

Cabinet

Minutes of the meeting held on Wednesday 11 May 2022 in the Town Hall, Royal Leamington Spa at 4.30 pm.

Present: Councillors Day (Leader), Bartlett, Cooke, Falp, Grainger, Hales, and Matecki.

Also Present: Councillors: Boad (Liberal Democrat Group Observer), Davison, (Green Group Observer), Mangat (Labour Group Observer), Milton (Chair of Overview & Scrutiny Committee) and Syson (Chair of Finance & Audit Scrutiny Committee)

132. **Apologies for Absence**

Apologies for absence were received from Councillor Rhead.

133. **Declarations of Interest**

There were no declarations of interest.

Part 1

(Items upon which a decision by the Council was required)

134. **Future Relationship with Stratford-on-Avon District Council**

The Cabinet considered a report from the Chief Executive which identified the immediate implications and associated decisions for revised working arrangements for the Council with Stratford-on-Avon District Council following the recommendation from the Leaders of both Councils to withdraw the request to merge and create a South Warwickshire District Council.

This report identified some of the immediate issues which were identified because of the recommendation from the Leaders to terminate the ambition to merge the two authorities and to integrate services. Whilst this move would have a negative impact on planned budget savings it was proposed that later in 2022 the Council would have a plan of action to consider and determine.

The Council was expecting to make significant savings from the proposed merger and service integration process with SDC, the values were captured in para 1.11.5 of the report.

There were benefits associated with the joint working to date and a schedule was being prepared to fully identify these and the recurring benefits that would be achieved through the joint working that would continue. It was expected that this would be published prior to the meeting of the Cabinet and Council on 11 May 2022.

The interim SLT structure was likely to be more costly than the previous joint arrangements. However, these would be accommodated by re-prioritising existing budgets linked to the cost of implementation. The structure was an interim structure and would be reviewed by September 2022.

The Council would need to update its Medium-Term Financial Strategy and savings plan. This work would start immediately though as ever the

Government's position on the financial settlement for local government would not come until much later in the year. It was expected that an initial update to the MTFS and savings programmes would be provided as part of the Quarter 1 Budget Report.

It was agreed with officers at SDC that any costs associated from the disbanding of the South Warwickshire Programme Team and other support posts would be shared.

In terms of alternative options, the following were available to the Cabinet:

1. Endorse the recommendations from the Leader contained within the joint statement and thereby formally withdraw the merger submission and the associated issues surrounding joint working.
2. Reject the recommendations from the Leader contained within the joint statement and thereby continue with the merger and the associated issues surrounding joint working.

The Overview & Scrutiny Committee thanked officers for the report and efforts made to bring the merger forward.

The Committee requested that the report should reflect the need to rebuild our employer brand both internally and externally.

In terms of future work, the Committee requested that this should include an analysis of lessons learned, and these could be incorporated into other initiatives, including the Climate Emergency Action Plan, and the South Warwickshire Local Plan.

The Committee also requested a short summary on the ICT clean-up actions and a report on the future service provision, both for shared services and services solely delivered by WDC.

The Committee also expressed its interest in the potential for devolving powers to Town and Parish Councils and asked that a further report is brought forward in the future.

The Finance & Audit Scrutiny Committee noted the report and its appendices. Members noted the timing of ending the potential merger was better happening now when the integration was minimal, than further down the line. It also noted that had the Council proceeded with pausing the merger to allow for further due diligence to be carried out, it would have put staff in an untenable position. It was explained to Members that although a significant amount of work had been considered abortive as a result, there were still some arrangements that could proceed, such as the Joint Digital Strategy, Legal Services, Climate Change and the Local Plan.

The Committee agreed that the work that had gone on between the Council and Town and Parish Councils as part of the proposed merger process was vital and also noted the benefit of having relationships and engaging with Town and Parish Councils, which would be a key ingredient in how the Council moved forward.

