

Crossing the border:

Research into shared chief executives



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Foreword

The future landscape is looking increasingly fragmented for local government with councils tasked to hold together disparate, largely autonomous organisations – mutuals, social enterprises, free schools and community groups – alongside the leisure trusts, academies, further education colleges, housing arms length management organisations (ALMOs) and registered providers that already populate the crowded public sector. Local government has sought to wrestle with these changes whilst having to implement an average 28 per cent cut in central government grant over the next three years. Not surprisingly the structure of local government is adapting and changing to these push and pull factors.

Over the last year, the Local Government Association (LGA) has sought to evaluate the contribution of shared management, shared services, and other ‘new ways of working’. We have an interactive map on our website detailing over 160 shared services arrangements delivering some £165 million worth of savings. In the Spring we will be publishing a separate piece of work to look in greater depth at the savings and benefits delivered by a handful of the most established arrangements.

This report from Localis looks at the emerging experience from the first group of shared chief executive arrangements. It is based upon interviews with leaders and chief executives of both successful arrangements, as well as those which did not eventually proceed to share. Its aim is to highlight the lessons and factors behind progression,

and by so doing inform the sector, and the debate generally, as to the necessary ingredients for a successful and sustainable shared chief executive initiative. There are currently 34 councils who share a chief executive and joint management team. The majority are across district councils and as such the respondents experiences featured here are largely, but not exclusively, from a district council perspective. Previously the proportionality of efficiency savings from sharing a chief executive made this a more attractive scheme for district councils. Now some unitary councils are considering or pursuing such an arrangement.

It is clear that there will be no ‘one model’ for all councils, there is a considerable degree of overlap between the models – shared management is feeding into shared services and vice versa. Encouragingly, the report covers other related issues important to the respondents. Respondents gave their opinions in confidence, and they remain their views – the LGA does not endorse any particular standpoint.

Perhaps the point that struck me most was a comment – reinforced by others – that if the people involved in the implementation of shared management didn’t get on or trust each other, no matter how good the idea was, it would not succeed.

Councillor Peter Fleming

Chair of the LGA’s Improvement Board and
Leader of Sevenoaks District Council

Introduction

The recent global financial crisis and subsequent contraction in public spending have placed great challenges on both frontline service delivery and public sector management. As a consequence, there has been an increased demand (and necessity) for public sector innovation, and the investigation and, where it has proved appropriate; the implementation of shared chief executive initiatives has become a growing trend in local government.

In March 2011, the Local Government Association (LGA) published its guide on Shared Services and Management which offered a number of important recommendations but was primarily focused on sharing of services¹. Management structures and the services they facilitate are of course interlinked, but there is room to analyse the former in and of itself in greater depth. And, despite the increase in numbers of shared chief executives, there has not been any specific research undertaken to explore why some initiatives have proved successful while others, despite the best efforts of all those involved, have not progressed beyond exploratory talks. Whilst touching on related questions such as service provision, this report is designed to address the information gap specifically surrounding shared management.

For this report, commissioned by the LGA, Localis have interviewed over 25 council leaders and chief executives from a range of shared management initiatives – including those which are currently in operation, and others where initial moves did not eventually come to fruition.

To be clear from the outset, this report concentrates on inter-authority sharing of high level management structures, rather than discussions over how best to share positions within a given authority, although developments in this arena may be a fruitful area for future research.

To ensure as frank and honest a set of responses as possible, the opinions expressed within this report are non-attributable to individual councils. There are three aims here: to provide valuable lessons for councillors and officers interested in pursuing shared chief executive and top team arrangements; to help facilitate a discussion surrounding the issue amongst key stakeholders; and to scope out best practice.

¹ Shared Services and management: A guide for councils, Local Government Association, 2011.

In addition to the councils we spoke to, we also interviewed a number of leaders and chief executives from other local authorities who are doing noteworthy things in related areas. Due to their more unique nature, these interviews were conducted on the basis that interviewees might be quoted, and we have sought to weave in their thoughts where appropriate.

These additional interviewees include:

- Sir Richard Leese and Sir Howard Bernstein from Manchester City Council, about the achievements of the Greater Manchester Combined Authority
- various leaders and chief executives from the Tri-borough (Hammersmith & Fulham, Kensington and Chelsea, and Westminster Councils) who are a high-profile current example of the type of initiative this report explores (with projected savings of up to almost £12 million a year expected by 2014/15)
- Councillor Jane Scott, Leader of Wiltshire Council, and Councillor Chris Millar, Leader of Daventry District Council, have also offered some helpful comments about the nature of the internal restructuring of upper level management within those two authorities
- practitioner perspectives' from several of these figures are included – both in the form of comments on individual issues, and overarching views on shared management – at various points in this document.

The structure of the rest of the report is as follows. The first section gives some background to the research. Then the bulk of the report – the research findings from our initial interviews – is broken up into five subsections which explore i) the context for initiatives (how talks started, the rationale for shared management, and how much support they had for their initiatives), ii) the circumstances that led to some initiatives not leading to an integration of management structures, iii) the lessons that can be learnt from successful initiatives, iv) some wider perspectives on elements of shared management, and v) related issues to shared management our discussions have flagged up.

