

Council Report

Ward(s) affected: All

Report of Joint Chief Executive

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Local Government Collaboration – Approval of Inter-Authority Agreement and Establishment of a Joint Governance Committee

Executive Summary

At full Council meetings of both Guildford and Waverley in July last year, both councils agreed to greater partnership working including the creation of a Joint Chief Executive and a single management team as a first step towards recommending business cases for further collaboration, on a service-by-service basis.

In a Vision Statement drawn up by the Executives of both councils and presented to those meetings, collaboration was seen as being driven by more than the serious financial challenges that face all councils. There was an ambition to “protect, improve, and expand discretionary services, and explore new services”. The Executives wished to enhance both councils’ ambitions for carbon neutrality, “use the best of both councils” and “protect/create local jobs”. Their stated focus was on “better outcomes for residents and communities” that might arise from collaboration, potentially “go[ing] beyond shared management and shared services and be[ing] strategic in intent ... to secure a longer-term sustainable future”. Specific savings targets were then included in both councils’ Budgets and Medium-Term Financial Plans.

The councils agreed to establish a Joint Appointments Committee to conduct the recruitment and selection process in respect of the proposed Joint Chief Executive and the single management team. In November 2021, both councils formally appointed Tom Horwood as the Joint Chief Executive and he commenced in this role in December.

It was agreed that an important early step in the partnership would be for both councils to approve Heads of Terms of an Inter-Authority Agreement (IAA), which would set out the formal governance arrangements for joint working, including cost and risk-sharing, dispute resolution and exit clauses.

A joint working group of six councillors (three from each council) was established in January. It has met regularly to discuss the themes for inclusion in the Heads of Terms, together with a Risk Assessment in relation to key aspects of the collaboration.

The joint working group has completed its work and officers have drafted the Heads of Terms for approval by both Councils in April, which are attached as **Appendix 1** to this report. The draft Heads of Terms were endorsed by the working group on 25 March 2022.

A copy of the collaboration Risk Assessment recommended by the joint working group is attached as **Appendix 2** to this report.

One of the discussion themes considered by the joint working group was to examine possible models of governance for managing the collaboration in the future. The joint working group has recommended that the existing Joint Appointments Committee should be retained with another joint committee being established to consider other governance related issues including the review of both the IAA and the Risk Assessment, recognising that, as the collaboration progressed, a greater degree of formal joint governance arrangements may be required. The joint working group has recommended, for adoption by both councils, the creation of a new Joint Governance Committee and draft terms of reference, which are attached as **Appendix 3** to this report.

Once the Heads of Terms have been approved, the Joint Chief Executive intends to commence the formal process for the appointment of the Joint Management Team.

Recommendation to Council:

The Council is asked to consider this report and the attached appendices and to adopt the following recommendations:

- (1) That the draft Heads of Terms of the Inter-Authority Agreement setting out the formal governance arrangements for joint working between Guildford and Waverley, as set out in Appendix 1 to this report, be approved.
- (2) That the Monitoring Officer be authorised to enter into the final Inter-Authority Agreement on behalf of Guildford Borough Council.
- (3) That the collaboration Risk Assessment, as set out in Appendix 2, be approved.
- (4) That the establishment of a Joint Governance Committee and its proposed composition and terms of reference, as set out in Appendix 3 to this report, be approved.
- (5) That the Joint Governance Committee be authorised to approve its standing orders at its first meeting.
- (6) That, subject to approval of paragraph (4) above, Guildford's numerical allocation of seats to the political groups on the proposed Joint Governance Committee shall be as follows:
 - Residents for Guildford and Villages: two seats
 - Guildford Liberal Democrats: two seats

- Conservatives: one seat
- Guildford Greenbelt Group: one seat

(7) That the nominations for membership and substitute membership of the Joint Governance Committee for the 2022-23 municipal year, be considered at the Selection Council meeting on 16 May 2022.

(8) That the Monitoring Officer be authorised to amend the constitution to incorporate the establishment of the Joint Governance Committee, and its terms of reference; and, subject to paragraph (5) above, its standing orders.

