

Stronger together

Shared management
in local government

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Foreword



Every shared management partnership is unique and we can gain knowledge and ideas from them all. I have experienced first-hand the benefits and challenges of moving two councils into a shared management partnership. My council, South Holland, began sharing a management team with Breckland in 2010. This arrangement saves £1.1 million a year between the two councils, but it is not just about money. Shared management has made my council more resilient, more flexible and better prepared to face the challenges of the future.

I am pleased that so many leaders and joint chief executives have taken part in the research for this Local Government Association (LGA) report, representing a broad range of experiences. Now that many of us have been sharing management for several years, we have good evidence of the benefits realised – at least £60 million saved, more flexible and resilient workforces and councils that are transforming further and faster than others. This innovation means we are well placed to face the future. Shared management is enabling councils to develop a culture of collaboration and truly lead the public sector.

This report highlights the benefits of shared management and shares some of the ‘success factors’ that make it work. It is never an easy option and it takes commitment from leaders, councillors and managers. However, the benefits, financial and otherwise, are clear. Many of us in successful partnerships are surprised that more councils are not following this path.

It is heartening to read that so many shared management councils are now looking to move to the next stage – whether by sharing more services, working with other councils or working across the public sector. As councils continue to seek to balance efficiency with service improvement I would certainly suggest that if councils haven’t yet considered shared management, they at least consider it as an option.

A handwritten signature in black ink that reads "Porter of Spalding". The signature is fluid and cursive, with "Porter" on the top line and "of Spalding" on the bottom line.

Lord Porter of Spalding, CBE
Chairman, Local Government Association

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1. What is shared management?

Around 45 councils across England share a chief executive and senior management team in about 20 different partnerships. Most also share at least some services. These councils have already delivered savings of at least £60 million through greater efficiencies and the other benefits of collaboration, with more savings planned.

Shared management can act as a springboard for transformation, improve efficiency and service delivery and enhance the resilience and capacity of individual councils. These are some of the key findings of this report, compiled through research and interviews with chief executives and leaders in shared management partnerships.

The triggers for discussion about a shared management arrangement can include:

- a chief executive planning to move on or retire
- a strong working relationship between the leaders of two councils
- the need to make efficiency savings and transform services

There is no one-size-fits-all model but there is overlap between the different arrangements used. Shared management generally involves the appointment of a single chief executive across more than one council and may extend to joint appointments of directors, heads of service and move further down the layers within a council. These officers work across local authority boundaries but are responsible to the individual democratic structures in place in each.

Some partnerships have been in place for almost a decade. Many are exploring innovative ways of moving their shared management on. They are moving beyond sharing a workforce and services towards transforming their organisations and the services they, and their public sector partners, provide to communities.

The overall number of shared management councils has remained fairly static for some time and the number of new partnerships ebbs and flows. This report will look at some of the ingredients that make it work, as well as identifying some of the barriers. It aims to share the experiences and advice of chief executives and leaders and highlight good practice and innovation.

Shared management in practice

In most cases, the first step is to share a chief executive and senior management team. This immediately makes better use of limited resources and puts councils in a stronger position to develop other shared roles or services that could make further savings. Councils use this opportunity to review their management structures to reflect changing circumstances and challenges and to ready their organisations for the future.

Once joint senior management is in place, sharing often filters down through the tiers to include some (and sometimes all) services. Staff may be moved into one organisation with a single set of terms and conditions, or may remain employed by their own organisation but on harmonised terms and conditions.

Each council retains its own identity and priorities but with common goals and a shared commitment to manage financial and other challenges. The most successful partnerships are those that consider which approach might work best and adopt elements of it in one, both or all councils. This hybrid approach allows the best of each council to flow into the new partnership.

Partnerships typically go on to share a broad range of services such as HR, finance, procurement, audit, ICT, customer services, public protection, building control, land, legal, property and revenues. Services may be delivered in-house, with councils optimising their collective staffing resources, or commissioned from external providers. In a few cases, councils have opted for a full merger.

“‘Shared service’ doesn’t have to mean the same service as other councils.”

David Neudegg, Managing Director, 2020 Partnership

Non-neighbour sharing

If councils cannot find a shared management partner on their borders, they may choose to look further afield. Non-neighbour initiatives are far from common and present real challenges, such as the amount of time officers spend travelling and the difficulty of sharing place-based services. However, some councils, such as Breckland and South Holland, have proved they can work.

Case study: Breckland and South Holland – a non-neighbour partnership

Despite not sharing a border and being in different counties, Breckland and South Holland District Councils began sharing management in 2010 as a way of increasing capacity and resilience while reducing costs and safeguarding services.

The partnership has had its ups and downs, with one of the biggest challenges being the point when there were three interim chief executives within a year. Anna Graves was appointed in 2014. Since then, a programme of transformation, good communication and strong leadership have strengthened the partnership, with managers more committed and councillors more engaged. Anna Graves said: “It’s like any relationship – if you don’t work at it, talk and tell people when things are bothering you, it will break down.”

