on the size of the award, support from this fund will help to deliver the benefits within a much more acceptable timescale, particularly for West Somerset).
- Achievement of the savings targets will make a significant contribution in enabling both Councils to meet their MTFP challenges.
- Appropriate implementation costs have been built into the Business Case on an Invest to save basis and funding sources identified.
- The principles for cost and benefits sharing are fair and have been developed following Member consultation.

1.3: From a political perspective:

- Both Leaders recognise the need for change and have a realistic view of the benefits, not simply financial, that could flow from shared arrangements.
- The relationship between the Leaders appears positive, based on trust and a sense of common purpose. That trust extends to their confidence in the soon-to-be Shared Chief Executive.

1.4: From an officer perspective:

- This sense of trust is mirrored in the relationship of the two current Chief Executives.
- An effective Project Team is in place with officers from both Councils and external support, including an officer from the County Council. They have a clear appreciation of the Implementation challenges and the experience of other Councils who have gone down the shared management route has been heeded.

1.5: On the basis of our evaluation of the Implementation timetable, and based on their own relevant experience, the Review Team do have some suggested recommendations –relating to sequence, pace and Member involvement- which are included in the main body of the report.

## 2: Introduction

2.1: Local Partnerships conducted an Assurance Review in early September of the draft Business Case for joint management and shared service arrangements.

The Review Team comprised:

- **Andrew Coleman** - Corporate Director, Local Partnerships.
- **William Nunn** - Leader of Breckland Council who share a Chief Executive with South Holland Council.
- **Ian Lowrie** - Local Partnerships Associate and formerly the Shared Chief Executive of Worthing and Adur Councils.
- **Richard Sheard** - the Shared Chief Executive of South Hams and West Devon Councils.

2.2: The prime focus of the review was the draft Business Case. In line with the brief given to the Project Team in February by both Councils it was outside our brief to evaluate different options to achieve the same ends. With this focus we set out to determine whether the Business Case:

- Presented a feasible and realistic way forward for both Councils.
- The financial projections (savings, costs, benefits sharing) “stacked up”.
- The Implementation timetable was achievable.
- Sound processes were in place to ensure effective Governance of the project, risks were identified and there were clear success measures/ outcomes to measure progress.

2.3: In addition, at a qualitative level, we were keen to hear the perspective of the Leaders and current Chief Executives on purpose and outcomes to satisfy ourselves that there was a common understanding.

2.4: The review itself was conducted on 5<sup>th</sup> - 6<sup>th</sup> September 2013, prefaced by Review Team members’ study of key documentation. In-depth interviews were held with the Project Team, and Leaders and Chief Executives of the two Councils.

2.5: A Review Team “initial impressions” feedback session with the two Chief Executives and the Project Manager was held at the end of the two days. At this session we also outlined some areas of the draft document which we believed could be strengthened without changing the main thrust of the Business Case itself.

2.6: The remainder of this report is:

- The Review Team’s evaluation of the Business Case.
- Areas which the Review Team suggests the Councils could consider if the Business Case is agreed in the Implementation phase.

### 3: Our evaluation of the Business Case.

3.1: Overall, we believe the draft Business Case is well thought-through and is a credible way forward for both Councils. Although much of what follows is focussed on the financial elements of the Business Case, there is a shared view at leadership levels within both Councils that the benefits to both Councils are not purely financial.

3.2: These benefits could include:

- A stronger voice within the County, regionally and even nationally.
- Particularly for West Somerset, access to enhanced management capacity and greater service resilience with the opportunity to do more for communities.
- Better critical mass for all activities, opening up greater opportunity for wider potential partnerships in the County.
- Through management savings a minimisation of the impact on front-line services.
- Through savings the opportunity for investment in achieving key political priorities

Whilst accepting the above are aspirational they seem to the Review Team credible outcomes of the shared arrangements.

3.3: Turning to financial considerations, the Business Case graphically portrays the financial challenges which both Councils face. We were made aware of the circuitous and protracted route which has resulted in the proposals which both Councils will decide upon. As we outline below, a “go-it-alone” decision will only result in both Councils being forced to make extremely difficult decisions on drastic cuts to front-line services.

3.4: Given this backdrop, much of the Team’s focus was on the more detailed financial elements of the Case. We believe the savings targets are eminently achievable but, echoing a comment made in one of our interviews, should be regarded as minimum levels to be achieved rather than set targets:

- The 23% projected saving from sharing Senior Management is realistic given the current pay differentials at this level in the two Councils.
- The 10% reduction in combined staff costs below Senior Management , although at the lower end of the spectrum, is sensible given that many areas of current staff cost are excluded from the calculation ( viz: staff funded from HRA in Taunton Deane, EDF funded staff in West Somerset, and contractual arrangements such as the Waste Partnership or South West One) .
- The 5% saving from non-pay costs is also realistic as independent reviews by both Councils to close the MTFP funding gap will impact on this area of cost.
- No savings target has been set for the Transformation Phase of the Implementation programme, nor an award from the DCLG Transformation Fund. Their exclusion- and we believe that there are likely to be positive outcomes from both- only add to our view that the overall savings outlined in the Business Case can be achieved. However, it is important to recognise the positive impact that greater savings and a DCLG award will have on the pace of implementation and the payback period.

3.5: In the course of the Review we also examined the respective Councils' MTFPs to understand the broader financial context of the Councils. Whilst strictly speaking outside our Terms of Reference, we looked at both Plans and the actions identified to close the funding gap:

- To determine whether other savings initiatives appeared to be the right ones and would deliver savings.
- To understand the position within the MTFPs of savings from shared arrangements and to ensure there was not an over reliance on this area as the means by which the funding gap can be closed.

3.6: On the basis of our analysis we are satisfied, subject of course to Member agreement to the proposals from other elements of the MTFP reviews, that they will also result in savings, will not place an increased or undue burden on the savings from the Joint arrangements and will substantially bridge the financial gap for both Councils.

3.7: We also spent time in the Review assuring ourselves that the Cost and Benefit Sharing proposals are sound, understood and accepted by those we interviewed particularly as this has been a factor which has derailed other Councils' intended shared management arrangements. We noted that the proposals themselves were brought to the Joint Member Advisory Panel for discussion and agreement. We believe the proposals outlined in the Business Case are justifiable:

- A 50/50 split of savings from the first 2 tiers of senior management..
- An 80/20 split for the 3rd Tier of management costs.
- An 80/20 split for other shared service savings based on the budget ratio of each Council.

In addition, mechanisms will be put in place, including the possibility of external audit, to monitor out-turns and adjust the split where actual spending differs from the 80/20 formula.

3.8: The Business Case also identifies the likely costs of Implementation. We believe that the costs identified in the Business Case represent the likely elements in which cost will be incurred and that funding of these costs, on an Invest to Save basis, can be borne by both Councils. If the Review Team have a concern on this element of the Business Case it is on the Pay-Back period for this investment, particularly in the case of West Somerset.

3.9: The Business Case makes, in our view, bold statements about the cost neutrality of the Harmonisation of pay and conditions of staff including a proposed Job Evaluation of retained posts. Our note of caution is based on the current differences in terms and conditions, particularly redundancy terms, between staff in the two Councils and the impact of a Job Evaluation exercise which is rarely cost neutral unless other offsetting savings are identified.

3.10: The stated ambition to move towards a Host Employer solution is sensible and clearly the pragmatic solution would be for this to be Taunton Deane. Other Councils pursuing the same route have found that a practical way to do this is on an incremental basis as services are joined and transformed. A similar incremental

approach to the Harmonisation of staff conditions etc. could also be considered, subject to Trade Union consultation.

3.11: The proposals relating to how the respective Councils' assets should be treated are in line with the position of other Councils with shared arrangements and are workable

3.12: In relation to the section of the Business Case relating to Governance, the proposal for a Joint Member Committee to oversee the Implementation phase is, in our view, sound and follows good practice elsewhere. In the following section we emphasise the importance of the role of Members in this phase.

3.13: The Project Team have initiated a range of Communication activities outlined in the relevant section of the Business Case encompassing both internal (officers and Members) and external stakeholders. We have reviewed these materials and regard them to be of a high standard. This level of Communication activity will not diminish if the Business Case is approved.

## 4. Implementation Challenges and Recommendations

4.1: The Implementation timeframe outlined in the Business Case is achievable given the stated aim of ensuring services are maintained during this Phase and that customers are not adversely affected.

4.2: We understand this approach but believe that the pace of implementation, in favourable conditions, could be accelerated. From the direct experience of the Review Team, the appointment to the new top jobs will, in itself, generate additional momentum for change. A consequence of this could be that the current split between service convergence (Phase 2) and service transformation (Phase 3) may, in practice, prove artificial and could prolong implementation and the delivery of savings. In principle we accept the common sense of a service-by-service approach to Transformation. However, it could run the risk of resulting in a piece-meal and patch-work pattern of different delivery models which, on their own, make sense but may prove difficult to manage, and less than optimal in a corporate sense.

4.3: For that reason we suggest that one of the first tasks of the newly-appointed Joint Management team should be to look at the potential options for Service Transformation some of which, drawing on the experience of other Councils, may be more radical and ambitious than envisaged in the Business Case and could result in greater savings for both Councils. What should emerge is a transformation plan with a clear set of organisation-wide principles for those tasked with service redesign and transformation to adhere to.

4.4: If what emerges from this review is a more ambitious Transformation agenda this could encourage potential partners in other Councils in the County to participate - something that the Business Case envisages. The flip side is that it would add to the complexity of service redesign etc. and thereby potentially carry greater risks. The benefits and risks would, therefore, need to be carefully balanced.

4.5: In this suggested review, key Members will play a pivotal role. It will be for them to articulate their vision of the organisation(s) and to ensure they are happy with the transformation plan at corporate and service levels.

4.6: Based on direct experience from Review Team members, the role of Members who don't hold leadership positions is equally critical in making a success of the new arrangements. To do so they must, through regular briefing sessions, understand and shape the new arrangements so that they, as well as officers, can adjust their expectations and requirements.

4.7: Whilst the independent sovereignty of the two Councils remains of paramount importance, Members can also assist the Joint Management team through:

- Regular sessions involving both Leaders and their Cabinets to ensure there is joint ownership and understanding at each stage.
- Regular interaction between portfolio holders.
- Joint sessions on areas of common importance.

If these suggestions are accepted then an Implementation Timeframe incorporating Member involvement should be incorporated in the Business Case.

4.8: Before summarising we would add a word of caution. Based on the Review team's experience, shared management can become all-consuming for senior managers and Members. Both Taunton Deane and West Somerset Members need to focus urgently on the medium term budget gaps which will not be closed by shared services alone. Securing the right balance between implementing shared services and the vital decisions needed to bridge the gap will be a very significant challenge.

### 5: Summary

Our Implementation recommendations are for the two Councils to consider. Even if they find no favour, the Review Team believe the draft Business Case represents a credible and realistic way forward for both Councils.

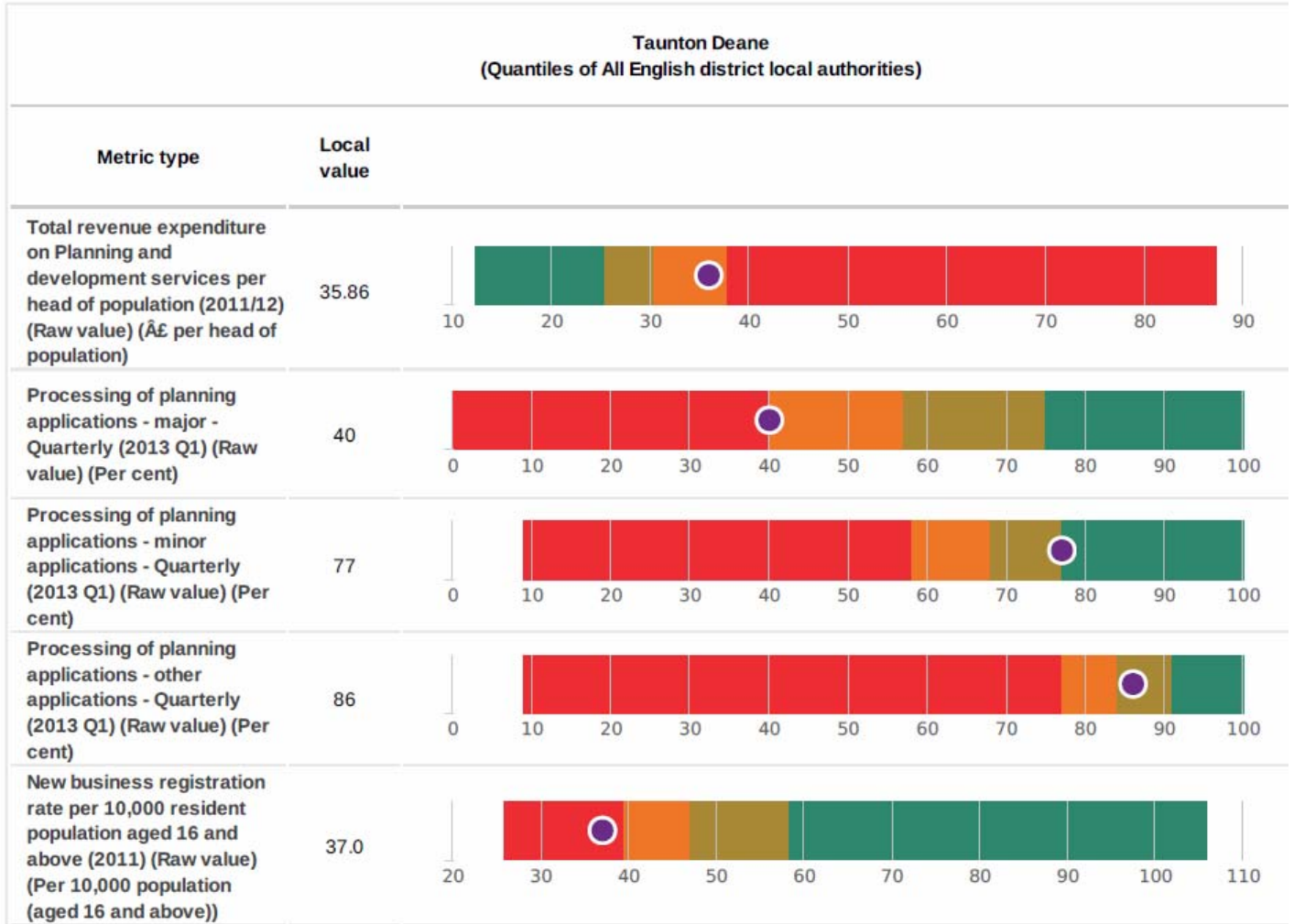
**Andrew Coleman**  
**Ian Lowrie**  
**William Nunn**  
**Richard Sheard**

**September 2013.**



**TDBC**

**Theme: Planning and Development Services**

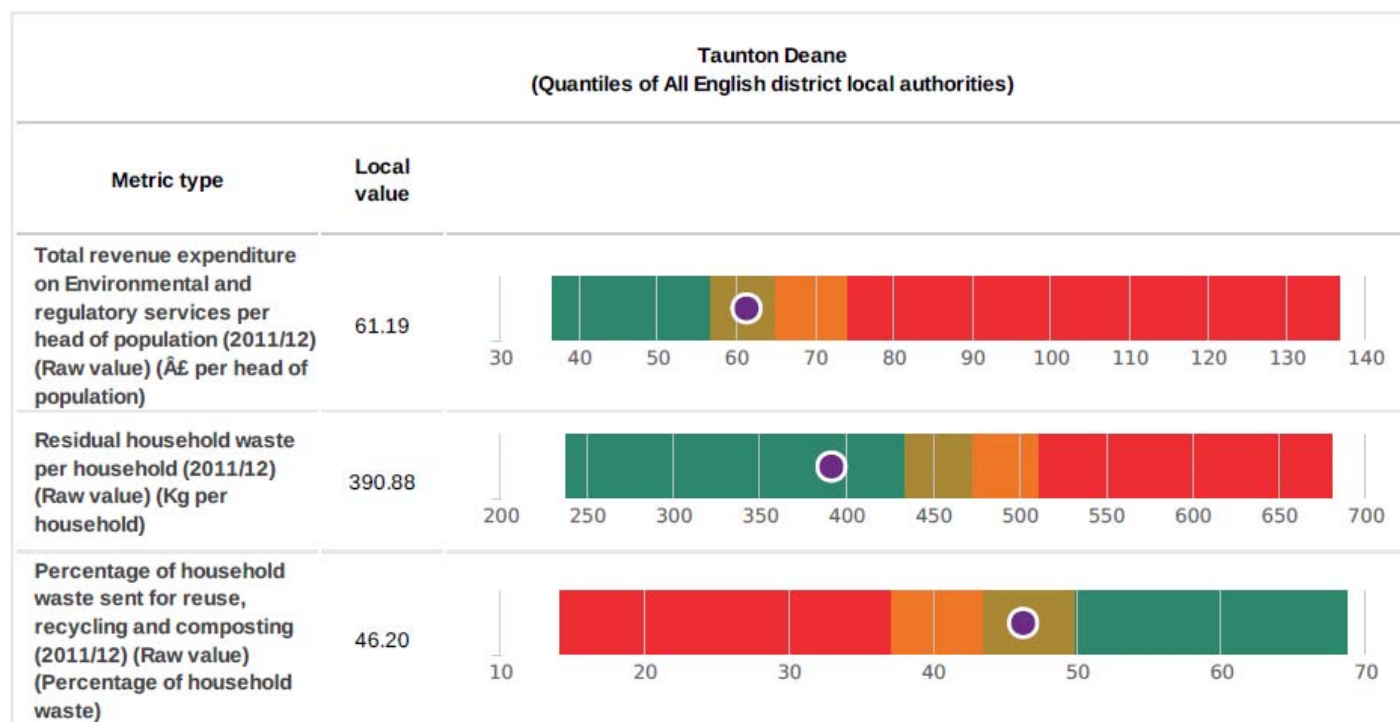


## Theme: Housing Services

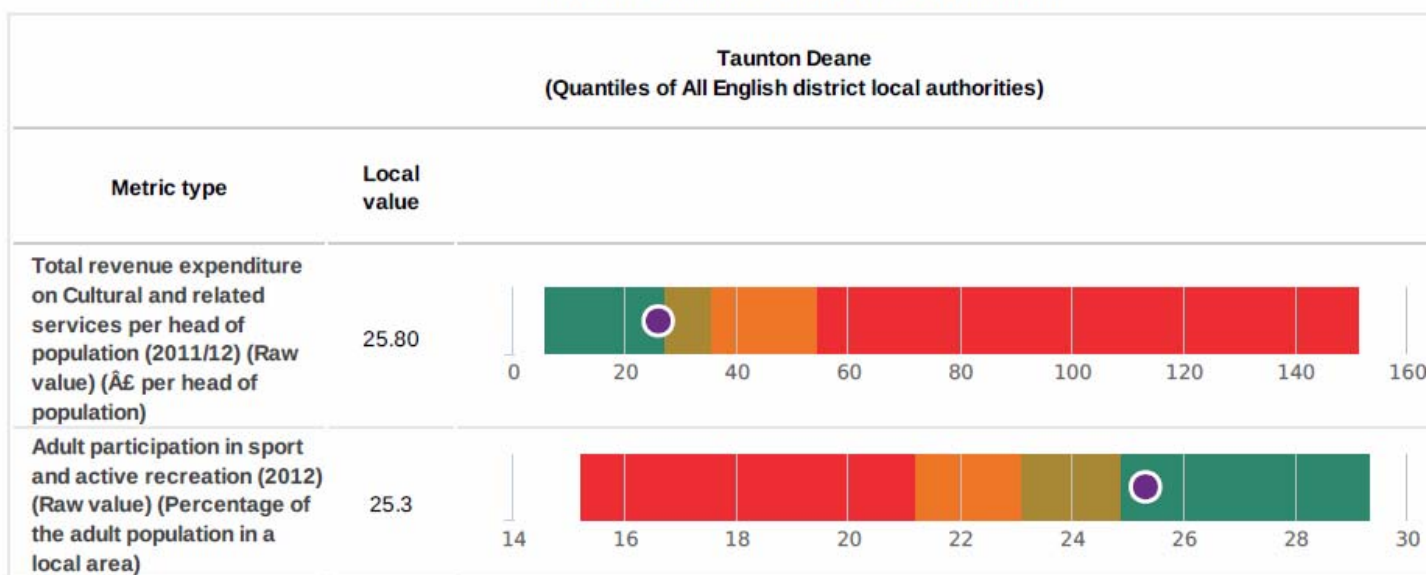
**Taunton Deane**  
(Quantiles of All English district local authorities)

Metric type	Local value	
Total revenue expenditure on Housing services (GFRA only) per head of population (2011/12) (Raw value) (£ per head of population)	28.25	
Time taken to process housing benefit new claims and change events (2012/13 Q4) (Raw value) (Days)	7	
Total households on the housing waiting list at 1st April (2011/12) (Raw value) (Count)	3,783	
Number of households living in temporary accommodation (2013 Q1) (Raw value) (Households)	33	
Vacant dwellings - all, as a percentage of all dwellings in the area (2010/11) (Raw value) (Percentage of all dwellings in the area)	3.2	
Percent of local authority housing stock that is non decent (2010/11) (Raw value) (Percentage of local authority housing stock)	no value	
Percentage of urgent housing repairs completed on time (2010/11) (Raw value) (Per cent)	no value	
Percentage of rent collected for local authority owned housing (2011/12) (Raw value) (Per cent)	99.9	

