

Harborough District Council

Report to Cabinet 5 December 2022



Title:	Strategic Partnership between Harborough District Council and Melton Borough Council
Status:	Public
Key Decision:	No
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Portfolio Holder:	Leader of the Council and Portfolio Holder for Strategy – Cllr P King
Appendices:	Appendix A: Draft Business Case Appendix B: Draft Memorandum of Agreement Appendix C: Comments from Scrutiny Committee and Audit and Standards Committee (to Follow)

Executive Summary

- i. Collaboration is commonplace within Local Government. Within Leicestershire there is a strong track record of joint working by District Councils and their partners.
- ii. On 10 October 2022 Cabinet confirmed its interest in exploring the establishment of a Strategic Partnership with Melton Borough Council. Cabinet approved the development of a full Business Case with Melton Borough Council within certain parameters.
- iii. The purpose of this report is to present the resultant Business Case and memorandum of agreement to Cabinet for consideration and to seek its views on proceeding to the formation of a Strategic Partnership by making recommendations to Council.
- iv. The Business Case attached as Appendix A sets out the design principles for the Strategic Partnership, the intended benefits, and an initial proposition to share a small number of senior officer roles. It also sets out potential service delivery opportunities that could be explored over time if the Strategic Partnership is successfully established.
- v. The Memorandum of Agreement, attached as Appendix B, provides the proposed legal framework which could underpin the Strategic Partnership if it is approved.
- vi. The draft Business Case was reviewed by the Council's Scrutiny Commission on 21 November 2022. The Scrutiny Commissioner has been invited to attend Cabinet and provide comments on the proposed business case.
- vii. The Council's Audit and Standards Committee considered the draft Memorandum of Agreement on 23 November 2022. The Chair of the Audit and Standards

Committee has been invited to attend Cabinet and provide comments on the proposed Memorandum of Agreement.

- viii. The Business Case set out at Appendix A is the version that was considered through the Scrutiny arrangements and remains unamended at this point.
- ix. The document at Appendix B (Memorandum of Agreement) contains slight amendments to that considered by the Audit & Standards Committee and also take into account their feedback. The amendments are tracked in the document.
- x. Cabinet is asked to consider the information contained within this report, together with any additional submissions received at the meeting, and determine what, if any refinements and/or changes they would like to see incorporated into the versions for consideration by Council.

Recommendations

That Cabinet:

1. Note the Business Case and Memorandum of Agreement.
2. Receive and reflect on the written and oral feedback from the Scrutiny Commission and the Audit and Standards Committee, agreeing any amendments required.
3. Determine whether to endorse the Business Case and Memorandum of Agreement.
4. If cabinet endorse the business case, then to recommend to Council that it:
 - a. Endorse the Business Case in (Appendix A) and authorise Harborough District Council to enter into a strategic partnership with Melton Borough Council, with effect from 1 January 2023;
 - b. Approve the terms of the Memorandum of Agreement (Appendix B) and delegate authority to the Monitoring Officer, in consultation with the Leader, to finalise, approve and execute the Memorandum of Agreement;
 - c. Appoint Edd de Coverly, to the role of Shared Chief Executive and Head of Paid Service, to be placed at the disposal of Harborough District Council, under Section 113 of the Local Government Act 1972, with effect from 1 January 2023 in accordance with the Memorandum of Agreement and proposed pay structure due to be considered at Council;
 - d. Appoint Liz Elliott, the current Deputy Chief Executive, to the role of Shared Deputy Chief Executive and place her at the disposal of Melton Borough Council, under Section 113 of the Local Government Act 1972, with effect from 1 January 2023 in accordance with the Memorandum of Agreement and proposed pay structure due to be considered by Council;
 - e. Note that Melton Borough Council will appoint their Director of Housing & Communities (Deputy Chief Executive), Michelle Howard, to the role of Shared Deputy Chief Executive and place at the disposal of Harborough District Council under Section 113 of the Local Government Act 1972, with effect from 1 January 2023 in accordance with the Memorandum of Agreement and proposed pay structure due to be considered at Council;
 - f. Authorise, Michelle Howard to be placed at the disposal of Harborough District Council in the role of Shared Deputy Chief Executive under Section 113 of the Local Government Act 1972 with effect from 1 January 2023 in accordance with

the Memorandum of Agreement and proposed pay structure due to be considered by Council.

- g. Authorise the Monitoring Officer to make such changes to the constitution as are required to give effect to the Memorandum of Agreement;
- h. The Strategic Partnership be reviewed after 12 months of operation and thereafter on an annual basis, with the outcome of the reviews being reported to Council;
- i. Note that, if a recommendation to Council is made as set out above, and if Council resolves to enter into a Strategic Partnership with Melton Borough Council, Council will also be required to consider and approve any associated Human Resource implications of the proposals which will be reflected in the recommendations to Council.
- j. Appoint the Councils Deputy Chief Executive, Liz Elliott, as the permanent Returning Officer and Electoral Registration Officer for Harborough District Council

Reasons for Recommendations

- i. This report relates to the decisions taken by Cabinet on 10 October 2022 to authorise the Council to work with Melton Borough Council to develop a full Business Case in respect of creating and operating a strategic partnership between Harborough District Council and Melton Borough Council.
- ii. Development of both the Business Case and Memorandum of Agreement has been a robust and inclusive process supported by independent experts appointed to assist the two Councils. It has involved scrutiny commission considering the Business Case and Audit and Standards Committee reviewing the proposed Memorandum of Agreement. The inclusion of feedback from both committees to Cabinet will enable them to consider and agree any amendments prior to consideration by Council.
- iii. The potential benefits that could be realised through a Strategic Partnership, and which the business case seeks to test, are as follows:
 - a. **Strategic Place Leadership:** increasing influence regionally and nationally, by speaking with a stronger and more united voice across a larger geographic area;
 - b. **Communities and businesses:** working together to respond to, and address, shared challenges which in turn will help improve impact and deliver better outcomes for our residents, communities and businesses e. g cost of living, health and wellbeing, housing affordability. Maximising external investment
 - a. **Organisational effectiveness:** opportunity to share learning and good practice and through collaboration whilst increasing service resilience, stability and effectiveness.
 - b. **Workforce:** increase opportunities for job enrichment, growth and development and improve recruitment and retention.
 - c. **Financial resilience:** realising efficiencies through joint working, reducing duplication, increasing purchasing power and achieving greater value for money.

