Local Government Association

Investigating and improving the HR and OD capability in shared councils

Foreword

I have first-hand experience of the benefits of having a shared management team, having led a council with a shared chief executive for a number of years.

My council, South Holland District Council, and Breckland Council have driven down costs and delivered real benefits to our residents by sharing a management team since 2010. I am therefore pleased that my council has been closely involved with the research project behind this report.

As councils continue to look for efficiencies and improve services for residents, shared services continue to develop further and there are some excellent examples of this work across local government.

This report highlights the benefits of shared management councils and their wider impact, including saving council tax and creating an agile council workforce for the future.

Of councils who took part in this project, at least one third of council staff on average shared their role across one or more councils – in one council this was 70 per cent of staff.

Leaders of shared management councils don't need to agree on everything but they do need to trust each other which is key to successfully managing and delivering shared services, and keeping the arrangement going in a sustainable way.

Councils which took part in this study highlighted the importance of shared services feeling like a partnership rather than a takeover. The most successful partnerships have seen councils retain their own identity and responsibilities, as well as overcoming political boundaries to genuinely transform everyday services that their residents rely on.

This report sets out how strategic and practical Human Resources (HR) and Organisational Development (OD) approaches have underpinned these new shared service arrangements and what they can do to help councils' wishing to exploit this further. It also shows basic HR practice is generally excellent, but more attention could be given to strategic OD in order to transform services effectively through sharing arrangements.

I hope this report will be useful to all councils as they manage their shared services going forward – both in setting up new ventures and ensuring existing arrangements are fit for the future. This report looks at why and how you should partner, and what the impact of partnering is on the workforce.

Although I'd be the first to admit that there's no universal solution, this report highlights latest thinking and the issues HR leaders in councils should be considering to keep shared management councils at the forefront of efficiency.

Lord Porter of Spalding, **CBE**
Chairman, Local Government Association (LGA)

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Executive summary

This report summarises the findings from a major study which the Institute of Employment Studies (IES) has been undertaking for the Local Government Association (LGA) involving 10 council shared partnerships covering 23 councils.

The overall objective has been to research and investigate HR and OD capability in shared councils, in order to help to improve the contribution which the functions and policies in these fields make to the success of such shared arrangements.

The **work** on the project has been organised into two phases:

- **an initial 'diagnosis', desk research and survey phase, involving**:

  - a survey of the partners to collate and compare information on existing HR and OD strategy/process/practice

  - a review of relevant literature and prior research

- **a second more in-depth 'direction and detailing', qualitative research phase**, involving visits to the 10 partners and case write ups.

A likely third phase of work, 'delivery', will involve follow up change work with partners to address the most common issues and needs identified.

Separate reports have been written on the phase 1 literature review and council survey, and the summaries of those reports are contained in Sections 2 and 3 of this report respectively. The in depth case studies were shared with each of the project partners, but do not form a part of this overview.

The focus of this report are the main common findings and themes to emerge across the research visits and analysis of these 10 council partnerships, described in section 4. They are as follows:

Reorganising for continuous change

1. **A financial imperative is essential, but bigger prizes are available and probably essential too**. Simply 'bolting together' management structures to achieve short-term cost savings is a tactical solution, not a recipe for long-term success, and may leave the bigger strategic prizes of partnering on the table. Staff involvement and focusing on real transformation can help councils reach for and achieve those greater rewards.

2. **Partnering is a continuous journey with no natural end**. Comfort with ambiguity, multiple relationships and flexibility in structure, skills and behaviours seem vital to longer-term partnering success. Leaders and their HR functions need to think about developing and supporting the verb of 'partnering', rather than the noun of a single 'partnership'.

Sequencing of change

3. **Chicken or egg – partnering to transform or transforming to partner, which comes first?** One size does not fit all. However, distilling the learning about the advantages and disadvantages of different sequencing models and timescales could help new partnerships

to decide what is best for them, aligned with their overall strategic objectives for the partnering.

4. **Decisions about timing, pacing and order of changes are critically important.** Agreeing a timeframe and then sticking to it was seen as a key success factor in keeping the range of stakeholders on board, and all our partnerships emphasised the vital importance of good project management. Embarking on partnering seems to demand a flexible, even 'paradoxical' mindset, trying out different initiatives together to see what works in the unique circumstances of each partnering situation.

