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Discovery Report: Future Alignment

The County Borough Councils of Blaenau Gwent and Torfaen

Version: Final

Issue Date: 20 December 2024





Discovery Report: Future Alignment

CONTENT

1	EXECUTIVE SUMMARY	3
1.1	Background	3
1.2	Summary Conclusion.....	3
1.3	Support for Closer Working	4
1.4	Options for Closer Working	4
1.5	Preferred Political Governance Model.....	5
1.6	Vision and Objectives	5
1.7	Next Steps.....	6
2	SUPPORT FOR ALIGNED WORKING	7
2.1	Openness / Support for change	7
2.2	Impact on Residents	7
2.3	Democracy	8
2.4	Impact on Workforce.....	8
2.5	The View from the Backbench Members	9
3	OPTIONS FOR CLOSER WORKING	11
3.1	Similarities and differences.....	11
3.2	Options for Change.....	11
3.3	Potential Prioritisation Criteria	12
4	GOVERNANCE CONSIDERATIONS	14
4.1	Governance Arrangements	14
5	OTHER CONSIDERATIONS	15
5.1	Risks	15
5.2	Challenge - Delivery of Transformation.....	16
5.3	Considerations for Strategic, Economic and Management Case	16
6	NEXT STEPS AND ACTIONS	20
6.1	Action List.....	20

Annex A – Meetings and Workshops

Annex B – Demographics of the Council Areas

Annex C – Extract from June Cabinet Reports Outlining Expected Benefits

1 Executive Summary

1.1 Background

Torfaen County Borough Council (TCBC) and Blaenau Gwent County Borough Council (BGCBC) have a similar heritage as Welsh valleys' communities with a rich mining and industrial past. Alongside many other local authorities in both Wales and England, each council is under financial pressure to meet the demands of high cost services whilst aiming to meet ambitious plans for the future.

From 1st July, the two councils therefore agreed to share a chief executive (CE) for an initial period of up to nine months and, as part of that exercise, explore how the two councils might work more closely together in the future.

As a first step in that exploration, a 'discovery' phase was launched and Local Partnerships was engaged to investigate the appetite/support for closer working and, at a high level, the potential benefits and challenges of doing so. The discovery was based on three determinants outlined in the governance reports of [11 June 2024](#) for TCBC and [12 June 2024](#) BGCBC, to:

- Detail the outcome and highlight the potential benefits available to both authorities
- Outline the risks and challenges that will need to be managed to achieve the potential benefits
- Recommend either putting the initial arrangement on a more permanent footing or ceasing the arrangement.

This report provides the findings of that discovery exercise.

1.2 Summary Conclusion

Both councils are taking a forward-thinking approach to address current challenges and address future demands. They recognise that local government in its current form is facing an uncertain and unsustainable future, therefore the members and officers in both councils are taking a proactive stance in finding new solutions that go beyond the usual 'salami-slicing' approach. This has led to an open consideration to align the councils to create a strong, strategic foundation for the change that is needed.

In terms of sharing a CE this has been addressed first because without this in place consequential delivery cannot take place. This report recommends that the sharing arrangement is made permanent. In the course of the discovery work members and officers recognised the benefits of the joint arrangement which are already materialising and based on:

- Financial efficiency through reduced administration costs
- A single head of paid services leading the officer body to deliver the ambitions of the councils
- Creating a culture that strives to improve services with residents at the centre
- Driving collaboration in leading by example to foster shared knowledge and resources
- Addressing the recruitment challenge for BGCBC in appointing a CE
- Supporting the leadership and cabinet members with a combined voice for the councils.

The experience so far has created a strong and enthusiastic appetite for closer working with the councils benefiting from a shared willingness for closer collaboration.

The risks, challenges and concerns, further explored in this report, centre on ensuring the CE is supported by a strong leadership team, that sovereignty is maintained and that change is well managed with a robust rationale.

It is recommended that the current arrangement of a shared CE is made permanent.



Therefore, the discovery phase has established that there should be a phased approach to implementing changes based on the following:

- Moving to a single senior leadership team across the two councils reporting to the shared CE. This would necessarily include the CE aligning corporate functions and structure across the leadership areas
- Assessing the cost of change, the business case with financial benefits and the resources needed to drive the improvements identified
- Creating the foundations for change with a central team supporting service transformation, adopting a shared purpose/vision for change, producing and implementing an engagement plan to facilitate strong communication
- Federated governance and decision making that retains the sovereignty of each council
- For quick wins, aligning services where there is an obvious case to do so or to address an emergency/crisis in service delivery
- Longer term service redesign based on a criteria/rationale in the alignment of both back and front-line services
- Instigating joint policy where relevant to services, based on a shared commitment to Marmot Principles of Fair Society, Healthy Lives.

The enthusiasm for change also recognised the need to manage that change carefully. For example, where appropriate through engaging with residents, the workforce and the wider council members.

1.3 Support for Closer Working

The detailed findings from the individual meetings and workshops that informed this report is in section 2. In summary:

- The overall sentiment was of openness, and even some excitement, about the possibility of the councils aligning
- If managed well, it was recognised that closer working could bring a range of benefits, including:
 - Financial savings; for example, from a shared senior leadership team
 - Economies of scale; for example, aligned functions and structures to facilitate further shared services or single contracts to increase buying power
 - Greater effectiveness; learning from areas of best practice across both councils
 - Retention of discretionary services; that might be hard to justify for one council alone
 - Improved attraction and retention of staff; for example, through career development that encompasses both councils
- A combined / 'louder' voice at a regional and national level
- An operating model that can be shared with other local authorities interested in alignment between councils.