Purpose of Report

1. To present to Cabinet the Business Case and memorandum of agreement commissioned on behalf of the Councils in October 2022 in relation to the proposal to enter a Shared Partnership with Melton Borough Council Background.

Background

2. Harborough District Council's Chief Executive retired in February 2022, prompting the Council to review options available to it too maximise efficiency in the officer structure, particularly given that two of the three statutory senior posts (that of Monitoring Officer and Section 151 officer) were temporary appointments.
3. The Leader of the Council and the interim Chief Executive were instructed, in June 2022, to undertake an options appraisal of potential management solutions and report back to Cabinet.
4. Following an appraisal of various options, the preferred solution identified was to enter into a partnership with Melton Borough Council. Accordingly, in early September 2022, the Council approached Melton Borough Council to explore the potential opportunity with them. As a result of positive discussions, on 10 October 2022, Harborough District Council's Cabinet resolved to:
 - a. Note the progress on the strategic partnership review which has identified Melton Borough Council as the preferred partner;
 - b. Note the outcome of the review and authorise working with Melton Borough Council to develop a full business case, and the potential approach for operating such a partnership, which will be presented to council at a later date.
5. At its meeting on the 12 October 2022, Melton Borough Council's Cabinet resolved to:
 - a. Note that through a strategic partnership review, Harborough District Council has identified Melton Borough Council as a preferred strategic partner and has formally approached the Council to explore this further;
 - b. Acknowledge the outcome of the review carried out by Harborough District Council and authorise working with them to develop a full business case and approach to operating such a partnership, to be considered by Council in December 2022.
6. The key drivers for exploring a strategic partnership between the Councils were identified as:
 - a. **Limitations on strategic influence:** Due to their scale, both councils experience challenges associated with their ability to influence decisions at a sub-regional, regional and national level. For example, the Councils are two of seven second tier authorities 'trying to get a seat at the Integrated Care Board table'. Individually, Harborough District Council and Melton Borough Council are ranked 259th and 311th respectively (out of 314 councils) in terms of population size, but by joining strategic forces, the Councils would speak Combining populations would mean that the councils would speak on behalf of 149,000 residents, making it the 147th most populated area in the country and 92nd in terms of geographical area. By working together both councils could increase their impact, reach and influence, while still remaining connected locally.
 - b. **Limited 'place leadership' without a single voice:** Both councils experience similar challenges (e.g. an ageing population, pockets of deprivation, inequality and

isolation, lack of digital and transport connectivity etc.) which they currently address individually. They do not currently share strategies and approaches to address these challenges. Further, the respective Chief Executive Officers of both councils currently spend approximately 30% of their time managing external relations: they both attend many of the same meetings and engage with the same stakeholders separately. The opportunity exists to address shared challenges together, doing things more effectively, once rather than twice.

- c. **Challenges to financial resilience and sustainability** - Both councils are, as with most other local authorities, currently experiencing financial challenges. There is uncertainty regarding future levels of government funding, while inflation is having a significant impact on council finances. Both councils have limited further opportunities for achieving savings and efficiencies individually. Sharing services, resources, expertise and approaches to common challenges represents a different route to potentially realising new efficiencies and savings while minimising adverse impact upon service delivery and maximising the scope of the opportunity to protect and even improve the scope and quality of services delivered to communities and businesses.
 - d. **Improving organisational resilience** - Both councils have experienced challenges in terms of recruitment and retention of officers, particularly amongst specialist teams and roles, including Monitoring Officers and director roles. Single points of failure currently exist in both organisations with individual officers assuming responsibility for statutory roles such as safeguarding, health and safety advice, conservation, equalities and land charges. The establishment of a Strategic Partnership would unlock opportunities to address these issues and allow more to be done with the same level of resource.
 - e. **Improving service resilience** - Challenges relating to recruitment and retention are particularly prevalent in some individual services, such as planning and housing services. Recent experience demonstrates that these services are particularly susceptible to disruption due to the small size of the respective teams (i.e., annual leave, sickness, resignations etc.). Sharing and maximising limited staff resources across two organisations should result in a more robust and consistent service which can evolve over time to secure improved outcomes for councils, their communities, businesses and partners.
7. Following the decision by Cabinet to undertake a comprehensive and robust assessment of the benefits and challenges of progressing to a Shared Partnership, officers secured the service of independent experts to assist in the preparation of the Business Case and a memorandum of agreement, and to advise and support the Councils through the process.
 8. This report summarises the key components of the two documents Cabinet are invited to consider, alongside the feedback from the recent Scrutiny and Audit and Standards Committees in each organisation.

Details

9. The Business Case, prepared by the independent experts retained by the Councils, is attached as Appendix A to this report. It was published on 18 November 2022 and provided to all Members of both Councils. It comprises a summary (section 1), followed by a number of detailed chapters and analysis, including an analysis of both councils and their places and learning from other public sector shared partnerships (through success and failure). It also

analyses potential future opportunities for the Strategic Partnership in the event that the collaboration thrives. All aspects of the Business Case have been evaluated from an economic, financial, commercial, management and strategic perspective.