One of the problems was a perception that the situation was more beneficial to one council than the other. Councillors’ concerns were addressed, both through open and honest communication and by eliminating any bias that had seeped into the officer culture. Another challenge was ensuring that staff understood the reasons for, and benefits of, shared management.

The two leaders have a good working relationship. Councillor William Nunn, Leader of Breckland, said: “We see things from different perspectives, but the end goal is for both organisations to be stronger.” Lord Porter, Leader of South Holland, said: “It works well here because we have an instinctive, rather than process-driven, approach. We have an openness and accountability with each other and we deal with issues rather than letting them fester.”

The partnership now saves £1.1 million a year. A corporate peer review at the end of 2016 will assess the broader benefits, such as resilience.

Where shared management does work between non-neighbouring councils, communication is key. Travelling time can be reduced through the use of technology such as video meetings. Bringing staff and services together in these situations is a challenge, but successful non-neighbour partnerships could go on to draw in more councils in larger groups in the future.

Differing political leadership

It is possible for councils with different political leadership to successfully share management and services, as demonstrated by the partnership of Conservative-led Bromsgrove and Labour-led Redditch. There are significant differences in the two councils' political leadership, demographics, geography and culture. While this has presented a unique set of challenges, the partnership is very close, due to factors including a strong sense of the collective benefits of a shared approach and a high level of trust.

Case study: Bromsgrove and Redditch – one organisational structure, two councils

Bromsgrove District Council and Redditch Borough Council share most services and are working towards sharing more. However, they remain very distinct councils with different politics, communities and priorities. Conservative-led Bromsgrove is predominantly rural and affluent, while Labour-led Redditch is mainly urban with a younger population and some areas of deprivation.

In 2008, the borough director of Redditch retired and the two leaders decided to consider shared management. A joint chief executive was appointed, Kevin Dicks, who remains in post eight years on. A number of early 'quick wins' were designed to improve resilience and build trust between the councils including elections, member development, performance management and equalities.

Now, they share a broad range of services including ICT, economic development, leisure and cultural services, regulatory services, policy, communications, procurement, legal and democratic services, customer services (down to supervisor level), administration and revenues. Some services are also shared with Wyre Forest District Council and some across Worcestershire.

The only services Bromsgrove and Redditch do not share are customer service advisers, benefits, planning and housing (only Redditch has housing stock). Kevin Dicks said: "We are effectively a single organisational structure serving two separately elected councils, and with sovereignty of the two communities." The set-up costs for this partnership were £1.3 million and the savings are now £2.3 million a year, with more to come.

Vertical sharing

Most partnerships are ‘horizontal’, involving councils at the same level of local government. There are a few examples of ‘vertical’ sharing and this is seen by some as an untapped opportunity for efficiency and service improvement.

It often involves the chief executive of a district/borough also being a senior manager at a county council. For example, Gloucester City Council works closely with Gloucestershire County Council and they share several back office functions. The managing director of the city council is also a commissioning director at the county council. Similar arrangements exist with Surrey County Council and Mole Valley District Council.

2. Why choose shared management?

“With all the challenges local government faces, sharing a management team is an obvious step to make savings. It also brings a lot of other benefits, not just the financial incentive.”

Kevin Dicks, Chief Executive, Bromsgrove District Council and Redditch Borough Council

Cost savings and efficiency

The main driver for shared management is the potential to get ‘more for less’ – making cost savings while improving services through transformation and shared resources.

Historically, shared management has been seen as a way of delivering efficiency savings and reducing management costs for smaller councils. In the current financial climate it can provide an alternative to cutting services. As one chief executive interviewed for this research said: “We couldn’t stay as we are – that was simply unsustainable.” Another said: “Our partnership was created in anticipation of the changing financial landscape and to address ongoing financial pressures.”

Cost savings can come directly from fewer management or staff posts or from economies of scale, reduced duplication, greater procurement power, sharing resources such as IT or accommodation and more efficient service delivery. These savings can be relatively modest or large scale, depending on the size of the councils concerned and the extent of service sharing.

“We are delivering lots more with less money.”

Sue Smith, Chief Executive, Cherwell District Council and South Northamptonshire Council

Wider transformation

Shared management provides an opportunity to look at things from a fresh perspective and is often used to drive major transformation programmes to improve efficiency and effectiveness across a council’s services.

This can include streamlining management structures to reflect changing circumstances and change or reaffirm priority areas. For example, in recent years many partnerships have put an increased emphasis on economic development, growth and housing, perhaps through creating new head-of-service posts.

Ambitions can often be achieved more easily if the work and resources are spread across a wider area. This can be underpinned by shared strategic plans, financial strategies, procurement strategies and joint infrastructure projects. Many partnerships are exploring the idea of shared management with other public sector organisations, such as health, as the next logical step – an idea that will be examined later in this report.

Resilience and greater collective capacity

“Shared management is about driving efficiencies but more importantly it is about sharing skills, capacity and capability.”

Deborah Cadman, Chief Executive, Suffolk County Council and Interim Shared Chief Executive Babergh and Mid Suffolk Councils (2016)

At its most effective, cross-council collaboration is used to bring the best of both (or all) the councils together. By combining their strengths, councils can deliver more efficient and effective public services while simultaneously increasing their sustainability and resilience.