We conclude with three contextual sections. The first outlines recommendations made based on this initial round of interviews. The second pulls together the findings of a roundtable discussion held on 4 January 2012 which gave contributors the opportunity to comment on our initial findings. Lastly, we outline where the discussions this pamphlet outlines may go next, and the work the LGA is seeking to undertake in this regard. A brief appendix is attached detailing further sources of relevant information that may be of interest.

Background

“As a shared chief executive I’m not doing two jobs – its one very different job that requires a shift in approach from members, staff and the senior management team. The key to being effective as a shared chief executive, and delivering effective shared services across two authorities, is in understanding the soft, cultural, issues and differences as much as the procedural and contractual ones. Yes, it is tough and demanding, but it unlocks so many opportunities for effective change and potential for improvement.”

Stephen Baker

Shared Chief Executive Suffolk Coastal and Waveney District Councils

What is shared management?

The 2006 Local Government White Paper entitled ‘Strong and Prosperous Communities’ highlighted the potential for shared management to drive the efficient provision of public services, and to ensure, as much as possible, that one is able to get ‘more for less.’² Both the sentiment and date of this statement suggest, importantly, that

the impetus behind shared management initiatives is not completely tied in to recent financial constraint, and the examples surveyed here in many cases pre-date the greatest of the cuts in grant. That said, these are still relatively early days for many shared chief executive schemes, and any conclusions regarding their utility and sustainability must be tentative at this stage.

Shared management initiatives generally – and certainly in the case of those surveyed here – include the appointment of a single chief executive across multiple local authorities, and may extend to joint appointments of directors, heads of service and other managers.

These officers work across local authority boundaries and are responsible to the different democratic structures in place in each authority. It should be noted that shared management practices also extend beyond local government, with authorities already sharing positions such as chief executives and directors of public health with National Health Service (NHS) bodies such as Primary Care Trusts, in some cases long before central government required this.

Traditionally, sharing management has been seen as a way of delivering efficiency savings and reducing back-office management costs for smaller councils.

² ‘Strong and Prosperous Communities’ (Vol. 1), DCLG, 2006, p12.

Some authorities, however, are taking this further and are sharing staff at a much lower level, thereby joining the growing trend of shared services, either directly-provided or through an outsourcing partner.

The precise moment when more extensive forms of shared management become shared services can be difficult to delineate, and this report shows that the further down the road to shared management a council travels, the more likely it is to share its services (even, on occasion, when management initiatives breakdown).

There are two further efficiency arguments made for shared management initiatives. Firstly, that they can help eliminate redundant duties within partner councils and streamline leadership.

Secondly, that cross-council collaboration allows for the combination of the strongest components of two or more authorities. Combining forces – or tackling one problem with more ‘ammunition’ – allows for the management and provision of public services to be not only more efficient and effective, but also increases the resilience of the organisations involved.

Methodology

To scope out both best practice to date and where improvements might be made, interviews were conducted over the telephone and in person with a range of chief executives and council leaders from authorities across the country between 10 and 30 November 2011. Starting with general background (when/what/and how was the plan sketched out), we then moved to the rationale for the initiative (exploring issues of finance, central government input and the vision set out). For successful initiatives, we then interrogated the reasons (member/officer issues, communication and other challenges) and measures (savings made, additional benefits, and levels of enthusiasm) for success.

For initiatives that did not reach a successful outcome, we moved onto the reasons (again with reference to member/officer input, but first asking for their three major explanations) and implications (such as current relationship with the other council, money and time lost, and the propensity to try such a measure again) of the breakdown. Lastly, both surveys concluded with more overarching questions on the structures (such as the size, party politics, and non/co-terminus nature) of any given initiative, before rounding off by asking for some general comments on the process itself.



Research findings

The Context

Early stages

This subsection examines the beginning and formative processes of shared management initiatives, including the main stimulus for talks, the project's preparatory discussions and the initial plan of the project. More often than not, either the end of a chief executive's tenure or financial necessity proved to be the driving impetus for shared management initiatives. A three to six month period of time emerges as the 'ideal' amount of time for initial talks and, during this time, agreeing on a shared vision is essential to the project's success.

Who initiated talks?

- A key trigger was often the imminent departure of a chief executive of one of the partner authorities – sometimes through the chief executive officer (CEO) applying for another position, more often through retirement. In many cases this provided the spark to build upon previous informal discussions. It should be noted that, in several cases, discussions had been ongoing with authorities other than that which eventually made up the partnership. Shared management initiatives can be as much about pouncing on a narrow window of opportunity as the final stage of a series of prolonged talks.
- In some cases, as we will see, finance was an important stimulus. Councils facing

severe financial challenges showed, as one would suspect, a willingness to proactively seek talks.

- In one case, a local MP helped to move the process along by using his local expertise and offering his support to the scheme.
- The detailed work on initiatives could also be led by councillors, though not always successfully. Political buy-in was seen as a key early step, but officers would usually hammer out the details as an initiative progressed.

How long did talks take?

