

Guildford Borough Council & Waverley Borough Council

Report to: Executive

Date: 23 November 2023 (Guildford)

Date: 28 November 2023 (Waverley)

Ward(s) affected: All

Report of Director: Transformation & Governance

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Report Status: Open

Transformation and Collaboration Programme

1. Executive Summary

Guildford and Waverley Borough Councils agreed to enter a collaboration in July 2021, starting with the appointment of a Joint Management Team (JMT) as a way of bringing forward further business cases for collaboration. This report sets out the progress made so far and makes recommendations in respect of future collaboration, including options analyses, governance, and financial matters.

2. Recommendation to Executive

That the Guildford Borough Council Executive and the Waverley Borough Council Executive separately resolve the following, subject to the other Executive also agreeing likewise:

- 2.1. Note and endorse the Guildford and Waverley Partnership Vision statement in **Appendix 1**;
- 2.2. Note the progress made to date with regards to the Guildford and Waverley collaboration initiative as set out in Appendix 2 and section 7;
- 2.3. Adopt the proposed Transformation and Collaboration Programme set out at **Appendix 3**;
- 2.4. Approve a project to explore the potential benefits of co-locating Guildford Borough Council and Waverley Borough Council staff within shared premises or single HQ, resourced separately from this Transformation and Collaboration Programme, and receive a report for consideration with an options appraisal and recommendations;
- 2.5. Approve a project to explore a single shared officer structure between Guildford Borough Council and Waverley Borough Council, resourced through the initial Transformation and Collaboration budget allocations, and receive a report for consideration with an options appraisal and recommendations;
- 2.6. Agree the additional resources as set out in section 10 of this report (£100,000 of revenue and £100,000 of capital. For **Guildford Borough Council** this will be funded from flexible use of capital receipts and the Finance Recovery Reserve. For **Waverley Borough Council** this will be funded from the invest to save reserve) to support the initial start-up of this programme and note how the revenue funding will be spent to secure officer support as set out within **Appendix 4**;
- 2.7. Note that the initial benefits realisation work with the joint Executive Heads of Service has been carried out by the Organisational Development and Finance Teams, with a rough order of magnitude for savings through collaboration projects at £700,000 but that this

figure is expected to increase over time as the detail of more plans is developed;

- 2.8. Note that the required level of funding to support the delivery of the programme in the longer term cannot be made available at this time, necessitating a phased and prioritised approach in the first instance (focusing more on staff terms and conditions and immediate savings opportunities and less on the broader and more complex questions of the operating model for both authorities);
- 2.9. Request that consideration be given in February 2024 to how the broader programme can be fully funded and taken forward when the budgets of both Councils are agreed (and adopting a revised programme structure in line with that increased level of funding at that time);
- 2.10. Approve the principle of the Guildford Borough Council and Waverley Borough Council Executives working in partnership on matters relating to the Transformation and Collaboration Programme;
- 2.11. Approve the principle of Simultaneous Executive Meetings (SEMs) for the Executives of Guildford Borough Council and Waverley Borough Council to consider matters relating to the Transformation and Collaboration Programme;
- 2.12. Delegate authority to the Joint Executive Head of Legal and Democratic Services to schedule regular meetings, as required, simultaneously of the Guildford Borough Council and Waverley Borough Council Executives, in consultation with the Leaders of both Councils, and
- 2.13. Invite Overview and Scrutiny Committees to scrutinise and comment upon the draft options appraisals, the recommendations and the costs and savings before these are finalised and brought back to the Executive for further consideration.

3. Reason(s) for Recommendations:

- 3.1. The recommendations made are considered by officers as the most appropriate way to:

- 3.1.1. Articulate and set the framework and goals for the collaborative work between Guildford Borough Council and Waverley Borough Council and provide a direction of travel;
- 3.1.2. Enable collaborative work to continue with the resources available and allow officers to resubmit bids for funding to deliver the vision in future years;
- 3.1.3. Ensure Executive members of both Councils can jointly debate and decide matters coming to them relating to the Transformation and Collaboration programme, ensuring transparency and agile decision making across both authorities, whilst maintaining sovereignty of both councils;
- 3.1.4. Ensure decisions relating to sharing premises and staffing are subject to proper scrutiny; and
- 3.1.5. Support the plans of both councils to achieve financial sustainability, particularly for Guildford Borough Council in the light of the reset Budget 2023/24 report (Full Council 25 July 2023) and Financial Recovery Plan (Full Council 10 October 2023) and revised Medium Term Financial Plan (MTFP).

