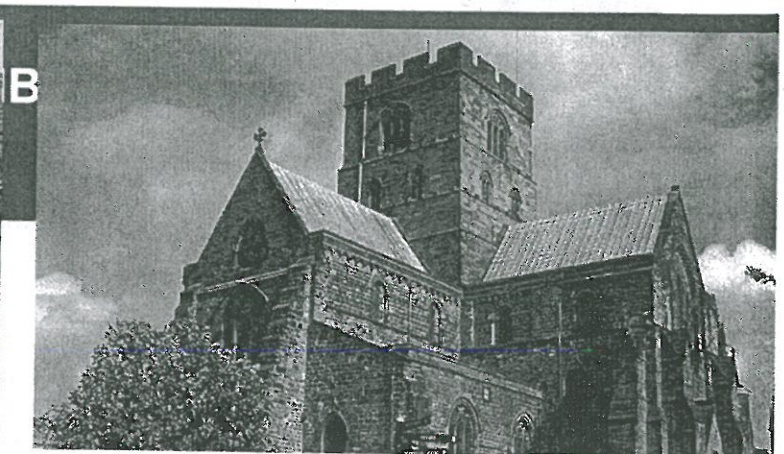


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Report: Final Report
October 2008

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EXECUTIVE SUMMARY

In this response to your request for an options appraisal relating to the temporary joint Chief Executive arrangement for Allerdale Borough and Carlisle City Councils, the authors conclude that:

- Reverting to separate Chief Executives presents a combined year one cost to the authorities of in the region of £310 000. The case for doing so, while it has superficial attractions, is weak, retrograde and ultimately imperils both authorities
- Placing the current arrangement on a permanent basis would save over £166 000 in year one and a recurring £116 000 per annum thereafter. The case for doing so has some merit, but only partially exploits the arrangement
- The arrangement makes best sense as part of deeper exploration of joint working

We recommend that the two authorities, while retaining their distinct sovereignties, and remaining open to collaboration with other councils in Cumbria, should agree a joint reform programme for the next two years. This should include:

- The development of a modern, combined leadership and service structure
- Merger and reduction of senior management teams. In the report we model a reduction from two Chief Executives and eight strategic directors across the two authorities to a single team of one Chief Executive and three directors.
- Merger and reduction the "heads of service" tiers. In the report, we model a reduction from nineteen service heads to nine
- Developing detailed business cases for service sharing over the vast majority of activities. This business case programme should commence with "back office" functions and move towards frontline services. Other partners should be invited to participate at the outset where this makes sense. Most often the sharing should initially be between the two authorities, but conducted with the view that once arrangements are stable and robust they should be opened up to other participants.
- Using the programme to re-energise enhanced two-tier working across Cumbria

The merged senior management team would secure an annual saving of over £1.1m. To secure this, the authorities should make appropriate provisions for redundancy and early retirement. To that end, the Executives of both authorities should commission an estimate of the relevant figure from their respective finance officers to be made available when they formally consider this report.

The potential for savings from service sharing depends on the ambition of the service models and the robustness of the business cases. Nevertheless, based on experiences elsewhere, we believe that it is realistic to target savings of 20% for back office functions, 10-15% for transactional and 5-10% for frontline services.

While some savings will be process efficiencies, the overall approach will lead to a reduction in posts. This is essential for the viability of both authorities, which are currently high-cost relative to benchmarks and have issues of over-staffing. Some post numbers

can be reduced through targeted vacancy management, where vacancies are not filled in areas where business cases have identified surplus posts for the new operating model. However, it may make sense for both authorities to develop a new voluntary redundancy policy. They should also consider earmarking a proportion of balances to cover the cost of compulsory redundancies and early retirement. The Executives should again commission a prudential estimate from their finance officers. Further, if the authorities agree to integrate service delivery structures and harmonise terms and conditions at the higher rate, they should consider identifying resources to cover costs and should commission an authoritative estimate from finance officers.

The authorities should market-test shared models and consider the benefits of third party involvement. In doing so, they should consider innovative models outside Cumbria.

To make these changes happen, the authorities' joint reform programme should:

- Be inclusive and bottom up in character. Staff and unions should be engaged early in honest discussions about staffing implications and changed working practices.
- Merge existing change programmes. Service reviews in Carlisle, transformation initiatives in Allerdale, and emerging shared service commitments in both authorities should be brought under the umbrella of the single reform programme.
- Be adequately resourced. The authorities will need to deploy internal people and external support full time over the two-year period to make this happen. The programme will require programme management, financial analysis (especially for shared services' business cases), change leadership, and expert advice (on policy, leadership mentoring, member development). We recommend that the two authorities earmark a combined total of £1m for the two-year programme
- Be externally funded where possible. To mitigate programme costs, the Councils should seek external project resources, potentially from NWIEP.

1. INTRODUCTION

1.1 Your requirement

This document comprises Serco Consulting's findings following our successful response to Allerdale Borough and Carlisle City Councils' joint tender in August 2008 for advice relating to the current temporary shared Chief Executive arrangement.

The tender sought an appraisal of the strengths and weaknesses of the following Options:

1. The recruitment of a Chief Executive for Allerdale Borough Council
2. The recruitment of a joint Chief Executive for Allerdale Borough Council and Carlisle City Council

It also requested an analysis of the scope afforded by Option 2 for further collaboration between the Councils, including shared management arrangements.

1.2 Methodology

We set out an initial six phase methodology in response to your requirement, as follows:

- **Mobilisation**
- **Literature review (main sources listed in Appendix F)**
- **Stakeholder engagement (internal and external interviewees listed in Appendix G)**
- **Financial analysis**
- **Drafting phase**
- **Presentation of findings**

Together with ad hoc SWOT exercises and brainstorming sessions, we also listed critical exercises that we would deploy in the work phases, as follows:

- **Overarching SWOT (strengths, weaknesses, opportunities, threats) analysis**
- **Re-run of the adapted service analysis**
- **Portfolio realignment exercise**
- **Midpoint review of preliminary findings**

Our initial aim was to complete these phases within the five week timescale specified in your requirement. However, the acting Chief Executive suggested an adjustment to take account of leave arrangements. The midpoint review was replaced by a series of update meetings with senior officers. Instead of the work being completed within the initial timescale, we undertook to complete a draft by the end of the first week of October and

held in reserve a small number of days for additional stakeholder engagement, briefings and report finalisation. The realities of securing financial information have made this adjusted timetable advantageous for all concerned. It should be noted that these adjustments have not incurred additional expenditure for the authorities, as original agreements about numbers of worked days are unchanged. Changes/extensions would be made by mutual agreement.

Finally, we agreed to conduct the work in line with six agreed principles. These are:

- **The promotion of value for money**
- **A balance between localism and service integration**
- **A pursuit of cutting edge radicalism and innovation**
- **The management and mitigation of risk**
- **Protecting and where possible improving existing performance**
- **Devising workable options**

Following the initial draft, as indicated, we undertook further stakeholder engagement, including further member briefings and undertook to conclude the work by the end of 24 October 2008.

This is our final draft.

2. LOCAL GOVERNMENT REFORM, CUMBRIA AND ENHANCED WORKING

2.1 Reform and collaboration

The last decade has seen an array of reforms impacting local government. Many promote inter-authority collaboration and service sharing. The Local Government Acts 1999 and 2000; the creation of LSPs; the duty to produce community strategies; the removal of legislative barriers to inter-agency and inter-council resource sharing; Gershon; shared services; the Watmore and Varney service transformation imperatives; and Local Area Agreements: all these have sought in some form to foster local collaboration. These “top-down” agendas have in turn been complemented by innumerable “bottom-up” initiatives, from regional partnerships for waste and regulatory services, to those in which authorities employ a high-performing neighbour to deliver a service.

These initiatives have two main drivers. The first is the belief that collaboration between agencies across service or institutional borders is necessary to focus service provision on citizen need. The second is efficiency. Collaboration removes duplication, realises economies of scale and frees resources. The 2006 Local Government White Paper and the subsequent 2007 Local Government and Public Involvement in Health Act bring this agenda to a climax. The new Comprehensive Area Assessment (CAA) framework will further entrench collaboration between local bodies as the basis for service delivery. Councils and agencies will need to personalise services, responding to individual needs and life-experiences. This will entail collaboration. Local bodies will need to provide services in ways and in locations that are meaningful to people and make sense for the given service, with their performance assessed against new measures which will prize outcomes above how those outcomes are attained. Further, the drive towards unitary government alongside the 2006 White Paper was accompanied by a “quasi-unitary” agenda affecting authorities in two-tier areas. These authorities are now required to draw up collaborative plans for “enhanced two-tier” working.

2.2 The Cumbrian Challenge

Paragraph 3.51 of the 2006 Local Government White Paper specifically identified Cumbria as an example of apparent “over-governance”. It stated that:

Two-tier Cumbria, for example, has seven council leaders and 62 other executive members for a population slightly smaller than unitary Sheffield which has one council leader and nine other executive members. Of course these areas are far from comparable in many respects and each faces their own challenges. But a structure with nearly 70 local leaders, some with overlapping mandates, at the very least makes considerable demands on all involved.

This explicit challenge provoked controversy in Cumbria. The County Council responded immediately to the invitation to submit unitary bids issued by CLG alongside the White Paper. Five of the six Districts (Eden excluded itself) after initially contemplating a range of alternatives, undertook to oppose the bid and develop an alternative comparator approach, under the banner Better Government for Cumbria.

In the summer of 2007, the Secretary of State for Communities and Local Government dismissed the Cumbria County Council unitary bid and invited all councils in Cumbria to engage in enhanced two-tier working.

2.3 The ongoing challenge

CLG's explicit expectation following the failure of the County Council bid was that all councils in Cumbria would embark on a programme of reform, featuring enhanced working within and across the tiers and commitment to shared services. But while there are pockets of activity, for example the collaboration between the County Council and Allerdale on the Wigton "one-stop shop", the proposed ICT partnership between Allerdale and Carlisle, and between them and Copeland on Revenues and Benefits, an objective observer would conclude that very little was happening. There are reports on shared services and much talk. But there is little actual sharing compared with other parts of the country and a lack of radicalism in thinking. The following quotation from the Annual Audit and Inspection Letter for Allerdale (2008) is echoed extensively in equivalent Carlisle reports: "Councils across Cumbria have made little progress in recent years in improving access to their services. They have failed to implement many of the previous recommendations made following the previous inspections in 2004. In particular the opportunities for joint working and the potential for efficiency and quality improvements have not been fully explored."

This is disappointing. The radicalism of the service model in the Better Government for Cumbria work, which pointed to the potential for very extensive service sharing, has been replaced by more modest assumptions. But lost momentum is not just disappointing. It is dangerous. Cumbria was singled out for criticism in the White Paper. Hence the expectation that it should get its house in order is even sharper than for other areas. The White Paper says that the status quo is not an option. Yet what is going on in Cumbria looks to very like the status quo.

A concern shared by politicians and officials in and beyond Cumbria is that the unitary debate is far from settled. On the 21st of August this year, the Local Government Chronicle reignited the debate. Its survey of county council chief executives showed majority support for unitary government. Some politicians and officials we spoke with indicated that while a renewed push for unitary government was unlikely in this parliament, the next government, of whatever political make-up, would face a precarious economic situation and need spending retrenchment, making a further push for unitary government attractive. We cannot comment on this speculation. However, we share the widespread sense that if Cumbria does not set its own house in order, it may have a solution imposed upon it.

This fear was strengthened by the current state of local government finance and its impact on district councils in general. As we shall see, both Allerdale and Carlisle face acute financial challenges and consequent pressure on services. If the status quo is not an option since those with the power to enforce change will not tolerate it, it is even less an option when resource constraints make it untenable.

2.4 Views from beyond Cumbria

Our stakeholder engagement strategy embraced views from a wide range of sources, both within and beyond the county. Outside Cumbria, these included CLG, NWE0, IDeA, Audit Commission, and a range of district councils across England. Their views were useful in assessing the comparative merits of the options in play for Allerdale and Carlisle. But they also threw light on the attitude to local government reform across the country.

CLG reaffirmed its commitment to reform and to service sharing within and across the tiers, and there were supportive noises from other national bodies. More striking however was the feedback from district councils. The sample comprised some engaged in shared service initiatives and some sharing chief executives. The general message from all was broadly the same. District councils would not survive in their current form. Resource constraints and external pressure to reform were driving change. Each authority we spoke with, who had already taken steps far bolder than anything within Cumbria, regarded their efforts as a mere starting point. For one pair of districts, their finance shared service was simply the start of deeper collaboration across more services.

What was striking was the sense that the pressure was really on, **whatever the standing of districts**. Even those with excellent CPA ratings (possessed by no authority in Cumbria) believed that collaboration was the only route to survival. This urgency made them pragmatic. The willingness of another authority to collaborate was as important in determining whether or not to share services or management capacity as the strategic fit. This was reinforced by the sense that once discretionary and place-shaping roles had been stripped out, district councils are small governance units, mostly doing the same things – cleaning streets, collecting waste, issuing licenses, managing planning applications, collecting tax.

The calculations underpinning decisions to share were thus often tactical. We asked two authorities why they had chosen to share services and had not yet opened up to other districts in their region. They indicated that they fully intended to do so, and had been inundated with enquiries. They could see the logic of broadening their partnerships. But they wanted to ensure that they put things onto a stable basis first before including other participants. The initial partnership was an opportunity to “get on with it”, to create momentum and the reality of sharing, rather than talking or writing reports.

Thus, shared arrangements between two authorities were likely to create the depth and “gravity” needed to pull other collaborators towards it. When considering this, we must note that these sharing arrangements are far deeper than anything contemplated in Cumbria (where sharing so far is conceptual or piecemeal – a service being carried out by one authority for another or some capacity pooling). They include:

- A wholly owned joint venture between two excellent districts carrying out all of their major finance functions and mandated to look at other services
- An integrated finance division, with shared service heads, operating across two districts
- Permanently shared chief executives
- A complete integration of management teams across two districts, mandated to bring forward business cases for the integration of **all services**

In each case these lateral initiatives are complemented by “vertical” engagements with the county council and operate with the blessing of relevant external partners, all of whom shared the sense of inevitability and urgency. Indeed, the general impression was that where collaborations of this sort were taking place, they did so within a positive context for enhanced working between the tiers, towards which they were seen as a contributor. Collaboration breeds collaboration. While districts’ motives may have been defensive or

tactical, they have not proved parochial in consequence. We noted that their partnerships were consistent with enhanced two-tier working and even furthered it.

It is piquant to note, however, that one factor slightly dulled this reformist urgency: **the existence of Cumbria**. Feedback from councils in Lancashire, who were acutely aware of the Cumbrian situation, indicated a paradigm shift. Earlier in the decade, and particularly in the aftermath of the Gershon Review, which initiated central government's shared services drive, Lancashire councils were placed under acute pressure to reform. Those we spoke with felt they had risen to that challenge, had real things to point to, and that the focus of government attention was now on what were routinely termed "the problems in Cumbria". As yet, the reform urgency in Cumbria does not match that of our interviewees elsewhere, at least in terms of tangible initiatives that are up and running.

What this feedback indicates is that Cumbrian authorities will need to do better than equal the urgency seen elsewhere. They will need to exceed it. That means moving beyond conceptual deliberations and reports on the one-hand, and piecemeal initiatives on the other. It means serious action. If action cannot initially be concerted and Cumbria-wide, bold but achievable starting points must be identified.

3. ALLERDALE AND CARLISLE; SIMILARITY AND DIFFERENCE

3.1 The Councils: geography and regeneration

Allerdale Borough Council is a northwest Cumbrian authority. With a population of 96 300, the council covers a largely rural area, with post-industrial urban concentrations along the west coast, notably at Workington and Maryport.

Though not much larger in population (103 800) and including rural areas, Carlisle City Council, as its name implies, focuses on the residential and service hub of Carlisle City. As a place to work and shop, Carlisle has a substantial catchment, and is a net importer of labour across a 20-30 mile radius.