- Financial savings
- Economy of scale
- Greater effectiveness
- Retaining services
- Recruitment and retention
- Combined voice

1.4 Options for Closer Working

The appetite for change was caveated with the need to ensure that change was manageable in a phased manner.

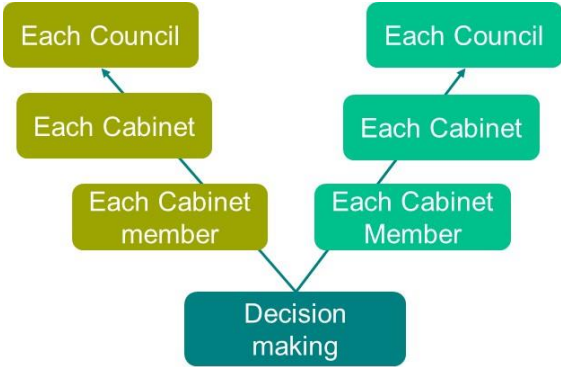


A range of delivery options were discussed and an initial prioritisation criteria developed (see section 3). The preference was implementation through incremental steps recognising that some activity would need to operate simultaneously:

1	2	3	4
Immediate: Leadership	Short-term: Opportunity and Need	Medium-term: Foundations	Long-term: Policy and redesign
Form a single senior leadership team to create capacity, with aligned corporate functions and structures reporting to the joint CE.	Delivery of quick wins, maximising opportunities for joint working and where there is an immediate need for both front and back office functions.	Financial modelling and business case; setting the criteria for change, securing resources for a central team to co-ordinate and drive the change.	Align and establish joint policies and a programme of implementing service redesigns and new structures to realise the benefits for residents.

1.5 Preferred Political Governance Model

In keeping with an incremental approach, it was agreed that in the short to medium term a federated “like” political governance structure was preferred. Adapted to suit local government, rather than a single dominant council there would be shared or aligned policies decided through each council’s governance process, as illustrated below:



Whilst this will mean no change to sovereignty, it will require clear processes for decision-making and dispute resolution, supported by a single governance approach ensuring timescales for decisions are understood and built into future projects/plans.

1.6 Vision and Objectives

Experience of transformation and change in other organisations demonstrates that some form of ‘vision for the future’ can help to guide decision-making and provide a lodestar to maintain a consistent direction of travel.

Below is a draft vision and suggested objectives formed from the interviews and workshops conducted during the discovery phase. It is important the emphasis and language is meaningful to residents, members and staff from both councils.

For the county borough councils of Blaenau Gwent and Torfaen to create better outcomes for residents and support communities to thrive by combining forces through aligned services and a joint approach to address the challenges in local government.

Objectives:



- **Establish the foundation for change** - create the right environment for change with strong foundations based on a case for improvements for residents and financial benefits to the council.
- **Delivering the change** - create the mandate for change through the leadership, with a well-planned change programme supported by a resourced team and quick wins to address immediate issues and challenges.
- **Good communication and engagement** - ensure all parties are kept informed and engaged at the right time to foster the two-council approach to change.
- **Setting the governance** - for the federation model to be delivered with the coming together on shared and aligned policy and a combined voice on issues important to the councils.
- **Implementing delivery** - for service alignment to result in better outcomes for residents, investment in the boroughs, and support for the areas to thrive together.

1.7 Next Steps

Actions – first 6 months
Decision at councils: Initial arrangements for a shared CE put on a more permanent footing and proceed with a change programme based on: <ul style="list-style-type: none"> • Single senior leadership team with aligned corporate functions and structures • Mandate for change • Federation model of political governance
Provide update through a joint Town Hall session for employees and members, combined with external communications to residents and partners organisations
Confirm vision, objectives, criteria for service alignment and indicators for benefit realisation
Conduct stakeholder mapping to produce a Communications and Engagement Plan
Proceed with alignment of structure and functions for a joint senior leadership team
Develop financial model to capture programme costs and benefits
Develop Strategic Outline Case (SOC), including benefits realisation
Review services against prioritisation matrix to test and refine
Instigate changes to service delivery where there are immediate opportunities for improvement
Instigate arrangement for a change/transformation team, including seeking/confirming funding source
Programme plan for April 2025 onwards
Agree political governance arrangements reflecting the federated model and to aid to stream-lining of joint decision making
Start alignment of services based on priority outcomes
Instigate service redesigns.

2 Support for Aligned Working

A detailed list of the meetings and workshops help is included in Annex A of this report.

2.1 Openness / Support for change

“There is a great deal of good will in both councils with a very good chance of success”

In all of the interviews, there were very few “red-lines” identified. Indeed, at the joint cabinet workshop on 11 October, it was suggested that the presumption should be for change, with all areas in scope.

The Trade Union Side (TUS) were also cognisant of the need of the councils to be proactive in facing current and future demands, whilst mindful of the need to protect the workforce.

Similarly, the Welsh Local Government Association (WLGA) were supportive, acknowledging the need to address the challenges in local government to sustain services. Whilst representatives of the Welsh Government could also see the benefits and potential learning for other councils. All parties recognised that the levels of staff attrition and turnover makes this an ideal time to look at new models.

There was also a recognition that the sector faced an increasing number of so-called ‘wicked’ issues; that is, complex sets of problems that are inter-related. These demand a new way of thinking and a more systemic approach that involves collaboration. Therefore, the alignment between the local authorities provides an opportunity to change the dynamic, with councils working together for the benefit of their residents and potentially providing a role model for Wales.

In summary, at a high level, there were the possibilities of increasing resilience, realising synergies and unlocking economies of scale *“without the rigmarole of merging”*.¹

Alongside the enthusiasm for change, it was recognised that a number of factors will need to be carefully managed - for example, ensuring accountability is maintained.