- Talks usually lasted several months to a year. Successful initiatives have resulted from talks as short as three months long. Talks taking over six months, however, have often resulted in less favourable outcomes.
- Given the importance of building good personal relationships between the key players, it is worth noting that council leaders and chief executives of successful initiatives had often established a rapport prior to beginning formal talks. One successful example was given impetus over a cup of tea where one party involved 'learned we could work together'.
- Several participants stressed the need to maintain momentum to stop inertia and internal politics scuppering matters.

“If the circumstances are right, shared management structures can have some real benefits. If done well, they can provide important cover for areas in danger of significant cuts, offer officers a real boost to their CVs, and drive much needed savings. Authorities must find the model that suits them, not simply pull any identikit structure ‘off the shelf.’ Personalities both at the senior officer and political level must align, and there must be an open debate as to the costs and benefits of any scheme. With the future challenges facing the sector, shared management can offer a pragmatic way of making savings whilst helping to protect the frontline.”

Councillor Chris Millar

Leader, Daventry District Council

What was the plan?

- When plans relied on the removal of one member of staff (principally the chief executive), there was a greater risk they would break down.
- Plans ranged from an initial intention just to share a chief executive to a more overarching change in structure from the outset.
- Several interviewees indicated that articulating a common ‘vision’ in any initial agreement was more important than formulating any more iron-clad, detailed document. Speed was viewed as key by a large number, the belief being it is best to agree on the overarching vision now and settle the details later.

The rationale for reform

Shared management initiatives have recently materialised in a larger context of reform. Overall, we found that financial concerns played a large role within the shared management process. While central government has taken a view on shared management and provided the Regional Improvement and Efficiency Partnership with funding to support them, most shared management initiatives have been locally driven. While these can eventually render large financial benefits, initial savings were comparatively modest.

How far have wage bills and general financial concerns driven the process along?

- Finance has played a key role in the process to date. In one case, a shared management initiative was driven because one member authority was on the verge of external intervention and did not feel ‘up for the challenge’ on their own.
- Due to the general financial climate, some had been exploring shared management initiatives with other authorities than the one they eventually joined.
- At the same time however, many of the initiatives undertaken by local authorities pre-date the most impactful of recent cuts in spending.
- Cutting senior management was highlighted by one councillor as a cut residents would accept: ‘it’s an easy win for politicians, no one is going to question management types being taken away’.
- The desire to keep high performing director level officers in house played an important role as well. For the ambitions of both the authority and some of its officers, it was felt, a single borough or district structure was too small.

What have been the overarching rationale for attempting to share a chief executive?

- One authority's primary motivating factor was that shared models were 'in vogue' and seen as 'the future', rather than an agreed locally-driven rationale. This initiative eventually broke down.
- Visions (for what a joint chief executive would achieve) have merged over time in many cases – if the details cannot be completely ironed out in the early stages of discussion, this does not necessarily preclude an initiative from being successful.
- One chief executive highlighted the momentum behind shared management initiatives, and a belief that 'this is the future,' despite the fact that, in this particular case however, discussions eventually broke down.
- Visions were often simpler than the eventual end product. Leaders in different authorities sometimes had an idea as to a candidate they could see being a joint chief executive within a proposed shared management structure, but an agenda beyond this often took more time.
- Where a large multi-tier merger was envisaged, in a couple of cases, discussions broke down due to the additional complexity of potentially sharing services (and the lack of overlap between the responsibilities of upper and lower tier authorities).

Has central government approval been a key driver?

- Ultimately, shared management has been a locally driven initiative with respondents keen to stress that they rather than the Department for Communities and Local Government (DCLG) were moving things along.

- A member of an unsuccessful initiative indicated that, cost cutting aside, their motivation was largely to please DCLG and central government in general (vis-a-vis being looked on favourably for future funding streams). Others indicated that DCLG had not been involved in talks to any meaningful degree.
- For one successful initiative, it was more a case of engaging with DCLG to sell their particular model, rather than 'for central government to give permission for us to do it.'

How much have councils anticipated saving (and has this worked out)?

- A wide range of anticipated savings was generally observed. That said, the initiatives that have succeeded to date have tended to realise efficiency savings in the hundreds of thousands rather than millions of pounds per year.
- A couple of authorities strongly indicated that not setting any specific savings target was the best strategy: 'otherwise people seek to simply meet, rather than surpass, this figure'.
- In all successful cases we received estimates from, the initiatives have more than made the money anticipated – and in several cases with a 20 per cent to even 50 per cent additional saving than that initially envisaged.
- Such underestimation, many indicated, was a result of trying to sell a clearly 'realistic' business case for sharing management structures in the initial stages of internal discussions.

Saving Envisaged	Target met?
£0.5 million initially, £0.5 million from second tier	Yes
£0.3 million	Yes – over £0.5 million saved
£1 million per annum	Yes – £3.5 million over three years
£0.4 million	Yes – £0.6 million saved
No target	£0.5 million

Ongoing Case Study: Tri-borough³

Since the summer of 2010, Westminster City Council, the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham have been developing proposals for closer working. Their chief rationale, laid out in their joint publication ‘Driving Change’, was to ‘improve the quality of life for residents, improve the service [they] offer to businesses, and help meet the financial challenges...caused by the structural deficit in public finances.’

