

BOROUGH OF KETTERING

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Report Originator	Head of Paid Service	Fwd Plan Ref No:	
Wards Affected	All	22 nd April 2015	
Title	REPORT OF THE APPOINTMENTS COMMITTEE FLEXIBLE RESOURCING – REPORT 3		

1. PURPOSE OF REPORT

The purpose of this report is to consider the recommendations from the Appointments Committee in relation to a number of issues.

2. BACKGROUND

2.1 The Appointments Committee met on the 16th April 2015 and considered a report about Flexible Resourcing and associated issues.

2.2 This third report concerns aspects of the overall report which deal with matters which are not exempt. All staffing aspects of the original report to Appointments Committee are dealt with in the separate report 2. This report covers proposals in respect of

- asset management
- meeting arrangements
- induction arrangements for new members.

2.3 It is worth noting the following:-

This report brings together three interrelated issues to try to preserve, as far as possible, the Council's fiscal and service performance, namely:

- (i) Developments to the financial strategy recently approved by Executive Committee.
- (ii) Changes to the Political Governance arrangements in step with new financial strategy.
- (iii) Developments in the professional leadership arrangements to support the greater emphasis on commercial returns and self-sufficiency and to migrate, in a measured way, to new senior leadership arrangements.

It goes on to say:

(17.5) Some changes it is wise to make now. Some key decisions are rightly reserved to the next Council administration; namely, the preferred governance structure and the preferred strategic professional

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leadership structure. These proposals facilitate those choices in an unfettered way. These proposals also settle some key issues now, to bring some rationality and stability to our existing operations which, in some cases, have been ad-hoc and piecemeal for quite long enough.

Whilst these comprehensive proposals have been divided between sensitive strategy matters and has sensitive matters that can be heard in public they none the less represent a package and are best considered as one comprehensive proposal rather than a series of individual issue.

2.4 The relevant sections of the wider report are reproduced below

3. THE FINANCIAL CONTEXT

3.1. The current phase of the economic cycle is particularly challenging – reductions in external funding running to multi-millions are coupled with increases in demand for front-line services.

3.2. In March 2015, the Executive Committee considered and approved a report regarding developing a greater level of fiscal independence.

The report is reproduced at Appendix B; its resolutions were:-

- (i) The scale of what has been achieved to date; the scale of the challenge and the need to develop new strands to meet the anticipated future financial challenges be noted;
- (ii) The adaption of our current financial strategy to embrace a systematic and measured approach towards developing a balanced portfolio of revenue generating assets be endorsed;
- (iii) The need for both the governance and professional leadership arrangements to be adapted to appropriately embrace the development and implementation of this strategy be endorsed;
- (iv) The need for separate reports on the governance and staffing arrangements to be considered by appropriate committees be endorsed; and
- (v) It be endorsed that the officers have, under delegated authority provided by the recently approved Treasury Management Strategy, joined the Local Government Bond Agency so we may benefit if the agency proves a useful financial instrument in the future.

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4. MEMBER: OFFICER DYNAMICS

- 4.1. Also important are the right relationships and roles between members and officers. One valuable piece of work the Audit Commission did was to evaluate the attributes of the highest performing authorities.
- 4.2. The Audit Commission's evaluation showed it was not particular demographic factors, or a particular resource profile that distinguished high performing authorities. The only thing all high performing authorities had in common was (in no particular order): -
- (i) Excellent political leadership
 - (ii) Excellent professional leadership
 - (iii) Excellent and appropriate relationships and role congruity between the two.
- 4.3. The highest performing authorities were not 'member-led', they were not 'officer-led'; they were just well led.
- 4.4. To ensure we continue to be in the best possible position in this regard, a joint training and development programme is proposed post-election and, furthermore, that such a programme covers: good governance; role delineation; effective meeting and time management, etc.
- 4.5. A draft induction programme is set out in Appendix C for information. It will be supplemented by specific joint training, involving senior professionals and councillors (including opposition councillors).
- 4.6. Whilst on the subject of effective meeting management and use of time, I wish to bring to members' attention my misgivings about committee arrangements which are such that staff may have a 13 hour working day. Committee meetings start at 7:00pm and have a three hour guillotine; thus a 10:00pm finish is conceived by our current arrangements. My concerns, quite apart from the staffing issues it raises, are on the quality of advice, concentration and focus that might be brought to important matters at such a late hour and after a full and demanding day.
- 4.7. If meetings commenced at, say, 6:00pm and had a two-hour cut off, then the latest conclusion would be at 8:00pm.
- 4.8. Whilst there are always reasons not to change from what is familiar, it would be a failing on my part if I did not draw to your attention what I consider to be risks arising from a working day that, for some, can extend beyond 13 hours, with key decisions potentially being taken at a very late hour and at the end of a very long day.

