

Appendix 1




Mendip and South Somerset Councils

Joint Working High Level Feasibility Study – September 2015.





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1.0 Introduction

- Local Partnerships have been commissioned to undertake a high level Feasibility Study on the potential for joint working, including shared management arrangements, between Mendip and South Somerset Councils.
- We have:
 - Talked to senior politicians to understand ambitions, hopes for achievement and what they rule in/out for joint working.
 - Talked to senior staff to understand policy framework, organisation and service configuration, cost and performance data.
- This report, based on these interviews and our background analysis, has been prepared for consideration at the 16th September Bi-Council Working Group meeting and gives our view on the feasibility of joint working and possible next steps for implementation.

2.0 The Current National Picture

- The following 3 slides are a recap on those we presented to the 19th August Bi-Council Working Group:
 - The first 2 are a view of the current picture on Shared Service Arrangements in England. In our interviews, we sought views on what sort of joint arrangements were envisaged and the rationale for joint working.
 - We have used the criteria outlined in the Ingredients for Success slide to guide us to a view on the feasibility of the proposed joint working.

2.1 The Current Picture on Shared Service Arrangements

- There are now many types of Joint Working in existence:
 - Councils' co-operation on strategic issues e.g. economic development, Housing and planning where there is a common agenda.
 - Shared individual or groups of services - it's now almost unheard of for a Council to provide all of its services independently.
 - Shared CX and Mgt. Teams. In March 2012 LGA identified 34 such arrangements. Now more exist - although some have fallen by the wayside.
 - Most recently, a second wave of shared arrangements involving a consortia of Councils adopting a commissioning model.
- Why do Councils enter into such arrangements? The 3 most commonly cited reasons are:
 - A greater voice for the Councils to exert influence and gain additional resources.
 - Greater resilience from sharing of services so that service standards can be maintained at a time of reduced resources.
 - Financial savings - through the creation of, for example, 1 senior Management Team to support the 2 Councils.

2.1 The Current Picture on Shared Service Arrangements (Cont'd).



- The LGA website of Shared Services shows currently at least 337 councils across England are engaged in 383 shared service arrangements resulting in £357 million of efficiency savings.
- The LGA produced a report evaluating the success of five examples of shared services in August 2012. The report suggested that initial reductions in staffing through sharing of services deliver quick savings as duplication is removed and structures merged, but then further savings result from improved business practices:
- The set up and integration costs for each shared service arrangement were modest, with all succeeding in delivering a payback period of less than two years. The investment costs ranged from 18 per cent to 59 per cent of the savings in the first two years and were typically comprised of redundancy, implementation team, rebranding costs and IT expenditure. There was no evidence of any material decline in customer or staff satisfaction levels in any of the [five examined] case studies.

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2.2 The Ingredients for Success



- The following factors (but not necessarily all) need to be in place:
 - Similarities in the geographical areas covered by the Councils and in their communities.
 - A shared vision at senior political level of what Joint working will achieve that is realistic and achievable and where both Councils benefit.
 - Trust between senior politicians and the ability to work together effectively.
 - Cultural differences between the Councils recognised and tackled through joint working.
 - Both Councils trust the CX and his/her Mgt. Team
 - Clear and well understood governance.
 - The rationale for joint working is accepted by staff and the implementation timetable is well paced.

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3.0 Data on Communities, Costs and Services

- The following slides provide some data on:
 - The similarities between the communities served by both Councils derived from the Somerset Intelligence Network profile for 2010.
 - The current pattern of joint working between the 2 Councils.
 - Net expenditure on services- overall cost and cost per head- derived from both Councils' Comprehensive Income and Expenditure statements
 - The Councils' top structures.
- It had been our intention to provide a more detailed breakdown of service costs and structure to validate the summary slides but the tight deadline prevented this. In particular, this impacts on the Cost per head slide where we are certain it is a case of "apples being compared with pears".

