

## **CABINET – 4 June 2018**

### **Joint Working Arrangements between Oxfordshire County Council and Cherwell District Council**

#### **Report by Chief Executive**

#### **Introduction**

1. Local Government reorganisation in Northamptonshire has required the Leadership of Cherwell District Council (CDC) to reflect upon its future and consider what is best for its residents. As a result they are 'minded to' formally end their successful partnership with South Northamptonshire Council (SNC). While the functions of SNC are expected to be absorbed into a new unitary council, CDC will need to develop a new operating model that provides a stable platform for the continued improvement of services to residents and a sustainable financial strategy.
2. Prior to recent events in Northamptonshire, informal discussions between CDC and Oxfordshire County Council (OCC) had already taken place on shared priorities for the locality. These include the sharing of accommodation and joint posts, with the aim being to put residents at the heart of delivery and to achieve improved services for communities through a closer working partnership.
3. This paper sets out an outline business case for formalising shared service activity and for a programme to develop joint working arrangements. It goes on to recommend that Cabinet approves the principle of joint working and to the establishment of a joint Chief Executive post. Cabinet is also asked to review and approve a set of guiding principles for joint working and to delegate to the Director of Law and Governance, in consultation with the Leader, the finalisation of a s113 Agreement, to allow for the establishment of formal joint committees as agreed by both councils and for implementation as business cases are agreed for each element of joint working. Finally, Cabinet is asked to agree to the establishment of an informal member-led Partnership Working Group.

#### **Exempt Information**

4. Not applicable

## Background Information

5. As Northamptonshire moves forward with fundamental changes to the local government landscape, the impact on Oxfordshire's authorities at both a county and district level will be significant.
6. Not only will local government across much of the county border be changing - with Buckinghamshire also likely to become unitary - but the joint arrangements between Cherwell and South Northamptonshire will undergo fundamental review as Northamptonshire potentially adopts a two unitary structure, as seems most likely.
7. The challenge of responding to these changes comes at a time where there are also significant opportunities to do things differently:
  - Councils across Oxfordshire are working to deliver an ambitious Housing and Growth Deal agreed with government, including a joint statutory spatial plan.
  - Cherwell has a strong track record of looking beyond its borders for innovative ways of working, and has an overall ambition – for economic prosperity and thriving communities – which is shared by the County Council. There is also shared recognition of some key challenges, in particular around financial efficiency and demographic change.
  - The County Council is engaged in detailed work on a transformation programme that includes both the design of a new operating model for the future and review of how it can be more closely engaged with the local communities that make up the county.
8. Both councils have already established the potential for integration and alignment of services. These could include potential integration of support services, as well as better alignment of functionality between key service delivery areas such as, health, housing, and care, in community safety and regulation, in planning for housing, business, and transport needs. This partnership arrangement would provide residents with a joined-up view of local government with which local communities can engage.
9. In this context, exploring the opportunities for shared staffing arrangements and/or joint service delivery between Cherwell District Council and the County Council is a logical and prudent next step.
10. Such an approach has the potential to:
  - Improve outcomes for residents
  - Progress joint objectives and priorities more effectively
  - Support and maintain the delivery of efficiencies and the financial sustainability of local public services

11. To maximise the chances of success of a joint working project, and to develop an organisational model that adds value, as well as efficiently serving the different needs of two councils, initial areas to explore will include:
  - Shared purpose and priorities and organisational and political cultures
  - Joint objectives and opportunities for improving services and outcomes
  - The financial case
  - Aligning management arrangements
  - Expectations of governance
12. These issues are explored at a high level in the proposed shared principles of joint working and the outline business case set out below.

