

Cheltenham Borough Council
Cabinet – 8 February 2011
Membership of South West Councils

Accountable member	Leader, Councillor Steve Jordan
Accountable officer	Assistant Chief Executive, Jane Griffiths
Accountable scrutiny committee	Economy and Business Improvement
Ward(s) affected	None
Key Decision	No
Executive summary	<p>The council is a member authority of South West Councils (SW Councils) and pays a subscription to support the running of a secretariat. Given the current budget situations of member councils, reductions in government funding to the regions and indeed the demise of many regional structures, South West Councils are requesting councils to confirm whether or not they wish to remain a member. The council's liabilities have been set out if we choose to leave along with future subscription levels if we wish to remain a member.</p> <p>Given the recognition of the need to reduce costs and that regional structures are changing consideration has been given to creating a smaller organisation. The proposal is to establish an 'Employers Plus' option which would be in a position to provide ongoing human resources advisory support and networking opportunities with other councils but would not be undertaking the range of activities that are currently provided through the current model. There is a meeting of the SW Councils Resources and Management Committee on 11 February and we have been requested to provide confirmation as to our position.</p>
Recommendations	<p>The Chief Executive be authorised to sign the letter in appendix 3 to this report on the basis that further clarification is provided, to his satisfaction, on the proposed mechanism for the apportionment of liabilities and assets and subject to consultation with the Leader of the Council, the Cabinet Member Finance, Borough Solicitor and the Chief Financial Officer.</p> <p>That subject to above, the South West Councils' Secretariat be advised that Cheltenham Borough Council is in favour of pursuing the Employers Plus option and will enter into membership of new arrangements on that basis, subject to them being viable and the annual subscription costs not exceeding those currently paid.</p>

Financial implications	<p>The council has within its base budget £7,100 for subscriptions to the SW Councils and would therefore be able to meet the proposed subscription of £5,466 from this budget. The financial liabilities of the proposal and options are set out in appendix XX of the report.</p> <p>Contact officer:</p>
Legal implications	<p>If the council, continues with the subscription, by signing the letter, as requested, the Council will be accepting the formula for the sharing of liabilities and surpluses as follows</p> <p>‘Any net liabilities or surpluses of the South West Council, South West Employers and South West Leaders shall be borne by or due to the members of the organisation. Each member shall be entitled to or liable for, as the case may be, a proportion of such amounts equivalent to the proportion of the total subscriptions payable by that member in the last full financial year prior to the assessment of surplus or liability. Members will note that this liability or entitlement may change over time and, therefore, imposes a financial risk which cannot be easily quantified.</p> <p>Specific legal advice is set out at exempt appendix 4 to this report (<i>by virtue of paragraph(s) 5 of Part 1 of Schedule 12A of the Local Government Act 1972</i>)</p> <p>Contact officer: Shirin Wotherspoon, Corporate Solicitor, Onelegal Shrin.Wotherspoon@teWKesbury.gov.uk, 01684 272017</p>
HR implications (including learning and organisational development)	<p>None directly arising from the report, however support and advice is provided on a range of HR issues including benchmarking policies and processes, which has added considerable value (see comment in Section 4, and Risks).</p> <p>Contact officer: Amanda Attfield amanda.attfield@cheltenham.gov.uk, 01242 264186</p>
Key risks	As set out in the risk register
Corporate and community plan Implications	None
Environmental and climate change implications	None