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3.1 Similarities between your Communities

| | South Somerset | Mendip |
|---|----------------|---------|
| Population statistics | | |
| Population Density | 1.7 | 1.5 |
| Average Household size | 2.56 | 2.62 |
| % population of Working Age | 56.90% | 58.61% |
| % over 65 | 25.36% | 22.58% |
| Life Expectancy at Birth | | |
| Males | 79.5 | 78.7 |
| Females | 83.2 | 82.8 |
| Societal indicators | | |
| % people living in 20% most deprived areas of England | 2.90% | 2.50% |
| Top 4 Neighbourhood Types | | |
| Smallholders and self employed farmers living beyond the reach of urban commuters | 12% | 10.50% |
| Small business proprietors living in low density estates in smaller communities | 12% | 9.66% |
| Well off commuters and well off retired people living in attractive country villages | 10.50% | 14% |
| Country people living in still agriculturally active villages, mostly in lowland locations. | 9.50% | 6.33% |
| % of population who participate regularly in voluntary work at least once a month | 31% | 31% |
| Economic Activity | | |
| Household income per week | £434.80 | £444.10 |
| % without access to car or van | 16% | 16.50% |
| % of working age population claiming job seekers allowance | 2% | 2.40% |
| Proportion of people qualified to level 4 or above (equivalent to degree) | 20% | 26.60% |
| 5-Year Survival Rate of new Enterprises % per 10000 adults | 52.60% | 43.80% |

Source: Somerset Intelligence Network

Green shading denotes less than 10% variance from average of both councils.

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3.2 Current Joint Working between your Councils



- Somerset Waste Partnership; South West Audit Partnership; Homefinder Somerset Partnership;
- Some policy work (Housing Market assessment; Joint Empty Homes Strategy);
- Some joint working – Licensing - developing a range of new policies including those for Hackney Carriage and Taxi policies; shared bid of £660,000 for Mendip Care and Repair to bring more empty properties back into use;
- Environmental Health – joint food safety work with cross boundary issues;
- South Somerset have agreed to assist in the event of an emergency at Glastonbury Festival.

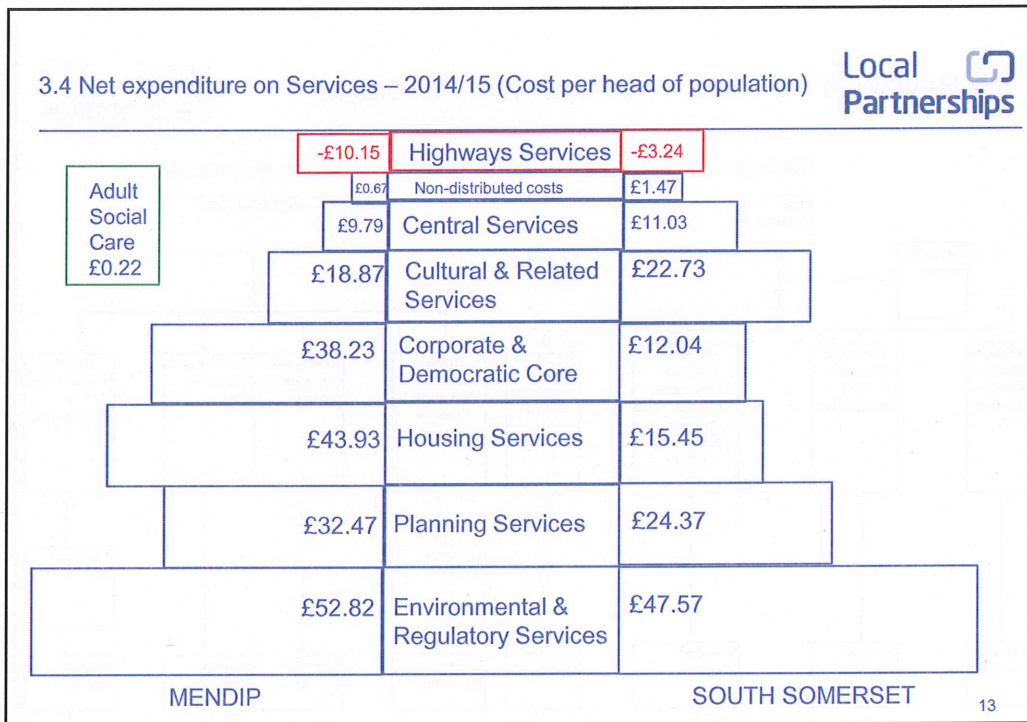
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3.3 Net expenditure on Services – 2014/15



