

BABERGH DISTRICT COUNCIL

FROM: Babergh and Mid Suffolk Joint
Member Integration and Merger
Review Board

REPORT NUMBER: **J223**

TO: STRATEGY COMMITTEE

DATE OF MEETING: 8 APRIL 2010

**REPORT OF THE BABERGH DC AND MID SUFFOLK DC JOINT MEMBER
INTEGRATION AND MERGER REVIEW BOARD**

1. PURPOSE OF REPORT

1.1 This report provides details of the outcome of the first Joint Member Integration and Merger Review Board meeting which was held on 4 March 2010. The recommendations set out in Section 2 below arose from the discussions at that meeting, and are explained in Section 5 below. A similar report will be presented to Mid Suffolk DC's Executive Committee on 12 April 2010.

2. RECOMMENDATIONS TO COUNCIL

2.1 Further to Minute 61 of Babergh's Council Meeting on 28 January 2010 and Minute EX 139 of Mid Suffolk's Council Meeting on 25 February 2010 in relation to a joint review by Babergh and Mid Suffolk District Councils of the options for operational integration and constitutional review and/or merger of the two Councils:

2.2 That value for money for Council Tax payers be confirmed as the paramount objective, and that both Councils seek to achieve through any programme of integration a jointly agreed balance between financial savings and future resilience in all aspects of service delivery.

2.3 That the business case to support joint decision-making arising from this review be developed as soon as possible.

2.4 That, in parallel with the development of the business case, a clear project plan for the achievement of full managerial and operational merger by April 2011 and for exploring the option of constitutional merger be jointly developed.

2.5 That both Councils agree to commit the necessary human resources to support this review; to provide any necessary financial support within the budgetary constraints of each Council, and to explore all possible sources of external funding support for this review, including an application for Improvement East funding as soon as possible.

2.6 That a joint strategy and protocol for internal communication with Members and staff be developed immediately.

- 2.7 That a joint approach to media handling be adopted, and that any draft joint statements be agreed with the Chairman of Babergh's Strategy Committee and Mid Suffolk's Council Leader and shared with the Joint Board before publication.
- 2.8 That, provided the business case supports operational and managerial integration by April 2011, the provisional aim should be to have a single Chief Executive in place by the beginning of March 2011 through an internal and external recruitment process commencing around October 2010.
- 2.9 That a Human Resources (HR) work stream for this review be established as soon as possible.
- 2.10 That, to support future joint decision-making, the two Councils work closely together during 2010 to achieve as much constitutional similarity as possible from the constitutional review that each is undertaking.
- 2.11 That the concept of a constitutional merger to create a new single Council be supported in principle and that this option be fully explored with a view to achieving the earliest practicable implementation if this ultimately agreed as the best way forward.
- 2.12 That the need for both internal and external consultation be identified and acted upon as part of planning the various work streams for this review and, in particular, that careful consideration be given to the planning and management of any public consultation arising from recommendations 2.9 and 2.10 above to avoid public confusion and to secure as broad an understanding as possible of what the two Councils are seeking to achieve through any proposed changes.

The Committee is asked to make recommendations to Full Council on the above matters.

3. FINANCIAL IMPLICATIONS

- 3.1 None arising directly from this report. The aim would be to undertake the proposed review within the current budgetary constraints of the two Councils, supported by any available external funding e.g. through Improvement East.
- 3.2 Any need for additional unbudgeted funding to support this review would be reported to Members of either or both Councils as necessary.
- 3.3 One of the core objectives of this review is to yield longer term financial savings for both Councils.

4. **RISK MANAGEMENT**

4.1 This report is closely linked with all of Babergh Council's Significant Business Risks. Key risks are set out below:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Risk 1 Failure to engage with and/or influence LGR in Suffolk	Significant	Critical	The Business Case for this review will take account of the possible resumption/ completion of LGR in Suffolk
Risk 2 Failure to take opportunities to deliver shared services where beneficial to do so	Significant	Critical	This initiative takes advantage of a radical shared service opportunity with a neighbouring Council
Risk 3 Failure to engage in partnerships that would benefit our communities	Significant	Critical	This initiative identifies MSDC as a preferred partner and proposes a radical partnership approach but does not preclude other partnership opportunities e.g. the Revenues and Benefits partnership with MSDC and other Councils.
Risk 4 Inability to provide strong political and managerial leadership in a period of considerable change	Significant	Critical	This initiative represents a clear leadership proposition that offers a positive vision for a sustainable and successful future for internal and external stakeholders
Risk 5 Inadequate capacity to meet the challenges facing the Council	High	Critical	This initiative is a positive proposal to enhance capacity through greater efficiency and better economies of scale
Risk 6 Staff and Members do not see the need for, or are resistant to, change	Significant	Critical	The challenges facing the Council and the various options for responding to these have been explained to both staff and Members over a long period of time. The Project Plan for this review will include a clear internal communication and consultation plan.