One advantage is the resilience provided by the ability to share officer capability and access a broader range of expertise, even if only on a part-time basis. Ensuring that managerial expertise is kept in-house provides a longer-term advantage beyond the initial cost savings and plays a key role in service improvement. It can also help with retention of managerial talent.

Councils also report benefits from having a single workforce with one employer, an adaptable ‘agile’ workforce, accommodation rationalisation and more efficient customer services.

Shared management can give the individual councils greater regional influence and national recognition. One chief executive said: “We are treated as a bigger player nationally now. We have better conversations with Government and we are seen to be more influential.”

Case study: Cherwell and South Northamptonshire – a cross-county partnership

The partnership of Cherwell District Council and South Northamptonshire District Council is one of very few to have bridged both a county and regional boundary. Neither had found a suitable partner within their own counties, and despite no history of joint working they took a ‘leap of faith’ together.

The first steps, in 2011, were to join up management and back office functions. For a while there was a partnership with a third council, beginning with joint ICT and legal services and with the intention of extending this to other services, but this arrangement has now ceased. The next steps were to add frontline and community services. The business case for joint working on housing and planning were being prepared in late 2016.

Sue Smith, Chief Executive, said the shared agenda had represented a major opportunity for service redesign. “When we realised the potential of what we were doing, we started to push harder. In 2015 the two councils agreed to a commercial approach to transformation. We will be in charge of our financial future. Our shared partnership has enabled us to be more ambitious, have greater aspirations and has shown that we can deliver.”

The cost savings total around £3.5 million a year or 14 per cent of their net spend as it was in 2011. On top of that, Cherwell has not increased council tax for six years, with no reduction in frontline services, and South Northamptonshire had done the same for five years.

3. The ingredients for success

Every local area needs a carefully tailored approach to shared management, and no two partnerships are the same. However, successful partnerships have many things in common, and this chapter aims to draw out some of the lessons that can be learned from them. Chief executives and leaders say the process is easier if the councils are a similar size, have similar aspirations and political leadership and are looking at similar approaches to efficiency and transformation.

Political leadership

The shared management agenda is often driven by leading councillors. Moving in this direction requires a particular combination of strength and flexibility in the leaders of the councils concerned. It will be perceived by some colleagues as 'different' and 'risky' and will test their leadership skills. Trust is a critical element.



At the very least, member buy-in from the start is essential, even if the initiative is officer-led. The potential for efficiency savings is a key driver for councillor involvement, representing an opportunity to improve services for residents while coping with ongoing budget pressures.

If the chief executives of both (or all) councils want to remain in place, it can be difficult to establish formal talks, even where there is a political will. One council leader said: “Here, it was very much driven by members. We had a chief executive who was willing to help develop the change and then walk away [to another council] and that was pivotal.”

Leaders and councillors can be the greatest advocates for change. Strong political leadership is always critical in the formation of a new partnership, and in sustaining and driving it forward.

“At the beginning it is very much about the relationship between the leaders, having conversations and building that level of confidence and trust in each other. Both sides will have to make compromises but the end goal is to enable both councils to be stronger together.”

**Councillor William Nunn,
Leader, Breckland Council**

Vision and culture

Setting out a clear joint vision at the start can help to gain buy-in from everyone involved. One example of a shared management vision statement comes from the 2020 Partnership of four councils: ‘A number of councils, retaining their independence and identity but working together and sharing resources to maximise mutual benefit, leading to more efficient and effective delivery of local services.’ This is also an opportunity to set out any ‘red lines’ and look at issues such as how the chief executive will be appointed, management structure, organisational culture and shared governance.

Having these things in place lays the foundation for a move towards a single organisational culture. One chief executive said: “Our big goal was to develop oneculture. It is a major challenge, as there are multiple cultures across the organisation, but we are working towards it.” Another said preliminary research tends to concentrate on how much money can be saved, but it is also important to look at the differences in culture between the councils and the effect this will have on joint working.

Managerial leadership

The job of shared chief executive is not easy. It requires a particular type of manager to be able to balance the workload, maintain the distinct identity of each council and keep two (or more) sets of leaders and councillors happy. One chief executive said those with an appetite for ‘micro-management’ would not last long in the job. Another said: “As chief executives we have to be able to put ourselves on the line and say: this is bigger than us.”

The joint chief executive (and senior managers) must ensure there is no perception of bias from councillors, officers or the public, and more so if they previously worked for one of the councils concerned. This managerial balancing act will be ongoing. One chief executive said: “It requires quite a lot of

energy to drive shared management through.” Another said: “It took some time for members to realise that it doesn’t matter where we sit, it is what we are doing that counts.”

Shared management can have a personal impact on managers in terms of a greater demand from councillors and officers. Good time management, project management and efficient delegation are critical. One chief executive said: “While some aspects of the role can be combined, much of it, especially around relationship management, has to be doubled up and is inevitably more time consuming. As a result, non-essential activities are reduced.”