“Nothing you can’t change – it depends how you manage it”

There was also a recognition that any changes would need to take account of workforce capacity to absorb that change and ensure that ‘burn-out’ was avoided.

2.2 Impact on Residents

“There is an opportunity to make a bigger difference through scale . . . its all about outcomes”

There was a strong sense from both cabinets that sovereignty needs to be maintained, so that members can answer to constituents for the services that are delivered. However, this is already working for some shared services (between the councils and other parties), so track-record suggests aligning services has the potential to expand based on the existing culture of collaboration. Ultimately, it was acknowledged that most residents are more interested in the outcomes they receive rather than who delivers them.

All local authorities are under considerable pressure on a number of fronts (financially, attracting and retaining staff, access to investment, addressing health inequalities, meeting housing needs etc.) and opportunities exist to share experience and create economies of scale. There is also a significant chance to improve both councils’ resilience; for example, most of those interviewed

¹ Quotes indicate comments directly from interviews or workshop participants

expressed concern regarding the ability to retain services which are important to residents but vulnerable to budget reductions.

Each council is already learning from the other in delivery of some service areas; for example:

- Adult services – where Blaenau Gwent are learning from Torfaen
- Childrens services – where Torfaen are learning from Blaenau Gwent

Closer working offers the chance to extend that learning much more widely, whilst recognising the strengths of each council.

Ultimately, given the difficulties in harmonising budgets and council tax (particularly given some of the historical anomalies within the existing valuations), financial accountability to residents needs to remain with each authority.

Lastly, ensuring that outcomes for residents are central to the way in which future changes are considered can be ensured through the criteria used to demonstrate Value for Money. These were considered by the joint cabinet workshop on 11 October and the combined senior leadership team workshop held on 6 November; the results are included in section 3.3 below.

2.3 Democracy

“Accountability to residents is key”

This section links closely to the previous one. There was strong recognition amongst all those involved in the discovery exercise that members are accountable to their constituents for the outcomes that the council delivers. The benefits to residents must therefore be very clearly articulated – and those benefits are not only about costs savings. For example, they could include the capacity to continue to deliver discretionary services that are made feasible by the two councils working together.

Councillors were also clear that engagement and communication with residents should go hand-in-hand with all council members and the workforce (especially considering a high percentage of staff live in the borough). Some cabinet members explicitly recognised that they must be – and are – prepared to stand behind decisions, even when those are difficult.

Perception that will need addressing include:

- The experience of working more closely has not always worked - this appears to relate to a single function concerned with shared public protection service. This is counterbalanced by good examples of combined services and both councils have a track record of co-operation between themselves and other partners
- One or other council is ‘taking over’ the other. TCBC has a larger population and in recent history a more stable leadership team. The CE has worked hard to engage with members and officers from both councils which has created a great deal of trust
- This is a ‘merger by the back door’. All parties have been clear that this is alignment to support longer term sustainability of services rather than a formal merger.

None of these perceptions were seen as a show-stopper; they were more examples of why engagement and communication will be so critical.

2.4 Impact on Workforce

As discussed in preceding sections, closer working between the councils has the potential to have a positive impact on the workforce. This is recognised by the TUS as well as members.

In order to realise that potential there are a number of considerations:

- Some harmonisation of HR policies and approaches is likely to be required, particularly those associated with the management of change



- Engagement with the workforce will be key, establishing a compelling narrative that sets out the benefits to residents, communities and staff
- The costs of change should be made explicit and included in a business case(s). For example, creating a single leadership team is likely to mean savings across the two councils (due to fewer posts). However, recognising that some roles will inevitably take on a greater level of strategic responsibility and scale, and to attract and retain the right calibre of people at least some of those savings should be netted against any potential increases in the salaries of individual posts
- Review delegated authority and spans of control in order to manage pressure on individuals and avoid 'burn out'.

Overall, closer working should help to support recruitment and retention, as well as improving resilience by reducing the numbers of single points of failure. Understanding and developing common cultural norms will be key and there may be opportunities for early engagement with staff. For example, by identifying 'quick wins' to solve service delivery challenges and opportunities for secondments or redeployments.

2.5 The View from the Backbench Members

"The changes should be...creative and balanced, with a method behind it"

The cabinet members were very keen for the involvement of the wider member group to understand their concerns and ensure they are engaged in shaping the future direction. Sessions were therefore held with backbench members from each council on 25 and 26 November where initial findings were shared.

Key points to emerge from the meetings were:

- A strong recognition of the need for change and support for closer alignment between the two councils
- Consensus on the priority to focus on improving outcomes for residents
- Despite some differences, the two councils have a great deal in common and there are opportunities for synergies
- An appreciation that there are already areas where alignment is happening, providing a platform on which to build. This could be extended and help break down some siloed working within each of the councils. There may also be opportunities to share assets, including sites and investment for economic development
- There are opportunities to improve resilience through attracting and retaining staff who might have opportunities to work across both councils (although it was acknowledged that this might increase staff travel times)
- Existing cross border working with other partners such as the NHS and the Police could be built upon
- Broad support to create a criteria to selecting/prioritising services for alignment, although this would need testing through use to ensure unintended problems are not a factor of the change
- Evaluation and early development of measures of success will be critical.

In moving forward and where appropriate, back-benchers were keen to be involved early to be kept informed and support the changes. As with cabinet members and the senior leadership teams there was support for retaining sovereignty at this stage and a recognition that shared senior leadership is crucial. As the detail is developed clarity on co-responsibility and areas of delegation will be important so decision-making is effective and timely.