4. Exemption from publication

- 4.1. This report is open and no parts of it are exempt from publication.

5. Purpose of Report

- 5.1. The purpose of this report is to outline the journey to date of the collaboration between Guildford Borough Council and Waverley Borough Council, including reasons for the collaboration, and to secure agreement from the Executives on the approach for further collaboration.
- 5.2. This report proposes the Transformation and Collaboration Programme as the approach for collaboration and recommends the Executive agree the recommendations to enable officers to undertake the work needed to realise the benefits of collaboration.

- 5.3. To secure agreement from the Executives to work closely together when considering matters relating to the Transformation and Collaboration Programme with a view to supporting the vision of partnership working across the two Councils, and to receive proposals for how that may be achieved, whilst maintaining independence and sovereignty.

6. Strategic Priorities

- 6.1. A vision for the partnership was reported to both Guildford Borough Council and Waverley Borough Council Full Council meetings in July 2021. This vision has been summarised and updated and is presented in this report (Appendix 1) for formal agreement.
- 6.2. The work of the Transformation and Collaboration Programme will support the delivery of the five principles set out in the vision. In July 2023, Guildford Borough Council's Full Council received the expected Budget review report which set out that council's urgent financial situation¹. While all councils face critical financial challenges in the medium term, the shared senior officers have reported to Guildford Borough Council that its situation is more urgent and at a larger scale than most. Guildford Borough Council will have to transform parts of how it operates and the services it provides if it is to avoid a "Section 114" declaration, which is a statement by the Chief Finance Officer that expenditure is greater than the available resources. The management team believes that the proposals for the shared Transformation and Collaboration Programme are vital to both councils' sustainability plans and, indeed, that the alternatives (either to pause or reverse collaboration) would represent missed opportunities for cost reduction and avoidable expense. The partnership risk register and the provisions of the Inter-Authority Agreement provide protection for one council from adverse events in the other. The Joint Governance Committee (JGC) is charged with reviewing both the risk register and the Agreement and should

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<https://democracy.guildford.gov.uk/ieListDocuments.aspx?CIId=159&MIId=1659>

continue to do so, with the support of the officer team, in the light of the Guildford Borough Council Budget reset report.

7. Background

- 7.1. Following a report by the Local Government Association (LGA)² commissioned to understand the scale of financial and other benefits that closer partnership working between Guildford and Waverley Borough Councils could unlock, on 6th July 2021 Guildford Borough Council and Waverley Borough Council each agreed to pursue the creation of 'a single management team, comprising 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 Joint Chief Executive was appointed in December 2021, followed by the adoption of the Inter-Authority Agreement in April 2022, creation of the JGC, and appointment of Strategic Directors in July 2022. The new JMT of Executive Heads of Services came into effect in October 2022. The creation of the JMT exceeded both councils' financial savings targets. Since then, the Transformation and Collaboration Programme Initiation Document (PID) (Appendix 5) and programme structure (Appendix 3) have been drafted.
- 7.2. Financial saving was one potential benefit identified from future collaborative working, but the collaboration initiative also seeks to deliver several non-financial benefits. The Guildford and Waverley Partnerships Vision statement (Appendix 1) states that the 'partnership will form a stable basis for any future partnership discussions that arise, whether locally or as a result of Government policy'. Collaboration between the two councils seeks to provide opportunities to deliver carbon neutral operations by 2030 (both Councils have declared climate emergencies and have action plans in place) and unlock opportunities to deliver sustainable and resilient public services.