Seeking to deliver a savings target of £100 million, they are using shared management to avoid simply reducing service levels. The democratic sovereignty (and thus accountability) of each council is maintained – through the use of ‘mandates’ which spell out the particularities of each council’s service provision – and through cutting management costs in libraries, youth services, and care services, they are aiming to maintain the frontline as far as possible in each authority. Finance then is a key consideration – but as an ends to a means.

³ ‘Driving Change: Leadership, trust and money’, Tri-borough, 2011, p5.

Levels of support

A potential turning point for the outcome of a shared management initiative lies in the support it can muster – most importantly from members and officers. The findings highlight the importance of officer support, creating an atmosphere of mutual trust, and the initiatives put in place to further enhance both these points. A large number of respondents identified clear and consistent political will as being essential to the success of the initiative. While a strong following is necessary from within the councils, residents support – and even interest – in shared management initiatives appears less likely to have any tangible effect on the overall outcome of the project.

Were members supportive of initiatives?

- Ensuring the ongoing support of members was key for successful councils and members were vital in promoting the initiative to staff and the wider public. If members were disinterested in the initiative, it struggled.
- Where members of a particular council saw the initiative as a ‘takeover’, this became a major factor in causing initiatives to stall. Drawing up early ‘lines in the sand,’ as we will note, could help here.
- If members changed their minds as to the project’s viability, ultimately the initiative would often breakdown, particularly where there was a change of leadership in the middle of implementation.
- Where chief executives initiated the idea of a shared management initiative, winning the support of members took a lot of the chief executive’s time – adding to the initial costs of the initiative.

Were officers supportive?

- One successful initiative stressed the need to secure political will amongst officers. In that example, the chief executive secured officer approval, put his team of staff in place and then took it to members for approval. It is harder, the chief executive intimated, to build a successful initiative starting with member approval and then moving to officers than the other way round.
- A couple of respondents warned of the need to look out for those within the organisation who, should they wish, have the potential to derail the project.
- Support from officers was, though, no guarantee of success. As one would suspect, both members and officers need at some stage to be brought on board.

Were residents supportive?

- By and large, residents expressed little interest in shared management initiatives.
- Few therefore overtly opposed such moves, and as one successful initiative council leader put it, 'I've received zero phone calls saying it was a bad thing,' and another leader highlighting shared management as 'an electoral asset.'
- That said, discrepancies of support across two authorities were important in another initiative breaking down. The perception that one would benefit more than the other saw members (mostly from the opposition) become increasingly concerned.

When discussions did not progress

This section directly addresses the problems encountered by shared management

initiatives which were not eventually successful and aims to identify patterns in the collapse and perseverance of such projects. Overall, members' and officers' personal interest in the initiative helps to determine the overall success of shared management. Even when cooperation between local authorities cannot be taken onto sharing management structures, an initiative's lack of progress does not always contribute to a downward spiral of the professional relationship on the whole. Again, setting and sticking to a shared vision was seen by many respondents as the most important way to avoid a breakdown in discussions.

Why did discussions break down?

- Generally, authorities did not have a clear and shared vision of why they were moving towards a shared model.
- A fundamental difference in culture between authorities perceived to be member-led and those perceived to be officer-led often made it difficult to maintain positive relationships and support for the initiative.
- Where self-interest from one authority in officer appointments became obvious, relationships often broke down.
- Members and officers (both individuals and in collective form) were often cited as an example in the breakdown of shared management initiatives. That said, in a particular case, whilst one side felt officers from the other authority had scuppered the deal, the other put it down to a lack of overarching vision for the scheme itself. For the former, 'the personal self interest of officers' in the other authority was the motivating factor behind the collapse of talks. Partly, they claimed, this rested on

their counterpart authority's inability or unwillingness to 'lay the groundwork' for acceptance of the scheme, but individuals had certainly played their part. Ways of mitigating against this – such as internal communications and up-front honesty – and are explored in the next section.

- Ultimately, many authorities viewed the abandonment of the initiative as a member led decision which arose through fears of an external 'takeover.'
- A couple of authorities professed to being 'caught unaware' by the backlash – where councillors became worried about both the loss of officer support and their own sovereignty – that came from members. Their initiatives subsequently foundered.

How big a role did the personal dimension between chief executives/leaders play in the collapse of discussions?

- In one instance, a chief executive was involved in the collapse of discussions. Whilst in another case a chief executive was prepared to step down to make way for the new structure, the issue was somewhat moot as the other authority had insurmountable issues with the alternative candidate.
- The relationship between both leaders was viewed as of often critical importance by several interviewees. Initiatives can and have survived a change in leader once a single chief executive is in place, but it is important to have a constructive, honest relationship between the leader of both participating authorities at all stages (and particularly early on).
- In many cases, authorities cited personalities as the key reason why talks broke down. Again, this seemed to be in authorities where there was no agreed

vision. Trust between the key players was of vital importance.

- Despite this, however, at least one authority believed that a strong chief executive was needed to see change through, suggesting a fine balance between showing leadership and running into personal difficulties.

How much time and money was spent?