Overall, backbenchers are proud to be part of a council leading the change, being a trailblazer others can learn from, and providing a strong voice for the area; they are keen to progress in a

creative and balanced way which has a clear method underpinning it and delivers benefits for residents.

Of the concerns raised, comment was made that the arrangement for the CE needed more time to embed and a member felt they were not involved enough to make a determination. There was also a desire to know the detail in how services would operate in the future which is a number of steps further in the process.





3 Options for Closer Working

3.1 Similarities and differences

All those that the team spoke to during the discovery phase recognised the need for change and the similarities between the two councils, including:

- Strategic objectives: in common with the wider region, both councils aspire to the Marmot principles to address the determinants of inequality, which provides a common ‘golden thread’ in terms of strategic direction. This should allow their corporate plans to align and possibly even mirror each other
- Services: elements of the characteristics and needs of services are very similar, for example:
 - Recruitment and retention of employees in disciplines that are typically hard to recruit to or where there is a limited or competitive recruitment market
 - Challenging delivery - e.g. children and adults social care provision, housing, capacity and resources to look at innovative delivery
 - Reform to deliver improved outcomes - e.g. service redesign that reduces demand and focuses increasingly on early intervention and prevention
 - Location based services - e.g. waste disposal, highways, parks and green spaces, registrars
 - Promotion and leisure - e.g. tourism, town regeneration, business units, economic development, sports development and leisure facilities
 - Support functions - e.g. governance, legal, finance, data, policy, communications
- Budgets - common budgetary challenges that are shared with the wider sector. After over a decade of austerity combined with increased cost and challenge in the delivery of key statutory services
- First steps towards closer working - a shared a CE who is respected and valued by both councils is already in place.

As well as a shared industrial heritage, both councils also have similar demographics in terms of distribution (see Annex B for details), although Torfaen’s population is around 30% larger than Blaenau Gwent’s.

Despite similar budgetary pressures, the detailed budget and position for each council is clearly different and will need to be considered as options for closer working are explored. All parties were explicit that there needs to be a clear audit trail of spending to provide transparency and accountability to constituents, along with providing the basis of measuring value for money.

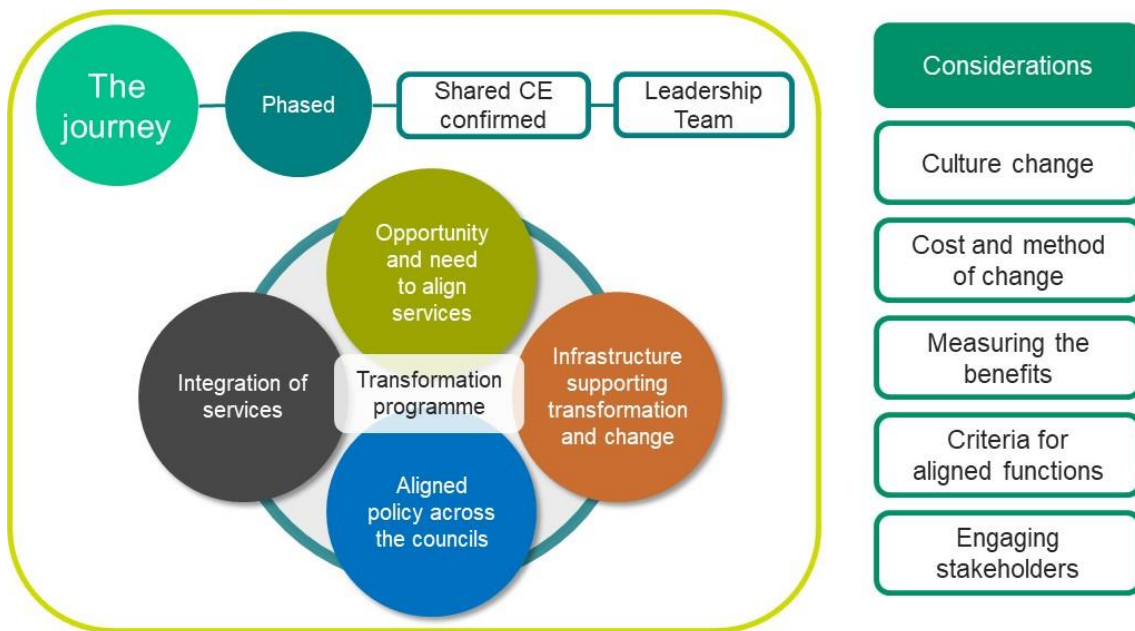
The structure and stability of the two leadership teams are also different, yet this is one of the areas that closer working and alignment could help to address (see options below).

3.2 Options for Change

“Walk or run, rather than sprint!”

Whilst there is very clear enthusiasm and excitement about working more closely, there is no appetite for a ‘big bang’ change such as an immediate move to a single council.

Rather, a phased approach is preferred, with feedback and engagement throughout the ‘journey’ towards closer/deeper alignment. At this early stage of discovery, the options for closer alignment have not been worked through in detail. However, the diagram and paragraphs below describe a potential journey.



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Possible phases include:

1. **Leadership.** Continued shared CE, supported by a shared/single senior leadership team
2. **Opportunity and need.** Exploration and development of the strong potential for joint delivery on an opportune basis e.g. vacancy in roles or renewing / re-tendering contracts
3. **Creating the foundations.** Confirm the criteria of alignment of services and establish benefits that are measurable. Produce the financial modelling/business case for alignment of services. Design and resource a transformation/change function
4. **Policy and redesign.** Establish areas of joint and aligned policy agreed through governance and conduct service redesign where services meet the criteria for alignment.

Steps 2 to 4 above are likely to be repeated as different services are considered over time.




