

Strategic Partnership between Melton Borough Council and Harborough District Council

Corporate Priority:	All Corporate Priorities
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	See Section 7
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 Collaboration is commonplace within Local Government and within Leicestershire there is a strong track record of joint working by District Councils and their partners.
- 1.2 On 12th October 2022, Cabinet confirmed their interest in exploring the establishment of a strategic partnership with Harborough District Council (HDC) and provided authority to work with HDC to develop a full business case and set out an approach to operate such an arrangement.
- 1.3 The purpose of this report is to present Cabinet with the Business Case and Memorandum of Agreement for consideration and to establish whether they wish to make a recommendation to Council in relation to the formation of a strategic partnership.
- 1.4 The **Business Case** (Appendix A) sets out the design principles for the partnership, the intended benefits, and the initial proposition to share a small number of senior roles. It also sets out potential service delivery opportunities that could be explored if the partnership is established.
- 1.5 The **Memorandum of Agreement** (Appendix B) sets out the approach to operating the strategic partnership. It provides a legal/governance framework which would underpin the arrangement.

- 1.6 Through the council's Scrutiny Committee arrangements, a review of the draft business case has been undertaken. The Chair of the Scrutiny Committee will be invited to attend Cabinet and provide comments on the proposed business case (comments at appendix C).
- 1.7 Through the council's Audit and Standards Committee arrangements, a review of the draft Memorandum of Agreement has been undertaken. The Chair of Audit and Standards Committee will be invited to attend Cabinet and provide comments on the proposed Memorandum of Agreement (comments at appendix D).
- 1.8 The document at Appendix A (Business Case) is the same version as that considered by Scrutiny. Once Cabinet have considered the original document and feedback from Scrutiny, any required amendments will be made prior to consideration of the final version at Council on 20th December.
- 1.9 The document at Appendix B (Memorandum of Agreement) contains slight amendments to that considered by the Audit & Standards Committee and also reflects their feedback (see appendix D).
- 1.10 Cabinet are asked to consider all feedback and to confirm any refinements and/or changes they would like to see incorporated into the versions for consideration by Council.

2 Recommendation(s)

That Cabinet:

- 2.1 Receive and acknowledge the business case and memorandum of agreement.
- 2.2 Receive and reflect on the feedback from Scrutiny and Audit and Standards committees, and confirm any required amendments.
- 2.3 Determine whether to endorse the business case and memorandum of agreement.
- 2.4 If Cabinet endorse the business case, recommend to Council to:
 - 2.4.1 Endorse the Business Case in (Appendix A) and authorise Melton Borough Council to enter into a strategic partnership with Harborough District Council, with effect from 1 January 2023;
 - 2.4.2 Approve the terms of the Memorandum of Agreement (Appendix B) and delegate authority to the Monitoring Officer, in consultation with the Leader, to finalise, approve and execute the Memorandum of Agreement;
 - 2.4.3 Appoint the current Chief Executive and Head of Paid Service, Edd de Coverly, to the role of Shared Chief Executive and Head of Paid Service and place him at the disposal of Harborough District Council, under Section 113 of the Local Government Act 1972, with effect from 1 January 2023 in accordance with the Memorandum of Agreement and proposed pay structure due to be considered at Council;
 - 2.4.4 Appoint the Director of Housing & Communities (Deputy Chief Executive), Michelle Howard, to the role of Shared Deputy Chief Executive and place at the disposal of Harborough District Council under Section 113 of the Local Government Act 1972, with effect from 1 January 2023 in accordance with the

Memorandum of Agreement and proposed pay structure due to be considered at Council;

- 2.4.5 Note that Harborough District Council will appoint Liz Elliott, Deputy Chief Executive of Harborough District Council, to the role of Shared Deputy Chief Executive and place her at the disposal of Melton Borough Council, under Section 113 of the Local Government Act 1972, with effect from 1 January 2023 in accordance with the Memorandum of Agreement and proposed pay structure due to be considered by Council;
 - 2.4.6 Authorise, Liz Elliot to be placed at the disposal of Melton Borough Council in the role of Shared Deputy Chief Executive under Section 113 of the Local Government Act 1972 with effect from 1 January 2023 in accordance with the Memorandum of Agreement and proposed pay structure due to be considered by Council.
 - 2.4.7 Authorise the Monitoring Officer to make such changes to the constitution as are required to give effect to the Memorandum of Agreement;
 - 2.4.8 The Strategic Partnership be reviewed after 12 months of operation and thereafter on an annual basis, with the outcome of the reviews being reported to Council;
- 2.5 Note that, if a recommendation to Council is made as set out at 2.3 above, and if Council resolves to enter into a Strategic Partnership with Harborough District Council, Council will also be required to consider and approve any associated Human Resource implications of the proposals which will be reflected in the recommendations to Council.

3 Reason for Recommendations

- 3.1 This report responds directly to the decisions taken by the Cabinet on 12th October 2022. Cabinet authorised working with Harborough District Council to develop a full business case and approach to operating a strategic partnership between Harborough District Council and Melton Borough Council.
- 3.2 Development of both the Business Case and Memorandum of Agreement has been a robust and inclusive process. This includes Scrutiny Committee's consideration of the Business Case and the Audit and Standards Committee's consideration of the Memorandum of Agreement. The inclusion of feedback from both committees to Cabinet will enable Cabinet to consider and agree any amendments prior to consideration by Council.
- 3.3 The potential benefits that could be realised through a Strategic Partnership, and which the business case seeks to test are as follows:
 - 3.3.1 **Strategic Place Leadership:** increasing influence regionally and nationally, by speaking with a stronger and more united voice across a larger geographic area.
 - 3.3.2 **Communities and businesses:** working together to respond to, and address, shared challenges which in turn will help improve impact and deliver better outcomes for our residents, communities and businesses e. g cost of living, health

and wellbeing, housing affordability. Maximising opportunities to secure external investment.