Accordingly, a substantial portion of the Carlisle “sphere of influence” is within Allerdale. Despite this, there are differences of emphasis. Allerdale is a prime partner in West Lakes Renaissance, in the West Cumbria Masterplan and the associated Local Strategic Partnership (LSP). It works extensively with Copeland Borough Council. This roots a portion of its strategic and regenerative identity in revitalising the industrial coastland through the catalyst of energy policy. In this, its identity reaches southwards. Carlisle Renaissance, a response to the floods of 2005, is an ambitious regeneration programme. It seeks to build on Carlisle’s identity as an urban hub for the Borders, a centre for the University of Cumbria, a cultural, retail, employment and tourist destination.

These differences are regarded as important. Many interviewees felt that retaining these distinctions and the strategic emphases associated with them would be the major challenge to collaborative arrangements. Others however cautioned against overstatement. They noted that the agendas could fruitfully cross-pollinate. Both require capacity which could be pooled. Both have common themes: up-skilling the sub-region, securing inwards investment and generating employment. As one contributor to the workshop held with a group of frontline service staff in both authorities observed, the pot for inward investment is small. Hence, collaboration could promote cooperation between the authorities in pursuing the pot. Instead of competing for the same resources, the authorities could determine what sorts of investment are best pursued by one authority or the other, on the basis of rational judgements about their identities, and work together.

Nevertheless, the issue illustrates a wider point. Closer working between should follow one of the agreed principles underpinning this study. It should not compromise their sovereign identities. Where emphases genuinely differ, arrangements should strengthen, not diminish the authorities’ capacity to manage these differences.

Further, as these agendas may already entail collaboration with other districts and the County Council and require new ones in the future, the character of any Carlisle/Allerdale arrangement should not be “exclusive”. Whatever the chosen form for collaboration, whether based on our conclusions or on some other thinking, while tactically it may make sense for some projects to commence with Allerdale and Carlisle as prime participants, it will also make sense for the Councils to consider where to involve relevant players either from the outset or once projects are mature. Indeed, the collective blessing of Cumbrian authorities will be critical to the success of any collaboration. One way of ensuring this would be to stress that exclusivity is not in play: existing commitments will be honoured; future possibilities of wider collaboration will not be ruled out. This principle should apply beyond regeneration partnerships. Carlisle, for instance, has existing arrangements with Eden District Council, from service contracts to the Crime and Disorder Reduction

Partnership. Carlisle's collaboration with Allerdale should not undermine the sovereign decision-making that makes its work with Eden possible. Existing partners should be reassured that far from diluting commitments, engagement between Allerdale and Carlisle will open up new possibilities for them as well.

We will consider the relationship of any collaboration to the wider question of enhanced two-tier working later in the report.

3.2 Performance and finance

When we conducted our "service analysis" (see section 5.3 and Appendix B), we considered the relative performance of the two Councils. In their respective CPA ratings, dating back more than four years, Allerdale and Carlisle scored Fair and Good respectively. However, comparison between their most recent performance scores on Best Value Performance Indicators reveals a high degree of convergence. With the exception of a small number of indicators where performance differs, the BVPIs reveal two steady, solid, middle ranking authorities, as do the Annual Audit letters to the authorities.

The latter however also reveal common criticisms. Neither authority performs well on financial management. Both, in common with other authorities across Cumbria, are criticised for failing to engage deeply with the shared services agenda, to secure efficiencies and share capacity. Both authorities are criticised over costs. Carlisle for instance is referred to as "relatively high spending" and the Auditor Notes that "corporate processes do not show strong links between cost, activity and performance information including the quality of services". (Use of Resources, Auditor Judgements 2007).

These criticisms are symptomatic of limited service modernisation. While Allerdale has outsourced some services, notably waste, its procurement of third party support is still limited. Moreover, it shows little evidence of innovation. Costs are fixed for long periods. Contractual arrangements lack flexibility to accommodate changes in strategic mandates, and place little downward pressure on costs by incentivising the achievement of an operational learning curve. Carlisle's use of third-party support is less extensive. The nervousness of both authorities regarding market-testing and their limited acquaintance with contemporary service models is evident in the way outsourcing is addressed in their ICT shared services business case, which lacks rigour and authority on the subject.

The primary reason however for the authorities ongoing issues around cost concerns staffing levels. While Vale of White Horse District Council with a population of around 116 000 employs fewer than 400 staff, Allerdale has 415, while Carlisle has 824. Both authorities are considerably adrift of benchmark comparators. Appendix A shows the scale of the problem. Compared to other district councils' average spend per head, Carlisle and Allerdale are almost 14% above benchmark cost. Savings of over £5m would be needed to bring the authorities close to benchmark. Further, when compared with the costs of authorities sharing chief executives and engaged in associated restructuring, the two Councils are 20-25% adrift (equating to savings required of £7.5-9.5m). This comparison is especially relevant. With other districts innovating, merging management teams, creating service centres of excellence and pursuing enhanced two-tier working, the benchmark position will progressively worsen unless both Councils take drastic steps.

Both Councils acknowledge this. They know they continue to risk deficits as "flat" settlements (ie real terms reductions) continue to erode their resource base. Allerdale members are aware that drastic reductions in staffing numbers are needed unless

balances are to be eroded. Carlisle has attempted to address its financial challenges through vacancy management, but is on course to miss its targets substantially, leading either to balance erosion or service cuts. Both authorities know that they will continue to face challenges of this sort. There is no prospect of government largesse for the foreseeable future. David Cameron's promise that an incoming Conservative government would hold down council tax rises would further limit the Councils' scope for manoeuvre. In short, without a radical reconfiguration of how both authorities provide services, including more realistic levels of staffing, they will continue to face annual fire-fighting and death by a thousand cuts.

3.3 Service cultures

While the authorities have relatively convergent performance, they have a subtly different service cultures. We have noted the slightly different approach to contracting. More critically, the management style in both authorities differs, reflecting in part their contrasting political cultures.

Allerdale is aware of its standing as a small authority. For the most part it "sticks to the knitting". It places a clear emphasis on performance management and has made some (limited) progress towards delegation of decision-making rights towards the frontline. It has a slightly simpler and clearer strategic focus, based on service personalisation and the desire to become a "need-led" authority. By contrast Carlisle has a less strong culture of delegation. Directors are heavily involved in operational detail and the overall strategic identity is more diffuse, indicative (positively) of the Council's regenerative ambitions and (negatively) of a lack of realistic prioritisation within resource constraints. There is an emphasis on performance, but this manifests itself in service innovations – such as the multi-functional area teams – rather than in a robust culture of performance management.

It will thus not quite do to conclude, as those who reviewed the joint ICT business case for the authorities concluded, that Allerdale and Carlisle have sufficient common cultural overlaps to promote easy service merger. That is to understate differences considerably. But neither should the differences themselves be overstated, or be seen as a permanent obstacle to collaboration. Neither authority is a "paradigm". While Allerdale has made more progress on delegation, frontline officers from both authorities were critical of the hierarchical nature of both organisations and did not feel that they were sufficiently "flat". This indicates that the difference between the authorities is relative, not absolute. Furthermore, no one interviewed within the authorities was wedded to the approach to services and service culture within their Council. What emerged was that collaboration between them would secure an opportunity not merely to harness what was best in both authorities and create a superior hybrid. Rather, interviewees felt that it provided a pretext to reinvent service cultures. The strategies of the two Councils could remain distinctive, but collaboration would offer an opportunity to sharpen strategic process, to look for synergies and to develop a commissioning culture. In this culture, a common service architecture would work for both Councils, serving shared and distinct ends, responding to local needs, within a clear and outcome-focused performance framework.

3.4 Strategic/pragmatic case for sharing

Some interviewees were concerned that the absence of a precise strategic fit between the authorities was a case against deep collaboration. Why should Allerdale and Carlisle collaborate? To which the answer given by others was "why not?" Given the characteristics of Cumbria, as was clear in the Better Government for Cumbria work, no

two authorities are likely to find an absolutely perfect strategic fit without boundary changes. As these are off-limits, the case for collaboration is a pragmatic one. Provided the authorities remain open to engaging with other parties, either from the outset or as part of a suitably timetabled approach once arrangements are stable, there is no strong pragmatic case against working together. Adur and Worthing, one of the most advanced strategic collaborations between district councils, has advanced essentially because the two authorities adjoin and because they are willing to work together.

The good relations between the two authorities and their willingness to consider shared services in a number of areas, from ICT to Revenues and Benefits (with Copeland) could be said to provide a compelling tactical basis for further collaboration. But tactical considerations can be undone by other factors. Interviewees asked us what role politics played in supporting service or capacity sharing initiatives. Here the picture was mixed. The failure of the Chelmsford and Maldon integration effort appears to have been partly a question of poor member engagement. But while some collaborations derived from shared (party) political interests vigorously pursued, others cut across party lines and had the commitment of executive and opposition groups alike. The Xentrall partnership in Stockton and Darlington commenced with both authorities under Labour control. Now Stockton is under joint Labour/Conservative administration, and there is no sense that any political combination would threaten Xentrall's existence. The principal challenge is to ensure that collaborative models predominately address administrative issues and improve the capacity of the authorities to discharge mandatory and statutory remits. They should be flexible enough to endure changes of local political regime and able to accommodate new priorities. We believe this is entirely possible.

4. COST AND SWOT ANALYSES OF THE TWO HEADLINE OPTIONS

The report authors analysed the costs of the options in play and conducted a series of SWOT analyses. These identify the strengths, weaknesses, opportunities and threats of any particular option. The financial tables at Appendix A set out the broad cost information, while the SWOT analyses are at Appendix C. In the interests of economy, we will only summarise findings in the body of the text.

The SWOTs were in turn subjected to risk principles. Each element of the SWOT is assessed for its probability and potential impact. On the basis of the multiple of probability and impact it is then accorded a priority score, indicating the degree to which it should be taken seriously and managed. Finally, a short narrative then explains how an element can be managed and exploited (if it is a strength or an opportunity) or mitigated (if it is a weakness or a threat).

For example, a weakness of an option may be that it “appears to dilute the sovereignty” of one of the authorities. This may be scored as having a medium probability, but a high impact. It would then be accorded a medium to high priority, and mitigating actions proposed. These might include the provision of robust information about benefits.

This approach allows the SWOT to become a management tool, setting out risks and associated actions for whichever option the Councils choose to pursue.

The SWOT analyses cover:

- Reversion to the status quo ante, in which Allerdale recruits its own Chief Executive
- Making the temporary shared Chief Executive arrangement permanent

In the SWOT, we have called these Options 1 and 2A. We also conducted a SWOT analysis of the arrangement of sharing the Chief Executive and other management and delivery structures (Option 2B). This is considered in section 5.

4.1 Reversion to the status quo: new Allerdale Chief Executive (Option 1)

The costs of this option are straightforward to identify. Allerdale would need to spend between £40 000 and £50 000 on recruitment (based on recent recruitment costs). Then there are the salary costs of the Chief Executive, which would be in the range of £123 000 to £130 000. The total cost to Allerdale would be in the range of £163 000 to £180 000. However, Allerdale currently pay Carlisle £42 000 for the shared arrangement, so the net new cost would be between £121 000 and £138 000, depending on recruitment and salary costs. While there would be no new cost to Carlisle, the Council would lose the payment associated with the temporary arrangement. The combined “year one” cost for the two authorities would be the sum of the two salaries plus recruitment, approximately £310 000, with ongoing costs the same figure less the one-off recruitment cost.

The findings of the SWOT analysis show the seductive positives that one would associate with the status quo. The arrangement is the least disruptive for all concerned. It is familiar. It appears to maximise adaptability. For Allerdale it recreates a sense of sovereign importance and independence, while for Carlisle it removes the issue of adjusting to the pressures sharing a Chief Executive places on the individual concerned. An opportunity emerges for Allerdale in the form of the potential new thinking that the

appointment would bring, as well as the chance to place the financial challenges the authority faces at the heart of the incoming Chief Executive's remit.

However, there are considerable weaknesses and threats in this reversion to the status quo. Of itself, it does nothing to address the financial position. It does not directly produce savings and incurs costs. As a failure to capitalise on the limited momentum that the two authorities have attained in sharing, the option runs against the grain of local government innovation. It would doubtless attract criticism from external players, who would see it as a reversion to unreformed Cumbrian practice. As such, it does nothing to protect the participating authorities from externally imposed solutions.

Hence, we believe that while there are ways of managing this option, and superficial attractions, it is the least attractive one in play.

4.2 Placing the shared Chief Executive on a permanent footing (Option 2A)

The costs of this option would be the shared cost of a single post. How this would work depends on the formula applied. The authorities may choose to do this on the basis of population (we have used this assumption in Appendix A as it is the more complex calculation.) However, in Adur and Worthing, where both the Chief Executive and strategic directors are shared, the costs for this top tier are divided equally between the two authorities, despite greater differences in population and tax base than in the Allerdale/Carlisle context. (Worthing has a population of 100 000, Adur 60 000.) The funding of the Heads of Service tier is more nuanced, calculated according to the relative importance of the service to the two authorities and the amount of time each head of service spends on the respective agendas of the two authorities. For the funding of the Chief Executive – and for strategic directors, if option 2B is considered – this formula of an exactly equal sharing of the cost may be attractive. It stresses that the role is equally important to both authorities.

The implication of this arrangement going forward would be a cost of around £143 000 shared between the two authorities, allowing for a 10% increase in the Chief Executive salary to recognise their increased responsibilities (see section 5.5). This is a saving on the previous arrangement (of separate Chief Executives for both authorities) of £116 000 per annum. Recruitment costs of £40-50 000 are also saved.

The SWOT shows that the attractions of this arrangement are largely associated with "momentum" and the ongoing narrative of reform. It moves the authorities in a direction on collaboration that is likely to attract positive comment from external parties and provide a basis for future shared working. It is workable, pragmatic and generates a saving. However, sharing a Chief Executive is not the same as sharing services or pooling management capacity thoroughly. Unless the decision to share a Chief Executive is followed by further steps, it places unrealistic expectations on one individual. In itself, the arrangement achieves a limited amount. It does not address the financial difficulties of the two authorities meaningfully and though it makes a contribution to protecting the authorities from the criticism that they are unreformed, that contribution is moderate.

This raises another principal weakness of an arrangement which simply shares the Chief Executive. It appears to "diminish" the two authorities: one which has had its own Chief Executive now shares them with another; the other authority, which also used to have one of its own, feels like it is "borrowing" one. These arguments in themselves are manageable and contestable, not merely from the point of view of pragmatism and realism

set within the context of local government reform, but also when considering organisational dynamics. Put simply, district councils are small organisations. They do not have the budget size and organisational challenges of unitary government. The vast bulk of what they do is statutory and “generic” in character. The government in pressing for shared arrangements acts as the proxy for an informed tax payer, who might understand why a unitary council with a revenue budget of £1bn might require its own Chief Executive, but would balk at the fuss over the decision of two small district councils, with combined revenue budgets of less than £40m, to share their Chief Executive.

Yet the strain on the Chief Executive is a real issue and to make this work would require a reinvention of the role. The Chief Executive and leading members in both authorities would need to be party to this. They would have to behave responsibly and maturely in addressing the challenge. Protocols and “what if” scenarios would need to be developed, reflecting the fact that members in both authorities would see less of their Chief Executive than they have done before.

However, problems should not be overstated and the opportunity is pertinent. Reinventing the Chief Executive and other roles is overdue in both authorities. For this arrangement to work, according to the joint Chief Executive of Adur and Worthing, a highly delegating, “commissioning” model for local delivery must be followed. Executives and directors oversee a core set of outcome focused indicators against which performance is tracked. Provided these are on target, senior officers do not interfere in operations, delegating responsibility to service heads and unit managers. Though differences in delegation culture exist between both authorities, neither is a paradigm. A shared Chief Executive provides an opportunity for reinvention. The Councils should grasp it.

This issue of a reinvented management model is explored further later in Section 5. Of itself, however, it begs the question implied above: why stop at the Chief Executive? If the authorities are to address financial challenges, reinvent service cultures, radically respond to the local government reform agenda, while retaining their separate sovereign identities, is the sharing of a Chief Executive the correct starting point? To express the same point differently, is sharing the Chief Executive meaningful if it is not a prelude to streamlining the management structures more generally, as well as pooling expert capacity? Many interviewees took the view that sharing the Chief Executive was pointless, and an undue burden on one individual, **unless** it was heralded full restructure. An intriguing thought emerged from this: provided the management approach to both authorities was reinvented, a shared but smaller integrated team of strategic directors might prove more workable than a shared Chief Executive working with two separate council-specific teams.