5. **Approaches to change may unintentionally limit the capacity for transformation.** Chief executives are acutely aware of the limitations of first-order change and are looking to push the boundaries, but are not sure how to go about it and are concerned about the capacity and capability to deliver. HR/OD leads had similar concerns, leading the majority to stay focused on a traditional personnel management list of activities, rather than grasping the wider, strategic HR and OD agendas. Councils may benefit from strategic OD input at top team level which holds a mirror up to the organisation and helps them to think through and deliver radically different structures, services and staffing.

HR and OD's contribution

6. **'Basic HR' is generally good, but the 'Strategic OD piece' needs more work.** HR's contribution to restructuring has been valued. Yet much of the HR work has been conducted away from strategic decision-making processes, and many HR leads are not on the top team. The common and continuing absence of any joint HR and OD strategy in these partnerships, often after a number of years of marriage, must be

a cause for concern. There was limited evidence about HR's contribution to the transformational agenda of changing culture and behaviours. This raises questions about whether HR wants to take on a more strategic role and whether it is capable of playing a leading role in the broader OD agenda. There is a need to develop a better understanding of strategic OD at top team level, which represents a major potential area of contribution for the HR function to partnering success in the future.

7. **HR and OD functions and processes also need to transform.** In most of the cases, HR functions and policies have not been fully integrated, or have been left until much later in the partnering process. While HR service leads were keen to change this and play Ulrich's strategic business partnering and OD roles, they were not always clear about how to do so. The upshot is that HR work can remain stubbornly transactional with HR/OD functions failing to really influence the councils' strategic agenda. More commonly executive leaders were increasingly seeing the need for this transformation work but their HR functions are not as yet fulfilling that need. HR being ahead of the curve in changing itself increases the chances of it being able to address the change agenda on a more widespread basis across the partnership.

8. **One size does not fit all in HR terms, but a common language and understanding of change could facilitate useful knowledge sharing and partnership progress.** We did not find a shared view, or underpinning ethos amongst HR functions around change and transformation. It would be helpful, therefore, to develop a shared language around change and transformation, in order to enable a useful dialogue among the HR/OD community, designed to improve their contribution to transformation and successful partnering.

9. **The need for flexibility of HR approach, as well as alignment with the business strategy.** Having multiple partners is becoming the norm. As partnering experience and ambitions grow, the HR approach needs flexibility to accommodate new partners and other new sharing arrangements. Evolutionary approaches to change often beat revolutionary in such dynamic environments, hence the almost complete absence of 'big bang' changes such as dismiss and re-engage strategies from our case studies. This view of strategy and change entails a flexible and adaptive approach, comfortable with managing ambiguity and multiple, sometime conflicting goals.

Stakeholder management

10. **Building (and maintaining) trusting stakeholder relationships is vital.** We know this from prior research, but it was emphasised time and again during our case study visits: Building relationships needs to be built into the partnership at all levels, from the council chambers down. HR can also play a key role in developing and embedding teamworking behaviours and communications skills throughout.

11. **Bringing elected members with you and enabling them to change is crucial.** Councils feel they need to find better ways to keep elected members, particularly back bench members, with them on the journey. While staff involvement has generally been assessed to be good, if capable of being improved, member involvement, understanding and commitment to partnership has been generally described as patchy. OD plans need to include ways to involve all stakeholders in the change process, another key potential area for HR functions to contribute in.

Importance of identity and other culturally specific issues

12. **Maintaining and reinforcing identity, branding and council sovereignty in shifting sands**. Issues of identity are important: partnering organisations need to address 'who are we' (identity) and 'how we want to be known' (branding). While some councils have tackled identity issues head on, many have not. HR functions are therefore having to tread a fine balance in terms of the 'looseness' or 'tightness' of their policies and practices. Hence the cautious approach to full staff and HR policy and process integration. It is important to find ways to sustain employee commitment and possibly multiple identities when the organisation keeps changing, and for HR functions to at the same time service common and distinct leader and employee needs.

13. **The context for partnering in local government is unique**. In the private sector, partnering and merging tends to be a described in normative terms as a journey from less to more integration. But you cannot assume in the council context that more integration is necessarily better than less. The partnering context is a complex picture which reflects a mixed economy of delivery options including commissioning, selling and divesting as well as sharing. Learning in and taking account of the unique local government context is critical, with persistence and flexibility being essential requirements.