### **Proposed shared principles of joint working**

13. The following proposed principles for joint working have been developed in conjunction with Cherwell District Council:
  - That both councils will retain their own governance and constitutional structures
  - That there will be no restriction on each authority's ability to determine how it exercises its functions nor how each formulates and spends its budgets
  - That both councils will be able to demonstrate savings or a neutral position through the joint arrangements
  - That both councils will be able to demonstrate improved services and outcomes through the joint arrangements
  - That an incremental approach will be taken to manage risk, reduce costs and minimise the impact of transition on service delivery
  - That both councils will commit to working towards sharing formulation of policy, alignment of procedures and sharing of teams (subject to the approval by each council) where doing so is in the interests of residents and represents value for money
  - That local physical presence will be maintained and improved
  - That councillors from both councils will be fully involved in the development of the joint working arrangements
  - That both councils will work together to understand their organisational and political cultures and to assess risks and opportunities for joint working that result from these

# Outline Business Case

## Objectives

- 14. The following shared objectives are proposed for a joint working project:
  - To develop joint working in areas where it makes sense to deliver services through integrated and/or aligned teams
  - To improve (or maintain) the financial position of both councils
  - To establish an effective and lean joint management structure
  - To establish shared support services, serving the needs of both councils to the standards agreed by each
  - To maximise the opportunities for joint initiatives and joint working with partners in ways that better meet the needs of residents
- 15. To monitor delivery of objectives, the full business case should identify key benefits and associated success criteria.

## The strategic case

- 16. Cherwell District Council and Oxfordshire County Council share high level priorities as might be expected as both organisations strive to put residents at the heart of service delivery. For example, each council’s current published headline priorities are well aligned:

<b>Cherwell District Council*</b>	<b>Oxfordshire County Council**</b>
A district of opportunity and growth	Thriving people Thriving economy
Thriving Communities and Wellbeing  Protected, green and clean	Thriving communities
‘Here to serve’ – operational excellence, public value and the best council to work for.	We listen to residents so that we can continue to improve our services and provide value for money. [Thriving Communities pre-amble.]

\*Cherwell District Council and South Northamptonshire District Council Joint Business Plan 2018-19

\*\*Oxfordshire County Council ‘Thriving Communities’ vision 2017

17. Specific shared organisational development objectives include:

- Commitment to but developing a joint approach to place-making and place-leadership;
- Ensuring councils have the capacity, skills and leadership to deliver the Housing and Growth Deal;
- Ensuring that councils have the right structures and focus to ensure that the benefits of growth are available to all – for example through regeneration, skills development, education and activity to combat health inequality and social isolation;
- Ensuring councils are prepared to take a leadership role in delivering the Oxford-Cambridge growth corridor;
- A focus on partnership working, including developing relationships with the community and voluntary sector and health and social care integration;
- Developing approach to community engagement and supporting community resilience.

18. There are considerable cross-overs of objectives and service areas between the two tiers of governance in Oxfordshire. Working jointly offers an opportunity align functions and accelerate collaboration whilst retaining separate policy and political accountability. These areas of joint endeavour include – but are not limited to:

<b>County Service</b>	<b>District Service</b>
Adult social care	Housing
Public health	The prevention agenda and leisure services
Waste disposal	Waste collection
Infrastructure planning	Local strategic planning
Development control	Highways development management
Highways maintenance	Street cleaning
Economic development functions	Economic development functions
Trading standards	Environmental health and regulatory services

19. Councillors, often with seats already on both councils (and in some cases the Town Council or Parish Council as well), have already identified the potential for joint working and have challenged officers to develop an effective shared agenda. A formal joint working arrangement will facilitate this with shared management and services being better able to bring together the objectives of separate councils.

20. A shared officer relationship to external partners – such as government, the NHS, Police, the community and voluntary sector, major public institutions and private sector organisations and town and parish councils - will better facilitate coherent and co-ordinated delivery of objectives.
21. Most importantly, joint working offers the platform for a single point of access for individuals and local communities with understanding of different policy and responsibilities being the business of the professional council staff, rather than expecting the public to navigate the complexities of two tier working
22. The two councils also have broadly aligned business models, with both having approximately 25% staff versus external spend. This indicates a mixed model of internal versus contracted delivery.
23. Such approaches indicate that both councils share a ‘what works’ approach to delivering outcomes, with service business models considered on a case by case basis. Such a flexible shared approach is well suited to developing a mixed portfolio of shared and independent services under a joint management structure.
24. Finally, while the two councils are separate institutions with separate statutory and financial obligations, those served by CDC are also residents of Oxfordshire. CDC deliverers essential services to residents and in many cases, a reduction in the quality or capacity of service delivery would directly impact on the ability of OCC to deliver its own outcomes. This is particularly true in joint committed activity such as the Oxfordshire Housing and Growth Deal where the full participation of all partners is a pre-requisite of success. As such, OCC has an obligation to consider the best outcome of the current situation not just for OCC itself, but for CDC and local residents.