Accordingly, had our remit extended simply to evaluating Options 1 and 2A, we would have concluded that 2A was marginally more attractive for reasons of cost and momentum. We would have argued however that it would only really bear fruit as part of a wider reform package, including the development of shared and integrated management and delivery capacity. As we have also been asked to look at the implications of more extensive restructure (Option 2B), we will consider it in the next section.

5. SHARED MANAGEMENT AND DELIVERY CAPACITY

Whereas distinguishing the costs and benefits of Options 1 and 2A is a comparatively straightforward matter, the business of considering the sharing and integration of management and service capacity across the two authorities is at once a wider and vaguer remit. Accordingly, our consideration of this theme is inevitably broad brush. Our assessment of cost and financial benefit information is limited by the fact that existing data would need to be significantly remodelled and assumptions tested within a range of detailed service-specific business cases. That is well beyond the capacity of a review such as this. Nevertheless, by assessing the financial predicament of both authorities, considering the views of collaborating authorities elsewhere, and re-examining earlier work, not least the Better Government for Cumbria service analysis, we have been able to develop the outlines of a broad Option 2B.

This section is thus the most “general” in character. But it is also the most important. Option 2B has the greatest potential benefits, but also constitutes the greatest challenge.

5.1 SWOT analysis

In line with the principles underpinning our work, we assumed a radical model in developing this SWOT analysis, along the lines elaborated later in this section. The analysis illustrates that Option 2B could be the most attractive from the point of view of both authorities on a range of grounds. It could make a meaningful contribution to the financial predicaments of both authorities by generating cost savings. It would be in line with the demands for enhanced working and service sharing imposed by Whitehall, would make the two authorities more defensible than others in Cumbria with regard to local government reform, and would position them as prime movers in relation to future debates about the future of Cumbrian governance, including any re-emergence of the unitary issue, which the two authorities would be able to address from a position of strength. It offers the prospect of collaborating on shared regeneration interests. It can foster joint approaches to forthcoming challenges to local governance, such as the CAA framework. As the framework will focus on the LAA and the contributing bodies will be subject to an organisational assessment, the fitness of the two authorities for their assessments, and their ability to negotiate realistic obligations within the LAA could be. In all, collaboration could allow the two authorities to “punch above their weight”, and as councils in the vanguard of public service reform, they could exert considerable influence over and add momentum to reform initiatives, such as enhanced two-tier working.

However, for a radical model to succeed, it must address very significant challenges and threats. These include:

- The perception that the sovereignty of the individual authorities might be undermined
- The sense that associated sovereign regeneration projects could be downgraded
- The prospect that arrangements could be undone by future administrations
- The fact that implementing the model would be resource intensive, requiring significant investment up front to realise savings, could adversely impact performance in the short term, and would be a major change programme pursued at a time of low staff morale following job evaluation

These issues need to be addressed both in the design and implementation of any new structure. In the SWOT itself, we propose a series of mitigating actions. In the next subsections, and in section 6, we consider in more detail how the authorities could build a radical model and manage issues and threats.

5.2 The dynamics of sharing: towards a commissioning model

The term “council” is a reflection of sovereignty deriving from democratic accountability. While in common parlance it refers to the totality of institutions associated with a local authority, properly speaking it describes elected members, their representative role, the sovereign will they seek to enact, and the scrutiny to which that will is subjected.

If Allerdale and Carlisle Councils existed in that sense only, and had resources to spend, but no pre-existing bureaucracy, it would be a relatively straightforward matter to provide them with a shared management and delivery structure, a pooled resource that responded alike to their shared needs and separate mandates. This “machine” would be “commissioned” by both authorities. Support functions would be centralised, generic tasks standardised. But there would still be the opportunity for both authorities to pursue different levels of service by purchasing more or less capacity from the shared machine. Finally, genuinely distinct activities the two sovereign councils wished to carry out would be reflected in separate structures and bespoke directorates within the service machine.

Of course, in addition to being sovereign entities, both Councils have long traditions and their own corpus of officers, their own systems, property and service equipment. Understandably, since the deployment and organisation of this capacity is the outward manifestation of strategic intent, of an authority’s purpose and identity, members and officers alike are protective towards what they see as *their* services.

Yet the current thrust of government policy is away from this possessiveness. In the interests of efficiency, but also in the pursuit of services that are focused on citizen needs and not bound by institutional barriers, political and managerial strategic tiers in all government bodies are advised to consider themselves as commissioners of services. The commissioning dynamic should apply whether the organisation is “purchasing” a service from a private or voluntary sector supplier, from another public body, or from within their own capacity. The argument is that electoral accountability concerns what a council enables to happen and to what standard, not the mechanism it uses to do so.

Addressing the associated governance challenges requires imagination. In Adur and Worthing, the Councils have moved to holding their Executive meetings on the same day, consecutively, at the same venue. Members vote as separate authorities, but debate common issues together. This allows the distinction between sovereign interests to be maintained on a pragmatic, case by case basis, while promoting a shared understanding of generic and shared concerns and exposing areas for collaboration.

By contrast, addressing the relationship between the service model and governance is more challenging. How should services be categorised to understand: what is generic, common and shareable; what is shareable, but needs to be shared in a supple way to respond to variant interests; and what is so specific to the “identity” of an authority that it needs to be held separately? Fortunately, some groundwork here has been done.

5.3 Service analysis

In approaching how organisations can work together, it is almost always desirable not to do this simply from the strategic “top down” perspective, but at least to supplement this with a “bottom up” analysis. This ensures that any eventual structure reflects service realities and the real potential for sharing.

During the Better Government for Cumbria work in the Spring of 2007, Serco developed a principled service analysis. In this we isolated around 500 service areas across the Cumbria Districts and County Council. We then considered the best institutional level at which the services should be operated and also where decision-making and governance should sit (not always the same). The criteria which informed this assessment were:

- Inherent service characteristics and the dynamics of accountability
- Current service performance
- Best practice nationally
- Value for money

The analysis showed that the potential for sharing services across Cumbria extended well beyond the traditional boundaries of back office functions. Between 30-40% of the services identified could be shared in one form or another. The types of sharing included:

- Sharing generic services and activities. Back office functions fell into this category, but so did analytical and strategic capacity, and communications and some aspects of customer service, such as contact centres and online capability.
- Services whose performance would be enhanced through unification. Waste management services were a signal example, where subregional organisation makes far more sense operationally than the current piecemeal arrangements.
- Sharing skills, capacity and processes, while maintaining differential arrangements. Some transactional services, like managing planning applications, could have common support infrastructure across two or more authorities, and even use shared specialists (see centres of excellence below). Provided however the mechanics of sharing allowed participating authorities to purchase different levels of output, then they could retain distinctive service characteristics, from the extent of consultation to the frequency with which they hold planning committees. Similarly, the generic skills and equipment associated with grounds maintenance and street cleansing could be pooled and best practice in service organisation deployed. But provided the purchaser/provider arrangements were supple, one authority could purchase more outputs from a service capacity than another, if local priority dictated.
- Centres of excellence and specialism. High performing functions could act across boundaries, with scarce specialisms pooled and shared.

The beauty of this model is that it quickly isolates the generic activities the sharing of which does not strike fundamentally at sovereignty and then moves onto those services which can be shared while retaining differential performance, where that is desired.

- Sovereignty thus is expressed less about operational exclusivity. It becomes a function of purchasing decisions.

Accordingly, we refined and re-ran the service analysis. The full analysis is set out in Appendix B. This time, instead of focusing on 500 services across the two tiers, we considered a range of service areas (over 150 of them) across the two Districts. We compared their performance and, as indicated, found broad comparability between the authorities. Then, applying similar criteria to those used in the Better Government for Cumbria analysis, we divided the services into three specific categories:

1. Services which were entirely local, specific and resistant to sharing
2. Services with local and specific dimensions, but which were amenable to sharing
3. Services that were sufficient generic to make sharing theoretically straightforward

The results were more startling even than the 2007 analysis. **Very few services fell into the first category.** The analysis showed that the vast bulk of services could be shared in some form. While at first this seemed extraordinary, it was more than confirmed in discussions with the Chief Executive of Adur and Worthing. When asked which services his authority was developing business cases to share, he said "all of them".

The extensive possibilities of sharing are also a function of the reality of district council remits. Many of their functions are statutory, subject to national standards and indicators. Sovereignty manifests itself in a mix of differential resourcing between statutory functions, regeneration identities (the councils' place-shaping roles), and discretionary activity, such as funding local voluntary programmes. Provided differential service funding can be accommodated in shared arrangements, then there is no reason why most district council services cannot be shared without striking at the heart of sovereignty. This is crucial for stabilising the sharing environment by "depoliticising" it. Sharing arrangements for "invisible" back office functions can be the subject of legally binding long-term agreements. Customer-facing service arrangements can also be put on a long-term basis, but more flexibly. Agreements can subsist between sharing parties, but with services budgeted for annually, allowing differential funding and service levels to adjust to changed circumstances, **including changes in political control.**

Plainly, for the implications of the service analysis to move to become reality and for all the subtleties of each individual service area to be captured, a considerable amount of additional work needs to be done. Business cases need to be developed for each service (see below). However, we believe that the service analysis shows that the ambitions for sharing in any reconstituted service and administrative model can be very radical indeed.

5.3.1 What should remain separate?

Broadly speaking, the service components that relate to discretionary activity, regeneration or local partnership working (including LSPs to which the authorities may contribute) are the ones that warrant some degree of local protection. Nevertheless, even here there may be scope for sharing. While discretionary funding for voluntary sector will have separate, council-specific budgets, processing and administration could be shared.

The major areas of concern will be those regeneration commitments to which the two authorities are committed, most notably Carlisle Renaissance and the West Cumbria Masterplan. It is down to both authorities to determine how far they keep these

programmes entirely separate. Plainly, in the interests of continuity and robustness of place-shaping, the retention of separate leaderships makes sense. Nevertheless, there may be scope for pooling of planning and regenerative resource at more junior levels. Furthermore, as the two programmes move to some form of "independence" from the authorities under the umbrella of Cumbria Vision, the issue may become more academic.

Nevertheless, each authority will still be able to determine what resources it wishes to keep separate to honour commitments and how it wishes to deploy its share of pooled resources. The same would be true of their commitments to other initiatives, such as West Lakes Renaissance and the Carlisle/Eden CDRP.

It will be essential to talk to affected partners, to reassure them about changes and meet their expectations. Signs however are promising. The Chief Executive of Copeland, when interviewed, indicated that provided commitments to the West Cumbria LSP were honoured, he could only see positives coming towards Allerdale/Copeland collaboration on the West Cumbria Masterplan from a service-sharing arrangement between Allerdale and Carlisle. The Eden Chief Executive indicated that his members would require similar guarantees with regard to existing service agreements and partnerships, but was also positive about the potential afforded by bold collaboration by Carlisle and Allerdale.

5.3.2 Contractual limitations

Some services identified as having the potential for sharing are currently outsourced and under contract. Plainly any business cases developed in relevant areas (see below) should reflect this fact, and consider the costs of renegotiation, severance or extension of the terms (where it may be appropriate to extend the contractual arrangements to cover both authorities). However, this fact should not be used as an excuse for inaction. Renegotiation is a frequent and inevitable feature of the local authority service landscape.

5.3.3 Exclusivity or a kick-start for enhanced two-tier working?

As discussed earlier in the report, the service sharing between the two authorities should not be at the expense of sharing with other authorities or enhanced two-tier working. Indeed, it should be used to kick-start both. However, steers from other collaborations indicate that it is sometimes pragmatic to start with a small number of willing participants and then open up arrangements to other players, once the initial partnership has stabilised. Business cases should consider on a service by service basis the advantages of engaging early with other parties or delaying until the arrangement is mature. Open discussions with all the affected authorities in Cumbria should underpin decisions.

To aid this, the service analysis identifies scope for sharing beyond the two authorities, both laterally with the other Districts in Cumbria, and vertically with the County Council. A cursory glance will reveal that there is considerable potential for this, provided it does not diminish the momentum. In some cases, willing and able partners can be identified quickly. In others, rather than being held back by more cautious partners, it will be better for Allerdale and Carlisle to move forward together initially, involving others later.

The essential point is that Cumbria must stop talking about reform and simply get on with it. When we were advised that a focus on the activities of two district councils missed the big picture on enhanced two-tier working, we were forced to disagree. The evidence from beyond Cumbria simply does not bear this out. More importantly no big picture actually exists in Cumbria, beyond reports, intentions and endlessly deferrable aspirations. Serious work between Allerdale and Carlisle would constitute a far bolder statement than

Cumbria has yet seen. As its underpinning principles include an absence of exclusivity and a willingness to balance the retention of sovereignty with the desirability of collaborating across borders to develop improved service models, it can help serve the greater prize of two-tier cooperation.

For example, it can be used as a starting point for the type of inter-tier service integration envisaged in the full service analysis of the Better Government for Cumbria work. On the one hand, a strong partnership can help the County Council remedy service problems, not least by supporting the devolution of some of its responsibilities to district tier oversight to reduce the operational diseconomies of scale peculiarly prevalent in the challenging Cumbrian topography and demography. On the other, Allerdale and Carlisle could explore those areas where “upward” integration makes more sense, not least in areas such as waste management, where the separation of collection and disposal responsibilities between the tiers is operationally senseless.

Indeed, the partnership would recognise that while sovereignty-retention within existing boundaries makes sense for certain service and regeneration agendas, it hinders mature consideration of others. This awareness could help foster cross border and cross-tier approaches to locality working. Allerdale, Carlisle, their neighbour Districts and the County Council can start to factor a variety of living and working patterns that do not respect boundaries into their integrated service designs. They can align service organisation with existing or emergent regeneration and sustainability agendas, from the aspirations of Carlisle, Allerdale and Eden’s rural hinterlands, to the specific and interlinked needs of the industrial pockets on the West Coast.

The lesson of both sides of the unitary debate however is that this is less likely to happen on the back of further reports and deep strategic deliberations. It is more likely to result from decisive and exemplary action. It is thus in everyone’s interests that Carlisle and Allerdale “get on with it”. As one Cumbrian District Chief Executive outside the two authorities put it, while their collaboration might not represent the radical and transformational “end game” for Cumbria, it would be a start – and would merit applause.

5.4 Management restructure

The “bottom up” dynamic of the service analysis can of course be complemented by a “top down” restructure of the senior management. If the two authorities are realistic about the need to reduce staffing overheads and have taken an initial step by sharing a Chief Executive, it is logical to consider what more they could do in this area.

Currently, the two authorities have an acting Chief Executive, supported by eight strategic directors and nineteen heads of service. To consider how these forces could be combined and streamlined, we undertook a portfolio realignment exercise. Starting by considering the service and operational portfolios within the directorates overseen by the strategic directors, as well as the lessons from the service analysis, we considered what a unified management structure might look like.

The current portfolio compositions in both authorities have significant variations. However, there are broadly three activity groupings into which the functions of the authorities could be easily clustered. They are:

- **Corporate services**, including HR, finance, legal functions, as well as the main “bureaucratic” and back office functions of the authority, such as security, facilities management, member support and electoral services
- **Community services**, including waste, streetscene, parks, culture, sport and recreation, cemeteries and crematoria, customer contact, and voluntary sector and community funding
- **Regeneration, planning and regulatory**, including planning, building control, housing, homelessness, licensing, permitting, business support, tourism, and environmental health

There is no absolute consistency in local government organisation as to the location of the specific elements in the portfolio – environmental health could sit with community services, for example – but the grouping above is theoretically workable. Hence, the question is whether the number of strategic directors overseeing shared service structures across the two authorities could be reduced from eight to three. We believe this is achievable, provided roles were reinvented as genuinely strategic and provided they were supported by a recast role for the Chief Executive.