- Usually in the tens of thousands (estimates vary from £5,000 to £10,000 to £50,000), often comprising of Regional Improvement and Efficiency Partnership (RIEP) monies. Some authorities also incurred costs from consultancy fees.
- As one chief executive noted, however, the opportunity cost of officer time (together with the uncertainty generated) makes estimating the true cost more significant but difficult to quantify.

Has the relationship with the other authority been adversely affected?

- Not always, which may suggest that such talks are worth the inherent risk. Many authorities still share services.
- In one case the relationship has been 'seriously damaged'. Even though the authorities in question still share services, it is felt that this relationship has been put under some considerable strain.
- Some authorities suggested that they would try again in future if the right opportunity arose.

Has the collapse of talks engendered a risk averse attitude from participating authorities?

- There was a broadly even split between a more risk averse and non-affected set of authorities.
- One authority leader declared that he had ‘consigned the idea’ of sharing management structures with a particular neighbour ‘to history.’ A chief executive declared themselves to have been ‘burned slightly by the experience,’ whilst another stressed the need for any future agreement to be more robust than the previous attempt.
- However, several interviewees indicated that the move had little or no effect. One stressed that they would try again – and with the same authority – if the opportunity arose whilst there were many examples of services remaining shared despite the breakdown in talks regarding management. Another stated that, ‘we would try again if the opportunity arose. Both we and [the other authority] are looking for potential partners, and we will still continue to share our services where it makes sense.’

How have the public reacted?

- Widespread apathy would probably characterise the general response.
- Concerns were voiced from the third sector in one case, and a couple of respondents mentioned that the press had picked up on the story.
- The majority of responses though were along the lines of ‘[the public] didn’t care’.
- One exception stands out – going public with an agreement that ‘sounded like it was a done deal’ killed an ‘initiative stone

dead’. There is therefore an issue about getting the media management right.

Lessons from successful initiatives

There are, then, a variety of reasons that initiatives did not progress. The following subsection touches on the lessons that may be learned from successful initiatives (NB some lessons are covered instead in the concluding recommendations section of the report).

What challenges were identified by successful authorities, and how were they overcome?

- Going from ‘principle to practice’ led to some short term concern, but buy in from the senior management teams was vital in making the new shared arrangements work.
- Authorities saw the need for a guarantee of sovereignty, which helped stave off concern of takeovers or bias against any particular authority. Early identification of ‘sacred cows’ or no-go areas was also seen as helping to prevent future problems. An honest and open early airing of views created an atmosphere of trust which helped initiatives to ‘stick’ and encouraged buy-in from both sets of politicians.
- Some authorities found that making significant change happen quickly was a good way of avoiding the collapse of the initiative.
- Integration of IT systems and other processes were identified as a challenge, mitigated by sharing such back office systems – a natural progression of the more ambitious initiatives.

What did successful authorities see as key to repairing unsuccessful/stalled attempts?

- Amongst our anonymised respondents, honesty was a common requirement for a successful initiative. A thorough examination of all participants' motivations was seen as a vital way of identifying and mitigating against future problems.
- Ultimately, acting like partners helped a number of authorities get through their initiative, particularly when interested parties began to break off and refuse to engage. Left unaddressed, this could lead to an unravelling of the process.

What initiatives have helped maintain or augment support for a shared management structure?

- A clear message has been that where services have remained unaffected by the rationalisation process, authorities should not be shy about saying so publicly.
- In internal terms, a regular bulletin has been produced by numerous successful authorities. Ranging from weekly to monthly communiques – and from newsletters, to blogs, to email bulletins – the general trend was to articulate the successes of the shared management initiative, and future plans.
- Councillor Chris Millar, Leader of Daventry District Council, points out that a team briefing can play an important part in smoothing over any difficulties. “Traditionalists are not always keen on a shared management project, but resentment can be reduced in time through effective communication”.
- It is important to keep the chief executive as connected to their staff as possible, and for members not to become isolated

from their counterparts in their partner authorities. One initiative has scheduled a bi-annual visit of the CEO and leaders to every member of staff, together with a seminar and presentation by both on the successes of the initiative.

- To keep members onside in the early days of one initiative, a ‘speed dating’ session was organised whereby councillors from the different authorities would have a brief conversation over their concerns and hopes for the new structure.
- Keeping a locally-driven feel by adopting a structure that works for the individual authorities involved – avoiding the feeling of an ‘off the shelf’ solution helped avoid alienating members and officers from one or more authorities.

How have you dealt with the politically difficult task of shedding jobs?

- An open, honest process was highlighted by several respondents. Human resources have an important role to play. As one leader from a successful initiative put it, “in the absence of effective communication, others can paint a picture”.
- Where possible voluntary redundancies have been offered, and they have often been combined with a recruitment freeze.
- Job losses have not always been sweeping across the board. One shared management scheme saw less than five staff leave their posts. At another, only one applicant who applied for a post in the new system was not appointed.
- As part of an open dialogue, a couple of authorities suggested that authorities should make it clear that any new arrangement would require a new mix of skills. On the plus side, they could stress

the positive impact this could have on officer's CVs. On the other hand, 'just because employee x was an effective planner in council y doesn't mean they will be effective across the board'. It is better to be up-front about such matters.