## Options and alternative approaches

25. The following options to joint working with CDC have been considered:

	<b>OPTION</b>	<b>OPPORTUNITIES</b>	<b>RISKS</b>
<b>A</b>	Aligned management team only, with subsequent development of shared services	<ul style="list-style-type: none"> <li>Establish joint team with capacity to develop shared services over time</li> </ul>	<ul style="list-style-type: none"> <li>Balanced CDC financial position may not be achievable</li> <li>Service improvements delayed</li> </ul>
<b>B</b>	Incremental joint working arrangements starting with a shared Chief Executive with subsequent development of shared senior management posts and shared / aligned support / operational services on a business case basis	<ul style="list-style-type: none"> <li>Deliver balanced CDC financial position, with opportunity to deliver greater savings in the future</li> <li>'Quick wins' for joined up service improvements</li> </ul>	<ul style="list-style-type: none"> <li>Capacity to deliver change</li> </ul>
<b>C</b>	Complete integration with a single staff structure	<ul style="list-style-type: none"> <li>Delivers financial and service benefits at earliest point</li> </ul>	<ul style="list-style-type: none"> <li>Capacity to delivery scale of change impacting on front line services, deliverability and business continuity</li> </ul>
<b>D</b>	Do not develop joint working arrangements	<ul style="list-style-type: none"> <li>Business continuity of County Council services</li> </ul>	<ul style="list-style-type: none"> <li>Financial sustainability of CDC</li> <li>Impact on services for residents</li> <li>Failure to deliver OCC objectives dependent on district services</li> </ul>

26. Option A presents the lowest risks and is most deliverable in the limited timescales expected. However, aligned shared management structures only would not deliver full opportunities identified in the strategic case. Option C may deliver benefits faster, but will not support the principle of incremental delivery and given the capacity available, would stretch the resources of both councils to deliver. Option D – the 'do nothing' option is a viable financial option for the County Council. However, it would fail to take the opportunities that joint arrangements present, fail to respond to the challenge of supporting the best outcome for Cherwell residents and thereby puts at risk OCC service objectives. The joint recommended option to develop to full business case stage is Option B. Option B is the most likely to deliver the objectives set out above and in particular, is likely to deliver the required balanced financial position for CDC with limited risk. It is also the best fit with the two councils' operating models as described in the strategic case above, maintaining the facility for a mixed economy of delivery models.

## **The financial case**

27. Financial benefits of joint working may include:
- Reduction in salary and associated costs through shared management posts
  - Reduction in salary and associated costs through joint teams
  - Operational savings through integrated working
  - Revenue savings (and potential capital receipts) through shared accommodation and other facilities
  - Commercial savings through joint procurements and commercial activity
28. The costs of implementation may include:
- Realignment of staffing posts
  - Contract/lease termination expenses
  - Systems/software/technology costs
  - Training and development
  - Advisory (HR, Legal etc)
29. Detailed financial implications will need to be assessed through the development of business cases.