- 3.3.3 **Organisational effectiveness:** opportunity to share learning and good practice and through collaboration whilst increasing service resilience, stability and effectiveness.-
- 3.3.4 **Workforce:** increase opportunities for job enrichment, growth and development and improve recruitment and retention.
- 3.3.5 **Financial resilience:** realising efficiencies through joint working, reducing duplication, increasing purchasing power and achieving greater value for money.

4 Background

- 4.1 Harborough District Council's (HDC's) Chief Executive retired in February 2022. At their meeting in June 2022, HDC's Leader and interim Chief Executive were given authority to undertake a review, and utilising the [criteria set out in their report](#), to identify a preferred strategic partner and to report back to their Council on the suggested way forward at a later date.
- 4.2 Through their analysis, HDC identified Melton Borough Council as the best 'fit' to be their preferred partner. In early September 2022, HDC's Leader invited Melton Borough Council's Leader to explore the opportunity further with them.
- 4.3 At its meeting on 10th October 2022, Harborough District Council's Cabinet approved the following recommendations:
 - 4.3.1 Note the progress on the strategic partnership review which has identified Melton Borough Council as the preferred partner.
 - 4.3.2 Note the outcome of the review and authorise working with Melton Borough Council to develop a full business case, and the potential approach for operating such a partnership, which will be presented to council at a later date.
- 4.4 At its meeting on the 12 October 2022, Melton Borough Council's Cabinet approved the following recommendations:
 - 4.4.1 Note that through a strategic partnership review, Harborough District Council has identified Melton Borough Council as a preferred strategic partner and has formally approached the Council to explore this further.
 - 4.4.2 Acknowledge the outcome of the review carried out by Harborough District Council and authorise working with them to develop a full business case and approach to operating such a partnership, to be considered by Council in December 2022.
- 4.5 The key drivers for exploring a strategic partnership between MBC and HDC are set out below:
 - 4.5.1 **Limitations on strategic influence:** Due to their scale, both councils experience challenges associated with their ability to influence decisions at a sub-regional, regional and national level. For example, HDC and MBC are two of seven second tier authorities 'trying to get a seat at the Integrated Care Board table'. Individually, HDC and MBC are ranked 259th and 311th respectively (out of 314 councils) in terms of population size. Combining populations would mean that the councils

would speak on behalf of 149,400 residents, making it the 147th most populated area in the country and 92nd in terms of geographical area. By working together both councils could increase their impact, reach and influence, while still remaining connected locally.

- 4.5.2 **Limited 'place leadership' without a single voice** - Both councils are experiencing similar challenges (an ageing population, pockets of deprivation, inequality and isolation, lack of digital and transport connectivity etc.) but currently do not share strategies and approaches to address these challenges. The CEOs of both councils currently spend approximately 30% of their time managing external relations; they both attend many of the same meetings and engage with the same stakeholders separately. The opportunity exists to address shared challenges together, doing things more effectively, once rather than twice.
- 4.5.3 **Challenges to financial resilience and sustainability** - Both councils are currently experiencing financial challenges. There is uncertainty regarding future levels of government funding, while inflation is already having a significant impact on council finances. Both councils have limited further opportunities for achieving savings and efficiencies by themselves; sharing services, resources, expertise and approaches to common challenges represents a new route to realising new efficiencies and savings, while also representing a significant opportunity to improving the scope and quality of services delivered to communities and businesses.
- 4.5.4 **Improving organisational resilience** - Both councils have experienced challenges in terms of recruitment and retention, particularly amongst specialist teams and roles, including Monitoring Officers and director roles. Additionally, single points of failure currently exist across both organisations, as single individuals assume responsibility for statutory roles (safeguarding, health and safety advice, Conservation Officer (planning), equalities and land charges etc.). By establishing a partnership, opportunities to address these issues could be explored collaboratively.
- 4.5.5 **Improving service resilience** - Challenges relating to recruitment and retention extend to individual service areas, including planning and housing services. Recent experience demonstrates that these services are particularly susceptible to disruption given the small size of the respective teams (i.e., annual leave, sickness, resignations etc.). Should sharing and maximising the collective skills, expertise and systems across both councils result in improved service resilience, such steps would realise a highly desirable outcome from the perspective of both councils, their communities, businesses and partners.

4.6 Following the decision taken by Cabinet in October, to enable a comprehensive and robust assessment to be undertaken, within the required timescales, officers have worked alongside external independent experts to assist in developing a full business case and legal framework.

4.7 This report summarises the key components of the two documents Cabinet are invited to consider, alongside the feedback from the recent Scrutiny and Audit and Standards Committees.