Taking a manager and staff perspective

14. **Managers' job satisfaction can be enhanced by partnering, but skills may be lacking**. Time and again we heard that integration in one service and not another reflected the relative strengths of management, rather than the scale of service or cost saving opportunity. The most successful HR functions appear to have been those able to ring-fence and even increase training budgets in the context of overall cost reduction to build management and partnering capability on a more widespread basis across the organisations. Management and career development are particular priorities for councils with shared management arrangements.

15. **The importance of the personal, human elements of change are far from unique, yet critically important**. As our literature review suggested, the case studies found that involving people in designing new structures and services paid off in terms of empowerment and engagement, at least for many of those remaining in the new structures. With increasing organisational complexity, it would be all too easy to overlook the human elements that support effective partnering, but trust is too important to take for granted, and personal support and the sense that the employer and their HR function genuinely cares is vital.

16. **There are many positives to build on, including staff engagement**. Perhaps the most surprising finding from our study was the generally positive effect of partnering on staff engagement. Maintaining engagement levels may be more challenging, as change continues and the initial excitement wears off. It will need attention, but it gives a great foundation to build on. It also represents a significant area for improving both the contribution of staff and the HR functions to the strategic goals of partnering.

1. Introduction

This report summarises the findings to date from a major study which the Institute of Employment Studies (IES) has been undertaking for the Local Government Association (LGA). The overall objective has been to research and investigate HR and OD capability in shared councils, in order to help to improve the contribution which the functions and policies in these fields make to the success of such shared arrangements.

The background to the work is that 43 district councils currently share a chief executive and the LGA facilitate a network of them to share experiences and learning, in order to help to deliver the intended outcomes of these merged activities and roles. The levels of and stages in integration across these authorities vary significantly and the LGA has already produced case studies and quantified the benefits arising from the back office shared service aspects of integration, some £145 million.

Early in 2015, the chief executive network raised some concerns that existing HR and OD strategies and processes neither support the business and transformational goals of the councils, nor adequately support, skill, recognise and reward staff for making the changes required in sharing. Their list of issues covered the HR/OD field, ranging from how to become an employer of choice and empower staff in more complex and matrixed organisations, to career progression and talent management, to leadership development and member engagement.

External research, predominantly from the private sector, indicates that the full aims and benefits of such re-structurings are not delivered in a significant number of cases and that this invariably boils down to what Professor Paul Sparrow (2009) calls the 'software' of organisational change, rather than the 'hardware', the processes of shifting cultures and behaviours, managing, involving, skilling and engaging people to change.

As Vergne (2009) succinctly summarised in his local authority research in this field, 'mixed results, lousy process'. Whittington's (2005) study of more than 500 chief executives and finance directors in public and private sectors found that two-thirds of them reflecting on their experiences would have paid more attention to the people dimensions of their mergers and restructurings.

Much of the academic research supports the perspective that a tailored 'best fit', rather than a supposedly universal 'best practice' approach to HR and OD practice, is required in such situations, suggesting the need for individually tailored and practical support for each authority. Yet the LGA also wants to draw out the common learning from experiences of partners so far and speed the learning process for them and more widely across councils sharing in the future. It has therefore drawn together 10 partnerships representing 23 councils to focus this research study on.

The aims of the research have therefore been to:

- investigate the extent to which the current HR and OD practices in the partner organisations are fit for purpose and support the future business goals and employee needs in these shared councils

- summarise external practice and learning in similar settings and organisations as to the HR and OD practices and processes

which actively support business objectives, illustrating how leading edge approaches to HR and OD can underpin the employers' strategic aims and required changes

- summarise the learning of the partnering councils to date as to practical measures that they have taken and should take and improvements they can make by identifying the practice that best underpins, embeds and develops change to put shared arrangements into place, as well as supporting on-going change that is and will continue to support the council workforce of the future

- summarise the research and learning in a way that can be more widely applicable across the sector.

The work on the project has been organised into two phases (with scope to extend into a third phase giving more practical support).

- An initial 'diagnosis', desk research and survey phase, involving:

  ◦ A survey of the partners to collate and compare factual information on existing HR and OD strategy/process/practice, as well as collation of existing knowledge and information which the LGA already holds through the network; we also used this survey instrument to identify business priorities, assessed levels of alignment and gather initial views on levels of effectiveness of HR and OD practice. The main findings are summarised in a separate report.

  ◦ The collation and summarising of relevant existing external research to highlight what appears to underpin successful and innovative practice in similar situations, supported by case examples of good practice. This literature review is also written up as a separate report.