10. If the Strategic Partnership is formed, the Councils will each retain sovereignty of decision-making processes and democratic accountability to their communities.
11. The Business Case includes two main components:
 - a. **an initial proposition / proposal** – i.e., what both Councils would be asked to consider and approve in December 2022 in forming any strategic partnership – the sharing of three senior officers;
 - b. **Future opportunities** – a summary of future opportunities which could be explored *if the partnership is formed – subject to further business cases being accepted.*

The Initial Proposition/ Proposal

12. The Business Case provides an independent assessment of the implications of entering into a Strategic Partnership for the Councils. In the event that Cabinet accepts the findings of the Business Case, it is proposed that both Councils consider at a meeting in December 2022 whether they wish to enter into the Strategic Partnership. Entry into a Strategic Partnership with Melton Borough Council would entail:
 - a. Committing to exploring potential future opportunities for sharing to determine whether or not the opportunity is suitable to be progressed as part of the Shared Partnership;
 - b. Approving the Memorandum of Agreement to create the legal framework for entering, managing and withdrawing from the partnership, including informal partnership governance arrangements;
 - c. Establishing the senior leadership of the partnership by sharing 3 senior officer roles, thereby creating a stable platform to explore further opportunities., specifically:
 - i. Shared Chief Executive and Head of Paid Service;
 - ii. Shared Deputy Chief Executives (x2) with professional responsibilities across both Councils.
13. The anticipated roles and responsibilities of the three shared roles can be found on pages 106 and 107 of the business case.
14. The independent expert advisers informed the Councils that to create the right conditions for the Strategic Partnership to thrive, it was advisable to adopt some common principles to underpin the Strategic Partnership. Members discussed their priorities for the Strategic Partnership and identified eight fundamental principles which would form the foundation of the Strategic Partnership:
 - a. Design Principle 1 (DP1): Enhance each councils' ability to address common issues and challenges for the benefit of residents, communities, and businesses, through a common purpose, whilst maintaining democratic accountability;
 - b. Design Principle 2 (DP2): Enable both councils to maximise influence, reach and impact; locally, regionally and nationally, particularly on shared opportunities and challenges;

- c. Design Principle 3 (DP3): Enable greater financial sustainability, deliver resilience and maximise opportunities to secure external funding;
- d. Design Principle 4 (DP4): Attract and retain workforce talent through the opportunities for shared learning, job enrichment new experiences and progression;
- e. Design Principle 5 (DP5): Create a mechanism that allows the effective and equitable deployment of resources;
- f. Design Principle 6 (DP6): The ability to consider future collaboration options and to review and evaluate existing arrangements;
- g. Design Principle 7 (DP7): Ensure that council sovereignty and clear lines of accountability are maintained;
- h. Design Principle 8 (DP8): Create a mechanism that ensures a fair, equitable and proportionate allocation of costs.

15. These principles have been incorporated into the draft Memorandum of Agreement and will also act as the guiding principles for any future business case put forward to be included in the Strategic Partnership.

Partnership Governance

16. The Strategic Partnership will have no impact on the sovereignty, decision making and independence of either council.

17. To facilitate the effective running of the partnership, a number of informal meeting structures would be created. These would be advisory only with formal decision making remaining with both councils. The following informal structures are proposed:

- a. **Shared Chief Officer Employment Panel** – an advisory panel to provide feedback on employment matters associated with Chief Officers (see further Schedule 1 to the agreement);
- b. **Shared Stakeholder Group** – an advisory body comprising Leaders, Deputy Leaders and shared senior officers responsible for overseeing the strategic direction of the partnership; (see further Schedule 2 to the agreement);
- c. **Shared Strategy Board** – an advisory body comprising both Cabinets and shared senior officers responsible for monitoring the arrangements of the Strategic Partnership (see further Schedule 3 to the agreement);.

18. The Councils have chosen to work together through a Strategic Partnership model rather than through a joint committee or other alternative delivery model. As a result, the above entities are advisory in nature only and do not have the power to make decisions. They are a forum for receipt of information and discussions about the operation and opportunities of the Strategic Partnership with the representatives on each responsible for reporting back to their respective Council. This ensures that the Councils retain the rights to make decisions impacting the operation of the Strategic Partnership.

19. It is anticipated that the terms of reference set out in Schedules 1 to 3 of the Memorandum of Agreement will evolve over time as the Strategic Partnership matures, with the terms of reference being updated as required following the conclusion of a review of the operation of the Strategic Partnership.

20. The Shared Stakeholder Group is likely to be the body charged with responsibility for devising and applying objective performance management of the Strategic Partnership. This will allow the Councils to track, monitor, challenge and understand the effectiveness of the Strategic Partnership's performance.

Apportionment of Costs

21. The independent advisors retained by the Councils have recommended that there should be a mechanism to allow the effective and equitable deployment of resources and the fair, equitable and proportionate allocation of costs. This is reflected within the Business Case and the draft Memorandum of Agreement.

22. The initial proposal is that the Councils each meet 50% of the employee related costs of the Shared Chief Executive and 2 Shared Deputy Chief Executives after the commencement of any partnership. The rationale for this is that balanced and equalised strategic leadership is required across both authorities at the commencement of the Strategic Partnership.