5 Main Considerations

- 5.1 The Business Case, version 3, published on 18th November, forms Appendix A of this report. It is made up of a summary (section 1), followed by a number of detailed chapters and analysis, including an analysis of both councils and their places, learning from elsewhere, and a summary of potential opportunities that could be explored if the partnership is established. These have been evaluated in line with the government's 5 case model and therefore from an economic, financial, commercial, management and strategic perspective.
- 5.2 If the Strategic Partnership is formed, the Councils would each retain sovereignty of decision-making processes and democratic accountability to their communities.
- 5.3 The Business Case includes two main components:
- 5.3.1 **The initial proposition** – i.e., what both Councils would be asked to consider and approve in December in forming any strategic partnership – the sharing of three senior officers.
- 5.3.2 **Future opportunities** – a summary of future opportunities which could be explored if the partnership is formed – subject to further business cases being accepted.
- 5.4 These two components are summarised below.
- 5.5 **THE INITIAL PROPOSITION**
- 5.6 The Business Case provides an independent analysis of the potential benefits of the Council entering into a Strategic Partnership. The Proposition (set out in Section 6 of the Business Case) sets out the small number of initial changes required to establish the partnership. These changes would then enable the exploration of further collaboration.
- 5.7 Should Cabinet choose to endorse the business case, in December 2022, both councils would be asked to consider whether they wish to enter a strategic partnership, which would include the following:
- 5.7.1 Authority to enter into a strategic partnership with Harborough District Council and make a commitment to exploring future opportunities (though not committing to anything further at this stage).
- 5.7.2 Approving the Memorandum of Agreement which would create the legal framework for entering, managing and withdrawing from the partnership, including informal partnership governance arrangements.
- 5.7.3 Establishing the senior leadership of the partnership by sharing 3 roles, thereby creating a stable platform to explore further opportunities. Specifically:
- a) Shared Chief Executive and Head of Paid Service;
- b) Shared Deputy Chief Executives (x2) with thematic professional responsibilities across both Councils
- 5.8 The roles and responsibilities associated with the three shared roles can be found on pages 106 and 107 of the business case.
- 5.9 The proposition due to be considered by Council is based on the following components, which are set out within the business case.

5.10 **Design Principles - Characteristics of the Strategic Partnership**

5.11 To create the right conditions for the Strategic Partnership to thrive, it is advisable to adopt some common principles to underpin the arrangement. Members feedback on their priorities for the Strategic Partnership identified eight fundamental principles which would form the foundation of the Strategic Partnership:

- a) Design Principle 1 (DP1): Enhance each councils' ability to address common issues and challenges for the benefit of residents, communities, and businesses, through a common purpose, whilst maintaining democratic accountability.
- b) Design Principle 2 (DP2): Enable both councils to maximise influence, reach and impact; locally, regionally and nationally, particularly on shared opportunities and challenges
- c) Design Principle 3 (DP3): Enable greater financial sustainability, deliver resilience and maximise opportunities to secure external funding.
- d) Design Principle 4 (DP4): Attract and retain workforce talent through the opportunities for shared learning, job enrichment new experiences and progression.
- e) Design Principle 5 (DP5): Create a mechanism that allows the effective and equitable deployment of resources.
- f) Design Principle 6 (DP6): The ability to consider future collaboration options and to review and evaluate existing arrangements.
- g) Design Principle 7 (DP7): Ensure that council sovereignty and clear lines of accountability are maintained.
- h) Design Principle 8 (DP8): Create a mechanism that ensures a fair, equitable and proportionate allocation of costs.

5.12 These principles have been built into the draft Memorandum of Agreement (MoA) and will also act as the guiding principles for any future business cases put forward should the partnership be established.

5.13 **Partnership Governance**

5.14 The strategic partnership will have no impact on the sovereignty, decision making and independence of either council.

5.15 To facilitate the effective running of the partnership, a number of informal meeting structures would be created. These would be advisory only with formal decision making remaining with both councils. The following informal structures are proposed:

- a) Shared Chief Officer Employment Panel – advisory panel to provide feedback on employment matters associated with Chief Officers.

- b) Shared Stakeholder Group – advisory body comprising Leaders, Deputy Leaders and shared senior officers responsible for overseeing the strategic direction of the partnership
- c) Shared Strategy Board – advisory body comprising both Cabinets and shared senior officers responsible for monitoring the arrangements of the Strategic partnership.

5.16 It is proposed the Councils will work together through a Strategic Partnership model rather than through a joint committee or other alternative delivery model. As a result, the above entities are advisory in nature only and do not have the power to make decisions. They are a forum for receipt of information and discussions about the operation and opportunities of the Strategic Partnership with the representatives on each responsible for reporting back to their respective Council. This ensures that the Councils retain the rights to make decisions impacting the operation of the Strategic Partnership.

5.17 It is anticipated that the terms of reference set out in Schedules 1 to 3 of the Memorandum of Agreement will evolve over time as the Strategic Partnership matures, with the terms of reference being updated as required, following the conclusion of a review of the operation of the Strategic Partnership.

5.18 The Shared Stakeholder Group is likely to be the body charged with responsibility for devising and applying objective performance management of the Strategic Partnership. This will allow the Councils to track, monitor, challenge and understand the effectiveness of the Strategic Partnership's performance.

5.19 **Apportionment of Costs**

5.20 The Business Case is clear that there should be a mechanism to allow the effective and equitable deployment of resources and the fair, equitable and proportionate allocation of costs.

5.21 For the Initial Proposition it is proposed that Harborough District Council and Melton Borough Council each meet 50% of employee related costs of the Shared Chief Executive and 2 Shared Deputy Chief Executives after the commencement of any partnership. The rationale for this is that it would ensure a balanced and equalised strategic leadership focus approach across both organisations within the partnership.

5.22 Shared senior officers would not be doing two jobs but would do their job for (and be accountable to) two Councils. For example, senior managers attend a number of external meetings where all districts are represented - one person in a shared role could represent both Councils. There are also common corporate and strategic workstreams e.g., responding to covid, developing cost of living action plans, supporting Homes for Ukraine, and dealing with the climate emergency, which are currently done separately by the two Councils. Given many of the issues being addressed are similar, these can be done once, for both councils. Collaborating in this way and developing joint work streams is more efficient and ensures any shared roles have sufficient capacity to succeed. There are a number of partnerships operating with shared roles successfully across the country. These are referenced in section 2 (pages 44-50) in the Business Case.