## Theme: Environmental and Regulatory Services



## Theme: Cultural and Related Services



## Theme: Central Services

Taunton Deane (Quantiles of All English district local authorities)		
Metric type	Local value	
Total revenue expenditure on Central services per head of population (2011/12) (Raw value) (£ per head of population)	98.01	
Time taken to process council tax benefit new claims and change events (2012/13 Q4) (Raw value) (Days)	8	
Council tax collected as a percentage of council tax due (2012/13) (Raw value) (Percentage of council tax due)	98.00	
Net current expenditure on council tax collection per chargeable dwelling (2011/12) (Raw value) (£s per household)	12.94	
Non-domestic rates collected as a percentage of non-domestic rates due (2012/13) (Raw value) (Percentage of the amount of non-domestic rates due)	99.40	
Net spend on non-domestic rates collection per non-domestic property (2011/12) (Raw value) (£s per non-domestic property)	19.00	

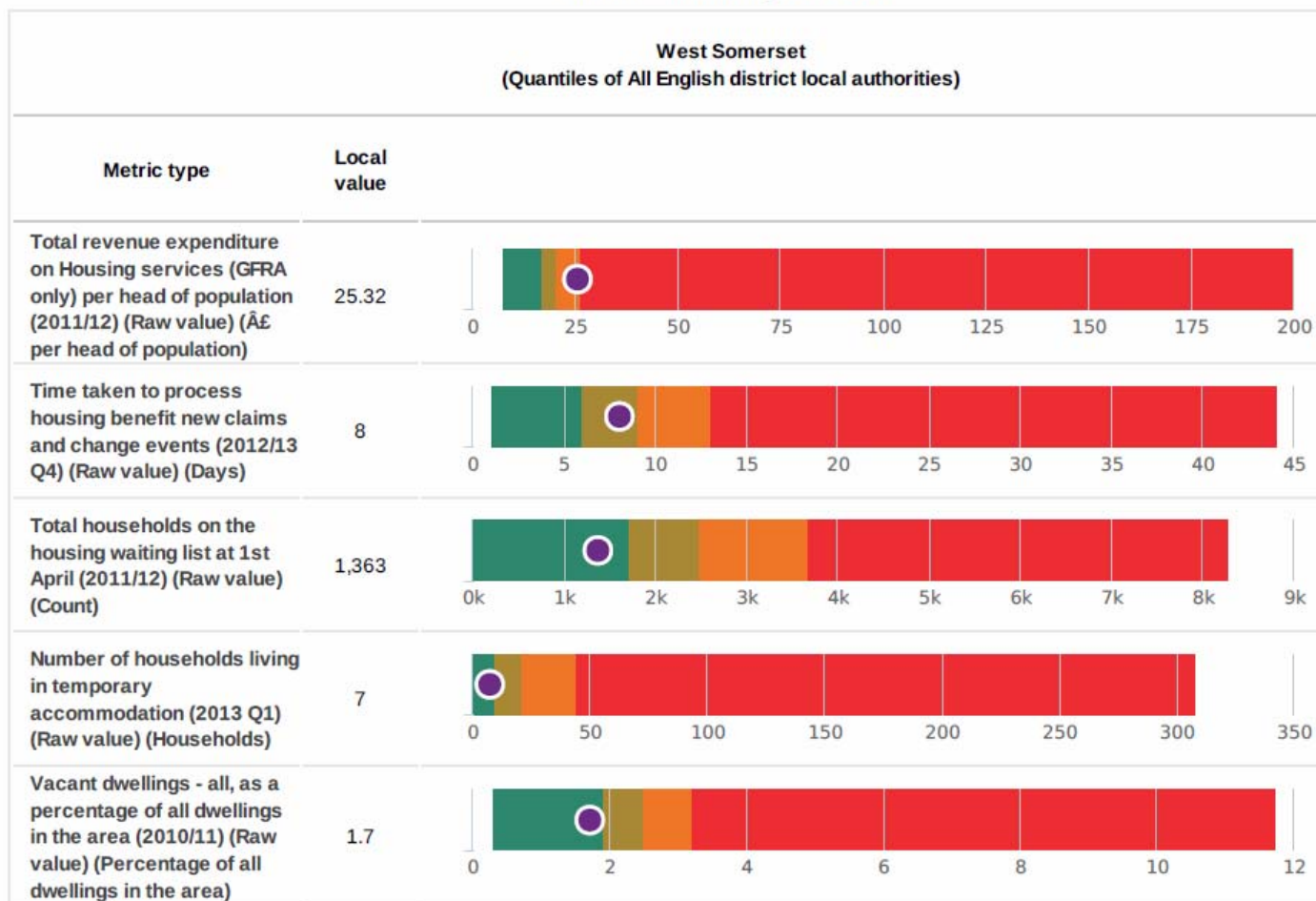
Theme: Planning and Development Services

West Somerset  
(Quantiles of All English district local authorities)

Metric type	Local value	
Total revenue expenditure on Planning and development services per head of population (2011/12) (Raw value) (£ per head of population)	50.17	
Processing of planning applications - major - Quarterly (2013 Q1) (Raw value) (Per cent)	50	
Processing of planning applications - minor applications - Quarterly (2013 Q1) (Raw value) (Per cent)	89	
Processing of planning applications - other applications - Quarterly (2013 Q1) (Raw value) (Per cent)	100	
New business registration rate per 10,000 resident population aged 16 and above (2011) (Raw value) (Per 10,000 population (aged 16 and above))	31.9	



## Theme: Housing Services



## Theme: Environmental and Regulatory Services



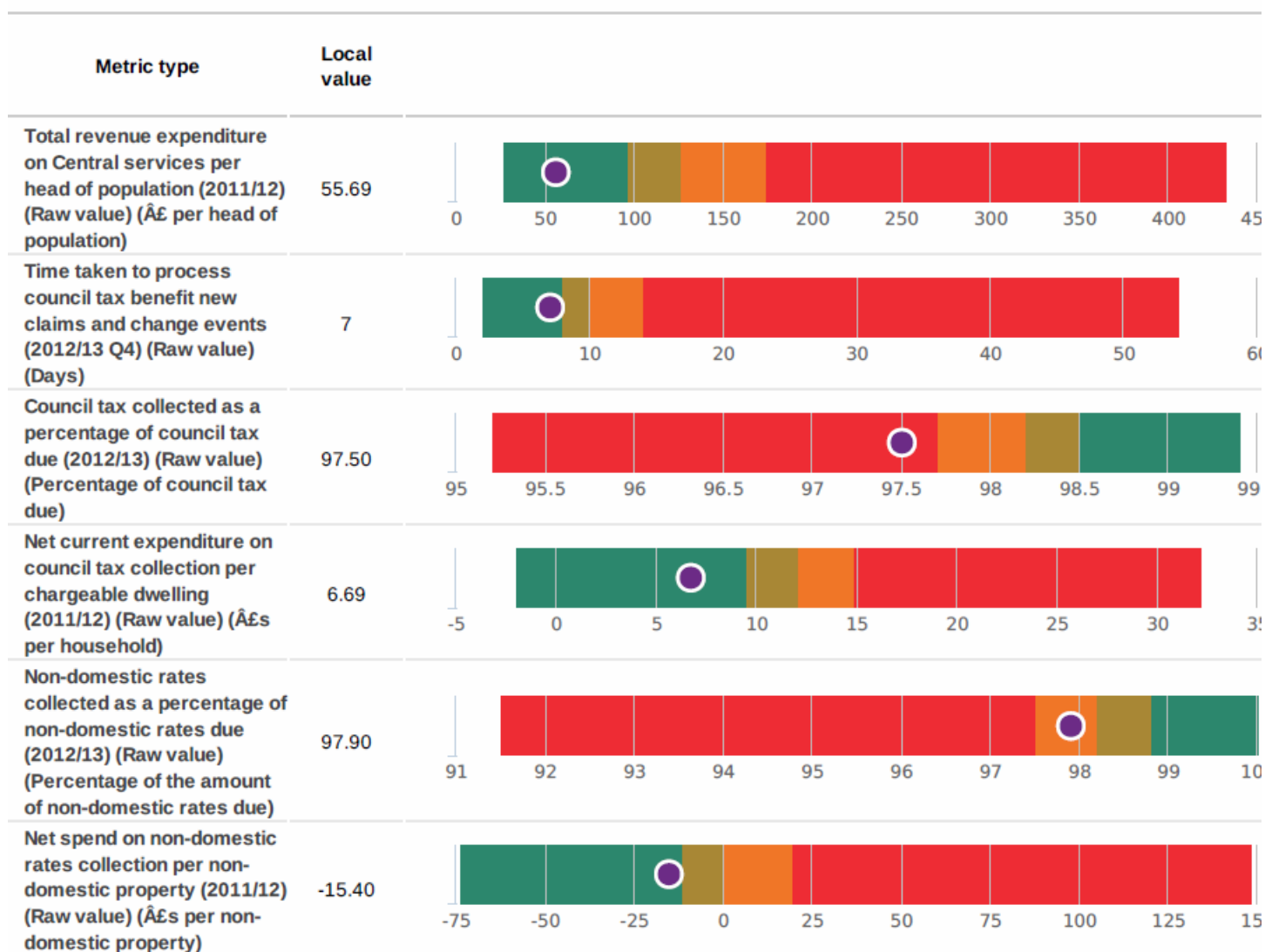
## Theme: Cultural and Related Services

### West Somerset (Quantiles of All English district local authorities)



## Theme: Central Services

### West Somerset (Quantiles of All English district local authorities)



**Equality Impact Assessment – pro-forma**

<b>Responsible person</b>	<b>Shirlene Adam</b>	<b>Job Title Project Manager</b>
<b>Why are you completing the Equality Impact Assessment? (Please mark as appropriate)</b>	Proposed new policy/service	
	Change to Policy/service	√
	Budget/Financial decision – MTFP	
	Part of timetable	
<b>What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)</b>	<p><b>TDBC/WSC Joint Management &amp; Shared Service Project</b>                  This is an EIA for the business case for joint management &amp; shared services arrangements between Taunton Deane BC and West Somerset Council. It will accompany the detailed business case for sharing senior management and the high level business case for sharing services between the two Councils, for full consideration in November 2013.</p> <p><b>Further detailed EIAs will be carried out on a service by service basis when plans for joining particular services are developed.</b></p>	
<b>Section One – Scope of the assessment</b>		
What are the main purposes/aims of the policy/decision/service?	<p><b>The project objectives are:</b></p> <p><u>Cost</u></p> <ul style="list-style-type: none"> <li>▪ To significantly reduce the management overhead in our two authorities by sharing a single Chief</li> </ul>	



Executive and a single joint senior management team;

- Realise efficiency savings through sharing services between the two authorities, and others, to help achieve a financially viable future for both authorities.

#### Democracy

- To preserve the sovereignty of the two Councils and enable members to continue to play their full representational and leadership roles on behalf of their respective communities.

#### Citizens

- To protect key front line services, important to our communities.
- To reduce upward pressures on Council Tax

#### **Outcomes**

#### The Councils

- To help ensure the financial viability of both Councils;
- Through joint working we may benefit from a stronger Somerset presence and increase our influence both regionally and nationally;

#### Services

- Provide greater opportunities for staff through working in larger joint teams;
- Increased service resilience through reduced exposure to single points of failure;
- Greater access to knowledge sharing and specialist resources.

	<p><a href="#">Citizens</a></p> <ul style="list-style-type: none"> <li>▪ To, as far as possible, reduce upward pressures in Council Tax through reduction in the management and staffing overheads;</li> <li>▪ To protect key front-line services of importance to the local communities;</li> <li>▪ To maintain or improve service performance through smarter working and increased resilience.</li> </ul>
<p>Which protected groups are targeted by the policy?</p>	<p>The merged management structure proposals have a direct effect on the senior managers at both authorities. Senior managers will be competing for a smaller number of posts, with the potential for responsibilities and accountabilities to change significantly through the management of new teams.</p> <p>When the new management structure is implemented all staff in all service areas could be impacted in terms of the way that their Service area is managed.</p> <p>When services are joined some staff may be displaced if there are a smaller number of posts available.</p> <p>No protected groups are 'targeted' by this project. The proposal covers the full workforce of both Councils which will, by the nature of the two organisations, include individuals who are covered by one or more of the full range of protected characteristics, as defined within the Equalities Act 2010 and include:</p> <ul style="list-style-type: none"> <li>• Age</li> <li>• Disability</li> <li>• Gender Reassignment</li> <li>• Marriage and Civil Partnership</li> <li>• Pregnancy and Maternity</li> <li>• Race</li> <li>• Religion and belief</li> <li>• Gender</li> </ul>

	<ul style="list-style-type: none"> <li>• Sexual orientation</li> </ul>												
<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used</p>	<ul style="list-style-type: none"> <li>▪ Site visits and desktop research have been conducted by the Project Team into other Councils who have successfully implemented a merged management and services structure, including South Oxfordshire District Council and Vale of White Horse District Council, Weymouth &amp; Portland, Suffolk Coastal &amp; Waveney, Babergh &amp; Mid Suffolk among others.</li> <li>▪ Discussions have taken place with Unison branch reps from the respective Councils. Unison have had the opportunity to consider and comment on the impact assessment.</li> </ul> <p><b>Taunton Deane</b></p> <ul style="list-style-type: none"> <li>▪ Gender profile of management</li> <li>▪ Results of the last TDBC Staff Survey.</li> <li>▪ Workforce equalities monitoring information is held by HR. This data is accurate as of 31st March 2012 (or 16th January 2013 where stated), and incorporates the total number of staff and relevant equality monitoring breakdown. Headline details are given below:</li> </ul> <table border="1" data-bbox="763 1050 1252 1166"> <tr> <td><b>Total workforce</b></td> <td>2011/2012</td> </tr> <tr> <td>Female</td> <td>49%</td> </tr> <tr> <td>Male</td> <td>51%</td> </tr> </table> <table border="1" data-bbox="763 1203 1252 1319"> <tr> <td><b>Full time employees</b></td> <td>2011/2012</td> </tr> <tr> <td>Female</td> <td>36%</td> </tr> <tr> <td>Male</td> <td>63%</td> </tr> </table>	<b>Total workforce</b>	2011/2012	Female	49%	Male	51%	<b>Full time employees</b>	2011/2012	Female	36%	Male	63%
<b>Total workforce</b>	2011/2012												
Female	49%												
Male	51%												
<b>Full time employees</b>	2011/2012												
Female	36%												
Male	63%												

<b>Part time employees</b>	<b>2011/2012</b>
Female	78%
Male	22%

<b>Age Profile</b>	
2011/2012	
16-25	7%
26-35	15%
36-45	29%
46-55	29%
56-65	18%
66+	2%

**Religion**

	As at 16/01/13	
Christian	138	25%
Nil Data	316	57%
None	58	10%
Other	8	1%
Prefer not to say	38	7%

**Disability**

	As at 16/01/13	
Not stated	136	24%
Employees declaring no disability	383	69%
Prefer not to say	18	3%
Employees declaring a disability	21	4%

**Sexual Orientation**

	As at 16/01/13	
Bisexual	6	1%
Gay / Lesbian	4	1%
Heterosexual	308	55%
Nil Data	181	32%
Prefer not to say	59	11%

**Senior Management Profile (top 3 tiers)**

<b>Total Managers</b>	<b>11</b>
Men	7
Women	4

## WSC

- Gender profile of management
- Workforce equalities monitoring information – data as at 31/3/2013

<b>Total workforce</b>	2012/13
Female	58%
Male	42%

<b>Full time employees</b>	2012/13
Female	35.5%
Male	36.5%

<b>Part time employees</b>	2012/13
Female	23%
Male	5%

<b>Age Profile</b>	
2012/13	
16-25	7%
26-35	15%
36-45	29%
46-55	29%
56-65	18%
66+	2%

At 31<sup>st</sup> March 2013 none of West Somerset's staff were from ethnic minority communities. The result is below the percentage of the district's population from ethnic minority communities, which is 1.3% (Census 2011).

At the time of the last staff survey (June 2012) 4% of West Somerset's staff consider themselves to be disabled. The % of working age population with disabilities was 12%. (Census 2011)

At 31<sup>st</sup> March 2013 1% of West Somerset's staff are carers.

### **Senior Management Profile (top 3 tiers)**

<b>Total Managers</b>	<b>4</b>
Men	4
Women	0

**Section two – Conclusion drawn** about the impact of policy change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality

### **Customers**

For the purpose of this exercise we are assuming that both Councils offices will keep their existing customer access facilities.

Strand-specific issues for customers need to be considered on a service by service basis and will be included within EIAs on shared services at the appropriate stage.

There is unlikely to be any change for customers under any of the equality strand groups who visit the offices in person, or by telephone

as provision for access is likely to be the same or better.

The fact that a customer, especially those living / working on the district boundaries, might be able to visit either office in person would improve access.

A larger, more diverse collective workforce could also bring benefits to customers in terms of proportionate representation.

### **Elected Members**

Given the project seeks to preserve the democratic sovereignty of the two Councils there should be limited impact on members from an equalities perspective.

It is not, for example, envisaged that significant additional travel would be necessary, since meetings would generally continue to be held at the sovereign Council offices. However, it is proposed that a Joint Committee of some members of each authority will be created to monitor the service delivery organisation.. This would involve some members having to travel on occasions beyond the confines of their present district boundary. Consequently, were this to be proposed, special consideration would be needed regarding the impact this might have on members with disabilities, where travelling the extra distance may be difficult or who may require particular facilities at the meeting venue (although this matter point is likely to be addressed anyway by the DDA obligations already catered for by both organisations). Additionally, those members with caring responsibilities, who may not be able to be so distant from the location of those for whom they provide care or may find the timing of such meetings clashes with caring commitments would also need special consideration.

### **Employees**

#### [Race/Ethnicity:](#)

No specific impacts identified at this stage that would not be covered as part of the TDBC's existing HR and Equal opportunities policies etc. Noted that there are higher numbers of ethnic minorities in TDBC's workforce than for WSC. Impacts on service users in terms of Race/Ethnicity will be assessed during EIAs on shared services.



### Disability:

Consideration will need to be given to employees who are unable or less able, to travel for long periods of time due to illness or injury should their workplace change. However, it should be recognised that both Councils have employees who live in the other's district, so for some employees a change of workplace may be more convenient than now.

If a disabled employee is to move to a new work location, or operate from more than one location, any specially designed desk set-up or specialist equipment, needed because of a disability, will need to be transferred to/ replicated within the new location.

Staff who suffer from mental health issues may find a change of routine (and /or change or work location) disruptive and cause additional stress /anxiety. Staff should be offered supported throughout changes by Care First.

The number of disabled parking spaces at the Council offices may need to be reviewed to reflect changes in staff numbers working from a particular site.

Staff with disabilities may however, find it beneficial to work within a larger more diverse workforce as they might experience less isolation and benefit from a greater support network.

### Gender: (male, female, transgender)

It was noted in the TDBC *Workforce Equalities Report 2011/2012* that 78% of all female employees work part time. The staff survey carried out in 2010 revealed that 80% of lone parent employees are female and 87.5% of employees with caring responsibilities are female. Sharing services which result in employees having greater distances to travel could have a greater adverse affect on women. A school run, for example, might be disrupted and have cost and time implications for an employee if their place of work is changed. This might be a particular issue for frontline teams working hours are generally less flexible. The additional commute to work associated with a possible change of workplace may cause difficulties in maintaining existing working hours, and could have a greater financial impact on lone parents.

It should noted that the number of men working part time at TDBC has nearly doubled since 2010/2011 so this is an issue relevant to both genders. It should be recognised that both Councils have employees who live in the other's district, so for some employees a

change of workplace may be more convenient than now.

However, a larger workforce could result in greater flexibility for staff as there would be greater resilience within teams.

Human resource policies should be in place to ensure part time/job share opportunities are available and that flexible working arrangements are maintained wherever possible, and home working wherever possible continues to be encouraged.

#### Sexual Orientation:

No impacts identified that would not be covered as part of existing HR and Equal Opportunities policies etc.

There may be benefits in working within a larger more diverse workforce as Gay, Lesbian and Bisexual staff might experience less isolation and benefit from a greater support network.

#### Gender Reassignment:

No impacts identified that would not be covered as part of existing HR and Equal Opportunities policies etc.

There may be benefits in working within a larger more diverse workforce as might experience less isolation and benefit from a greater support network.

#### Pregnancy and Maternity:

The commute from home to the workplace could be lengthened, which may be impractical for pregnant women, particularly those in the later stages of pregnancy. Risk assessments should form part of the support offered to pregnant women, if risks are identified arrangements should be made to enable the pregnant women to carry out her role whilst minimising risk.

If consultation or changes to the management structure take place during a time in which a member of staff affected by the changes is on maternity leave, the member of staff should be supported by HR to fully participate in and understand any changes.

### Marriage and Civil Partnership

No impacts identified that would not be covered as part of existing HR and Equal opportunities policies etc.

### Age:

Younger members of staff are perhaps less likely to have their own transport and more likely to be reliant on public transport. Brings timing and cost implications if the workplace changes. However, it should be recognised that both Councils have employees who live in the other's district, so for some employees a change of workplace may be more convenient than now.

Younger members of staff, who are often within the lower salary bands, may have concerns that they will be seen cheaper to be made redundant. However, existing HR policies should ensure equitable treatment of employees in cases of redundancies.

Older members of staff, who may have worked in the same office for many years, may find a change of routine and /or workplace stressful and unsettling.

Older members of staff, who are often on higher salaries due to length of service or seniority within the organisation may have concerns that they will be targeted for cost savings because of this. However, existing HR policies should ensure equitable treatment of employees in cases of redundancies.

### Religion and/or belief:

No impacts identified that would not be covered as part of existing HR and Equal opportunities policies etc.