23. Shared senior officers will not be doing two jobs but would do their job for (and be accountable to) two Councils. For example, senior managers attend a number of external meetings where all districts are represented - one person in a shared role could represent both Councils. There are also common corporate and strategic workstreams e.g., responding to covid, developing cost of living action plans, supporting Homes for Ukraine, and dealing with the climate emergency, which are currently done separately by the two Councils. Given many of the issues being addressed are similar, these can be done once, for both councils. Collaborating in this way and developing joint work streams is more efficient and ensures any shared roles have sufficient capacity to succeed. There are a number of partnerships operating with shared roles successfully across the country.

24. The Economic Case (Section 8 of the Business Case) provides further detail on the options available to determine cost apportionment for any future arrangements. These options include:

- a. Population rationale;
- b. Council Tax rationale
- c. Geographical area rationale
- d. Service specific rationale

25. It is a legal requirement that one council cannot fund or subsidise another. Therefore, any variation to the above shared costs must be agreed between the parties and formally recognised as a variation to the Memorandum of Agreement. Any shared arrangements subsequently agreed by both councils will be based on a pro-rata basis as set out in the Agreement. The Section 151 Officer(s) may, with the prior written agreement of the Shared Chief Executive and the Leaders of the Councils, adjust the apportionment of any on-going costs attributable to the Strategic Partnership, provided that the adjusted apportionment is approved by the Councils as appropriate.

Termination and Review

26. There is a provision for either Council to withdraw from the Agreement wholly or in relation to part of the shared services in accordance with the Memorandum of Agreement, which sets out the procedure to be adopted. In summary:

- a. The decision to withdraw must be approved by the withdrawing Council;

- b. Not less than twelve months written notice of termination must be given save for termination in the first year of operation, the first year of operation of the agreement, which will
- c. The Shared Chief Executive will be required to submit to the Shared Strategy Board following consultation with the withdrawing Council's deputy chief executive a report setting out the implications of the withdrawal;
- d. The Shared Chief Executive has liaised with the withdrawing council to plan for an orderly withdrawal;
- e. The Shared Chief Executive has liaised with the remaining council to advise of any financial consequences, potential service implications, reputational implications and to update on the preparation of an exit plan detailing the allocation of resources, assets and staff.;
- f. Each employee will revert to their substantive posts unless otherwise agreed. This will be included within the specific terms and conditions relating to the employment of shared posts which will be considered as part of the recommendations to the Council.;
- g. There will also be a provision for either Council to terminate the agreement in full or in part within the first 7 months which provides a mechanism for any changes in administration. The schedule for these arrangements details the practical steps to be taken to effect a decision of this kind.

The Future Opportunities

27. Both Councils have identified a number of potential opportunities for alignment and collaboration in the future. The Business Case (pages 108 to 121) provides an initial analysis of the potential future opportunities that could be explored if the partnership thrives and is able to expand. It represents an indicative assessment of opportunities that would require further investigation. For each opportunity, the following initial considerations have been made:
- a. The nature of the collaboration being proposed;
 - b. The potential for financial savings, from the perspectives of both councils;
 - c. The potential for efficiencies and increased productivity, from the perspectives of both councils;
 - d. The potential for service improvement and resilience, from the perspectives of both councils;
 - e. The potential for service growth, from the perspectives of both councils
28. To develop an initial assessment of potential future service collaboration options, a service diagnostic has been undertaken. The future potential opportunities proposed include potential scope for harmonisation, alignment and / or future collaboration and linked to that, potential opportunities for savings, service / resilience improvements, efficiencies and improved productivity.
29. The Business Case is clear that any future changes must be carefully thought through and properly planned and assessed. To ensure this is the case, business cases would be

required in each case, and considered within the proposed governance structures, prior to decisions made separately at each council.

30. The opportunities and proposed phasing for consideration are set out below. Further details can be found at pages 108-121 of the Business Case.

Phase 1: Areas to be investigated January – April 2023.

31. Should the partnership be established, the following would be investigated before April 2023. This does not mean they will be implemented, but the aim will be for them to be considered by both councils within the timescale set out above. A decision about whether to proceed with changes to any of these areas would be taken by both councils individually, in line with each Councils decision making processes:

- a. Initial review of senior leadership structures and potential to share a Monitoring Officer;
- b. Executive support and transformation programme support;
- c. Waste and environmental services – shared leadership and enviro-crime campaigns;
- d. Environmental Health and Licensing – shared leadership, building on interim arrangements
- e. A shared approach to developing a Parking Strategy Assessment
- f. Leisure operator procurement – alignment of elements of the procurement process
- g. CCTV – monitoring / maintenance of MBC systems by HDC (in progress)
- h. Procurement – exploration of a collaborative approach with Welland Procurement
- i. Legal Services – shared capacity, expertise, building resilience and retention
- j. Member induction and development - sharing good practice, induction procedures, joint training, peer support and scrutiny development
- k. Initial workforce and leadership development and cultural alignment

Phase 2: Areas to be investigated May – December 2023

32. Should the partnership be established, the following would be investigated before December 2023. This does not mean they will be implemented, but the aim will be for them to be considered by both councils within the timescale set out above. A decision about whether to proceed with changes to any of these areas would be taken by both councils individually, in line with each Councils decision making processes:

- a. Planning – explore potential for shared leadership and wider service delivery, joint procurement of evidence base documents for planning policy and expert advice for development management;
- b. Business support / economic development – such as alignment of systems and forms, coordination of UKSPF / REPF delivery;
- c. Strategic Housing, Housing Needs, Homelessness – consider opportunities for shared expertise on thematic areas (such as Homes for Ukraine, Cost of Living, Domestic Abuse);

- d. Temporary Accommodation – opportunity for knowledge transfer to support HDC’s aspirations to develop more temporary accommodation in the district;
- e. Housing development – for example, jointly resourcing to enable and support housing development;
- f. Lifeline – joint approach to digital switchover and commercial expansion;
- g. Community safety – joint bids for funding;
- h. Communications – shared campaigns / plans;
- i. Explore with our teams, future customer services needs and options;
- j. Property and assets – explore potential for joint development opportunities and sharing key operational activities

Phase 3: Future Opportunities

33. Other potential areas for consideration of future harmonisation, alignment and / or collaboration have also been identified (p121 of the business case). For example:

- a. Development Management;
- b. Strategic Planning;
- c. Alignment of service contracts;
- d. Land charges;
- e. Health and wellbeing, ageing well, supporting young people;
- f. Corporate functions

34. In summary, the proposition before Council at this stage is to enter a strategic partnership and share 3 senior roles as set out above. Phases 1,2 and 3 set out the future opportunities that could be subsequently explored through any collaboration.