Can a breakdown of trust between officers from different authorities be mitigated against?

- Fears were raised that in a joint chief executive structure, one authority would be prioritised over the other.
- It is likely that with many authorities undertaking shared management as a result of financial difficulty one authority will require more time from officers than the other.
- The solution suggested was an upfront honesty about precisely this, and there is little to be gained from an initiative that secures initial agreement but falls down on an issue which can relatively easily be predicted.
- One authority indicated that those exploring shared management initiatives should seek answers to the following: 'what are the organisational cultures?'; 'what are the management structures?'; and 'what are the personal ambitions?' It was stressed that finding the answers to these can help alleviate officer mistrust.
- The issue of officers commuting a long way was cited by several respondents as particularly problematic in the early stages – and members would need to get used to not having an officer constantly around to assist with any problems. Teleconferencing has helped here.

“Shared management works best when any joint chief executive trusts, and radiates that trust, in their officers across both authorities. Similarly, it is important for any council leader to know that, even if a chief executive will not physically be in their building every day of the week, someone is still calling the shots from an officer point of view, remotely or otherwise. Trust and mutual respect is vital – between a leader and their chief executive, amongst the officer chain of command, and between authorities generally. A joint executive means adopting a new structure (and technologies such as web conferencing), not creating a power vacuum.”

Councillor William Nunn

Leader, Breckland District Council

Wider Perspectives

Shared management initiatives can, quite clearly, affect public service delivery – hopefully for the better – and they can also have significant political implications. This section highlights the political structure and council landscape of shared management initiatives. The real political challenge comes when the shared management initiative is perceived to be biased (to either side) in relation to a particular authority. Also included are the overarching views of several participants from related initiatives.

What are the views on shared management initiatives between authorities that are not neighbours?

- Much praise was offered for the non co-terminus initiative at South Holland and Breckland from external observers. Derek Myers, Joint Chief Executive at Hammersmith and Fulham and Kensington and Chelsea, notes that “there is lots of good practice out there in terms of shared management, and South Holland and Breckland – in part for the uniqueness of the structure, but also its results – certainly stands out”.
- The general feeling was the non-neighbour initiatives present real challenges but that, fundamentally, they should not be ruled out. ‘The relationship,’ as one chief executive put it, ‘is more important than the geography’.
- One respondent even indicated that they can throw up less clashes than sharing with a neighbouring authority.
- Sharing services was felt to be easier to deal with where the councils are neighbours than sharing management structures. It was suggested that even when two or more authorities are under different party political control, sharing services can be executed fairly smoothly in such a structure.
- Culture was also a major issue. In internal terms, management teams need to have similar working patterns. Externally, the councils themselves should be of similar socio-economic profiles.
- The doubt was expressed that they could be sustainable with three councils or more.

“Greater Manchester is something of a unique case. Its long history of public-private partnership and collaborative working across three political parties and ten local authorities perhaps makes sharing management structures across authorities more natural than elsewhere. Yet the factors that make it work here – vision, clarity, and trust between different authorities – are lessons that all authorities across the country may apply. Certainly, sharing management structures brings challenges, but the benefits can outweigh the difficulties.”

Sir Richard Leese

Vice-Chair, Greater Manchester Combined Authority

What happens when two or more authorities have a preferred nominee for a joint chief executive?

- Many respondents stressed that the earlier a process can be agreed for appointing a chief executive, the better.
- Society of Local Authority Chief Executives (SOLACE) has been helpful in one particular case.
- Whilst a clash can clearly create problems, a chief executive from an initiative that did not eventually succeed indicated that it need not be a problem – ‘if you wanted to break the deadlock you could.’
- An independent, honest recruitment process was highlighted as key. One initiative was not helped by the perception that there was a clearly preferred candidate and, as one

respondent noted, 'it can't be about doing deals. The process can't be done behind people's backs'. An open competition is clearly therefore of primary importance.

Can shared management structures be made to work when authorities are under different party political control?

- Generally speaking, party politics was thought to pose a set of challenges, but ones that were by no means insurmountable.
- In one case, an opposition group leader was extremely hostile to sharing with an authority run by another party. Another pointed out that whilst relationships were good with the present (other party) leader in another authority, a shift in leadership would almost certainly produce problems going forward.
- The view was expressed that some authorities might balk at cross-party collaboration for fear of being absorbed, at some future date, in a full merger creating a larger unitary council under the other party's control.
- Most were broadly amenable however. One initiative that did not succeed in the end had originally been sparked at the behest of a party other than either of the two that eventually attempted it. The eventual outcome of that project has not soured that particular respondent's attitude to cross-party collaboration generally.
- One authority recognised that their partner authority would often be prone to swinging between different party political control, but was positive about the chance of maintaining their initiative effectively.
- One respondent also noted that 'just because central government policy says x, doesn't mean you can't say y,' and intimated that the essence of localism

would allow suitable innovation above and beyond always towing the party line.