### General (all employees)

Travel to work might be more expensive for some employees if their workplace is changed. However, it should be recognised that both Councils have employees who live in the other's district, so for some employees a change of workplace may be more convenient than now.

A larger organisation should open up more opportunity for advancement, could also expand knowledge and contacts at work and reduce pressure on some staff who are presently 'single points of failure' within services.

Some existing teams at each Council have been stable for many years with few changes in personnel and limited diversity within the team. As part of integrating into a larger workforce all staff may benefit from working within a more diverse team of people

Work will need to take place to ensure TDBC and WSC HR and wider council policies are aligned.

Joint management and services may be all or part of the solution to ensuring the long term viability of the two Councils, which is in the best interest of staff.

**I have concluded that there is/should be:**

No major change - no adverse equality impact identified	
Adjust the policy/decision/service	
Continue with the policy	√
Stop and remove the policy/decision/service	

Reasons and documentation to Support conclusions

There are some positive impacts on staff flowing from being part of a larger more diverse organisation, not least reducing the sense of isolation which some employees with protected characteristics might experience. Also, a possible change of working location might mean less travel from home to work than at present., for example.

The potential negative impacts identified should all be able to be addressed either through existing policies or through local locally agreed protocols. Experience of other authorities who have joint management and services in place highlight that these challenges can be overcome and can give confidence to TDBC/WSC that we can do likewise.

**Section four – Implementation – timescale for implementation**

**Timescale**

Business case to be considered by both councils in November 2013. If approved:

- A permanent joint senior management team to be in place by 1 Jan 2014;
- Middle management structure in place by 1 July 2014;
- All staff working in shared service structure by 31 Mar 2015;
- Service transformation complete by 31 Mar 2016.

**Section Five – Sign off**

Responsible officer Paul Harding

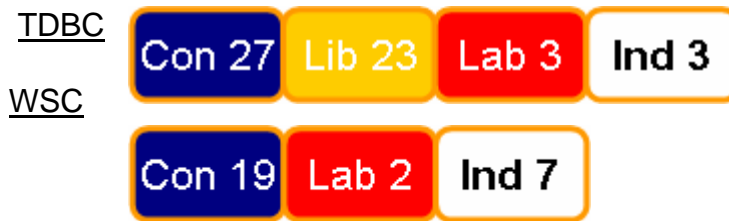
Date 19 September 2013

**About the Two Councils**

**1.1 Headline Facts**

	<b>TDBC</b>	<b>WSC</b>
Households	50,211	17,604
Businesses	3,829	1,855
Population	111,000	36,000
Area	178.8 sq miles	286.6 sq miles
Net Revenue Budget (General Fund)	£13.47m	£4.974m
Elected Members	56	28

**1.2 Political Make-up**



**1.3 Priorities**

TDBC's priorities are:

- **Quality, sustainable growth and development;**
- **A vibrant economic environment;**
- **A vibrant social, cultural and leisure environment;**
- **A transformed Council.**

WSC's priorities are:

- **Local Democracy,**
- **New nuclear development at Hinkley Point.**

**1.4 Range of Services**

Both Councils have the same statutory responsibilities and therefore there are inherent areas of opportunity for joining resources within these services and sharing them between the Councils.

1.5 There are however some differences in the range of services and responsibilities of each Council. The key differences are summarised in the table below.

WSC only	TDBC only
Harbours & Coastal Protection	Housing Landlord & Housing Property Services (TDBC has retained housing stock)
	Direct Labour Organisation
	Crematorium
	Piper Lifeline Service
	Community Leisure Services
	Pest Control
	Mayoralty Support
	Client Services

### 1.6 Existing Key Service Delivery Partnerships

Both Councils are members of the following key partnerships:

- Southwest Audit Partnership (SWAP)
- Somerset Waste Partnership (SWP)
- Somerset West Private Sector Housing Partnership

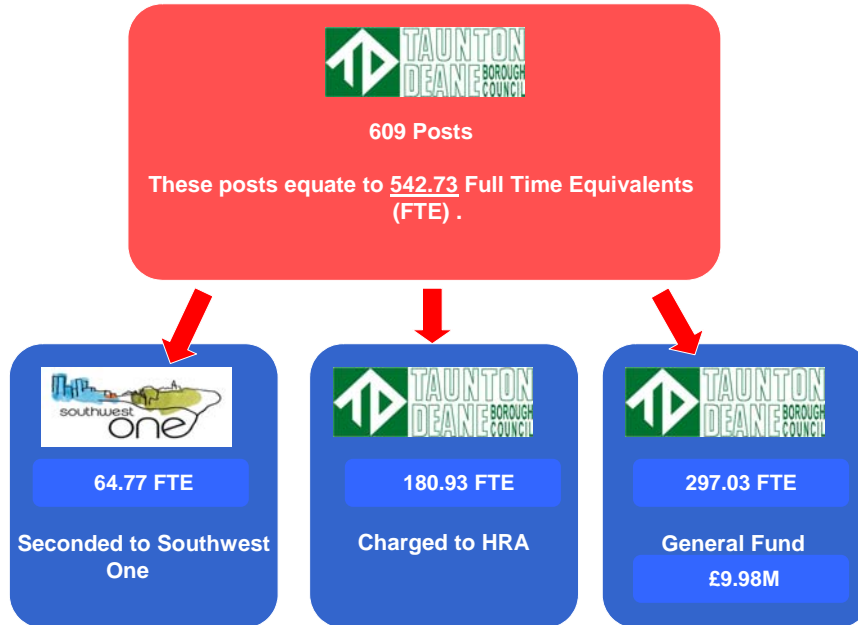
TDBC is a founding Member of Southwest One - a strategic partnership with IBM, Avon and Somerset Constabulary and Somerset County Council providing back office services.

### 1.7

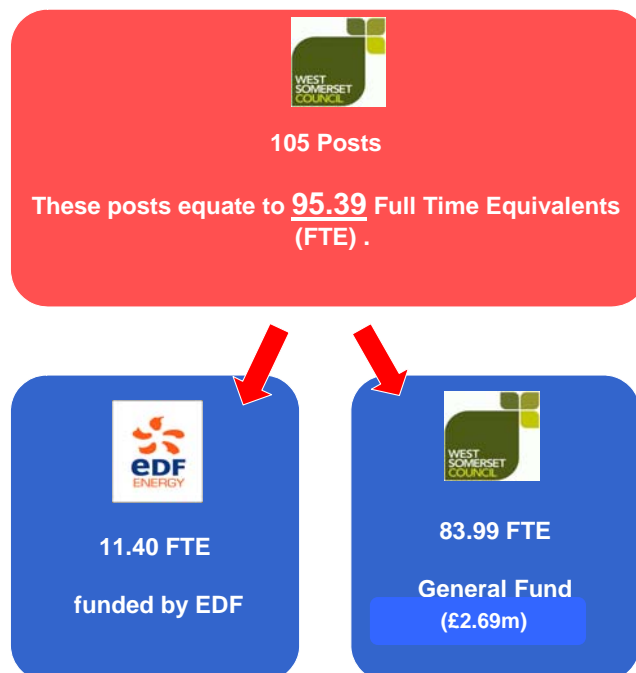
These partnerships are outside the scope of this Business Case and consequently this Business Case is not predicated on generating any savings from the present contractual arrangements. However, for clarity, any employees of either Council seconded to other organisations (including to Southwest One) would be affected by any changes to pay or terms and conditions, discussed later in this Business Case.

## CURRENT STAFFING

- 1.1 The illustration below shows the total current staffing for TDBC and shows the split between those posts charged to the Housing Revenue Account, those currently seconded to Southwest One and the remainder, which are charged as revenue cost to the General Fund.



- 1.2 The illustration below shows the total current staffing for WSC and shows the split between those posts funded by EDF and the remainder, which are charged as a revenue cost to the General Fund.





**1. Employment Model**

- 1.1 There are generally considered to be two main options with regard to the employment model although UNISON in their document 'Service Changes – Branch guidance on service changes in Local Government' also recognise that the secondment of employees from one authority to another is an option which could be utilised.
- 1.2 Both of the main options are designed to deliver a single management structure which will reduce overall management numbers but the two options present different challenges.
- 1.3 The first option is the 'host authority' model in which one or other of the two partner Councils becomes the employer in law for the employees of both Councils. It is anticipated that this will require a transfer of staff to one or other of the partner Councils which could trigger the application of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE').
- 1.4 The second option identified is 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 a merged officer structure.
- 1.5 There are possible variations of both options. For example, it could be possible to have a 'host authority' approach to the senior management team but a "current employer" model for the remainder of the employees. However, this would tend to work against the intention of working towards full merger of the terms and conditions of employment and also the intention of having employees working across both Councils.
- 1.6 Another option may be to use the 'host authority' model but not necessarily to have the same 'host' for each service area. An advantage of this would be that it mitigates against the risk of one Council being perceived as the dominant Council but there will inevitably be some "grey areas" in between services which could give rise to confusion as to who should be the employer for particular individuals.
- 1.7 Our research shows that both 'host employer' and 'current employer' and indeed combinations of both have been used in shared service partnerships.
  - Weymouth and Portland BC and West Dorset – Host Employer
  - South Oxfordshire DC and Vale of White Horse BC – Host Employer but commenced with current employer model
  - Chiltern DC and South Bucks DC – mixture of current employer, secondment etc depending on each service business case.
  - West Oxfordshire DC and Cotswold DC – current employer.

- 1.8 Although any shared Chief Executive will require input into the wider process of concluding the structure (for example in determining the actual roles that will make up the senior management team going forward) the principle of which model to use does require clarification at an early stage.
- 1.9 Clarity on the proposed employment model helps with staff engagement and in particular engagement with existing senior management as these are the staff that will undoubtedly be affected in the first instance. Early discussion and consultation with UNISON will also bring benefits to the development of the Project.

## **2. TUPE**

- 2.1 The extent and the impact of TUPE will be dependent on the model adopted going forward. In the event that a 'host authority' model (involving a change of employer for some or all of the employees) is adopted then TUPE will almost certainly apply and the consequential implications of TUPE will need to be considered. There is less likelihood of TUPE applying in the event of the 'current employer' approach being taken. However, the greater the degree of integration and cross-Council working by employees below senior management level, the requirements of the Regulations. At the time of writing this report the Government consultation on potential changes to the TUPE Regulations has not been finalised and this should be monitored.
- 2.2 Under TUPE Regulation 3(5) there is a specific exception with regard to where 'an administrative reorganisation of public administrative authorities or a transfer of administrative functions between public authorities' takes place but such an exemption of TUPE applying will be rare.
- 2.3 TUPE, as interpreted through case law, is an event on a given day rather than a process over time. It will therefore be necessary to agree a date upon which employees are to transfer under TUPE from one authority to another.
- 2.4 As the Business Case is developed further thought will need to be given as to when any TUPE transfer will take place. The collective consultation requirements under TUPE requires consultation to commence 'in good time' before the TUPE transfer and it will be necessary for the new shared Management Team to drive the TUPE process with an identified senior manager responsible for this

## **3. Secondment as an alternative to TUPE**

- 3.1 As highlighted in paragraph 2.1 above secondment could be considered as an alternative to TUPE and indeed such an arrangement has been used by Taunton Deane BC and Somerset CC for the South West One Joint Venture with IBM. Put simply a secondment is a variation of contract agreed between employer and employee by which the changes are made in relation to the employee's contract, for example in relation to the his/her day to day duties, reporting lines, and place of work.

It is usually of a relatively short duration as it is understood that the longer a secondment continues, particularly if the employer ceases to have effective control over the employee, the easier it is to argue that the employment relationship between the secondee and the employer has come to an end.

- 3.2 There is always a risk for the organisations to which the individual is seconded that he/she may at some point allege and/or be held by a Court or Employment Tribunal to be, an employee of the recipient organisation. Case law shows that an Employment Tribunal is happy to look behind the labels which the parties place on a relationship and conclude that the legal reality is that the employment relationship has shifted from one organisation to another.
- 3.3 Taunton Deane have significant experience of this option which is known as the Retained Employment Model (“REM”) and although TUPE applies in such situations and all staff would be expected to transfer the REM provides for an objection to be made by the employee under Regulation 4 of the TUPE Regulations, on the basis that they will be retained (rather than regarded as having resigned) and then seconded as described above.

#### **4. Changes to Terms and Conditions**

- 4.1 In circumstances where TUPE is not triggered and secondment is not used, senior managers would need to accept changes in their duties to the extent necessary to put the shared services arrangement into effect.
- 4.2 Assuming each Council has retained overall responsibility for delivery of its own services, each authority would retain the employment of its own employees. However, the extent to which a Council’s staff are used to undertake services for the other Council may vary from the employees of each Council working only on delivering services for their employer on the one hand to the workforce of both Councils being totally merged and each employee may be employed to work and work for either Council irrespective of which Council is his/her employer.
- 4.3 As the two Councils are working towards the latter of the above and a fully merged workforce of both Councils, any changes to work practices which are necessary to achieve effective service delivery would need to be agreed with individual employees (and possibly trade unions) in advance. This would include matters such as a need to work in a different location, to a different shift pattern or to be managed in a different way.
- 4.4 The current employer option does require increased levels of day to day management when compared to employment by the same employer but provided that a framework is put in place at the outset then there is no reason in principle why this can not be an effective model and has been used by other shared services partnerships.
- 4.5 In most employment situations, terms and conditions can only be varied by agreement between employer and employees. Additionally, following a TUPE transfer a valid change can only be achieved where there is an ETO (Economic, Technical and Organisational) reason for doing so.

Strictly speaking this restriction applies even to harmonisation achieved by upgrading all terms to the highest level applicable to either staff group.

Although such harmonisation is unlikely to be challenged by either staff group, it is not normally affordable and so other routes have to be considered. It has been confirmed that given that one of the key drivers to the shared services arrangement is cost savings, then it will not be economically viable to harmonise by upgrading.

- 4.6 The scope for proposing harmonisation for an ETO reason will vary depending on the exact circumstances of the transfer. It may indeed be possible to argue that any proposed harmonisation is for a non TUPE reason given that the harmonisation will apply to all employees across both Councils and not only those employees that transfer from one Council to the host Council. There should therefore be a sound basis for implementing changes to terms and conditions of employment. It may well be that there is sufficient need for change in duties, line management or patterns of working to be able to regard the changes as being reorganisation or restructure without being a redundancy. Again however, different considerations may apply at different levels of both Councils and the Councils will need to be prepared to deal with individual situations, particularly in the event that certain employees seek to assert that changes are such that they amount to a redundancy situation in law.
- 4.7 In dealing with terms and conditions of employment it is essential that the Council continue to use its agreed collective consultation and negotiating machinery which will include early and open consultation with UNISON.
- 4.8 It will also be necessary to agree with UNISON the key issues they wish to address and be consulted on ensuring that regard is also had to issues such as equal pay, job evaluation, the handling of redundancies etc

## **5. Current Employer Model**

- 5.1 This approach has the following advantages:-
- 5.2 Less disruption to employees as the vast majority will remain with their current employers.
- 5.3 The only employees materially affected will be those at senior management level (albeit that there could be implications around changes in line management etc for more junior employees).
- 5.4 There will be two distinct employers for the vast majority of employees and this will mitigate risks around changes to terms and conditions and equal pay. However, the greater the level of integration and harmonisation between the terms and conditions of employment of both Councils this could increase equal pay risks in particular. The equal pay risks would arise in that there

would be a stronger argument that a single entity was responsible for the terms and conditions of employment of all the employees which could potentially allow employees of both Councils to identify comparators for equal pay purposes from the other Council.

- 5.5 This approach avoids the application of TUPE and consequent implications including pensions which also in turn will also simplify any harmonisation issues in the future as TUPE restricts the ability to harmonise terms and conditions of employment.
- 5.6 Neither Council gives up ultimate control of its own employees.
- 5.7 In the event that the shared service arrangement ends, any secondments will come to an end and staff will return to their home Council. However, the greater the degree of integration which has taken place, the more difficult this would be.
- 5.8 It will be easy to account for service efficiencies/savings for each individual Council.
- 5.9 The disadvantages of the current employer approach can be summarised as follows:-
- 5.10 Although employees would not be employed by the same Council, the greater the degree of integration in working practices the greater the risk of tensions and equal pay claims flowing from a comparison of terms and conditions.
- 5.11 At some level of the staffing structure, particularly just below senior management level, individual employees could be managed by an employee of the other Council seconded to that other Council and it will be essential to have absolute clarity by such practical issues as to how performance management issues are to be handled any employment law issues and liabilities are to be determined.
- 5.12 In the event that the secondment route is chosen in the situation where TUPE might otherwise apply, it will be necessary to go through the formal REM objection process.
- 5.13 It will be necessary to apportion liabilities for the senior management team between the two Councils.
- 5.14 The fact that there will be two employing Councils other than one may mitigate against the benefits of shared services.

### **Host Employer Model**

- 6.1 The advantages of the host employer model are as follows:-
- 6.2 One employer gives more clarity on employment law issues including accountability and liability for employees.

- 6.3 There is likely to be less administrative work in managing employees of one employer as opposed to employees of two employers.
- 6.4 Although the scope for harmonisation of terms and conditions is limited, all employees will be employed by a single organisation which makes it easier to identify and implement “harmonisation” changes to terms and conditions.
- 6.5 The fact of a TUPE transfer may provide a “genuine material factor” defence to some equal pay claims in the short term.
- 6.6 Reporting lines may be clearer as employment rights/obligations and the ability to manage individual members of staff sit within the same organisation.
- 6.7 Although members, staff and trade unions may initially be concerned about the concept of staff being transferred from one Council to another, concerns may well be allayed on the basis that they will continue to be Local Government employees and will have continued membership of the LGPS.
- 6.8 The disadvantages of the host employer approach can be summarised as follows:-
- 6.9 A TUPE transfer will be triggered including a statutory need to inform and consult with all staff in advance and the implications of the TUPE transfer.
- 6.10 This may well cause disruption, uncertainty as well as raise legal implications. Some employees may look elsewhere for employment in view of the uncertainty, although this will be mitigated by the current economic climate.
- 6.11 The Code of Practice will apply (subject to any review by Central Government) and it will be necessary to agree between the Councils which set of terms and conditions should be offered to all employees including any new joiners.
- 6.12 A greater degree of integration in working practice without full harmonisation of terms and conditions may foster resentment and create potential employment law liabilities as employees working side by side will be on different terms and conditions, at least in the short to medium term.
- 6.13 There may be a perception that one Council is seen as the “dominant” Council and other being the “subordinate” Council for employees that have been employed by the one Council.

