

South Somerset District Council – Future Management Options

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1. Purpose of the Report

- 1.1 This report summarises the findings of the cross-party Working Group that was tasked by Full Council to progress discussions with districts in Somerset with respect to potential sharing options.

2. Public Interest

- 2.1 South Somerset District Council is exploring a number of opportunities to maintain or improve services in the light of reduced resources. This report updates councillors on the current work to explore joint working with another council and whether such an arrangement would be beneficial to bring efficiency savings, boost resilience and increase influence in Somerset, in the South West and nationally.

3. Recommendations

- 3.1 That Council:
- (1) Notes the work carried out by the Working Group and their analysis of the options available to this council and requests that:
 - (a) A headline business case is produced for joint working with Sedgemoor District Council and
 - (b) A similar headline business case is produced for remaining as an independent council.
 - (2) Requests that the Working Group brings back the two headline business cases ('a' and 'b' above) in February 2016 so that Council can make a decision on which option to pursue.
 - (3) Approves the allocation of up to £10,000 from Unallocated General Fund Balances for external advice and independent review.

4. Background

- 4.1 The rationale for exploring sharing opportunities within Somerset was laid out in a report to Full Council on 16th July 2015. In summary, the motivation embraces the national picture including devolution, budget challenges and developing greater influence and resilience. Members agreed to appoint a Working Group of the Leader of Council, Deputy Leader, Leader of the Conservative Group, spokesperson for the Independent Group and both Strategic Directors to act on behalf of the Council in

progressing discussions with Mendip District Council (MDC) in the first instance and all other options within Somerset. The Working Group was also authorised to commission a joint independent valuation of the potential between SSDC and MDC resulting in a feasibility appraisal of the concept. As reported to Council in updates on 17th September 2015, SSDC was approached by Sedgemoor DC, Taunton Deane Borough and West Somerset Councils offering the opportunity to enter into preliminary discussions with each other.

- 4.2 For clarity, when the term 'sharing' is used it does not change the sovereign nature of two councils. This means that members will still be able to make decisions for their residents independent of the other council. Sharing proposals seek to develop one officer team. By joining up management and service delivery both councils should benefit from financial savings and strengthened resilience which would help to prepare both councils for the expected challenges ahead.
- 4.3 With any arrangement of this sort, it is essential that both authorities can work together and have some common interests that would support a successful partnership. Preliminary conversations, along with learning from others, have been useful and illuminating. This has enabled the Working Group to recommend a preferred potential sharing option to Full Council.
- 4.4 The Working Group also feels that before making such a significant decision, two headline business cases should be prepared to illustrate (a) what it would mean to share with Sedgemoor District Council and (b) what SSDC would look like if no further sharing was agreed over the medium to long term.

5. Progress of the Working Group and initial findings

Advantages of joint working

- 5.1 Recent financial pressures on the public sector coupled with Government aspirations has led to the rise of joint working, not only in local authorities but in other public sector organisations too. Whilst joint working cannot be seen as the panacea of all ills, experience has shown that it certainly has clear benefits in three key areas. These are Influence, Resilience and Efficiency savings enabling local authorities to reduce their overheads and have a stronger 'voice' for their communities.
- 5.2 The Working Group has looked at the pros and cons of joint working. There are a multitude of examples where it works and works well. Those councils that have moved to joint working have saved 10-20% simply by joining the top management tiers while retaining sufficient strategic and operational capacity. Further savings have been achieved from subsequent transformation of service delivery. There are clearly cases of duplication in running two operational structures that do much the same work and would benefit from developing one consolidated structure. In addition, there are undoubtedly procurement savings to be made due to economies of scale. Our conversations with those who have moved to joint arrangements have restated the point that customers have not noticed the difference.
- 5.3 The on-going savings targets will put increasing pressure on local authority services with reduced personnel. This puts delivery at risk and impacts on resilience. We are already experiencing difficulty in recruiting staff and training, development and promotion prospects are reduced. A larger organisation would have the ability to overcome some of these barriers. SSDC has already seen the reduction of key skills

with the loss of experienced officers and a larger organisation will bring new skills to deliver projects and services desired by members.

- 5.4 The Comprehensive Spending Review will be announced on 25 November, however the full impact of this will not be known until mid-December. This may further change the financial picture, risks and benefits. Fortunately this will come during the period that we intend to be preparing the two headline business cases.
- 5.5 On the wider stage, a strategic alliance with another authority brings a stronger voice and more influence. There are, of course, some potential disadvantages.
- 5.6 The current member-staff interaction will change. Officers will not be serving one council but two. There may be staff resistance to change. Any potential change to terms and conditions is a significant piece of work which normally takes place following the joining up of the staff teams. Learning from others has shown that these barriers are surmountable.
- 5.7 The Working Group recommends to Council that SSDC further investigates the move towards a joint operational authority by working on a headline business case.