The pace of change is likely to be dictated by a number of factors, such as: the way in which common cultural norms are developed; the costs of change – both financial and in terms of avoiding ‘change fatigue’; measuring and celebrating the benefits delivered as a platform for deepening the collaboration.

In addition, the joint cabinet workshop recognised the need to ensure that the 2027 elections are factored in. For example, there may be political implications should there be a change in council control. One way of addressing this is to build closer alignment into the constitution of each organisation and clearly articulating the outcomes for residents, supported by transparent performance measures.

3.3 Potential Prioritisation Criteria

Alongside the rewards of having a joint CE in place, it was identified that operational benefits from closer alignment can be significant. Through the discovery phase the following high-level criteria were developed, tested and prioritised:



Themes	Priority
Outcomes for residents 	<ul style="list-style-type: none">• Brings economy of scale to enable a service to continue to operate at its current level• Improves the quality and consistency of service delivery by adopting best practices• Service that needs (re)designing as currently poor; there is/are performance/reputation issue(s)
Service redesign 	<ul style="list-style-type: none">• Services have a shared challenge within service delivery where it would help if expertise and resource are combined• Services that have difficulty in retaining and recruiting staff• Services that are uncomplicated to merge and / or have straightforward functions
Savings and efficiencies 	<ul style="list-style-type: none">• Supports buying power in contract management through scale• Reduces overall operational costs to create a saving• Can better utilise resources (for example facilities and vehicles) across the county borders• Combines services that would support efficiencies

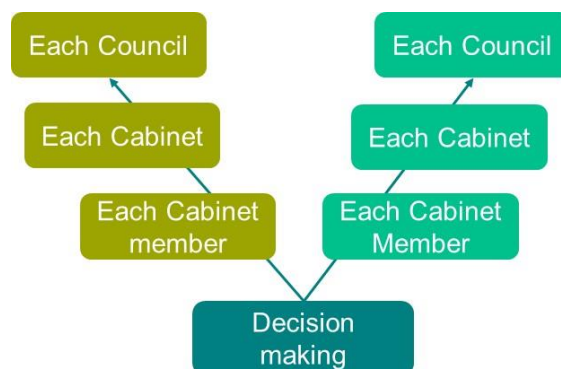
These have been further developed by the review team to be refined and tested in the next phase.

4 Governance Considerations

4.1 Governance Arrangements

Any move towards closer working will have implications for governance processes to ensure that accountability to constituents is maintained.

In keeping with the 'walk/run rather than sprint' approach outlined in section 3.2 above, the preference is to start with a local government federated approach, as illustrated below.



The characteristics of this approach are based on the following:

- Sovereignty is unaffected, with each council accountable to their constituents
- The councils have equal status
- Where there is shared decisions and policies these are formed together but endorsed by the separate councils
- Each council has its own constitution, though there would be parallel aspects e.g. scheme of delegation
- Whilst the councils retain their own scrutiny function, there is opportunity for shared reviews
- Where there are joint budgets there is a clear audit trail to each council's spending allocations
- The potential for a single governance approach to aid the flow of decision making, or at least close planning to harmonise the processes to avoid hold-ups by respective councils
- Joint arrangement between the councils does not deter each party from instigating other partnerships outside the arrangement, but these should be mutually agreed.

5 Other Considerations

5.1 Risks

As set out in the previous sections, there is real enthusiasm for exploring closer working between the two councils. There is also a recognition that changes of this sort come with risks that need to be managed.

The following areas were raised during the discovery phase and should be included in the development of risk management plans as the project develops, with suggested mitigations:

Risk	Potential Mitigation
Implementation - insufficient human and/or financial resources available to deliver the changes needed to maximise the value.	Take a phased approach with a clear delivery plan, securing resources to run a transformation programme.
Impact on services – focus on change will divert away from the delivery of services important to residents; and put pressure on an already in demand workforce.	Recognition that longer term gain will involve some disruption with the necessity for front line staff to be involved in shaping the change. However, this can be supported by a transformation team.
Culture - resistance to change including institutional inertia that could hamper implementation.	Strong leadership, with a mandate for change to empower the workforce to shape service redesign.
Stakeholder engagement - where the workforce, members, partners and funders do not see the reason for change.	Produce and implement a stakeholder plan, making best use of the different communication methods and messages.
Communication - linked to engagement but where the narrative might be misplaced and misinterpreted.	Articulate a strong rationale for change that stakeholders can get behind and share the messaging.
Political support – there is an election in 2027 and current opposition parties may withdraw support or seek to unpick any changes made	Build cross-party support through a strong narrative based on benefits to residents. Ensure shared understanding if the decision to proceed is made, that reversing any changes will impacts services.
HR harmonisation - aligned services could have different arrangements for the workforces including patterns of work, pay scales and conditions.	Where services are formally aligned, a key element should be to understand the different arrangement and harmonise if appropriate through a service redesign process.
Governance through federation – making decision through two councils on the same policy/programme could create a misalignment of time and outcome.	A strongly co-ordinated approach to the governance process and alignment of elements of the constitution e.g. delegated authorities.
Cost of change - where the costs outweigh the benefits in the short and long term.	Financial modelling takes place as part of business case – based on the phased approach this can be completed for each stage, creating a framework and template for service alignment.
New alliances – whilst potentially positive could derail or delay the progress of the two councils aligning.	For both councils to formally agree through their coming together via a federation, giving time of those changes to embed. Other opportunities to partner with different councils considered by, and in the light of, the existing partnership.



5.2 Challenge - Delivery of Transformation

There is a bedrock of support for change at a strategic level within both councils, as evident through this report. The challenge is implementation – some of these challenges are incorporated into the risks identified in the previous section, and developed based on experience of implementing change and transformation in other local authorities.