5.23 The Economic Case (Section 8 of the Business Case) provides further detail on the options available to determine cost apportionment for any subsequent future sharing arrangements. These options include:

- a) Population rationale

- b) Council Tax rationale
- c) Geographical area rationale
- d) Service specific rationale

5.24 It is a legal requirement that one council cannot fund another, and so any shared arrangements subsequently agreed by both councils will be based on a pro-rata basis as set out in the MoA. The Section 151 Officer(s) may, with the prior written agreement of the Shared Chief Executive and the Leaders of the Councils, adjust the apportionment of any on-going costs attributable to the Strategic Partnership, provided that the adjusted apportionment is approved by the Councils as appropriate.

5.25 **Termination and Review**

5.26 There is a provision for any of the Councils to withdraw from the Agreement wholly or in relation to part of the shared services in accordance with the MoA which sets out the procedure to be adopted. In summary:

- a) The decision to withdraw must be approved by the full Council
- b) Not less than twelve months written notice must be given
- c) The Shared Chief Executive will be required to submit to the Shared Strategy Board, following consultation with the withdrawing Council's shared deputy chief executive, a report setting out the implications of the withdrawal
- d) The Shared Chief Executive has liaised with the withdrawing council to plan for an orderly withdrawal
- e) The Shared Chief Executive has liaised with the remaining council to advise of any financial consequences, potential service implications, reputational implications and to update on the preparation of an exit plan detailing the allocation of resources, assets and staff.
- f) Each employee will revert to their substantive posts unless otherwise agreed. This will be included within the specific terms and conditions relating to the employment of shared posts which will be considered as part of the recommendations to the Council
- g) There will also be a provision for either Council to terminate the agreement in full or in part within the first 7 months which provides a mechanism for any changes in administration. The schedule for these arrangements details the practical steps to be taken to effect a decision of this kind.

5.27 **THE FUTURE OPPORTUNITIES**

5.28 Both Councils have undertaken a service diagnostic and identified a number of potential opportunities for alignment and collaboration which could be explored in the future if the partnership is established. The initial analysis is set out on pages 108 to 121 of the Business Case. It represents an indicative assessment of opportunities that would require further investigation. For each opportunity, the following initial considerations have been made:

- a) The nature of the collaboration being proposed

- b) The potential for financial savings, from the perspectives of both councils
- c) The potential for efficiencies and increased productivity, from the perspectives of both councils
- d) The potential for service improvement and resilience, from the perspectives of both councils
- e) The potential for service growth, from the perspectives of both councils

5.29 The Business Case is clear that any future changes must be carefully thought through and properly planned and assessed. To ensure this is the case, business cases would be required in each case, and considered within the proposed partnership governance structures, prior to decisions made separately at each council.

5.30 A summary of the opportunities and proposed phasing for consideration are set out below:

5.31 Phase 1: Areas to be investigated January – April 2023.

5.32 Should the partnership be established, the following would be investigated before April 2023. This does not mean they will be implemented, but the aim will be for them to be considered by both councils within the timescale set out above. A decision about whether to proceed with changes to any of these areas would be taken by both councils individually, in line with each Councils decision making processes:

- a) Initial review of alignment of senior leadership structures and potential to share a Monitoring Officer
- b) Identification of required executive support and transformation programme support
- c) Waste and environmental services – shared leadership and enviro-crime campaigns
- d) Environmental Health and Licensing – shared leadership, building on interim arrangements
- e) A shared approach to developing a Parking Strategy Assessment
- f) Leisure operator procurement – alignment of elements of the procurement process
- g) CCTV – monitoring / maintenance of MBC systems by HDC (in progress)
- h) Procurement – exploration of a collaborative approach with Welland Procurement
- i) Legal Services – shared capacity, expertise, building resilience and retention
- j) Member induction and development - sharing good practice, induction procedures, joint training, peer support and scrutiny development
- k) Initial workforce and leadership development and cultural alignment.

5.33 Phase 2: Areas to be investigated May – December 2023

5.34 Should the partnership be established, the following would be investigated before December 2023. This does not mean they will be implemented, but the aim will be for them to be considered by both councils within the timescale set out above. A decision about whether to proceed with changes to any of these areas would be taken by both councils individually, in line with each Councils decision making processes:

- a) Planning – explore potential for shared leadership and wider service delivery, joint procurement of evidence base documents for planning policy and expert advice for development management.
- b) Business support / economic development – such as alignment of systems and forms, coordination of UKSPF / REPF delivery
- c) Strategic Housing, Housing Needs, Homelessness – consider opportunities for shared expertise on thematic areas (such as Homes for Ukraine, Cost of Living, Domestic Abuse)
- d) Temporary Accommodation – opportunity for knowledge transfer to support HDC’s aspirations to develop more temporary accommodation in the district
- e) Housing development – for example, jointly resourcing to enable and support housing development
- f) Lifeline – joint approach to digital switchover and commercial expansion
- g) Community safety – joint bids for funding
- h) Communications – shared campaigns / plans
- i) Explore with our teams, future customer services needs and options
- j) Property and assets – explore potential for joint development opportunities and sharing key operational activities

5.35 **Phase 3: Future Opportunities**

5.36 Other potential areas for consideration of future harmonisation, alignment and / or collaboration have also been identified (p121 of the business case). For example:

- a) Development Management
- b) Strategic Planning
- c) Alignment of service contracts
- d) Land charges
- e) Health and wellbeing, ageing well, supporting young people
- f) Corporate functions

5.37 **Summary**

5.38 The proposition before Council at this stage is to enter a strategic partnership and share 3 senior roles as set out in paragraphs 5.5 to 5.26. Paragraphs 5.27 to 5.36 set out the future opportunities that could be subsequently explored through any collaboration.