| | Mendip | South Somerset |
|-------------------------------------|-------------------|-------------------|
| Central Services | 1,085,401 | 1,815,725 |
| Cultural & Related Services | 2,091,655 | 3,740,723 |
| Environmental & Regulatory Services | 5,861,969 | 7,829,347 |
| Planning Services | 3,598,821 | 4,009,798 |
| Highways and Transport | -1,125,218 | -533,509 |
| Housing Services | 4,868,905 | 2,542,526 |
| Adult Social care | 24,181 | |
| Corporate and Democratic Core | 4,238,464 | 1,981,772 |
| Non Distributed Costs | 73,571 | 238,692 |
| Net Cost of Services | 20,717,748 | 21,625,074 |

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3.5 Review of Services - Top Structure

Local Partnerships

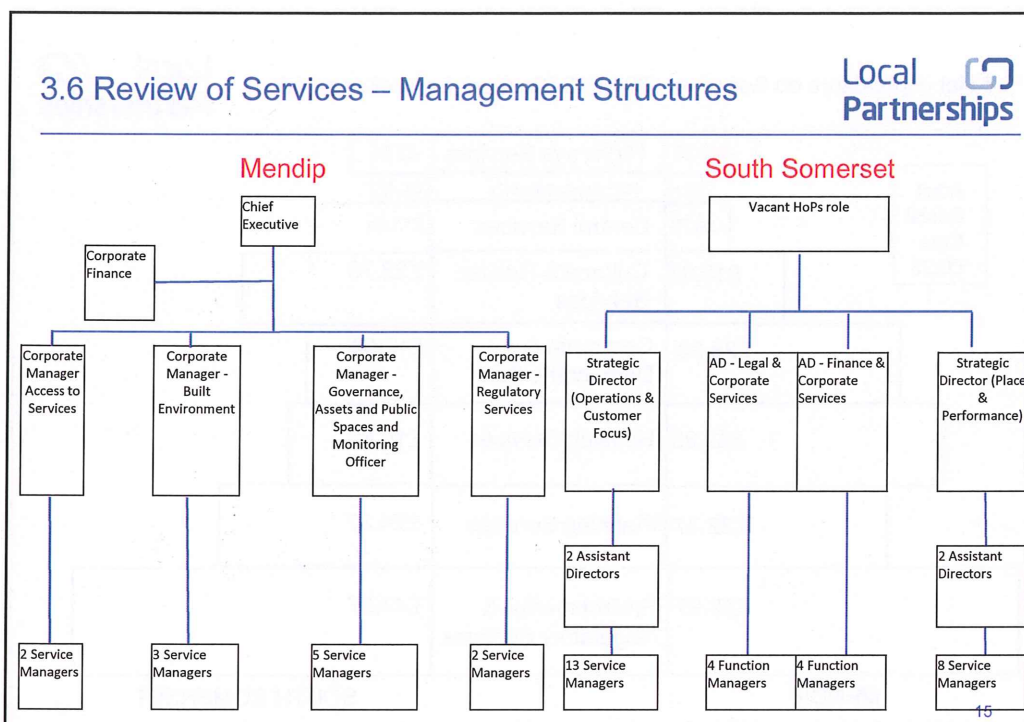
South Somerset

- Two Strategic Directorates (Place and Planning and Operations and Customer Focus).
- Four Assistant Directors (2 each Directorate)
- 21 Service/Functional Managers (including 4 area based teams)
- 2 x Assistant Directors - Corporate Functions and 8 Functional Heads.
- Headcount - 424.8 FTE

Mendip.

