

Agenda item: 

**Title of meeting:** Cabinet

**Date of meeting:** 9<sup>th</sup> June 2016

**Subject:** Proposed shared senior management arrangements with Gosport Borough Council

**Report From:** Chief Executive

**Report by:** Paddy May, Corporate Strategy Manager

**Wards affected:** All

**Key decision:** No

**Full Council decision:** No

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## 1. Purpose of report

- 1.1. There is a strong indication that Gosport Borough Council will approach Portsmouth City Council with a view to Portsmouth jointly working with Gosport to share a number of senior management posts. This will lead to further joint arrangements and shared services between the two councils.
- 1.2. This report seeks to gain Cabinet approval to respond positively to Gosport's request as a way of providing more efficient services for both councils. The report also identifies a financial share model that could be used for such an arrangement. This would be subject to detailed negotiations. The report finally seeks to gain approval to delegated authority being given to the Director of HR, Legal and Performance in consultation with the Leader of the Council to approve the final arrangements.

## 2. Recommendations

- 2.1. Cabinet is recommended to agree that:
- should Gosport Borough Council approach Portsmouth City Council to share senior management staff that the City Council looks favourably at this approach and explores how to make this work for the benefit of both councils
  - if an "in principle" agreement can be reached with Gosport:
    - that the financial model outlined in section 5 should be used as the starting point for a discussion to agree how we would share costs and savings between the two councils
    - that an agreement agreement should be developed to formalise the arrangements
    - a report should be taken to Employment Committee to allow for changes to the terms and conditions of relevant staff

- delegated authority be given to the Director of HR, Legal and Performance in consultation with the Leader of the Council to approve the final arrangements including an agreement between the councils

### **3. Background**

- 3.1. In the current financial context of extremely tight budgets for local authorities the need to find savings has become increasingly important. One way that a number of authorities have approached this is to look at developing shared services and sharing senior staff. Portsmouth City Council has already undertaken this approach in a number of ways with examples including the flood management service that is shared with Havant Borough Council; sharing the S151 role with the Isle of Wight Council, a joint building control service with Fareham and Gosport Borough Councils and the recent appointment of a Director of Adult Services as a shared post with the Portsmouth Clinical Commissioning Group. Portsmouth City Council is also working with Gosport Borough Council to provide support and advice to the Gosport housing services.
- 3.2. There are a number of examples nationally of authorities that have shared management teams or shared services, and whilst there are challenges with this approach they have led to significant cost savings. Locally Havant Borough Council and East Hampshire District Council have a shared management team to the 4<sup>th</sup> tier of management whilst still retaining clear identities as individual councils. The experience of other councils, nationally and locally, provides good opportunities to learn from.
- 3.3. It is believed that a number of senior staff from Gosport Borough Council will be made redundant in the next few months and so some initial discussions have taken place with Portsmouth City Council about whether we would be able to assist them with some shared senior management and leadership arrangements. There is a strong indication that we will get a formal request to share some senior management posts including the posts held by the three people that fulfil the statutory roles of Head of Paid Service, Section 151 Officer, Returning Officer, Monitoring Officer and Registration Officer as well as the senior management posts in HR, Economic Development and Payroll & Administration. It is expected that if an agreement can be reached on these roles this could lead to further opportunities for both Councils.
- 3.4. It is worth stressing that this is not a takeover of either Council and instead provides an opportunity to make efficiency savings in both Councils. Both Councils would retain their sovereignty and would retain their individual identity. It is about shared management and leadership arrangements whilst ensuring that each council is providing the services that residents need. Gosport Borough Council and Portsmouth City Council make natural partners. Separated by a small stretch of harbour and with a linked history and joint role supporting the Royal Navy there are strong shared traditions. In recent months Gosport and Portsmouth have been key partners around the Solent Devolution proposal. This means that there is a natural logic for the two authorities to take this opportunity and to work together in a way that is mutually beneficial for both councils.
- 3.5. As well as the opportunities afforded by sharing the senior management posts there are other opportunities from further developing a close working relationship between the two councils. Experience from other councils has shown a shared

management arrangement can work very well for partner councils and opens up significant possibilities for delivering transformational change to service delivery and drives considerable further future savings.

#### 4. What might be covered

4.1. Initial indications from Gosport are that they will be approaching us to see if we can reach an agreement to share the following senior management roles and the related statutory functions:

- Chief Executive
- Borough Solicitor
- Borough Treasurer

4.2. They have also suggested that they would like to approach us to enter into shared management for Economic Development; Payroll & Administration; and Human Resources (personnel). Portsmouth City Council is already providing advice and support to the Gosport Housing Service and this is likely to also move to a shared management arrangement. It is likely that if this range of arrangements is successful then further opportunities, for both councils, would be agreed.