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5. CONSIDERING AND IMPLEMENTING CHANGES – POLITICAL GOVERNANCE

- 5.1 The Executive Committee has made the decision to adopt a strategy of developing greater self-sufficiency in its fiscal base. That will necessitate consideration of the member governance arrangements, as set out in the report to Executive.
- 5.2 The particular importance of governance, when proactively seeking out development gains and returns, demands careful consideration. A charity, for example, might have special arrangements for its commercial or trading activities. Some local authorities have established special purpose vehicles to pursue such approaches. A local authority controlled company is another route available.
- 5.3 I have no strong proposals for the best answer to the question of what arrangements are best. The firm recommendation to Executive was that, without a strategy for achieving greater fiscal independence, the financial prospects for the Council in the longer term are, at the very least, challenging. Furthermore, if councillors concur that we should seek more commercial and investment returns from asset optimisation and acquisition, then I am clear that a conscious choice must be made about the most appropriate governance route for that. The current committee arrangements do not reflect that priority and are not designed with that purpose in mind. There are a range of options that can be considered, some of which are listed below. However, at this stage my advice would be that the scale, scope and longer term perspective necessitated might point toward a local authority controlled company or special purpose vehicle. One can imagine the need for investment decisions to be calmly taken without shorter term or political considerations dominating decision making. That is not to say political choice is not important, however, returns need to be made before a political choice can be exercised as to the best deployment of them.

Possible Governance Models

- Joint Venture Company/Special Purpose Vehicle
 - Local Authority Controlled Company
 - Limited Liability Partnerships, etc.
 - Commercial Corporate Models
- 5.4 If asset acquisition involves debt financing for 25, or 40, year periods, then there is a duty to consider asset management decisions are similarly long-term.
- 5.5 It may be that the best course of action is to establish a (all party) committee to discharge this role, whilst other possible governance structures are explored. By that route, some progress can be made whilst the optimum

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solution is found. If members prefer an options report can be prepared and presented to an all-party forum.

6. RECOMMENDATIONS

6.1 That Council endorse the following in respect of **Asset Management** arrangements: -

- a. That, following the Council elections, Senior Councillors of all groups consider collectively the best method of ensuring appropriate governance arrangements for asset investment and optimisation.
- b. In the meantime an Asset Optimisation (sub)-committee be established comprising senior members.
- c. That such a committee be established as an additional Council committee to facilitate wider membership.
- d. That members consider the wisdom of the Asset Optimisation (sub)-committee being comprised of members appointed by position e.g. The Leader; The Deputy Leader; The Finance Portfolio Holder and depending on the decisions in 6.1c above, senior members of other groups.
- e. That the report template for the Asset Optimisation (sub)-committee explicitly reflects and addresses the stewardship requirements of Section 123 of the 1972 Act – Requirement to Secure Best Value from public assets.

6.2 That Council endorse the following in respect of **Meeting arrangements**: -

- a. That consideration is given to revising the standard report template for all committees in line with 6.1e above.
- b. Members commit to bringing forward the possible end time for main committee meetings by at least one hour by a combination of revised start times, an alternative guillotine period or some combination thereof.
- c. All senior members and officers together undertake training on optimising their collective effectiveness.

6.3 That Council either;-

- a. endorse the revised induction programme attached in Appendix B.
- b. delegate that task to the Member Development Group once it has further considered it.