Cost of change. For all local authorities change is part of operating services and has become part of 'business as usual'. However, the scale of change for BGCBC and TCBC is significant, particularly for the first few years and will include the following areas of expenditure:

- A central co-ordinating team with programme management capabilities
- Back-fill of staff working on change programmes, and staff time to participate (for example in re-design work) including the leadership
- Support from external provider(s) if/when required
- External specialist advice
- Training and awareness programmes
- Costs associated with service redesign.

Avoiding overload. Whilst there is a drive for change there is a risk that this becomes the focus of the council whilst there are services that still need to be delivered. Also, it is important that the transformation programme does not become an "industry in itself", therefore streamlined and efficient processes are key.

Mandate from the leadership. To ensure all the opportunities are realised, the leadership will need to empower the workforce to implement the change through a culture of delegation and trust.

Form follows function. The alignment of the councils gives a unique opportunity to review the effective delivery of services based on their purpose, goals and deliverables. This includes whether the service is still relevant / still needed and whether the councils are the right delivery agent. The councils should not jump straight to restructuring without a sound rationale for services aligning and consideration of areas such as equal pay.

Communication and engagement at the right level. As outlined in the risks, without good communication and engagement there is a danger that lack of understanding and / or motivation for the change will hamper implementation. Whilst engagement nets the greatest rewards, the council also needs to be mindful of its resources, with the right people involved at the right time.

Benefits realisation. Setting the measures of success are linked to the criteria of service alignment; a common failure is not knowing what success looks like or not having the right measures in place to evidence achievement. Data is useful, but not the only tool and sometimes success is based on culture change and long-term benefit. Developing meaningful success criteria and measures, linked to the intended benefits, will be a key task for the next stage.

5.3 Considerations for Strategic, Economic and Management Case

Moving forward with closer alignment between the councils will require a programme of work – a series of linked projects and initiatives designed to deliver the strategic direction.

A light touch Strategic Outline Case (SOC) for the programme would set out the rationale for the work and support the case for funding or investment.

HM Treasury Guidance for business cases suggests 5 elements for a SOC:



For the light touch approach, we have drafted suggested text for some of the ‘cases’ below. This is based on much of the evidence gathered during this discovery stage and the benefits identified in the June 2024 cabinet reports which have been extracted and included as Annex C. Those benefits have been confirmed and expanded upon as part of the discovery work, and though there are some repeated points in the text below the information is allocated to the relevant “case”.

5.4 Strategic Case

The county borough councils have a similar heritage as Welsh valleys communities with a rich mining and industrial past. Alongside many other local authorities in both Wales and England, each council is under financial pressure and in some areas struggling to attract and retain staff (creating both a capacity and capability risk).

Both councils are taking a forward thinking approach to address those current challenges and future demands. They recognise that local government in its current form is facing an uncertain and unsustainable future, therefore the members and managers in both councils are taking a proactive stance in finding solutions. Therefore, many of the strategic drivers for change identified revolve around ‘wicked issues’.

In June 2024, this led to both councils agreeing to create a joint CE and explore how the local authorities could more closely align to deliver benefits to their communities.

Both councils share a commitment to the Marmot principles of Fair Society, Healthy Lives and so have shared policy objectives of tackling the underlying causes of health inequalities, which are rooted in social inequalities.

The demographics of both councils are similar, as shown by the analysis in Annex B. This means that elements of the characteristics and needs of services are similar and face common issues, such as:

- Recruitment and retention of employees in disciplines that are typically hard to recruit to or where there is a limited or competitive recruitment market
- Challenging delivery including children and adults social care provision
- Capacity and resources to look at innovative solutions whilst meeting the demands of operational delivery
- Reform to deliver improved outcomes including reducing demand with focus increasingly on early intervention and prevention
- Location based services that can facilitate shared resources and prepare for future need including waste disposal and highways
- Promotion, investment and economic development with shared messaging and advocacy
- Support functions that have complimentary demands and processes including governance, legal, finance, data, policy, communications.

As small councils with the full set of responsibilities that come with unitary authorities, both organisations recognise that there are also opportunities to improve resilience and address potential ‘single points of failure’ by working more closely together.



Neither council underestimates the difficulties in aligning more closely and both appreciate the need to engage with and bring all parties on the journey – residents, members and staff. However, the enthusiasm and commitment expressed thus far provides a strong foundation for moving forward with confidence.

5.5 Economic Case

Given the case for change set out in the strategic case, the economic case explores at a high level, four main options:

- Do nothing / maintain status quo
- Collaborations under formal agreement between the councils and other partners
- Closer alignment under a local government federated model
- Full merger

Do nothing is not seen as a plausible option as it would fail to address the issues currently faced by both councils. Collaboration under formal agreement (e.g. SLA) would bring benefits but would not maximise the opportunity created by a shared CE and leadership team.

The option for a full merger at this stage has no support from members, though it is not ruled out as a longer-term ambition as and when the benefits of closer alignment are realised or when driven by a national agenda.

The preferred option is therefore a phased alignment of services under a federated governance model that retains the sovereignty of each council.

As set out in section 3.1, economically the councils have much in common – particularly between the northern side of Torfaen and Blaenau Gwent. There are also differences which could provide opportunities for complementarity; for example, Torfaen lacks suitable space for some commercial opportunities, whilst Blaenau Gwent has suitable development land available. A joint approach to regeneration and attracting new businesses would benefit the whole combined community.

