

**BRECKLAND COUNCIL**

**At an Extraordinary Meeting of the**

**COUNCIL**

**Held on Tuesday, 8 June 2010 at 11.00 am in the  
Anglia Room, The Conference Suite, Elizabeth House, Dereham**

**PRESENT**

Mr S. Askew	Mr R.G. Kybird
Mrs J. Ball	Mr J.P. Labouchere
Mr S.G. Bambridge	Mr K. Martin
Councillor Claire Bowes	Mrs S.M. Matthews
Mrs M.P. Chapman-Allen	Mrs K. Millbank
Mr P.D. Claussen	Mr I.A.C. Monson
Mr J.P. Cowen	Mrs L.H. Monument (Chairman)
Mr R.W. Duffield	Mr D.G. Mortimer
Mr P.J. Duigan	Mr J.W. Nunn
Lady Fisher	Mrs P. Quadling
Mr P.S. Francis	Mr J.D. Rogers
Mr R.F. Goreham	Mr B. Rose
Councillor E. Gould	Mr F.J. Sharpe
Mr J.R. Gretton	Mr I. Sherwood
Mr M.J. Griffin	Mr W.H.C. Smith
Mrs T. Hewett	Mrs P.A. Spencer
Mr P.J. Hewett	Mr A.C. Stasiak
Mrs D.K.R. Irving	Mrs A.L. Steward
Mr M.A. Kiddle-Morris	Mrs L.S. Turner

**In Attendance**

Dominic Chessum	- Marketing & Communications Officer
Sheila Cresswell	- Committee Officer
Diana Dring	- Committee Officer
Mark Finch	- Head of Finance
Trevor Holden	- Chief Executive
Stephen McGrath	- Member Services Manager
Maxine O'Mahony	- Director of Organisational Development

**74/10 APOLOGIES (AGENDA ITEM 1)**

Apologies for absence were received from Mr P. Balaam, Mr W. Borrett, Mr S. Chapman-Allen, Mr R. Childerhouse, Mr M. Fanthorpe, Mr K. Gilbert, Mr R. Kemp, Mr D. Myers, Mr S. Rogers, Mr M. Spencer and Mr D. Williams JP.

**75/10 DECLARATION OF INTEREST (AGENDA ITEM 2)**

There were no declarations of interest.

**76/10 CHAIRMAN'S ANNOUNCEMENTS (AGENDA ITEM 3)**

The Chairman welcomed everyone and thanked all those who had been able to attend this Extraordinary Meeting of the Council.

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**77/10 BRECKLAND COUNCIL HIGH LEVEL STRUCTURES (AGENDA ITEM 4)**

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The Chief Executive presented the report, explaining that it had become clear that South Norfolk District Council (SNDC) wanted to walk away from the shared services arrangements which had been under discussion. Had both sides been able to reach agreement there could have been a fairly seamless transition, resulting in real dividends from the sharing and alignment of some key posts and services.

He pointed out that while SNDC had not yet formally ratified their decision not to proceed with shared service arrangements, all the indications were that this would happen at their Council meeting on 21 June.

The implications of this withdrawal were that the interim arrangements adopted by Breckland Council on 13 May 2010 now needed to be urgently re-assessed, since all shared officer posts had been withdrawn and Breckland now had gaps across its senior management structure. Whilst it was hoped that some form of shared services arrangement might yet be forthcoming, the Council needed to keep running as a viable business in the meantime. Members therefore needed to consider how best to resolve matters as speedily and seamlessly as possible.

The Chief Executive reiterated that the interim structure had not been an attempt to pre-determine the outcomes of any potential Local Government Review or any shared services arrangements. Rather it had been proposed as a result of senior vacancies across both Councils and because an element of flexibility was seen as the best way to deal with the structural uncertainties.

He took Members through each of the recommendations, explaining how and why they had been suggested.

He stressed that, in his view, a shared services agenda was still of fundamental importance. It should remain very much in the Council's vision for the future, not least when taking into account the likely impact of budget settlements over the coming years.

The highest cost assets for any Council were at senior management level and therefore best value for money could be achieved by sharing these, where practical, across services.

As the proposed shared services discussions had stalled, it was now essential for Breckland Council to act swiftly to ensure that it had a robust and stable senior management team in place. This was important not only from an internal perspective, but also to ensure that Breckland had the capability to ensure that any future negotiations (with South Norfolk or any other Local Authority) could be undertaken with the appropriate levels of knowledge and experience.

It was therefore proposed that there should be a new Chief Executive (as he would be leaving the Authority on 27 June 2010), as well as the existing Deputy Chief Executive and two, not three, Directors. This

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new management structure took out one of the previous Directorship posts (which had become vacant upon the departure of the Director of Governance and Finance).

If the proposed new management structure was to be agreed, it was recommended that the two vacant Director posts (one of which was currently being filled on an interim basis until August 2010), should ideally be filled via internal recruitment in the first instance. This would reflect Breckland Council's confidence in its internal training and staff, as well as be cost-effective. However, in the event that suitable internal candidates were not forthcoming, then the post(s) should be open to an external recruitment process.

