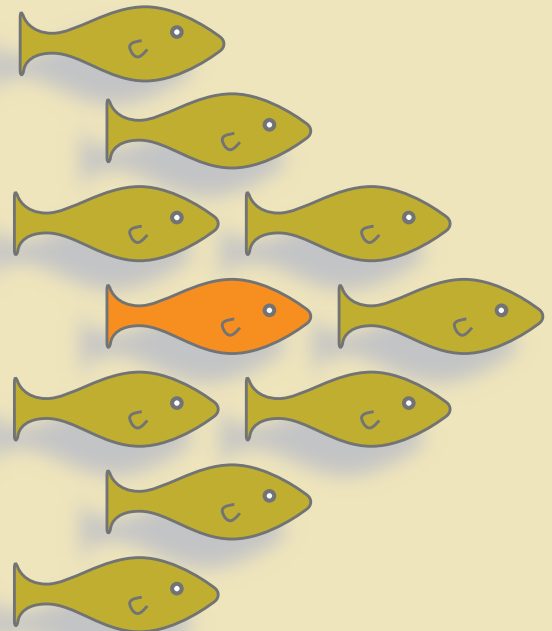


# Shared chief executives and joint management: a model for the future?

October 2009



## **Improvement and Development Agency for local government (IDeA)**

The IDeA supports improvement and innovation in local government, focusing on the issues that are important to councils and using tried and tested ways of working. We work with councils in developing good practice, supporting them in their partnerships. We do this through networks, online communities of practice and web resources, and through the support and challenge provided by councillor and officer peers. We also help develop councillors in key positions through our leadership programmes. Regional Associates work closely with councils in their areas and support the Regional Improvement and Efficiency Partnerships (RIEPs).

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## Introduction

With the increasing pressures on local government finances many councils are looking at developing closer partnerships and collaborative ways of working in order to secure greater levels of efficiencies. Councils are becoming increasingly creative in their approach to service delivery, which can take many forms. A growing number of councils have chosen to deepen their partnership working by sharing their chief executive and management teams to facilitate shared services and achieve efficiencies.

In discussing joint management arrangements we are talking about two councils, remaining separate organisations, that agree to share a group of officers. They will carry out the full role of the management team to both councils and work on developing shared services. By shared services we mean a single group of officers or contractors that deliver a service for both authorities, beyond shared management.

In an earlier IDeA publication 'Shared Chief Executives: the lessons' we discussed some of the early developments, highlighting the reasons for the joint arrangements. In this report, a year later, we explore the impact of sharing chief executives on councils' integration, particularly in terms of efficiency savings and the shared services agenda.

The main reasons for appointing shared chief executives have evolved. Earlier examples were pragmatic responses to filling vacancies on an interim basis. Latterly joint arrangements have been entered into by councils seeking greater efficiencies and longer term partnerships. The efficiencies from developing shared services are now the key driver for looking at joint chief executives.

Councils have faced mounting financial pressures in recent years. For some councils the grant received from central government has been increasing at a very low rate. Nine of the councils in this study saw an increase of just 0.5 per cent in 2009/10.

The impact of the recession, coupled with the expectation that public spending is expected to fall following the next spending review in 2011, has lead many more councils to rethink service delivery with the aim of achieving greater efficiencies and savings.

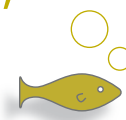
Joint management arrangements have evolved naturally using a bottom-up approach. They have developed alongside local government reorganisations (LGR) and two-tier pathfinders and have remained low profile.

With this context in mind a key question is whether joint management arrangements across two or more authorities can deliver efficiencies and a faster pace of change.

The IDeA believes the examples from the 10 joint chief executive arrangements highlighted in this report demonstrate that this approach is one that other councils should seriously consider when developing their approach to the issues above. It has to be accepted that circumstances differ, with an agreed local menu being the recipe for success.

**Thanks** – The IDeA wishes to thank all those councils named in the report for their time in helping us put this report together. Without their help and enthusiasm this report would not have been possible.

“The joint chief executive role can be quite a lonely position until you have a joint management team in place.”