**Risk Register - Implementation**

Risk	Cause	Consequence	Post Mitigation		Score	Risk Mitigation
			Probability	Impact		
Breakdown in relationships between Leaders	Loss of trust	Negative publicity. Strategic focus is lost. Partnership arrangement could become unworkable.	Feasible(3)	Critical(5)	R 15	Ensure transparent processes (re cost and savings sharing). Regular meetings between CEO and Leaders and between both Leaders. Ensure both Leaders are part of Joint Advisory Committee so they are fully involved and informed on issues involving partnership development / progress.
Breakdown in relationships between Leaders and CEO	Loss of trust	Working relationships become untenable.	Feasible(3)	Major(4)	A 12	Regular meetings between CEO and Leaders. Leaders involved in formal and joint appraisal of CEO.
Loss of local political support for shared services.	Political changes lead to changes in elected member priorities at either or both Councils	Sharing no longer supported - significant costs incurred in returning to the 'status quo' - further pressure on MTFP	Feasible(3)	Critical(5)	R 15	Engagement of Members through Joint Advisory Committee, the Democratic process and member communications eg. Member briefings. Joint work with Joint Management Team to understand at an early point the potential for change priorities and plan accordingly.
Not meeting member's expectations	Combined senior management numbers reduced	Senior managers unable to work in the way they do today	Feasible(3)	Significant(3)	A 9	Clear articulation of the need for members to adjust their expectations to reflect the level of management resource available and to accept new ways of

						working themselves.
Existing projects and priorities impacted by shared services implementation	Lack of alignment and limited managements and officer capacity	Transformation has an adverse impact on existing projects and priorities for both councils.	Feasible(3)	Major(4)	<b>A 12</b>	Implementation plan will control the resource requirements and impact on other projects.  Introduce Programme Management function to manage links and resources effectively.  Leadership of Programme from Joint Management Team.
Possible WSC resistance to Southwest One involvement in implementation / transformation	Negative opinion of Southwest One	Possible additional cost to TDBC - Workarounds have to be put in place - efficiency cost	Feasible(3)	Significant(3)	<b>A 9</b>	Clarify the extent to which Southwest One would be involved in the project - what this might mean for WSC and TDBC in terms of the options available .
Transformation changes delayed	Lack of ICT capacity within Southwest One and / or delays in implementing new technology to support shared services	Opportunity cost - delay in realising savings from transformation. Reduces ability of service and management to operate efficiently as a single organisation.	Feasible(3)	Significant(3)	<b>A 9</b>	Use external suppliers where contractually permissible. Keep key ICT contractors informed of our proposals and requirements at early stage
Lack of flexibility in existing key contracts and arrangements	Binding long-term contracts in place	Limits scope of savings and potentially the pace of change.	Likely(4)	Major(4)	<b>R 16</b>	Keep suppliers informed of progress. Seek their input as to how they can support the change process. Identify work-arounds where necessary.
Business Case/Forecast savings not delivered	Inadequate project governance.	The councils do not achieve the savings on which the business case is based.	Slight(2)	Major(4)	<b>G 8</b>	Joint Committee to be formed to oversee the transformation. Management and services to be designed within a 'cost envelope' to ensure early savings are made



Lack of cost control-implementation.	Poor project management. Lack of scrutiny	Overspend - impacting upon net delivery of savings.	Slight(2)	Significant(3)	<b>G 6</b>	Joint Management Team focus on project costs.  Joint Committee to oversee project progress. Scrutiny committees can review implementation.
This project takes focus away from other actions / projects needed to resolve MTFP	Lack of clarity and profile of other projects/actions required to deliver remainder MTFP	MTFP remains unresolved	Slight(2)	Major(4)	<b>G 8</b>	Introduce Programme Management function to manage links and progress of all major corporate projects.
Double counting of savings and costs across projects	Lack of coordination between concurrent projects	Actual savings delivered through this project are lower than forecast / expected	Feasible(3)	Significant(3)	<b>A 9</b>	Introduce Programme Management function to ensure financial coordination of all projects linked to MTFP savings.
Change not safely managed	Pace of change too ambitious	De-motivated workforce, unlawful practices, negative publicity, loss of staff goodwill	Slight(2)	Major(4)	<b>G 8</b>	Implementation plan with realistic timescales based on available resources (financial/ Human / technological) as part of a broader Programme Management approach.
Negative impact of change on our customers	Failure to consider customer impact in change process. Poor outward communication to stakeholders. Poor implementation delivery.	Service standards dip. Complaints rise.	Slight(2)	Major(4)	<b>G 8</b>	Monitor impact of customer satisfaction throughout service transformation. Robust performance management process in place. Impact assessments to be used at key decision points in service transformation . Robust and realistic communications plan.
Loss of customer confidence in commercial services due to uncertainty	Review of service delivery options	Loss of income to councils from commercial trading activities that could then become unviable	Slight(2)	Significant(3)	<b>G 6</b>	Engage with communities via parish councils, tenants board etc. and via community newsletters (Community Matters/WSC & Weekly Bulletin/TDBC)

Failure to embed a flexible 'can do' culture/Lack of common culture between both councils	Staff wedded to their current employer and ways of working	Effectiveness of shared services compromised	Slight(2)	Major(4)	<b>G 8</b>	Joint CEO in place and Joint Management Team in place swiftly to identify, promote and implement common values across both organisations - introduce early changes to build 'one team' environment.
Reputation damage/negative publicity	Increased media scrutiny increases the likelihood and impact of reputation damage	Poor / inadequate communications.	Slight(2)	Significant(3)	<b>G 6</b>	Leaders and joint CEO to drive the development of a robust communications plan.
Different T&C's and pay between the two councils. Harmonisation cannot be agreed in a timely manner	Ineffective union negotiations and communications with staff Lack of HR resource	Results in equal pay claims, damages relations with staff	Feasible(3)	Major(4)	<b>A 12</b>	Build on the positive relationship with UNISON established during the project process.  Ensure Comms plan is robust.  Introduce Programme Management function to manage pinch points for specialist resources. Bring in additional resource where necessary.
Services cannot operate at optimum efficiency	The separate Councils have different policies and processes	Opportunity cost to the councils - additional pressure on officers / complexity in designing shared services	Feasible(3)	Significant(3)	<b>A 9</b>	Wherever possible and acceptable during the change programme, align processes and policies.
Loss of Knowledge/ key personnel/staff Personnel change	Loss of key staff, skills and knowledge lost during joint management and sharing of services as staff numbers are reduced. The strain and uncertainty of the transformation means key staff leave.	Impact on service delivery Inadequate skills and experience to provide support to the service, other staff and members.	Feasible(3)	Major(4)	<b>A 12</b>	Implement effective Redundancy and Redeployment Policy & Interim Recruitment Policy  Retain WSC CEO, and any outgoing members of the existing senior management teams, until end March 2014, to provide a period of knowledge transfer and safe handover to the new Joint

						Management Team.
Failure to adequately address equalities issues during the change process	Inadequate EIAs	Do not fulfil equality duties	Slight(2)	Significant(3)	G 6	Undertake Equality impact assessments as service transformations are undertaken. To be reviewed by Joint Committee as part of transformation process.
Individuals workload increases	Reductions in overall staffing numbers	Impact on service delivery Increased staff sickness	Feasible(3)	Major(4)	A 12	Redesign and align service processes, align systems and policies across both councils wherever possible. Increase customer self-service.
Partnership expansion does not happen	Perception of failure by other potential partners Poor reputation Political differences	Further potential savings not achieved	Slight(2)	Significant(3)	G 6	Develop relationship/quick wins/opportunities with other Somerset Councils and key organisations Promote/Publicise partnership successes

**Indicative ICT Transformation investment by year**

ICT IMPLEMENTATION	Start	2013/14		2014/15		2015/16		2016/17	
Comms between sites	Qtr 2	£5,000							
Consolidated security domains	Qtr 2	£35,000							
Desktop services alignment	Qtr 2	£100,000							
WIFI	Qtr 2	£12,000							
Single IP telephony	Qtr 2	£75,000							
Video conferencing	Qtr 2	£40,000							
Email/calendar	Qtr 3	£10,000							
Single intranet	Qtr 3	£10,000							
members portal	Qtr 3	£5,000							
follow me printing etc	Qtr 4	£25,000							
Web portal	Qtr 4	£30,000							
remote/home working	Qtr 4	£25,000							
Dm/Workflow		£75,000	Qtr 1						
Channel shift			Qtr 1>	£60,000	>	£60,000	>	£30,000	
drop in services		£5,000	Qtr 1						
collaboration tools			Qtr 2	£25,000					
centralised print/dispatch			Qtr 2	£10,000					
Mobile/field working			Qtr 2	£75,000					
Enterprise architecture			Qtr 2	£50,000					
Business consolidation		£60,000	Qtr 2>	£120,000	>	£100,000	>	£40,000	
Enhance members technology			Qtr 2	£40,000					
centralised post scanning/distribution			Qtr 4	£25,000					
Property gazetteer consolidation			Qtr 4	£25,000					
Self service access points					Qtr 1	£50,000			
Open data					Qtr 4	£15,000			
		<b>£512,000</b>		<b>£430,000</b>		<b>£225,000</b>		<b>£70,000</b>	

**All subject to negotiation - therefore indicative pricing only at present.**

**Final pricing will be dependant upon detailed scoping and statement of works.**

# West Somerset Council and Taunton Deane Borough Council

## Corporate Scrutiny Meeting – 24 October 2013

### Joint Management Structure for West Somerset Council and Taunton Deane Borough Council

#### Report of the Chief Executive, Penny James

(This matter is the responsibility of the Leaders of the Council – Cllr Tim Taylor and Cllr John Williams)

#### A. Executive Summary

This report proposes the creation of a joint management team that will serve both TDBC and WSC.

This proposal is predicated on the Joint Business Case for joint management and shared services being approved along the same time line. If this does not happen then the final report will be withdrawn at Full Council.

The report proposes a joint management structure and a way forward in terms of implementing and recruiting to the structure. A mixture of slot-ins, internal and external recruitment is proposed.

The proposal (if approved) will generate a joint ongoing saving to the General Funds of the Councils of £267.2k. The ongoing saving to TDBC is £277.8k and the annual cost to WSC is £10.6k.

As well as generating an overall saving the proposal brings:-

- greater resilience, critical mass, access to a broader range of skills and experience, and greater ability to drive forward the shared services project whilst protecting 'business as usual' and the focus needed on other initiatives to achieve financial sustainability
- greater ability to drive forward the ambitious agenda of both Councils in relation to the proposed development at Hinkley Point and Taunton's growth agenda
- greater ability to drive forward both Councils' other corporate and community priorities

In addition the proposal seeks to build leadership capacity for the Housing service to maximize the opportunities (and manage the financial risks) that the HRA Business Plan has given TDBC. The additional on-going cost to the HRA is £77.6k per annum.

The report sets out the range of one off costs associated with the proposal. Based on an average cost of redundancy at this level, the estimated total redundancy figures are projected to be £357k, which would likely be incurred £93k WSC, £233k TDBC GF and £31k TDBC HRA. However, in the worse case scenario, where everyone 'at risk' was made redundant the total one-off costs associated with this proposal would be around £1m, including external recruitment costs.

**The views of scrutiny are sought.**

The Leaders, together with the Joint CE will take these, together with the individual staff and UNISON consultation responses into account before a final proposal is put to Full Council at both Councils on 12 November 2013

**B. Background**

- 1 Both Councils approved a mandate to commence a joint project to explore joint management and shared services at their respective Full Councils in February and March 2013.
- 2 The Business Case for the overarching project has been completed and is reported to this meeting as a separate agenda item for Members to consider.
- 3 The Joint CE has already been appointed and formally commences her role from the 24 October 2013. The CE was required to bring forward a proposal for the creation of a Joint Management Team (JMT) as part of the overarching Business Case.
- 4 If the Business Case is not approved this proposal will not be progressed. Both Councils will then have to consider their own arrangements going forward.

**C. Current position**

- 1 Both Councils have Corporate Management Teams (CMT) – and – a joint Chief Executive (CE) has been appointed.
- 2 The current WSC CE will act from 24 October 2013 as an interim Executive Director until the end of March 2014. The Executive Director post is funded by WSC with a view to focusing on work around Hinkley and the sale of assets and in ensuring a safe transition and handover to the new members of the Joint Management Team (JMT).
- 3 The CMT at WSC consists of the CE, a Corporate Director and two Corporate Managers.
- 4 The CMT at TDBC consists of the CE, three Strategic Directors (2.6FTE) and six Theme Managers and two Regeneration Managers who are graded at Theme Manager level, and, are therefore part of this proposal. These two posts are currently funded from TDBC growth reserves until May 2015. One of these posts – the post focused on the commercial aspects of the work - is

a temporary post with the current post holder on a contract that finishes in July 2014. The other Regeneration post is a permanent post.

- 5 WSC currently enjoys support from SCC in the provision of a Section 151 Officer / Chief Finance Officer. WSC have a budget of £20K to provide these services on an ongoing basis and this has been included in the affordability envelope for the JMT. A Strategic Director currently holds the Section 151 role at Taunton Deane Borough Council.
- 6 The WSC and TDBC Monitoring Officer function are held at a senior level. At WSC the role is held by the Corporate Director and at TDBC by the Theme Manager – Legal and Democratic Services Manager.
- 7 A range of PA and support teams provide services to each CMT. At this stage it is not intended to suggest any changes to these arrangements. They will be reviewed as part of the shared services phase of the Business Case implementation.
- 8 The current structure at TDBC is set out in Appendix 1.
- 9 The current structure at WSC is set out in Appendix 2.

**D. Key challenges and issues considered in developing the proposal**

**1 Reflecting Members' Priorities**

- 1.1 The first challenge is to ensure that the structure is Member-led. By this I mean that the structure must reflect the Member priorities for both Councils. I have taken guidance on this from both Councils' Corporate/Business Plans and stated priorities and from conversations with JMAP and other leading Members. I have reflected these conversations in both the structure and the key roles and competencies of each post.
- 1.2 The new JMT also has to be robust and capable of delivering Member priorities and day-to-day services to a standard that is acceptable to both Councils. It is also recognized by Members that whilst the savings from the Business Case are significant they are not the sole answer to the MTFP challenges at both Councils. The JMT needs to drive and implement other Member solutions to the on-going budget gaps.
- 1.3 The JMT must be able to operate across both Councils whilst also recognising that they are serving two separate democratic entities who may continue in the future to have different priorities and different services and service standards.
- 1.4 The team must also collectively drive the transformation or change agenda of both Councils including the implementation of the Business Case, continuing also to seek further opportunities to maximize income and control costs whilst delivering priorities and protecting services that are important to the Councils and their communities.
- 1.5 It is important that Members approve both the structure and the appointment of post holders.

- 1.6 I have recommended 'slot-ins' to some posts to Members where there is either only one member of staff with the relevant qualification and skills within the existing teams or where there is only one applicant following other potential applicants declaring their intention not to apply for a new post in the proposed joint structure.

## **2 The Affordability Envelope**

- 2.1 The second challenge is to ensure that the structure is deliverable within the affordability envelope set in the business case for Joint Management and Shared Services considered earlier in the agenda.
- 2.2 The overarching Business Case requires, for joint management proposals, a saving of 22% against current General Fund costs. This equates to an envelope of £825k per annum of GF resources being available to fund the new JMT giving an effective savings target of £227k.

## **3 Existing issues to be taken into account and resolved in this proposal**

- 3.1 The third challenge is to be sure I have critically evaluated the existing arrangements to ensure that any current issues and gaps at either Council are also addressed. There are four key issues I have considered:-
- (a) The temporary nature of the TDBC regeneration staff funding
- 3.1.1 TDBC needs to ensure this funding is sustainable going forward by properly integrating these posts into the affordability envelope so the funding and the posts all become permanent reflecting Members growth and regeneration ambitions.
- (b) Hinkley Point (HP)
- 3.1.2 WSC needs to ensure it has the capacity to truly maximise the economic and community benefits of the proposed Hinkley Point development whilst mitigating adverse impacts, particularly during the construction period.
- 3.1.3 There is currently a temporary arrangement in place where the WSC Planning Manager is taking on significant additional responsibilities as the effective Programme Manager for the HP project. He advises Members and the CE on all Hinkley matters. He also engages regularly, at a senior level, with Central Government, other key stakeholders and EDF.
- 3.1.4 This additional role should to be recognised – even if on a temporary basis - and properly remunerated going forward.
- (c) The HRA Business Plan and TDBC's landlord function
- 3.1.5 TDBC currently lacks sufficient Officer resources to effectively and safely deliver the HRA Business Plan and TDBC members clear ambitions to develop new HRA properties in the future.
- 3.1.6 TDBC has taken on circa £90 million of debt to enable the HRA to become self-financing and to deliver significant head room to fund a development programme. It would be possible for TDBC to take on further debt in the future should it choose too. This is an exciting opportunity for the Council and



the community which needs to be progressed at pace. With every opportunity comes risk that must also be managed, as the debt needs to be serviced through rent collection. It is therefore critical that TDBC has sufficient leadership capacity to safely and creatively drive the HRA Business Plan and deliver the ambitious development programme.

(d) Financial risk

3.1.7 Both Councils face greater financial risk going forward from the new local government funding streams. We are increasingly reliant on Business Rates in particular and New Homes Bonus. Not only do we need to do all we can to develop these income streams; critically we need to protect and collect what we both currently have. The same can be said of the HRA and the reliance on sustaining, collecting and growing the rent base. Welfare reform and the general economic pressures hitting our communities and businesses are also a risk to our own financial position.

#### **4 Conclusion**

4.1 Overall the proposal has to meet the Members ambitions, be affordable and be robust and fit for the future. Not only does it deliver overall savings; it will also deliver other benefits. These benefits will need to justify additional costs where they fall to either Council or to the HRA.

4.2 The key benefits are: -

- Greater resilience than either Council could have on their own
- Greater critical mass and capacity
- Access to a broader range of skills and experience
- A combined saving to the Council General Funds of £287.6k per annum
- Sufficient leadership and senior operational capacity to deliver Members priorities, the transformation agenda, a sustainable future for both Councils and “business as usual”
- Greater leadership capacity for the HRA at TDBC and the ability to recruit for new skills and experience for delivery of the development programme
- Provide the capacity to maximize the community and economic benefits of the proposed Hinkley Point development.
- Sustainable funding for the delivery of the regeneration of Taunton
- Provides a model for further sharing with other Local Authorities / partners moving forward
- Good fit with current government policy for local government
- The shared JMT will have greater influence at a County, regional and national level

#### **E. The proposed structure**

##### **1 The overall approach**

1.1 The proposed Joint Management Structure is set out in Appendix 3.

1.2 The overall approach is to replicate the current structure of Tier 1 (joint CE), Tier 2 (currently the Directors and proposed to remain Directors with the

addition of the Assistant CE and MO) and Tier 3 (currently the Theme Managers and Corporate Managers and proposed to become the Assistant Directors).

- 1.3 All of the proposed posts will be part of the Joint Management arrangement for both Councils and all of the posts and post holders will serve both Councils.
- 1.4 The proposed Director posts will deliver the strategic leadership and will support key Members and partners / stakeholders in the delivery of Members' priorities.
- 1.5 The Assistant Directors will make a contribution to collective leadership and will support PFH's / Cabinet Leads and their Shadows in service development and delivery.
- 1.6 The Business Case suggests that the cost of Tier 2 posts should be shared 50:50 and the Tier 3 posts should be shared 80:20 (TDBC:WSC).
- 1.7 The current s151 officers have validated this modelling. It has been discussed with both Councils' External Audit Manager. It has also been independently endorsed by the Assurance Review conducted by Local Partnerships (an organisation jointly funded by the LGA and the Treasury).
- 1.8 This proposal broadly takes this approach – but – does depart from it where there is a strong and justified case to do so.
- 1.9 For TDBC the costs are also defrayed across the two funds – General Fund and Housing Revenue Account. The apportioning of costs across TDBC's funds has also been validated by the s151 officer at Taunton Deane Borough Council.
- 1.10 The proposed Joint Management posts have been independently evaluated by South West Councils using relevant market data. These posts will all sit within the JNC for Chief Officers and the post holders will be appointed on spot salaries. The report from SWC is attached at Appendix 4.
- 1.11 The retained HR Manager for both Councils supports the recommendations in the report and these are therefore featuring as part of the proposal and any increases will be funded within the approved affordability envelope.
- 1.12 As set out in the Business Plan TDBC will be the host employer on behalf of both Councils.

## **2 The detailed proposal for the Joint Management Team**

### **(a) Proposed Director and Tier 2 roles**

- 2.1 The proposed Director roles will all have some generic corporate roles. Collectively with the CE they will be responsible for the strategic leadership of the Councils.
- 2.2 These roles include: -

- The strategic leadership of the Councils as part of the wider JMT and specifically as part of the Senior Leadership Team (SLT).
- Supporting Members in developing policy and strategy relating to Directors' key responsibilities.
- Promoting the Councils externally to enhance their image, reputation and status.
- Engaging with key partners and stakeholders to progress the key policies and priorities of the Councils.
- Leading and driving change and results focussed culture that maximises performance against the Councils priorities.
- To provide specific leadership to - and - contribute to any specific corporate project allocated to them by the CE.
- To represent the Councils at sub-regional, regional and national level, negotiating on their behalf and making appropriate strategic decisions.
- To ensure the Councils fulfil their statutory duties.
- Holding the Assistant Directors to account for responsibilities they have been allocated and have accepted.
- To support the Assistant Directors to deliver results
- To promote equality of opportunity in service provision and employment practices.
- To champion all of the Councils' approved governance arrangements and ensure they are adhered to.
- Responsibility for own personal performance development and learning.
- Promote the democratic values and priorities of both Councils and support respective Councillors in fulfilling their leadership and representational role. Work with Councillors to find solutions and options.
- To contribute to the process of organisational change required to bring together the new shared service arrangement whilst maintaining the distinctiveness, quality and constitutional sovereignty of each partner council.
- To be fully committed to maintaining the success and enhancing the strength of the shared services arrangements moving forward.
- To manage performance through coaching and to ensure Assistant Directors develop a coaching culture within services.
- To act as the Councils representative from time to time in relation to civic functions.
- The post holder will make themselves available out of hours should this be required to lead and manage a response to an emergency situation, major civil contingencies or internal Business Continuity issue.

2.3 They will then also have some specific roles as set out below:

(b) Director - Operations

2.4 The key strategic role for this post is to act effectively as the 'Finance Director' for both Councils' and formally as the S 151 Officer for both Councils'. The post will also direct the key corporate, business, and support services as well as the direct front line services with the exception of those relating to housing, planning and economic development. In addition the

postholder will have the role of Deputy Head of Paid Service carrying out this statutory function in the absence of the Chief Executive.

2.5 The key responsibilities of this post are: -

- Section 151 Officer for both Councils
- Leadership of Corporate, Resource and Direct Services
- Deputise for Joint Chief Executive in the Head of Paid Services role

2.6 This post has been evaluated at a salary of £85k. This will be allocated on an 80:20 basis and the TDBC proportion will be split 65:35 to the GF and HRA. The Business Case model is 50:50, but recognising the scale of the WSC business and my later proposal for the AD – Resources to be 50:50 ensuring more resource is dedicated to WSC underneath the Director I believe 80:20 offers both Councils the cover they need at this level.

(c) Director - Housing and Communities

2.7 This post will principally deliver the extra capacity needed to provide strategic leadership to the landlord function at TDBC. The post also takes a wider view on housing and community issues taking responsibility for the strategic housing functions and community development. Similarly with the Asset Management strategy and property this post will provide leadership for all assets across both the HRA and GF ensuring both funds maximise the use of return from our asset base.

2.8 The key responsibilities of this post are: -

- Leadership of HRA Business Plan
- Leadership of Strategic Housing, private sector housing, community development and Community Partnerships
- Leadership of all housing and community development based services
- Working with the Director of Growth and Development to ensure that the community impact of Hinkley Point is managed

2.9 This post has been evaluated at a salary of £80k. As this role has a primary focus on the HRA at TDBC it will not be funded 50:50 but will be allocated on a 90:10 basis and the TDBC proportion will be split 80:20 to the HRA and GF, respectively.

(d) Director - Growth and Development

2.10 This post is an externally focussed post providing strategic leadership and direction to the growth and development functions. The post will balance the need to ensure that the Councils and their areas are providing the planning framework and right environment for growth and development which will required close work with a range of partners – and – the need to be externally focussed seeking new investment into the Council areas and maintaining the relationships needed to support and retain existing businesses.

2.11 The key responsibilities of this post are: -

- Leadership of overarching growth and economic prosperity agenda for both Councils, including the proposed Hinkley Point development and the regeneration of Taunton
- Maximising inward investment and business retention
- Maximising planned housing delivery
- Protecting quality and sustainability of development

2.12 This post has been evaluated at a salary of £80k. This will be allocated on an 80:20 basis and the TDBC proportion will be wholly funded by the GF. This reflects the scale of the WSC and TDBC growth and regeneration ambitions.