Implications of Decisions

Corporate Priorities

35. The collaborative working with a strategic partner will impact on all aspects of the corporate plan and the delivery of its objectives. Both councils have very similar ambitions and goals and the increased capacity, skills and knowledge from a partnership will enable both organisations to deliver on these.

Financial

36. In exploring a strategic partnership there was a clear ambition for both Councils to become more financially efficient and resilient in the way they operate through greater collaboration.

37. If the Strategic Partnership is adopted, exploring wider service integration where it makes sense to do so will reduce pressure on the Councils’ budgets in the years ahead whilst also creating capacity to invest in local priorities to achieve better outcomes for communities whilst retaining local sovereignty.

38. In addition, the strengths of each Council provide opportunities for further joint exploration and development looking forward.

39. Significantly, the Councils as a partnership would collectively have a stronger voice locally, regionally and nationally, when seeking resources to further their priorities.
40. The Business Case includes a focus on finance, commercial and economic opportunities. The Business Case sets out a proposal for changes to a small number of senior roles as an initial step whilst looking forward to the indicative savings that could be made from further sharing opportunities over the next five years. Any service delivery changes will be subject to a full business case before any financial implications and opportunities can be confirmed.
41. The Memorandum of Agreement includes a number of financial principles relating to the strategic partnership and its operation. This includes the equal sharing of costs relating to shared senior leadership officers unless otherwise agreed, as well as including further rationale for how costs could be shared should other services be considered for sharing in the future. Also included is provision for the accounting, reporting and review of the finances relating to the partnership. Provision is also made relating to the liability and apportionment of costs in the event of termination or the withdrawal of a partner from the partnership.
42. The initial proposition (i.e. sharing of senior leadership)is based on the sharing of the Chief Executive and Deputy Chief Executive roles. The sharing of these three posts is based on a 50:50 apportionment between the two councils. For HDC there is also the potential further saving of the Director of Communities role, this saving will be wholly applicable to HDC (it should be noted that some element of this saving may be withheld if it is determined that some additional resource is needed to support operational delivery). Councils. Based on 2021/22 salaries a summary of the savings is shown below

	Excluding Oncosts	Including Oncosts
Chief Executive + Deputy Chief Executive:	£23k	£44k
Director Communities:	£79k	£117k
Total	£102k	£161k

Members will recall that they included a senior management saving (Target Operating Model) of £354k into the 2022/23 budget and medium-term financial strategy. If Council approve entry into the partnership, alongside the associated HR and pay policy considerations, these savings will be incorporated into the budget setting process for 2023/24 (i.e., netted off the £354k).

43. Based on the service diagnostic work carried out to inform the Business Case indicative savings for phase 1 and 2 are £120k in 2023/24, increasing to £147k in 2024/25 It should be recognised these are indicative only; when each service is reviewed as part of the programme of change all service change decisions will be based on a service specific business case. The largest saving of £30,000 included in phase 1 is for a shared Monitoring Officer and is based on benchmarking of the salary costs of shared roles elsewhere. There is no allowance for the costs of supporting the underlying structure and this would need to be considered as part of any review which supports the role and is also factored into phase 1. The remaining indicative savings are based on senior officer identification of collaboration opportunities which have then been subject to an assessment of whether savings have a high, medium or low likelihood of achievement for each service area. Depending on this assessment a savings percentage has been applied to the current service costs to arrive at indicative financial savings that might be achieved.

Legal

44. The Business Case for the strategic partnership between the Councils sets out:
- a. the design principles for the partnership, the intended benefits, and the initial proposition which is to share a small number of senior roles.
 - b. The service delivery opportunities that could be explored if the partnership is established.
45. The legal implications for these opportunities will be considered on a case-by-case basis as individual business cases are developed. The Business Case is clear that each Council will retain its sovereignty and democratic accountability
46. The Memorandum of Agreement sets out the approach to operating the strategic partnership. It provides a legal framework which would underpin the strategic partnership. It includes arrangements for monitoring progress and performance and a twelve-month review. External legal opinion will be sought by each council independently prior to Council consideration.
47. A risk register is in place and will be maintained by the Strategic Partnership. Details are shown in the risk section below.
48. The Council is under a duty pursuant to s.3(1) of the Local Government Act 1999, to: “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”.
49. Section 113 of the Local Government Act 1972 enables a local authority to enter into an agreement with another local authority to place an officer of one at the disposal of the other for the purposes of discharging the latter’s functions. Any officer placed at the disposal of a Council other than his/her employer must first be consulted on the proposal. Once placed at the disposal of the non-employing authority, the officer is classed in law as an officer of that authority and is able to exercise powers delegated to them.
50. Any decision taken in respect of shared officer roles within the Strategic Partnership will not impact on the appointment to the role of Returning Officer, which shall remain a statutory role appointed by each Council.