“As a joint chief executive you are working to two leaders and two cabinets so you have to be agile and flexible in your thinking.”

Stephen Baker, Chief Executive, Suffolk Coastal and Waveney District Councils

Trust, honesty and openness

The chief executive and leaders will spend a lot of time together and it helps if they ‘get on’ at a personal level. Trust and open communication are critical and regular face-to-face meetings provide an opportunity to discuss day-to-day issues and longer term plans.

“You have to have a really open, transparent and strong relationship with your leaders. I also think the leaders need to get on – that dynamic affects the other members.”

Anna Graves, Chief Executive, Breckland and South Holland District Councils

“Our senior management team meets weekly with the leaders and deputy leaders of the three councils so that we, and they, understand where we are aligned and where we have a different take on things.”

Matt Prosser, Chief Executive for North Dorset District Council, West Dorset District Council and Weymouth and Portland Borough Council

Adaptability

Senior officers must be seen to split their time across the councils, but not always on a 50/50 basis – the proportion can be different from the start according to the size of the councils or at different times to reflect changing need. If one council needs more attention, the reasons should be understood and explained to the other.

‘Flexibility’ is key. Effective collaboration means compromise. Even where agreements are set in stone, it can help to sometimes be flexible. One leader said cost savings were usually shared on a 50/50 basis, but when it seemed fair for one council to receive a greater share they did.

Chief executives agreed it was important for senior managers to be visible in both (or all) locations, but this does not have to mean endlessly shuttling back and forth between buildings. One said: “Video conferencing has made a huge difference to how shared management works at a practical level. We have good facilities across the partnership. Once people get used to the idea of virtual meetings they work really well.”

“We have proven that you can have a shared arrangement that saves money and delivers capacity and resilience, but it does require a bit of give and take.”

Stephen Baker, Chief Executive, Suffolk Coastal and Waveney District Councils

Councillor involvement

“The role of councillors hasn’t changed – democratic independence is sacrosanct. That was a key learning point for us.”

David Neudegg, Managing Director, 2020 Partnership

The involvement of councillors plays a vital part in the success of any shared management arrangement and things will only run smoothly if a majority of them are ‘on board’. Again, an atmosphere of open communication and trust is key to helping initiatives gain momentum.

At the start, councillors may have concerns and preconceptions – for example, fears about the potential ‘loss of sovereignty’ of their council. Involving them early on and clearly outlining the reasons for shared management and the potential benefits can help to convince them that it will work, as can sharing the experience of successful partnerships.

Clearly maintaining democratic accountability in each council is important in getting initiatives off the ground. One chief executive said: “As long as the uniqueness of each area is maintained – democratic accountability in each locality – I would absolutely advocate shared management.”

It does not mean a dilution of the power of politicians but it does mean working in different ways. Councillors will be working within new joint structures and may notice a difference in the availability of officers. There may be a joint cabinet, shared services steering group and a new approach to overview and scrutiny. There may also be joint meetings or ‘away days’, providing all councillors with an opportunity to get to know each other and understand the other council’s perspective.

While staff bring operational matters together, cabinet members can build a shared understanding of each council’s background, politics, existing projects, commitments and specific concerns. One chief executive said a culture had developed over time where councillors respected each other, were patient when business affecting the other council was being discussed and were “respectful of each other’s right to get it wrong”.

This also means that if unexpected situations arise, councillors in one council will be more accommodating of the need for officers to focus time and resources on the other. In the partnership of Adur and Worthing, for example, Worthing councillors were patient and understanding when the Shoreham air crash in 2015 led to a disproportionate focus of time and resources on Adur for the following three months.

“Trust is vital. Sometimes it can feel like we spend a lot of time explaining that spending or time have been proportionally split – but the moment you take it for granted you run the risk of appearing complacent and seeing the two places as the same, which they are not.”

Alex Bailey, Chief Executive, Adur District Council and Worthing Borough Council

Staff engagement

Change management is a challenge for any organisation. When staff from two councils are being brought into one employment structure, working closely with the staff and unions is critical to helping the process run smoothly. A strong and capable HR team must be in place.

One council has reflected: “Having one shared team with different pay levels or leave entitlements was not an option and staff were keen to get an agreement in place, even though it would mean salary reductions for some. One of the key elements in the successful delivery of this project was the existing strong relationship with Unison. Members agreed a secondment which saw a full-time Unison officer representing both councils working with the chief executive and head of HR to agree a package for consultation.”

When it comes to the difficult issue of restructuring, communication, openness and honesty are essential. Care should be taken to ensure that job losses are not felt more significantly in one council than the other. Staff may be apprehensive until they know their job will be safe; acknowledging this and helping them to cope with the uncertainty is key.

The LGA report ‘Investigating and improving the HR and OD capability in shared councils’ (2016) found that partnering has a generally positive effect on staff engagement.

Communication

“We have spent a lot of time communicating clear messages to our staff, customers and partners, which has helped to embed a commitment to collaboration at all levels.”