## Joint management arrangements

Whilst chief executives had been shared as interims, more permanent shared chief executive arrangements began to appear in 2007. Since then there has been a slow growth in the number of formal arrangements. At the time of writing the councils that have a formalised joint chief executive/management arrangement are:

Adur District Council and  
Worthing Borough Council

Hambleton District Council and  
Richmondshire District Council

Suffolk Coastal District Council and  
Waveney District Council

South Oxfordshire District Council and  
Vale of White Horse District Council

Bromsgrove District Council and  
Redditch District Council

West Devon Borough Council and  
South Hams District Council

West Oxfordshire District Council and  
Cotswolds District Council

Staffordshire Moorlands District Council and  
High Peak Borough Council

Havant District Council and  
East Hampshire District Council

Essex County Council and Brentwood Borough Council (this example differs from the others as it is a county and district working closer together).

These councils are all at different stages of integration. However, the path the majority have taken, or are in the process of taking, is to move from a joint chief executive towards a joint senior management team across two authorities with shared service units.

In all these cases there has been a great deal of clarity and openness about the goals behind seeking greater integration. There has also been a

good degree of rigour in the development of the business cases for deeper integration. That said, councils have taken different approaches. Some have been very pragmatic, exploiting opportunities as they arise, while others have taken a systematic approach towards service integration.

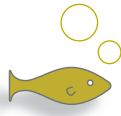
### To boldly go...

Following a period where the **Adur District Council** chief executive was also acting as interim chief executive for **Worthing Borough Council**, the first permanent joint chief executive of two authorities was appointed in 2007. The brief was to join up the officer arrangements. Whilst innovative and controversial at first, the lessons learned and obvious savings and advantages that began to emerge set the pattern for others to follow.

### A systematic approach

With a history of joint working (including shared accountancy, finance client side, benefit fraud and audit teams), a shared management team was an obvious next step for **South Oxfordshire District Council** and the **Vale of White Horse District Council**. In July 2008, the two incumbent chief executives proposed a plan for joint management arrangements. By February 2009 the councils had moved from two chief executives, five directors and 14 heads of service, to a combined structure with one chief executive, three directors and eight heads of service. The annual salary saving is £750,000 (the one-off transition cost was around £1.2 million). All appointments have been made from within the existing workforce. Following the appointment of a single management team, heads of service have been tasked with developing business cases for further service integration. There is an expectation that integration at the next level of management can achieve an additional £350,000 in savings per annum in total across both councils.

# “We are doing this to safeguard front-line services.”



## The benefits

Safeguarding services through greater efficiencies is now the main motivation for pursuing joint management arrangements and shared services. However, councils are clear that continuing to improve the quality of services and meet customer expectations are also important. It is not surprising that some authorities have come to this view. Most of the authorities highlighted in this report, although not all, are small in terms of employee numbers and turnover. They are well managed and have achieved significant efficiencies from within their own services. They also face very tight financial settlements. Joint arrangements provide them with the opportunity to explore further efficiencies and to become more influential in regional and even national debates.

A number of benefits of joint management arrangements have been identified by councils. These include:

- financial savings from reductions in the size of management teams
- greater opportunities for efficiencies from shared services
- savings from joint procurement
- a higher profile for the councils, which in some cases can represent combined populations of nearly 250,000 people
- the combined teams can be made up of the best individuals from both councils.

It is important to remember that many of these arrangements are still new and therefore it is a little early to look at the savings actually achieved which will be modest compared to the longer term view. To date the realisable savings are mostly from staff reductions.

For **Suffolk Coastal and Waveney**, where the joint chief executive appointment was made in April 2008, savings are around £90,000 per annum relating to the shared chief executive position. For others the savings are larger. **Adur and Worthing**, which was the first of the joint chief executive arrangements, now has £13.9 million being spent in joint services. The two councils have achieved savings for the two years to 2009/10 of £913,000. In 2010/11 savings will be running at over £1.5m per annum.

In a number of cases authorities have been in shared services partnerships prior to the move to appoint a joint chief executive. The partnership working between West Devon, South Hams and Teignbridge is an example. However, West Devon and South Hams are now taking forward their largest shared services project with the integration of the Revenue and Benefits Service.