Human Resource Implications:

51. It will be important to ensure officers are supported and kept informed, engaged and consulted on developments, and any change processes. Where there is a potential for impact on or changes to any roles, normal HR processes must be followed.
52. As part of the development of the proposition, initial proposed shared senior officer structures have been created. The development of job descriptions and proposed remuneration arrangements has been carried out by HR professionals with the support of the Council’s strategic advisor and East Midlands Councils to ensure due diligence, independence and objectivity when benchmarking.
53. Consultation with affected postholders has commenced, in line with required HR policies and procedures. Contractual changes would not be made unless the associated recommendations (including pay policy statement) are approved by both Councils in December. This would need to include an in-year change to the pay policy being required if the Strategic Partnership is approved.

54. The initial proposition clarifies initial reporting lines for the new shared roles. The Business Case is clear that further realignment would be required should the partnership be established. It would be necessary for those occupying shared roles to have the opportunity to review structures and resources to enable both councils to deliver robust and effective services. Whilst the establishment of a Shared Deputy Chief Executive (Housing and Communities) would result in the deletion of the Director for Communities role at HDC, the interim resource will be retained to support the transition and enable a review of future service needs to be undertaken.

Policy

55. The proposal to enter a Strategic Partnership supports the Council's corporate priorities for the district.

Environmental Implications including contributions to achieving a net zero carbon Council by 2030

56. New technologies and ways of working provide the opportunity to reduce travel-based carbon emissions across the proposed partnership where appropriate.

57. The proposed partnership has the potential to deliver greater climate change and environmental outcomes for the Councils and the communities they serve. This would be an opportunity which could be explored further if the partnership is approved.

Risk & Mitigation

58. Key strategic risks are included within the business case document (section 1.17). Additionally, a corporate risk register, shown below, is in place and will continue to be updated and maintained. There are a number of categories within which risks have been considered to date. These include:

- a. Leadership and Governance
- b. Capacity, Resource and Resilience
- c. Financial
- d. Workforce, culture and communication
- e. External factors

Risk No	Risk Description	Mitigation
	Leadership and Governance	
1	Failure to identify clear shared objectives, goals, and focus which lead to ineffective working, misunderstandings, and disagreements	Build shared understanding and vision through close working between Cabinets and senior leadership teams. Formalise through MoA which sets out clear parameters for collaborative working, including shared success measures and expectations
2	Perceived imbalance or unfairness from one party about what they get or will get from any collaboration. Perception that one council's	Important to communicate well and set clear expectations as a framework for the partnership. MOA will provide clarity for both councils. Ensure consistency in language used to describe the partnership to ensure clarity on what a strategic partnership is and is not. Clarity on how

	priorities, size or influence are dominating	resources and costs will be split. Clear expectation management
3	Risk that the partnership would impact on sovereignty and identity leading to councillor mistrust of the partnership	<p>Ensure clear and agreed governance principles and processes and how Councillors will be engaged in decision making and scrutiny arrangements.</p> <p>Regular, ongoing communication with councillors, parish councils, stakeholders and the public. Ensure sovereignty is a key design principle and feature of the business case. Provide opportunity for learning from other council partnerships (officers and members)</p>
4	Risk that officers are perceived to be less available, leading to delays and dissatisfaction from councillors who feel less able to perform their roles	<p>Clear expectations to be agreed, acknowledging that shared staff serving both councils may sometimes not be available. Clarity of difference of role of a shared chief executive / shared chief officers to be communicated clearly and effectively. Requirements to ensure build resilience across officer tiers so critical that portfolio holder and where relevant, ward member roles are prioritised and that those in shared roles are effectively supported. Harness digital capabilities to ensure agile or remote working does not impact on service delivery or connection with members, staff, stakeholders or communities. Retain a chief in officer in MBC and HDC with an organisational focus alongside their wider thematic leadership role, to ensure that members have a main and trusted point of contact within the senior team</p>
5	Future changes in political leadership may impact on relationships and desire to continue with any shared arrangements	<p>Ensure all councillors are engaged through the development and transition process, with openness and inclusive approach. Recognise the potential impact of the local elections in May 2023 and undertake a review of the shared arrangements after the election to enable new administrations to confirm their position, priorities and expectations. Ensure strategic partnership is a key focus of member induction process after May 2023 elections, particularly if a number of new councillors elected (Resourcing the development of the member induction process important)</p>
6	Operational progress and staff buy in may be impacted by different HR and Governance policies and processes	<p>The changes and opportunities to align and harmonise policies and processes will depend on the specific matter being considered (i.e not one size fits all). It will be important to harmonise where possible, but not in such a way that staff are burdened and tied up with the extra administrative burden this will create, i.e the right balance needs to be struck</p> <p>The development of a transition / transformation plan and phasing approach will be valuable</p>
Capacity, Resources and Resilience		
7	Instability created within both organisations due to uncertainty, and knowledgeable and experienced officers leave as a consequence	<p>Ensure strategic purpose for the change is clear, positive and aspirational. Maintain explicit commitment to staff growth, development and retention opportunities. Openness of communication and dialogue with staff teams and create a range of opportunities for staff to ask questions, raise concerns and make suggestions as part of development of business case, transition and implementation. Focus on quick wins to build confidence – officer and service level. Celebrate what works well, build continued credibility, trust and assurance. Where</p>

