BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

From: JOINT MEMBER INTEGRATION BOARD	**Report Number: L87**
To: COUNCIL	**Date of meeting: 25 October 2011 (BDC), 27 October 2011 MSDC**

REFRESHED BUSINESS CASE, INTER AUTHORITY AGREEMENT AND REVISED OFFICER DELEGATIONS

1. Purpose of Report

1.1 Officers presented to the Joint Member Implementation Board (JMIB):

- A refreshed business case with the emphasis on the integration and transformation of services
- An Agreement that will govern the legal relationship between the two councils as they progress with the integration of staff and services (the Inter Authority Agreement)
- Options on how costs and savings could be dealt with between the two councils
- Revised Officer Delegations.

1.2 The JMIB accepted the business case and endorsed the proposal for integration and transformation set out therein. The proposal is set out in the BMI Programme. JMIB will continue to steer and monitor progress with the BMI Programme. As a result the JMIB is making recommendations to both Full Councils.

2. Recommendations

2.1 That the following recommendations from the JMIB be endorsed:

2.1.1 That the revised business case is noted and the proposal for integration and transformation be endorsed.

2.1.2 That JMIB continue to steer and monitor the BMI Programme on behalf of both councils.

2.1.3 That the Inter Authority Agreement be approved.

2.1.4 That the revised Officer Delegations be approved.

3. Financial Implications

3.1 The refreshed business case shows increased savings from staff integration because of the highlighted focus on transformation compared to the previous business case. Initial savings are £1.3m in 2012/13 and ongoing annual savings of £2.0m a year by 2014/15 with potential additional savings, depending on the success and results of transformation. This compares with £1.3m a year in the previous business case.

3.2 Total minimum estimated savings are around £13m over the next eight years (including 2011/12) with a payback of around 3– 4 years i.e. by the end of 2014/15 or during 2015/16. These savings will make an important contribution towards the significant savings needed over the next three years.

4. Risk Management

4.1 This report is most closely linked with the Councils' Corporate / Significant Business Risks:

4.2 Babergh:

- Risk 2 – Efficiencies and savings
- Risk 3a – Shared services – Integration with Mid Suffolk DC

4.3 Mid Suffolk

- Risk G2 – Senior Management capacity – Integration with Babergh DC
- Risk B7 – Identify options to meet 2012/13 budget gap

4.4 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
The BMI Programme is not managed effectively	Low	Critical	A business case with full financial implications and both financial and non-financial benefits and outcomes
There is no methodology or agreement on how costs and savings arising from the BMI Programme are handled	Low	High	An agreed Inter Authority Agreement
Officers appointed to the new management structure are unable to effectively carry out their role.	Low	High	Amendments to Officer Delegations are made for inclusion in each Constitution.

5. Consultations

5.1 Consultations have taken place with JMB, the Joint Programme Manager and the Section 151 Officers

6. Equality Analysis

6.1 This is covered in clause 22 of the Agreement.

7. Shared Service / Partnership Implications

7.1 A refreshed business case, Inter Authority Agreement and revised Officer Delegation are necessary for the effective implementation and management of the BMI Programme.

8. Key Information

8.1 The business case has been refreshed with the emphasis on the integration and transformation of services. It explains what integration and transformation might involve and provides some high level indicators of how this might be achieved. The executive summary of the business case is attached as Appendix (a).

8.2 There are increased savings from staff integration because of the highlighted focus on transformation compared to the previous business case. Initial savings are £1.3m in 2012/13 and ongoing annual savings of £2.0m a year by 2014/15 with potential additional savings, depending on the success and results of transformation. This compares with £1.3m a year in the previous business case, which did not allow for transformation.

8.3 Total minimum estimated savings are around £13m over the next eight years (including 2011/12) with a payback of around 3– 4 years i.e. by the end of 2014/15 or during 2015/16. These savings will make an important contribution towards the significant savings needed over the next three years.

8.4 The Inter Authority Agreement will govern the legal relationship between the two councils as they progress with the integration of staff and services. It establishes and effects provisions for management of the integration of staff and services and sets out the Local Authorities' responsibilities in respect thereof and to each other.

8.5 The Agreement also sets out the principle that costs and savings shall be apportioned so that each Authority bears an equal share. This was agreed through the separate paper presented to JMIB on this matter.

8.6 The Agreement is an extremely flexible document which can be adapted to suit changing circumstances as the BMI Programme progresses.

8.7 Arising from the new organisational structure the current Officer Delegations in the two councils are out of date. These have been revised and set out for inclusion in each Constitution as general delegations rather than detailed specific delegations. This is a safer approach as detailed delegations can become out of date and may miss out delegations which should be present presenting a risk to the councils. As an interim measure existing officer delegations will remain in place until replacement postholders have taken up their posts. When all posts have been filled and all new delegations are operating, members will be notified.

9. Appendices

Title	Location
(a) Business case executive summary	Attached

10. Background Papers

Title	Location
(a) The revised business case	Councils' intranet: Babergh – Babergh under Review section Mid Suffolk – Working Together section
(b) Inter Authority Agreement (c) Proposed Officer Delegations	JMIB Agenda – 13 October 2011.

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1 Business Case Executive Summary

1.1 In 2010 Babergh and Mid Suffolk embarked on a programme of integration and potential merger. One of the key drivers was achieving financial savings to meet the budget shortfalls that were forecast for the next three years.

1.2 As a result of extensive engagement and consultation and an advisory residents' poll, it was decided that constitutional merger and the creation of a single council should not proceed but that staff and service integration was essential to achieve savings, and increase resilience and capacity to deliver the outcomes that both councils were aiming to achieve.

1.3 It is now even more apparent that the changing public sector and local government landscape requires, in addition to integration, radical approaches and a commitment to transforming the way both councils operate. This updated business case explains what integration and transformation might involve and provides some high level indications of how this could be achieved.

1.4 Our ambition for service integration and transformation is that we will judge ourselves against the 'best in class' and, through transformation seek to emulate 'best in class' whilst achieving significant savings. Other key benefits sought include increased resilience and enhanced opportunities to deliver improved outcomes for residents.

1.5 The councils appointed a joint Chief Executive in May 2011 and a new joint management team will be in place by November 2011 with an integrated staff structure for the rest of the two councils in place by June 2012. The new team will, with elected Members, drive the changes needed to integrate, transform and achieve the joint vision.

1.6 There are increased savings from staff integration because of the highlighted focus on transformation compared to the previous business case. Initial savings are £1.3m in 2012/13 and ongoing annual savings of £2.0m a year by 2014/15 with potential additional savings, depending on the success and results of transformation. This compares with £1.3m a year in the previous business case, which did not allow for transformation.

1.7 Total minimum estimated savings are around £13m over the next eight years (including 2011/12) with a payback of around 3– 4 years i.e. by the end of 2014/15 or during 2015/16. These savings will make an important contribution towards the significant savings needed over the next three years.

1.8 Earlier savings may be possible by using set aside earmarked reserves to meet redundancy/other transition costs, and if there is the ability to capitalise some of the redundancy costs.

1.9 More savings should be achieved through transformation and an indicative estimate of a further £1.8m savings by 2014/15 has been made. This would help towards savings over the next three years and improve the payback period.