Brentwood Borough Council now controls over c£2.5m of Essex County Council budget spend through a Local Highways Panel set up in March 2008 to make decisions on local priorities in the light of extensive community consultation, bringing decision making closer to the people of Brentwood. Closer working between the two councils has helped to deliver the £7m redevelopment of Brentwood town centre and high street.

### Collateral influence

One of the positive unforeseen impacts of the shared working arrangements is the influence it sometimes has on other organisations. In some examples, as the shared arrangements have bedded in, other stakeholders have changed their management arrangements to mirror the lead from the councils. For example for **Adur District Council** and **Worthing Borough Council** this has included: Police command units, the voluntary sector, local Unison branch, business representatives, and local strategic partnerships.

## Savings from joint management arrangements and shared services

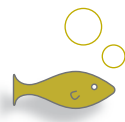
Councils	Sharing arrangements	Savings from joint management (per annum)	Savings from shared services
<b>Adur and Worthing</b>	Joint chief executive and joint management team	Initial savings from joint chief executive and management team were £452,000. Further savings of £220,000 expected in 2010/11 as more management savings realised.	Cumulative savings of £2.2 million have been made since the beginning of the arrangements. The ongoing annual savings will be £1.5 million.  Savings of £652,000 p.a. realised in 2009/10 as a result of the first tranche of shared services: refuse and recycling, street cleansing, financial services, legal and democratic services, corporate services, and customer services. Further savings of £350,000 p.a. expected in 2010/11 due to extension of shared services across the councils: planning, parks, ICT, building surveying, and environmental health.
<b>Hambleton and Richmondshire</b>	Joint chief executive and joint management team	£84,440 for joint chief executive, increasing to £109,000 for joint management team.	Shared service plan establishes five blocks for exploration. Block one, the business case for ICT indicates net savings of £425,000 over four years to 2012/13 and potential ongoing annual savings in excess of £200,000.  An outline business case for joint waste management shows indicative savings of around £336,000 in the four years to 2012/13 and annual savings of £160,000 thereafter. Shared service propositions on a worst case basis show £300,000 annual savings and best case £750,000, with the total growing as shared services develop.
<b>Suffolk Coastal and Waveney</b>	Joint chief executive, moving towards sharing management team	Approximately £90,000 is being saved across the two authorities which relates to the joint chief executive post and other shared posts.	
<b>South Oxfordshire and Vale of White Horse</b>	Joint chief executive and joint management team	£1.1 million across both councils from joint management arrangements.	£500,000 in savings to be shared by the two councils from a new joint waste contract.  The councils are already benefiting from a joint revenues and benefits contract with Capita which is producing savings of £3 million over 10 years.

## Savings from joint management arrangements and shared services

Councils	Sharing arrangements	Savings from joint management (per annum)	Savings from shared services
<b>Bromsgrove and Redditch</b>	Joint chief executive, moving to joint management team	Current direct savings from joint chief executive appointment, approximately £80,000 across both councils.	Reported approximately £240,000 per annum across both authorities from shared services, which largely predate the joint appointment. Future 'approved' savings from shared services for 2010/11, 2011/12 and 2012/13 are £250,000, £390,000 and £390,000 respectively. In addition, the planned extensive transformation programme is expected to generate £3.4 million in savings across both councils in the period to 2012/13.
<b>West Devon and South Hams</b>	Joint chief executive and joint management team	Shared chief executive produces savings of around £70,000.	South Hams and West Devon combined cumulative savings to date are £775,000, with ongoing savings from 2010 of £600,000 per annum. Joint services: human resources (HR), environmental health, payroll, building control, and revenues and benefits, which started on 1 October 2009. The two councils are exploring a range of shared services together. In addition, the councils share services with Teignbridge District Council.
<b>West Oxfordshire and Cotswolds</b>	Joint chief executive (plus shared director of finance)	Savings from a shared chief executive from 1 November 2008 and joint finance director from 1 August 2009 (approximately £60,000 to £80,000).	Forecast savings £700,000
<b>Staffordshire Moorlands and High Peak</b>	Shared chief executive and joint management team	The establishment of a joint management team across the two councils and a reduction in the number of middle and senior managers from 37 to 21 will generate savings of £560,000 per annum from 2012.	The councils have introduced a number of shared services which will produce savings of over £1 million per annum from 2010/11. Current shared services are: combined ground maintenance, joint clean team, environmental health, and joint chief executive team, including combined policy function.
<b>Havant and East Hampshire</b>	Shared chief executive	£59,000 savings from shared chief executive.	Potential savings of between £600,000 and £1 million from shared management and shared services.
<b>Essex and Brentwood</b>	Shared chief executive	£100,000	Property rationalisation released capital receipt (approx £1.6m), creating £150,000 revenue income for Brentwood. Further savings made through sharing the internal audit service.