## **Establishing joint management arrangements**

30. An element of sharing of management posts between authorities is a common arrangement, particularly between district councils – for example shared management teams at South and Vale of White Horse District Councils – but also between district and county councils in two tier areas – for example the Chief Executive at Gloucester City Council is also a Corporate Director at the County Council. Similarly, the Chief Executives of Suffolk and Essex County Councils have recently also acted as Chief Executives for one of more district councils in the recent past. Establishing a joint Chief Executive is a common first step towards developing more extensive joint arrangements and gives the leadership capacity to take forward change in the interests of both councils.
31. An incremental approach is proposed to align management arrangements, with the potential to bring together senior management as a team and the opportunity to share some senior officers as joint services are developed over time.
32. For CDC and SNC to effectively manage the separation process, they need to move swiftly to new management arrangements.
33. As a pragmatic response to the situation in Northamptonshire and noting the successful experience elsewhere of sharing a Chief Executive as the first step towards joint working, this report proposes that the Chief Executive posts of Cherwell District Council and Oxfordshire County Council are combined and that a shared Chief Executive is appointed. The shared Chief Executive will be separately accountable as Head of Paid Service to the two councils and will



be responsible for bringing forward further proposals and business cases in-line with this report.

34. Human resource implications are addressed in the Staffing Issues section below.

### **Shared services**

35. As set out in the strategic case, there is considerable potential for shared services to provide an effective mechanism for delivering the separate policies of OCC and CDC with the potential for enhanced ability to deliver on shared objectives.

36. In broad terms there are four models for sharing services between local authorities:

- **Joint direct service delivery**  
Councils can develop shared teams, using various legal mechanisms, to deliver services on behalf of both councils through joint or shared officer teams, responsible directly to both councils. Examples include elements of the current arrangements between Cherwell and South Northamptonshire District Councils.
- **Services supplied by one council to another in a form of mutual exchange**  
The services of one council being extended to another on a commercial/contractual or partnership basis. Examples would include the Integrated Business Centre partnership arrangements between Oxfordshire and Hampshire County Councils.
- **Joint ownership of an arms-length companies**  
The joint development of an external but commercial vehicle to supply services back to the partner councils, including through the 'Teckel' exemption arrangements, which can undertake the delivery of functions on behalf of one or more authorities. Examples would include the development of a jointly owned service delivery company by West Oxfordshire District Council and several Gloucestershire district councils.
- **Joint procurement**  
Councils can enter into a joint procurement arrangement with an external provider to establish a stronger commercial position through enhanced scale. Examples include the joint procurement of support services by South Oxfordshire and Vale of White Horse District Councils in partnership with several other south-of-England district councils.

37. The proposed approach highlighted in paragraph 25 above (Option B) would allow for a mixed economy of these models of service delivery, dependent on

the needs of each council and the business case for joint activity, overseen by an aligned management team.

### **Property and Accommodation**

38. Initial discussions have already been held between Oxfordshire County Council and Cherwell District Council on the opportunities for rationalising property and accommodation in the north of the county. The County Council's outline accommodation strategy of developing north, south and central hubs, lends itself to a substantial presence in Cherwell. This need not necessarily be within existing property or be focussed on the services currently accommodated in Banbury and so could align well with a significant shift towards shared services. Developing an approach to shared accommodation could generate significant capital receipts, make revenue savings and signal change in both organisations.

### **Implementation**

39. A timetable for the potential cessation of joint arrangements in Cherwell has been set by government through the Secretary of State issuing an invitation to all the principal councils in Northamptonshire to submit proposals for unitary government for the area. The submission has to be returned by the end of August 2018. This is a challenging deadline and will require Cherwell to decide its future direction in an equally short time frame.
40. Option B, as described above, proposes that an incremental approach can facilitate both independence of function, as necessary, but with an ambition for shared services and shared approaches delivered on a case by case basis. Early opportunities for joint service teams, as suggested above, would then be developed and reporting lines agreed as appropriate. Where gaps in services are created through the cessation of the existing partnership, opportunities exist for alternatives to re-creating services – for example through maintaining existing commercial and partnership arrangements or entering new arrangements with neighbouring councils and their service provider arms.
41. Through the development of a joint strategy for change and action plan, both councils will need to give consideration to the capacity required to deliver joint arrangements, including decision making capacity and the capacity required for service redesign and change. In some cases additional resources for change will be required, sourced either internally or through interim or external support arrangements.
42. It will be essential that the development of joint working arrangements are undertaken in the context of other organisational change programmes such as the development of independent company structures and the County Council's Fit for the Future programme. This will both ensure that the objectives of each council continue to be delivered and that the capacity of existing change programmes supports the delivery of joint arrangements.