² Agenda for Council on Tuesday, 25th July, 2023, 7.00 pm - Guildford Borough Council

- 7.3. The creation of the JMT has enabled several early benefits to be delivered by both Councils, through informal and interim collaborative approaches. These are summarised in **Appendix 2**.
- 7.4. The JMT is exploring longer-term possibilities for providing services differently, digitally, and together with less financial cost and less impact on the environment. The proposals for the structure of the Transformation and Collaboration Programme contained within this report reflect the thinking and planning work which has already been undertaken. As further options for collaboration develop these will be developed into projects and managed through the Transformation and Collaboration Programme

Partnership working between the two Executives

- 7.5 It is likely there may be several additional matters relating to the Transformation and Collaboration Programme coming before both Executives for consideration as the programme progresses. There may be benefit to the two Executives being able to consider and debate such matters together, including greater transparency, the opportunity for harmonised decisions, and ability to negotiate solutions, as well as reducing officer time and meeting duplication.
- 7.6 One option would be to make no change. This would mean officers would take separate reports to separate meetings of the two Council's Executives. There would be a time delay between the two meetings which would mean decisions would be made in isolation, and to be effective, may need to be made subject to the decision of the Executive of the other authority. The decision of one Executive would be in the public domain prior to the other Authority considering the same matter. The Executives would be able to observe the meetings of the other Council's Executive and listen to the debate but would have no opportunity to join such a debate.
- 7.7 A second option would be to schedule SEMs, and this is the recommended approach. Such meetings would be separate meetings of the two Council's Executives, with identical agendas to include matters relating to the Transformation and Collaboration Programme, held at the same time and in the same meeting room. This would allow the

Executives to debate matters collectively and hear the views of the other prior to making their decisions. A separate vote would be taken on each agenda item, meaning that each Executive retained its sovereignty and independent decision making. The location of each meeting would alternate between Guildford and Godalming. Members of each authority would be able to ask questions of their Executive, albeit in the presence of the other authority's Executive. There would be two Chairs present; one for each of the meetings taking place. A protocol may be helpful to govern the practical arrangements of such meetings, but no changes would be required to the constitution of either Council. As set out in paragraph 11.6, Section 102 Local Government Act 1972, as amended by section 9 Local Government Act 2000, permits a Local Authority to establish joint committees of two or more local authorities to discharge any of their functions.

- 7.8 A third option would be for the Executives of both Councils to form a Joint Executive Committee, comprising of the Members of the Executives of both Councils. This has the added complication arising from the lack of parity in the number of members on each Executive so the 'power' of such a committee would not be equal and for this reason, it is not recommended. This option would require change to each Council's constitution and has an impact on the sovereignty of each Executive.

8. Consultations

Staff Consultation

- 8.1. The formation of the JMT was carried out in consultation with affected staff and their union representatives from both authorities. This will continue to be the approach taken to any projects which directly affect staff as per each Council's agreed policies. The Chief Executive, Executive Head of Service for Organisational Development and both organisations' HR managers meet on a regular basis with union representatives of both authorities and transformation and collaboration activity is a standing item. In addition to formal consultation and engagement with union and staff representatives, there will be a programme of staff communications and engagement

to ensure staff are kept up to date with the programme as it progresses.

Councillor consultation

- 8.2. This report recommends both Councils' overview and scrutiny functions be invited to engage with the proposed programme as it progresses. Beyond this, councillor briefings will be held at key stages of the process.

Public consultation

- 8.3 As far as any proposals may affect public-facing services or external stakeholders, the appropriate consultation will be undertaken.

9. Key Risks

- 9.1. The PID (**Appendix 5**) sets out the risks identified in spring 2023 during the set-up of the Transformation and Collaboration Programme spring of 2023:
 - 9.1.1. The risk of delivering little very slowly if not enough resource is provided or the programme is not prioritised;
 - 9.1.2. The risk we will not be able to afford the IT/Terms and Conditions costs needed to deliver business cases that achieve the vision/objectives; and
 - 9.1.3. The risk we do not have enough expertise in house to deliver a programme of such magnitude.
- 9.2. The JGC periodically undertakes a formal review (at least once every 6 months) of these and other identified risks on the collaboration risk register, reviewing impact and likelihood scores and making any changes to the list of risks and mitigating actions.
- 9.3. The main risks to the Programme so far are having a lack of resource to support the programme, including within the enabling functions.