(e) Assistant CE and Monitoring Officer

2.13 It is proposed to have a role at Tier 2 that is not a Directors role (which will reflect in the remuneration and therefore does not share the Directors generic corporate roles) – but – is a key Tier 2 role in terms of providing on-going support to Members and the CE and importantly is the Monitoring Officer for both Councils. It is my view that having the two other statutory officers reporting directly to the CE/Head of Paid Service is the best arrangement for the effective governance of both Councils.

2.14 The key responsibilities of this post are: -

- Monitoring Officer for both Councils
- Member / Democratic development and support
- Scrutiny development and support
- Leadership of Corporate Governance agenda
- Development and delivery of sound constitutions
- Support to Town and Parish Councils
- Support to WSC Area Panels and Taunton Deane LSP
- Support to CE in Head of Paid Service role
- Legal Services
- Communications and PR
- Elections

2.15 This post has been evaluated at a salary of £63.5k. This will be allocated on a 50:50 basis and the TDBC proportion will be split 65:35 to the GF and HRA. The Business Case model for Tier 2 posts is 50:50 and this is replicated in my proposal. The Monitoring Officer role split reflects the same thinking as the cost sharing of the CE. They both exist to serve both democratic bodies and each deserves and will need similar support. Each Council – regardless of the number of Members – has to fulfil obligations, and will have Full Council and Cabinet/Executive meetings taking key decisions. This all needs support and reflects the Members desire to remain as separate democratic bodies.

(f) Proposed Assistant Director / Tier 3 posts

2.16 The proposed Assistant Directors roles and Assistant Chief Executive role will all have same generic corporate roles as follows: -

- Individual and collective responsibility for the corporate management of the Councils as part of the wider JMT and specifically the Senior Management Team (SMT).

- Delivery of a results focussed culture which maximises performance in allocated service areas.
- To hold service leads and any contractors/partners delivering services to the Council to account for the responsibility they have been allocated and have accepted
- To support the service leads to deliver results
- To deliver equality of opportunity in service provision and employment practices
- To deliver all of the Councils' approved governance arrangements and ensure they are adhered to
- Resource management and delivery of financial targets
- To lead and contribute to any specific corporate project allocated to them by the CE or Directors
- To support the joint management and shared services arrangements through effective management of the political relationships with Members across the Councils, supporting all aspects of the democratic process
- To lead on ensuring all PFH's/Cabinet Members and their Shadows are briefed and involved in service issues, as appropriate
- To actively participate and promote a "one team" culture, promoting and supporting the Councils' values and achievements to staff, partners and the wider community
- Identify and implement new practices and technologies to continuously develop services also ensuring good value for money
- To work collaboratively, flexibly and with any services of the Councils
- To be responsible for own personal performance, development and learning
- Supporting and contributing to Council meetings and good governance
- To manage performance through coaching and to assist Service Heads/Leads to develop a coaching culture within their teams/services
- To act as the Councils representative from time to time in relation to civic functions
- The post holder will make themselves available out of hours should this be required to lead and manage a response to an emergency situation, major civil contingencies or internal Business Continuity issue

2.17 These Assistant Director posts have all been evaluated at a salary of £60k and are allocated and proportioned according to their functions.

2.18 They will then also have some specific roles as set out below: -

(g) Assistant Director (AD) – Corporate Services

2.19 This post will be responsible for all of the traditional corporate support and business services irrespective of how the Councils' currently deliver them. Specifically the post will be responsible for the following functions and the staff delivering them:-

- Senior Responsible Officer (SRO) for the SWOne partnership
- Client for SWOne Partnership
- HR and Payroll

- Customer Services
- ICT and information/data management
- Complaints and FOI
- Performance and Risk Management
- Audit
- Corporate Strategy and Business Planning
- Facilities Management
- Programme Management

2.20 This post has been evaluated at a salary of £60k. This will be allocated on an 80:20 basis and the TDBC proportion will be split 65:35 to the GF and HRA.

(h) Assistant Director (AD) – Operational Delivery

2.21 This post will be responsible for all of the front line operational services (with the exception of housing, planning and economic development) irrespective of how the Councils' currently deliver them. Specifically the post will be responsible for the following functions and the staff delivering them:-

- Environmental Health
- Community Protection & Community Safety (including Corporate Health & Safety function)
- DLO including
  - Building services
  - Parks and open spaces
  - Highways
  - Street cleansing, litter collection and public convenience cleaning including Vieola client
- Building Control
- Community Leisure, including Tone Leisure Client
- Waste, including Somerset Waste Partnership Client
- Car Parking, including Somerset County Council Client
- Business Continuity and Civil contingencies
- Harbours, beaches and coast protection
- Crematorium
- Cemeteries
- Deane Helpline

2.22 This post has been evaluated at a salary of £60k. This will be allocated on an 80:20 basis and the TDBC proportion will be split 80:20 to the GF and HRA as there are less HRA funded services in this area.

(i) Assistant Director (AD) – Resources

2.23 This post will be responsible for the services important to the financial health of the Councils. Strategically the post will help manage the new and on going financial risks the Councils' face.

- Deputy s151 Officer
- Accounting
- Budgeting and forecasting
- Treasury Management
- Exchequer Services (creditors and debtors)

- Insurance
- Procurement
- Benefits
- Revenues
- Fraud Prevention & Detection

2.24 This post has been evaluated at a salary of £60k. This will be allocated on a 50:50 basis as explained in Para 2.5 and the TDBC proportion will be split 65:35 to the GF and HRA.

(j) Assistant Director (AD) – Housing & Community Development

2.25 This post will be responsible for all strategic housing; the people based landlord housing services and community development within our key estates and within other geographical areas where we are not the major landlord. Specifically the post will be responsible for the following functions and the staff delivering them:-

- Homelessness
- Housing Advice
- Private Sector Housing
- Housing strategy
- Community Strategy (including Priority Area Strategy, HRA and GF)
- Community Development (HRA & GF)
- Health and well being
- Family Focus
- Climate Change (HRA & GF)
- Housing Management (HRA)
  - Estates
  - Supported Housing
  - Lettings
  - Income
  - Tenants' Empowerment

2.26 This post has been evaluated at a salary of £60k. This will be allocated on an 80:20 basis and the TDBC proportion will be split 20:80 to the GF and HRA.

(k) Assistant Director (AD) – Property and Development

2.27 This post will be responsible for all of the property and the asset management functions, both for the HRA and for the GF. This means this post, whilst sitting in the “housing area” needs to operate corporately in terms of asset management, also contributing to our broader regeneration ambitions. In addition it will also be responsible for the affordable / social housing development the Councils’ deliver directly through the HRA or in conjunction with RSL partners. Specifically the post will be responsible for the following functions and the staff delivering them:-

- Property Services (HRA and GF)
- Asset Management (HRA & GF)
- Development (HRA & GF)
- Housing Enabling



2.28 This post has been evaluated at a salary of £60k. This will be allocated on a 90:10 basis reflecting the greater HRA focus in this role compared to the others, and the TDBC proportion will be split 20:80 to the GF and HRA.

(l) Assistant Director (AD) – Planning & Environment

2.29 This post will be responsible for creating an environment necessary for growth and prosperity leading on all of the planning strategy and functions and the infrastructure delivery needed to ensure our 'places' are ready to attract and embrace growth. The post will also be responsible for ensuring that growth and development is sustainable and the nature and quality of our environment is protected. Specifically the post will be responsible for the following functions and the staff delivering them:-

- Development Management
- Planning Policy
- Master planning
- Major regeneration schemes
- Major urban extensions
- Planning obligations including CiL and Section 106
- Infrastructure
  - Strategy
  - Delivery
- Heritage and Landscape

2.30 This post has been evaluated at a salary of £60k. This will be allocated on an 80:20 basis and the TDBC proportion will be wholly funded by the GF.

(m) Assistant Director (AD) – Business Development

2.31 This post will be a strong business advocate who is outward focussed, creative and commercial. They will be responsible for attracting, sustaining and developing business and inward investment. This post will be externally focussed and will bring wider commercial skills to the Councils. Specifically the post will be responsible for the following functions and the staff delivering them:-

- Inward Investment
- Business support and retention
- Tourism
- Marketing and Events
- Economic development
- Cultural development
- Providing commercial input across both Councils
- Economic Partnerships
  - Into Somerset
  - Town Centre Company
  - Chambers of Commerce

2.32 This post has been evaluated at a salary of £60k. This will be allocated on an 80:20 basis and the TDBC proportion will be wholly funded by the GF.

### **3 Other structural issues**

#### **(a) Business / Corporate Support**

3.1 Each “director area” should be supported by robust Business Support functions. This will be a priority for the Directors to progress as an early phase of the shared service proposals. They will be reviewed as part of the shared services phase of the Business Case implementation.

#### **(b) Programme Management - Transformation**

3.2 Whilst the on going transformation and project work will be led by the CE and the new JMT the work also needs to be supported at both Councils by robust programme and project management arrangements.

3.3 I believe a permanent programme management function will be required to not only support the delivery of the Business Case implementation but also the other projects currently important to both Councils now and in the future.

3.4 This function would report to the AD – Corporate Services.

3.5 This function should be shaped and delivered as an early part of the Tier 4 element of the shared services proposal once the AD – Corporate Services is in post. The funding will come from the affordability envelope allocated to this area.

3.6 As this function is needed immediately to ensure continuity of support for the Business Case implementation sufficient funding was included in the “transition” costs to allow this role to be carried out on a temporary basis until April 2014.

#### **(c) Programme Management – Hinkley Point**

3.7 The proposed Hinkley Point C development is one of the biggest construction projects in Western Europe.

3.8 WSC is also involved in work of the National Grid to connect up to the Bristol area. For WSC they have the sole responsibility for being the Planning Authority and a shared responsibility with Central Government and other Local Authority partners in securing much wider economic and community benefits. Whilst collaborative working is vital, it is equally important that WSC punches above its weight in terms of securing what is right and fair for its local community.

3.9 To date WSC have been successful in engaging with the different tiers of government, EDF, other stakeholders and its local communities. This has been to the credit of Members and staff and, in particular, the CE, the Planning Manager and staff that have been funded by EDF.

3.10 At this point in time there is a hiatus in progress on site as Central Government and EDF continue to negotiate on the “strike price” which is essentially the price the government will “guarantee” for the electricity generated. There are in addition a number of other issues that will require a resolution prior to the Board of EDF making a ‘Final Investment Decision (FID). However, I believe it is important that WSC continue to ensure they are

best positioned to take up the challenges should Hinkley Point C progress to full construction.

- 3.11 As part of this proposal the Director of Growth and Development will be the senior lead on Hinkley Point. Supporting roles will be needed similar in nature to those currently deployed by WSC. In the interim whilst we await the FID I would recommend that WSC extend their current arrangements for programme management and recognise the role that their Planning Manager has had and will continue to have in this regard.

## **F. Implementation of the proposal**

- 1 In HR terms all of the current post holders, from both Councils CMTs, apart from those recommended as direct slot-ins, are effectively “at risk” and are therefore within the “pool” or “ring fence” for any of the new roles in the proposed JMT. The ring fence effectively has two levels – those post holders currently occupying the Tier 2 posts and those occupying the Tier 3 posts.
- 2 The implementation proposal set out below deals with Tier 2 posts first, the Monitoring Officer posts that effectively straddle the tiers and the Tier 3 posts.

### **3 Tier 2 posts and the Monitoring Officer role**

- 3.1 As stated earlier in this report, the appointments to the new JMT are ultimately Member appointments and any direct recommendations for appointment that I make in this report via the “slot in” mechanism will require formal approval by both Full Councils. This is effectively the mechanism used to appoint the current Joint Chief Executive.
- 3.2 In recommending “slot ins” to Members it is essential to ensure that the individuals involved meet the required competencies.
- 3.3 In some circumstances the ability to propose a “slot-in” arises because there is only one suitable candidate in the pool. This may occur through accepting at this early point any declaration from another member of staff at risk that they do not to intend apply for a new role in the JMT.
- 3.4 In these circumstances I have ensured that neither Council is in effect accepting a declaration that would leave the Council needing to recruit externally for the skills and competencies these people have.
- 3.5 I am proposing for consideration by Scrutiny - before final recommendation to Full Council - the following “slot ins” and internal recruitment: –
- (a) **Director - Operations**
- 3.6 This post will need to have an approved professional financial qualification to take up the role of s151 Officer.
- 3.7 There is only one suitably qualified officer in the ring-fence and this is Shirlene Adam. I also believe that she meets the full requirements of the Job Description and Person Specification (which includes the key competencies).

3.8 I am therefore proposing to recommend to Full Council on the 12 November 2013 that Shirlene Adam be “slotted in” and appointed to this role. She would commence this new role from the 1 January 2014.

(b) Director - Growth and Development

3.9 During the course of informal consultation on the creation of a new JMT two of the current post holders in the ring fence for a new Director role, (Joy Wishlade and Bruce Lang) have made it clear that they do not wish to take up a new post at this level, or at all.

3.10 As a consequence Brendan Cleere is the only candidate in the ring fence for this new post.

3.11 He is currently the Strategic Director at TDBC responsible for the Growth & Development area. The new joint role is also focused on this business area. I believe that he meets the requirements of both the new Job Description and the Person Specification.

3.12 I am therefore proposing to recommend to Full Council on the 12 November 2013 that Brendan Cleere be “slotted in” and appointed to this role. He would commence this new role from the 1 January 2014.

(c) Director - Housing and Communities

3.13 There are no candidates in the Tier 2 element of the ring fence that meet the requirements of this post.

3.14 I believe that the required skills and experience does exist in the wider JMT ring fence and therefore I am proposing that Members approve an internal recruitment process ring fenced to the Officers at Tier 3 in the first instance.

3.15 If a successful internal recruitment from the ring fence pool were not to be made I would recommend the post then be advertised externally.

(d) Assistant CE and Monitoring Officer (MO)

3.16 It is essential this post holder has experience of the Monitoring Officer role and of supporting Members and the CE.

3.17 There are two Officers in the ring fence who meet this requirement and the requirements of the Job Description and Person Specification.

3.18 During the course of informal consultation on the creation of a new JMT one of the Monitoring Officers, in the ring fence, Tonya Meers, has made it clear that she does not wish to take up a new post in the new JMT.

3.19 As a consequence Bruce Lang is the only candidate in the ring fence for this new post.

3.20 He is currently the MO at WSC responsible for the range of services the new joint post will also have under their control. I believe that he meets the requirements of both the new Job Description and the Person Specification.

- 3.21 In addition, in terms of blend of experience and knowledge, this slot in enables Members at WSC and the Joint CE to have some guaranteed 'continuity' at a senior level within the JMT from the existing Tier 2 level of the WSC CMT.
- 3.22 I am therefore proposing to recommend to Full Council on the 12 November 2013 that Bruce Lang be "slotted in" and appointed to this role. He would commence this new role from the 1 January 2014.
- 3.23 The role of Solicitor to the Council for West Somerset Council will continue to be delivered as part of their current Legal Services partnership with Mendip District Council pending the consideration of a wider Business Case for shared legal services. For Taunton Deane Borough Council this role will be carried out in the interim by the current Legal Services Manager, again pending the consideration with Mendip and West Somerset Council of a wider legal shared service.

#### 4 Tier 3 Assistant Director posts

- 4.1 I am proposing that these posts are recruited internally from the ring fence of those Officers remaining at risk within the JMT pool with the exception of the following four posts: -

(a) AD – Planning and Environment

- 4.2 This post will need to have an approved professional planning qualification.

- 4.3 There is only one suitably qualified Officer in the ring-fence and this is Tim Burton. I also believe that he meets the full requirements of the new Job Description and Person Specification (which includes the key competencies).

- 4.4 I am therefore proposing to recommend to Full Council on the 12 November 2013 that Tim Burton be "slotted in" and appointed to this role. He would commence this new role from the 1 January 2014.

(b) AD – Business Development

- 4.5 I am proposing that this post should go straight to external recruitment.

- 4.6 The closest match to this role is the current TDBC Regeneration Manager role that focuses on the commercial aspects of the TDBC regeneration programmed. This is a temporary post due to end in July 2014.

- 4.7 The new role also has a wider brief than any existing post in either organisation.

(c) AD – Resources

- 4.8 I am proposing that this post should go straight to external recruitment.

- 4.9 The post holder must have a suitable financial qualification to take up the proposed Deputy s151 role – and – none of the post holders at risk at Tier 3 level are suitably qualified.

(d) AD – Property and Development

4.10 I am proposing that this post should go straight to external recruitment.

4.11 This is a role and post new to both Councils and none of the post holders currently at risk have the full range of skills and experience required for the new role.

**G. Appointment process**

1 Members will be involved in all appointments either by approving all or some of the proposed slot ins at Full Council – and – through involvement in all internal and external recruitments.

2 Appendix 5 sets out the procedure for the implementation of these proposals.

**H Consultation and support arrangements**

1 The joint CE supported by the WSC CE has carried out informal consultation with all individuals affected by the proposal. I have also consulted with JMAP members and with the Leaders and relevant PFH's.

2 Formal consultation took place at the Joint UNISON Board of the 6 September 2013 on the implementation arrangements – and – on the 9 October 2013 on the substantive proposals. Branch Secretaries were formally notified in writing of the proposals, procedures to be followed etc on the 1 October 2013.

3 Formal consultation has also commenced with all affected staff based on the detail in this proposal. As a consequence a number of staff are formally at risk of redundancy on 1 October 2013.

4 Formal consultation will close on the 31 October 2013 and will be used to inform the final proposal going to Full Council at both Authorities. Any interim responses received will be verbally reported to the scrutiny meetings.

5 Support is being given to all staff affected by the proposal.

**I HR consequences of the proposal**

1 The slot-ins proposed arise in some circumstances due to other at risk individuals expressing their intent not to apply for certain posts or any post in the new JMT.

2 Current policy encourages the Councils to actively consider these expressions, some of which are essentially requests for voluntary redundancy. It is however important that the Councils are certain they can safely accept these requests in terms of the skills no longer being needed or being able to be found elsewhere in the establishment without incurring additional on going or one off termination costs than is strictly necessary.

3 In developing this proposal I have taken the policies and requests into account. The consequence is that should this proposal ultimately go forward intact to Full Council with a recommendation for approval the following members of staff will be made redundant on a voluntary basis: -

- Strategic Director TDBC – Joy Wishlade
  - Theme Manager TDBC – Legal & Democratic Services and MO – Tonya Meers
  - Corporate Manager, WSC – Steve Watts
- 4 These requests have facilitated the proposed slot ins to the Director of Growth & Development and Assistant CE and MO posts.
- 5 The post holders named above will be made redundant, Joy Wishlade and Tonya Meers will leave the authority on the 31 March 2014. Steve Watts will leave on the 31 December 2013. In the interim they will facilitate hand-overs, completion of projects due before they leave and the development of the shared services proposals.
- 6 The one off cost of this proposal is therefore £213k, to be borne £64k by WSC, £131k by TDBC's GF and £18k by TDBC's HRA. The details are set out in the confidential appendix 7.
- 7 If the slot-ins are not approved then external recruitment will be required and the four post holders where slot ins are proposed will then be at risk of redundancy and formal consultation with them will begin.
- 8 The potential additional one off cost should Members not approve any of the slot ins and the current post holders be made compulsory redundant would be approximately £419k, which would be borne £186k by WSC, £202k by TDBC's GF and £31k by TDBC's HRA.
- 9 Should the slot ins not be approved and the internal recruitment process not be successful, the maximum one-off cost for redundancy and external recruitment could be almost £1m.
- 10 However, based on an average cost of redundancy at this level, the estimated total redundancy figures are projected to be £357k, which would likely be incurred £93k WSC, £233k TDBC GF and £31k TDBC HRA.
- 11 Provision would also need to be made for the cost of external recruitment. As the proposal stands there are three posts recommended for external appointment and the costs of the process can probably be found from existing budgets. Should this number rise to six then Members may be requested to approve a one off supplementary estimate to fund the costs. As an indicator this would cost circa £18k for a set of appropriate national advertisements.
- 12 Increasing the scale of external recruitment beyond the implementation proposal set out here could also delay the implementation of the entire JMT as it would make sense to complete the recruitment to Tier 2 posts before recruiting to Tier 3 posts. This could mean the entire team would not be in place until July 2014, which would have a knock on effect on the pace of implementation of the Business Case and shared services.

## **J Finance Comments**

- 1 The cost of the new Joint Management Team comfortably fits within the affordability envelope that was recommended by the Joint Project Board and

approved by the Joint Members Advisory Panel. This affordability envelope of £825k gives the combined General Funds of TDBC and WSC a saving of £227k from the current total GF cost of senior management of £1.052m.

- 2 The proposals contained within this report would cost the combined GFs £784.7k, producing a total saving of £267.2k. Although there is a total saving to the combined GFs of this amount, WSC will actually incur an additional cost of £10.6k under this proposal, due to the current relatively low level of remuneration for their senior management and the small size of the management team. TDBC's GF, on the other hand, will save £277.8k.
- 3 The impact on TDBC's HRA of this proposal will be an additional cost of £77.6k. This additional on-going cost to the HRA will provide greater resilience to the Housing Revenue Account at a time when both its size and its importance to TDBC are growing.
- 4 If the proposed slot-ins and redundancies contained within this report are approved, there will be a one-off cost of £213k, to be borne £64k by WSC, £131k by TDBC's GF and £18k by TDBC's HRA. The potential additional one-off cost should Members not approve any of the slot-ins and the current four post holders were to be made compulsorily redundant would be approximately £419k, which would be borne £186k by WSC, £202k by TDBC's GF and £31k by TDBC's HRA.
- 5 Should the slot-ins not be approved and the internal recruitment process not be successful, the maximum one-off cost for redundancy and external recruitment could be almost £1m. However, based on an average cost of redundancy at this level, the estimated total redundancy figures are projected to be £357k, which would likely be incurred £93k WSC, £233k TDBC GF and £31k TDBC HRA.
- 6 The financial assumptions made – and – impacts of this proposal have all been signed off by the s151 Officer at each Council.