- 4 Corporate Managers.
- 12 Service Managers
- Headcount 156.4 FTE

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3.7 Review of Services - Implementation Challenges

- Based on our high level assessment of service complementarity, the following table gives an indication using a colour rating on ease of moving to shared service arrangements.
- Policies: The “red” rating for Cultural and Related Services is the South Somerset emphasis on Area Working for community development and sports activities, the Country Park, the Theatre, the size of spend and the numbers of staff engaged.
- Delivery: The 4 “red” ratings reflect Mendip’s outsourcing of Central Services, Cultural and Related Services, Environmental and Regulatory Services and Corporate Services.
- Volume: different staff numbers between the 2 Councils in Env & Reg Services.
- Cost Per Head: Based on difference in spend i.e. more than 20% difference = Red

3.7 Review of Services – Implementation Challenges (Cont'd).

| | Service Similarity | | | | | |
|-------------------------------------|--------------------|------------|----------|--------------------|---------------|-------------|
| | Policies | Management | Delivery | Volume of Activity | Cost per head | Performance |
| Central Services | Yellow | Green | Red | Green | Green | Yellow |
| Cultural & Related Services | Red | Green | Red | Red | Yellow | Yellow |
| Environmental & Regulatory Services | Green | Green | Red | Red | Yellow | Yellow |
| Highways & Transport Services | Green | Green | Green | Green | Red | Yellow |
| Planning Services | Green | Green | Green | Green | Red | Yellow |
| Housing Services | Green | Green | Green | Green | Red | Yellow |
| Corporate & Democratic Services | Yellow | Green | Red | Red | Red | Yellow |

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3.8 Review of Services – Some Conclusions

- The councils spend similar amounts in terms of net spend on services. Because of the smaller population, overall Mendip spends more per head of population on services. There are noticeable differences in the spend per head on Corporate and Democratic Core, Housing Services and to a lesser extent, Planning Services.
- South Somerset employs directly three times as many staff as does Mendip and there are a larger number of staff at Service Manager level and above and there are noticeable differences in the way staff are deployed – particularly the groups of staff working in South Somerset Cultural and Related Services, Property & Engineering Services and Streetscene.
- The most noticeable distinction is between Mendip's outsourced services compared to South Somerset's in-house approach. This may mean limited integration of services if the current distinction is maintained.

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4.0 Our Interview Programme

- We have conducted interviews with Members and Senior Officers of both councils. We have been seeking a view on
 - Shared Vision and trust;
 - Cultural similarities and differences;
 - Anticipated benefits and opportunities for savings,
 - Anticipated improved resilience and improvement in services;
 - Community benefits;
 - Similarity of policies and services;
 - Acceptance of change and ability to create governance; realistic implementation proposals and resource change;
- By way of summary, our tentative conclusions are shown by a 'Force Field' analysis.

4.1 Shared Vision and Trust

- Both Councils intend that they should stay 'sovereign' and retain their 'brand' but are not wedded to retaining 'independent' delivery;
- There is openness about what the future 'model' would look like. Acceptance that a 'new' culture (model 'C' or other) - has to result.
- There is no difference as to the drivers for change – both recognise savings are needed and more resilience is important and that joint working is the way forward and in addition it will achieve a bigger 'voice' for eastern Somerset.
- Both believe they are transforming (or need to) as an organisation, but recognise that they are currently at different stages, have different styles and are displaying variations in pace.
- There is no evidence of an atmosphere of mistrust that would prevent joint working, but there is an expectation of commitment, on both sides.
- There is a variance between the two councils as to the pace of change required and what is deliverable within the potential timescales for integration.
- There is a recognition amongst South Somerset members why the East Devon arrangement failed and these lessons will inform any future joint arrangements..