Hence, we set out a three director structure. This is illustrated in the diagram at Appendix D. The directors would in turn be supported by a reduced complement of heads of service, overseeing an appropriate portfolio of service and operational functions. The structure would thus be:

- A single shared Chief Executive
- A Director of Corporate Services, supported by three Heads of Service:
 - Head of Legal
 - Head of Finance
 - Head of HR and Corporate Functions
- A Director of Community Services, supported by three Heads of Service:
 - Head of Environment
 - Head of Customer Services
 - Head of Communities, Voluntary Sector and Culture
- A Director of Regeneration, Planning and Regulatory, supported by two Service Heads:
 - Head of Spatial Strategy and Built Environment
 - Head of Business, Tourism and the Economy

The last director would also be the interface for the major regeneration programmes for the two authorities, including Carlisle Renaissance and the West Cumbria Masterplan.

The Directors would obviously work across both authorities, focusing roughly equal time on both. Unlike the structure in Adur and Worthing, where service heads do not necessarily devote equal time to the two authorities, it is likely that in this case the service heads would also spend equal time in each authority. However, the precise configurations of their activities and the activities of those working to them would have to be worked out in service-specific business cases. These would be likely to throw up a range of models. For example, directors and heads of service could end up working across authority boundaries, but be supported by a mix of arrangements from service managers to the frontline, including:

- Officers dedicated to one authority
- Officers working across authorities
- Officers located permanently in one authority but able, remotely, to act for both

For example, the Director of Community Services would act across both authorities, as would their Head of Communities, Voluntary Sector and Culture. Given the nature of the work they would oversee, some officers would have a workload that was specific to one authority, especially where that workload reflected a "sovereign" remit, such particular funding for and relationships with the voluntary sector. Other officers might discharge a mixed workload across authorities. By contrast, the Head of Environment might deploy multi-functional teams and shared equipment working in patterns which cross authority boundaries, thereby acknowledging that genuine locality working is no respecter of the arbitrary constraints of local government boundaries set in the 1970s.

However the detailed decision-making here would depend on the service sharing business cases to be developed.

5.4.1 A new delegated and commissioning culture

The point made earlier in the report concerning a shared Chief Executive – that the role requires a high degree of delegation – applies also in this form of restructure. Strategic directors should be precisely that – strategic – concerned less with operational detail and more with the attainment of core outcome goals, set by a mixture of national standards and local objectives set by politicians. This will be very challenging for some directors currently working in the authorities, as this commissioning mentality is at variance the traditional role of the local government director, sitting at the apex of a Direct Service Organisation (DSO) towards which they have a "hands-on" relation. A performance management culture will be needed. In this, the Chief Executive and strategic directors would monitor two "dashboards" of indicators reflecting the objectives for each authority (separate, but probably overlapping on shared issues) and would make targeted interventions based on performance.

Interestingly, however, delegating and commissioning work best where bureaucratic interfaces are reduced. Where the "distance" between directors and the frontline is short, trust grows. Directors know those to whom they devolve responsibility and trust them to get on with it. And in "flat" organisations, the frontline participates in developing strategy, bringing its expert know-how and realism into deliberations on future plans. As we have seen, frontline officers from both authorities feel the Councils are too hierarchical. The reduction in numbers of senior posts would go some way to addressing this concern.

In itself, however, the restructure will not deliver delegation within a clear performance framework, or a clear commissioning culture. For this reason, we believe it cannot work without significant reinvention of the Chief Executive's role. Accordingly, we believe that a ninth Head of Service should be added to the structure. This person would run the Chief Executive's office. The Chief Executive would thereby oversee a portfolio including:

- Performance
- Press, communications and marketing
- Quality assurance
- External relationships (including funding)

Working with the executive members and strategic officers of both authorities, the Chief Executive's office would develop the performance framework and scheme of delegation within both authorities. It would create a set of outcome-focused performance goals, based on member priorities, which would be the primary preoccupation of strategic directors. This arrangement would provide the catalyst for a more delegating and commissioning approach to the oversight, management and organisation of services. It would also develop the protocols and "what if" scenarios that would help members understand how the new arrangements affected what they could expect from officers.

5.4.2 Is this sort of restructure feasible?

The suggested structure would thus consist of one Chief Executive, three strategic directors and nine heads of service, down from two, eight and nineteen respectively. This is at the radical end of the spectrum, but by no means ridiculous when compared with other authorities, especially in the context of the reinvention of the Chief Executive's role. In Adur and Worthing, the Councils have reduced their strategic directors from four to three and their heads of service from seventeen to ten. In South Oxfordshire and Vale of White Horse District Councils, the Chief Executive is shared, strategic directors have been reduced from five to three and heads of service from fourteen to eight.

What is striking about this is size of strategic overhead that Allerdale and Carlisle currently carry. While not the sole contributor to high costs in both authorities against benchmark comparators, it is a symptom of it. Sharing strategic capacity affords an opportunity to inject realism into the question of staffing levels more generally by setting a clear lead.

However, members will want to be sure that these staffing levels can sustain and improve performance and their introduction will not lead to significant reductions in performance standards. Let us be clear on this point. No major restructure has ever taken place without a short-term adverse effect on performance. All business cases for shared services and detailed plans for restructuring management portfolios should acknowledge this fact and plan accordingly. Nevertheless, we believe the structure is sustainable in the medium term. This view is not merely influenced by the feedback received from other authorities who are confident of the achievability of their restructures. Nor is it just a function of our professional judgement and experience, on the basis of which we cannot honestly conclude that there is no spare capacity in either authority. Rather, it comes from feedback from officers at all levels within the authorities. They indicated that while some senior officers were working flat out, others were not. Others were working very hard, but it was questionable whether they were genuinely productive. Most agreed that

with a re-engineering of the approach to work, the authorities could afford to lose capacity at the top.

5.5 Recommendation; cost/savings implications and other practicalities

Accordingly, we recommend that the authorities should pursue a radical shared management and service model, combining the intention to share the bulk of service provision with a substantially reduced strategic overhead.

Agreement to this is only a first step. Detailed business cases need to be developed with detailed financial analyses, in particular for the service sharing models. These would be primary components within a two-year change programme, outlined in section 6.

The extent of savings possible from the service sharing is dependent on the way in which the reviews are conducted and the imagination and robustness of the service models developed. However, we believe that savings targets for the reviews should be set from the outset. In Adur and Worthing, the business cases are tasked with realising 15% savings over a three year period. Allerdale and Carlisle may choose this figure. A more subtle approach however would be to place more exacting targets on back office and transactional services than the one placed on labour intensive frontline services. This would be in line with the good organisational practice of shifting resources as far as possible from the back office overhead to the frontline. A sound schema for savings over a three year period might be:

- A 20% savings target for back office functions
- 10-15% for transactional and ICT-based customer interfaces
- 5-10% saving for labour intensive frontline operations

It is beyond the scope of a study of this sort to estimate the scale of savings this approach could realise. This would require spend analyses to be developed for functional units in both authorities, and their current accounting treatments are so different that this would require substantial extra work. Nevertheless, as the services to be shared would cover the bulk of services across the authorities, a cursory glance at their budgets by service headings reveals that the rigorous application of the percentage targets above would realise significant sums and assist in reducing the gap between the authorities' expenditure and benchmarks.

While savings at the frontline may result from process improvements and better use of equipment, the service reviews will need to identify staff reductions to fulfil savings targets, especially for back office functions. Some of this may be attained through a targeted scheme of vacancy management, where vacancies are not filled in areas where business cases point to the need for fewer staff. However, there will inevitably be redundancy and early retirement costs. As business cases quantify the scale of redundancies, the Councils will need to make suitable provisions, possibly through earmarking a proportion of balances. The Executives of both authorities should commission their finance officers to provide suitable estimates as they consider the recommendations in this report. The Councils may also wish to cost a voluntary redundancy scheme (the details of which are beyond the reasonable scope of a study such as this).

Further, where service sharing occurs its introduction dictates some harmonisation of terms and conditions. The authorities may wish to do this at the higher scale. If so, while preliminary discussions with finance officers indicate it would be wise to allocate somewhere in the order of £750 000 to cover the eventuality, again members will wish to ask for an accurate estimate of implications.

It should be easier to predict with some clarity the costs and savings associated with the senior management restructure. The removal of posts realises a saving of over £1.1m per annum. To keep costs down, we recommend that competition for posts should be internal, with incumbents having to reapply for the changed roles. We had hoped in the course of this study to be able to make a robust estimate of associated redundancy and early retirement costs. Regrettably, one authority, though able to provide the implications associated with a part of its policy, was unable to provide the information relevant to longstanding employees. While we were thus able to make broad estimates, the result was an incomplete picture and we have no wish to mislead members. As before, the Executives of both authorities should commission the relevant information from finance officers to inform their final deliberations on this report.

The exception to the requirement to apply for their job, at least in the short term, should be the acting Chief Executive. In the interests of continuity, she should oversee the two-year change programme. At the end of this period, the role should then be advertised and she should apply for it. This balances the need for the programme to have a secure leadership from day one, with the need for the equity, with the Chief Executive ultimately in the same position as everyone else in the senior management team.

5.5.1 The role of third party support in developing service models

One factor that is undoubtedly relevant to the position of the two authorities as being high cost is the limited use of third party supply and imaginative forms of partnership working with the private sector. A reason evident in interviews for nervousness about using the private sector is the prominence of unpopular and, it is alleged, unsuccessful models for outsourcing across Cumbria. It is beyond the scope of our work to comment on the basis for this perspective. What we do observe is an underdeveloped procurement culture with few cutting-edge partnerships. Yet there are successful models for the use of third party providers up and down the country. There are procurements that have been managed with the full and enthusiastic participation of workforces and trade unions. There are service centre models which have reduced costs and staffing levels, but have compensated for this with local investment and new job creation. The Councils should accordingly ensure that in developing business cases for service sharing, the role of third parties should not be considered solely from the perspective of Cumbria's record in this area, but should take full account of the models available.

Nevertheless, procurement should always balance innovation with circumspection. Taking "problem" services and outsourcing them for improvement is a path strewn with failure. Better practice in sharing is to make partnership between the sharing parties work in the first instance and then, once arrangements are suitably stable, to consider the involvement of third party suppliers.

6. A COMPREHENSIVE TWO YEAR PROGRAMME OF CHANGE

The introduction of the model proposed will require concerted effort from members and officers. It will need strong political backing and substantial resourcing. We anticipate a change timetable of just over two years as the shortest period in which this could be achieved. Assuming a commencement date of January 1st 2009, the outlines of the timetable would be as follows.

- January 2009: back office and transactional service reviews commence; strategic directors and service heads apply for posts
- April 2009: new shared senior management team in post
- September 2009 business cases for back office and transactional services complete; wave one of frontline service reviews commences
- April 2010: new back office and transactional shared services in place; wave one frontline service business cases complete; wave two commence
- December 2010-April 2011: all business cases complete; frontline shared services arrangements all in place

To achieve this, all existing reform programmes, from joint work on shared services, the service reviews within Carlisle, and Allerdale's work on transformation should be brought under a single change programme. The Allerdale/Carlisle Programme should be:

- Overseen by members. Executive meetings should take place consecutively at the same location and a cross-party member working group should be established to oversee the change programme as a whole.
- Have a standing programme office.
- Involve staff and trade unions fully. Principles of openness should underpin engagement with staff, especially about the staffing implications of service reviews, in which they should also be fully involved.
- Involve other authorities fully. As indicated, where possible, service sharing scenarios with other councils should be explored. More importantly however the initiative is more likely to succeed if it takes place with the support of the other councils in Cumbria.

Some authorities have embarked on change programmes of this sort without comprehensive external support. Others have needed significant input. Even high-performing Stockton and Darlington Districts required top-class external programme and project management support to introduce their shared finance joint venture (Xentrall). We believe that it will be impossible for Carlisle and Allerdale to achieve these reforms without extensive external input.

Indeed the most valid challenge levelled at these proposals was not at their intent. Rather, it was the one most often raised in relation to radical change: how can those who have been responsible for allowing a situation to emerge where radical change is needed be entrusted to oversee it? Indeed, some interviewees indicated that if the programme

were embarked upon and disastrously implemented, this would be far worse than the status quo.

We believe that the programme will need:

- Programme management
- Change management advice
- Advice on organisational design
- Support on the design of officer job specifications and on securing the best long-term outcomes from recruitment panels
- Advice on policy, leadership and member development
- Financial and analytical scrutiny of business cases

Accordingly, we believe that it would be prudent for the Councils to set aside £1m in total for the two years of the project to secure external support. Steers from other regions point towards the fact that the pain of finding such resources can be eased through bidding into a range of improvement and innovation funds. In particular, given the clear emphasis on efficiency within this programme, the councils should apply to the Cumbria Improvement and Efficiency Partnership (CIEP) for overall approval of its plans and then to the Northwest Improvement and Efficiency Partnership (NWIEP) for funding.

APPENDIX A: FINANCIAL BENCHMARKING

Appendix A sets out background data for the figures given in the report. Data was provided by Allerdale and Carlisle finance offices from the Allerdale Budget Book, the Carlisle Financial plan and the Audit Commission Revenue Outturn submissions from both councils. Benchmarking data is taken from the CIPFA stats website.

Option 1 – reversion to the status quo, in which Allerdale recruits its own Chief Executive

Total salary costs – inc. salary, NI and pension

Allerdale	Low	High
CE total cost	122,906	129,438
Recruitment	40,000	50,000
Total	162,906	179,438

Carlisle		
CE total cost	129,438	129,438
Recruitment	0	0
Total	129,438	129,438
Total cost	292,344	308,876

Recruitment cost comparisons

Maggie Mooney - £40,000

Gillian Bishop - £71,000 including assessment centre and consultants

Copeland - £50,000 including consultants for some management restructure

Therefore assume a range of £40,000 to £50,000

Low salary figure – if offering same salary as Gillian Bishop received

High salary figure – if offering same salary as Carlisle pay to Maggie Mooney

Option 2 A – making the temporary shared Chief Executive arrangement permanent

The costs for this option assume that Maggie Mooney will take up the post of shared Chief Executive, thus saving recruitment costs.

Likely cost of single shared Chief Executive

Total cost of shared CEO	Lower	Medium	Upper
Salary, NI and pension	129,438	142,382	158,750

Lower - based on current salary level, no increase

Medium - an increase of 10% to recognise increased responsibility

Higher - based on salary of £125,000 paid to CEO shared between Waveney and Suffolk Coastal (combined population of 240,000) with 27% increase between gross salary and total costs (which reflects the current Carlisle increase between gross salary and total costs).

Cost and potential savings for to each authority – based on Medium total salary cost estimate

	CEO cost - sharing medium salary costs based on pop sizes	Year 1 cost of Option 1 – high est. salary	Year 1 saving by sharing CEO	Recurring cost of Option 1 – high est. salary	Recurring saving by sharing CEO	Total saving over 3 years by sharing CEO
Allerdale	68523	179,438	110,915	129,438	60,915	232746
Carlisle	73859	129,438	55,579	129,438	55,579	166736
Total	142382	308876	166494	258876	116494	399483

Option 2 B – sharing a Chief Executive and other management and delivery structures

This section provides benchmarking data: firstly a comparison with other district councils; and secondly with other authorities already sharing a Chief Executive or management structures. The section concludes with savings estimates from a reduced top management team, as set out in annex D.