At a high level, as recognised in the Council report of June 2024, there are a number of areas where financial benefits could be delivered. Including:

- Cost efficiency – reducing administration costs: a shared CE, supported by a joint leadership team will reduce salaries and related expenses
- Improved service delivery across councils: closer alignment of services across the two councils offers opportunities to share best practices, technology and systems that one of the organisations alone might not be able to afford or manage. In the longer term, service re-design could deepen those improvements – to both effectiveness (quality) and efficiency (cost)
- Increased scale: bringing together common responsibilities, objectives and challenges has the potential to spread costs, negotiate better terms and lower overall prices (commissioning and procurement for example), benefiting from economies of scale
- Enhanced innovation and knowledge sharing: working more closely together on common challenges, such as the ‘wicked’ problems, offers the opportunity for sharing innovative ideas and solutions. This can create the right environment to foster a culture of continuous improvement and creativity, potentially leading to more effective and efficient public services
- Cost avoidance: the cost implications of maintaining the status quo (doing nothing) along with assessing the value of avoiding future costs. This can be financially modelled based on the “knowns” formed through horizon scanning - though there would also be a number of factors that are not obvious to determine.

Equally important, though more difficult to quantify in financial terms are a series of ‘softer’ benefits that include:



- Stronger strategic planning: unified leadership across councils creates an opportunity for more joined up strategic planning, the alignment of goals and the sharing of resources leading to more effective delivery of long-term outcomes
- Increased resilience: joint operations can offer more resilience and flexibility in resource allocation and crisis management particularly during times of economic or environmental stress
- Public perception and trust: by demonstrating fiscal responsibility and being increasingly innovative, the trust in local government can be enhanced
- Better staff development and career pathways: creating larger combined staff pools and more diverse functions. Also, more opportunities for staff development and movement within the organisation can be created. This can enhance job satisfaction, improve retention, and create a more enticing environment for recruitment to the organisations
- A greater influence regionally and nationally: as two authorities working together with a combined population close to the size of Newport, there is the potential to become more influential both regionally and nationally with a higher profile.

5.6 Management Case

It is suggested that implementation is coordinated through a small, dedicated programme team, the size and structure of which will be confirmed as part of next steps (see section 6).

Delivery will be managed through proportionate use of programme and project management disciplines based on Managing Successful Programmes (MSP) and PRINCE2 respectively.

It will be phased, with evaluation / demonstration of benefits at each point. Likely steps will include the following, to be developed into a more formal plan during the next phase:

1. Leadership. Continued shared CE, supported by a combined senior leadership team
2. Opportunity and need. Exploration and development of the strong potential for joint delivery on an opportune basis e.g. vacancy in roles or renewing / re-tendering contracts
3. Create the Foundations. Confirm the criteria of alignment of services and establish benefits that are measurable. Produce the financial modelling/business case for alignment of services. Design and resource a transformation/change function.
4. Policy and redesign. Establish areas of joint policy agreed through governance and conduct service redesign where services meet the criteria for alignment.

Risks will be managed through a formal register (for example using a Risk Assumptions, Issues and Decisions – RAID – log) that will capture both the risk itself and proposed mitigating actions. An initial register will build on the risks identified in section 5.1 of this report.

6 Next Steps and Actions

Given the clear support for closer working and a direction of travel for what that might mean in the near to mid-term, the next steps have been captured in the suggested action list for the next six months as below.

6.1 Action List

The following actions are suggested as next steps for taking the work forward.

Actions – first 6 months	Time scale
Decision at councils: Initial arrangements for a shared CE put on a more permanent footing and proceed with a change programme based on: <ul style="list-style-type: none"> • Single senior leadership team with aligned corporate functions and structures • Mandate for change • Federation model of political governance 	Jan 2025
Provide update through a joint Town Hall session for employees and members, combined with external communications to residents and partners organisations	Jan 2025
Confirm vision, objectives, criteria for service alignment and indicators for benefit realisation	Feb 2025
Conduct stakeholder mapping to produce a Communications and Engagement Plan	Feb 2025
Proceed with alignment of structure and functions for a joint senior leadership team	Feb 2025
Develop financial model to capture programme costs and benefits	By March 2025
Develop Strategic Outline Case (SOC), including benefits realisation	By March 2025
Review services against prioritisation matrix to test and refine	From April 2025
Instigate changes to service delivery where there are immediate opportunities for improvement	From April 2025
Instigate arrangement for a change/transformation team, including seeking/confirming funding source	By April 2025
Programme plan for April 2025 onwards	By April 2025
Agree political governance arrangements reflecting the federated model and to aid to stream-lining of joint decision making	May 2025
Start alignment of services based on priority outcomes	May 2025
Instigate service redesigns.	June 2025

Annex A – meetings and workshops held

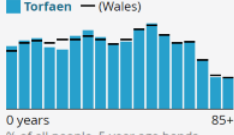
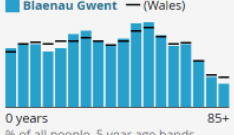
A1 Meetings/interviews

Name	Role	Portfolio
Cllr Hunt	Leader - Torfaen	Executive Member for strategic leadership
Cllr Daniels	Cabinet member – Torfaen	Executive member for adult services and housing
Cllr Owen	Cabinet member – Torfaen	Executive member for environment
Cllr Cross	Cabinet member – Torfaen	Executive member for communities
Cllr Clark	Cabinet member – Torfaen	Executive member for children, families and education
Cllr Gauden	Cabinet member – Torfaen	Executive member for economy, skills and regeneration
Cllr Jones	Cabinet member – Torfaen	Executive member for corporate governance and resources
Cllr Morgan	Cabinet member – Torfaen	Executive member for waste and sustainability
Cllr Thomas	Leader – Blaenau Gwent	Corporate performance
Cllr Cunningham	Deputy leader and cabinet member – Blaenau Gwent	Place and environment
Cllr Edmunds	Cabinet member – Blaenau Gwent	People and education
Cllr Trollope	Cabinet member – Blaenau Gwent	People and social services
Cllr John Morgan	Cabinet member – Blaenau Gwent	Place, regeneration and economic development
Chris Llewelyn	WLGA	Chief Executive
Dave Rees	TUS Blaenau Gwent	Unison
Diane Morley	TUS Torfaen	Unison