43. The following high-level risks to implementation have been considered:

Risk Description	Mitigation	Likelihood	Impact
		h/m/l	h/m/l
That there is insufficient capacity to deliver change	<ul style="list-style-type: none"> <li>Develop a joint strategy for change and action plan with accompanying resource assessment</li> <li>Establish joint governance</li> </ul>	m	h
That service continuity is not maintained	<ul style="list-style-type: none"> <li>That the action plan is risk assessed for impact on BAU activity</li> <li>That the risks associated with specific management resources and teams is understood and planned for</li> <li>That additional/interim resources are secured where required</li> </ul>	l	h
That the delivery of other major programmes is impacted on by these proposals	<ul style="list-style-type: none"> <li>That the action plan is risk assessed for impact on major programme implementation</li> <li>That both councils have a clear picture of their ongoing priority activity</li> </ul>	m	h
That identified savings are not achieved	<ul style="list-style-type: none"> <li>That a prudent approach to savings is adopted</li> <li>That each business case is assessed and challenged for savings ambition and deliverability</li> <li>That a benefits management process is established through the action plan</li> </ul>	m	m
That joint working impacts on other budget requirements	<ul style="list-style-type: none"> <li>That the implementation of individual councils' Medium Term Resource Plans actively manage this risk</li> </ul>	l	h
That the integration of IT systems is complex and costly	<ul style="list-style-type: none"> <li>Ensure that each business case gives sufficient consideration of IT issues at the earliest stage</li> <li>Both councils to prioritise investment in the capacity of IT and digital to facilitate change</li> </ul>	h	h
That organisational cultures are not aligned, leading to a 'them and us' scenario or that there is a perception of 'takeover' in one or other council resulting in reduced overall effectiveness	<ul style="list-style-type: none"> <li>That early appointments are made to key aligned management positions, providing capacity for shared leadership of change</li> <li>That staff and members of each council are fully engaged in the change programme</li> </ul>	l	h
That independent decision making of each council is not maintained	<ul style="list-style-type: none"> <li>That relevant agreements are clear, with accountable and transparent decision-making arrangements established</li> </ul>	l	h
That members experience reduced access to senior management	<ul style="list-style-type: none"> <li>That protocols are developed for the responsibilities and approaches of officers in joint post</li> </ul>	m	m

## **Governance**

44. In shared service and staffing arrangements, each council retains its own governance and constitutional structures and there may be no restriction on each authority's ability to determine how it exercises its functions nor how each formulates and spends its budget. There are opportunities for shared formulation of policy and alignment of procedures but in each case, these are subject to approval by each council.
45. For the oversight of development of shared activity, it is proposed to establish a member-led Partnership Working Group to consider joint arrangement proposals and to make recommendations to the separate councils for decision making.
46. To retain the independent decision making of each council, it is not intended that this group should be a formal joint committee within the meaning of the relevant Local Government Acts, unless and until it is resolved otherwise by both councils.
47. It is intended that formal joint committee arrangements within the meaning of the relevant Local Government Acts will be established to facilitate joint working, including taking decision on designated Human Resource matters. Proposals will be developed by the Partnership Working Group for agreement by each council.
48. In all circumstances, the decisions reserved to Full Council by statute would remain separate decisions of each council.
49. The decisions to enter into joint arrangements, and the subsequent performance of these arrangements, will be subject to the separate Overview and Scrutiny Arrangements of each council. The separate councils and their committees may choose to undertake the scrutiny of some functions jointly, where this is appropriate. However, the separate arrangements will retain their independence and powers and the decision to act jointly will be for each council separately, under existing decision-making arrangements.

