

Corporate Policy and Resources Committee



29 November 2021

Title	Opportunities for collaborative working with other Councils
Purpose of the report	To make a decision
Report Author	Lee O'Neil, Deputy Chief Executive
Ward(s) Affected	All Wards
Exempt	Main report – No Confidential Appendices 2 & 3 - Yes
Exemption Reason	This report contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information because, Appendix 2 & 3 contain commercially sensitive information which if publicly available could have a negative impact on services delivery.
Corporate Priority	The contents of this report potentially relate to all of the proposed new priorities of the Council, i.e.; Community Affordable housing Recovery Environment Service delivery
Recommendations	Committee is asked to: 1. Note progress to date on discussions with other local authorities on opportunities for collaborative/joint working arrangements. 2. Agree to the formation of a Councillor/Officer Working Group., 3. Agree the Terms of Reference for this Working Group (as attached at Appendix 4); and 4. Agree the Councillors to be appointed to the Working Group.
Reason for Recommendation	To enable a structured approach to be taken when considering future opportunities for collaboration/joint working with other Councils.

1. Key issues

Background information

1.1 On 10 July 2020, the Leader of Surrey County Council (SCC), Tim Oliver, wrote to the Secretary of State for the Ministry of Housing Communities and Local Government suggesting that the County Council be asked to build a business case for it to become the single local (unitary) authority for Surrey.

1.2 At an Extraordinary Council meeting on 24 September 2020, Spelthorne Councillors expressed their strong opposition to SCC's plans, with four motions debated and unanimously agreed. The minutes of this meeting can be found via the following link:

<https://democracy.spelthorne.gov.uk/ieListDocuments.aspx?Cld=133&Mid=2343&Ver=4>

1.3 In response to SCC's unitary proposals, the Surrey District and Borough Councils appointed KPMG to explore potential options for Local Government Reorganisation within the County, whilst assessing future opportunities for collaboration within existing structures. Eight areas of collaboration were agreed for further exploration:

- i. New approach to Waste
- ii. Sharing Building Control
- iii. IT infrastructure
- iv. Shared Approach to Housing
- v. Standardisation of Revenue & Benefits
- vi. Procurement
- vii. Economic Development
- viii. Shared Leisure Services

A copy of the KPMG report is shown in **Appendix 1**.

1.4 Discussions at the Surrey Chief Executives' meeting on 15 July 2021 indicated that the boroughs/districts were in different positions regarding the KPMG report and any progress they had made in pursuing options for collaborative working with other authorities. This included several authorities discussing opportunities for sharing of services and two Councils (Guildford and Waverley) progressing towards a single Chief Executive and Management Team model across the two authorities. At Spelthorne's request, the Chief Executives agreed that options for sharing senior management positions ought to be considered as recruitment opportunities arise.

1.5 Since the Council meeting on 24 September 2020, Spelthorne has explored a range of opportunities for collaboration and joint working with other authorities and these are summarised in the confidential **Appendix 2**.

1.6 In recent months, the Government have set out their initial views and key principles on 'levelling up', which include taking a more flexible approach to devolution and the prospect of new 'County Deals', to support the conditions for long-term growth and productivity. These new deals will see powers, freedoms and flexibilities devolved from central government to local government and will primarily offer the same powers currently available to

metropolitan mayors to other parts of the country. The intention is that these deals will be negotiated and led by upper tier Councils, i.e. County Councils. There will be no new or additional funding for them, and they will not require local government reorganisation.

- 1.7 Following SCC's previous submission of their unitary authority proposals, the County Council has expressed an interest in Surrey being considered as a County Deal pilot area. The Leader circulated a copy of their proposals to all Councillors on 24 September 2021 and this is attached as confidential **Appendix 3**. This no longer envisages the dissolution of the boroughs and districts but could potentially significantly affect those authorities through control over a number of strategic functions (primarily related to economic development), redistribution of some existing funding streams and new local taxation proposals. Any government decision on which County Deals it will be pursuing in the first phase is unlikely to be announced until December this year, at the earliest.
- 1.8 With pressures on national budgets due to the COVID-19 pandemic, continued pressure on local government finances, the advent of new County Deals and the possibility of further unitary authority bids coming forward in the future, it is imperative that Borough and District Councils take positive steps towards delivery of more efficient, cost-effective service models, including more collaborative working and delivery of shared services. This need is further reinforced by recruitment difficulties for some of our essential professional officers, which has led to resilience issues within a number of teams.
- 1.9 As outlined in **Appendix 2**, although Spelthorne has had a number of proactive discussions and remained open to approaches around options for closer working with other Councils, the majority of these have focused around reacting to opportunities that have arisen, e.g. due to the movement or retirement of senior officers.
- 1.10 As the pressure increases for local authorities to cut costs and work together more effectively, there is a need to consider a more proactive and structured approach to Spelthorne pursuing opportunities to work closer with its fellow Surrey Councils, whilst also considering how to respond to SCC's proposed County Deal.