Reason for Recommendation:

To approve the governance processes required to progress the collaboration with Waverley Borough Council.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

1.1 This report sets out, for formal approval, the proposed Heads of Terms of the Inter-Authority Agreement (IAA) between Guildford and Waverley Borough Councils, together with draft terms of reference for a proposed new Joint Governance Committee, which will, amongst other matters, be responsible for periodically reviewing the IAA and the risk assessment associated with the collaboration.

2. Strategic Priorities

2.1 Guildford's Corporate Plan includes a strategic priority to use innovation, technology, and new ways of working to improve value for money and efficiency in Council services. This specifically refers to developing options for alternative methods of delivery for relevant services, including joint working, shared services, trusts, mutuals, and joint venture companies. These principles will continue to guide our approach to this project.

3. Background

3.1 Following consideration of opportunities for greater partnership working with Waverley Borough Council, the Council at its extraordinary meeting on 6 July 2021 agreed to create a single management team with Waverley Borough Council, comprised of statutory officers (Head of Paid Service; Chief Finance Officer; Monitoring Officer), directors and heads of service as the most appropriate means for bringing forward business cases for future collaboration. The Council also approved the process for the recruitment and selection of a single joint Chief Executive (acting as Head of Paid Service for both Guildford and Waverley Borough Councils).

3.2 In a Vision Statement drawn up by the Executives of both councils and presented to full Council at its extraordinary meeting, collaboration was seen as being driven by more than the serious financial challenges that face all councils. There was an ambition to "protect, improve, and expand discretionary services, and explore new services". The Executives wished to enhance both councils' ambitions for carbon neutrality, "use the best of both councils" and "protect/create local jobs". Their stated focus was on "better

outcomes for residents and communities” that might arise from collaboration, potentially “go[ing] beyond shared management and shared services and be[ing] strategic in intent ... to secure a longer-term sustainable future”. Specific savings targets were then included in both councils’ Budgets and Medium-Term Financial Plans.

- 3.3 At its ordinary meeting on 28 July 2021, the Council noted an early draft of the Heads of Terms of the IAA to establish the formal governance arrangements for joint working, and acknowledged that significant further work was necessary to clarify the detail required to enable both councils to be in a position to agree the Heads of Terms formally. The Council agreed at that meeting the proposed job description and terms and conditions in respect of the appointment of a Joint Chief Executive (subject to consultation). The Council also agreed to establish, with Waverley, a Joint Appointments Committee which would have delegated powers to appoint on behalf of both councils the Joint Chief Executive, which was subject to final approval by both full Councils, together with any Joint Statutory Officer posts, which will also be subject to full Council approval by both authorities, and Director posts.
- 3.4 Following the recruitment and selection process by the Joint Appointments Committee, both councils confirmed the formal appointment of Tom Horwood as the Joint Chief Executive decisions on 1 November 2021, and he commenced in post on 1 December 2021.

Inter-Authority Agreement (IAA)

- 3.5 At the suggestion of the Joint Chief Executive, the Leader of this Council and the Executive of Waverley agreed to the establishment of a joint working group (JWG) whose main purpose was “to work up the detail of the draft Heads of Terms of the proposed Inter Authority Agreement”. This was conducted through several meetings of the JWG from 14 January 2022, each focusing on a specific theme, including Finance; Staffing arrangements; Property and assets; Exit, termination, conflicts, insurance, indemnities; and possible models of governance for managing the collaboration in the future.
- 3.6 The report to the 6 July 2021 meeting had also suggested that a Risk Assessment be carried out in the early stage of the partnership, based on the initial high-level strategic risk analysis (which was attached as Appendix 4 to that report). As the Risk Assessment was felt to be so connected to the IAA, the JWG also focused on that in three of its sessions.
- 3.7 The outcomes of the JWG meetings have provided the necessary guidance to officers in populating the draft Heads of Terms of the IAA to be approved by both councils in April, before being developed into the final IAA by the councils’ respective legal teams, with assistance from jointly instructed external solicitors. A copy of the draft Heads of Terms, as recommended by the JWG, is attached as **Appendix 1** to this report. A copy of the collaboration risk assessment is attached as **Appendix 2**.