"Whilst it is difficult to reach definitive conclusions regarding the success of shared management across the board, there are promising signs. The model in Wiltshire is of course different to the sharing of a chief executive between authorities, but the level of interest I have observed from other leaders – and not just in terms of saving money – suggests the principle has legs. Even within my own authority, the opposition have not come out and said they would reverse the scheme should they gain power – indicating that the wider efficiencies shared management can produce are of long term, and potentially non-partisan appeal."

Councillor Jane Scott

Leader, Wiltshire Council

What is the maximum number of councils a shared management structure can realistically contain?

- Both unsuccessful and successful councils intimated that three to four (district) authorities was probably an upper limit, though one leader indicated that five might be possible.
- It all depends, the point was stressed, on the type of structure envisaged. A chief executive could perhaps handle five authorities, but it would be much harder to share even upper level management.

What other overarching views were expressed by participants from related initiatives?

- Resilience – ie maintaining experts in a given field, even if only for 2-3 days a week – was viewed as of great importance. One tri-borough respondent identified both wage bills and resilience as key to the rationale behind that initiative. ‘There is an imperative to save money quickly,’ they note, ‘but increasing resilience – and over a 5-6 year period – is also a key driver’.

Further issues

Though the findings of this study primarily related to the practice of shared management (and that between different authorities), a number of related issues were mentioned by respondents.

Sharing Services

- As for sharing services between county and district council, it was felt that few would go down this route. As one leader of a successful shared district initiative put it, “services are not aligned, the synergies simply don’t work”. The fear of going down the unitary path through the back door, as mentioned below, was also expressed by some.
- Whilst the need to make economies was important in the short term, several indicated that the eventual goal was to go beyond sharing management to an increased level of service provision.
- Whilst two authorities said shared management as presaging a longer term move towards unitary status, the vast majority of interviewees said that sharing services was the likely next step for a shared management initiative.

Initial conclusions

The shared management schemes outlined here have taken many structures, and span various areas of the country.. Responses have therefore been unsurprisingly varied, yet we may discern some important lessons for future best practice. While shared management initiatives bring an exciting potential for innovation, they also carry with them a number of challenges. Our recommendations for how best to overcome these challenges and realise the benefits of shared management are as follows:

Ensure a shared rationale for sharing a chief executive – It is more important to sketch out the broad target than agree on every aspect of the roadmap to that point. That said, to avoid shared management becoming something of a wild goose chase, overarching ‘bullet point’ type targets should be agreed in the very early stages. Cost may be a driver, but having a vision over and above this issue clearly helps.

Trust – Mutual trust between leaders was an absolutely crucial factor in arriving at a successful outcome. The fact that one partnership was given impetus over a cup of tea is not an insignificant point. Given the importance of getting ducks in line from the top-down early on, it is important that the key participants get along. Personalities can make or break the deal, and any alignment may arise in informal, as well as more formal, settings.

Think about resilience – Shared management is not just about being able to save money in the short term, but about ensuring managerial expertise is kept in-house – even if part-time – over the foreseeable future.

Culture – Aligning two or more authority chief executives is not easy, and there is a balancing act to maintain the distinct entity of each council (particularly given that is where democratic accountability will still lie). That said, shared management initiatives need to work at ensuring they include partners with similar concerns. This does not, as our respondents pointed out, necessitate common political parties and patterns of working, but it does suggest that impressions formed early on are of real importance.

Communication – Shared management initiatives work best by being up-front with affected employees (through internal emails and publications), and when authorities can evidence the cost savings of their initiative externally. As such, the role of human resources and media departments cannot be overestimated.

Maintaining the perception of equity –

An on-going and collaborative dialogue between partner councils is essential. If the individual needs of each authority are not considered and if officers are not seen to be splitting their time across all councils, shared management will not work. This does not, it should be stressed, necessitate a 50/50 split between each member authority, but that if one authority needs more attention than another, all should recognise why this is so.

Locally driven – Few initiatives were driven at the behest of DCLG. Most, in fact, were eager to stress that this was not the case. Central government may have invested RIEP monies, but its role has and should be hands-off.

Take time to get the key stakeholders aligned – Whether through councillor ‘speed dating,’ officers discussing their new roles, or council leaders meeting regularly in the early stages of an initiative, an ongoing dialogue will require some face-to-face time between key participants. This should not be rushed, and shared management initiatives will be, and appear, more organic if the key participants are genuinely engaged with.

Momentum – That said, once all are agreed on the broad principles, momentum needs to be maintained to get shared management initiatives beyond the elements that may seek to hold them up. In a few cases, a belief that speed would override all other concerns led to their initiative breakdown so there is clearly a balance here but speed – once an initiative’s feasibility has been scoped out – is of the essence.

Boldness – Shared management is an initiative that will challenge existing people’s power bases and, indeed, their jobs. As such, it is likely to run into a reasonable amount of opposition. The leading figures – principally the council leaders and senior officers – need to show a bold streak in the face of opposition, both internal and external, and – through rigorously evidencing the benefits of their initiative – present a reasoned but forthright case.

Shared management, then, constitutes a potential cost saving for member authorities, albeit one not achieved without significant challenges. It will not make sense for every council but, with spending cuts beginning to bite, it is a route that many are considering.

By taking some of the lessons imparted here on board, we hope that authorities will be well placed to maximise the potential opportunities that shared management can offer.