6 **Options Considered**

6.1 Should the Council choose not to proceed with the Strategic Partnership, the proposed changes will not be progressed, and the future opportunities may not be explored. This will impact the Council’s ability to realise the identified benefits set out in the business case. The status quo would be maintained and the Council would need to identify other ways to

address the issues identified in section 4.5 which sets out the drivers for change. Specifically this would include:

- a) Limitations on strategic influence
- b) Limitation of place leadership
- c) Challenges to financial resilience and sustainability
- d) Organisational resilience
- e) Service resilience

7 Consultation

7.1 Communication, consultation and engagement has been wide ranging and has been carried out on an ongoing basis. Some key examples relevant to Melton Borough Council are included below:

- a) Chief Executive and Leader emails to all members and staff on 21st September 2022
- b) All staff briefing on 26th September 2022
- c) All Member briefing as part of the State of Melton Debate on 28th September 2022
- d) Emails to the Chair of Audit and Standards and Scrutiny on 30th September 2022
- e) Report to Cabinet 12th October 2022
- f) All staff emails on 7th and 14th October 2022
- g) All member briefing 2nd November 2022
- h) All staff briefing and opportunity for feedback and questions 11th November 2022
- i) Scrutiny Committee consideration of the business case on 22nd November 2022
- j) Audit and Standards Committee consideration of the Memorandum of Agreement on 23rd November 2022
- k) Ongoing opportunity for members to provide comments prior to Council agenda release on 12th December 2022
- l) Cabinet to consider business case and MoA on 6th December 2022
- m) Council to consider recommendations from Cabinet on 20th December 2022

7.2 Communication with stakeholders has also been carried out. This includes:

- a) Letters to key stakeholders (list at appendix E) on 30th September 2022 and Parish Councils on 5th October 2022, with a further letter to stakeholders on 9th November 2022.
- b) Parish Council liaison session to be held on 28th November 2022.
- c) Updates to the MP and Police and Crime Commissioner

7.3 A summary of feedback received will be incorporated into the Council reports.

7.4 Feedback from Scrutiny Committee on the Business Case

7.5 On 22nd November 2022, the Council's Scrutiny Committee considered the business case. Feedback from the committee will be shared with the Cabinet in advance of the meeting for consideration at the Cabinet meeting. The chair of the Committee will be invited to present the committees feedback to Cabinet.

7.6 Comments from HDC's Scrutiny Commission will also be shared with Cabinet in advance of the meeting.

7.7 Cabinet are requested to provide a further view and steer on any further changes or emphasis required before the matter is considered by Council on 20th December.

7.8 The comments from the Scrutiny Committee are available at appendix C.

7.9 Feedback from Audit and Standards Committee on the Memorandum of Agreement

7.10 On 23rd November 2022, the Council's Audit and Standards Committee considered the Memorandum of Agreement. Feedback from the committee will be shared with the Cabinet in advance of the meeting for consideration at the Cabinet meeting. The chair of the Committee will be invited to present the committees feedback to Cabinet.

7.11 Comments from HDC's Audit and Standards Committee will also be shared with Cabinet in advance of the meeting.

7.12 Cabinet are requested to provide a further view and steer on any further changes or emphasise required before the matter is considered by Council on 20th December.

7.13 The comments from the Audit and Standards Committee are available at appendix D.

8 Next Steps – Implementation and Communication

8.1 Subject to the decision of Cabinet Members, any changes or refinements to the Business Case and Memorandum of Agreement will be made, leading to the finalisation of both documents.

8.2 External legal opinion on the MoA will be sought independently by each council.

8.3 Final Business Case and MoA considered by Council on 20th December 2022.

8.4 If the recommendations are approved by both Councils, the Strategic Partnership would take effect on 1st January 2023.

8.5 A mobilisation, communication and engagement plan to support implementation will be developed should a decision to proceed be taken.

9 Financial Implications

9.1 In exploring a strategic partnership there was a clear ambition for both Councils to become more financially efficient and resilient in the way they operate through greater collaboration.