With regard to the Chief Executive vacancy, it was recommended that Members should give approval for an external recruitment process. Initial discussion with consultants had confirmed that Breckland District Council had a buoyant reputation within local government, and it was therefore hoped that this post would attract real interest and strong candidates.

A budget of up to £50,000 was therefore requested in order to cover the external recruitment costs of a new Chief Executive and, if necessary, the Director posts. In later discussion, and in response to concerns that this figure seemed high given the current economic position, it was reiterated that this was the maximum requested. It was felt necessary to strike a balance between in-house expertise and drawing on specialist knowledge of the wider market.

Members were keen to learn more about the background to South Norfolk's apparent decision not to pursue the shared services project. Key points made during discussion included the following.

- The Leader explained that he had heard the news via an email received on the morning of 21<sup>st</sup> May during a meeting in Cambridge. He was told by the Leader of SNDC that they would like to put negotiations on hold. The email indicated that SNDC were not comfortable with the pace at which Breckland was looking to achieve changes.

This email had been sent soon after the press and staff at SNDC had been informed of the decision.

- The press had mentioned 'Show Stoppers' and Members asked for clarification about how these had been handled, and whether or not any had proved insurmountable.

The Chief Executive said that various differences had been acknowledged from the very outset of the negotiations. Both Leaders had made presentations at the Regional Member Development Panel, where it had been acknowledged that the two Councils were perceived to have different cultures. Items which would need further negotiation had been flagged up during discussions. These had been included in the final report which had been recommended by the Joint Overview & Scrutiny Commission to Cabinet at both Authorities. It was felt that whilst there might be a lack of obvious political

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alignment and buy-in, as well as some unease about the pace of the process, these concerns could, for the most part, be mitigated by the end goal and valuable dividends for each Council.

- As to exactly why SNDC had decided to put the whole process on hold, the Chief Executive said that to some extent this still remained unclear. He added that he was very keen to learn more, not least as a full understanding would help Breckland Council in any future talks with other Authorities about shared service arrangements. In the event that SNDC ratified the decision to cancel further discussions, then some post-project analysis should be undertaken: partly to understand why the relationship had fragmented, but also because significant funding had been received from Regional Improvement East to help with the consultation process.
- In response to a question, the Chief Executive confirmed that the anticipated savings in the SNDC Business case would indeed have been in excess of £9 million during the first four years of a shared services agreement. This would equate to more than £2 million per year in revenue savings for Breckland residents, which was all but equal to 100% of Breckland's Council Tax income each year. Such impressive levels of savings had been a key reason for the Council's active engagement in the project in the first place.
- Mr P. Cowen said that he had felt privileged to Chair the three Joint Overview & Scrutiny Commission meetings which had been held during the process. He said that whilst there had been some early reservations, each meeting had been positive. The last one, held in Attleborough on 18 May, had been attended by the Leader and Chief Executive from SNDC. There had been constructive debate and discussion, with no indication of any major problems.

He acknowledged that SNDC Members had initially been rather sceptical about the amount of savings which could really be achieved. However, they later seemed to accept the report from the consultants, Sector Solace. In fact, Sector Solace had claimed that their projected £9 million worth of savings in the first four years was a conservative figure. Furthermore, some of these savings would be absolutely guaranteed as an immediate and direct result of merged services and reductions in senior management posts.

He added that any concerns about ineffective Governance should have been alleviated by the fact that the Audit Committees from both Councils took this issue extremely seriously and had already set up meetings to discuss future delivery.

- A Member asked if it was true, as reported in the press, that the real sticking point had been the proposed appointment of Sandra Dineen as the interim Joint Chief Executive and, if so, could not a compromise have been reached in order to ensure

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that the project could continue?

The Chief Executive felt that it would be inappropriate to pass any comment on alleged correspondence between the Leader of SNDC and its Members.

However, he added that he believed that the end result and potential savings should far outweigh any salary or Terms & Conditions for either Chief Executive.

He reminded Members that at the meeting of Council on 13 May, Members had endorsed the recommendation of the Staff Appointments Panel to appoint the Chief Executive of SNDC as the interim Joint Chief Executive, subject to Terms & Conditions being agreed. There were acknowledged differences between the Discretionary Payment Policy at SNDC and that adopted by Breckland. The latter was lower as it reflected the statutory minimum.

It had also been advised that it would be better not to have a contract with the individual concerned, but for this to be negotiated with SNDC directly, who would then be paid a fee for the service. Any difference of opinion on employment terms would then be an internal matter for SNDC.

At Director level, it had been recommended that recruitment should be undertaken internally as far as possible. The Business Case showed that across both Authorities there were currently 40 Service managers, whilst the new structure proposed 20. Therefore, it was true that in the event of a shared service arrangement, a whole raft of people would find their jobs at risk.