4.2 Cultural Similarities and Differences

- There is a difference in style that affects the way decisions are taken - Mendip are more Cabinet led, South Somerset seek more inclusivity in decision making.
- There is a perception in South Somerset that Mendip are 'too County' orientated whilst South Somerset members take pride in being cautious on collaborative proposals; they like to understand full implications;
- South Somerset members are content to reduce statutory services to statutory minimum and retain discretionary services for as long as possible.
- South Somerset members want to continue Area Services and are wedded to Area decision making. They think planning decisions must be local. Mendip members do not rule this out for their council.
- South Somerset members have a different perception about 'outsourcing' as a 'solution' – they would prefer retaining direct control and flexibility of services; Mendip have a 'mixed economy' approach- some services are out-sourced, some have remained in-house, some have been brought back in-house.

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4.3 Anticipated Benefits and Opportunities for Savings

- Both Councils need to make savings – Mendip, a cumulative total of £1.392 m.by 2019/20, South Somerset £5.033 m.
- Both sides expect savings will result but as yet have no clear view of the 'size of the prize';
- Both sides want to maintain the current level of provision of service and performance.
- South Somerset members have a perception that their services 'are better' and would not accept services reducing to an 'average' level;
- Both sets of members accept there will be one 'head of paid service' and 'joint' management teams. Both expect this will 'bring savings'. But there is no expectation that all functions will look the same across both councils.

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4.4 Anticipated Improved Resilience and Improvement in Services

- Both accept that the current size of the councils means that South Somerset have more resilience than Mendip; but both accept that this would improve through joint management arrangements;
- South Somerset members accept they need some 'transformation' and improved infrastructure for customer access;
- South Somerset members are nervous about 'outsourcing' as the preferred delivery option for all services. Mendip members do not see this as the only way forward.
- South Somerset members want to retain the 'jewels in the crown' – Theatre, Country Park and other flexible discretionary front line services; there is no contrary view apparent in Mendip.

4.5 Community Benefits

- South Somerset's population is significantly larger than Mendip's;
- Both sets of members recognise that local people have a limited view on the 'organisation' that delivers – as long as services are maintained;
- Both sides do recognise the similarity of the districts in geographical make up, particularly the 'market towns';
- There is a difference in approach to working with Parishes and local people which is more apparent in South Somerset;

4.6 Acceptance of Change and ability to create Governance; Realistic Implementation Proposals and Resource Change



- Both sides accept there must be reasonable pace in the creation of joint working;
- Most consider that appointment of a joint 'head of paid service' by April 2016 is desirable;
- There is some variety of opinions on when a new operating model (model 'C') should be achieved;
- Both councils have taken some steps to creating the opportunities for decisions to be taken but this has to be formalised and there is a desire for formal decision making inclusivity in South Somerset which may restrict pace;
- South Somerset have made a formal decision to review other options which may delay the taking of a decision on this link up.

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4.7 Rationale for change acceptance by Staff



- The knowledge of a possible link may not be the same between the two groups of staff;
- Staff in South Somerset will have had experiences of a joint 'head of paid service' due to the link up with East Devon that Mendip will have not;
- South Somerset members recognise that staff are in a vacuum due to no Chief Executive which needs to be resolved as soon as possible; Mendip members are anxious about any uncertainty that could divert their management;
- There is a disparity in pay levels at senior management levels which may hamper speedy integration of structures;

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4.8 Force Field analysis

| | | |
|-------------------|--|-------------------|
| Positive Outcomes | Is there a shared vision at senior political level of what Joint working will achieve that is realistic and achievable and where both benefit? | Negative Outcomes |
| | Is there sufficient trust between senior politicians and the ability to work together effectively? | |
| | Are cultural differences between the Councils recognised and capable of being tackled through joint working?. | |
| | Will this produce a greater voice for the Councils to exert influence and gain additional resources? | |
| | Are there sufficient similarities in the geographical areas covered by the Councils and in their communities? | |
| | Are the community generally supportive of Joint Working? | |
| | Are the council's policies capable of being shared? | |
| | Is there acceptance of the organisation changes that will need to be implemented? | |
| | Is there adequate similarity in the services to enable seamless integration? | |
| | Can an adequate governance structure for the implementation be created? | |
| | Will this produce sustainable revenue savings? | |
| | Will this produce a greater resilience from sharing of services so that service standards can be maintained at a time of reduced resources? | |
| | Are there sufficient resources available to implement the change? | |
| | Is the rationale for joint working accepted by staff and the Implementation timetable well paced? | |