Factors affecting options for collaborative/shared working with other Councils

- 1.11 There can be a range of potential key drivers for pursuing collaboration/joint working options. These include:
 - (a) To deliver financial savings,
 - (b) The need to address resilience/capacity issues (staffing/systems etc.),
 - (c) Opportunities to deliver better services for residents.The extent to which one or more of these drivers may be relevant can vary depending on the service/function under consideration.
- 1.12 There are also a number of other factors which may influence any decisions on pursuing collaboration/joint working opportunities. These include:

- (a) The availability of willing partners,
 - (b) The ability to deliver any service remotely,
 - (c) The extent to which local knowledge and management can benefit service delivery,
 - (d) Different approaches Councils may have to the range of services provided and the way they are delivered,
 - (e) Timescales/synergies with regards to any existing service contracts.
- 1.13 The extent and delivery mechanism of collaboration/joint working can take a range of forms, including:
- (a) Joint procurement of contracts/services,
 - (b) Delivery of shared services through joint trading companies,
 - (c) Merged in-house teams,
 - (d) Shared Management Teams/Service Heads,
 - (e) Full service integration of Borough/District Council services (whilst maintaining political independence),
 - (f) Full political and service integration of Borough/District authorities,
 - (g) Formation of unitary authorities (taking over all functions from Boroughs/Districts and the County Council).
- 1.14 The degree to which such opportunities can be delivered can also depend on a number of other factors, such as:
- (a) Political alignment/stability,
 - (b) Geographical boundaries,
 - (c) Demographics,
 - (d) The financial strength of the relevant partners.
- 1.15 Other factors that need to be considered include:
- (a) Governance arrangements (ensuring equality between partners),
 - (b) External pressures which may influence change (e.g. future bids for unitary authority status),
 - (c) Resourcing requirements to enable opportunities to be pursued effectively.

2. Options analysis and proposal

- 2.1 **Option 1 (preferred option)** – The Committee is asked to:
- i. Note progress to date on discussions with other local authorities on opportunities for collaborative/joint working arrangements,
 - ii. Agree to the formation of a Councillor/Officer Working Group,
 - iii. Agree the Terms of Reference for this Working Group (as attached at **Appendix 4**), and
 - iv. Agree the Councillors to be appointed to the Working Group.

The aim of this is to enable a structured approach to be taken when considering future opportunities for collaboration/joint working with other Councils.

- 2.2 Option 2 – The Committee could decide to take a different approach.

3. Financial implications

- 3.1 All Councils are facing an extremely challenging financial context due to the effects of the COVID-19 pandemic, coupled with other pressures, such as increasing inflation. Although Spelthorne's budget pressures are not currently as great as some of the other local authorities in Surrey, this Council nevertheless faces some potentially significant budget gaps for the next four financial years (as has been outlined in the Outline Budget Report on the Agenda of this Committee). If not addressed, these budget gaps will continue to rise over the four-year period. The Outline Budget report highlights a range of options for addressing these gaps as part of a refreshed Medium Term Financial Strategy, including exploring the potential to achieve financial savings (as well as resilience and efficiency gains) from collaborative working with other Councils.
- 3.2 In trying to align Council services it unlikely that there will always be a 'merger of equals', with some Councils being in very different positions in terms of their financial and service level provision. The fact that some Councils may have a much more pressing financial imperative to deliver shared services would therefore need to be carefully considered in deciding on any opportunities that Spelthorne wishes to pursue, to ensure that our residents are not significantly disadvantaged by any such proposals.
- 3.3 There would be a great deal of work involved in evaluating opportunities and even more so in progressing any approved partnership options. A wide range of issues would have to be considered, particularly Human Resources related, around pensions financial impacts for the employer and TUPE. It will therefore be essential to ensure that in pursuing any such opportunities, sufficient resourcing is available to support the development of any joint working/shared service options. In view of the ongoing pressures on our staff, it is likely that external support would be necessary to assist with this process, for which a budgetary provision would need to be agreed.

4. Other considerations

- 4.1 As already outlined, the work involved in formulating and taking forward collaborative/joint working opportunities can be considerable. It will therefore be essential to:
- (a) Have an effective mechanism to evaluate, triage and agree on the areas that should be pursued, considering opportunities at a high level (inputting minimal resources in the first instance) to establish whether they warrant closer consideration.
 - (b) Be willing to walk away from any potential opportunities that would not in the Committee's view be worth pursuing, taking into account the risks/benefits that are likely to be involved.

- (c) Ensure sufficient resourcing is available to deliver the objectives of the Council for those areas which are taken forward, and
- (d) Have a clear political mandate to pursue any options, to avoid wasted effort in developing options which would not ultimately be agreed by Council.

5. Equality and Diversity

- 5.1 A detailed equality impact assessment would need to be developed for any collaborative/joint working option pursued, in order to ensure that no groups are disadvantaged by the development of future joined-up services.

6. Sustainability/Climate Change Implications

- 6.1 The sustainability/climate change implications of any collaborative/joint working options would need to be considered a part of the discussions regarding any future options. There would potentially be opportunities to deliver greater outcomes by working more closely with other Councils on some green/environmental initiatives, whilst other potential effects would need to be considered, e.g. the effects of staff having to travel over wider geographical boundaries to deliver services.

7. Timetable for implementation

- 7.1 If the Committee agrees the proposed option, an initial meeting of the Working Group will be set up as soon as possible, with subsequent meetings arranged in accordance with their agreed timescales.
- 7.2 In addition to any timetabled meetings, it is possible that the Group may need to meet on an ad hoc basis to discuss any urgent opportunities which may arise from time to time.

Background papers: There are none.

Appendices:

Appendix 1 – KMPG report: Surrey District and Borough Councils – Local Government Reorganisation and Collaboration (December 2020)

Appendix 2 (confidential) – Opportunities for collaboration/joint working explored by Spelthorne to date

Appendix 3 (confidential) – SCC's County Deal Proposal (September 2021)

Appendix 4 - Proposed Terms of Reference for the Working Group