Is it possible for SSDC to stay as we are in the short/medium/long term?

- 5.8 Early assessment shows that it is possible for SSDC to remain independent without forming a strategic alliance with another council. We forecast that this council will need to make over £5 million of savings by 2020-21. With transformation, reduced management structures and efficiencies this council could get some way towards that total. However it is believed that significant cuts to council services may need to be made in the medium to long term.
- 5.9 It should be noted that SSDC has already entered into a range of shared services and partnerships where the business case showed an advantage to the community and/or to the council. Examples include the Somerset Waste Partnership and South West Audit Partnership where officer resources are shared. Homefinder Somerset is an example where software systems and policies are shared. We also contract out some services such as out of hours contact (with Taunton Deane) and Careline contact (with Sedgemoor). More information can be seen in Appendix 2, Question 9.
- 5.10 Remaining independent gives more control, however there could be risks of not progressing joint working at this stage, bearing in mind the opportunities available in Somerset. This could bring some isolation and reduced options to secure positive outcomes at a later date. Members would want to consider how SSDC might be perceived in the local government arena. When making the decision members need to take serious consideration of the emerging national picture.

6. Meetings and discussions with other Somerset District Councils

- 6.1 The next stage for the Working Group was to meet and discuss with senior members and officers of other Somerset District Councils, as required by Full Council, to begin a comparative assessment of the options available to us. More detail can be found in Table Two but the headline criteria were based on an assessment of:
 - Continued positive outcomes for SSDC communities

- Sharing Fit
- Influence
- Resilience
- Savings

Mendip District Council

- 6.2 There have been a number of positive and productive meetings between the Working Group members of both authorities. 'Local Partnerships' carried out a Joint Working High Level Feasibility Study (see Appendix 1). Some additional meetings have taken place with Mendip DC with officers and members of the Working Group.
- 6.3 The Working Group warmly thanks all those at Mendip DC for the open, friendly and helpful approach to these meetings.
- 6.4 Members will have seen the report from Local Futures about the feasibility of a joint arrangement with Mendip District Council. This states that it is feasible to work with Mendip District Council on a shared basis.

Taunton Deane Borough Council and West Somerset Council

- 6.5 The Working Group had an informative meeting with officers from Taunton Deane and West Somerset. This has proved invaluable in advancing the thinking within the Working Group. Having just achieved their first objective of joining up the officer structure, these authorities are now embarking on a transformation programme in order to drive additional savings and improve service delivery. While the time is not right to develop a tri-partnership arrangement there could well be opportunities for some individual sharing arrangements in some specialised areas.

Sedgemoor District Council

- 6.6 A range of meetings have been held with councillors and officers. All have been held in a positive spirit and have helped to develop the comparative table between the sharing options. The Working Group would like to thank the officers and members of the authority for making their time available to understand the pros and cons of such an arrangement.
- 6.7 The conclusion of the Working Group is that it would also be feasible to work with Sedgemoor DC.

7. Consultation

- 7.1 SSDC member workshops were held on 1st and 6th October 2015 to discuss the initial findings. There was good attendance at these workshops and the comments and questions have led to adjustments being made to these initial findings and in our assessment of the best fit. These comments and questions can be seen in Appendix 2.

8. Assessing the best 'fit'

- 8.1 Having come to the conclusion that sharing with either Mendip DC or Sedgemoor DC is feasible, the Working Group assessed the relative benefits of each. Whilst much of this is subjective, we have been advised by those who have joined elsewhere that such a decision is inevitably based on a broad judgement.

8.2 Table One demonstrates facts about the three authorities and concludes that all three are broadly similar.

8.3 Table Two is the summary of pros and cons (and assigned either poor, fair, good, very good or excellent) and where there is a sufficient difference, the best option is shaded green.

Table One: Some facts about the three districts (Source: Somerset Intelligence Network 2010 and Council's data)

Coloured rows show similarities.

	South Somerset	Mendip	Sedgemoor
Population statistics			
Population	164,569	110,884	119,057
Population Density	1.7	1.5	1.9
Average Household size	2.56	2.62	2.62
% population of Working Age	56.90%	58.61%	57.53%
% over 65	25.36%	22.58%	14.86%
Life expectancy at birth			
Males	79.5	78.7	78.2
Females	83.2	82.8	82.9
Societal indicators			
% people living in 20% most deprived areas of England	2.90%	2.50%	6.80%
Top 4 neighbourhood types			
Smallholders and self employed farmers living beyond the reach of urban commuters	12%	10.50%	9.60%
Small business proprietors living in low density estates in smaller communities	12%	9.66%	11.20%
Well off commuters and well off retired people living in attractive country villages	10.50%	14%	11%
Country people living in still agriculturally active villages, mostly in lowland locations.	9.50%	6.33%	Not a top 4
% of population who participate regularly in voluntary work at least once a month	31%	31%	29%
Economic activity			
Household income per week	£434.80	£444.10	£448.00
% without access to car or van	16%	16.50%	18.70%
% of working age population claiming job seekers allowance	2%	2.40%	3%
Proportion of people qualified to level 4 or above	20%	26.60%	27%