Benchmarking with other District Councils

District Council	Audit Commission rating	AC VFM assessment 2007	Council's own estimate of population - June 2007	Total Service Expenditure 2007- 08 (£000s)	Av total service spend per head (£s)
Dacorum	Good	1	138,600	23,649	170.6
Warwick	Excellent	3	140,000	19,355	138.3
Maidstone	Excellent	3	143,000	26,538	185.6
Tendring	Good	4	143,000	20,970	146.6
Canterbury	Excellent	3	145,300	25,271	173.9
Oxford	Weak	2	148,200	30,803	207.8
Bedford	Excellent	3	156,000	30,463	195.3
Charnwood	Fair	3	157,600	21,088	133.8
Chelmsford	Excellent	3	160,000	24,624	153.9
Wycombe	Good	3	160,200	24,586	153.5
Colchester	Excellent	3	163,400	26,095	159.7
Huntingdonshire	Excellent	3	165,200	26,725	161.8
Basildon	Fair	2	167,000	31,535	188.8
New Forest	Excellent	3	171,800	22,639	131.8
Aylesbury Vale	Good	2	172,500	25,747	149.3
Northampton	Poor	1	195,000	31,568	161.9
Allerdale and Carlisle	A - Fair. C - good	A - 2 C - 2	200,100	38236	191.1
Average			160,406	26,464	164.9
			Variance from average (£ per head)	% variance	26.2
					13.69
			£000 total potential saving		5236

Benchmarking with other authorities engaged in sharing Chief Executives of management structures

Council name	Audit Commission rating	AC VFM assessment 2007	Council's own estimate of population - June 2007	Total Service Expenditure 2007-08 (£000s)	Av total service spend per head (£s)
Adur	Fair	2	59,100	10,818	
Worthing	Fair	3	98,100	16,960	
Adur and Worthing			157,200	27,778	176.7
South Oxfordshire	Excellent	2	130,800	18,716	
Vale of White Horse	Fair	3	117,000	16,841	
South Oxfordshire and Vale of White Horse			247,800	35,557	143.5
Waveney	Weak	1	117,000	16,931	
Suffolk Coastal	Fair	3	122,500	16,175	
Waveney and Suffolk Coastal			239,500	33,106	138.2
South Hams	Excellent	3	82,800	12,378	
West Devon	Good	3	51,000	8,528	
South Hams and West Devon			133,800	20,906	156.2
Braintree	Good	3	142,400	18,718	
Colchester	Excellent	3	163,400	26,095	
Braintree and Colchester			305,800	44,813	146.5
Richmondshire	Fair	3	50,700	7,691	
Hambleton	Excellent	3	85,000	10,954	
Richmondshire and Hambleton			135,700	18,645	137.4
Staffordshire Moorlands	Excellent	4	94,600	14,275	
High Peak	Excellent	3	91,100	11,472	
Staffordshire and High Peak			185,700	25,747	138.6
Allerdale	Fair	2	96,300	15,557	
Carlisle	Good	2	103,800	22,679	
Allerdale and Carlisle			200,100	38,236	191.1
Average			193,971	32,968	154
Variance from average (£ per head)					37.5
% variance					19.6
£000 total potential saving					7512

Alternatives
A B

148	143.4
42.9	47.7
22.5	24.9
8585	9536

Alternative A = excluding Allerdale and Carlisle. Alternative B = excluding Allerdale and Carlisle and Adur and Worthing

Potential savings from proposed top management restructure

The following potential savings are an estimate.

Current top management structure

Position	Carlisle			Allerdale			Total salary cost across both authorities	Average total salary cost per post across both authorities
	# posts	Total cost – salary and on costs	Average total cost per post	# posts	Total cost – salary and on costs	Average total cost per post		
CEO	1	129,438	129,438	1	122,906	122,906	252,344	126172
Directors	5	436,215	87,243	3	240,339	80,113	676,554	83678
Heads of service	13	723,172	55,628	6	339,476	56,579	1,062,648	56103.5
		1,288,825			702,721		1,991,546	

Proposed top management structure

Position	# posts	Current average total salary cost per post	Future average total salary cost - suggest uplift by 10%	Total future salary cost inc uplift	Total future salary cost - no uplift
CEO	1	126172	138789.2	138789.2	126172
Directors	3	83678	92045.8	276137.4	251034
Heads of service	9	56103.5	61713.85	555424.7	504931.5
		265953.5	292548.85	970351.3	882137.5

Total recurring savings – including 10% uplift

Current total	1,991,546
Proposed structure total	970351.3
Potential recurring saving	1,021,195
% reduction	51

Total recurring savings – based on no salary uplift

Current total	1,991,546
Future total - no salary uplift	882137.5
Potential recurring saving	1,109,409
% reduction	56

APPENDIX B: SERVICE ANALYSIS

This Service Analysis analyses the services of each local authority and identifies where those services could be shared between the two councils; with other districts; and with the county. The analysis identifies how each authority is performing, where data is available.

Services are grouped according to the Revenue Outturn reports to the Audit Commission. Where possible, total service expenditure figures are given. Direct comparisons should not be made using these figures, as each council codes their expenditure differently – the figures are a guide only.

KEY:

Performance column

- 1 – top quartile BVPI
- 2 – upper median BVPI
- 3 – lower median BVPI
- 4 – lower quartile BVPI
- NA – not available, data not reported in documents seen

Service categorisation column

- 1 – locally specific service, non shareable
- 2 – locally specific service, with potential for sharing
- 3 – generic service, shareable

Service	Performance (see above for key)	Performance (see above for key)	Performance (see above for key)	Service categorisation (see above for key)	Potential for collaboration with other districts Y/N/?	Potential for collaboration with County Y/N/?	Allerdale total expenditure (£000 from RO Budget)	Carlisle total expenditure (£000 from RO Budget)	Total spend (£000 from RO Budget)
Highways, roads and transport services									
Road and Pavements	NA	NA	NA	2 - 3	Y	Y	5767	3696	9463

Maintenance									
Local Traffic Calming	NA	NA	3	Y	?				
Grass Verges	NA	NA	2-3	Y	?				
Surface Dressing (part of Carlisle claimed rights)	NA	NA	2-3	Y	?				
Gritting and Snow Clearance (part of Carlisle claimed rights)	NA	NA	3	Y	?				
Lighting	NA	NA	3	Y	Y				
Street Furniture	NA	NA	2-3	Y	?				
Signage	NA	NA	2-3	Y	?				
Graffiti	3	1	3	Y	?				
Tree pruning, protection and surgery	NA	NA	3	Y	?				
Pedestrianisation	NA	NA	2	Y	Y				
Alley Gating	NA	NA	2	Y	N				
Voluntary Sector Funding	NA	NA	1 (governance) 3 (process)	?	?				
Admin, complaints,	NA	3	3	Y	Y				

Date: October 2008

Date: October 2008

[illegible]

							WITH TRADING STANDARDS)			
Environmental health	As licensing	As licensing	3	Y		Y	Y (INTEGRATE D WORKING WITH TRADING STANDARDS)			
Licensing	Env. health quality checklist 3	Env. health quality checklist 3	1 (governance) 3 (process)	Y		Y ?	254	215	469	
Crime and Disorder	Allerdale indicator more positive, with exception of violent crime	Allerdale indicator more positive, with exception of violent crime 4 – violent crime 1 - robberies	2	Y		Y				
Community Support Officers and Wardens	NA	NA	2	Y		?				
Community safety – through Crime and Disorder Partnership	Allerdale indicator more positive, with exception of violent crime	Allerdale indicator more positive, with exception of violent crime	2	Y		?				
CCTV	NA	NA although Carlisle measure 2-3	y	Y						

Target Hardening	NA	NA	2	Y	?				
Contaminated land	NA	2	3	Y	?				
Coastal and inland flooding	NA	NA	2	Y	?				
Bins on Streets	NA	NA	2-3	Y	N				
Street Cleansing	NA	2	3	Y	N	906	1590	2496	
Collection	improving on % change 3	4	3	Y	Y (FOR DISPOSAL)				
Recycling collection	2	2	3	Y	Y				
Procurement	NA	NA	3	Y	Y				
Business Waste Collection	NA	NA	2-3	Y	Y (FOR DISPOSAL)				
Recycling Points	NA	NA	2-3	Y	?				
Fleet and Fleet Management	NA	NA	3	Y	Y				
Waste segregation at collection	4	4	3	Y	Y				
Bulk Items Collection	NA	NA	2	Y	Y (FOR DISPOSAL)				
Composting	2	1	2-3	Y	Y				
Bins and Containers	NA	NA	2-3	Y	Y				

[illegible]

[illegible]

Procurement	NA	NA	3	Y	Y			
Internal Health and Safety Policy	NA	NA	3	Y	Y			
Diversity	Poor, note Allerdale performance on women in snr management is strong	Medium - Poor	2-3	Y	Y			
Staff Support	NA	NA	2-3	Y	Y			
Customer Interfaces and Appeals	NA	3	3	Y	Y			
Call Centres	NA	3-4 for satisfaction	3	Y	Y			
Property, Capital	See comments above on finance. Also note current sub-optimal management of estate	See comments above on finance. Also note current sub-optimal management of estate	3	Y	Y			
Strategy Functions	NA	NA	2-3	Y	Y			
Performance	NA	NA	2-3	Y	Y			
Communications	NA	NA	2	Y	Y			
Security	NA	NA	3	Y	Y			

Front-desks	?		3 complaints	3	Y	Y			
Corporate admin	NA		NA	3	Y	Y			
Print and postal	NA		NA	3	Y	Y			
IT Servers	Note internal customer satisfaction is higher		Carlisle service better on income generation.	3	Y	Y			
IT Procurement	Note internal customer satisfaction is higher		Carlisle service better on income generation.	3	Y	Y			
Websites	NA		NA	2-3	Y	Y			
Service Kiosks and Access Points	Both criticised for access strategy. Allerdale improvements noted by AC		Both criticised for access strategy. Allerdale improvements noted by AC	2-3	Y	Y			
Civic Pride Support (Ceremonial Mayor, Dinners)	NA		NA	2-3	Y	?			
Hospitality	NA		NA	2-3	Y	?			
Advertising, Branding, Logos	NA		NA	2	Y	Y			
Training and Development	NA		NA	2-3	Y	Y			

Press Office	NA	NA	2	Y	Y			
Committee / Executive / Council Support	NA	NA	2-3	Y	Y			
Policy and Strategy	NA	NA	2	Y	?			
LSP	NA	NA	1-2	Y	Y			
LAA	NA	NA	1, 2, 3	Y	Y			
CAA/MAA	NA	NA	1, 2-3	Y	Y			
Community Strategy	NA	NA	2	Y	?			
Local PSA	NA	NA	2	Y	?			
Partnership Working	Both advised by AC to improve working in this area	Both advised by AC to improve working in this area	2	Y	Y			
Engagement with Cumbria-wide public and private sector bodies	NA	NA	2	Y	Y			

Equalities	Poor, note Allerdale performance on women in snr management is strong	Medium - Poor	2-3	Y	Y			
FOI	NA	NA	3	Y	Y			
Disabled Access	Performance judged sub- optimal	Performance judged sub- optimal	2	Y	Y			
E-Gov. Targets	Both could do more on virtual access to service, though recent Allerdale improvements noted by AC	Both could do more on virtual access to service, though recent Allerdale improvements noted by AC	2	Y	Y			
Finance	Adequate performance (AC)	Adequate performance (AC)	3	Y	N ?			
Fraud Prevention	As above	As above	3	Y	Y			
CT Collection	4	4	3	Y	N			
Housing Benefit	Mixed performance	Mixed performance 1 – speed of processing new/changed	3	Y	N			

		claims 4 - accuracy							
NNDR	3	3	3	Y		N			
CT Benefit	NA	NA	3	Y		N			
Arrears	NA	NA	3	Y		N			
Bailiffs	NA	NA	3	Y		N			
Parish council support	NA	NA	1-2	Y		Y			
Achieving Cumbrian Excellence (ACE)	NA	NA	2	Y		Y			
Civil Emergency Planning	NA	NA	2-3	Y		Y			
Risk / Disaster Recovery	NA	NA	3	Y		Y			
Grants/External Funding Officers	NA	NA	2	Y		Y			

APPENDIX C: SWOT ANALYSIS

SWOT analysis considering possible shared Chief Executive Officer

- Option 1 – reversion to the status quo, in which Allerdale recruits its own CEO
- Option 2 A – making the temporary shared CEO arrangement permanent
- Option 2 B – sharing a CEO and other management and delivery structures

Option 1 – Allerdale recruits a new CEO					
Option 1 - Strengths	Probability H/M/L	Impact H/M/L	Priority H/M/L	Mitigating/managing actions	
Overall					
Familiar, retains the status quo	H	L	M	Reassuring campaign with staff	
No sovereignty question	M/H	L	M	Positive campaign to underline individual single authorities (note however that the sovereignty question as it relates to the unitary debate is not addressed)	
Media handling simple	M	L	M/L	Clear briefings to press, focus on positives and highlight joint working to continue (note: may be an issue about defeated expectations with press)	
Allows different approaches to services in each authority to be retained	H	L	M	Ensure suitable balance of separate and joint working continues and write into job specification for new CEO	
No disruption to strategic engagement with external parties at Cumbria and LSP level	M	M	M	Undertake stakeholder engagement programme to raise awareness of way forward and retain buy-in (note: as with press expectations may have been raised and need to be depressed)	
Appears to maximise adaptability – options are kept open	H	L	M	Communications to highlight future flexibility	
No further blow to staff morale	M	M	M	Reassuring campaign with staff; however, this may be overtaken by the ongoing realities of restructure in the two separate authorities	

Administration and service cultures remain unchallenged	H	L	M	Reassure staff, underline continued shared working within current authority cultures and structures
Less burdensome to individuals concerned	H	M	M/H	Reassure staff and renew focus on front line delivery
Allerdale				
Reasserts importance of Allerdale as sovereign entity	H	M	H/M	Positive press campaign to recruit and promote new CEO as a focused and 100% committed leader for Allerdale
Puts single CEO in charge of addressing serious financial situation	H	H	H	Key part of job specification for new CEO to address financial position
Fresh thinking of a new person	H	H	H	Underline importance of fresh thinking in job specification
Presentational value – residents feel that they 'deserve' their own CEO	M	M	M	Positive press campaign to highlight importance of Allerdale (however, note that confusion may arise from raised and dashed expectations)
Staff feel valued	M	M	M	Underline importance of Allerdale itself, but caution about the need to make savings in years ahead
Carlisle				
Removes issue of CEO time diluted	H	H	H	Positive messages about CEO being 100% committed to Carlisle
Easy to handle with Members	M	M	M	Positive messages but also focus on ability to continue joint working with a range of authorities
CEO remains visible and demonstrably 100% committed to Carlisle	H	M	M/H	Positive messages to Members and press, regular publicity about work in Carlisle
Unthreatening	H	M	M/H	Ensure communications focus on maintaining status quo and retaining sovereignty of Carlisle
Apparently flexible – eg doesn't undermine work with Eden	M	M	M	Continue and deepen Eden engagement
Option 1 - Weaknesses				
Overall				
Loss of momentum	H	H	H	Ensure new CEO job specification includes requirement to joint working/shared services
Maintains status quo	H	H	H	Turn to advantage by highlighting solid forward looking work and need to reassure staff at present

Doesn't address serious financial situation for either authority	H	H	H	New Allerdale CEO job specification to include a focus on resolving financial situation; Carlisle CEO to focus on financial situation as a priority
Unlikely to meet with external approval at both County and National levels (also see threats)	H	H	H	Underline continued joint working practices and focus on the good work already underway. Highlight ability to work with a range of partners
Continues sense of lethargic Cumbrian approach to addressing the analysis of the Local Government White Paper (also see threats)	H	H	H	Focus on Cumbria-wide shared services work; and include shared services development in new Allerdale CEO job specification
Doesn't allow either authority to take control of the shared services debate	H	M/H	H/M	Maximise the time and skills of two CEOs to push debate forward and deliver shared services work
Misses opportunity to build on existing sharing – i.e. ICT	H	H	H	Focus on sharing work continuing and take forward ICT work quickly to underline agenda is not dead
Loses tactical opportunity for foreseeable future	H	M	M/H	Ensure shared services work continues; write in to job specification for new Allerdale CEO
Two relatively standard CEO jobs rather than one very exciting one	H	H	M/H	Ensure job specification includes a requirement to progress shared working arrangements
Does nothing to address the 'death by 1000 cuts' issue	H	H	H	Both CEOs to focus clearly on resolving financial situation by a strategic restructure, further shared services working between authorities and with others
Allerdale				
Missed opportunity to deal with the dire financial situation	H	H	H	New Allerdale CEO job specification to focus on resolving financial issues through a focus on shared working
Doesn't address desire of some members to engage with and exploit Carlisle sphere of influence in addition to existing West Coast agendas	H	H	H	Information campaign focusing on Allerdale's importance to Carlisle and rest of Cumbria
Missed opportunity to pool experience, service approach and create superior shared culture	H	H	H	Focus on continuing shared services work; continue and expand shared management meetings; instigate further collaborative working within existing structures
Counter to executive member desires	H	M	M/H	Ensure Members take control of debate and work positively with new CEO to develop a leading role for Allerdale in Cumbria-wide reform

