



Joint chief executives and shared management posts

This briefing is one in a series of briefing papers being issued by APSE around efficiencies and how local authorities can deal with budget constraints and maximise their opportunities such as income generation. As councils face tougher times and unprecedented financial constraints, APSE have brought together some examples of where efficiency savings have been made and some examples of best practice. Whilst many ideas are transferrable between councils, APSE recognises that local circumstances will vary and what works for one local authority may not work for another.

Key issues:

- A shared Chief Executive should be regarded as a short term solution preceding a possible merger of officer teams
- Reaching an initial party political agreement between authorities is the main determinant in establishing a lasting shared service.
- Further information and support is available from APSE by contacting rbailey@apse.org.uk

1. Introduction

Go back four years and the concept of sharing a chief executive was still novel and mainly restricted to 'high flyers' parachuted into 'failing authorities' to bring stability for a couple of days per week whilst still maintaining their main job elsewhere.

Other District Councils spent years attempting to link up, only managing to complete the transition when both Authorities were under the same party control. The first being Adur and Worthing Councils who share one officer team, whilst retaining the separate decision making Council chambers and elected members.

Since then many further districts have merged the officer structure, more recently at Redditch and Bromsgrove, with a plethora of others either sharing chief executives or moving to a more integrated structure. This has not only crossed county boundaries as in the link between High Peak

(Derbyshire) and Staffordshire Moorlands (Staffordshire) Councils, but some proposed where there is not even a common geographical boundary in Breckland and South Holland.

Several share a common Section 151 officer (Hambleton and Richmondshire), others (Melton and Harborough) have shared a joint head of the legal services splitting the days across the week.

2. Counties and Unitaries

The concept of one Authority providing the service for another is a well trodden path although in most cases the relationship is either contractual or through a joint board. Many services including Waste disposal, transport and pensions were placed under joint boards and run by a single authority after the break-up of the Metropolitan Counties in 1986. The model is easily adapted to run other services on a wider remit. Recently Oldham and Rochdale have experimented with a joint head of Facilities Management covering catering and cleaning services between the two Councils although the arrangement has since ceased.

A less used path is the merger of two departments into a single service. Recent announcements by Westminster and Kensington and Chelsea to merge Children's services into a single entity may mark the start of a growing trend. Adult care services is another possibility and joint appointments of local PCT directors has been tried with varying success

3. Methodology

Staff employed jointly may either have a contract of employment stating that they are jointly employed or be hosted by one Council with a proportion of salary invoiced to the other.

Whilst sharing a single Chief executive may be a relatively simple exercise to arrange, merging the officers of two authorities is unlikely to be quite so 'pain free'. Usually a new management structure is agreed and starting from the top downwards officers are asked to apply for the positions. Although some officers may opt to take the retirement/redundancy route, competition for positions is likely to be significant. At lower tiers the redundancy route is likely to be the only option where there is significant overlap. Differences in pay and grading as a result of Job Evaluation are likely to require special attention with a new unified structure.

By way of example, South Oxfordshire and the Vale of White Horse Councils merged officer teams in February 2009. The Councils have moved from two chief executives, five directors and 14 heads of service, to a combined structure with one chief executive, three directors and eight heads of service. The annual salary saving is £750,000 (with a one-off transition cost of approximately £1.2 million).

4. Savings

It is too early to confidently lay out the exact savings available, although annual salary savings achieved by the first 10 pairs of sharing councils ranged from £60,000 to £1.1m, according to a 2009 study by Local Government Improvement & Development.

Cambridgeshire and Northamptonshire CCs are to share their back office functions in an attempt to save more than a £1m a year.

Westminster and Hammersmith & Fulham Council's plan to merge their education departments and expect to generate 20 per cent savings over the next three years. The up-front redundancy costs and where appropriate enhanced retirements are likely to add to costs and therefore diminish overall savings for several years.

5. Implications

The position of a shared officer is not without its problems although the scale is likely to mirror the seniority of the position. In general shared staff and integration bring the following benefits and potential negatives:

Benefits

- Medium to long term financial savings
- Ability to retain officers in a larger structure
- Capacity increased with potential for development of service specialists
- Opportunity to rationalise office and depot space.

Negatives

- Some loss of local accountability and potential for disputes on resource allocation
- Initial disruption across many service areas
- Redundancy and retirement costs may remove any initial savings
- Software systems may not be complementary. In such a situation, up front migration costs may be significant

Those chief executives, who have shared their views, have highlighted the lack of time to get involved in operational matters as frustrating and juggling the political misgivings of their home cabinet as most challenging.

A more comprehensive briefing on shared services and joint working (Briefing 10/40) may be accessed through the APSE website.

6. APSE commentary

APSE welcomes a structured approach to releasing management costs, ensuring that the maximum possible resources are deployed on the 'front-line' delivering the services resident's value.

Whilst sharing staff may provide an interim solution to a short term difficulty, longer term the removal of the most senior members of staff for several days a week is likely to be disruptive and performance will suffer. If the arrangement is likely to last more than a year a shared structure is likely to prove a better basis for maintaining quality of service delivery

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