	South Somerset	Mendip	Sedgemoor
(equivalent to degree)			
5-Year Survival Rate of new Enterprises % per 10000 adults	52.60%	43.80%	49.10%
Other facts about councils			
Number of FTE's directly employed by council	424.8	156.4	Full time = 223 Part time = 109 Casual = 18
Annual net budget	£17.4m	£14.2m	£18.6m (including housing revenue account)
Savings requirement by 2019/20	£5.2m	£1.4m	£3.2m
Style	Cabinet	Cabinet	Cabinet

Table Two: Summary of the pros and cons of sharing with Mendip or Sedgemoor

	Mendip	Sedgemoor
Sharing 'fit'		
Is the council seriously considering the sharing option?	Yes	Yes
Why are they serious?	Influence and resilience – then savings	Savings, influence, resilience
Management integration potential with South Somerset	Fair	Good greater certainty of savings due to the fact that services are mostly in house
Services tied into contracts	Significant number – see Appendix 3	Some (eg Waste)
Pace of sharing desired	Well paced	Well paced
Savings		
Savings in service delivery	Fair	Good
Managerial savings via sharing	Fair	Good
Operational efficiencies due to geography	Good	Fair may be partially overcome by technology
Sharing back office potential	Poor For first few years or till break clause in contract	Good
Influence		

	Mendip	Sedgemoor
Strategic fit with communities	Very Good	Good
Size and influence	Very Good	Excellent
Opportunities for influence	Very Good Plus market town and rural voice	Very Good Plus Hinckley influence
Resilience		
General resilience	Good	Very Good
Continued positive service delivery for residents	Good	Very Good
Reduced attendance at partnership meetings	Yes	Yes
Travel times for staff and members	Good	Fair

9. Conclusions

- 9.1 It is important to state that whatever decision is made on sharing, SSDC will seek to remain on the very best of terms with all councils in Somerset. Many formal partnerships exist involving all Somerset Districts and these are highly valued. In addition, there are many informal sharing or support arrangements between our authorities and these should continue into the future.
- 9.2 At this point the view of the Working Group, acknowledging the consultation with SSDC members, has resulted in the conclusion that whilst either Council is a feasible partner, Sedgemoor DC is the recommended potential sharing partner. In particular, the Working Group has some unease about our ability to comply with Mendip DC's timetable for their proposals to change the way the services are delivered in Mendip (see Appendix 3).
- 9.3 Based on the assessment above, the Working Group's recommendations are that Sedgemoor DC is approached and requested to work with us to prepare a headline business case to bring back to Council in February 2016 for members to consider alongside the option to remain independent.
- 9.4 If Council agrees the recommendations then these are the suggested next steps:
- Set up a cross authority team to prepare the headline business case for working with Sedgemoor DC. This will include the benefits, likely savings, risks, cost of risks, proposed heads of terms and a road map outlining the process going forward should members agree to the recommendation.
 - Set up an internal team to prepare the headline business case for remaining independent.
 - Procures some specialist advice to help with the headline business cases (includes external challenge to the business cases and specialist HR advice), see section 10 below.
 - Regular communication with staff and members of both authorities on the progress of the two projects listed above.

- Report back to February 2016 Full Council for a decision on which way forward.

10. Financial Implications

- 10.1 Preliminary work has shown that the savings from joining with Sedgemoor are potentially greater because of the number of services that have been outsourced by Mendip District Council. Early indications show that by taking 15% from management costs and 10% across the board of staffing costs, the savings could be around £1.4 million for South Somerset. There should also be further savings as services begin to share IT systems etc. once joined up.
- 10.2 It is recommended that up to £10,000 of Unallocated General Fund Balances is allocated for external advice on HR and Pensions as well as an external independent review of the business case as part of the “due diligence” required for such an important long-term decision. The amount of Unallocated General Fund Balances will not reduce below the minimum required to meet financial risks by Members agreeing to this allocation.

11. Legal Implications

- 11.1 None directly arising from this report.

12. Corporate Priority Implications

- 12.1 None directly arising from this report.

13. Carbon Emissions and Climate Change Implications

- 13.1 None directly arising from this report.

14. Equality and Diversity Implications

- 14.1 None directly arising from this report.

15. Background Papers

Report to Full Council, 16 July 2015 and 17 September 2015.