		M/H	M	H	initiatives
Doesn't stave off particular vulnerability to criticism that Allerdale is an arbitrary local governance unit		M/H	M	H	New CEO to define Allerdale's position and develop the authority as a distinct unit
Carlisle					
Missed opportunity to use as a means to address the spirit of City Region ambitions through other means		M/H	M	M/H	Continue to work with a range of authorities on shared services to widen sphere of influence
Missed opportunity to build reputation as radical local government leader		H	M	M/H	Continue to drive shared services and enhanced working debates and look for alternative ways to develop local government governance
Missed opportunity to grasp a mature governance model at member and officer level		H	H	H	Engage member and officer executives in debate on "commissioning" role
Option 1 - Opportunities					
Overall					
A new person comes in – fresh thinking	M	H	M/H		Ensure job specification highlights the key requirements for new, radical, forward thinking combined with focus on resolving financial issues (note however that a satisfactory recruitment cannot be guaranteed)
Authorities can think about efficiency agenda separately as well as together	H	M/L	M		Set up regular joint working sessions to take forward efficiency agenda together and with other authorities
Take principled look at sharing with other parties without feeling of exclusivity or right to first refusal	H	M	M/H		Both authorities to meet with other authorities and aggressively push forward shared services agenda where appropriate
Allerdale					
A new person taking the lead	M	H	M/H		Ensure new Allerdale CEO job specification is visionary and recruitment process casts net wide to draw a wide pool of talent. Develop a strong remuneration package to attract the best. (As before, however, no guarantee of success in recruitment)
Extend and deepen the West Cumbrian sphere of influence	M	M	M		Early engagement with Copeland to ensure that West Cumbria Masterplan is taken forward and widely publicised

Carlisle							
Potential for rethinking CEO role	L/M	M			L/M		Engage Members and senior officers to rethink the role of the CEO. Use the time otherwise shared with Allerdale to develop new thinking and address new areas of work.
Option 1 - Threats							
Overall							
'All going to die': the threats to Cumbrian governance in its existing form, despite failure of Cumbrian unitary bid, well documented	H	H			H		Identify savings early and improve budgeting to ensure savings are delivered; go onto front foot with enhanced working and revive BGfC thinking
Financial problems loom in both authorities	H	H			H		Strategic approaches to savings in both authorities
Poor Local Authority settlements for foreseeable future	H	H			H		As above
CLG criticism of Cumbria on lack of enhanced working	H	H			H		Revive BGfC principles and engage with other Cumbrian authorities on sharing and enhanced working
Audit Commission criticism (again) on lack of progress on sharing resources to extend capacity and reduce cost	H	H			H		Put in place a "presumption to share" in both authorities across a set of agreed services and develop business cases with partners
Renewed push for Unitary authorities	M/H	H			M		Revive BGfC model, this time with an explicit view to implementing model or variant
Other partners (eg County Council) take control of sharing debate	M/H	H			M		Put in place a "presumption to share" in both authorities across a set of agreed services and develop business cases with partners
CAA reporting at the County level reduces authorities input	H	H			H		Work with County to ensure LAA is robust reflection and that there is real traceability between CAA and Operational Assessments of individual Districts
Recruitment issues – quality and quantity	M	H			M/H		Ensure CEO remuneration package is attractive, that the job specification reflects the ambitions of the authority and use trusted recruitment techniques/headhunters
Politics – local and national	M	H			M/H		Regular engagement with MPs and Members to highlight positive work and develop new ideas in collaboration with politicians
Allerdale							

Poor recruitment of new Chief Executive	M	H	M/H	Use well established recruitment channels; ensure the package is attractive; focus on positive forward looking work to share services.
Carlisle				
Recruitment of person indifferent to Carlisle interests	L/M	M	L/M	Recruitment process would identify need to work closely with Carlisle and to continue the shared services projects and agenda

Option 2 A – shared CEO

Option 2 A - Strengths	Probability H/M/L	Impact H/M/L	Priority H/M/L	Mitigating/managing actions
Overall				
Momentum retained and built upon	H	M	M/H	Early high profile publicity campaign to highlight new way of collaborative working, saving money and positioning North Cumbria at the forefront of local government modernisation
Builds on shared interests	H	M	M/H	Focus on areas of shared interest and develop those areas rapidly to cement success
Saves costs on staff and facilities	H	M	H/M	Ensure that full savings are made by cutting waste in shared CEO offices wherever possible and making savings public
Attracts external approval and interest	M/H	M	M/H	Mount a positive media campaign and highlight to key bodies – IDEa, CLG, GONW, AC - that joint work is occurring
Very interesting and high calibre job	H	M	M/H	Shared CEO job description must be high level, strategic and visionary. Draw a clear line between operational duties and strategic leadership role.
Pragmatic recognition of size of task v. resources available	H	L/M	M	Produce a clear briefing paper setting out the role relative to resources available. Draw comparisons with other authorities of comparable size and show how others have shared before.
Could strengthen external engagement	H	M	H/M	Ensure CEO has a clear focus on strategic level and engages early with key external stakeholders.
Allerdale				
Meets ruling group member desires (at least in part)	M	M	M	Give regular feedback to Members on progress and how this meets with their requests (may be a need to manage members whose interests were in something considerably more radical)
Extends Allerdale interests into Carlisle sphere of influence, without diluting existing West Coast engagements	H	H	H	Stress mutual interest in regeneration in relation to Carlisle as a developmental "hub", workplace and retail destination for esp north Allerdale residents
Starts to address serious financial deficit	H	M/L	M	Identify and realise any related savings from shared CEO

Strengthens Allerdale work with Copeland by building on good relations between Carlisle and Copeland	H	M	M/H	Sell this perspective to Copeland officers and members, building on existing good relations
Carlisle				
Reputation enhanced	M/H	H	M/H	Positive publicity about shared CEO and greater shared working practices
Supports Carlisle City Region ambition	H	M	M/H	Demonstrate the larger sphere of influence for Carlisle through positive publicity and increased information to Allerdale residents
Prepares authority in part for future financial issues	M	M	M	Precisely define savings made and ensure shared CEO job specification includes requirement to address financial situation
Option 2 A - Weaknesses				
Overall				
Difficult job to balance competing priorities	M	H	M/H	Ensure CEO job specification makes split priorities clear and recruitment process focuses on person to achieve this. Delegative leadership model. Draw on experience of other shared chief executives. Rely on senior officers at both councils to drive forward agenda
Practicalities of Member management are difficult with one CEO	M	H	M/H	As above
Reduces prospect of figurehead/heroic leadership	M	H	M/H	Ensure CEO is visible in both authorities with equal opportunities for press and publicity in each and as above
Reduces credibility of figurehead/heroic leadership	M/H	H	H	As above, and ensure publicity campaign and profile underlines ability to deliver results; compare with other shared CEO roles
Vulnerable to future changes in political situation both locally and nationally	M	M	M	Accept a degree of uncertainty, but work closely with Members to highlight positive outcomes and identify costs of going back on the arrangement (note vulnerability here greater than with a deeper integration)
Less resilience – i.e. to sickness, during holidays	M	M	M	Put in place an agreed plan in case of absence. Identify a deputy to fill position in case of emergency
Could weaken external stakeholder engagement	M/H	M	M	Ensure stakeholders are aware of new arrangements and reasoning. Senior officers to take on a greater stakeholder engagement role
Could distract from underlying problems –	H	H	H	Shared CEO job specification to identify requirement to address

seen as the answer to issues including financial situation					financial situation as a matter of urgency
Cultural incompatibility	M	H		M/H	Drive forward shared services work and ensure new CEO is fully aware of cultural differences and ways to create a more mature and where possible shared delivery culture
Human factors - i.e. shared CEO may prefer one place to the other	L	H		M	New CEO job specification to highlight equal importance of both authorities. Put in place regular external reviews to ensure CEO is dealing with authorities equally. Shared CEO performance assessment between authorities
Potential loss of discrete identities	M/H	H		H	Encourage Members to take greater control of developing and maintaining separate identities so that the CEO is not seen as the single focus of identity; delegated delivery model
Lack real radicalism – no point doing it without full restructure	H	H		H	Consider using as "staging post" on route to fuller integration
Allerdale					
Possible feeling of being the junior partner	M	H		M/H	Job description stresses equality of partnership
Carlisle					
Member concerns that Carlisle are losing out	H	M/H		M	Engage with Members regularly to discuss and overcome opposition to new arrangements
Perceived loss of exclusivity	H	M		M/H	Underline requirement to save money to address financial issue; highlight successful shared CEO working elsewhere. Show how Carlisle gains, not just a loss of CEO time.
Could be seen to undermine Eden relationship	M/L	M/L		M/L	Provide assurances and identify opportunities for further development
Option 2 A - Opportunities					
Overall					
Can provide momentum for further sharing and restructure (see also option 2B)	H	M		M/H	New CEO job specification to focus on driving forward shared services work
External approval, funding, support, interest – particularly if sharing wins attention, even	M/H	M/H		H	Develop strong communications plan to highlight good work to stakeholders. Ensure benefits are tracked so that strong entries can

awards					be made to win awards (however, might not be seen as being as radical as option 2B)
Re-launch Better Government for Cumbria thinking	M	M	M	M	Joint CEO pushes forward Cumbria-wide enhanced working agenda
Define role in CAA	H	H	H	H	Engage with County Council and others to ensure shared CEO has a strong voice on CAA, reworking LAA where appropriate, and permitting joint approaches to Operational Assessment
Rethink relationships, share culture, reengineer local government leadership model	H	M/H	H	H	Shared CEO job specification to highlight the need for leadership of new ways of working. Develop a plan for wider engagement
New relationship with the County Council	H	H	H	H	Shared CEO to engage early with County Council. County to be consulted during process to put new arrangements in place
Would allow input into any future unitary debate from a position of strength (whatever the desired outcome)	M/H	M	M	M	Ensure early wins are made by driving forward delivery of shared services work. Approach Unitary debate on the front foot with strong examples of savings/alternative models
Joint approaches to chronic skills shortages, labour market issues and regeneration challenges	H	M/H	H	H	Shared CEO encouraged to take forward big issues on a shared basis between two authorities. Set up joint working groups on skills, labour market and regeneration.
Allerdale					
To benefit from Carlisle city profile	M/H	M/H	H	H	Positive local publicity about new working arrangements, focusing on the potential for Allerdale to gain
Learn the best of Carlisle	H	H	H	H	Joint working groups should be set up for Directors and Service Heads to learn the best from their counterparts
Carlisle					
Learn the best of Allerdale – particularly on commissioning culture	H	H	H	H	As above, set up joint working groups with a particular focus on commissioned services
Option 2 A - Threats					
Overall					
County Council may be hostile	L	M	L/M	L/M	Engage early and demonstrate the necessity of sharing, as well as how the model provides vehicles for and momentum for enhanced two-tier working (especially insofar as it allows for cross-border

Will attract local stakeholder, media and political criticism	H	M	H	approaches to locality working) Focus on positive benefits of increased shared working and savings realised. Highlight need to change due to financial pressures and address issues raised in Unitary debate. Accept that some criticism cannot be avoided. Put in place long term communications plan to publicise quick wins. Clearly set out how single CEO and Senior Management will manage stakeholders Regular meetings and briefings
Politics – opposition could derail shared arrangements	M	H	M/H	
Top down, imposed Unitary model	M	M/H	H	Present option as viable alternative to Unitary, positive communications to lead any future Unitary debate with examples of successful enhanced working; emphasise necessity for any permanent Cumbrian settlement to have a “bottom up” citizen-focused character
‘Soviet Factory syndrome’ – Whitehall asks for more and more	L	M	L	Accept this threat as cannot control demands from the centre, but have examples prepared of good shared services leading to maximised efficiencies; use as a platform for empowered lobbying relationship with Whitehall
Weight of criticism masks benefits	M	H	M/H	Focus clearly on benefits and communicate them; manage expectations.
Benefits do not materialise	M	H	M/H	Clearly identify benefits at start and track throughout programme to ensure delivery.
General public doesn’t understand or care	H	M/H	H	High profile communications plan focusing on cutting edge, forward looking nature of option
Business interests feel threatened	M	M	M	Communications to focus on message that a single CEO helps businesses by pooling thinking on regeneration and skills agendas
Whitehall and Ministers fail to take note and carry on with plans regardless	L	L/M	L/H	Aggressive engagement with IDEa, AC, CLG, GONW etc to publicise good work and steer national agenda
Disruption prolonged and masks benefits	M	H	M/H	Develop robust but realistic timetable to put arrangements in place quickly to minimise disruption
Stifles reform momentum by being seen as the answer	H	H	H	Shared CEO job specification to refer to the need to drive forward other reforms, such as restructuring of both authorities, together where possible

Allerdale							
Continuing deterioration of financial position	H	H	H	H			Shared CEO job specification to address the need to improve financial situation
Politics could change direction	M	H	H	M/H			Ongoing meetings to retain and deepen member buy-in
Copeland doesn't like it	L	M	M	L/M			Indicate that West Cumbrian Masterplan and LSP remain unthreatened; potential for using Carlisle relationship to improve relationship
Carlisle							
Strategic partnerships feel undervalued	M	M	M	M			Focus on Senior Management who will maintain relationships with key partners
Political issues	H	H	H	H			Deep, ongoing engagement with members
Strained relationship with the County Council	M/H	H	H	H			Early senior level engagement to address difficulties and identify shared concerns; present as starting point for joint engagement with issues raised by Unitary debate

Option 2 B – shared CEO with shared management structures

Option 2 B - Strengths	Probability H/M/L	Impact H/M/L	Priority H/M/L	Mitigating/managing actions
Overall				
Innovative	H	H	H	Plans should accent the radicalism and novelty of the restructure and its robust engagement with the local government reform agenda
Imaginative	H	H	H	As above
Momentum retained and built upon	H	H	H	As above, ensure joint restructuring and shared services work is taken forward quickly to maintain the momentum and deliver quick wins
Starts to address the Local Government White Paper challenges	H	H	H	Ensure positive work is widely communicated and draw out links to White Paper and other key documents, both for Whitehall and with involved local partners, including other districts and County. Show how this represents the only serious and "real" step and thus provides momentum for future transformational approaches
Builds on shared interests	H	H	H	Focus on areas of shared interest and develop those areas rapidly to cement success
High calibre and interesting jobs at senior level; challenging and innovative operational work	H	H	H	Job adverts and specifications should emphasise the unique nature of the challenge; changes in working patterns should be introduced through a change programme that emphasises the more rewarding nature of the work
Addresses financial crisis head on strategically by saving costs	H	H	H	Restructure and sharing plans to be centred on a strategic and rational financial stabilisation of both authorities. Scale of restructure in terms of reduced bureaucratic overhead and sharing potential should be stressed
Attracts external support, interest, approval, and funding	M/H	M/H	H	Strong communications plan focuses on the benefits of new way of working and ground breaking structures. Ensure publicity is maximised through key organisations – IDeA, AC, CLG
Capacity and culture shared, creating better new whole	M/H	M/H	H	Change programme should create a shared culture, as well as two separate and enhanced sovereign identities
Recognises reality of size and resources of	H	H	H	Business cases and plans should emphasise economies of scale, as