## **K Engagement with Members**

- 1 Members will play a pivotal role in the success of the new JMT.
- 2 The proposed structure and posts together with their accompanying job descriptions and competency based person specifications have been based around Member priorities.
- 3 It is important leading Members support the CE in ensuring that annual appraisals and resultant delivery plans for each member of JMT set clear strategic direction and targets based on Members aspirations, priorities and requirements.
- 4 All Members hold an important role in helping the new JMT to be a success and in supporting all of the new arrangements that will be driven by the Business Case. This ranges from keeping abreast of the changes, influencing where they can, through briefings and other communications. There will be specific work streams notably connected to the broader transformation agenda and future of service provision that it is critical all Members steer and become fully involved in.



- 5 There is a renewed opportunity to put effort and emphasis into Member development across, within and at an individual level at each Council.
- 6 The independent sovereignty of the two Councils must absolutely be respected and maintained.
- 7 This does not mean however that there is no need for Members to also change the way they interact with each other and Officers.
- 8 There is more capacity in the JMT than there would be in two separate CMTs of the future – but – there is inevitably less capacity than there is now. Members can assist the JMT in particular by accepting that accessibility does not always mean face – to – face visibility – and – in accepting that joint work / briefings on common areas of importance are sensible

## **L Conclusion**

- 1 I believe that this proposal delivers against the objectives and challenges I have been given.
- 2 They deliver a robust and effective JMT within the General Fund affordability envelope.
- 3 It also delivers resilience, capacity and an ability to deliver both Councils' wider ambitions whilst also ensuring there is sufficient capacity to manage both "business as usual" and the further transformation that will be required to ensure a sustainable future for both Councils'.
- 4 It also addresses the issue of lack of capacity in the HRA function at TDBC albeit at an additional cost to the HRA. This is appropriate in view of the ambitions of Members to further progress development.
- 5 The ability to recommend what I believe to be excellent slot in proposals would allow the new JMT to get off to a flying start given that the majority of Tier 2 posts would be able to be filled quickly enabling the Business Case implementation and recruitment to the remaining posts to go forward quickly. This also minimises the key risk to business continuity. It also minimises compulsory redundancies and recruitment costs.
- 6 The majority of posts will require the establishment of Member recruitment panels and we have an agreed process for establishing these quickly.
- 7 I believe that it is possible to have the vast majority of the proposed JMT up and running by the 1 January 2014. The external recruitment proposed will take longer and it is probable that these posts will not be able to be in place until March/April 2014. If any external recruitment becomes required as a result of internal recruitment not being successful or slot ins not being approved these posts may not be in place till July 2014.

## **M Legal Comments**

- 1 There are no direct legal implications arising from this report.

2 The report deals with all of the statutory roles the Councils' need to have on the establishment.

## **N Links to Corporate Aims**

1 This report proposes a structure which reflects the current corporate priorities of both Councils.

## **O Environmental Implications**

1 There are no direct environmental implications arising from this report.

## **P Community Safety Implications** (if appropriate, such as measures to combat anti-social behaviour)

1 There are no direct community safety implications arising from this report.

## **Q Equalities Impact**

1 Under the Public Sector Equality Duty, there is a requirement to carry out an analysis of the effects on equality of existing and new policies and practices. This includes the effect on employees as well as the community.

2 An Equality Analysis has been carried out and is reproduced at Appendix 6.

## **R Risk Management**

1 The risks associated with the creation and implementation of the overarching Business Case are set out in the proceeding report and at Appendix H to the Business Case document. Many also relate to the creation of the Joint Management Structure. Members should take these into consideration as part of this proposal as well.

2 The key risks I would highlight are:-

- Breakdown in relationships between Leaders – and Leaders and the Chief Executive.
- Loss of local political support for shared services
- Not meeting Member's expectations
- Existing projects and priorities impacted by Shared Services (and joint management) implementation
- The project takes focus away from other actions/projects needed to resolve the MTFP
- Loss of knowledge/key personnel
- Individuals workload increases

3 These risks will need to be continually reviewed and actively managed with respect to the overarching Business Case and the implementation of the Joint Management proposals.

## **S Recommendations**

1 The views of Corporate Scrutiny are requested on the overall proposal.

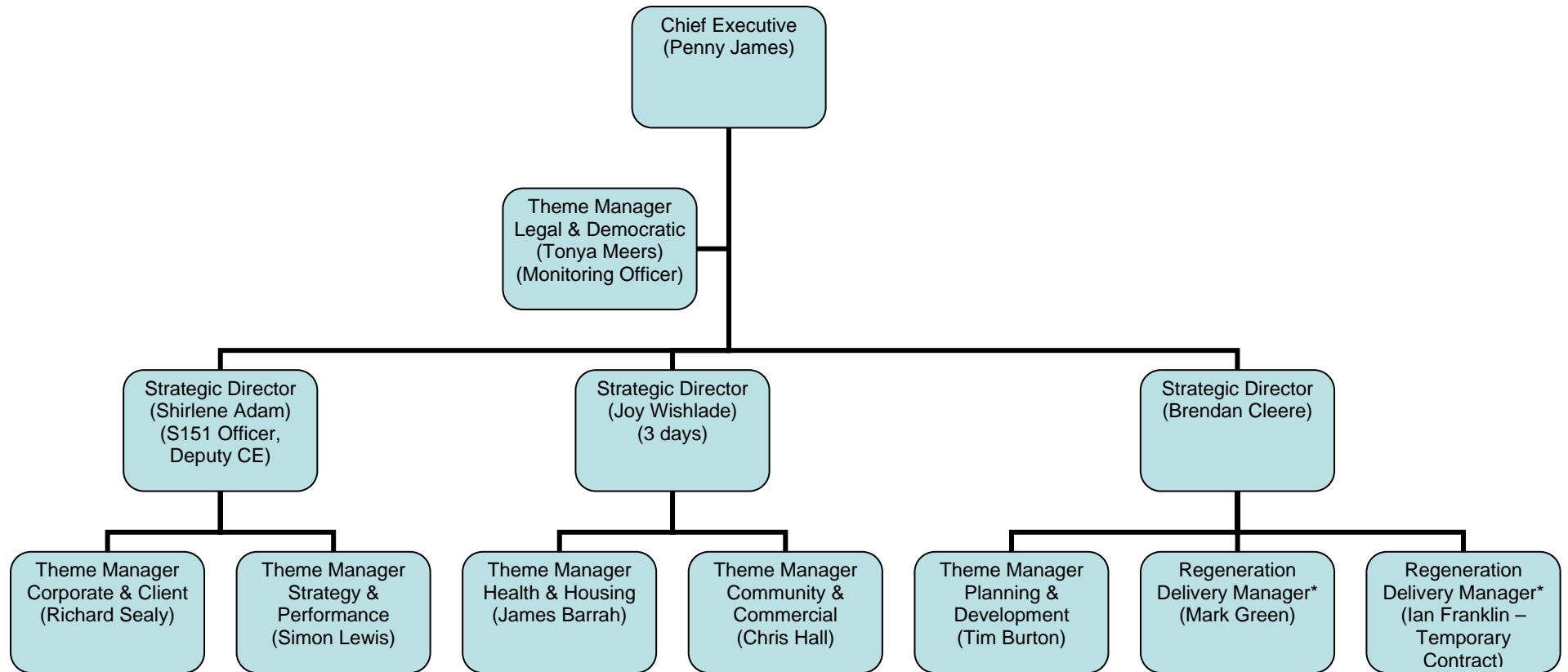
**Contact:** Penny James, Chief Executive Officer  
Direct Dial No 01823 356421  
E-mail address [p.james@tauntondeane.gov.uk](mailto:p.james@tauntondeane.gov.uk)

Martin Griffin, Retained HR Manager  
Direct Dial No 01823 356533  
E-mail address [m.griffin@tauntondeane.gov.uk](mailto:m.griffin@tauntondeane.gov.uk)

## APPENDICES

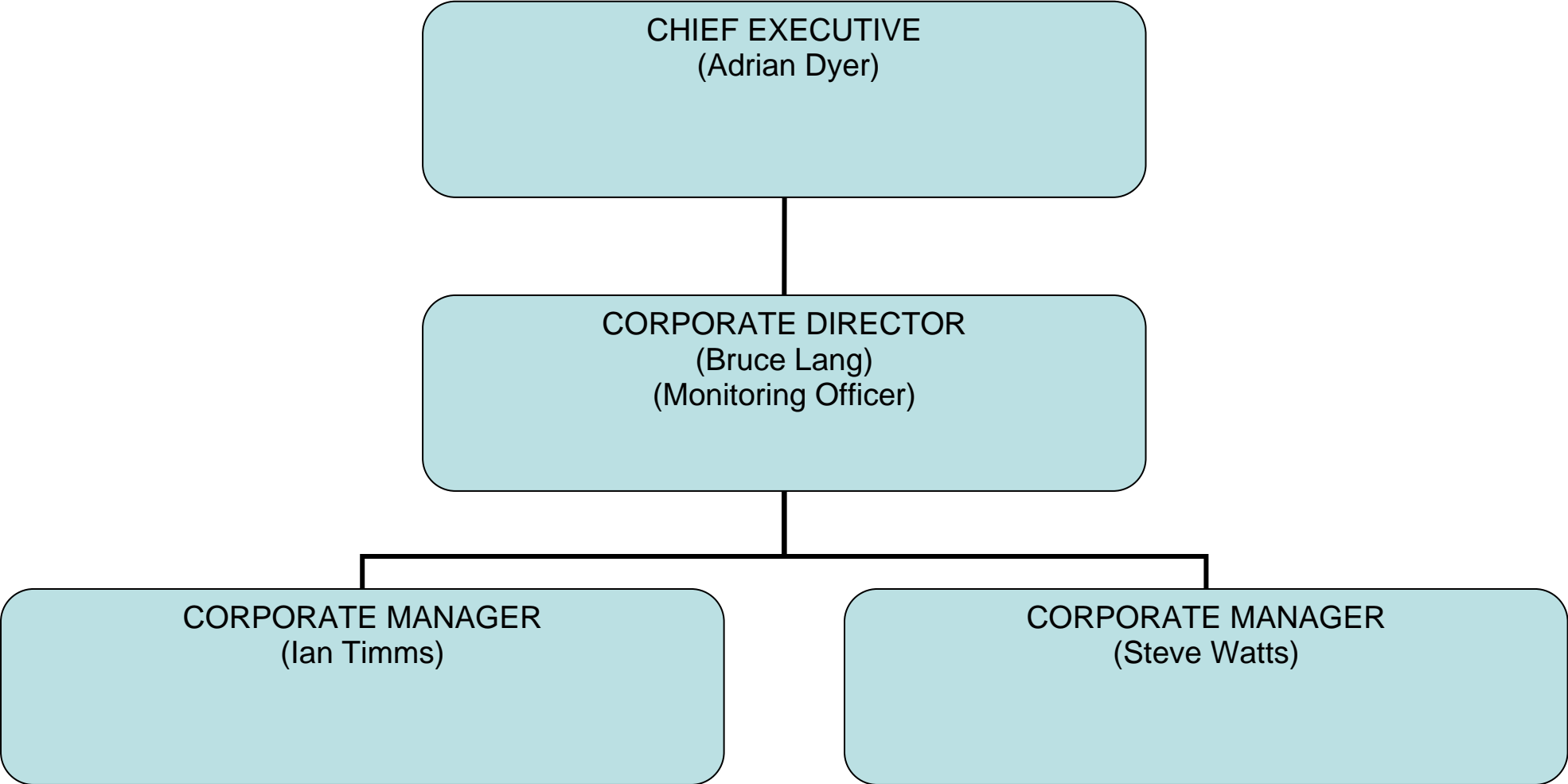
APPENDIX	TITLE	PAGE NO
1	Current Structure (Taunton Deane Borough Council)	25
2	Current Structure (West Somerset Council)	26
3	Proposed Joint Structure (Taunton Deane Borough Council & West Somerset Council)	27
4	SWC report on Remuneration of Shared Management Team	28
5	Detailed Implementation Plan	35
6	EIA	37
7	Separate to Main Report - Confidential Financial Implications	

## APPENDIX 1 – CURRENT STRUCTURE (TAUNTON DEANE BOROUGH COUNCIL)

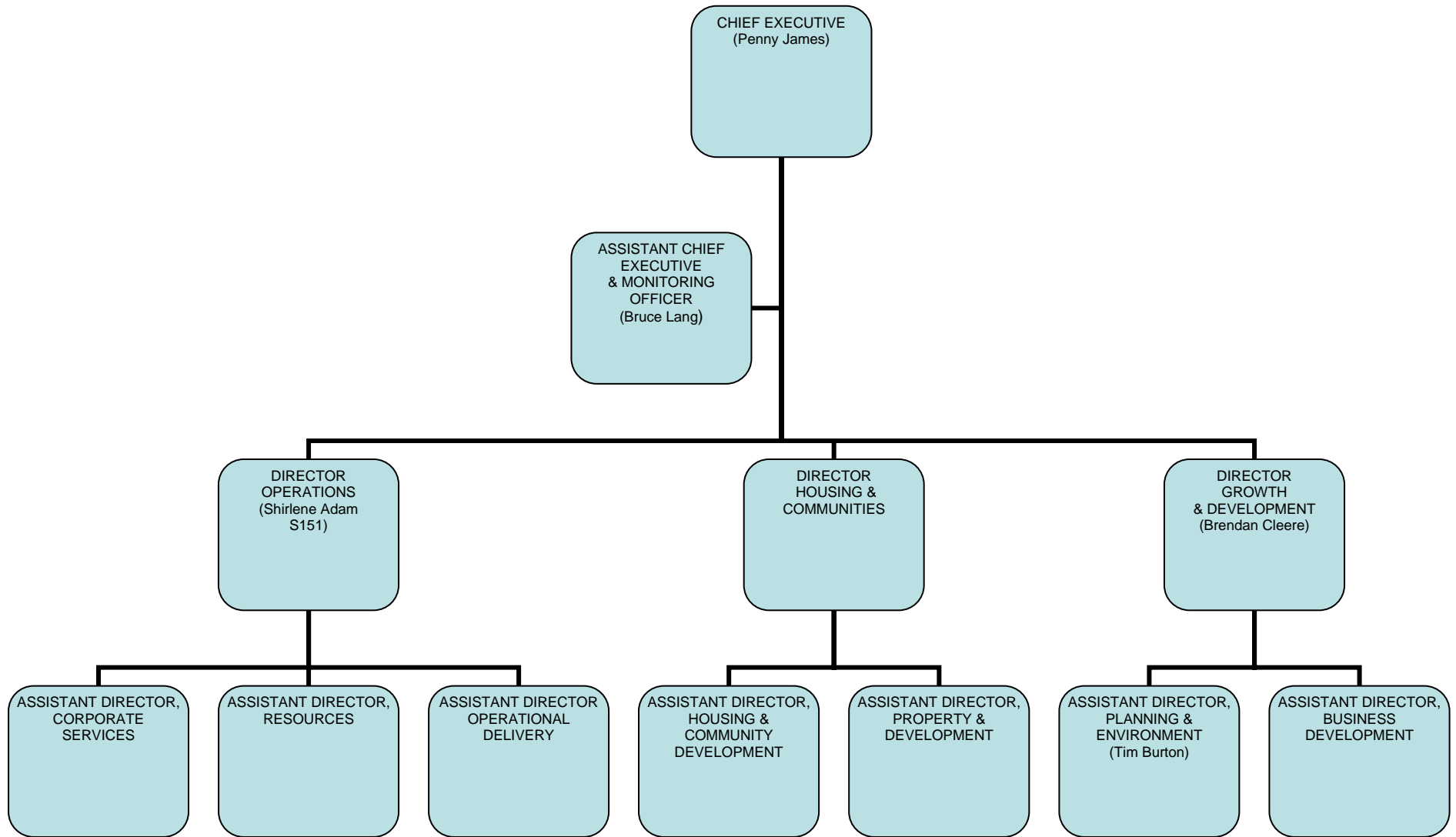


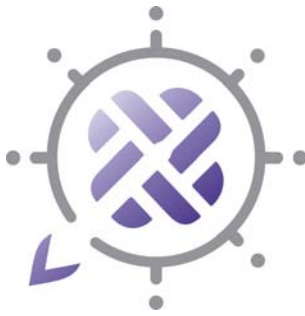
\* Posts currently funded from Taunton Deane Borough Council Growth Reserves

**APPENDIX 2 – CURRENT STRUCTURE (WEST SOMERSET COUNCIL)**



**APPENDIX 3 – PROPOSED JOINT STRUCTURE (TAUNTON DEANE BOROUGH COUNCIL & WEST SOMERSET COUNCIL)**





**SOUTH WEST COUNCILS**

## **TAUNTON DEANE BOROUGH COUNCIL & WEST SOMERSET COUNCIL**

### **Remuneration of Shared Management Team**

#### **1. Introduction**

- 1.1 South West Councils was commissioned to produce a report for the Joint Member Advisory Panel outlining options regarding the remuneration of the management structure following the recent decision of both Taunton Deane Borough Council and West Somerset Council to share a Chief Executive and Management Team.

#### **2. Methodology**

- 2.1 The following potential joint management structure has been provided:

Chief Executive

Deputy Chief Executive & S151 Officer

Strategic Director (x3)

Assistant Chief Executive & Monitoring Officer (reporting directly to the CE) Assistant Directors (x8 including the Transformation Manager and Head of Finance)

- 2.2 In 1997 the Joint Negotiating Committee (JNC) for Chief Executives of Local Authorities agreed a framework for determining the pay and grading of Chief Executives. The relevant components are:-

- (a) The relationship of the Chief Executive's current salary to the National Benchmark salaries.



- (b) Consideration of any special market forces.
- (c) Comparisons with other relevant authorities.
- (d) Special local factors not common to authorities of similar size and type.
- (e) Special adjustments to reflect contractual terms such as a fixed term contract, or performance considerations.
- (f) Consideration of special payments, such as election fees.

2.3 In recent years it had been found more informative to utilise the data from the LGA's annual 'Salaries and Numbers Survey of Chief Executives and Chief Officers' when considering the remuneration for the JNC for Chief Executives and the JNC for Chief Officers. However, this data is no longer formally collected in light of the Government's transparency agenda which requires all public sector employers to publish the salaries of its top earning employees. In essence this means that individual employers need to undertake their own data collection exercise. Clearly with over 350 local authorities it is difficult for any single organisation to resource data collection across this group, however, the regional employers' organisations of which South West Councils is one, have worked collaboratively to develop an online pay benchmarking system (Epaycheck) to enable local authorities to upload their own data and in return they gain access to data within the system through a series of standard or customised reports. This data will be used to inform this review.

### 3. Chief Executive

Dealing with each of the above components in turn:-

3.1 Taunton Deane Borough Council has a population of approximately 109,000 and West Somerset District Council has a population of approximately 36,000, and the Joint Chief Executive's existing salary of £100,786.

3.2 The relevant national and regional data available through Epaycheck is as follows:

Average salary of Local Authority Chief Executives: (83 authorities)	<b>£134,031</b>
---	-----------------

Average salary of SW Local Authority Chief Executives: (15 authorities)	<b>£122,058</b>
--	-----------------

Average salary of District Authority Chief Executives: (36 authorities)	<b>£106,857</b>
--	-----------------

Average salary of SW District Authority Chief Executives: **£100,171**  
(7 authorities)

Average salary of SW District Authority Joint Chief Executives:  
**£111,400** (5 joint arrangements)  
**(excluding PRP)**

Average salary of SW District Authority Joint Chief Executives:  
**£113,400** (5 joint arrangements)  
**(including PRP)**

- 3.3 Members will be acutely aware of the significant financial pressures currently affecting Local Authorities. Inevitably these pressures and public perception at a time where services are often being affected by cuts have a considerable influence on decisions made around the region in relation to senior salaries. I believe it is important that Members gain an appreciation of the current context within the region. The resignation/retirement of a Chief Executive gives an authority the opportunity to review the remuneration attached to the post and gives us an indication of market trends. There have been a few Chief Executive appointments within the last year, as follows:

Bournemouth Borough Council (July 2012)

Incoming Chief Executive' salary the same as outgoing £125,000

Torbay Council (August 2012)

Outgoing Chief Executive's salary £150,000

Appointed an interim Head of Paid Service – a part time appointment added to an existing Strategic Director role

£125,000 pro rata

Dorset County Council (November 2012)

Outgoing Chief Executive's salary £145,235 - £164,306

Incoming Chief Executive's salary £140,000 - £155,000

North Somerset Council (July 2013)

Incoming Chief Executive's salary the same as outgoing £145,000

Bath & North East Somerset Council (July 2013)

Outgoing Chief Executive's salary	£171,000
Incoming Chief Executive's salary	£150,000

- 3.4 Based on this information it would appear that the previous trend for a general upward drift of Chief Executive salaries has ceased and the reverse is currently being experienced in a number of authorities.
- 3.5 Members will be aware of a number of authorities within the region that operate shared arrangements at Chief Executive and Management Team levels. It is suggested that salary data relating to these arrangements are likely to have most relevance, as follows:

West Devon Borough Council/South Hams District Council  
£115,000 (combined population approximately 136,000)

South Somerset District Council/East Devon District Council  
£121,000 (combined population approximately 291,000)

East Dorset District Council/Christchurch Borough Council           £110,000  
(combined population approximately 132,000)                           + £5000  
PRP

West Dorset District Council/Weymouth & Portland Borough Council  
(combined population approximately 132,000)           £110,000   + £5000  
PRP

Cotswold District Council/West Oxfordshire District Council  
£94,000   -(combined population approximately 189,000)  
£101,000

- 3.6 The next component is that which invites members to take into account local factors not common to authorities of similar type and size. In this respect I am sure that Members will be well aware of the Hinkley project and the Council's growth ambitions as set out in the Core Strategy.
- 3.7 So far as the component relating to special contractual terms is concerned, I do not regard the contractual arrangements between the Councils and the Joint Chief Executive as being worthy of any attention in this regard. The Chief Executive is not employed under a fixed term

contract, nor as I understand it are there any current pay related performance considerations.