The Committee also noted that the reliable details of the implications of ending the merger in terms of the budget, costs, and savings would be included as part of the Quarter 1 Budget Report and Medium-Term Financial Strategy (MTFS) reports which would be coming to the August cycle of Committee meetings. These reports would also go through the Programme Advisory Boards (PAB's). Members also asked if the Future Forward Plan could include reference to the benefits of the work with Parish and Town Councils, and if this could be made available for the August cycle of meetings so that Councillors could consider the Quarter 1 Budget Report and the MTFS in the context of the wider picture of what the Council would look like moving forward.

The Committee placed on record its thanks to Tim Oruye (Programme Manager) for his hard work and professionalism throughout the process, and also thanked Chris Elliot for his leadership and support on what had been a huge project.

Members also noted the additional recommendation to the report to read:

"That the Significant Business Risk Register be updated as a matter of priority in the light of the decision not to proceed with the merger with SDC."

After a brief update from the Chief Executive, the Group Observers each gave short statements to convey their feelings about the situation. The Liberal Democrat Group Observer expressed that he was disappointed that the merger wasn't going ahead, but that he felt WDC had behaved in the correct manner. He noted that it seemed as though financially we would now be better off, however he was concerned that this would open the door for a unitary council. Regarding the South Warwickshire Local Plan (SWLP), he felt that the work was extremely useful and could work as an entity providing that everyone is honest and works together cohesively to avoid "fallout" further down the line.

The Green Group Observer was concerned with the irreconcilable differences cited as being the reason for the ceasing of the merger. He hoped that these differences were not pervasive throughout the authorities so that joint work could continue on the SWLP. He noted that we should now turn our focus back to our efforts to combat Climate Change, and especially decide what to do with Riverside House. He urged Cabinet to confirm that there would be no job losses as soon as possible, stressing the importance of retaining staff and keeping them motivated.

The Labour Group Observer echoed these comments, reiterating the importance of maintaining good relations with WDC workforce. She also encouraged the joint work on Climate Change to continue but warned against delaying our sustainability plans in order to help SDC "catch up".

Councillor Grainger stated that she had confidence in the waste management contract, which was continuing to be run jointly with SDC. She said that the two officers running the contract were exceptionally good and that she felt it could be delivered successfully.

Councillor Matecki gave a statement regarding Milverton Homes Ltd in his capacity as Portfolio Holder for Homes, Health and Wellbeing. He believed that we would've been bigger, better and more financially stable if the merger had gone ahead. He explained that the joint venture was approved in January 2021 but was not signed until August 2021 so that sufficient due diligence could be

carried out. He noted that SDC were kept fully aware of the situation every step of the way, so he was surprised when SDC sited lack of due diligence as a reason to halt the merger.

At this point, the Cabinet adjourned to have a confidential discussion regarding what had been the proposed selection process for the role of a shared Chief Executive for the Councils and the new single Council.

After the adjournment, Councillor Bartlett stated that from the start this venture was a legitimate business case. He commended officers for their effort on this project but conceded that mergers were "always ultimately acquisitions". He said that we should now be motivated to make this Council "brilliant" and pour our efforts into cementing the future of WDC as a great Council.

Councillor Hales queried SDC, asking them to clarify the timeline of their decisions and the "real" reason behind it, as it had now put both Members and Officers in a difficult position. However, he did acknowledge that SDC had a very different outlook and attitude to WDC. He congratulated Mark Cargill on his appointment as Chairman of SDC.