each authority						well as diseconomies of separation
Get the best of each other	H	M	M/H	M/H		Change programmes should isolate, foster and share best practice
Build critical mass in delivery of services making savings possible	H	M/H	M/H	M/H		Business cases and plans should emphasise economies of scale, as well as diseconomies of separation
Allerdale						
Improve street scene	M	M	M	M		Investigate potential to claim highways rights so that area based teams can be expanded across both authorities
Meets ruling group member desires	H	M/H	H	H		Ongoing engagement with members to consolidate support
Extends Allerdale influence deep into Carlisle sphere (without reducing existing commitments)	H	M/H	M/H	M/H		Identify regeneration opportunities
Strengthens Allerdale work with Copeland by building on good relations between Carlisle and Copeland	H	M	M/H	M/H		Indicate that West Cumbrian Masterplan and LSP remain unthreatened; potential for using Carlisle relationship to strengthen and not dilute links
Carlisle						
Reputation radically enhanced	H	H	H	H		Ensure wide publicity with national and local stakeholders
Supports City Region ambitions	H	H	H	H		Plans should show mutual benefits of this
Added capacity for Carlisle Renaissance and other LSP issues	M	M	M	M		New organisational model should retain separate identity of key regeneration programmes, while pooling resources to build greater capacity
Option 2 B - Weaknesses						
Overall						
Very difficult to restructure two separate organisations	H	H	H	H		Political support needs to be strong; change programme needs to be robust and adequately financed
Difficult to balance competing priorities	M	M/H	H	H		Less problematic than for 2A, as 2B model is a shared structure, responding to the agendas of two sovereign authorities equally
Challenges of member management	M	H	M/H	M/H		As above
Figurehead leadership issues	H	H	H	H		Delegated management model
Resilience issues	M	M	M	M		As above
Could weaken external stakeholder	M	M/H	H	H		As above

engagement	L/M	H	M	More than 2A, this model's rationale is largely driven by the need to address scarcity in a strategic fashion
Could distract from underlying problems of cost and service quality	M	M/H	M/H	Need to develop common delivery culture where suitable, without compromising separate sovereign identities, should be at the heart of planning
Cultural incompatibility	L	H	M	Unlikely in this model
Human factors – managers may incline towards one authority rather than another	M	M	M	The new bureaucratic and service structures should be identified as belonging to both sovereign authorities and responding to their mandates
Loss of identity	H	L	M	Cost benefit analysis should stress that change investment is outweighed by savings realised
Requires significant upfront investment	H	H	H	Develop strong communications plan as part of overall approach to change management. Focus on benefits and highlight the serious financial pressures. Retain momentum in face of criticism and publicise quick wins. Be honest with staff about potential impacts.
Could shatter fragile staff morale	H	H	H	Be honest about potential impact of work, referring to financial pressures meaning cuts are done strategically on the front foot, rather than under pressure in future.
Certain job cuts	H	H	H	Work closely with Unions to explain serious financial pressures and requirements to cut jobs. Engage in discussions about the process and keep dialogue open. Accept that there will be difficult discussions
Union opposition	M	H	M/H	Engagement with opposition parties on commissioning implications of White Paper and fact that service model is a bureaucratic instrument which in theory can serve a variety of mandates
Political change could disrupt or undo programmes	H	L/M	M	Work with other agencies to understand previous similar initiatives. Draw on experience of IDeA, AC, GONW, CLG and consultants. Stress also, however, the value of pioneering and thus setting the agenda
New territory, no roadmap to follow	M	M	M	Work closely with County Council and other districts to ensure structures support and enhance LAA/CAA working.
Could complicate LAA/CAA relations				

Allerdale						
Worsens budget position before it improves it	H	M	M/H	Build a strong business case setting out dire financial position for the future and the requirement for upfront investment to realise significant efficiency savings. Aggressively seek external funding to support change programme		
Issue of feeling like the junior partner	L	M	L/M	Considerably less of an issue in this model than in 2A		
Carlisle						
Loss of exclusivity	M	M	M	Engagement with members – less of an issue in shared model		
Member concern that Carlisle is losing out	L	M/H	M	As above		
Particularly vulnerable to political change	M	H	H/M	Engagement with opposition parties on commissioning implications of White Paper and fact that service model is a bureaucratic instrument which in theory can serve a variety of mandates		
Jeopardises reasonable performance reputation	M	M	M	Highlight the similar BVPI scores from each authority and work closely with staff to minimise dips in performance. Accept some reduction in performance likely before improvement		
Distracts attention from core regeneration issues	M	H	M/H	Continue to push forward key areas of work including Carlisle Renaissance. Show advantages of pooling regenerative capacity and connecting common elements of existing programmes, especially on issues such as skills		
Could be seen to undermine Eden relationship	M/L	M/L	M/L	Provide assurances and identify opportunities for further development		
Option 2 B - Opportunities						
Overall						
Reinvigorates Better Government for Cumbria work	H	H	H	Use as springboard to relaunch county-wide thinking on sharing and enhanced working		
Engagement with County Council would be from a position of strength (ie doing something consistent with the thrust of the White Paper, however modest, rather than merely talking/producing reports)	M/H	H	H	Engage early with County and stress mutual benefits, while also showing that districts are leading on enhanced working		
Holds out prospect of being able to manage future Unitary debate	H	H	H	Relaunch BGfC thinking		

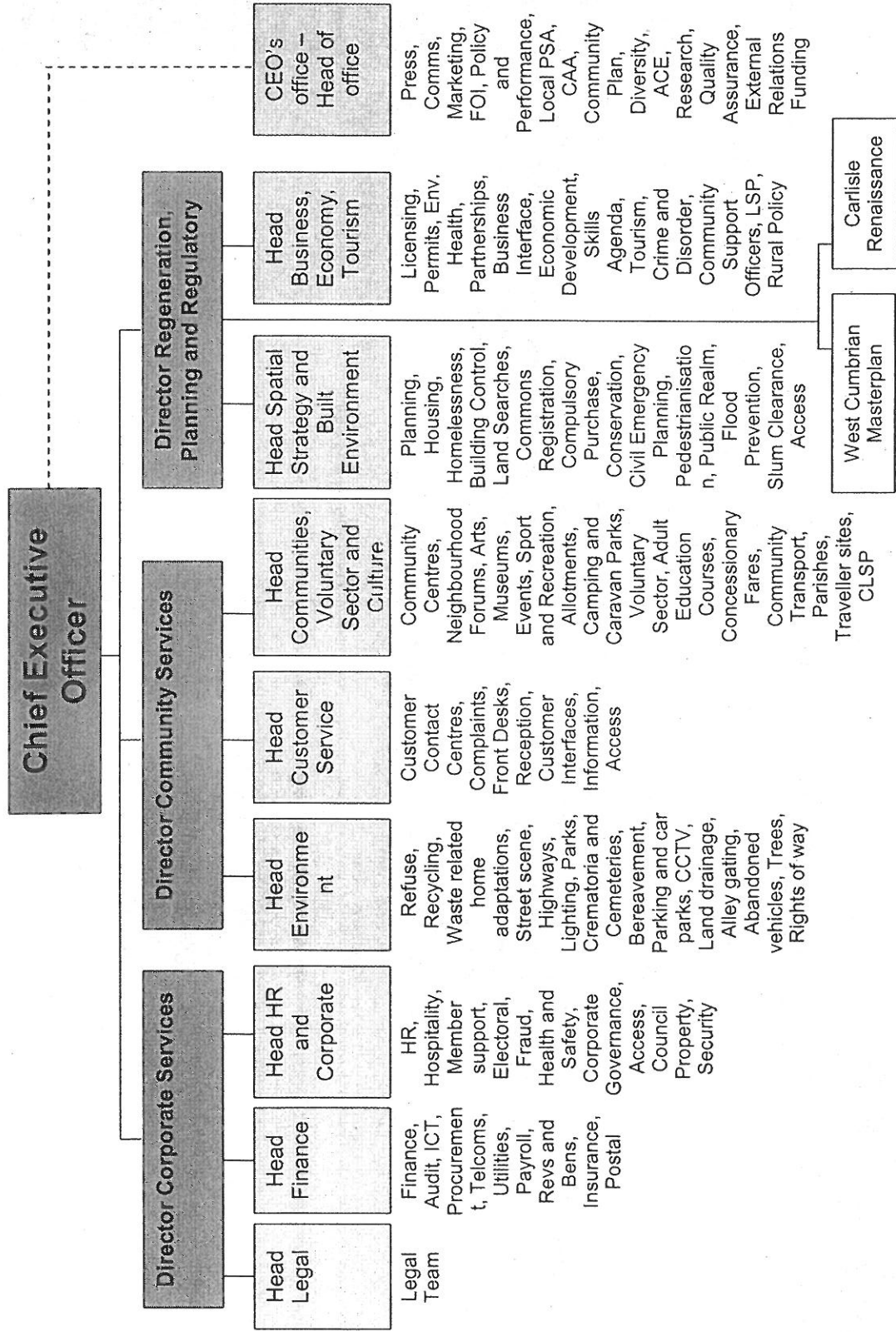
Greater collaboration in dealing with external players	H	M	M/H	Pool resources where appropriate for shared engagement; where needed, create joint governance arrangements, to develop common or linked positions
Leverage transformation funding	M	H	H/M	Robustly identify and apply for external funding. Work with key agencies – IDeA, AC, GONW, CLG – to identify funds. Develop strong position paper/offer document to show work will be thought leading, innovative and focused on delivery of benefits.
Opportunity to address capacity/skills shortages	H	M/H	H	Build this in as a fundamental objective of business plans and change programme
Build reputational capital, develop cutting edge thought leadership	M	H	M/H	Adopt cutting edge models and publicise widely
Find best practice and develop better than best practice	M	H	M/H	Work with internally and with external agencies to identify best practice. Ensure this is built upon throughout process to capture key learning points and develop them into refined models
Strategically resolve financial issues, putting finances on strong footing for long term	M/H	H	H	Identify potential savings and focus on realisation of benefits as a fundamental part of the process.
Kick start sharing initiatives at local and County level on own terms	H	M/H	H	Take forward shared services projects as part of change programme to ensure benefits are realised earlyGfC thinking
Skills and regeneration agenda could be taken forward with greater capacity	M/H	M	H	Regeneration teams to begin working closely together from start of programme to increase capacity and improve sharing of ideas and experience
Opportunity to attract new people to an exciting project	H	M/H	H	Strong communications programme through primary channels (LGC, IDeA, LGA, recruitment firms) to raise awareness and attract new people
Build services around need and citizen expectations	H	M	M/H	Clearly define aims and outcomes in terms of improving front line delivery to citizens and model services accordingly
Opportunity to introduce cutting edge structure with high levels of devolution, empowerment and reduction in the number of management tiers	M/H	H	H	Consider best practice in corporate structuring within and beyond local government to develop innovative hybrid
Opportunity to leverage significant 3 rd party input	H	H	H	Through market testing, look for opportunities for secure economies and best practice through use of partnerships with other parties
Opportunity to rethink service model	H	H	H	Change programme should centre on a set of agreed service innovations, developed at the outset, through widespread

		M	M	M	engagement of staff
CAA				M	Joint engagement on OA and CAA elements of new regime
Allerdale					
Improve relations with Copeland		M		M	Engage Carlisle relationship with Copeland to collective advantage
Use regenerative capacity of Carlisle		M	M/H	H	Regeneration teams to work closely together to increase capacity.
Carlisle					
Inculcate new maturity in Executive governance and local politicians		M	H	M/H	Work on officers and members on scope for commissioning mindset
Opportunity to explore commissioning		H	H	H	As 2A
Option 2 B - Threats					
Overall					
Bad press		M	H	M/H	Counter-balance negative tendency in press with strong emphasis on
County Council may not like it		L/M	M/H	M	As 2A
Whitehall asks for more		M	M	M	As 2A, though benefits are greater, hence legitimacy of Whitehall demands undermined
Disruption masks benefits		M	H	M/H	As 2A, though scale of benefits possible reduces this threat
Real reform momentum stifled as restructure seen as "the answer"		M	H	M/H	The extent and purpose of the reforms makes this less likely
Criticism overshadows benefits		M	H	M/H	Scale of benefits to be widely publicised
Looks like navel gazing about structures and not service delivery		M	M/H	H	Develop very clear communications, stick to clear messages. Focus on delivering outcomes, not processes. Emphasise reinvention of service delivery model
Criticism about spend on change management etc		M	M	M	Clear communications about value added and necessity to add essential skills
Requires absolute commitment and certainty from potentially fragile political contexts		H	H	H	Regular, structured engagement with all Members from both authorities, County and nationally
Business interests in both districts feel threatened		L/M	M	M	Emphasise advantages to business of pooled capacity
General public doesn't notice/care		L	M	L/M	Given scale of change, this is less likely than in 2A

CLG doesn't notice or care	L	L	L	L	Extensive communication through a variety of routes including IDEa, AC, GONW
Railroaded by new round of local government restructuring or resurfacing of the Unitary debate	M	H	M/H	M/H	Argue with CLG/GONW etc that the
Local and external partners become alienated	M	M/H	H	H	Focus on benefits; identify and publicise some early wins to retain support. Confront criticisms head on, don't shirk difficult debates
Benefits not realised	M	H	M/H	M/H	Maintain focus on benefits in change and delivery programmes; all performance measurement should relate to benefits
People – may not get the right people to lead a new way of working	M	H	M/H	M/H	Identify skills and experience required, map against those working on project and make changes if and where necessary
Staff morale	H	M/H	H	H	Change programme should identify staff change agents and champions
Performance dip masks benefits	H	H	H	H	Plan for the almost inevitable dip in performance; inform external parties of this; aim for steep recovery curve; track benefits
Too complex and falls apart	M	H	M/H	M/H	Plan programme carefully, resource sensibly, manage robustly.
Member buy-in evaporates	H	H	H	H	Regular dialogue throughout process. Ensure early wins are well publicised and all parties know the current position of the change programme
Finance not available	M	M	M	M	Prioritise change programmes and highlight investment gains; protect and ringfence; as with Chorley and South Ribble, seek external grant aid
External initiatives such as CAA diverts investment needed for change programme	L	M	L/M	L/M	Identify and ring fence funding for change programme and ensure spend is seen as an essential part of both authorities core work
National disaster – i.e. floods	N/A	H			Accept threat.
Allerdale					
Copeland doesn't like it	L	M	L/M	L/M	As 2A
Politics	M	H	M/H	M/H	Ongoing member engagement
Continuing deterioration of financial position	M	H	M/H	M/H	Programme benefits realisation to manage balance between financial stresses of delivery and delivery of financial rewards
West Cumbrian Masterplan influence diminishes as Copeland looks elsewhere for	L	L/M	L	L	Copeland would seem to welcome a stronger Allerdale sharing management with Carlisle. Ensure positive benefits are highlighted

partners						
Opposition mobilises massive negative campaign	H	H	H	H		Bring opposition in early, ascertain nature of objections. Maintain positive communications.
Loss of unique identity	M	M	M	M		Less serious problem than for 2A, as bureaucratic and service delivery model explicitly serves both sovereign entities
Carlisle						
Politics and Member buy-in	H	H	H	H		Close engagement with Members. Focus on need to reform to save money and possibility to be country-leading
Business and other partners feel neglected	L	M	M	L/M		Strong communications plan, identify engagement managers early in process to meet regularly with the business sector.

APPENDIX D: PROPOSED MANAGEMENT STRUCTURE



APPENDIX E: SUMMARY OF SHARED CHIEF EXECUTIVE ARRANGEMENTS

The table below gives outline information on other authorities sharing Chief Executives or management structures.