- 3.8 So far as the special payments such as election fees are concerned, I am unaware of any particular reason to suggest that you should vary the existing practice of paying such fees as and when they become payable following elections.

#### **4. Conclusion Regarding Chief Executive**

- 4.1 Taking all the above data into account, when compared to other existing joint arrangements in place within the region in a market which is experiencing a slight contraction in salaries it is recommended that a salary of £110,000 should be used.
- 4.2 It is also recommended that the Joint Chief Executive remains on the terms and conditions as determined by the JNC for Chief Executives.

#### **5. Other Senior Management Posts**

- 5.1 Determining appropriate remuneration levels for senior management posts beneath the level of Chief Executive is notoriously difficult as it is harder to make any direct comparison with other authorities due to the variations in structure resulting from an individual authority's requirement to address local considerations. Furthermore it is difficult to ascertain whether posts at this level have been formally job evaluated when the appropriate level of remuneration is determined, when comparing market data.
- 5.2 A preferred approach is to consider the pay differentials between the senior management posts and the Chief Executive's salary. Therefore if existing differentials (using averages where there are a range of salaries at each level) between senior management posts within Taunton Deane Borough Council's current structure and the Chief Executive were applied to the new salary for the Joint Chief Executive as recommended in paragraph 4.1, the result would be as follows:

Strategic Director	£80,500
Assistant Chief Executive & Monitoring Officer	£63,500
Assistant Directors	£59,800

- 5.3 There is currently no post equivalent to the proposed Deputy Chief Executive & S151 Officer in the existing structure, however, it is suggested that a salary of £85,000 would compare with the arrangement at Tewkesbury Borough Council (Chief Executive £110,000 and Deputy Chief Executive £78,000 - £85,000) and fit with the salaries for the other posts as outlined above.
- 5.4 As previously referenced in paragraph 3.4 there are a number of authorities within the region that operate shared arrangements at Chief

Executive and Management Team levels. It is suggested that consideration should be given to salary data relating to these arrangements, as follows:

West Devon Borough Council/South Hams District Council

Chief Executive	£115,000
Directors (x2)	£72,000
Heads of Service (x7)	£62,000

West Dorset District Council/Weymouth & Portland Borough Council

Chief Executive	£110,000 (+£5000 PRP)
Directors (x3)	£85,000 - £90,000
Heads of Service (x10)	£64,000

East Dorset District Council/Christchurch Borough Council

Chief Executive	£110,000 (+£5000 PRP)
Directors (x2)	£74,000 - £82,000
Heads of Service (x6)	£60,000 -£66,000 (most are at £62K)

Cotswold District Council/West Oxfordshire District Council

Chief Executive	£100,000 - £105,000
Directors (x3 but 2 are shared)	£70,000 - £75,000
Heads of Service (x6 but 2 are shared)	£50,000 - £55,000
(x1)	£45,000 -£50,400

**6. Conclusion Regarding Other Senior Management Posts**

- 6.1 Taking all the above data into account, when compared to other existing joint arrangements in place within the region and the existing relativities between these posts and the Chief Executive it is recommended that the following salaries should be used:

Deputy Chief Executive & S151 Officer	£85,000
Strategic Director	£80,000
Assistant Chief Executive & Monitoring Officer	£63,500
Assistant Directors	£60,000

- 6.2 It is also recommended that these posts are placed on the terms and conditions as determined by the JNC for Chief Officers.

## **7. Other Considerations**

- 7.1 Members will have noticed that both the joint arrangements between East Dorset District Council and Christchurch Borough Councils and West Dorset District Council and Weymouth & Portland Borough Council include a performance related pay (PRP) element relating to the Chief Executive's pay.
- 7.2 Anecdotally I can report that both partnerships have found it difficult to implement the PRP element satisfactorily by virtue of the fact that it is difficult to identify appropriate objectives against which performance can be robustly measured. Furthermore it is suggested with the benefit of hindsight such arrangements are unlikely to have been recommended had the authorities been aware of this difficulty when originally establishing the arrangements.
- 7.3 Members should also note that there is unfortunately little evidence of other more flexible approaches to remuneration packages for senior managers being operated in the region which could be used to inform arrangements for Taunton Deane Borough Council and West Somerset Council.

## **8. Recommendations**

- 8.1 That Members consider implementing the following remuneration levels:

Chief Executive	£110,000
Deputy Chief Executive & S151 Officer	£85,000
Strategic Director	£80,000
Assistant Chief Executive & Monitoring Officer	£63,500
Assistant Directors	£60,000

- 8.2 That the Joint Chief Executive remains on terms and conditions as determined by the JNC for Chief Executives and the other posts listed above receive terms and conditions as determined by the JNC for Chief Officers.

**Ian Morgan**  
**Head of HR Services**  
**South West Councils**  
**17<sup>th</sup> September 2013**

## APPENDIX 5

### JOINT MANAGEMENT IMPLEMENTATION ARRANGEMENTS

#### APPOINTMENTS SUB COMMITTEE

It is recommended that Group Leaders have the opportunity to nominate members to be part of the Appointment Sub-Committees and that the respective Monitoring Officers ensure that the Sub-Committee is representative.

All nominated Members will be required to attend training prior to sitting on the Appointments Sub-Committee.

For the majority of shared management posts it is proposed that the Appointments Sub Committee is comprised as follows:

Three Members from TDBC at least one from the Executive;

- 1 Conservative
- 1 Liberal Democrat
- 1 Labour/Independent

Three Members from WSC at least one from Cabinet

- 2 Conservative
- 1 Democratic Alliance

Chief Executive and/or Director if previously appointed plus a representative from HR.

**However** the Appointments Sub Committee may be comprised as follows where the particular post is predominantly funded by the Taunton Deane HRA.

Five Members from TDBC at least one from the Executive;

- 2 Conservative
- 2 Liberal Democrat
- 1 Labour/Independent

Two Members from WSC at least one from Cabinet

- 1 Conservative
- 1 SDemocratic Alliance

Chief Executive and/or Director if previously appointed plus a representative from HR.

#### **Selection Process**

Recommend using the following selection methods:

Face-to-face interview  
Occupational Personality Questionnaires  
Management Scenarios  
Written Report  
Presentation

Where only one suitably qualified applicant has applied for a ring fenced post the Chief Executive/Director will discuss with Appointments Sub Committee Panel Members whether all of the above selection process elements will be used.

### **Support through the Process**

Professional support for senior managers will be made available which may include 1:1 coaching, a workshop to prepare individuals for interview and selection or other approved actions.

The final arrangements for this to be delegated to the Chief Executive.

### **Finance**

Budgetary provision of £10,000 to be made available from existing Project and training resources at WSC and TDBC, respectively.

This expenditure to be split on an 80/20 basis based on assumed numbers of affected staff.



## APPENDIX 6

### Equality Impact Assessment –Joint Management Proposals

Responsible person	Martin Griffin	Job Title	Retained HR Manager/HR Consultant
<b>Why are you completing the Equality Impact Assessment? (Please mark as appropriate)</b>	Proposed new policy or service		
	Change to Policy or Service		
	Budget/Financial decision – MTFP		✓
	Part of timetable		
<b>What are you completing the Equality Impact Assessment on (which policy, service, MTFP proposal)</b>	Joint Management Proposals - WSC and Taunton Deane Borough Council		
<b>Section One – Scope of the assessment</b>			
What are the main purposes/aims of the proposal?	<p>The aim is to</p> <ol style="list-style-type: none"> <li>1. Create a Joint Management Team to serve both WSC and TDDB</li> <li>2. Reduce the cost of senior management within the guidelines set out in the Business Case (23% financial reduction).</li> <li>3. Bring greater resilience and critical mass for WSC in particular and capacity to drive forward the shared services project and the separate and ambitious agenda of both Councils in relation to Hinkley Point, Taunton’s growth agenda and both Council’s corporate and community priorities.</li> </ol>		
Which protected groups are targeted by the proposal?	None		

<p>What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on....</p>	<p>Data – what does this tell you</p> <ol style="list-style-type: none"> <li>1. Characteristics of the affected staff group – clear numbers involved for each category</li> </ol> <p>Engagement undertaken that has been used to support data and identify impacts:</p> <ol style="list-style-type: none"> <li>1. Consultation with UNISON on development of proposals and plans for implementation</li> <li>2. Consultation with affected staff group</li> </ol> <p>Data available within HR systems and with Project Team</p>	
<p><b>Section two – Conclusion drawn</b> about the impact of proposal on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality</p>		
<p>The proposals reduction may have the following impact:</p> <ul style="list-style-type: none"> <li>• <b>Women</b> <ol style="list-style-type: none"> <li>1. Based on the known volunteers for redundancy there may be a reduction in the number of female senior managers within the top three tiers of the organisation (TDBC) albeit there will be an increase in the number of female senior managers within the top three tiers at WSC.</li> <li>2. The final percentages will not be known until after recruitment to vacant posts which includes some external advertisements.</li> </ol> </li> </ul>		
<p><b>I have concluded that there is/should be:</b></p>	<p>No major change - no adverse equality impact identified</p>	
	<p>Adjust the proposal</p>	
	<p>Continue with the proposal</p>	<p>But ensure that final outcomes are monitored and that external adverts are placed in media which will ensure that female, ethnic minority and candidates with a disability are reached. Ensure HR policies and procedures are adhered to.</p>

	Stop and remove the proposal	
Reasons and documentation to support conclusions	The negative impacts will be mitigated by the actions set out above whilst ensuring HR policies are adhered to.	
<b>Section four – Implementation</b> – timescale for implementation		
<ul style="list-style-type: none"> <li>• Consultation with affected staff group and UNISON during the period 1 to 31 October 2013</li> <li>• Corporate Scrutiny meetings in WSC and TDBC on 24 October 2013</li> <li>• Full Council meetings in WSC and TDBC on 12 November 2013</li> <li>• Subject to Full Council decisions to approve the Shared Services Business Case the Joint Management proposals will be implemented by 1 January 2014 except for external appointments.</li> </ul>		
<b>Section Five – Sign off</b>		
Responsible officer: Martin Griffin Date: 24/09/2013	Management Team Date	
<b>Section six – Publication and monitoring</b>		
Published on		
Next review date	Date logged on Covalent	

**Action Planning** - The table should be completed with all actions identified to mitigate the effects concluded.

<b>Actions table</b>						
<b>Service area</b>	<b>Joint Management Proposals</b>			<b>Date</b>	<b>24 September 2013</b>	
<b>Identified issue drawn from your conclusions</b>	<b>Actions needed</b>	<b>Who is responsible?</b>	<b>By when?</b>	<b>How will this be monitored?</b>	<b>Expected outcomes from carrying out actions</b>	
Impacts on reduction on females within senior management	Ensure recruitment follows approved procedures and external advertisements encourage applicants from under represented groups.	Retained HR Manager	Before external recruitment and during all internal processes	Monitoring of final outcomes and ongoing consultation with UNISON	Unknown	
Need to ensure HR Policies are adhered to.	SW1 HR to implement against agreed policies.	SW1 HR Manager	During implementation phase 13 November to 31 December 2013 (and beyond for external advertisements)	Monitoring by Retained HR Manager and ongoing consultation with UNISON	Compliance with policy and free from challenge.	



# Taunton Deane Borough Council

## Tenant Services Management Board – 28<sup>th</sup> October 2013

### Housing Services Fees and Charges 2014/15

#### Report of the Housing Income Manager

(This matter is the responsibility of Executive Councillor Jean Adkins)

#### 1. Executive Summary

This report sets out the proposed fees and charges for Housing Services in 2014/15.

The Tenant Services Management Board is invited to comment on the proposed fees and charges before Corporate Scrutiny considers them at their meeting in November 2013.

#### 2. Background

Housing services charges service users for services that they use. These charges are set locally each year.

#### 3. Proposed fees and charges increases for 2014/15

It is proposed to increase all fees and charges by applying Retail Price Index (RPI) inflation as at the previous September 2013 (September 2013 RPI inflation was 3.2%) as set out in Appendix A.

Council housing rents will be set early in the New Year.

#### 4. Finance Comments

This is a finance report and there are no further comments.

#### 5. Legal Comments

There are no legal implications of this report.

#### 6. Links to Corporate Aims

There are no specific links within this report.

**7. Environmental Implications**

There are no environmental and community safety implications of this report.

**8. Community Safety Implications**

There are no environmental and community safety implications of this report.

**9. Equalities Impact**

An equality impact assessment is set out in Appendix B

**10. Risk Management**

Not appropriate to this report.

**11. Partnership Implications**

There are no partnership implications of this report.

**12. Recommendations**

The Tenant Services Management Board is invited to comment on the proposed fees and charges for 2014/15 as set out in this report.

**Contact:** Lisa West– Housing Income Manager  
Direct Dial No: 01823 356318  
[e-mail: l.west@tauntondeane.gov.uk](mailto:l.west@tauntondeane.gov.uk)

## Appendix A

### Housing

	2013/14	2014/15
<b>Service Charges</b>		
Communal areas	£0.57	£0.59
Grounds maintenance	£0.74	£0.76

### Combined Service Charges

Specialised (Extra Care) Sheltered Housing	£47.19	£48.70
Sheltered Housing	£17.08	£17.63
Low Level Sheltered Support	£8.49	£8.76

### Garage Rents

Council tenants	£5.47	£5.65
Private tenants and Owner Occupiers (exc. VAT)	£6.36	£6.68
Private tenants and Owner Occupiers (inc VAT)	£7.63	£8.01

### Hire Charges for Sheltered Scheme Meeting Halls

First hour	£10.20	£10.20
Each half hour thereafter	£4.10	£4.10
6 hours plus	£51.70	£51.70
Total charge for residents in a scheme and community organisations	£13.40	£13.40

### Provision of Meals at Kilkenny Court (Extra Care)

Cost per meal	TBA	TBA
---------------	-----	-----

\* please note the provision of meal service contract is yet to be awarded.

### Hire Charges for Sheltered Scheme Guest Rooms

No. of nights per person			
	1	£11.30	£11.30
	2	£18.10	£18.10
	3	£24.90	£24.90
	4	£31.70	£31.70
	5	£39.10	£39.10
	6	£45.30	£45.30
	7	£52.60	£52.60



<b>Hostels (rent per day)</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Service Charge 2014/15</b>	<b>Gross Per Day</b>
40 Humphreys Road	£8.44	£8.71	£0.85	£9.56
1 Gay Street	£8.44	£8.71	£3.48	£12.19
Outer Circle				
113 and 113a (studios)	£7.18	£7.41	£3.48	£10.89
115 and 115a (3 bedroom)	£9.35	£9.65	£4.26	£13.91
119 (2 bedroom)	£7.18	£7.41	£3.48	£10.89
119a (2 bedroom)	£7.18	£7.41	£0.85	£8.26
Sneddon Grove				
Unit 1 (2 bedroom)	£8.44	£8.71	£3.48	£12.19
Unit 2 (2 bedroom)	£7.73	£7.98	£3.48	£11.46
Unit 3 (2 bedroom)	£7.73	£7.98	£3.48	£11.46
Unit 4 (3 bedroom)	£10.12	£10.44	£4.26	£14.70
Unit 5 (3 bedroom)	£10.12	£10.44	£4.26	£14.70
Unit 6 (2 bedroom)	£8.44	£8.71	£3.48	£12.19
Unit 7 (3 bedroom)	£10.12	£10.44	£4.26	£14.70
Unit 8 (2 bedroom)	£10.12	£10.44	£4.26	£14.70
Winckworth Way				
Unit 1 (2 bedroom)	£7.73	£7.98	£3.48	£11.46
Unit2 (2 bedroom)	£7.73	£7.98	£3.48	£11.46
Unit 3 (3 bedroom)	£10.12	£10.44	£4.26	£14.70
Wheatley Crescent (4 studios)				
30 (1 bedroom)	£7.18	£7.41	£0.85	£8.26
32 (1 bedroom)	£7.18	£7.41	£0.85	£8.26
34 (1 bedroom)	£7.18	£7.41	£0.85	£8.26
36 (1 bedroom)	£7.18	£7.41	£0.85	£8.26

## Notes;

### Fees and Charges 2014/15 increases;

In line with the approved HRA Business Plan the Fees and Charges for 2014/15 have been increased across the board by RPI 3.2% with the following exceptions:

- Garage rents for private tenants and owner occupiers have been increased by 5%; and
- Hire charges for the sheltered scheme meeting halls and hire charges for sheltered scheme guest rooms have not been increased and this is to increase the take up of the use of the facilities.

Appendix B

**Equality Impact Assessment – pro-forma**

<b>Responsible person</b>	<i>Lisa West</i>	<b>Job Title: Housing Income Manager</b>
<b>Why are you completing the Equality Impact Assessment? (Please mark as appropriate)</b>	Proposed new policy/service	
	Change to Policy/service	
	Budget/Financial decision – MTFP	√
	Part of timetable	
<b>What are you completing the Equality Impact Assessment on (which, service, MTFP proposal)</b>	<b>Housing Services Fees and Charges 2014/15</b>	
<b>Section One – Scope of the assessment</b>		
What are the main purposes/aims of the policy/decision/service?	<ul style="list-style-type: none"> <li><i>Proposal to increase the fees and charges from April 2014 for Housing Services detailed in the attached report.</i></li> <li><i>The proposed increase to fees and charges will ensure sufficient financial resources are in place to deliver the services.</i></li> </ul>	
Which protected groups are targeted by the policy/decision/service?	<i>1. Age; 2. Disability; 3. Gender Reassignment; 4. Pregnancy and Maturity; 5. Race; 6. Religion or belief; 7. Sex; 8. Sexual Orientation; 9. Marriage and civil partnership</i>	
What evidence has been used in the assessment - data, engagement undertaken – please list each source that has been used The information can be found on.....	<p>1. Engagement Formal discussion on the proposed fees and charges to be held with the Tenant Services Management Board at its meeting on the 28<sup>th</sup> October 2013.</p> <p>(A verbal update on the Tenant Services Management Board comments and recommendation are to be presented to Corporate Scrutiny Committee in November 2013)</p>	
<b>Section two – Conclusion drawn</b> about the impact of service/policy/function/change on different groups highlighting negative impact, unequal outcomes or missed opportunities for promoting equality		

*The proposed fees and charges increases will apply to all services users and as such no potential discrimination amongst the protected groups has been identified.*

*To help support service users on low incomes Housing Services will continue to provide a number of initiatives to enable service users to manage their finances and maximise their income:*

- *Publish clear information on all the fees and charges that will help service users to manage their own finances;*
- *Signpost service users to a relevant benefit agency to help ensure they are maximising their income to meet their living costs;*
- *Take action to raise the awareness of accessing a range of welfare benefits; and*
- *Provide the opportunity to access direct support for service users in checking they are in receipt of the welfare benefits they are entitled to claim*

**I have concluded that there is/should be:**

No major change - no adverse equality impact identified	No major change as no adverse equality impact on the protected groups
Adjust the policy/decision/service	
Continue with the policy/decision/service	
Stop and remove the policy/decision/service	

Reasons and documentation to support conclusions

**Section four – Implementation – timescale for implementation**

The proposed increase in fees and charges will be applicable from April 2014

**Section Five – Sign off**

Responsible officer: Lisa West

Management Team: Health & Housing

Date: 11 <sup>th</sup> October 2013	Date: 11 <sup>th</sup> October 2013
<b>Section six – Publication and monitoring</b>	
Published on	
Next review date	Date logged on Covalent

### Action Planning

The table should be completed with all actions identified to mitigate the effects concluded.

<b>Actions table</b>						
<b>Service area</b>				<b>Date</b>		
<b>Identified issue drawn from your conclusions</b>	<b>Actions needed</b>	<b>Who is responsible?</b>	<b>By when?</b>	<b>How will this be monitored?</b>	<b>Expected outcomes from carrying out actions</b>	

# Taunton Deane Borough Council

## Tenant Services Management Board – 28<sup>th</sup> October 2013

### Dates of Tenant Services Management Board Meetings 2014

#### Report of the Tenant Empowerment Manager

(This matter is the responsibility of Executive Councillor Jean Adkins)

#### 1. Executive Summary

The purpose of this report is to agree the dates of the Tenant Services Management Board meetings for 2014.

As is usual it is the intention to put the agreed dates in the Annual Report Calendar that will be sent to all tenants and leaseholders.

#### 2. Background

The Tenant Services Management Board (TSMB) meets on a monthly basis. Members of the public are welcome to attend (although they may be asked to leave a meeting if confidential issues are being discussed). In order to give board members and members of the public plenty of notice it is prudent to set the dates for 2014 in advance. The dates will also be publicised in the Annual Report Calendar to Tenants and Leaseholders.