- 9.2 If the new partnership were adopted exploring wider service integration where it makes sense to do, so will reduce pressure on the Councils' budgets in the years ahead whilst also creating capacity to invest in local priorities to achieve better outcomes for communities whilst retaining local sovereignty.
- 9.3 In addition, the strengths of each Council provide opportunities for further joint exploration and development looking forward.
- 9.4 Significantly, the Councils as a partnership would collectively have a stronger voice locally, regionally and nationally, when seeking resources to further their priorities.
- 9.5 The Business Case includes a focus on finance, commercial and economic opportunities. The Business Case sets out a proposal for changes to a small number of senior roles as an initial step whilst looking forward to the indicative savings that could be made from further sharing opportunities over the next five years. Any service delivery changes will be subject to a full business case before any financial implications and opportunities can be confirmed.
- 9.6 The Memorandum of Agreement includes a number of financial principles relating to the strategic partnership and its operation. This includes the equal sharing of costs relating to shared senior leadership officers unless otherwise agreed, as well as including further rationale for how costs could be shared should other services be considered for sharing in the future. Also included is provision for the accounting, reporting and review of the finances relating to the partnership. Provision is also made relating to the liability and apportionment of costs in the event of termination or the withdrawal of a partner from the partnership.
- 9.7 **Initial Proposition:** Based on the proposed apportionment of costs, and the assumed salary roles for sharing of the three roles, including oncosts, this would save MBC £30,217 per annum based on 2021/22 pay levels. If Council approve entry into the partnership, alongside the associated HR and pay policy considerations, this figure would be incorporated into the budget setting process for 2023/24.
- 9.8 **Future Options:** Based on the service diagnostic work carried out to inform the Business Case, indicative savings for phase 1 and 2 are £49,597 (inc. £1,750 non-recurring) and £22,144 respectively per annum. It should be recognised these are indicative only and would be subject to a full review and business case. The largest saving of £20,000 included in phase 1 is for a shared Monitoring Officer and is based on benchmarking of the salary costs of shared roles elsewhere. There is no allowance for the costs of supporting the underlying structure and this would need to be considered as part of any review of the legal and governance service which supports the role and is also factored into phase 1. The remaining indicative savings are based on senior officer identification of collaboration opportunities which have then been subject to an assessment of whether savings have a high, medium or low likelihood of achievement for each service area. Depending on this assessment a savings percentage has been applied to the current service costs to arrive at indicative financial savings that might be achieved.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 The Business Case for the strategic partnership between Harborough District Council and Melton Borough Council sets out:
- a) the design principles for the partnership, the intended benefits, and the initial proposition which is to share a small number of senior roles.
 - b) the service delivery opportunities that could be explored if the partnership is established.
- 10.2 The legal implications for these opportunities will be considered on a case-by-case basis as individual business cases are developed. The Business Case is clear that each Council will retain its sovereignty and democratic accountability
- 10.3 The Memorandum of Agreement sets out the approach to operating the strategic partnership. It provides a legal framework which would underpin the strategic partnership. It includes arrangements for monitoring progress and performance and a twelve-month review. External legal opinion will be sought by each council independently prior to Council consideration.
- 10.4 A risk register is in place and will be maintained by the Strategic Partnership. Details are shown at section 15 of this report.
- 10.5 The Council is under a duty pursuant to s.3(1) of the Local Government Act 1999, to: “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”.
- 10.6 Section 113 of the Local Government Act 1972 enables a local authority to enter into an agreement with another local authority to place an officer of one at the disposal of the other for the purposes of discharging the latter’s functions. Any officer placed at the disposal of a Council other than his/her employer must first be consulted on the proposal. Once placed at the disposal of the non-employing authority, the officer is classed in law as an officer of that authority and is able to exercise powers delegated to them.
- 10.7 Any decision taken in respect of shared officer roles within the Strategic Partnership will not impact on the appointment to any Elections roles i.e. Returning Officer/ERO, which shall remain a statutory role appointed by each Council.

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

- 11.1 The law requires that as public authorities, we can demonstrate that we have paid ‘due regard’ to the aims of the Public Sector Equality Duty at a formative stage of our decision-making process. Both Councils have considered equality impacts and believe that the proposed decision to enter a Strategic Partnership, with a shared officer structure, will not have any adverse effects on, or disadvantages to, anyone with a protected characteristic. The Strategic Partnership is designed to have a positive impact on employees, residents and businesses and the proposition refers to individual roles within the Council only. As part of the implementation of any proposed change, monitoring will be undertaken, and equality impacts will be considered where necessary.

- 11.2 Any further opportunities for service alignment proposals would be subject to a separate business case and, as part of that, Equality Impact Assessments will be undertaken where appropriate. It is proposed that a subgroup of relevant representatives from both Councils will work collaboratively to monitor and review equality implications for any service realignment proposals. This would ensure each Council is able to demonstrate sufficient check and challenge and evidence it has paid 'due regard' to equality as part of the process.

12 Community Safety Implications

- 12.1 None arising directly from this report. However, opportunities to collaborate at service level include the progression of a collaborative approach to CCTV, set out within the business case.

13 Environmental and Climate Change Implications

- 13.1 For the 3 proposed shared roles, new technologies and ways of working provide the opportunity to reduce travel-based carbon emissions across the proposed partnership where appropriate. Impacts on particular services will be considered within individual business cases.
- 13.2 The proposed partnership has the potential to deliver greater climate change and environmental outcomes for the Councils and the communities they serve. This would be an opportunity which could be explored further if the partnership is approved.

14 Other Implications (where significant)

14.1 Human Resource Implications:

- 14.2 It will be important to ensure we continue to support our officers and ensure they are kept well informed, engaged and consulted on developments, and supported through any change processes.
- 14.3 Engagement with staff has identified that job security is a key concern and consideration for staff.
- 14.4 Where there is a potential for impact on or changes to any roles, normal HR processes must be followed.
- 14.5 As part of the development of the proposition, initial proposed shared senior officer structures have been created. The development of job descriptions and proposed remuneration arrangements, based on benchmarking, has been carried out by HR professionals with the support of the Council's strategic advisor and East Midlands Councils to ensure due diligence, independence and objectivity.
- 14.6 Consultation with affected postholders has commenced, in line with required HR policies and procedures. Contractual changes would not be made unless the associated recommendations (including pay policy statement) are approved by both Councils in December. This would need to include an in-year change to the pay policy will be required if the strategic partnership is approved.

14.7 The initial proposition clarifies initial reporting lines for the new shared roles. The Business Case is clear that further realignment would be required should the partnership be established. It would be necessary for those occupying shared roles to have the opportunity to review structures and resources to enable both councils to deliver robust and effective services. Whilst the establishment of a Shared Deputy Chief Executive (Housing and Communities) would result in the deletion of the Director for Communities role at HDC, the interim resource will be retained to support the transition and enable a review of future service needs to be undertaken.