## **Other issues**

50. This initiative would demonstrate a new approach to county and district partnerships and would consolidate the positive approach both Oxfordshire County Council and Cherwell District Council have already taken in terms of delivering growth. This model has the potential to establish mature and equitable two-tier partner relations, directly supporting delivery of the national agenda and seeking to reset the sometimes challenging two-tier dynamic.
51. Both councils are actively engaged with ongoing organisational development conversations with other councils within the county and would welcome additional joint-working initiatives.
52. A current extensive programme within the County Council is undertaking a fundamental redesign of the way the organisation operates. A unique opportunity exists to extend this work to include partnership options. However, this is clearly not the only approach available to developing joint proposals and both organisations will want to consider the resources and opportunities available to them.
53. A governance review is currently underway within the County Council. Within joint working arrangements, the political structure of the partner councils remain independent and separate. Entering into joint working arrangements at a management and service level would therefore not affect the ability of the County Council to vary the way that councillors organise themselves to lead the Council.

## **Financial Implications**

54. There are no direct financial implications arising from establishing the principle of joint working through the conclusion of a Section 113 agreement. Financial implications for individual elements of joint working will be included within detailed business cases. This will include the costs and financial benefits of establishing a joint Chief Executive post which will need to adhere to the principles described including achieving a cost neutral or better position for the both councils.

## **Staffing Implications**

55. Any implementation plans to achieve shared or joint working arrangements would be through normal HR and legal process and in-line with the council's policies and legal obligations.
56. The individuals directly affected by this decision have been consulted.
57. Standard decision-making processes for the Head of Paid Service at the County Council will apply.

## **Legal Framework and Implications**

58. The arrangements for Shared Services and Management can take a number of forms. s101 and s102 of the Local Government Act 1972 permit local authorities to either delegate functions to other local authorities or to establish joint committees for respective functions to be discharged.
59. A common option is to use the provisions of s113 of the Local Government Act 1972 which permits one local authority to place an officer at the disposal of another for the purposes of discharging functions. S113 agreements are in place as the basis of the current arrangements between Cherwell and South Northamptonshire District Councils and South Oxfordshire and Vale of White Horse District Councils.
60. Shared officers fulfilling statutory roles (including Head of Paid Service, s151 and Monitoring Officer) is common. This can happen through a joint appointment, secondment or other similar arrangement.
61. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended state that: "The making of agreements with other local authorities for the placing of staff at the disposal of those other authorities" falls under the category of Schedule 2 to the Functions Regulations" i.e. "functions which may be (but need not be) the responsibility of an authority's executive". As reflected in the County Council's constitution, the decision on agreeing a s113 agreement therefore sits with the Cabinet and can be delegated by it.
62. It is proposed to incorporate a termination provision in such an agreement. This should allow for the agreed or unilateral termination of shared service arrangements with a six months' notice period and that in circumstances of sudden significant strategic change, immediate measures could be taken to resolve conflicts of interests within shared management arrangements.
63. A draft s113 agreement is attached as Annex 1.

## **Equalities Implications**

64. Changes to the work-force of each council should be undertaken with an understanding of the impact on workforce equality including equal pay.
65. Proposals for changes to the way specific services are delivered will need to be considered for their impact with respect to groups with protected characteristics, in-line with the policies of each council. This will include access to services and any potential differential impact on outcomes.

## **RECOMMENDATION**

**66. The CABINET is RECOMMENDED to AGREE:**

- To the principle of implementing joint working arrangements with Cherwell District Council;
- That the guiding principles set out in paragraph 13 should apply in the development of joint working arrangements;
- To establish a joint Chief Executive post with Cherwell District Council;
- To the establishment of a member-led Partnership Working Group.

**67. The CABINET is RECOMMENDED to NOTE:**

- The draft s113 agreement attached as Annex 1.

**68. The CABINET is RECOMMENDED to DELEGATE**

- The conclusion of a s113 Agreement with Cherwell District Council to the Director of Law and Governance, in consultation with the Leader;
- The agreement with Cherwell District Council to Terms of Reference of the Partnership Working Group to the Director of Law and Governance, in consultation with the Leader.

PETER CLARK  
Chief Executive

Background papers: n/a

Contact Officer: Robin Rogers, Strategy Manager

May 2018

**ANNEX 1: Draft s113 Agreement**