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Risk 7 Failure to embed risk management in partnership plans	Significant	Critical	The Business Case and Project Implementation Plans will identify key risks and their mitigations
Risk 8 Efficiencies and savings targets are not met	Very high	Catastrophic	This initiative is a key mitigation against this risk
Risk 9 Failure of projects due to inadequate programme and project management	Significant	Critical	This initiative will be supported by clear programme and project planning that will also take account of other competing pressures on key staff. The need for any additional resources will be kept under review and reported as necessary to Members
Risk 10 Failure to respond to external, including national, issues	High	Critical	This initiative is a key mitigation against the effects of the national economic situation, and specifically against threatened public expenditure cuts

5. **KEY INFORMATION**

- 5.1 Further to decisions by both Babergh (Minute 61) and Mid Suffolk (Minute EX 139) Councils, the first meeting of the Joint Member Board was held on 4 March 2010 to consider the options of both operational integration and constitutional review/merger.
- 5.2 The recommendations arising from that Board meeting are set out in Section 2 of this paper. The reasons for these recommendations are explained below.
- 5.3 Board Members discussed their terms of reference and agreed the paramount importance in this review of ensuring that Council Tax payers in both Council areas receive best value for money from future service delivery and governance arrangements.
- 5.4 Both Councils need to make significant budgetary savings in 2011/12 and future years, whilst also ensuring that service delivery arrangements are resilient and can withstand the future pressures on them. It was agreed that neither Council was in a position to meet these challenges simply by making internal changes and that both needed to work in partnership with one or more Councils to achieve necessary savings and to create additional capacity to help maintain high standards of service delivery.

- 5.5 Whilst the balance between the need to make savings and maintain service resilience may differ to a degree in particular service areas, the fundamental need to achieve this balance across all service areas was common to both Councils. The Board therefore acknowledged that, in undertaking this review, there would need to be agreement between the two Councils as to where that balance was best struck both in individual service areas and as an overall business case proposition.
- 5.6 The Board agreed on the need for a planned, structured approach to the review, including the development of the business case and associated project implementation plan. It was recognised that there would be a number of complex work streams that would require both human and financial resources to support this review.
- 5.7 Neither Council was particularly well placed to find additional resources from within to manage and support the project and at the same time undertake day to day managerial and operational activities. It was noted that many Councils are undertaking similar reviews, and are being encouraged by Government to do so, and that for this reason external funding might be available in principle through a number of agencies. It was agreed that all possible sources of external funding should be explored, including the possibility of funding from Improvement East. Beyond this, the Board felt it was important for both Councils to affirm their agreement to making the necessary resources available to secure a properly conducted review in which all stakeholders could have confidence.
- 5.8 The Board identified the need to have effective communication plans in place for staff and Members, and in particular to ensure that the activities of both Councils were planned and co-ordinated to avoid mixed messages or differences in timing for dissemination of key messages.
- 5.9 The need to engage jointly and positively with the media was also recognised as a key requirement in order to ensure that both Councils were party to any media statements and that media coverage was accurate and informative.
- 5.10 It was recognised that the business case would need demonstrably to support the proposition of full operational integration from April 2011 before final decisions on this were made, although this would not preclude integration of specific aspects of service delivery before then if there were a sound case to do so. It was further acknowledged that, in addition to the projected benefits of integration/merger, the business case would have to take account of any developments on the outstanding issue of Local Government Review in Suffolk, which may call into question both the principle and timing of any proposal for integration and/or merger between the two Councils.
- 5.11 On the assumption that, on completion of the business case, the two Councils would still wish to proceed with full operational integration from April 2011, the Board considered that it would be essential to have the single Chief Executive in place by early March 2011. This would then enable the Chief Executive to undertake consequential appointments to a single Management Team by the target date of April 2011 and, of course, in time for an orderly transition to new Councils from the May 2011 District Elections. Appointments to other positions would be likely to be spread over a more extended period starting before March 2011, but hopefully not extending unduly beyond April 2011.

- 5.12 Bearing in mind the increased scale and complexity of the single Chief Executive role; the need to appoint demonstrably the best candidate for this position and to avoid any sense of takeover by either Council, the Board felt it was essential to expose this appointment to both internal and external competition. The suggested commencement of that process in October 2010 would accommodate the possibility of appointing an external candidate for whom a notice period might need to be served. The assumption was that all other posts would be likely to be subject to some form of internal ring-fencing arrangements in the first instance.
- 5.13 It was recognised that detailed HR advice would be needed on a complex range of issues connected with any integration plans, including the Chief Executive appointment, and that it was therefore premature to make any recommendations on most of these issues pending receipt of that advice. The only specific issue where the Board wished to make a recommendation at this stage, therefore, was on the provisional aim relating to the nature and timing of the recruitment process for the Chief Executive to support the current target date of April 2011 for implementation of full operational integration.
- 5.14 On constitutional matters, the Board considered two separate but connected issues. The first related to the desirability of achieving as much constitutional similarity as possible to support joint decision-making by the two Councils in the short to medium term, and the second to the possibility of the creation of a new single District Council to replace the two current Councils in the longer term.
- 5.15 The Board noted that Babergh already has a Constitution Review Task Group in place to consider the possibility of a change to Leader and Cabinet arrangements from May 2011. Legislation prescribes that a resolution for any change from committee to executive decision-making arrangements be made in December of the year preceding local elections, and that such a resolution cannot be made at any other time. If such a resolution is not made, the next opportunity to do so therefore would not arise for a further four years (i.e. just before the 2015 District Elections).
- 5.16 The original decision by Babergh Council to undertake that review pre-dated the recent decision to look at possible constitutional merger with Mid Suffolk, although the two decisions are not necessarily in conflict and, indeed, could be mutually supportive. The Task Group has recommended to Babergh's Overview & Scrutiny (Stewardship) Committee that public consultation be undertaken during the summer regarding the possibility of change to executive arrangements. The recommendations of that Committee will be considered at Babergh's Annual Council on 20 April, together with the recommendations arising from this paper.
- 5.17 The Board noted that Mid Suffolk's Full Council had recently agreed that its own constitution be reviewed again, although it was too early to say what the outcome of that might be. The Constitution Review Group was being reconstituted in order to achieve a common timetable with Babergh's review.