A2 Workshops

- Joint Cabinet Meeting – Friday 11th October 2024
- Joint Senior Leadership Team - Wednesday 6th November 2024
- Combined Cabinet and SLT meeting – Tuesday 3rd December 2024
- On-line meetings with back-benchers – Monday 25th and Tuesday 26th November

Annex B – Demographics of the Council Areas²

Demographic	Torfaen	Blaenau Gwent
Population	Population 92,300 people 3,107,500 people in Wales Rounded to the nearest 100 people	Population 66,900 people 3,107,500 people in Wales Rounded to the nearest 100 people
Age profile	Age profile ■ Torfaen — (Wales)  0 years 85+ % of all people, 5 year age bands	Age profile ■ Blaenau Gwent — (Wales)  0 years 85+ % of all people, 5 year age bands
House Deprivation	Household deprivation ■ Torfaen (Wales) Household is not deprived in any dimension 42.3% (45.9%) Household is deprived in one dimension 34.1% (33.4%) Household is deprived in two dimensions 18.0% (16.0%) Household is deprived in three dimensions 5.4% (4.5%) Household is deprived in four dimensions 0.2% (0.2%) % of all households	Household deprivation ■ Blaenau Gwent (Wales) Household is not deprived in any dimension 38.3% (45.9%) Household is deprived in one dimension 33.3% (33.4%) Household is deprived in two dimensions 20.7% (16.0%) Household is deprived in three dimensions 7.4% (4.5%) Household is deprived in four dimensions 0.2% (0.2%) % of all households
General health	General health ■ Torfaen (Wales) Very good health 42.6% (46.2%) Good health 33.9% (32.4%) Fair health 15.5% (14.5%) Bad health 6.1% (5.3%) Very bad health 1.9% (1.7%) % of all people	General health ■ Blaenau Gwent (Wales) Very good health 41.1% (46.2%) Good health 32.7% (32.4%) Fair health 16.8% (14.5%) Bad health 7.2% (5.3%) Very bad health 2.4% (1.7%) % of all people
Accommodation type	Accommodation type ■ Torfaen (Wales) Whole house or bungalow 88.0% (87.2%) Flat, maisonette or apartment 11.8% (12.5%) A caravan or other mobile or temporary structure 0.2% (0.3%) % of all households	Accommodation type ■ Blaenau Gwent (Wales) Whole house or bungalow 90.5% (87.2%) Flat, maisonette or apartment 9.4% (12.5%) A caravan or other mobile or temporary structure 0.1% (0.3%) % of all households
Economic Activity	Economic activity status ■ Torfaen (Wales) Economically active: In employment 54.1% (53.5%) Economically active: Unemployed 3.0% (3.1%) Economically inactive 42.8% (43.5%) % of people aged 16 years and over	Economic activity status ■ Blaenau Gwent (Wales) Economically active: In employment 52.2% (53.5%) Economically active: Unemployed 3.4% (3.1%) Economically inactive 44.4% (43.5%) % of people aged 16 years and over

² Source: Census 2021, Office for National Statistics

Annex C – Extract from June Council Reports Outlining Expected Benefits

The decision for two local authorities working more closely together, including sharing a Chief Executive (CEX), can offer several benefits that drive efficiency, innovation, and influence. Some of the key advantages include:

- **Cost Efficiency:** A shared CEX can reduce administrative costs with each authority contributing to sharing a single salary and related expenses. There will also be potential to consolidate wider administrative functions and staff in place to support the CEX function.
- **Improved Service Delivery Across Councils:** Collaboration across councils can lead to more coordinated service delivery. It opens greater opportunity to pool resources and expertise that enhances the quality of services provided to the public. This would include sharing best practices, technology, and systems that one of the organisations alone might not be able to afford or manage.
- **Increased Scale:** Bringing organisations together that share common responsibilities, objectives and challenges has the potential to spread costs, negotiate better terms and lower overall prices (commissioning and procurement for example), benefiting from economies of scale.
- **Enhanced Innovation and Knowledge Sharing:** Working more closely together on common challenges provides the opportunity for sharing innovative ideas and solutions. This can create the right environment to foster a culture of continuous improvement and creativity, potentially leading to more effective and efficient public services.
- **Stronger Strategic Planning:** Unified leadership across councils creates an opportunity for more joined up strategic planning, the alignment of goals and the sharing of resources leading to more effective delivery of long-term outcomes.
- **Increased Resilience and Flexibility:** Joint operations can offer more resilience and flexibility in resource allocation and crisis management particularly during times of economic or environmental stress.
- **Public Perception and Trust:** By demonstrating fiscal responsibility and being increasingly innovative, the trust in local government can be enhanced.
- **Better Staff Development and Career Pathways:** Creating larger combined staff pools and more diverse functions, more opportunities for staff development and movement within the organisation can be created. This can enhance job satisfaction, improve retention, and create a more enticing environment for recruitment to the organisations.
- **A Greater Influence Regionally and Nationally:** As two authorities working together with a combined population close to the size of Newport, we can potentially become more influential both regionally and nationally with a higher profile. The initial discovery phase will explore these areas.

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