**Simon Baker, Chief Executive,
Staffordshire Moorlands District
Council and High Peak Borough
Council**

Effective communication is absolutely vital from the start of the process. It can be used to outline the reasons for shared management to councillors, staff, citizens and local partners (and not only the financial reasons) and share successes. It can include staff briefings and progress updates such as an email bulletin, newsletter or blog. Sharing the vision, reasons, plans and progress ensures that everyone feels informed and involved.

Once shared management is in place, this requirement continues. One chief executive said fears of loss of sovereignty had continued to hinder action in some areas, such as greater joint policy development, and it would have been better to make it clear from the start that a full merger was not on the cards. Another clear message from those interviewed is to shout about your successes. One chief executive said: “When we started to get some results we showcased them, telling people we had delivered savings and made service improvements.”

Joint infrastructure projects

Many chief executives highlighted the importance of a joint ICT infrastructure as a key enabler of effective shared management and said this should be addressed as early in the process as possible.

Shared management provides an opportunity to change the way communication happens within a council, such as shifting towards video meetings and tele-conferencing. One leader said: “With a three-hour round trip between the two councils, the whole ethos had to be around different ways of communicating. As part of that we installed video suites to enable officers to talk to each other.”

Other shared infrastructure projects can be undertaken if and when this suits both councils, such as bringing some shared service teams into a single location.

Resourcing and pace of change

Before embarking on shared management, councils will invest time and effort in producing a business case to show the level of initial investment needed and the predicted returns. The initial investment will vary depending on how much they plan to share and whether they want to make the most of the opportunity for innovation and transformation. Dedicated programme and project management resourcing is key.

Case study: Chiltern and South Bucks – the journey to shared services

The district councils of Chiltern and South Bucks set up a shared management team in 2012, followed by shared heads of service shortly after. The partnership then moved to phase two, joining up service delivery across the two councils. Each service undergoes a service review and a business case for joint working is developed. Sixteen joint teams are now operational. By early 2017, all substantive service delivery will be through joint teams, saving around £1.5 million per year.

In 2015 the councils began phase three, which will further integrate and streamline their operations through a transformation programme of culture change, mobile and agile working, service realignment around the customer and digitisation, all while maintaining the sovereignty of each council.

Bob Smith, Chief Executive for the two councils, said that at the start of the process, phase three was left undefined to cater for the possibility of a merger. However, now that has been ruled out, the councils have been able to further their joint policy development, in particular taking forward a joint local plan.

Existing partnerships have looked for opportunities for external funding where they can. Transformation Challenge Award (TCA) funding from central government was a key factor in encouraging innovation, and the shared learning from these councils is proving useful to others. David Neudegg, Managing Director of the 2020 partnership of four councils, said: “We were fortunate to get a total of £3.8 million TCA funding, which made a big difference in enabling us to do things in a more innovative and creative way than we might otherwise have done.”

Councils can find other pots of money unlocked by the ‘early wins’. Being shortlisted for or winning awards can help to raise a partnership’s confidence and profile and attract investment.

There are differing opinions on the ideal pace of change. Some feel that a slower process with small steps can make the process less ‘scary’ for staff and councillors, building their trust and confidence along the way. Others feel that change is easier to manage if it happens more quickly. One chief executive said it is important “not to start at the end and work back”. Once momentum begins to gather, the speed of change initially planned may be revised.

“If the relationship between the two leaders is right, then things can move forward quickly. We initially planned a three-year programme of service sharing but in the end we moved more quickly and brought it down to two years.”

**Kevin Dicks, Chief Executive,
Bromsgrove District Council and
Redditch Borough Council**

Shared learning

Success can breed success, as demonstrated by the cluster of six councils in shared management partnerships in Suffolk. Stephen Baker, Chief Executive of Suffolk Coastal and Waveney councils, said there is a culture of collaboration in the county and all the leaders get together regularly.

It can be useful to talk to and learn from those in established partnerships. It is also important for councils to learn from their own experience on the shared management journey. One HR manager said: “This hasn’t happened overnight. We have learnt from each experience and built on that. It has taken a lot of hard work and we found that everything takes longer than you think it will. However, there was a determination to make the connection work.”

Partnering is a continuous journey with no natural end. It will evolve over time and may change under different political leadership or management or as new challenges or opportunities arise. It can be useful if everyone involved understands that flexibility in structure, skills and behaviours will help to build a strong partnership and stand councils in good stead to deal with other issues such as devolution.

4. Overcoming hurdles to sharing

Shared management initiatives can break down at any stage – during early discussions, at the point where formal talks are underway and even once sharing has begun. One essential ingredient is personal commitment from officers, leaders and councillors. Moving to shared management involves major structural change and a lot of hard work. Disinterest, lack of commitment or lack of motivation are the greatest barriers to progress.

Some councils may choose not to pursue shared management as they have already taken out the capacity which could be used as part of sharing, others may have taken a different strategic approach to transformation. Other factors that can hinder success include:

- lack of a clear and shared vision of the reasons for shared management
- concerns around the loss of sovereignty of a council
- a fundamental difference in the organisational culture of the councils
- fears of a ‘takeover’ by one council
- a poor relationship or lack of trust between councillors, leaders or managers.

