

Overview & Scrutiny Committee

Monday, 21st September, 2015

| Attendees | |
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| Councillors: | Tim Harman (Chair), Colin Hay (Vice-Chair), Chris Mason, Dan Murch, John Payne, Chris Ryder, Garth Barnes (Reserve) and Rob Reid (Reserve) |
| Also in attendance: | Councillor Steve Jordan (Leader), Paul Evans, Paul Dennison, Wayne Ellis (Severn Trent), Rob Bell (Ubico) and Scott Williams, Andrew North (Chief Executive), David Neudegg (2020 Vision programme), Councillor Bryan Robinson (Forest of Dean District Council), Councillor Klara Sudbury and Shirin Wotherspoon |

DRAFT Minutes

10. 2020 VISION

The Chairman advised that he was minded to allow councillors in attendance but not on the O&S Committee, to ask questions at the appropriate stage. The committee were comfortable with this.

Andrew North first explained that at the Member Seminar held the previous week, members had commented that they did not feel that David Neudegg, Interim Managing Director for 2020 vision, was as visible as they felt he could be and with this in mind he had invited David Neudegg to attend, as well a range of Officers to who would provide expert advice if required.

Cheltenham Borough Council (CBC) was incredibly ambitious for the town and always striving for Cheltenham to be as good as it could be; something which was acknowledged by the Peer Review Team and reflected in their report addressed later on the Committee agenda. CBC did not keep large reserves, instead spending money to benefit the town and as a council it was prepared to borrow to fund such improvements. There were three elements which were key to enabling the council to deliver these ambitions; (1) the REST (Regulatory and Environmental Services Transformation) services which shaped the town's present and future (Planning, Licensing, Public Protection, etc); (2) key to place shaping was the Cheltenham Development Task Force which worked to develop sites across Cheltenham, not solely CBC sites; (3) the Engagement Team. Each of these three required a high degree of influence and control by Councillors and he could appreciate therefore, why Councillors did not want these services undermined.

The overarching ambition for 2020 Vision was "a number of councils, retaining their independence and identities, but working together and sharing resources to maximise benefit leading to more efficient, effective delivery of local services". The MTFs currently identified a funding gap over the next 4 years of £1.5m and he suggested that this was more likely to grow rather than reduce in the short term, meaning that in 5 years the council would either need to be spending £1.5m less or have increased revenues by this amount. The shared

services which had been entered into to date had proved successful, not only in monetary terms, having saved the council £2.73m, but also in creating teams with a wider pool of expertise and greater capacity it had built resilience and offered staff increased career opportunities. The business case for 2020 identified annual savings to this council of £581k, with further savings of £227k which could potentially be achieved through the establishment of a local authority company and therefore have a significant role to play in closing the council's MTFs funding gap in the short to medium term. He stressed that the services being considered for sharing were not those place shaping functions earlier described, but support services such as customer services, revenues and benefits (including council tax collection) and property services, services which needed to be done well but not necessarily directly by this council.

The paper which had been circulated with the agenda outlined four options which ranged from full commitment (option 1) to full withdrawal (option 4) and as a council the decision should be based on; "how can we reap all of the benefits without losing our identity." Option 1 was for full membership of the 2020 Vision Joint Committee and Officer advice was that they were content to see this council sign-up to this model. It was important to note that Officers advised against Option 4, questioning how the council would be able to place shape effectively when financially it would be operating with lack of money for future plans and investment. Options 2 and 3 were for consideration. Option 2, the "Arms-Length" option would see the council as a customer of the partnership venture and therefore likely to achieve less than the £581k and £227k savings discussed earlier. Option 3 and second in order of preference of Officers, was the "Preferred Partner" option and would see the council assume Observer status on the Joint Committee. Further, were the circumstances right, rights would be sought to sign-up to the Teckal company and the governance arrangements that went with it.

David Neudegg thanked the committee for inviting him along and assured members that he would be available if they wished to extend future invitations. He explained that he was here in his role as Interim Managing Director of the 2020 Vision programme and was therefore representing all four partner authorities, including CBC. The individual councils had each, already undertaken sharing of services and at Cheltenham this included a diverse range of arrangements including the Cheltenham Trust, Ubico, Cheltenham Borough Homes and Go Shared Services (where the role of lead employer had been passed to Cotswold District Council). In 2014 the 2020 Vision Programme Board commissioned Activist to develop a strategic business case and at that time all partners were clear that they wanted to maintain their democratic mandate and have a minimal impact on councillors and customers. Two options were outlined in the Activist report; the first for a Joint Committee and the second for a Teckal company. The second option was the preferred one for three of the four partners and therefore the suggestion was that a Joint Committee would be created, before moving to a Teckal company after 18 months. These joint proposals were set out to the Member Governance Board (MGB) in June, at which stage Cheltenham asked that the link between trusted advisors and local authorities be strengthened. CIPFA carried out a quality assurance review of the business case, finding it to be robust and noted their belief that more substantial savings could be achieved from a deeper collaboration.