15 Risk & Mitigation

15.1 Key strategic risks are included within the business case document (section 1.17). Additionally, a corporate risk register is in place and will continue to be updated and maintained. There are a number of categories within which risks have been considered to date. These include:

- a) Leadership and Governance
- b) Capacity, Resource and Resilience
- c) Financial
- d) Workforce, culture and communication
- e) External factors

15.2

Risk No	Risk Description	Likelihood	Impact	Risk
Leadership and Governance				
1	Failure to identify clear shared objectives, goals, and focus which lead to ineffective working, misunderstandings, and disagreements	Significant	Marginal	Medium Risk
2	Perceived imbalance or unfairness from one party about what they get or will get from any collaboration. Perception that one council's priorities, size or influence are dominating	Low	Marginal	Low Risk
3	Risk that the partnership would impact on sovereignty and identity leading to councillor mistrust of the partnership	Low	Marginal	Low Risk
4	Risk that officers are perceived to be less available, leading to delays and dissatisfaction from councillors who feel less able to perform their roles	Significant	Marginal	Medium Risk
5	Future changes in political leadership may impact on relationships and desire to continue with any shared arrangements	Significant	Critical	Medium Risk
6	Operational progress and staff buy in may be impacted by different HR and Governance policies and processes	Low	Critical	Medium Risk
Capacity, Resources and Resilience				
7	Instability created within both organisations due to uncertainty, and knowledgeable and experienced officers leave as a consequence	Low	Marginal	Low Risk

8	Failure to resource effectively any transitional and transformational arrangements, with officers overstretched leading to impacts on service delivery, and organisational effectiveness	Significant	Critical	Medium Risk
9	Existing projects and programmes may be delayed due to diversion of capacity to support the development, implementation, and delivery of the strategic partnership	Significant	Marginal	Medium Risk
10	Working across two councils increases travel time and reduces productivity and impacts on the environment	Low	Marginal	Low Risk
11	Different IT systems and infrastructure hinder alignment and collaboration and shared approach to communication with staff.	Significant	Marginal	Medium Risk
Financial				
12	Savings cannot be made or realised and/or transition costs are prohibitively high, which undermines confidence in the partnership	Significant	Critical	Medium Risk
13	A risk that costs and savings are not apportioned fairly leading to breakdown in relationships and loss of trust	Low	Marginal	Low Risk
Workforce, Culture and Communication with Staff				
14	Potential differences in workforce and organisational culture across both organisations may hinder collaboration, leading to lack of motivation or prioritisation for the changes required, resulting in delays and inefficiency	Low	Marginal	Low Risk
15	The resulting structure with a blend of shared and single authority posts is seen as fragmented and thereby impacts on progress, success and negatively impacts staff and peers	Low	Marginal	Low Risk
16	Wider stakeholders do not understand the new arrangements or are not supportive	Low	Marginal	Low Risk
External				
17	Existing partnerships may feel threatened and be undermined by the strategic partnership	Significant	Marginal	Medium Risk
18	Residents or businesses become confused between the two councils' services	Low	Marginal	Low Risk
19	Unexpected major events lead to diversion of attention which delays transition to any new arrangements	Low	Critical	Medium Risk
20	Government restarts discussions about local government reorganisation which could impact on the partnership arrangements	Low	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant		1, 4, 9, 17	5, 8, 11, 12	
	3 Low		2, 3, 7, 10, 13, 14, 15, 16, 18	6, 19, 20	
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
Leadership and Governance	
1	Build shared understanding and vision through close working between Cabinets and senior leadership teams. Formalise through MoA which sets out clear parameters for collaborative working, including shared success measures and expectations
2	Important to communicate well and set clear expectations as a framework for the partnership. MOA will provide clarity for both councils. Ensure consistency in language used to describe the partnership to ensure clarity on what a strategic partnership is and is not. Clarity on how resources and costs will be split. Clear expectation management
3	Ensure clear and agreed governance principles and processes and how Councillors will be engaged in decision making and scrutiny arrangements. Regular, ongoing communication with councillors, parish councils, stakeholders and the public. Ensure sovereignty is a key design principle and feature of the business case. Provide opportunity for learning from other council partnerships (officers and members)
4	Clear expectations to be agreed, acknowledging that shared staff serving both councils may sometimes not be available. Clarity of difference of role of a shared chief executive / shared chief officers to be communicated clearly and effectively. Requirements to ensure build resilience across officer tiers so critical that portfolio holder and where relevant, ward member roles are prioritised and that those in shared roles are effectively supported. Harness digital capabilities to ensure agile or remote working does not impact on service delivery or connection with members, staff, stakeholders or communities. Retain a chief in officer in MBC and HDC with an organisational focus alongside their wider thematic leadership role, to ensure that members have a main and trusted point of contact within the senior team

5	Ensure all councillors are engaged through the development and transition process, with openness and inclusive approach. Recognise the potential impact of the local elections in May 2023 and undertake a review of the shared arrangements after the election to enable new administrations to confirm their position, priorities and expectations. Ensure strategic partnership is a key focus of member induction process after May 2023 elections, particularly if a number of new councillors elected (Resourcing the development of the member induction process important)
6	<p>The changes and opportunities to align and harmonise policies and processes will depend on the specific matter being considered (i.e not one size fits all). It will be important to harmonise where possible, but not in such a way that staff are burdened and tied up with the extra administrative burden this will create, i.e the right balance needs to be struck</p> <p>The development of a transition / transformation plan and phasing approach will be valuable</p>
Capacity, Resources and Resilience	
7	Ensure strategic purpose for the change is clear, positive and aspirational. Maintain explicit commitment to staff growth, development and retention opportunities. Openness of communication and dialogue with staff teams and create a range of opportunities for staff to ask questions, raise concerns and make suggestions as part of development of business case, transition and implementation. Focus on quick wins to build confidence – officer and service level. Celebrate what works well, build continued credibility, trust and assurance. Where officers do leave, ensure there are effective hand-over processes in place
8	The resources required to manage the change should not be under-estimated and investment should be built into earlier phases to ensure sufficient capacity. Timetable and pace of delivery should be agreed by both councils. Create a shared change programme management / transformation programme from the outset – a key initial task for the shared chief executive. Failure to invest in transition and transformation will hinder progress and opportunity
9	During business case development – procure additional capacity through suitably experienced experts to provide strategic advice and lead on developing the business case and associated documents and arrangements. Ensure relevant officers are engaged (ownership from the council’s important). Some impact on BAU should be expected during this period. Resource the transition and transformation programme effectively, with investment in the partnership to avoid current work programmes being impacted. Maintain regular programme management updates to manage expectations and advise of any issues at the earliest opportunity. Through longer term delivery plan, ensure that opportunity to align, harmonise and grow enable the councils to reduce unnecessary duplication
10	Adoption of hybrid working, video conferencing and remote working by both councils will help mitigate this. Explore the potential for some shared office space. Expectation management to enable agile / remote working to ease productivity, visibility and connectedness challenges. Early review of each councils meeting calendars / schedule to reduce direct meeting clashes and ensure key officer (particularly chief officer) are able to be in attendance. Retain option for other officers to attend member meetings remotely
11	This is something that the councils will need to work around initially, whilst considering opportunities for alignment in the longer term. Immediate opportunities include shared teams channels, re-routing if email addresses (if shared roles) and potentially a microsite for shared staff communications. Both council have different ICT arrangements currently, and a solution that enables some alignment between the two arrangements will be needed
Financial	