- A second more in-depth 'direction and detailing', qualitative research phase, involving visits to the 10 partners, stakeholder interviews and brief case write ups of the challenges and experiences facing each of the partners and learning

derived to date, testing out our hypotheses as to how improvements can best be secured and drawing out general principles and lessons that can be more widely applied. Each of the 10 partnership councils has received an in-depth case study about their induvial shared arrangements and the wider learning from this research is included in this report.

- The likely third phase of work, 'delivery', which would involve follow up detailed change work with partners to address the most common issues and needs identified, and might comprise of pilot change projects, the development of toolkits and more detailed guidance in specific areas such as reward and recognition, workshops, setting up more specialist networks in key areas, coaching, etc.

- Section 2 summarises the findings from our literature review.

- Section 3 summarises our findings from the survey of the partnerships involved.

- Section 4 summarises the learning from our case study research.

- Section 5 draws out the implications for further research and work to make further, more focused and practical improvements to the HR/OD contribution in such situations.

Table 2 on page 11 summarises the characteristics of the 10 partnership councils.

We would like to thank all of the partnerships for their considerable support for the project, and also the LGA team who have been working hard with us on the research and reports.

As this report talks about 'HR' and 'OD' in some depth, we briefly define them below:

Table 1: Definitions of HR and OD

Human Resources (HR)	Organisational Development (OD)
Strategic human resource management is an approach to managing human resources that supports long-term business goals and outcomes with a strategic framework. The approach focuses on longer-term people issues, matching resources to future needs, and macro-concerns about structure, quality, culture, values and commitment. It is necessarily dependent on the evolving nature of work itself. Areas covered include HR strategies, recruitment methods, pay and rewards, training and development and HR information systems. http://www.cipd.co.uk/hr-resources/factsheets/strategic-human-resource-management.aspx	OD is concerned with improving organisational effectiveness. It balances both hard and soft elements: it is people-focused and business-focused; it coaches and challenges. OD often seeks to change beliefs, attitudes and values through leadership, change management and communication strategies. While interventions may be tacit and informal, good OD remains data driven and is underpinned by sound diagnostics and processes to reinforce change. Specific elements considered in this report include leadership development, culture change programmes, values definition, competency frameworks and engagement studies. http://www.employment-studies.co.uk/what-we-know/organisational-design-and-development

Notes

Sparrow P et al. (2009), 'Integrated Strategic Design: The New Priority for HR Directors'. White paper 09/01, Lancaster University Management School.

Vergne D (2009), 'Change Myopia', MSc research paper.

Whittington R et al. (2005), 'HR's Role in Organising and Shaping Change'. Research report, CIPD, London.

Table 2: Overview of participating partnerships

Council	Employee numbers 2014 (Headcount)*	Total Service Expenditure 2013/14 (£m)*	Date partnership formed	Region	Political colour	Urban or rural
Bolsover District Council	411	29.8	2011	East Midlands	Labour	Urban
North East Derbyshire District Council	432	30.2		East Midlands	Labour	Rural
Breckland Council	219	30.1	2010	East of England	Conservative	Rural
South Holland District Council	277	16.3		East Midlands	Conservative	Rural
Bromsgrove District Council	322	19.8	2008	West Midlands	Conservative	Rural
Redditch Borough Council	723	33.4		West Midlands	Labour	Urban
Cheltenham Borough Council	232	41.5	2008	South West	Liberal Democrat	Urban
Cotswold District Council	260	27.8		South West	Conservative	Rural
Forest of Dean District Council	248	25.5		South West	Conservative	Rural
West Oxfordshire District Council	259	23.6		South East	Conservative	Rural
Chiltern District Council	225	15.4	2012	South East	Conservative	Rural
South Bucks District Council	139	20.8		South East	Conservative	Rural
Christchurch Borough Council	248	23.1	2011	South West	Conservative	Urban
East Dorset District Council	237	29		South West	Conservative	Rural
East Hampshire District Council	247	19.8	2009	South East	Conservative	Rural
Havant Borough Council	368	20.5		South East	Conservative	Urban
Forest Heath District Council	180	18.3	2012	East of England	Conservative	Rural
St Edmundsbury Borough Council	430	49.2		East of England	Conservative	Rural
North Dorset District Council	119	17.7	2015	South West	Conservative	Rural
West Dorset District Council	550	29.5	2011	South West	Conservative	Rural

Council	Employee numbers 2014 (Headcount)*	Total Service Expenditure 2013/14 (£m)*	Date partnership formed	Region	Political colour	Urban or rural
Weymouth and Portland Borough Council		26.9		South West	No overall control	Urban
Taunton Deane Borough Council	587	32.3	2013	South West	No overall control	Urban
West Somerset District Council	102	7.9		South West	Conservative	Rural

Source: LGA, LG Inform: http://lginform.local.gov.uk/ - accessed August 2015

2. Summary of Phase 1 literature review findings

Method

A rapid-fire literature review was undertaken to inform the project, in order to ensure maximum coverage in a short timeframe. Literature on private and public sector partnerships was mainly taken from management and HR journals, borrowing some input from the social sciences to aid background and political context. In total we referred to almost 100 sourced items.