		officers do leave, ensure there are effective hand-over processes in place
8	Failure to resource effectively any transitional and transformational arrangements, with officers over-stretched leading to impacts on service delivery, and organisational effectiveness	The resources required to manage the change should not be under-estimated and investment should be built into earlier phases to ensure sufficient capacity. Timetable and pace of delivery should be agreed by both councils. Create a shared change programme management / transformation programme from the outset – a key initial task for the shared chief executive. Failure to invest in transition and transformation will hinder progress and opportunity
9	Existing projects and programmes may be delayed due to diversion of capacity to support the development, implementation, and delivery of the strategic partnership	During business case development – procure additional capacity through suitably experienced experts to provide strategic advice and lead on developing the business case and associated documents and arrangements. Ensure relevant officers are engaged (ownership from the council's important). Some impact on BAU should be expected during this period. Resource the transition and transformation programme effectively, with investment in the partnership to avoid current work programmes being impacted. Maintain regular programme management updates to manage expectations and advise of any issues at the earliest opportunity. Through longer term delivery plan, ensure that opportunity to align, harmonise and grow enable the councils to reduce unnecessary duplication
10	Working across two councils increases travel time and reduces productivity and impacts on the environment	Adoption of hybrid working, video conferencing and remote working by both councils will help mitigate this. Explore the potential for some shared office space. Expectation management to enable agile / remote working to ease productivity, visibility and connectedness challenges. Early review of each councils meeting calendars / schedule to reduce direct meeting clashes and ensure key officer (particularly chief officer) are able to be in attendance. Retain option for other officers to attend member meetings remotely
11	Different IT systems and infrastructure hinder alignment and collaboration and shared approach to communication with staff.	This is something that the councils will need to work around initially, whilst considering opportunities for alignment in the longer term. Immediate opportunities include shared teams channels, re-routing if email addresses (if shared roles) and potentially a microsite for shared staff communications. Both council shave different ICT arrangements currently, and a solution that enables some alignment between the two arrangements will be needed
Financial		
12	Savings cannot be made or realised and/or transition costs are prohibitively high, which undermines confidence in the partnership	Expectation management from the outset is key. Financial savings not a key driver however the financial case is an important strand of the business case, alongside opportunities for service improvement, efficiency, resilience and service growth. Must not achieve savings at the cost of robust, effective and manageable service delivery – the partnership must be adequately resourced to deliver. Effective and regular communication, open and honest discussions (officer and member level). Service diagnostic to determine potential for collaboration or aligned / shared services or leadership arrangements will provide an indication of the potential for financial savings / efficiencies. Each council will determine how it chooses to

		<p>manage any associated savings (i.e whether these are reinvested). Quick wins such as those achieved through joint bidding for external funding or ability to grow services / generate income should be widely communicated.</p> <p>Establish a clear mechanism for including transition costs in any business cases and be clear on the potential rates of return which may accrue. Focus on those areas seen as quick wins, which can deliver early benefits</p>
13	A risk that costs and savings are not apportioned fairly leading to breakdown in relationships and loss of trust	Need to establish a transparent and shared mechanism for apportionment of costs and savings. Key decision principle. Cost / savings apportionment may depend on the specific circumstances – for example, the approach to cost apportionment for chief officers may be different to services / other officers. A framework / clear approach to determine cost apportionment will need to be included the MoA
Workforce, Culture and Communication with Staff		
14	Potential differences in workforce and organisational culture across both organisations may hinder collaboration, leading to lack of motivation or prioritisation for the changes required, resulting in delays and inefficiency	Clear direction from senior political and officer leadership. Investment in engagement, communication and joint working would need to be sustained. Communication throughout should seek to reassure, enthuse and motivate teams to strove for collaboration opportunities. Recognition and celebration of achievements and successes between teams. Empowerment of managers and tams to identify and be involved in progressing opportunities for harmonising / collaboration but also to be trusted to advise when this may not be appropriate or is the wrong time. Development of shared workforce development strategy which embeds the principles of recruitment, retention, growth, development, alongside values and behaviours
15	The resulting structure with a blend of shared and single authority posts is seen as fragmented and thereby impacts on progress, success and negatively impacts staff and peers	Continue to recognise that leadership is both a privilege and responsibility, especially during times change and that how senior colleagues work together will set the tone for the partnership. Critical that senior leaders continue to trust each other, work well together and that this is evident to staff teams. Build shared understanding of how each colleague works and create time and space for open dialogue / approach. Clarity on SLT arrangements, roles and responsibilities needed
16	Wider stakeholders (including other councils) do not understand the new arrangements or are not supportive	Proactive engagement with partners, and key stakeholders including MPs. Communication during business case development phase and upon implementation. Commitment to communication and increased visibility of partnership achievements. Robustness of business case and operating arrangements important – must be able to withstand scrutiny and challenge. All staff must be clear on what the partnership is and is not, to ensure clear and consistent messaging and information
External		
17	Existing partnerships may feel threatened and be undermined by the strategic partnership	Each council's commitment to existing partnerships should be clear to those respective partners (such as Revenues and Benefits Partnership) to avoid perception that existing partnership arrangements will be

		undermined. Each council must commit to seek to avoid destabilising existing partnerships. Design principle on ability to review partnership arrangements is also key
18	Residents or businesses become confused between the two councils' services	The approach being taken means that this can be managed on a case by case / service by service basis and should be a consideration for any alignment or harmonisation completed. Clear information will be required to reflect the Councils' agreed priorities and approach. Importance of supporting ward councillors in their role and being alert to any confusion, queries or concerns that emerge. Continued communication and engagement with stakeholders required.
19	Unexpected major events lead to diversion of attention which delays transition to any new arrangements	Business Continuity Plans will need to be in place and where appropriate these can be harmonised. Where events occur, clear communication will be required to manage expectations if delivery objectives need to be reset. Clarity of leadership of major events will be required and existing separate council arrangements should be retained until such a time a collaboration or shared approach to a specific event is agreed. Liaison with LRF on any changes will be needed to ensure no gaps in communication, resilience or response
20	Government restarts discussions about local government reorganisation which could impact on the partnership arrangements	This remains a possibility irrespective of any partnership, however the existence of the partnership would strengthen the councils' ability to influence such a debate in future. Regular communication on the partnership and its impact with MPs and DHLUC would be required