# “The biggest benefit is having a single voice at the top of the organisation.”



## Shared services

For the examples in this study, the pace of shared service development across two councils quickens following the establishment of joint management arrangements.

Many of the authorities have, or are, taking a comprehensive look at all their services to assess:

- political acceptance
- the degree of difficulty in bringing services together and
- the potential financial rewards resulting from a shared service.

The faster pace reflects the fact that elected members from both councils will have taken a positive decision to appoint a joint chief executive, often with the express intent of exploring the scope for greater efficiencies. Once in post, chief executives value having a single voice, theirs, at the top of the organisation.

There are differences in the approach taken to identifying services for integration. However, many of the approaches have the following characteristics:

- a shared understanding and vision across both councils
- political direction and ownership
- a phased approach, with high level business cases identifying where more detailed and resource intensive development work can be taken forward
- a sound evidence base with a good understanding of service costs, transition costs and projected savings.

It is important to note that even the most systematic approach to the integrated management of services has room for pragmatism. In the High Peak and Staffordshire Moorlands example, the decision on which services to integrate took into account vacancies in environmental health which made consolidation more straightforward.

Chief executives have noted the value of taking advantage of opportunities, such as staff vacancies, legislative change and new grant funding, to push forward service integration. Not all the benefits to be derived from a joint chief executive or joint management arrangements are transformational.

Whether the change being pursued is transformational or transactional, it is the case that the deeper the management integration the greater the opportunities to establish and deliver opportunities for working across two councils. It is also true that integration comes about more quickly therefore realising savings earlier.

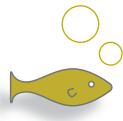
Through this process councils have identified short, medium and longer term opportunities for service integration. **Staffordshire Moorland District Council** and **High Peak Borough Council** established a three phased approach which identified a long-list of opportunities, the development of business cases and a prioritisation and selection process for the transformation programme. Members led the decision-making process at each stage.

The vision for the strategic alliance between the two councils is “to establish a shared approach to the delivery of key services that will improve the quality of people’s lives in the two authorities and deliver greater value for money”.

An evaluation process identified a long list of services including quick wins (eg chief executive support and communications) and those with potential for whole service transformation. Business cases were developed for 19 services. These were developed by heads of service with their teams, supported by a Joint Transformation Team. The business cases looked at financial implications, service continuity, governance, management of change, human resource issues, impact on partners, programme and performance management and reputation.

A small number of services were selected for whole service transformation projects including environmental services and property services.

# “I have got nothing but praise for the staff from both councils.”



## The challenges

There are many challenges for two authorities seeking to develop and deepen joint management arrangements. These challenges are present for politicians, senior staff and for managers and staff within individual services.

The information set out above highlights that joint management arrangements and shared services come with start-up or transformation costs and the bulk of savings are spread over a number of years. There are quick wins, but not many, and the bigger rewards are likely to come from the larger projects with deeper integration; this points to the need for a long-term political commitment, which is robust enough to withstand electoral cycles and changes of political administration.

There are councils involved in joint management arrangements where opposition groups are openly hostile to the arrangements. However, there have been some notable examples where politicians have come together across political divisions to lead and champion the integration process. This does not preclude debate and difference. However, a process built on common priorities, shared principles, openness and good governance, allows differences to be explored without undermining the programme.

The savings from joint management arrangements and from shared services across two authorities are largely drawn from staff savings. This should not be surprising as for district councils the most significant area of cost is staffing, which brings the greater challenge of people management in achieving change. Such an approach leads to leaner and more efficient service delivery, but it is not clear to what extent the approach that councils are taking is fundamentally changing how services are delivered. In practice authorities have sought to integrate those services that have a large statutory element with prescribed practices. In essence there are stages of development from shared management, shared services and shared processes. Some or all of these are being undertaken simultaneously or in phases.