Councillor Day made a short statement:

"We aren't where we wanted to be, but where we are is not a bad place- we're actually in a good place. This, as we will see in the more detailed financial reports that have been promised, will demonstrate that in year will be financially stronger. It is a huge disappointment, there has been a very significant investment of time, effort and political capital made to get us this far. However, we are still friends, we're still neighbours, we're going to work together. I do appreciate the comments that have been made tonight. I've listened very carefully to the debate, and I wish to reassure you that to be good neighbours you need to have good fences, and you need to have very clear understanding about arrangements going forward. We certainly will be continuing in that manner; whether that's on the Local Plan, the joint waste contract or the shared services that we have in place now or may have in the future. Ultimately, we're here to represent the best interests of the residents of Warwick District, and I do believe that we have done so, and even though this has ended not in the way we had hoped it would, we have a responsibility as Members to protect our officers as well. There was an unreasonable level of uncertainty that would have been required by the further due diligence, which I do not believe was necessary. As you have heard tonight, when we made the political decision on 13 December 2021, the Local Government Association had supported us in complete due diligence of both Councils. A footnote to that report encouraged SDC to do a bit more due diligence on Milverton Homes Ltd so they could better understand it. That was before our decision in December 2021- they then waited eight months say that they simply couldn't go forward with any of the other practical arrangements for our joint services, our inter-authority agreements or our Cabinet agreements, just because they had not moved on with that due diligence that was noted prior to December. I think this is an incredibly strong, agile Council and our staff are to be commended for the way in which they have responded to this dramatic change in direction. But I do believe it's important that we set the record straight with regard to our position with Milverton Homes Ltd, and the due diligence process that we went through in making the decision to write to the Secretary of State following our meeting

last December. I'm going to ask, with the support of our Chief Executive and appropriate officers, that that statement is prepared, and is factual and can be made public. I would ask fellow Group Leaders to join me in signing that statement and issuing it to the press. That will be the public record as far as we're concerned. Then there will be a line drawn under this and we will move on because we've got plenty of work to do."

He proposed an additional recommendation from the Chief Executive that in the light of the cessation of the merger process with SDC, a further report on the work proposed and undertaken to re-establish the Council's position and "brand" as an employer with existing and potential employees be brought forward at the earliest opportunity.

He proposed the report as laid out, including the two additional recommendations.

Recommended to Council that

- (1) the formal submission to the Department for Levelling Up, Housing and Communities to create a South Warwickshire District Council, be withdrawn;
- (2) work on the full-service integration of teams across Stratford-on-Avon and Warwick District Councils be ceased;
- (3) work on the identification of sharing civic and office accommodation between Stratford-on-Avon and Warwick District Council be ceased;
- (4) the Council withdraws from the Joint Arrangements Steering Group;
- (5) the arrangements for the Joint Management Team are ended and that the Interim Senior Leadership Team structure, as set out at Appendix 1 to the report, be approved for immediate effect, i.e., 12 May 2022;
- (6) the Council agrees to Andrew Rollins taking the Section 151 Officer role on an interim basis;
- (7) the Council agrees to Andrew Jones taking the Monitoring Officer role on an interim basis;
- (8) a further report setting out the proposed longer term management arrangements will come forward for consideration by the autumn of this year be noted;
- (9) a further report on the overall consequences of the end to the merger process be noted and the implications for the Council going forward be prepared for consideration by the Overview and Scrutiny Committee and the Cabinet;

- (10) the steps to advise and support staff especially those who had been in the first proposed service integration be noted;
- (11) the Monitoring Officer be authorised to align the Officer Scheme of Delegation with the Interim Senior Leadership Team structure; and make any consequential amendments to the Constitution because of this report;
- (12) the continuing work on the joint South Warwickshire Local Plan, Climate Change Action Programme and Joint South Warwickshire Economic Strategy be noted;
- (13) the closing of the Service Alignment Reserve with the funding contained therein transferred to the Service Transformation Reserve be approved;
- (14) the Significant Business Risk Register be updated as a matter of priority in the light of the decision not to proceed with the merger with SDC; and
- (15) in the light of the cessation of the merger process with SDC, a further report on the work proposed and undertaken to re-establish the Council's position and "brand" as an employer with existing and potential employees be brought forward at the earliest opportunity

(The Portfolio Holder for this item was Councillor Day)

(The meeting ended at 6.00pm)

CHAIRMAN
25 May 2022