Equalities Impact

59. The law requires that as public authorities, we can demonstrate that we have paid 'due regard' to the aims of the Public Sector Equality Duty at a formative stage of our decision-making process. Both Councils have considered equality impacts and believe that the proposed decision to enter a Strategic Partnership, with a shared officer structure, will not have any adverse effects on, or disadvantages to, anyone with a protected characteristic. The Strategic Partnership is designed to have a positive impact on employees, residents and businesses and the proposition refers to individual roles within the Council only. As part of the implementation of any proposed change, monitoring will be undertaken, and equality impacts will be considered where necessary.
60. Any further opportunities for service alignment proposals would be subject to a separate business case and, as part of that, Equality Impact Assessments will be undertaken where appropriate. It is proposed that a subgroup of relevant representatives from both Councils will work collaboratively to monitor and review equality implications for any service realignment proposals. This would ensure each Council is able to demonstrate sufficient check and challenge and evidence it has paid 'due regard' to equality as part of the process.

Data Protection

61. There are no implications for the data protection act from this report.

Summary of Consultation and Outcome

62. Communication, consultation and engagement has been wide ranging and has been carried out on an ongoing basis. Some key examples relevant to Harborough District Council are:

- a. Chief Executive and Leader emails to all members and staff on 21st September 2022
- b. All staff briefing on 26 September 2022
- c. Emails to the Chair of Audit and Standards and Scrutiny on 14 October 2022
- d. Report to Cabinet 10 October 2022
- e. All staff emails on 7 and 14 October 2022
- f. All member briefing 31 October and 28 November 2022
- g. All staff briefing and opportunity for feedback and questions 11 November 2022
- h. Scrutiny Committee consideration of the business case on 21 November 2022
- i. Audit and Standards Committee consideration of the Memorandum of Agreement on 23 November 2022
- j. Ongoing opportunity for members to provide comments prior to Council agenda release on 9 December 2022
- k. Cabinet to consider business case and MoA on 5 December 2022
- l. Council to consider recommendations from Cabinet on 19 December 2022

63. Communication with stakeholders has also been carried out. This includes:

- a. Letters to key stakeholders on 6th October with a further letter to stakeholders on 9 November 2022.
- b. Parish Council liaison session held on 24 November 2022.
- c. Updates to the MP and Police and Crime Commissioner

64. A summary of feedback received from stakeholders will be incorporated into the Council reports

65. Feedback from the Scrutiny Commission on the business case

- a. On 21 November 2022, the Council's Scrutiny Commission considered the business case. Feedback from the committee will be shared with the Cabinet in advance of the meeting for consideration at the Cabinet meeting. The chair of the Committee will be invited to present the committee's feedback to Cabinet.
- b. The comments from the Scrutiny Commission are available at appendix D (to follow)
- c. Comments from Melton Borough Council's Scrutiny Committee will also be shared with Cabinet in advance of the meeting.
- d. Cabinet are requested to provide a further view and steer on any further changes or emphasis required before the matter is considered by Council on 19 December 2022.

66. Feedback from Audit and Standards Committee on the Memorandum of Agreement

- a. On 23 November 2022, the Council's Audit and Standards Committee considered the Memorandum of Agreement. Feedback from the committee will be shared with the Cabinet in advance of the meeting for consideration at the Cabinet meeting. The chair of the Committee will be invited to present the committee's feedback to Cabinet.
- b. The comments from the Audit and Standards Committee are available at appendix D (to follow)
- c. Comments from Melton Borough Council's Audit and Standards Committee will also be shared with Cabinet in advance of the meeting.
- d. Cabinet are requested to provide a further view and steer on any further changes or emphasise required before the matter is considered by Council on 19 December 2022

Alternative Options Considered

67. Should the Council choose not to progress the Strategic Partnership, the proposed changes will not be progressed. This will impact each Council in different ways and both Council's ability to realise the identified benefits set out in the business case.
68. Harborough District Council will be required to determine what actions to take in relation to the interim arrangements in place for the Chief Executive of the Council and the Monitoring Officer. This is likely to include extending the contract of the Interim Chief Executive to cover the period of recruitment of a Chief Executive.

Next Steps – Implementation and Communication

69. Subject to the decision of Cabinet Members, any changes or refinements to the Business Case and Memorandum of Agreement will be made, leading to the finalisation of both documents.
70. External legal opinion on the Memorandum of Agreement will be sought independently by each council.
71. Final Business Case and Memorandum of Agreement will be considered by Council on 19 December 2022.
72. If the recommendations are approved by both Councils, the Strategic Partnership would take effect on 1 January 2023.
73. A mobilisation, communication and engagement plan to support implementation will be developed should a decision to proceed be taken.

Background papers

- Council report on Senior officer structure options 20 June 2022
- Cabinet Report of 10 October 2022
- Scrutiny Commission Report of 21 November 2022 and minutes when available
- Audit and Standards Report of 23 November 2022 and minutes when available

- Melton Borough Council Cabinet Report 12 October 2022 – Opportunity to explore establishment of a strategic partnership with Harborough District Council
- Melton Borough Council Scrutiny committee report of 22 November 2022 and minutes when available
- Melton Borough Council Audit and Standards committee report of 23rd November and minutes when available
- Melton Borough Councils Cabinet report for 6th December 2022 when available
- Strategic Partnership – Common Questions