‘Politics’ is often given as the reason for attempts that fail or discussions that are dropped. However, one council leader said it was too easy to simply blame ‘politics’ and the problem would better described as weak or inconsistent political and/or managerial leadership.

It is vital to keep councillors and officers informed and involved in the journey. Secrecy, or failing to involve people until late in the process, can make them suspicious and

unsupportive. Changes in the political or managerial leadership of either council may bring instability to an existing partnership, but conversely it can renew the drive for further innovation or the potential for a new partnership. As one council leader said: “A deal that didn’t work this year may work next year.”

Chief executives or senior managers can prevent progress, particularly if they fear for their own job. While compromise is always necessary, in some cases the benefits are perceived to be more on one side than the other. Partnerships of the willing work well and drawing out the ‘red lines’ early on is seen as important.

Good programme management is essential in order to begin delivering the benefits of a partnership as soon as possible (the ‘early wins’). Councillors will need to see quick returns on the initial investment or they may feel they have a duty to question the situation on behalf of local residents.

5. What next?

How individual partnerships go beyond shared management and drive wider innovation depends on factors including political and managerial support, the geography and demographics of an area and how well the initial stages of sharing have worked.

Moving towards sharing most or all services is not the end goal in every partnership. Councils are also exploring issues such as transformation, sharing across the public sector and joint procurement. However, many are looking at how to move to the next level of sharing or drive further innovation in their collaborative work. One council leader said: “I thought we had ‘done’ shared management, but as we started to watch the world change it became evident we were being left behind in terms of innovation.”

This chapter will look at some of the current issues for shared management councils, and what approaches they are taking to extend and flex their approach to sharing.

From shared management to transformation

“Shared services have delivered savings for both councils, but more importantly it has provided a larger, more resilient base from which to transform.”

Kevin Dicks, Chief Executive, Bromsgrove District Council and Redditch Borough Council

Being a shared management council can deliver a more resilient base from which councils can transform. Shared management councils are using transformation in a range of ways, some of which are outlined here.

One common theme running through the shared service agenda in most areas is to ‘behave more commercially’. Another is digitalisation, or the use of digital technologies to improve services or provide new revenue and value-producing opportunities.

“Digitalisation, big data, artificial intelligence and the ‘internet of things’ collectively have the potential to enable a fundamental rethink of how local government operates, what services we deliver and how.”

Bob Smith, Chief Executive, Chiltern and South Bucks District Councils

“Digital business models can transform organisations and places. Local government doesn’t yet fully understand how we could and should be creating strong platforms that use data to help us and our wider communities run, govern and serve our places.”

Alex Bailey, Chief Executive, Adur District Council and Worthing Borough Council

Digital transformation is a priority in some partnerships, including Adur and Worthing, where systems are being aligned with a view to sharing information across the public, community and voluntary sectors, ultimately leading to service improvement. Proactive channel shift is a priority for many. Other aligned systems and processes can include examples of websites, financial management systems and customer contact platforms.

Case study: Adur and Worthing – digital transformation

Adur District Council and Worthing Borough Council have had a joint chief executive and management team since 2008 and share all services. With little local appetite to merge, the direction of travel is closer working with local partners such as the NHS.

Alex Bailey, Joint Chief Executive, said: “We are interested in issues such as place-based health and see a lot of potential for the benefits of scale in horizontal integration. With a population of 170,000, we are big enough to make things happen but small enough that partners respect our understanding of our places and communities.”

Another key issue is how digital business models can transform services and create new solutions in communities. A digital director has been recruited and the two councils have taken a radical approach to creating a technology platform which enables rapid ‘self-build’ of applications, enabling design and prototyping of new approaches at pace and with low risk. The aim is for other partners such as the county council, health and the community and voluntary sector to be able to build their own applications on the same platform, holding all the local data in one place.

The benefits of doing this across two councils, rather than one, include being able to target shared resources more effectively across a broader area. Alex Bailey said: “In the medium term we will have very rich data which means we can really understand what is going on in our local areas. Whilst the driver is around the effectiveness of services and, more broadly, leadership of place, opportunities to drive new revenue streams will also be created.”

Further information on local government transformation can be found on the LGA website: www.local.gov.uk/transformation

Extending the sharing into more services

In practice, shared management is often the first step towards an increased level of shared service provision. This may be a goal from the beginning or it may become the logical ‘next step’ once shared management is in place. Many (although not all) partnerships are working towards sharing a greater range of services.

One leader said: “We have about 30 shared managers but have always been wary about sharing more services. Some of that resistance is around the importance of place-based services. However, we recognise that sharing more would bring greater resilience and greater cost savings to both councils.”

Extending the sharing with more partners

Some councils are currently in shared management partnerships of more than three and some of the councils in groups of two are considering bringing in a third partner. The 2020 partnership involves four councils but their level of involvement varies. While larger partnerships can lead to greater financial savings, it is not easy to pull together the culture, needs and ambitions of more than two councils.