- The Leader of the Council said that he had contacted Sector Solace to ask them, as a neutral body, to invite both parties to meet together in order to help understand exactly why the process had broken down. So far, the response he had received from SNDC had been that this was not appropriate. When asked to clarify the source of this comment, the Leader said that it had come directly from the Leader of SNDC.
- The Leader of the Labour Group said that his party remained supportive of the principle of shared services. He acknowledged the need to observe various protocols when negotiating with other Authorities and added that had he been Leader and received notice of a withdrawal by email, and under those conditions, he would have been incandescent. At best, it seemed impolite to have passed on this news in such a fashion: at worst it was unprofessional.

He added that he was astonished to hear that SNDC had apparently reached this decision after having allowed the process to get so far, and in such a positive fashion.

Finally, he said that he believed that Breckland Council should continue to pursue shared service arrangements, but he

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personally felt that this should not be with South Norfolk. Instead, Breckland Council should state publicly that it believed in the principle of shared services and in the business case as already worked up. Hopefully other Local Authorities would find this attractive – and behave with more respect.

His comments were warmly endorsed by other Members, and the Leader later thanked him for his support.

- Whilst understanding the levels of emotion, the Chief Executive added a word of caution about the need to keep the door open with SNDC. Quoting Eric Pickles (Secretary of State for Communities and Local Government) during a recent interview, the message had clearly been that the two Councils needed to “kiss and make up”. He had added that District Councils would find it increasingly difficult to remain viable on their own. Clearly these comments were made in the context of the forthcoming Autumn Spending Review and therefore needed to be taken seriously. The Revenue Support Grant was likely to be dramatically reduced, resulting in the need for some harsh decisions.
- Drawing Members’ attention to the presence of the Communications Officer from SNDC, the Chief Executive encouraged them to consider the current impasse as something of a hiccup and a challenge in the larger process. Citing the excellent arrangement with the Anglia Revenue Partnership, he also hoped that SNDC – or any other potential partner – could take encouragement from the fact that Breckland Council had already successfully engaged with other partners and worked comfortably with established business concerns. He therefore hoped that SNDC could be persuaded to re-consider the recommendations of their Cabinet, and concluded by reiterating that shared services in one form or another would almost inevitably result from the imminent changes to the Revenue Support Grant.
- Other Members echoed the need to keep the wider picture and goal in mind. It seemed that SNDC lacked Breckland Council’s shared entrepreneurial vision and culture, which required forward thinking and the ability to react to changes. The Chief Executive promised to circulate a list of other District Councils who were currently working towards shared service arrangements. The first one he was aware of was in Devon, where a Joint Chief Executive had recently been appointed.

Currently there were seven District Councils in Norfolk, supported by seven paid services. The first three tiers of management cost in the order of £1.5 million. When viewed against the context of a revenue of £2 million Council tax, this put the concept and benefits of shared services into clear perspective.

- Bearing all this in mind, another Member highlighted the importance of communication, hoping that shared service arrangements with SNDC was still a possibility and that there

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remained a chance that the process could be put back on track later this month.

In drawing discussion to a close, the Chief Executive said that he hoped that SNDC would get a clear message from this meeting. Rather than focus too closely on the detail of every word, hopefully the end goal could be kept in view, with the language loose and moderate enough to enable both sides to feel that they had the opportunity to work towards a win:win situation. He had made a representation to Sector Solace, who had confirmed that they would be happy to represent BDC in the event that SNDC were prepared to recommence talks.

A Member was concerned that precious time could be wasted in the interim. However, the Leader assured him that throughout the dialogue both Councils had continued to consider other opportunities.

Interestingly, whilst SNDC had initially perceived many cultural differences, it seemed that when they had discussed these in more detail, in terms of what was done and how it was delivered, many had proved not so dramatic after all. The fact that the customer was at the heart of business for all Councils was another argument in favour of shared services: the focus should be to achieve and maintain best service delivery for less money. The Leader cited London as a good example where this approach was increasingly accepted.

The Chief Executive reassured Members that whatever happened with SNDC, Breckland Council would not be left behind in the shared services venture. In addition to having the lowest District Council tax in the country, Breckland was an acknowledged strong performer in local government, as well as being innovative in its approach to business. Breckland was at the vanguard of a shared service approach and was therefore an attractive proposition for a partnership.

It was unanimously **RESOLVED to:**

- (1) Rescind the Council's decisions with regard to Shared Services as taken on 13 May 2010.
- (2) Agree the revised portfolio, senior management structure and grades at Appendix 1 to the report.
- (3) Authorise the recruitment of a Breckland Chief Executive and, if required, the Director(s) appointments through external advert, as soon as practically possible.
- (4) Agree a budget of up to £50,000 for the recruitment process.
- (5) Authorise the recruitment of Chief Officers to fill any vacant appointments within the revised structure at Appendix 1 to the report through internal recruitment in the first instance, with external recruitment authorised should it be required.

The meeting closed at 12.00 pm

CHAIRMAN