10. Financial Implications

- 10.1. These are challenging times financially, for both Councils. The Transformation and Collaboration Programme is part of a range of actions aimed at meeting financial shortfalls in both MTFPs. The programme does, however, require resources to carry out critical enabling work required to realise savings from further collaboration.
- 10.2. Initial benefits realisation work with the joint Executive Heads of Service has been carried out by the Organisational Development and Finance Teams, with a rough order of magnitude for savings through collaboration projects at £700,000. It is clear from this work, and from that of other council partnerships elsewhere over the years, that future savings are likely to be found from the ability to share teams across both councils, thereby realising efficiencies and economies of scale.
- 10.3. The enabling work needed at this next stage of the programme will focus on establishing the best approach to harmonising staff terms and conditions. It is recommended each Council initially contribute one-off funding of £100,000 of revenue and £100,000 of capital. For **Guildford Borough Council** this will be funded from flexible use of capital receipts and the Finance Recovery Reserve. For **Waverley Borough Council** this will be funded from the invest to save reserve.

11. Legal Implications

- 11.1. On 6th July 2021, Guildford Borough Council and Waverley Borough Council each agreed to pursue the option of creating and sharing a single management team as the most appropriate means for bringing forward business cases for future collaboration.
- 11.2. On 5th April 2022, Guildford Borough Council resolved to enter into an agreement with Waverley Borough Council on a jointly agreed set of terms for the purpose of establishing a joint senior management team. On 22nd April 2022, Waverley Borough Council resolved to enter into an agreement with Guildford Borough Council on a jointly agreed set of terms for the purpose of establishing a joint senior management team.

- 11.3. Section 113 of the Local Government Act 1972 provides a local authority with a statutory power to 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, after consulting such officers.
- 11.4. An inter authority agreement, in accordance with s113 Local Government Act 1972, was executed between the parties of Guildford Borough Council and Waverley Borough Council on 13th September 2022, to govern the provision of a joint senior management team. It was varied on 20th October 2023 to reflect the review in March 2023 carried out by the JGC.
- 11.5. That joint senior management team, consisting of a Joint Chief Executive, Joint Strategic Directors, Joint Statutory Officers, and Joint Executive Heads of Service, has been created and appointed to. It has been operational since October 2022.
- 11.6. Section 102 Local Government Act 1972, as amended by section 9 Local Government Act 2000, permits a Local Authority to establish joint committees of two or more local authorities to discharge any of their functions. In April 2022, each of the two Councils, agreed to establish a JGC, in accordance with section 102(1) of the Local Government Act 1972. Within the terms of reference, the Committee's role and function is said to be to undertake periodically a formal review, at least once every 12 months, of the inter-authority agreement, ensuring it continues to be fit for purpose and recommending to both full Councils any changes required. The last such review was undertaken by the JGC in November 2023.
- 11.7. A further inter authority agreement, in accordance with s113 Local Government Act 1972, was executed between the parties of Guildford Borough Council and Waverley Borough Council on 20th October 2023, in respect of temporary staff sharing arrangements.

12. Human Resource Implications

- 12.1. The overall drivers for the collaboration between Guildford and Waverley Borough Councils are about providing sustainable services and making financial savings across the two Councils. These are both likely to have significant impact in terms of Human Resources Implications for the workforce.
- 12.2. The Transformation and Collaboration Programme is likely to result in changes to service delivery, staffing structures and numbers which will involve significant staff and Union consultation in relation to relevant legislation such as the Transfer of Undertakings (Protection of Employment) legislation (TUPE) and consultation on changes to roles and potential redeployment and redundancy.
- 12.3. The period of the Transformation and Collaboration Programme creates a prolonged period of workforce instability over a number of years and is likely to impact significantly on both Councils' ability to both recruit and retain good quality staff during the transformation period. A workforce strategy will be developed that sets out how both councils will, during this period, ensure employees remain engaged, supported and motivated.
- 12.4. The interim period has and will continue to provide challenges in terms of managing and preparing the short-term arrangements as well as ensuring appropriate governance, contractual paperwork and system requirements are in place.
- 12.5. Additional staffing resources will need to be recruited to assist with the delivery of the Transformation and Collaboration Programme or to backfill and allow existing staff to take on the additional work required in the delivery of the programme. The amount of additional resource will depend on the options chosen and the pace at which the project needs to be delivered.