Case study: 2020 – an evolving partnership of four councils

2020 is a shared services and collaboration partnership involving four councils: Cheltenham Borough Council and Cotswold, West Oxfordshire and Forest of Dean District Councils. It began in 2011 as a traditional shared service model and has evolved since then.

The desired outcomes of the partnership are:

- realistic and sustainable savings
- retention of local influence by respecting separate identities as individual councils
- maintenance or enhancement of good quality services to the public
- a culture of creativity in which staff are empowered, collaborative and enquiring.

By 2016, some services were shared by all four councils (HR, finance, procurement and audit, ICT, customer services) and others by three of them (public protection and building control; land, legal and property; revenues and housing). This had delivered annual financial benefits of £1.83 million.

Governance is through a joint committee of councillors with delegated powers for the ‘common core’ which is also responsible for the delivery of shared services. There are three lead directors (one is shared between two councils) and a partnership managing director. In 2016, agreement was reached to establish a jointly owned local authority company to take the partnership to the next level. All services are due to be transferred to this company in 2017.

Shared management and service savings for Cotswold and West Oxfordshire combined is £3.5 million a year, increasing to £5 million by 2020. Forest of Dean, which formally joined the partnership in 2015, has achieved annual savings of £350,000 with a projection of £1.5 million a year by 2020. Across the three councils, the predicted combined annual savings will exceed £6.5 million per year by 2020.

The idea of larger partnerships offers an alternative model where economies of scale can be achieved, in the right circumstances, while each council retains its sovereignty. It is likely that some existing partnerships will grow over time. However, growth brings additional challenges – care must be taken to ensure the third council does not feel like an ‘add-on’.

Moving into groups of councils can be a way to choose who you work with and how you work together.

“In Dorset we are consulting on going from nine councils to two. We are fortunate in that everyone is open and honest about where we see ourselves in the future. What we have done as three districts working together will help that process. We are mapping out how much more we can do together in advance of pending unitarisation.”

Matt Prosser, Chief Executive for North Dorset District Council, West Dorset District Council and Weymouth and Portland Borough Council

Case study: Dorset Councils – a three-council partnership

A pioneering three-council partnership has brought management and services together at North Dorset District Council, West Dorset District Council and Weymouth and Portland Borough Council.

The Dorset Councils Partnership began with shared management and services across West Dorset and Weymouth and Portland from 2010. Conversations with North Dorset were underway, but it was access to £2.15 million of TCA funding that provided the resources to accelerate shared management across the three councils. By November 2015, all staff had been bought into one organisation with a single set of terms and conditions.

The partnership has a shared vision which is politically owned: ‘Our Tri-Partnership will be a politically led partnership of equals across three independent and sovereign councils. Served by a combined organisation and managed by a single senior leadership team, it will focus on retaining and improving customer services from local centres. Our councils will be ambitious to meet the changing needs of our residents using the best technology.’

Matt Prosser, Chief Executive, said the political vision was important. “We are still three sovereign councils with independent budgets and corporate plans; however, they have been developed in a partnership model. The headlines are similar but the detail of the local projects is different.”

The benefits include a single workforce with one employer, accommodation rationalisation, agile working, improvements to customer services and an integrated IT structure. In financial terms, the aim is to reduce costs by £5 million a year up to 2020. The partnership has also provided an opportunity for service transformation and has given the councils greater regional influence and national recognition.

6. Facing the future

No organisation can stand still, and after having delivered savings and efficiencies through shared management, as well as realising the wider range of benefits where do councils go next?

Sharing across the public sector

“There is still a place for shared management teams but we also need to be looking at public service transformation, not just districts but across the tiers and with key partners such as health.”

Kevin Dicks, Chief Executive, Bromsgrove District Council and Redditch Borough Council

Some partnerships are looking at how the shared agenda could transform service delivery across the wider public sector, and this is seen by many as the shape of things to come. Sharing services or management with other public bodies could generate greater savings.

In Suffolk Coastal and Waveney they have developed shared capacity with their local clinical commissioning group (CCG) to develop a joint approach to public health. By co-funding a key senior post, and having them co-located with council and health partners, they are able to reduce duplication, more closely align strategies and delivery and collectively agree a vision for improved health outcomes that they can each understand their role in.

“This was a bold move by our councils, but it has been a huge success, enabling both the CCG and ourselves to engage more effectively and deliver better coordinated health outcomes for our local communities.”

Stephen Baker, Chief Executive, Suffolk Coastal and Waveney District Councils

Full merger

A small handful of councils have voted for a full merger with their shared management partners. The main driver for this is the prospect of greater financial savings, but it can also create greater resilience and a stronger voice at regional and national level.

Case study: Suffolk Coastal and Waveney – full merger underway

The two districts of Suffolk Coastal and Waveney have shared management since 2008 and now have a single staffing and service structure. By 2016 they had already saved over £16 million and were looking to make further savings through a full merger.

The decision was prompted by the two leaders looking at how further savings and efficiencies could be achieved. The councils have many things in common, such as both being coastal authorities, shared infrastructure and a similar political nature, therefore a full merger was considered a viable option. There was a widespread feeling that this was the next logical step.