David Neudegg suggested that at a strategic level, councillors would have three questions; (1) does the Joint Committee adversely impact CBC. He assured members that the Joint Committee would be responsible for the on-going strategic delivery and governance to the required standards set out in the s101 Agreement(s) of all partners and not individual partners. This was clearly defined in the Terms of Reference for the Joint Committee; (2) the risk of organisation failure. As part of a collective this would mean four failures across the four partner organisations and there would be member oversight across all councils to ensure that this did not happen; (3) Impact on staff. A positive approach to staff engagement had been adopted at all four partner councils and staff workshops had been organised. At the start of the meeting he had circulated a joint statement (Appendix 2) from the other three partners (Cotswold, West Oxfordshire and Forest of Dean District Councils) in response to the four options that Cheltenham would be considering. The three partners urged Cheltenham members to support the recommendations of the MGB and join them as a full and welcome partner of the 2020 Partnership. Were Cheltenham to decide upon any of the other options, they would respect this decision and would hope to maintain a positive relationship. The alternative options being considered by Cheltenham had not been evaluated in great detail by the other partners at this stage, however, they were willing to undertake an independent review of the options, if necessary. The statement suggested that fears about decisions being taken that would adversely affect one partner were ill-founded, with no evidence of this having occurred over the established history of partnership working (GO Shared Services, Ubico or the 2020 Vision partnership). David Neudegg felt that the worse scenario for partners and staff was a hesitant partner; instead wanting partners who were positive and fully engaged.

The Chairman referred members to the paper which asked that the committee form a view on whether Cabinet should consider alternative options for sharing with the 2020 Vision partner councils.

Andrew North and David Neudegg gave the following responses to questions from members of the committee, as well as non-members who were in attendance;

- Engagement with members had been consistent at all partner councils, though debate at Cheltenham's Cabinet and recent Member Seminar had differed from those at other partners given the discussions about alternative options, which had not been repeated elsewhere.
- The other partners have confirmed that they would be willing to undertake an independent review of the options, however, this would not be as in-depth as the previous review and they had been clear that they do not want to delay the timescales any further.
- Full details of the functions and activities delegated to the Joint Committee were outlined in the draft constitution and included HR policies and procedure, finance and procurement rules and ICT network infrastructure. The constitution defined the powers that this council would delegate to the Joint Committee, who would in turn appoint David Neudegg to carry out those functions. Cheltenham Borough Council would have its own lead Director for retained functions.

- David Neudegg currently spends 3 days a week in the role of Interim Managing Director of 2020 Vision and spreads his time between all four partner sites.
- The role of Interim Managing Director was interim until 2017 as the MD role may not be required if a Teckal company is formed.
- A suggestion which would probably be welcomed by other partner councils would be that of forming a Member Liaison Group which would allow non-Cabinet Members to have a role in formally monitoring the Joint Committee.
- Staff and Trade Unions had been briefed throughout the process and feedback had been positive. Staff saw this as an opportunity not just for savings but for resilience and an opportunity to be part of first class services in the future.
- Cheltenham were open to establishing a Teckal company from the outset and it would have been possible to extend the existing arrangements but other partners were more comfortable with a Joint Committee in the first instance. This should be seen as a stepping stone to a Teckal company as the move from one to the other was reasonably straightforward.
- In spite of the savings that 2020 vision would generate, there would still be a budget gap over the course of the MTFS and the Section 151 Officer had worked over the weekend to identify means of bridging the gap. Whilst it was not appropriate for him to divulge the detail to this committee at this stage, members could be assured that there was a plan. This was not to say that there would be no need for further savings in the future.
- It was agreed that as a council we needed to think about how we would scrutinise shared services going forward. There was an extent to which joint scrutiny could be undertaken and though this had not been fully considered it would likely be very valuable and something that officers would like to see happen.
- The formation of a Teckal company would see existing staff continue with their Local Government pension, whilst all new staff would be offered a stakeholder pension.
- Option 3 would allow Cheltenham to build in certain rights with observer status and at a point in the future, once it was comfortable, have an option to sign-up in the future. This would be subject to negotiation with the partner councils. This would undoubtedly require more time and effort, including having to get CIPFA back and would ultimately result in fewer savings. Officers appreciated that some members had concerns about governance and considered Option 3 to be a compromise but notwithstanding this, Officers were still recommending Option 1; full membership.
- As a full partner Cheltenham would still have the right to say which services it wanted to share and which it did not and if it was important to Cheltenham to keep REST back indefinitely then it could legitimately do so.

Councillor Bryan Robinson, Deputy Leader from Forest of Dean District Council was in attendance and accepted an invitation from the Chairman to share his thoughts on the Options being considered. He was of the opinion that existing shared services such as GO and ICT had proved effective and demonstrated

potential to continue and build upon successes to do more. He would very much like to see Cheltenham choose Option 1 and felt that it would be a disservice to Cheltenham for them to be anything other than a full partner.

A member voiced support for Option 1 which he considered to be the right decision for Cheltenham. GO shared services had generated greater savings than originally expected and had resulted in a more resilient service which could retain staff and use systems that alone, it would have been unable to afford. He felt that at this stage, members needed to be clear and honest about their concerns.

The Chairman was of the view that Option 1 best served the interests of Cheltenham, its residents and staff and members agreed that this, the unanimous view of the committee, should be passed to Cabinet. The Chairman would attend Cabinet on the 13 October to present the views of this committee.

The Chairman thanked the Officers and members who had attended the meeting.

Tim Harman
Chairman