13. Equality and Diversity Implications

- 13.1. Both Councils will need to ensure they have assessed and understood the equality implications of policy and service changes brought forward as a result of this programme.
- 13.2. Where options analyses are undertaken and recommendations for change are put forward (including in regard to the two projects to explore the potential benefits of staff co-location and a single shared officer structure recommended at paragraphs 2.4 and 2.5), these will need to be accompanied by Equality Impact Assessments at that time to ensure that change does not discriminate or unfairly impact residents or staff.
- 13.3. Options analyses and recommendations put forward in regard to the two projects to explore the potential benefits of staff co-location and a single shared officer structure recommended at paragraphs 2.4 and 2.5 will, in particular, need to take account of the responsibility of both councils to provide an accessible and inclusive environment and practices where residents and staff are treated fairly, consistently and with respect.
- 13.4. Any proposed changes to Council premises will need to have regard to accessibility for people with disabilities.

14. Climate Change/Sustainability Implications

- 14.1. Proposals for sharing premises and/or co-location will need to have regard to the councils' policies of carbon reduction.
- 14.2. Collaborative working between Waverley Borough Council and Guildford Borough Council allows for enhanced coordination and planning of carbon reduction projects across a wider administrative region.
- 14.3. Proposals for the SEMs for the Executives of Guildford Borough Council and Waverley Borough Council will allow streamlined decision making for cross-boundary carbon reduction projects.

Proposals for shared staff, co-location and SEMs allow for the consolidation of resources and reduced duplication of work.

15. Summary of Options

15.1 The main options open to the Executive are:

- i. Take the approach recommended within this report
This report sets out a proposed programme of transformation and collaboration for Guildford and Waverley Borough Councils. If the Executives agree the recommendations contained within this report, they will be endorsing the overall programme structure, governance and timelines and agreeing that options analyses be undertaken in respect of the potential for creating a shared workforce and (resourced separately from this programme) premises for both Councils.
Other potential elements of the programme such as looking at a joint operating model and an IT workstream are not currently funded by the allocation within this report but will be included in proposals brought in February (as outlined in recommendation 2.8).
- ii. Take no further action on collaboration.
The Executive could choose not to progress the collaboration initiative as set out within this report. The JMT is already in place and the Executives could decide that this joint team will continue to manage the two councils' separate teams and services as they are without any further change, foregoing any future potential opportunities for service development and cost reduction.
- iii. Do something else
The Executive could agree to pursue the collaboration in a different way or to a greater or lesser degree. Options for the Economic Case to deliver the objectives of the Programme are set out in the PID (**Appendix 5**). For example, the Executive could resolve to pursue some of the projects referenced within this report but not others or it could ask for officers to focus on something else altogether. If collaboration were to be abandoned,

the termination provisions of the Inter-Authority Agreement would apply and the significant costs of dissolution would have to be reported to both councils appropriately.

16. Background Papers

- 16.1 Minutes of the Guildford Borough Council meeting 6th July 2021
- 16.2 Minutes of the Waverley Borough Council meeting 6th July 2021
- 16.3 Minutes of the Guildford Borough Council meeting 5th April 2022
- 16.4 Minutes of the Waverley Borough Council meeting 22nd April 2022
- 16.5 Minutes of the JGC meeting of 17th March 2023
- 16.6 Guildford Borough Council Constitution
- 16.7 Waverley Borough Council Constitution

17. Appendices

- 17.1 Guildford and Waverley Partnership Vision (Appendix 1)
- 17.2 Achievements of collaborative working to date (Appendix 2)
- 17.3 Transformation and Collaboration Programme structure (Appendix 3)
- 17.4 Investing in Change Capacity (Appendix 4)
- 17.5 Transformation and Collaboration PID (Appendix 5)