A holistic, visionary approach is needed – the savings come in many cases above and beyond the sharing of staff. That, too, is where the risk lies. The impact of any initiative will be wider than any initial staff merger – and must be evaluated in such terms.

Roundtable findings

On 4 January 2012, Localis hosted a roundtable to discuss the findings of the interview process undertaken for this report. Several of the figures interviewed were in attendance as well as representatives from other local authorities, the LGA, and Localis. There was broad consensus that the initial draft of this report had covered key themes pertinent to the past, present and future of shared management, but that it was important to also stress the following:

Permanence: There was consensus that shared management was a far reaching issue that had implications above and beyond the initial structural change. Despite the present financial situation, it was stressed, shared management should not be just considered a way to mitigate against recent cuts in grant. The point was made that even were grants to rise to a level where shared management was not a necessity, many councils would not wish to revert back to the old structures. As one participant put it, ‘the initial driver for shared management may indeed be financial, but I doubt we would go back even if financially things improved.’

Adhering to the four Rs: One participant referred to the need to always keep in mind the four Rs – resilience, reform, restructuring and releasing waste. Keeping those in mind, the participant stressed, could help chief executives best weigh up the options ahead. Another contributor also suggested a fifth ‘R’: respect (between all participating authorities).

Resilience – one of these R’s – resilience – saw much discussion. One participant summed views up well: “I’d rather have half a head of planning than a housing officer having to take over planning. Shared management allows me to do that”. Maintaining expertise in-house, even for fewer hours a week, was seen as a key benefit.

Caché within the sector: A participant also argued that it was important to note how an individual’s caché and prestige within the sector could increase due to a shared management scheme. When dealing with other authorities and the private sector, a chief executive (or officer) who shared a role across two different authorities would be treated with more respect, and thereby able to leverage gains for their authority in future negotiations, financial or otherwise.

Regional and lower/upper tier variance: A participant stressed that the proposed savings behind any scheme needed to be large enough to make the complexities associated with any initiative worthwhile. In London, where unitaries hold large budgets, it was arguably harder to justify – but for district councils with smaller budgets (and where any savings would make up a much greater percentage of their income/ outgoings) the business case was much clearer. The savings associated with such schemes, in the case of districts, constituted that much more of an incentive.

Moving beyond the initial savings: It was also pointed out that whilst the initial merger in management structures produced an up-front saving, the bigger financial gains were further down the road through sharing services and delivering a more efficient, streamlined use of authority resource.

Measuring success: It was difficult to measure success in such initiatives, a couple of participants suggested. Whilst protecting frontline services and engaging with members could be seen as potential “wins,” it was not always possible to directly link such outcomes to a shared management initiative. Another participant agreed, and noted that it was difficult to tell if an initiative had been of benefit beyond the initial savings associated with staff rationalisation. Deploying managerial expertise where it is needed, one person commented, could be an important sign of success.

Amount of management: Another participant asked how much management is actually required in councils for them to operate effectively? As management is now a key target for efficiency a concern was expressed that spans of control may be getting too wide and levels of management too pared back to run councils effectively.



Next steps

This research is part of a wider suite of research activity on shared service arrangements that forms part of the LGA Productivity Programme. This aims to share the experience and lessons learnt by authorities to help other councils consider and embed similar approaches.

In addition to this research, the LGA has published a shared services map, which features over 160 examples of shared arrangements, with quantified savings of over £165 million.

In 2012, the LGA will be initiating a complementary piece of research that will look closely at the level of savings and associated outcomes achieved by five selected established shared arrangements. This research – for which Drummond Macfarlane has recently been commissioned – will produce several outputs, including a financial evaluation tool which can be used to identify potential shared service arrangement savings and help councils to monitor, track and report the cumulative results and efficiency savings of their shared services.

The research will specifically seek to answer the following questions:

- What impact has the shared service had in terms of improving customer satisfaction and outcomes?
- What were the set up costs and timescales of the shared service and where did these come from?
- What efficiencies have been achieved to date, and what was the primary source(s) of these savings?
- How did the outcomes of the shared service vary from the agreed business case (or equivalent) agreed at the outset?

Initial findings should be available from spring 2012 on the LGA website: www.local.gov.uk/local-productivity

Appendix

The following constitute useful works to refer to for both those interested in shared management and related fields.

The Chartered Institute of Public Finance and Accountancy (CIPFA), *The leadership challenge in collaborative working*, (CIPFA, 2010)

R. Leese and S. Bullock, *Putting the Frontline First: Meeting the Local Government Challenge*, (Department for Communities and Local Government (DCLG), 2010)

Local Government Association (LGA), *Shared services and management: A guide for councils*, (LGA, 2011)

S. Fletcher and E. Lally, *Sharing chief executives and joint management: a model for the future?* (Improvement and Development Agency (IDeA), 2009)

R. Tomkinson, *Shared Services in local government: improving service delivery*, (Gower, 2007)

Recent editions of *The Municipal Journal (MJ)* (27 October 2011) and the *Local Government Chronicle (LGC)* (1 September 2011) have also discussed the issue in some detail.



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