Incidence and features

We have found that strategic alliances are increasing in their frequency and importance in all sectors. They potentially deliver many benefits, for example the mitigation of risk through shared knowledge and capabilities.

Yet paradoxically, successful outcomes from such partnerships are far from guaranteed in an uncertain world where both people and networks are co-evolving beyond the traditional boundaries of an organisation. As resources are becoming tighter and financial concerns take precedence, more often than not partnerships seem to fail when the 'people factor' is not taken sufficiently into account within this changing context.

An overriding theme from the literature is that of the importance of building and maintaining trust at the outset of the partnering and throughout the change and transition process. A key means of achieving this is establishing a shared HR director as soon as possible after the organisation is formed.

The greatest chance of a partnership failing in the private sector is during the initial integration phase where there is a greater risk of cultural mismatches. This may be further exacerbated in public sector shared partnerships where the choice of partner may rely more on geographical considerations or have to be made on a fast timescale. This makes the involvement of Human Resource functions early, and intensively, in restructuring important for developing and delivering on organisational goals and values through the change process.

Having said this, organisational change does not happen overnight, and many studies point to the success of an evolutionary rather than revolutionary approach, developing and investing in a supportive culture. For example, although reward strategy is crucial to the viability of a partnership deal, the harmonisation of employees' pay and benefits can be extremely challenging.

The HR function itself has to adapt to perform this role effectively, becoming more networked and more agile, taking into account that people management is critical both within and beyond the traditional boundaries of an organisation. In the public sector this perspective is particularly important given the need to take into account the needs and motivations of a wide range of stakeholders at all levels, with the political dimension adding an additional layer of complexity for local authorities.

Leadership and management

Leadership and leadership development makes a strong contribution to success, through developing shared goals and providing enough flexibility and support to allow for innovative improvements to services to be made. In this context good leadership needs to be defined collaboratively involving all levels of an organisation, supported by an HR function which provides the strategic emphasis, processes and tools to align people with strategy.

A key issue in council partnerships is creating a balanced approach of building coherent culture beyond organisational boundaries in order to facilitate partnering, while still maintaining unique identities and paying attention to local factors. This may be particularly problematic where there are power differentials between partners.

Governance structures appear to need to flex and adapt to meet the needs of the partnering arrangements, and the legal and contractual arrangements for managing risk can be too restrictive, as well as insufficiently robust.

The HR and OD contribution

A strategic, as well as an immediate, reactive, operational approach to HR and OD is needed, with HR / OD professionals working with senior managers and stakeholders to build a vision and plan for the sharing arrangement, as well as to address the often difficult issues of shared leadership, culture development, power, identity and governance issues.

A strategic, skilled and responsive HR/OD function can help to align council partnership business strategies with people-centred management practice, in order to enhance the chances of success and mitigate risk factors contributing to the failure of partnerships.

However, no single factor or HR practice seems to emerge from the research as being critical in every situation, and the aims and context of shared council arrangements are highly varied. Rather, success seems to be underpinned by a tailored 'bundle' of HR/OD practices deployed by an effective leadership and HR team.

Key HR practices that emerge as having most influence on the success of partnering and sharing arrangements include:

- leadership development and talent management

- communications and involvement

- managing learning from inside and outside the organisation

- the management of downsizing and redundancies

- bonus, pay and incentives

- high performance working and performance management.

Similarly, paying sufficient and early attention to critical OD needs appears vital, including ensuring effective change and transition management, attention to culture and values, project management and risk management.

The research findings to date suggest that developing a bundle of 'best fit' practices to suit each situation is more effective than trying to adopt or copy a universal 'best practice' model. It also suggests that organisations need to take a flexible approach over time to incorporating insights and learning from their own and similar situations.

Full details of our findings are contained in a report, 'Investigating and improving the HR and OD capability in shared councils: Phase 1, literature review: 'What do we know?''