#### 5. The process for reaching an agreement

5.1. If Gosport approach us to share some senior management support there will be some detailed negotiations to be undertaken. If we are able to reach an agreement then it is suggested that the Director of HR, Legal and Performance, in consultation with the Leader of the Council, be given delegated authority to approve the detailed arrangements and the relevant legal documents. There will also be a requirement to take a report to Employment Committee to agree to the changes of the terms and conditions of the relevant staff that we are looking to share.

5.2. One of the key elements to agree will be the financial model that should be used to cover the costs and gain from the savings in a shared way. As a genuine partnership between the two authorities it is proposed that the starting point for discussion should be that each council would retain 50% of the gross savings that would materialise from any shared arrangement (subject to an annual CPI rise). The detailed financial negotiations will also need to allow for any cost savings that are made by either council that are not the result of the shared management arrangements.

5.3. Each authority would be expected to fund any additional capacity that is required for their authority, as a result of the shared arrangements, out of their share of the savings. This means that there would be an incentive for each authority to look to minimise these additional costs. An illustrative example of how this could work using the posts filled by the three statutory officers, and the additional likely initial requests, is shown below:

	Total Saving	Gosport Borough Council Saving	Portsmouth City Council Saving
Deletion of Statutory Officer posts & initial additional posts in Gosport	£592,000		
Simple gross saving split		£296,000 (50%)	£296,000 (50%)
Gross saving split if GBC support post savings are attributed to GBC		£344,000	£248,000

- 5.4. This would be the starting point for any discussion about how this could work in practice. It is considered better to agree a basis around a share of the savings as opposed to having to cost time and the bureaucracy associated with that. This gives an incentive to create savings for both authorities.
- 5.5. There will be a need to develop a formal legal agreement to share staff. It is proposed that we use a staff provision and resource agreement for this approach. Portsmouth City Council used a similar legal agreement with Portsmouth Clinical Commissioning Group around the shared Director of Adult Services post and the CCG Chief Operating Officer post and the agreement with Isle of Wight Council for sharing the S151 post. The agreement will specify, amongst other things, how the arrangements will work in practice (including funding), the termination arrangements and the accountability and review arrangements. This agreement will need to be agreed by both authorities.
- 5.6. There is a strong indication that Gosport will approach the City Council to provide shared senior management and leadership functions from 1<sup>st</sup> October 2016. To meet this timeframe we will need to agree the funding principles and get the S113 agreement signed over the next month or so. If we do get the formal request we will also need to take a report to Employment Committee that agrees that the terms and conditions of our relevant officers are modified to allow them to undertake the role for both councils. If Gosport approach us, and we respond positively and can reach an agreement, Gosport Borough Council would also need to formally approve the appointments.
- 5.7. Whilst there are considerable benefits to this opportunity there are also lots of detailed issues that will need to be sorted including, for example,
- access to IT systems and communication between systems
  - insurance arrangements for our staff
  - sorting out what capacity requirements are for each council
  - meeting timetables - this will mean that some of our most senior officers will not always be available for Portsmouth City Council business and we will also need to be manage for example scheduling of meetings
  - the cost in terms of time for travel between the two councils
  - HR procedures around recruitment, prior consideration and management of vacancies

## **6. Reasons for recommendations**

- 6.1. If Gosport were to approach us to reach a sharing arrangement there would be benefits for both Councils to reach an agreement about sharing the senior posts. This would enable cost savings for both Councils and could lead to further shared arrangements. There will need to be a mechanism in place to agree the detailed arrangements and Employment Committee will need to agree to changes in the terms and conditions of relevant officers.

## **7. Equality impact assessment (EIA)**

- 7.1 There will be a need to undertake an initial EIA should Gosport approach us to share services beyond this initial proposal.

**8. Legal comments**

- 8.1. The Council is empowered to make staff and resources available to another authority under s113 of the Local Government Act 1972. It may provide services to another authority under a range of provisions, including the Local Authorities (Goods and Services) Act 1970, and the Localism Act 2011.
- 8.2. Detailed terms will be prepared between the parties.

**9. Director of Finance and Information Services comments**

- 9.1. The financial implications of this opportunity will become more apparent once a formal approach is received from Gosport Borough Council.
- 9.2. It is however, expected that partnership working with Gosport Borough Council provides opportunities for efficiency gains by both councils going forward and these will be reported at a later date once they are known with more certainty.

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Signed by: David Williams, Chief Executive

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: Name and Title