Other potentially transforming elements, such as overarching accommodation strategies, have been mentioned but not built into councils' plans at this stage. There are also sensitivities about the perception of mergers when following such strategies. An exception is Essex County Council and Brentwood Borough Council, where approximately £1.6 million in capital receipts and £150,000 in revenue income for Brentwood have been realised, by moving Essex staff into Brentwood Town Hall. The approach benefits Brentwood residents as it brings staff together from the county and district councils, and the Primary Care Trust, to support Brentwood to be a healthy community.

ICT is an issue with all integration projects. Incompatible systems impact corporately across both organisations and also at the level of individual service projects. Transformation costs for ICT can be expensive, but there are also efficiencies to be gained through better procurement and the integration of ICT support. Where possible it is an important issue to address at an early stage. It will bring benefits as an aid to further and deeper integration. There are also efficiency and symbolic benefits to being able to access systems in both councils.

A challenge for chief executives is recognising and convincing others that they are not simply doing the same job twice. Chief executives have described a very different role at the top of a joint management arrangement. The key difference is that the role is much more strategic and it is necessary to step away from some of the day-to-day detail. The change in role for chief executives has implications for corporate directors and other senior managers who must step up to the new challenges and take on more responsibility. A chain reaction means that many staff deep within each organisation will also feel the effects. Chief executives have, without exception, praised their staff for the maturity and commitment with which they have approached integration.

It is worth noting that chief executives did not identify the technical issue of advising two councils as being a significant challenge. The key point here is that the councils and the members remain separate bodies sharing a joint officer management team which advises both councils separately.

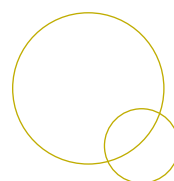
It is important to recognise the impact on managers leading the integration and developing shared services. Heads of service face competing claims on their time, not least the pressure to maintain service continuity and standards while at the same time managing integration. Recognition and corporate support for the integration process are valuable in these circumstances.

Some of the Regional Improvement and Efficiency Partnerships (RIEPs) have been very supportive of joint management arrangements and some councils have been able to access funding to support the integration process. In some authorities this has been used to bolster corporate support to those developing integrated services.

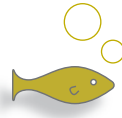
Geography matters. All of the joint arrangements considered here are councils that share a boundary. When the services that are being integrated are local and customer facing this makes sense. However, even within the proximity of neighbouring authorities the distances between the main administrative centres can be large and/or poorly served by transport links. This can reduce flexibility in the integration of services, particularly in relation to administrative staff on lower grades.

The chief executives point to a checklist of key factors which need to be in place to ensure two councils can share a management team:

1. ensure no large cultural differences
2. there must be similarities in the areas covered by the councils
3. the communities need to have some similarities
4. both authorities must trust the chief executive
5. there needs to be clear and well understood governance
6. politicians must be able to trust and work with each other.



# “Communicate, even if there isn’t anything to communicate.”



## Culture

Dealing with the cultural issues associated with change is an important element of the chief executive’s role and essential to effective integration.

A risk in the integration process is that one of the councils is perceived to have taken over the other. The authority that ‘donates’ the chief executive is often cast in this role. Chief executives have spoken about the need to communicate at all levels in the organisation and to continually reiterate the key messages.

Integration is complex and takes time and during the process there is a need to be as open as possible with staff. Of course there is a balance to be struck and this calls on the skill and judgement of the chief executive, together with leading members, to get that balance right.

The cultural differences between organisations will be seen in the espoused values, in the systems and processes, and also in the unwritten and unsaid assumptions. This will also be true of political cultures. There will be a need to address difference at all three levels.

The process of developing shared organisational priorities across the two councils can help people to understand and address different perspectives.

Differences in decision-making processes, access to members, and levels of autonomy for staff will also differ across the organisations. Listening to staff and working with them to standardise processes will be important.