Authority	Information from	What is the arrangement?	AC comments	Links	Serco comment
Adur DC and Worthing BC	3rd April 2008	<ul style="list-style-type: none"> New shared management team and support staff for the two authorities. Staff appointments are made as joint staff of Adur DC and Worthing BC Partnership activity has achieved real cashable savings in the new budget year Joint savings of £580,000 (by year six) have been identified from rationalising the senior management structure of both Councils. Potential further savings are being anticipated from service reviews 	<p>Adur - Fair Performance levels and customer satisfaction with Adur services needs to be maintained while strategic improvements in services are secured through joint working.</p> <p>Worthing - Fair Performance indicators now rank the Council broadly in line with other district and borough councils nationally.</p>	<p>http://www.adur.gov.uk/chief-officers/chief-ex-message.htm</p> <p>An excellent set of slides from Ian Lowrie, CE: http://www.socitm.gov.uk/NR/rdonlyres/0B787234-6532-4E1A-97E8-06B4867AE498/0/IanLowrieExtremesharedservicescasestudyfromAdurandWorthingDCs.ppt#328,1,Extreme Shared Services and how to</p>	<p>Ground breaking arrangement, the thought leader and the only councils who've really gone for it.</p> <p>High profile success: Ian Lowrie speaking at a number of conferences</p>

South Oxfordshire DC and Vale of White Horse DC	13 August 2008	<ul style="list-style-type: none"> expect to jointly save £748,000 in annual salary costs by merging their top teams the two councils' chief executives, 5 directors and 14 heads of service, costing £2,043,000 a year, will become 1 chief executive, 3 directors and eight heads of service, costing £1,295,000 a year share of costs is 54.5% to South Oxfordshire and £45.5% to Vale of White Horse South Oxfordshire DC's chief executive, David Buckle, and the Vale of White Horse DC's chief executive, Terry Stock, will be interviewed by an independent panel, which will recommend one of them for the job of overseeing both councils. Appears that David Buckle was appointed hoped that by spring 2009 the new shared senior management team will be in place 	<p>South Oxfordshire – Excellent Its partnership working was identified as a strength, and its partnership with Vale of White Horse is an innovative approach to providing shared services which is already delivering improvements</p> <p>The Council has continued to seek out ways to improve value for money through effective partnership and procurement. The shared financial service arrangement with the Vale of White Horse, for example, is designed to provide a more efficient and cost effective means of delivering financial services such as internal audit, and is already delivering improvements.</p> <p>Vale of White Horse – Fair The Council has been innovative in pursuing joint financial services contracts with South Oxfordshire District Council and a private provider.</p>	http://www.localgov.co.uk/index.cfm?method=news.detail&id=69856	Positive Audit Commission comment on shared working
Waveney DC and Suffolk Coastal DC	28 February 2008	<ul style="list-style-type: none"> Seconded Suffolk Coastal's CE for two years To make efficiency gains and increased shared service opportunities Short term savings of £40,000 	<p>Waveney – Weak Change and Improvement Team, funded by Building Capacity East (BCE), highlighted a number of weaknesses including performance management, project management, asset management and commissioning. Need to</p>	http://www.waveney.gov.uk/agendas/2008/february/council/item11.doc	Seem to be doing work in two stages – sharing CE first, and then thinking

		<p>per council</p> <ul style="list-style-type: none"> CE will be paid £125k for a population of around 240,000 Revised management structure for Waveney DC Considered and rejected having their own CEs, but would not build on other Pathfinder work to share services. 	<p>build on this work to ensure it has made key decisions against a robust set of management information and financial appraisals.</p> <p>“inappropriate councillor behaviour and a lack of engagement and inclusion is a barrier to effective political performance.”</p> <p>Council made a bid to Building Capacity East (BCE) to help bolster management capacity. A Change and Improvement Team funded by BCE supported by key officers from other Suffolk councils have started to make an impact. These changes have been made in an attempt to make the required improvements but it is too soon to assess overall outcomes.</p>	<p>about shared structures.</p> <p>AC highlight the need to carefully manage Members and ensure their continued support</p>
			Suffolk Coastal – Fair	
South Hams DC and West Devon BC	24 January 2008	<ul style="list-style-type: none"> David Incoll to be shared Chief Executive for 2 years from 1 February 2008 Followed a temporary arrangement from May 2007 Will maintain and increase focus on shared services, including with other authorities A business case is expected to follow, setting out how shared management could be developed 	<p>South Hams - Excellent</p> <p>Council has been innovative in working closely with other councils and this is delivering benefits in the form of increased access to skills and cost savings.</p> <p>The Council has maintained its score of three for use of resources and has improved several elements within this.</p> <p>It continues to seek opportunities for shared working with Teignbridge and West Devon and the three district councils have now merged their building control service to share expertise and boost efficiency</p> <p>The Council continues to strengthen capacity. It is working closely with other authorities to identify opportunities for joint working and shared services.</p>	<p>Seem to be doing work in two stages – shared CE then think about shared structures.</p> <p>Positive AC comments</p>

				<p>Successes include:</p> <ul style="list-style-type: none">• a joint Chief Executive with West Devon Borough Council;• the development of a joint improvement unit (policy and performance) with West Devon Borough Council (saving some £60,000 per annum);• shared services for building control and, payroll; and• a shared procurement officer. <p>Work over the last 12 months has helped to improve capacity for the councils with the sharing of learning and streamlining of policies and methodologies.</p> <p>West Devon – Good The Council has been innovative in working closely with other councils and this is delivering benefits in the form of increased access to skills and cost savings</p>		
Braintree DC and Colchester BC	Braintree DC	<ul style="list-style-type: none">• Set up a joint programme team to explore more efficient and effective ways of delivering services• £100k available for specialist support (£50k from each council)• Part of Essex-wide work with Essex CC to improve two-tier working• Will also work with other councils – not just each other.• Long timescale to consider and deliver – between 2007/08 and	<p>Braintree DC - Good The Council is demonstrating a strong commitment to partnership working for the benefit of local people.</p> <p>Colchester BC – Excellent A variety of models from outsourcing to different partnership arrangements are used to achieve low costs and maintain good service quality.</p>	<p>http://www.braintree.gov.uk/NR/rdonlyr/es/45164A69-9020-43B8-BDDA-D1CD38F9D1D6/0/WorkingTogetherColchesterBoroughCouncil.pdf</p>	<p>Taking a slow and planned approach to work. Building on existing good work between authorities. County Council</p>	

		09/10	<ul style="list-style-type: none">Aim to create an integrated management structure if most effective and practical			showing leadership which sets right tone for sharing
Staffordshire DC and High Peak BC	15 January 2008	<ul style="list-style-type: none">Builds on shared working over recent yearsJoint CE - Simon Baker - due to no CE at High Peak. High Peak made initial approachMedium term Financial Plan targeted savings of £125,000 for 2008/09, £75,000 for 2009/10 and £25,000 for 2010/11 resulting from the proposed strategic partnership.The sum of £30,000 had been reserved at the end of 2006/07 to enable preliminary work to bring forward options for strategic partnership work to be developed.Arrangements started 7 January 2008Aim to progress towards more joint working arrangementsJoint Member Committee and Joint Senior Management team set upIn two different Counties, but a good 'fit'	<p>Staffordshire Moorlands – Excellent</p> <p>The Council is entering into a new phase of its improvement journey with the development of innovative joint working arrangements with High Peak Borough Council, to respond to the need to further improve performance and address the financial challenge faced by both councils. The pace at which the Council moves on these changes will determine the potential legal, governance and financial issues ahead and it is important that these are tackled properly if the anticipated service improvements are to be delivered.</p> <p>High Peak - Excellent</p>	http://www.staffsmoorlands.gov.uk/downloads/Concordat.doc	An interesting arrangement across two counties. Too early to say if successful.	
Richmondshire DC and	From January	<ul style="list-style-type: none">Interim shared CE for 6 months	<p>Richmondshire – Fair</p> <p>You are making extensive use of partnership</p>	http://richmondshire.gov.uk	Appears the shared CE	

Hambleton DC	2008	<ul style="list-style-type: none"> from January 2008 Extended by further 6 months Will be voted on in December 2008 to continue long term Will consider further shared working arrangements for delivery of services Richmondshire approached a number of authorities, Hambleton considered best fit 	<p>working with neighbouring councils, including joint delivery arrangements in services such as internal audit, payroll and human resources</p> <p>Hambleton – Excellent</p> <p>The Council should undertake the planned review of the new political and managerial structures as soon as practicable in order to evaluate the impact of the restructure on services.</p> <p>You have a number of partnerships with neighbouring councils; some of these - such as the joint building control service with Ryedale and Selby councils and the agreement to share a chief executive with Richmondshire - are quite innovative ways of managing your capacity.</p>	<p>/news-and-publications/news-archive/newsarchive2007/chiefofficerappointmenton.aspx</p> <p>arrangement is working well.</p> <p>Lots of sharing of services between the two authorities and with others – shows that a shared CE does not preclude work with other authorities.</p>
Essex CC and Brentwood DC		<ul style="list-style-type: none"> CE of Essex CC will also be CE of Brentwood DC. Brentwood DC will pay Essex CC for Joanna Killian's time. Brentwood DC will have a Deputy Chief Executive, who will be the Head of Paid Service. 	<p>Essex – 3 star</p> <p>Brentwood DC – Good</p> <p>The Council is embarking on a strategic partnership with Essex County Council, including the appointment of a shared Chief Executive. Although it is still early days, some initial benefits for both parties are emerging.</p>	<p>Innovative arrangement saves costs directly. Seems limited to shared CE.</p>
Tewkesbury BC and Cotswold DC	24 April 2008	<ul style="list-style-type: none"> Temporary arrangement in place - Bob Austin CE of Cotswold DC took on shared responsibility. 24 April 2008, Cotswold DC voted to withdraw from the arrangement 	<p>Tewkesbury BC – Fair</p> <p>The Council has limited corporate capacity. There is a small corporate centre and a shared Chief Executive. The recent Council restructuring has reduced the number of chief officers from 4 to 3 and heads of service from</p>	<p>Highlights importance of Member engagement and maintaining</p> <p>http://www.cmis.cotswold.gov.uk/CMISWebPublic/Binary.aspx?Document=245</p>

		<ul style="list-style-type: none"> Cotswold Leader believed the councils were focusing on different long term aims, and had different cultures in prioritising and decision making. A report on the Cotswold DC website from 4 August 2008 suggests Bob Austin has left the council, who are now recruiting a new CE. Interesting decision following positive AC report – see next box 	<p>11 to 9. However it is exploring ways of improving its strategic management capacity. It has agreed the extension of the shared Chief Executive arrangement with Cotswold District Council, until 30th April 2008 and is considering making the arrangement permanent and extending the sharing to a single Corporate Team and management structure. The Council is due to decide on a way forward at its meeting in March 2008.</p> <p>Cotswold DC – Good The programme for joint working with Tewkesbury Borough Council plans to deliver an additional £350,000 over the next four years.</p> <p>The Council is exploring the potential for joint waste collection arrangements where these make sense, with estimated annual savings across the county of £2 million. Current contractual limitations however restrict the timetable for progress, but the Council considers that an opportunity will arise in 2012 for Cotswold, Cheltenham and Tewkesbury to develop more common services. Work with Tewkesbury Borough Council has delivered over £100,000 savings, mainly from sharing a Chief Executive</p>	<p>84 http://www.cotswold.gov.uk/hqcontent.cfm?a_id=9373&tt=cotswold</p>	political support.
Chelmsford BC and Maldon DC	6 November 2007 Chelmsford BC cabinet	<ul style="list-style-type: none"> Attempted to put in place unified staff structure, but this failed. Original proposal for joint staff was developed in summer 2007 when Maldon needed short term help due to a number of 	<p>Chelmsford BC - Excellent</p> <p>Maldon DC – good Staff and management capacity remains stretched for the Council. The Council explored radical alternative ways to share</p>	<p>http://www.chelmsford.gov.uk/media/pdf/1/Shared_Services_Agenda.pdf</p>	Appeared to fail due to poor communications and Member

	<p>report</p>	<p>vacancies</p> <ul style="list-style-type: none"> • In September 2007 Chelmsford pulled out. • Number of useful lessons learned: • Information went to press before Members • Media received full report with staffing and cost savings and project plan • Needed closer Member engagement • Should set up an engagement panel with Members from both authorities 	<p>services with Chelmsford Borough Council; however these plans are no longer being pursued. Whilst negotiations were underway vacancies were frozen and service developments constrained.</p> <p>The Council has a wide range of plans for improvement but they do not all have actions and targets which focus on improving outcomes for local people. The Council considered a merged officer structure with Chelmsford Borough Council as a way in which it could resolve some long term issues for the Council such as staff capacity and vacancies. As part of this process it took a positive decision not to fill some vacant management posts. The merger did not come to fruition requiring the Council to address the capacity issues created by the vacant posts and has affected their ability to develop services.</p> <p>Senior management capacity was stretched and managers reported high work loads, linked to vacant posts with associated increases in stress. Whilst staff vacancies were covered through internal secondments, the appointment of consultants and staff taking on additional duties added to capacity issues for some staff, in some areas. Staff reported insufficient time to complete duties, deadlines not being met and a lack of experienced staff to fulfil professional roles. Consequently these issues have had an impact on a number of areas in the Council during 2007.</p>	<p><u>Moving For</u> <u>ward.pdf</u></p> <p>management</p> <p>Critical to engage Members throughout.</p> <p>Lots of work done that could be drawn upon to inform staff structures.</p>
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APPENDIX F: SOURCES

The following documents were among those consulted in developing the report.

The Local Government White Paper 2006

The Local Government and Public Involvement in Health Act, 2007

The Gershon, Watmore and Varney Reports

The Better Government for Cumbria Submission to CLG, Summer 2007

Audit Commission Annual Letters (for the sharing authorities across England)

Audit Commission and National Audit Office report *Delivering Efficiently: Strengthening the links in public service delivery chains*

Audit Commission report: *Tomorrow's people: Building a local government workforce for the future*

Carlisle Renaissance Strategy

The West Cumbria Masterplan

Allerdale and Carlisle BVPI data

Allerdale and Carlisle Shared ICT Business Case

Allerdale Corporate Improvement Plan, 2008-11

Allerdale Use of Resources Auditor Judgement, 2007

Allerdale Audit and Inspection Letter, 2008

Allerdale Budget Book 2008/09

Carlisle Corporate Improvement Plan, 2007-10

Carlisle Financial Plan 2008-09

Carlisle Use of Resources Auditor Judgement, 2007

Carlisle Audit and Inspection Letter, 2006-07

Allerdale Value for Money Self-Assessment, 2007-08

Cumbria Local Area Agreement

APPENDIX G: INTERVIEWEES

The report authors would like to express their gratitude to those who have helped in the preparation of this report. Especial thanks go to elected members, who received and responded to briefings at various points during the work. The authors found their wisdom and local knowledge immensely beneficial.

The Executive Members and Alliance Group in Allerdale Borough Council, in particular Cllrs Joe Milburn and Margaret Jackson (Leader and Deputy Leader)

The Executive Members in Carlisle City Council, in particular Cllrs Mike Mitchelson and John Mallinson (Leader and Deputy Leader)

Cllrs Alan Smith and Cllr John Ardron (Leader and Deputy Leader of the Opposition) at Allerdale

Cllr Michael Boaden (Leader of the Opposition), Cllr Trevor Allison (Leader of the Liberal Democrats) and Cllr Joe Hendry (Labour) at Carlisle

Tony Cunningham, MP

Maggie Mooney, Acting Chief Executive, Allerdale and Carlisle

Nick Fardon, Director of Strategic Resources, Allerdale

Dave Martin, Director of Partnerships and Community, Allerdale

Harry Dyke, Director of Customer Services, Allerdale

Dr Jason Gooding, Deputy Chief Executive, Carlisle

Angela Brown, Director Corporate Services, Carlisle

John Egan, Director of Legal and Democratic Services, Carlisle

Catherine Elliot, Director of Development Services, Carlisle

Mike Battersby, Director of Community Services, Carlisle

Margaret Heyes, Office Manager, Environmental Services, Allerdale

Mike Rollo, Workington Parking Services Supervisor, Allerdale

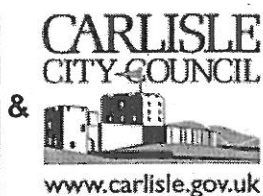
Jill Elliott, Senior Planner, Allerdale

Mike Gardner, Waste Services Manager, Carlisle

Gill Burns, Community Events Manager, Carlisle

Pat White, Customer Services Supervisor, Carlisle

Ian Hinde, Youth Engagement Officer, Carlisle



Alison Taylor, Chief Accountant, Carlisle

Catherine Nicholson, Financial Services Manager, Allerdale

Liam Murphy, Chief Executive, Copeland District Council

Kevin Douglas, Chief Executive, Eden District Council

Peter Stybelski, Chief Executive, Cumbria County Council

Andrew Campbell, Director. Local Strategic Partnerships and Performance, CLG

Ian Hickman, Director of Local Government, Audit Commission

Julie Grugel, GONW

Liz McQue, NWE0

Gillian Bishop, NWIEP

Jeanette Stansfield, Director Northwest IDeA

Donna Hall, CEO Chorley District Council

Ian Lowrie, CEO Worthing and Adur District Councils

Jean Hunter, South Ribble District Council

Sue Reay, Stockton and Darlington Shared Services Manager

Stephen Barnes, CEO Pendle District Council