12	<p>Expectation management from the outset is key. Financial savings not a key driver however the financial case is an important strand of the business case, alongside opportunities for service improvement, efficiency, resilience and service growth. Must not achieve savings at the cost of robust, effective and manageable service delivery – the partnership must be adequately resourced to deliver. Effective and regular communication, open and honest discussions (officer and member level). Service diagnostic to determine potential for collaboration or aligned / shared services or leadership arrangements will provide an indication of the potential for financial savings / efficiencies. Each council will determine how it chooses to manage any associated savings (i.e whether these are reinvested). Quick wins such as those achieved through joint bidding for external funding or ability to grow services / generate income should be widely communicated. Establish a clear mechanism for including transition costs in any business cases and be clear on the potential rates of return which may accrue. Focus on those areas seen as quick wins, which can deliver early benefits</p>
13	<p>Need to establish a transparent and shared mechanism for apportionment of costs and savings. Key decision principle. Cost / savings apportionment may depend on the specific circumstances – for example, the approach to cost apportionment for chief officers may be different to services / other officers. A framework / clear approach to determine cost apportionment will need to be included the MoA</p>
Workforce, Culture and Communication with Staff	
14	<p>Clear direction from senior political and officer leadership. Investment in engagement, communication and joint working would need to be sustained. Communication throughout should seek to reassure, enthuse and motivate teams to strove for collaboration opportunities. Recognition and celebration of achievements and successes between teams. Empowerment of managers and tams to identify and be involved in progressing opportunities for harmonising / collaboration but also to be trusted to advise when this may not be appropriate or is the wrong time. Development of shared workforce development strategy which embeds the principles of recruitment, retention, growth, development, alongside values and behaviours</p>
15	<p>Continue to recognise that leadership is both a privilege and responsibility, especially during times change and that how senior colleagues work together will set the tone for the partnership. Critical that senior leaders continue to trust each other, work well together and that this is evident to staff teams. Build shared understanding of how each colleague works and create time and space for open dialogue / approach. Clarity on SLT arrangements, roles and responsibilities needed</p>
16	<p>Proactive engagement with partners, and key stakeholders including MPs. Communication during business case development phase and upon implementation. Commitment to communication and increased visibility of partnership achievements. Robustness of business case and operating arrangements important – must be able to withstand scrutiny and challenge. All staff must be clear on what the partnership is and is not, to ensure clear and consistent messaging and information</p>
External	
17	<p>Each council's commitment to existing partnerships should be clear to those respective partners (such as Revenues and Benefits Partnership) to avoid perception that existing partnership arrangements will be undermined. Each council must commit to seek to avoid destabilising existing partnerships. Design principle on ability to review partnership arrangements is also key</p>
18	<p>The approach being taken means that this can be managed on a case by case / service by service basis and should be a consideration for any alignment or harmonisation completed. Clear information will be required to reflect the Councils'</p>

	agreed priorities and approach. Importance of supporting ward councillors in their role and being alert to any confusion, queries or concerns that emerge. Continued communication and engagement with stakeholders required.
19	Business Continuity Plans will need to be in place and where appropriate these can be harmonised. Where events occur, clear communication will be required to manage expectations if delivery objectives need to be reset. Clarity of leadership of major events will be required and existing separate council arrangements should be retained until such a time a collaboration or shared approach to a specific event is agreed. Liaison with LRF on any changes will be needed to ensure no gaps in communication, resilience or response
20	This remains a possibility irrespective of any partnership, however the existence of the partnership would strengthen the councils' ability to influence such a debate in future. Regular communication on the partnership and its impact with MPs and DHLUC would be required

16 Background Papers

- 16.1 Harborough District Council Cabinet Report of 10 October 2022 – Opportunity to explore establishment of a strategic partnership with Melton Borough Council
- 16.2 Melton Borough Council Cabinet Report of 12 October 2022 – Opportunity to explore establishment of a strategic partnership with Harborough District Council
- 16.3 Strategic Partnership – Common Questions
- 16.4 Harborough District Council Scrutiny Commission Report of 21 November 2022
- 16.5 Melton Borough Council Scrutiny Committee Report of 22 November 2022
- 16.6 Melton Borough Council Extraordinary Audit & Standards Committee Report of 23 November 2022
- 16.7 Harborough District Council Audit & Standards Report of 23 November 2022
- 16.8 Harborough District Council Cabinet Report of 5 December 2022

17 Appendices

- 17.1 Appendix A: Draft Business Case
- 17.2 Appendix B: Draft Memorandum of Agreement
- 17.3 Appendix C: Comments from Scrutiny Committee (to follow)
- 17.4 Appendix D: Comments from Audit and Standards Committee (to follow)
- 17.5 Appendix E: List of stakeholders consulted

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