One of the key areas faced by councils seeking to integrate has been differing terms and conditions for staff across the two organisations. These differences are important for two reasons. They can bring the integration process into stark relief as staff on different terms and conditions are brought together to work in joint teams. A second reason for paying attention to terms and conditions is that much of the culture of an organisation can be embedded in these systems. As a result harmonisation of terms and conditions can be both rewarding and challenging.

Councils have been pragmatic in their approach to dealing with HR issues. In some cases staff have been subject to TUPE eg in Adur and Worthing, where one of the councils has taken on the delivery of a service across both councils. In most cases staff have remained employed with their ‘home’ authority. With South Oxfordshire and Vale of White Horse they have started the process of engaging with staff on harmonising terms and conditions across the two authorities

## Joint management arrangements: an alternative model for taking forward shared services

Joint chief executives and joint management teams can save councils money. In cases where management teams are effectively halved in size, the savings can be substantial. However, the big savings will come from shared services.

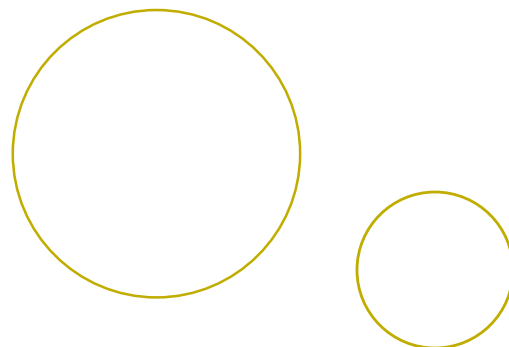
There are many approaches to shared services which do not require a joint management team. However, there are advantages to a single team at the top of an organisation driving the changes.

The joint chief executive role has inherent savings, but it also reduces the transaction costs of shared services in terms of the time and resources associated with partnership working. Bringing the partners under a single arrangement speeds up the process. A joint management team can accelerate the pace, by increasing the alignment of the organisation.

Examples of this overall approach can be seen with Adur and Worthing, South Oxfordshire and Vale of White Horse, High Peak and Staffordshire Moorlands, South Hams and West Devon and Hambleton and Richmondshire.

There is an important role for elected members in establishing at the outset strong leadership of the aims and objectives and sound scrutiny of the implementation.

Joint chief executive arrangements do not work in all cases and our previous report highlighted some of the reasons for them discontinuing. However, where they exist, they are supporting councils to realise savings from deeper integration.



# Annex

Authority	Formula grant 2009/10 (£million)	Formula grant, floor adjusted increase 2009/10 (per cent)	Population (thousand)
<b>Adur</b>	4.99	0.50	60.50
<b>Worthing</b>	7.91	0.50	99.60
			<b>160.10</b>
<b>West Oxfordshire</b>	6.08	0.50	101.50
<b>Cotswold</b>	5.26	0.83	83.90
			<b>185.40</b>
<b>South Oxfordshire</b>	7.82	0.50	128.40
<b>Vale of White Horse</b>	7.02	0.73	117.00
			<b>245.40</b>
<b>Richmondshire</b>	4.13	3.16	51.20
<b>Hambleton</b>	5.71	1.33	86.70
			<b>137.90</b>
<b>Redditch</b>	6.43	0.50	79.60
<b>Bromsgrove</b>	4.95	1.80	92.20
			<b>171.80</b>

Authority	Formula grant 2009/10 (£million)	Formula grant, floor adjusted increase 2009/10 (per cent)	Population (thousand)
<b>High Peak</b>	7.10	0.56	92.20
<b>Staffordshire Moorland</b>	7.55	0.51	95.40
			<b>188.30</b>
<b>West Devon</b>	4.27	1.53	52.10
<b>South Hams</b>	5.48	0.50	83.60
			<b>135.70</b>
<b>Suffolk Coastal</b>	8.10	1.96	124.40
<b>Waveney</b>	11.42	0.50	117.30
			<b>241.70</b>
<b>East Hants</b>	6.18	0.50	110.70
<b>Havant</b>	9.83	0.50	117.40
			<b>228.10</b>
<b>Brentwood</b>	5.20	0.50	71.60
<b>Essex</b>	245.00	238.90	1.36 million

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