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5.0 Our Conclusions and Recommendations

- Based on our work so far, we believe closer joint working, including shared management arrangements, is feasible. In arriving at this conclusion we have taken the following factors into account:
 - The geographical similarities between the 2 Councils, the communities they serve and their needs.
 - The shared, and in our opinion, realistic view amongst Members of what joint arrangements could achieve in terms of resilience, savings and potential influence.
 - A willingness to explore jointly different solutions (the C option).
 - Clarity on what must be retained by each individual Council and a recognition of cultural differences.
 - Support to move towards shared senior management arrangements.

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5.0 Our Conclusions and Recommendations (Cont'd).



- An acceptance that this appears to be an opportune time- both Councils have some organisational capacity to make this change happen as both are free of immediate and critical financial pressures but with the need to plan for the medium term. And because there is only 1 Chief Executive in post there is an opportunity to create new ways of working.
- Inevitably, there are challenges. The 2 Councils aren't the perfect fit in relation to services but a 2 stage process- join up what you can first and explore Transformation (C) later- is a realistic option.
- We also acknowledge that South Somerset's Council decision to explore other options may slow the decision-making process and test the emerging bonds of trust between the 2 Councils.
- The recommendations on a suggested process to be followed are based on an assumption that at some point in the near future the Councils decide to proceed.

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6.0 Our Recommendations



- The Councils need to make a clear statement of intent approved by both councils;
- The Councils then need a joint governance structure and a lead 'officer' with the authority to develop the Outline Business Case;
- This should be followed within 3 months by a jointly agreed heads of terms and a Outline Business case;
- This should be supported by a joint fund to provide additional capacity and support, including 'due diligence' and potentially 'exchanging' officers to broaden experience;
- The councils then need a permanent lead 'officer' jointly appointed to lead the implementation of a shared management structure ideally by April 2016 and a new operating model at the earliest possible date.

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5.0 Our Commitment and Recommendations (Cont'd)

5.1 Our Commitment

The Council has a strong commitment to the people of Ontario and to the success of the province. We are committed to providing the highest quality of services and to ensuring that the government is accountable to the people. We are committed to working in partnership with the private sector, academia, and other stakeholders to address the challenges facing Ontario.

We are committed to ensuring that the government is transparent and that the people have access to the information they need to make informed decisions. We are committed to ensuring that the government is efficient and that the taxpayer's money is well-spent. We are committed to ensuring that the government is responsive to the needs of the people and that the government is accessible to all.

We are committed to ensuring that the government is a leader in innovation and that the people have access to the best of the world. We are committed to ensuring that the government is a partner in the economic development of Ontario and that the people have the opportunity to succeed.

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5.2 Our Recommendations

The Council has a number of recommendations that we believe will help to improve the government and to ensure that it is better equipped to meet the challenges of the future. These recommendations are based on our findings and our analysis of the issues facing Ontario.

We recommend that the government should focus on improving the quality of its services and on ensuring that it is more accountable to the people. We recommend that the government should work to reduce the size of the government and to improve the efficiency of its operations. We recommend that the government should work to improve the transparency of its operations and to ensure that the people have access to the information they need to make informed decisions.

We recommend that the government should work to improve its relationship with the private sector, academia, and other stakeholders. We recommend that the government should work to ensure that it is a partner in the economic development of Ontario and that the people have the opportunity to succeed. We recommend that the government should work to ensure that it is a leader in innovation and that the people have access to the best of the world.