- 5.18 The Board acknowledged that, at the time of its own meeting, neither Council could be certain of the outcome of these reviews, but it was considered that both Councils should work together with a view to achieving the same outcome from constitutional review if at all possible. It would then be critically important for the two Full Councils to ensure that any recommendations arising from these separate constitutional reviews and any in relation to possible constitutional merger were considered as a coherent whole.
- 5.19 The Board considered, however, that to achieve as much constitutional similarity as possible between the two Councils would assist in joint decision-making from April 2011. It was also noted that, were the two Councils to adopt identical, or at least very similar, Leader and Cabinet constitutions from May 2011, these may need very little modification if the two Councils were to then become a single Council at a later date.
- 5.20 The Board considered that the concept of constitutional merger should be supported in principle and that there should be immediate investigation into when and how this might be achieved. Further research had identified that current legislative provisions do allow for Councils to ask the Boundary Committee to undertake a review, with a view to replacing two local authority areas (in this instance, the Babergh and Mid Suffolk areas) with a single new local authority area.
- 5.21 These provisions were akin to the provisions for local government review, in that it would then be open for the Boundary Committee to consider alternative propositions and for the Secretary of State to also reject or approve any Boundary Committee recommendations, with or without modification. Any such review would also be likely to have regard to similar criteria as set out for unitary reviews e.g. affordability, broad cross-section of support.
- 5.22 It was recognised that any desire for such change on the part of the two councils through this route could quickly become embroiled in other agendas e.g. the LGR issue that was still hanging over Suffolk, and the possibility that the Secretary of State (of whatever Government) might take the view that any such wish on the part of Babergh and Mid Suffolk for a review may not be acted upon pending final resolution of the unitary debate.
- 5.23 Nonetheless, the Board felt that the opportunity for further savings and efficiencies through the creation of a single Council should be explored and properly considered by both Councils. Members also felt that constitutional review and/or merger both presented opportunities to improve democratic engagement at local level. This would be particularly important if a new single Council were to serve the large geographical area currently covered by the two Councils.
- 5.24 It was noted that it was highly unlikely that it would prove possible to achieve constitutional merger from the May 2011 elections, even if both Councils wished to achieve this. However, the Board felt that if merger were to be agreed as a shared objective, the two Councils should explore what the earliest date might be for achieving this. A 2012 date might, for example, be achievable if it were possible to make early progress on this review and to then secure Secretary of State agreement to the deferral of the May 2011 elections for one year. A 2013 date might alternatively be achievable, with elections to a new Council in that year and again in 2015, to bring that Council

into line with the District electoral cycle. If, however, merger were not seen as an objective in the short term, the Board considered that the two Councils should nonetheless keep this in mind as a possible longer term objective, say to be planned for and take effect from the 2015 elections.

- 5.25 It was recognised that the two separate constitutional matters referred to in preceding paragraphs were complex in their own right, and even more so when brought together for overall strategic consideration by the two Councils. For these reasons, the Board recognised that the details of, and reasons for, any proposed constitutional changes would need to be carefully discussed between the two Councils and explained to the public in plain language. Any communication and consultation arrangements would therefore need the most careful joint planning and management. It was noted that this was a key consideration for early resolution in view of the legislatively imposed timescale for the review of current constitutional arrangements by both Councils, which would require public consultation during the summer if it were anticipated that this might lead to a change to executive arrangements from May 2011.
- 5.26 Members are asked to note that this review will require an Equality Impact Assessment at key stages.
- 5.27 Members are also asked to note that Officers of both Councils are continuing to work together to develop the detailed work plan for this review.

6. **APPENDICES**

None.

7. **BACKGROUND PAPERS REFERRED TO:**

Notes of Joint Member Board Meeting 4 March 2010

Joint Member Board attendees:

Babergh Members

Jennie Jenkins
substituting for John Hinton
Michael Miller
substituting for Nigel Bennett
Nick Ridley
Sue Wigglesworth
David Wood

Mid Suffolk Members

Roy Barker
Michael Blakenham
Derrick Haley
Penny Otton
Tim Passmore

CONTACT: Pat Rockall
Chief Executive Babergh DC

EMAIL: pat.rockall@babergh.gov.uk