The proposed new council, East Suffolk, would become the largest single district in England. The size of the wards are likely to increase but they would still be smaller than most county council wards.

Stephen Baker, Chief Executive, said that Suffolk Coastal and Waveney had been lucky to have the right ingredients in place to make shared services work. “We had two leaders who were prepared to take a lead on the issue, a lot of shared agendas between the two councils and both had strengths which the other could utilise. Then you have to be prepared to compromise and collaborate effectively in order to deliver.”

Taunton Deane and West Somerset councils have also agreed to merge. Their shared partnership delivers annual savings of £1.8 million. While the merger will have some cost implications, for example new technology, the total savings after merger are predicted to be over £3 million a year. The merger will be underpinned by a transformation programme and a programme of partner involvement.

“This is a huge and radical step – one that is being taken to make us fit for the future and stronger together. As one council we will not only save money to invest in our community but have a far stronger voice.”

Councillor John Williams, Leader, Taunton Deane Borough Council

“We are taking control of our future rather than waiting for a solution to be imposed. Our residents will still receive the services they rely on. If we had done nothing, the future of those services were at risk. We are putting people, rather than politics, first.”

Councillor Anthony Trollope-Bellew, Leader, West Somerset Council

Some partnerships have an advanced level of service sharing but are unlikely to merge. The main barrier is concern over the loss of sovereignty and identity of the individual councils. It can also result from councils lacking an incentive to make the difficult decision to vote to merge – for example, if the move would make relatively little difference to a council's budget.

“There is no appetite to merge the politics here unless it begins to make real sense as a step on to something else. We have streamlined things so much that there would be relatively little benefit to outweigh the perceived loss of political sovereignty.”

Alex Bailey, Chief Executive, Adur District Council and Worthing Borough Council

Collaboration across tiers

Suffolk has a solid framework for collaborative working and an ambitious programme of transformation and integration across the public sector. Six councils here are in shared management partnerships. Two, Mid Suffolk and Babergh, are planning to move their offices into Suffolk County Council's headquarters. This will provide a hub, with service 'spokes' in the two districts and some services shared with the county council.

Deborah Cadman, Suffolk's Chief Executive, said the longer-term plan is to integrate services across the county then deliver them at local level. She added: “We have to be careful to ensure that people don't assume vertical integration means unitary government.”

“I would like to see greater sharing with counties and districts. We are having those discussions in Staffordshire but nationally there has been limited progress. We are now looking at procurement, income generation and alternative delivery options. So, for example, we are in advanced talks with a

neighbouring unitary council about delivering waste collection.”

Simon Baker, Chief Executive, Staffordshire Moorlands District Council and High Peak Borough Council

No change

There was a widespread feeling that the overall number of partnerships is likely to remain fairly static in the short term without either positive incentives (such as extra funding) or negative incentives (being forced into it through further budget pressures). Partnerships are likely to continue to emerge as pragmatic responses to changes in local circumstances, such as chief executive's leaving or retiring. When these are underpinned by a shared vision by political leaders to further shared management these tend to endure and broaden, but this is not always the case.

Support from central government

Councils want fairer funding, flexibilities and freedoms for those that have opted to share management and services, and this is down to central government.

Chief executives interviewed for this research said there had been no major barriers to change, but some legislation was out of date and they had to spend time finding ways to work around it. One said: “Some of the legislation makes no sense, for example every authority having to employ a head of paid service, but everything can be overcome – in this case through joint employment contracts.”

7. Conclusion

Shared management represents a viable and interesting option in the context of growing pressure on councils' budgets. It is not an easy process but the rewards in terms of cost savings, transformation and resilience are clear, along with many other benefits.

A particular set of circumstances needs to fall into place before councils begin to consider this option. One chief executive said: "This is one model but there are others, and the choice needs to be locally made." Other models are growing in popularity, such as joint procurement of services and sharing across the wider public sector.

The number of councils opting for shared management has not continued to grow in line with the initial trends. It is not the right solution for every council and, as one chief executive pointed out, it may not be enough in the long term. Despite saving money through sharing, some councils still have significant budget shortfalls and will need other solutions in the future. However, as one chief executive said: "Despite the hard work and the significant challenges, I would still recommend it."

For more information

To read more about shared management and services or to connect with other councils through our shared services map, visit:

www.local.gov.uk/shared-services

Our offer of support

We want to help councils get the best from their shared arrangements and offer a range of support to assist, including:

A national network for chief executives of shared management councils, sharing best practice and supporting councils to meet the challenges they face:

www.local.gov.uk/shared-services

A wide range of resources on the LGA's Knowledge Hub group for shared management:

<https://khub.net/group/sharedmanagement>

Our interactive 'Shared services map' not only showing the range of services currently shared by partnerships of two or more councils, and the savings realised, but giving you contact details so you can learn more:

www.local.gov.uk/shared-services-map

Through our productivity team, we provide a shared services matchmaking service:

www.local.gov.uk/productivity

Further case studies can be found in the Innovative Councils database:

www.local.gov.uk/innovation

To discuss any support you may need, please contact your principal adviser:

www.local.gov.uk/sector-led-improvement



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