Joint Governance Committee

- 3.8 One of the discussion themes considered by the joint working group was to examine possible models of governance for managing the collaboration in the future. The joint working group has recommended that the existing Joint Appointments Committee should be retained with another joint committee being established to consider other governance related issues including the review of both the IAA and the Risk Assessment, recognising

that, as the collaboration progressed, a greater degree of formal joint governance arrangements may be required. The joint working group has recommended, for adoption by both councils, the draft terms of reference of a new Joint Governance Committee, which are attached as **Appendix 3** to this report.

3.9 Subject to approval of the terms of reference by both councils, it is recommended that Guildford's numerical allocation of seats to the political groups on the proposed Joint Governance Committee shall be as follows:

- Residents for Guildford and Villages: two seats
- Guildford Liberal Democrats: two seats
- Conservatives: one seat
- Guildford Greenbelt Group: one seat

and that the nominations for membership and substitute membership of the Joint Governance Committee for the 2022-23 municipal year, be considered at the Selection Council meeting on 16 May 2022.

4. Consultations

4.1 The drafting of the Heads of Terms of the IAA and the terms of reference of the proposed Joint Governance Committee was undertaken in collaboration with Waverley Borough Council officers and with the joint working group of Guildford and Waverley borough councillors.

5. Key Risks

5.1 The key risks associated with the collaboration including the current and target impact and likelihood scores and mitigating actions are set out in the Risk Assessment attached as **Appendix 2** to this report.

6. Financial Implications

6.1 The treatment of costs and liabilities arising from all aspects of the collaboration process as currently known have been included in the Heads of Terms, with the details to be included in the final IAA. Future collaboration opportunities will be subject to individual business cases which will use an agreed standard template to ensure that all relevant matters are properly considered.

7. Legal Implications

7.1 In relation to shared services and staffing, Section 113 of the Local Government Act 1972 provides that any local authority may enter into an agreement with another local authority for the placing at the disposal of the latter for the purposes of their functions on such terms as may be provided by the agreement, of the services of officers employed by the former. The starting point for the shared arrangement agreed by Council on 6 July is the creation of an Inter Authority Agreement under Section 113 of the Local Government Act 1972.

7.2 Both councils have the power to create joint committees by virtue of Sections 101 and 102 of the Local Government Act 1972.

8. Human Resource Implications

- 8.1 The Inter Authority Agreement sets out the staffing arrangement that will apply to the Joint Management Team posts. These will be new posts that will replace existing posts in both councils resulting in a redundancy situation for those postholders in scope. The Joint Management Team will be employed under new contracts of employment with new terms and conditions of employment. The HR teams at both Waverley Borough Council and Guildford Borough Council will manage the change process through their existing change policies and procedures.

9. Equality and Diversity Implications

- 9.1 Equality impact assessments are carried out when necessary across the Council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010. There are no immediate equality, diversity, or inclusion implications in this report's recommendations. Impact assessments may be required as proposals are developed and implemented and will be reported as appropriate.

10. Climate Change/Sustainability Implications

- 10.1 The climate change emergency declaration and the urgent target for net zero carbon by 2030 is a critical objective for both councils. While no specific impacts on the climate emergency declaration have been identified as a consequence of this report's recommendations, the Council will be assessing and prioritising the environmental, climate and carbon impacts of any proposals that emerge. It may be noted that Waverley Borough Council, like Guildford, has declared a climate emergency and stated an ambition to "work towards making the Council's activities net-zero carbon by 2030"; potential synergies across the two councils can be explored as part of this project.

11. Summary of Options

- 11.1 The alternative would be to not approve the Heads of Terms of the IAA, which would mean that the full potential of the collaboration could not be achieved.

12. Conclusion

- 12.1 The Council is asked to consider this report and the attached appendices and to agree the recommendations set out in the executive summary in order to progress the collaboration with Waverley Borough Council.

13. Background Papers

None

14. Appendices

Appendix 1: Draft of Heads of Terms for the Inter Authority Agreement
Appendix 2: Collaboration Risk Assessment
Appendix 3: Joint Governance Committee - Draft Terms of Reference