1. Background

- 1.1** Members in the South West have agreed it would be timely to review joint working arrangements in light of changes to Government policy and funding. Currently there are joint working Member structures in the South West supporting a number of functions:
- South West Employers – providing the employers arm for regional discussion with the Unions. Staff providing specialist employment services and training . Members meet twice a year with the Unions, the Management Committee meets 3 times a year;
 - South West Councils – inclusive of all local authorities, membership reflective of size of authority and political proportionality. Provides forum for debate across authorities and lobbying on shared issues. Meets twice a year with a Business Committee meeting quarterly;
 - South West Leaders – an informal grouping of the County and Unitary Leaders with District representation (constitutionally the Executive arm of SW Councils) providing a joint forum for lobbying and sharing of information. Has been meeting quarterly.
- 1.2** The SW Councils and SW Leaders Members share between them responsibility for the strategic direction and delivery of the work of the Regional Improvement and Efficiency Partnership.
- 1.3** The integrated SW Secretariat was established to provide support for all the work of these organisations. This enabled the structure to be built on the SW Employers structure already in place in the region and enabled a streamlined and integrated workforce which has delivered substantial economies of scale. Other regions have different structures, some continued to run completely separate entities with separate subscriptions and management structures for each.
- 1.4** The SW Councils has identified the opportunity to create a smaller body “Employers Plus” which would provide the ongoing provision of the specialist employment services and income generation provided through South West Employers. In addition to this there would also be secretarial support for streamlined Member structures and Officer Networks. Details of the Member structures and Officer Networks are yet to be developed. The total core cost of the ‘Employers Plus’ model is estimated at £270,000 per year which would be divided between remaining member authorities.
- 1.5** SW Councils have obtained legal advice as to how any liabilities or assets would be dealt with should member authorities seek to resign and how these obligations would be apportioned. The proposal is that apportionment would be based on a proportionate basis linked to the population that the member authority serves. Some councils are keen to continue with a partnership arrangement and SW Councils have put forward proposals as to what each councils liabilities would be should they choose to leave and also what service and subscription would be should they choose to remain as members.
- 1.6** The council has been advised that if it ceased to be a member from 31 March 2011 it would be liable to pay within 30 days of receipt of the invoice a sum of £44,186 which is the council’s apportioned liability based on current estimates. The council within the draft budget papers has earmarked £54,000 of the LAA performance reward grant to meet any liability. Should the council wish to remain a member the subscription payable would be £5,466, which can be met from the current budget for subscriptions.

2. Reasons for recommendations

- 2.1** The council have always participated in the work of the regional organisations and have found it useful to have supported both in terms of employment advice but also in terms of networking and support for key issues. Attached at Appendix 2 is an outline of the work that the smaller secretariat would undertake to support activities along with a copy of the paperwork which the

council would need to complete. If the council remained as a member then it would need to understand that if the arrangements were to cease at some point in the future then it would have to meet any future obligations which may be greater than their share at this stage.

2.2 Attached at appendix 4 is the legal advice received from Bevan Brittan on behalf of all the member organisations which sets out the rationale for apportionment of liabilities and the ongoing issues should members leave over time, and at appendix 5 a copy of the legal advice we have received from Onelegal. Both appendices 4 and 5 are exempt appendices.

3. Alternative options considered

3.1 The council could choose to resign its membership but it may then need to seek advice and support on HR matters from other sources. It may not benefit from reduced rates for training courses which are valuable and specific to local authority needs in the southwest, and it would lose the benefits of networking and lobbying.

3.2 There is always the risk that given the current financial climate the number of councils remaining in membership would be insufficient to sustain a viable partnership organisation and if this was the case then we would need to meet the outstanding liabilities at that time.

4. Consultation and feedback

4.1 Officers who use the resources and services offered by SW Councils have been consulted and they are of the opinion that continuing membership would be worthwhile.

5. Performance management –monitoring and review

5.1 As members of the partnership organisation it would be incumbent upon us to satisfy ourselves that we are getting value for money from the organisation and to ensure that any concerns regarding performance are fed through the formal channels.

Report author	Contact officer: Jane Griffiths, Assistant Chief Executive, jane.griffiths@cheltenham.gov.uk, 01242 4126
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Outline proposals from SW Councils 3. Letter from SW Councils 4. Legal advice from solicitors appointed by SW Councils - exempt 5. Legal advice from Onelegal – exempt
Background information	<ol style="list-style-type: none"> 1.

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
1.	If more members wish to leave than currently anticipated then it may be unsustainable to support a small shared officer function and we may have to meet our share of the liabilities of the organisation being wound up.	ACE	18 January 2011	2	3	6	Accept	Money has been earmarked to meet our liability at this time.	31 March 2011	ACE	P&P risk register
2.	If the council continues with membership then should the organisation be wound up at a future date then there is a risk that we may face greater liabilities than those currently outlined.	ACE	18 January 2011	3	3	9	Reduce	Money has been earmarked to meet our liability at this time. The council will need to satisfy itself that the arrangements in place for future apportionment of liabilities and assets is fair	31 March 2011	ACE	P&P risk register
3.	If the Council does not continue membership, the Human Resources benchmarking and advisory contribution would not be available and there may be capacity and/or cost issues in sourcing this in house, costs may increase due to the need to source advice from external means.	AD HR & OD	20 th January	3	3	9	Reduce	Assess capacity for benchmarking in house or via Gloucs HR Forum, CIPD, or Expert HR, and explore other means of sourcing advice re local government specific issues e.g. more use of One Legal, direct from Layden House, Expert HR.	31 March 2011	HR Manager, Operations	HR Service Risk Register