#### 3. Proposed dates for 2014

The proposed dates for 2014 are:

Monday 20<sup>th</sup> January 2014  
Monday 17<sup>th</sup> February 2014  
Monday 17<sup>th</sup> March 2014  
Tuesday 22<sup>nd</sup> April 2014  
Tuesday 20<sup>th</sup> May 2014  
Monday 16<sup>th</sup> June 2014  
Monday 14<sup>th</sup> July 2014  
Monday 18<sup>th</sup> August 2014  
Monday 15<sup>th</sup> September 2014  
Monday 27<sup>th</sup> October 2014  
Monday 17<sup>th</sup> November 2014  
Monday 15<sup>th</sup> December 2014

You will see from the above that there are two meeting dates booked for a Tuesday – in April and May. The TSMB may choose to hold its meeting on a Monday as usual but at a venue different from the John Meikle Room in the Deane House.

It should also be noted that the proposed date for the April meeting is the Tuesday after Easter Monday. Board members may also remember that traditionally the April meeting has been the TSMB Annual General Meeting which in previous years has been amalgamated with the Tenants and Leaseholders Open Day. The TSMB may need to consider whether the day after a bank holiday is the best date for an Annual General Meeting.

The John Meikle Room has been reserved for the above dates to ensure a venue has been booked.

**4. Finance Comments**

Not applicable.

**5. Legal Comments**

There are no legal implications of this report.

**6. Links to Corporate Aims**

There are no specific links within this report.

**7. Environmental Implications**

There are no environmental implications of this report.

**8. Community Safety Implications**

There are no community safety implications of this report.

**9. Risk Management**

Not appropriate to this report.

**10. Partnership Implications**

There are no partnership implications of this report.

## 11. Recommendations

The Tenant Services Management Board is asked to consider and agree the proposed dates of meetings for 2014 as detailed in this report.

**Contact:** Martin Price– Tenant Empowerment Manager  
Direct Dial No: 01823 356552  
[e-mail: m.price@tauntondeane.gov.uk](mailto:m.price@tauntondeane.gov.uk)





**Minutes of the meeting of the Tenant Services Management Board held on Monday 28 October 2013 at 6pm in The John Meikle Room, The Deane House, Belvedere Road, Taunton.**

**Present:** Mr Dustyn Etherington (Chairman),  
Mrs J Hegarty (Vice-Chairman),  
Mrs J Bunn, Mrs E Drage, Mr M Edwards, Mr D Gaplin, Mr K Hellier, Mr R Middleton, Councillor Bowrah and Councillor A Wedderkopp.

**Officers:** Shirlene Adam (Strategic Director), Lisa West (Housing Income Manager), Steve Boland (Housing Service Lead), Neil Anderson (Tenant Services Development Officer), James Barrahan (Health and Housing Manager), Phil Webb (Housing Manager – Property Services), Christine Thompson (Supported Housing Manager), Martin Price (Tenant Empowerment Manager) and Emma Hill (Corporate Support Officer).

**Others:** Councillor Smith

(The meeting commenced at 6.00pm)

**1. Apologies**

No apologies received.

**2. Public Question Time**

Resident of Kilkenny Court approached the Board for help after the concerns at the lack of general maintenance that had done at Kilkenny Court since his initial expression of concerns were raised at March meeting of the Board.

The Members of the Board requested that these maintenance issues at Kilkenny Court be looked into and addressed

*The Housing Manager for Property Services gave his apologies that guttering had not been addressed properly or regularly since the Resident's initial approach to the Board in March.*

*Concerning the Lift at Kilkenny Court, an engineer had been out to assess what work would needed to be done.*

Board Members and Resident of Kilkenny Court expressed additional concerns about the door entry systems into Kilkenny Court. Residents were either losing their fobs or forgetting the entry code and were getting stranded outside until somebody let them in.

*The Housing Manager for Property Services enquired of the Residents what type of fob and systems they had at Kilkenny Court as the new fob systems the Council were installing in their properties were easy to get replacement fobs for. The older systems were more difficult and more expensive but TDDB could still get fobs. The officer said he would arrange for the system to be updated as soon as possible.*

Board Members requested that Property Manager for Maintenance attend the next meeting of the Board in November.

**3. Update Report on Taunton Deane Borough Council and West Somerset Council Shared Services Project and Joint Management Project.**

The Strategic Director presented to the Board a three part report concerning the following areas:-

1. Medium Term Financial Plan Update & Approach to Budget Setting 2014/15
2. TDBC & WSC Shared Services Project
3. TDBC & WSC Joint Management Structure

**Part One – Medium Term Financial Plan Update & Approach to Budget Setting 2014/15**

Considering the report previously circulated, concerning a detailed update report from the Financial Services Manager on the latest forecast position. This reflects the recent funding announcements from Government, updates other assumptions in the model to better reflect reality, shared the key risk areas of our forecast, and some sensitivity analysis on them.

The headline message in this update is on the forecast budget gap position. It had grown since the Council shared the last update in February 2013, mainly due to the reduction in Government Funding, and the change in our assumptions re future tax levels. The table below showed the challenge ahead:-

	£k 2014/15	£k 2016/17	£k 2017/18	£k 2018/19
Predicted Budget Gap (Cumulative):	1,508	3,079	5,333	6,130
Budget Gap Change Each Year:	1,508	1,571	1,419	797

Closing a budget gap of this scale simply could not be done without impacting on services to our community. This was beyond the usual “budget savings routine” and would require fundamental change if the Council were to continue as a financially viable Council.

The Council’s General Fund Reserves were currently above the minimum required by our Policy but the following table would show what would happen to them should the Council not deliver on the savings needed, and had to use reserves to support ongoing spending:

	2013 – 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019
Estimated Balance B/F	3,943	2,298	790	2,289	6,786	12,119
Supplementary Estimates	(1,645)					
Projected Budget Gap:	0	1,508	3,079	4,498	5,333	6,130
Estimated Balance C/F	2,298	790	2,289	6,786	12,119	18,249

This table showed that the Council would dip below the minimum acceptable level of reserves (currently set at £1.5m) within the next year and quickly after that go into a negative reserve position and clearly this could not be allowed to happen.

The Section 151 Officer emphasised the seriousness of the situation this Council was in and encouraged those charged with the responsibility to set a balanced budget – to embrace the challenge ahead and work together to deliver a sustainable solution for the organisation and the community. The Council would support Members in this challenge but need acceptance of some fairly harsh facts. The Council could not do this without services being reduced. It was a case of which services and by how much and when. The LGA Peer Review last year left some fairly clear messages with us and this report simply reinforces them.

In light of this very challenging situation, the Council proposed a different approach to budget setting for 14/15.

### **Approach to Budget Setting 2014/15 and Beyond.**

The Corporate Business Plan project had provided as much detail as it could on the Members ambition for our community and our organisation. The task was to now match this with our funding situation and to develop proposals that would not only close our budget gaps, but would also progress our vision, aims and objectives agreed with Members.

This would be a difficult and challenging process on a scale not undertaken by this Council to date. In this context, the Council proposed a different approach to delivering budget proposals for next year. The Council proposed that:-

- Within a framework of “High Level Principles”, Corporate Management Team (CMT) developed a budget proposal that closes the budget gap whilst meeting key ambitions of the Corporate Business Plan.
- That these proposals were shared with Members in late autumn for discussion and debate.
- That Members would need to develop alternative proposals for closing the gap should any of CMT’s be deemed unacceptable and may wish to start thinking about this now. Officers would support Members with this work to ensure plans are deliverable.
- The framework of “High Level Principles” had been developed by CMT from the work undertaken during the Corporate Business Planning Process. They, if accepted, will form the basis of how CMT approach their budget proposals.

The Framework of High Level Principles fall into four broad areas, these were as follows Strategic Finance, Income, Organisational and Service. The key principles of these board areas had been set, along with the actions required to progress them.

Assuming these High Level Principles were accepted, the indicative overall programme of savings required to close the budget gap of £4.5m over the next 3 years would look broadly as set out below. At least £1.5m of this would need to be delivered in time to support the 2014/15 budget:-

Review Discretionary Policies & Grants (10%)	68,000
Asset Strategy Project (20%)	89,000
Governance and Democracy (10%)	55,000
Efficiencies & Sharing Services	1,799,000
Savings Targets for Theme Managers	2,419,000
<b>TOTAL</b>	<b>4,498,000</b>

There was more work to do to refine these targets and to better understand the likely timings of the savings emerging. The Council's General Fund Reserves position was not sufficiently high to allow the majority of the savings to be delayed until year Three. The Council would need to find a significant element of the above programme ready to deliver in year One.

Work would continue on this over the coming weeks, but meantime it was felt important to share the broad picture now with Members. Corporate Management Team were briefed on this broad picture over the summer and tasked with progressing their proposals within this framework.

The overview timeline, showing the key stages for Member involvement is set out below.

<b>Month</b>	<b>Key Activities</b>
September	<ul style="list-style-type: none"> <li>• Update Report (this one!) Shared – Corporate Scrutiny</li> <li>• CMT Continue To Work on Budget Proposal</li> <li>• Detailed Savings Targets Are Refined / Issued.</li> </ul>
October	<ul style="list-style-type: none"> <li>• CMT Review of Emerging Budget Proposal</li> <li>• Informal Briefing to Exec Cllrs On Progress of CMT Budget Proposal</li> </ul>
November	<ul style="list-style-type: none"> <li>• Update Report on Progress of CMT Budget Proposal – Corporate Scrutiny</li> <li>• Exec &amp; CMT to review any scrutiny feedback on progress report</li> </ul>
December	<ul style="list-style-type: none"> <li>• CMT Budget Proposed Shared – Corporate Scrutiny</li> <li>• Informal Exec – To feedback on CMT Budget Proposal – ready for Xmas Pack.</li> <li>• Budget Consultation Pack Issued to all Cllrs (to include the Budget Proposal plus the Executive's comments)</li> </ul>
January	<ul style="list-style-type: none"> <li>• Informal Exec – To finalise Exec Budget Proposal for Scrutiny</li> <li>• Executive's Budget Proposal Shared – Corporate Scrutiny for debate</li> </ul>
February	<ul style="list-style-type: none"> <li>• Executive Debate Budget</li> <li>• Full Council Budget Debate &amp; Decision</li> </ul>

During the discussion of this item, board members and the public made the following comments and asked questions:- (*Responses shown in italics*)

- Regarding private houses, there were concerns raised by the board that tenants were contributing twice through their rent as well as paying Council tax to Taunton Deane Borough Council but private properties only contribute once. *It may appear that tenants contribute twice. Strategic Director said that the concerns and comments would be taken away and looked into as part of the review.*
- The above had never been explained fully to the Board and tenants continue to raise their concerns.

## **Part Two - Taunton Deane Borough Council and West Somerset Council Shared Services Project.**

The Strategic Director gave a verbal update

During the discussion of this item, board members made the following comments and

asked questions. Responses shown in italics:

- Had the elements relating to Housing been put to the tenants in West Somerset  
*WSC did not have any Council housing assets as they did have any housing landlord functions. Those assets have been transferred to Magna West Somerset.*

### **Part Three - Taunton Deane Borough Council and West Somerset Council Joint Management Structure**

The Strategic Director gave a verbal update

During the discussion of this item, board members made the following comments and asked questions. Responses shown in italics:

- There were 11 members of staff at WSC funded by EDF. Would there be any room at TDBC for posts funded by EDF?  
*The EDF funded posts was external funding and the posts were temporary. These related to the Hinkley Point project. There were no proposals for EDF funded posts here.*
- Looking at the minutes from Corporate Scrutiny on 24 October 2013, is the review looking at HRA senior team and the delivery of HRA services?  
*The Council looking at the development and hopefully with the right managers and directors in place, the Council would hopefully be able to do more in the future.*

### **Further Comments**

During the discussion of this item, board members made the following comments and asked questions: - (*Responses were shown in italics*)

- The Board would follow the Shared Services and Joint Management Project with interest.
- The Board asked that they and the Tenants' Forum be kept informed and up to date on the development of the project.

**Resolved** that the information report be noted.

## **4. Housing Services Fees and Charges 2014/2015.**

Considering the report previously circulated, concerning the proposed fees and charges for Housing Services in 2014/15.

Housing services charges service users for services that they use. These charges were set locally each year.

In line with the approved HRA Business Plan, the fees and charges for 2014/15 had been increased across the board by Retail Price Index (RPI) with the following exceptions:

- Garage rents for private tenants and owner occupiers had been increased by 5%; and
- Hire charges for the sheltered scheme meeting halls and hire charges for sheltered scheme guest rooms had not been increased and this was to increase the take up of the use of the facilities.

Council housing rents would be set early in the New Year.

A full and detail breakdown for the increases for fees and charges 2014/15 was presented to the Board Members with the previously circulated report.

During the discussion of this item, board members made the following comments and asked questions. Responses shown in italics:

- If the tenants and residents were to pay more towards the grass cutting would they cut the grass more often?  
*The Board and tenants had indicated in several different ways that Housing Services review the Grounds Maintenance contract.*
- What about the signing of the contract for Extra Care (meals) for Kilkenny Court?  
*Service Level Agreement (SLA) for Extra Care Meals at Kilkenny was with the Albemarle Centre but the Council could look into other providers for this service.*
- It was indicated that there was an increase of 3.2%, what would be the maximum increase the Council could go up to?  
*The Business Plan states that the Council sets this using Retail Price Index (RPI) but the Council could set it own charges for services. This would be subject Board and Members comments.*

**Resolved** that the officer's report be noted.

## 5. Rent Policy

The Housing Services Lead gave a verbal update on the government plans to change rent policy, which was announced in July 2013.

Below was the HRA Business Plan policy for social rent:

- The Business Plan reflects current national social rent policy;
- Business Plan assumes Local Authority Housing rent would converge with Housing Association rent by 2015/16; and
- The maximum increases limited to inflation (RPI) + 0.5% + £2

A government announcement in 2013 Budget stated “from 2015/16 social rents would rise by inflation of Consumer Price Index (CPI), plus 1% each year for 10 years.”

There were some concerns over whether the change in formula would reduce landlords' income and thus impacting on their ability to invest in existing or new homes.

It was generally accepted that CPI would rise more slowly than RPI, if this was true then the long term effect of the new formula would be cumulative reductions in rent income compared with our current business plan assumptions.

An example of assumed different in rent income for the Council Housing Services were as follows:

- In 2015/16, the Council assumes to receive £250,814 less rent income
- In 2016/17, the Council assumes to receive £282,049 less rent income

Such rent income losses would continue to increase in future years rising to £332,721 in 2020/2021.

To help reduce the shortfall in the rent income, it is proposed that new tenancies would be charged at the Target Rent levels with this taking effect from November 2013.

During the discussion of this item, board members made the following comments and asked questions. Responses shown in italics:

- This all depends on the inflation rate.  
*The Council takes into account the inflation rate when they set the rent changes.*
- Convergence was slowing down; what happens when housing associations costs go up, would the tenants have to meet the new rent and had this been taken into account.  
*The Council had been following a guideline rent set by the government, which was steadily increasing. It takes into account similar size properties over both.*
- With the rent income shortfall, had right to buys and new builds been taking into account?  
*The Council would take into account those figures at the moment but the officer needed to double check with the accountant.*
- Would the Council have to re-visit and review the Business Plan at some point to take this into account?  
*Annual review of Business Plan takes place to take into account all the changes that had taken place in the previous year.*
- In 2042 (30 years), what would the difference in rent income be?
- The collection of Council Housing rent goes back to the Local Authority and not to the government, which can be re-invested into new properties.

**Resolved** that the Board noted the Officer's report.

## 6. Sheltered/Extra Care Housing Property Options Review

Considering the report and handouts circulated at the meeting, concerning the proposed options review of the Sheltered/Extra Care Housing.

The Council had established four essential principles to support the Council's corporate vision and to make it happen. The Council reflects these principles in our HRA Business Plan as follows:

- Excellent services

- Customer Driven
- Local Focus
- A Dynamic Organisation

The Strategic objectives for the housing service were as follows:

- Securing a long term future for our housing service
- Tackling deprivation and sustainable community development
- Investing in our housing stock, regeneration and affordable
- Climate Change

The Council currently had 984 dwelling designated as sheltered housing or extra care housing for the elderly. In total, there were 56 schemes, consisting of between 2 and 83 homes. These included two extra care schemes at Kilkenny Court in Taunton and Lodge Close in Wellington.

Currently the service was working towards achieving the Service Excellence Standards (SES) through the Centre for Housing Studies (CHS).

Somerset County Council was undertaking a review of its strategy for older people. The Council was working together with its partners to make the best use of the available resources, in the context of future financial and demographic changes.

The high level aim for any future strategy had been drawn from consultation already untaken and this would enable older to:

- Maximise their choice and control
- Retain their independence
- Be confident of community support
- Increase their quality of their life

The main centres of population were Taunton, the county town of Somerset (66,000) and Wellington (13,000). The total borough population of 109,000 was increasingly, largely from inward migration. While the average age of the population 42.2 years, the borough had a higher than average older population and this was expected to increase.

The Council's housing stock consists of approximately 5870 (September 2013) dwellings together with approximately 1,500 garages and a number of shops, meeting halls and land.

Of the total stock, 17% was designated for supporting people/older people, with more than half of this stock having built since 1974.

Our three main goals for our sheltered and extra care housing were to:

- Achieve and maintain a high level of tenant satisfaction;
- Provide sheltered/extra care housing that were attractive to people and they want to move into; and
- Meet local demand for housing from people over the age of 60.

The Council wanted to understand what type of stock; it needed to satisfy the housing needs within the borough and what stock was surplus to these requirements. This



would need to include a review of current stock and assessment of viability as well as a need to analyse how this stock contributes to HRA Business Plan and capacity to meet identified needs.

The Council wanted to set down a standard for our sheltered and extra care housing covering who lives there, the services they receive and the treatment of their property.

The proposed options that each scheme should be appraised against were:

- Refurbishment to a new sheltered and extra care housing standard;
- Remodelling and or extension/s to sheltered and extra care housing;
- Change of tenure;
- Disposal of site/scheme on open market; and
- Demolition and redevelopment of new housing scheme and proposed client group

During this stage of the consultation process, the Council would not be asking the Board to consult with the tenants on the options but understand that the Board would want to speak to them and get their thoughts and it was important that was adhered to.

The council would like to have the appraisal completed with a first draft report on 16 December 2013 to be presented to our project for discussion and the final report to be provided by 13 January 2014.

Officers had presented this report to the Board Members to make them aware of this information and the review that was underway.

There would future progress and update reports provided in the future.

**Resolved** that the Board noted the Officer's report.

## **7. Annual TPAS Conference**

The three Members of the Board who attended to the Annual TPAS Conference gave verbal feedback on this years' conference.

This year's TPAS Conference took place in two locations one for the north and one for the south TSMB representative went to Manchester. The attendees travelled up and attendees were welcomed by the TPAS Chief Executive and listened to talks by variety of speakers as well as attending a variety of sessions including Getting Connected, Scrutiny Lounge and Stronger Together on Welfare Reform.

Attendees found the long journey to Manchester stressful and tiring and approached the TPAS Chief Executive with a question as why the conference for the south of UK couldn't have been held near London. Chief Executive's reply was that there were only four hotels in the country with facilities that could accommodate the conference.

**Resolved** that the Board noted the feedback report.

## 8. Dates of Tenants Services Management Board Meetings for 2014.

Considering the report previously circulated, concerning the proposed meeting dates for 2014 of the Tenant Services Management Board.

The Tenant Services Management Board (TSMB) met on a monthly basis. Members of the public were welcome to attend. In order to give board members and members of the public plenty of notice it was prudent to set the dates for 2014 in advance. The dates would also be publicised in the Annual Report Calendar to Tenants and Leaseholders.

Below were the proposed dates for Tenant Services Management Meetings for 2014:

- Monday 20th January 2014
- Monday 17th February 2014
- Monday 17th March 2014
- Tuesday 22nd April 2014
- Tuesday 20th May 2014
- Monday 16th June 2014
- Monday 14th July 2014
- Monday 18th August 2014
- Monday 15th September 2014
- Monday 27th October 2014
- Monday 17th November 2014
- Monday 15th December 2014

There were currently two meeting dates booked for a Tuesday – in April and May. The TSMB may choose to hold its meeting on a Monday as usual but at a venue different from the John Meikle Room in the Deane House.

It should also be noted that the proposed date for the April meeting was the Tuesday after Easter Monday. Board members may also remember that traditionally the April meeting had been the TSMB Annual General Meeting which in previous years had been amalgamated with the Tenants and Leaseholders Open Day. The TSMB may need to consider whether the day after a bank holiday was the best date for an Annual General Meeting.

The John Meikle Room had been reserved for the above dates to ensure a venue had been booked.

During the discussion of this item, board members made the following comments and asked questions. Responses shown in italics:

- Board members expressed a desire to continue to have the Board Annual General Meeting at the Tenants and Leaseholders Open day.
- It was suggested that officers discuss with Tenants' Forum before deciding on a date in April before the next meeting of the TSMB.  
*The next Tenants' Forum meeting was on 12 November 2013.*

**Resolved** that the:-

1. The officer's report was noted.

2. The final agreed dates for the Tenant Services Management meeting for 2014 would be made by the Chairman of the Board and the Tenant Empowerment Manager.

**9. Exclusion of the Press and Public**

**Resolved** that the press and public be excluded from the meeting for the following item because of the likelihood that exempt information would otherwise be disclosed relating to Clause 3 of Schedule 12A to the Local Government Act, 1972 and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

**10. Deane Helpline Confidential Report**

Considered a previously circulated confidential report by Health and Housing Manager, concerning The Deane Helpline. Any discussions connected to this report were discussed in confidential session due to their commercially sensitive nature of the content.

**Resolved** that the officer's report be noted.

(The meeting ended at 8.51pm)