3. Summary of Phase 1 councils' survey findings

Method

As part of the first phase of the research, an online questionnaire survey was carried out with the 10 participating partnerships in order to collate and compare factual information and views on existing HR and OD strategy, process and practice. The survey also explored business priorities, assessed levels of alignment and initial views on levels of effectiveness of HR and OD practice. The survey was completed by the senior HR/ OD executive in each of the partnerships.

While the research included 10 sharing partnerships, the survey results included eleven respondents as GO Shared Service[1] completed separate questionnaires for GO Shared East and GO Shared West which both comprise two councils.

Not all respondents completed all questions in the survey as the participating partnerships are at different stages of the sharing process, so some respondents are just entering into sharing arrangements while others may be well established.

Key findings overview

Approaching the sharing
The council partnerships are highly varied in factors such as size, number of councils included, length of time for which the partnership has been running and political make up.

Improved efficiency and cost effectiveness was described as the primary and strongest driver of shared arrangements, with service improvements playing an important

secondary role and improved internal and staff effectiveness also important.

The vast majority (10) went into their partnership with a clear strategic plan and although the level of integration of services varies between the partnerships, most (seven) are moving towards closer and extensive service integration, and some already are well integrated.

All our partnerships had already used various methods to learn from the experiences of other partnerships, typically by using local government or public sector websites and media, and also external consultants.

How has sharing affected HR functions and policies, and staffing?

In terms of how HR/OD functions have been managing the changes involved with sharing, eight partnerships have a single HR/OD lead across the partnerships and in just under half of cases they are members of the senior management team. However, fewer HR/OD functions are fully integrated, and just two partnerships reported there being a single, integrated HR strategy across all the councils in the partnership.

The effect of the sharing on total staffing (full-time equivalent) has included headcount reductions of more than 10 per cent in over half of the participants. In addition to this, just under two thirds of respondents (seven) reported that most or all of their staff have been placed on or are currently signing new employment contracts.

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[1]   www.gosharedservices.org.uk

In terms of staffing arrangements, the effects of partnering have been extensive. On average one-third (31 per cent) of total staff in the partnerships are now carrying out shared roles across authorities, but this varies from as low as five per cent up to 70 per cent.

The survey findings suggest that in most cases partnerships have adopted a simultaneous '4 R' staffing strategies approach, of redundancy (voluntary (seven) and compulsory (nine), selective recruitment (nine), relocation (six), and retirement and voluntary severance (nine).

Overall, the HR function's primary role in the sharing arrangement was seen as playing a strategic business partner role linking HR policies to the business strategy (see table below).

Table 3.1: The roles played by HR

	1 Not at all	2	3	4	5 A great extent	Total
Strategic partner: linking HR policies to the business strategy	0	2	3	3	3	11
Change agent: manager of transformation and change	0	2	5	2	2	11
Administrative expert: management of the administrative infrastructure	2	2	3	2	2	11
Employee champion: management of the employee contribution	1	5	2	2	1	11

Among the participating partnerships, the three most integrated aspects of HR policy across the partnership were employment contracts, recruitment and resourcing, and HR systems and payroll.

Table 3.2: Extent that HR policies have been integrated or unified across the sharing councils

	1 Not at all	2	3	4	5 Fully integrated	Total
Workforce planning	4	3	1	0	3	11
Recruitment and resourcing	1	3	2	0	5	11
Pay and benefits	6	0	0	2	3	11
Other terms and conditions, eg overtime, shifts, etc	6	1	0	1	3	11
Training and development for senior staff	1	2	2	3	3	11
Training and development for other staff	1	4	1	2	3	11
Employee relations/communications	2	1	3	1	4	11
Performance management and appraisal	3	2	2	0	4	11
HR information systems and payroll	2	2	1	1	5	11
Employment contracts	3	1	0	2	5	11

The three most common reported OD initiatives across the shared councils were the development of a common set of competencies, the development of new forms of employee involvement and consultation such as team briefings, and the assessment of suitability of existing staff for new or changed positions. For both the development of a common set of competencies and the development of new forms of employee involvement and consultation, over half of respondents each (six) reported using these (see figure below).

Figure 3.1: OD initiatives undertaken by the partnerships

Just over a quarter of respondents (three) felt that HR policies and practices were now supportive of and in alignment with the aims and needs of the organisation to a great or fair extent. Workforce planning, performance management, training/development and communications were the policy areas most commonly cited as requiring more activity (see table below).
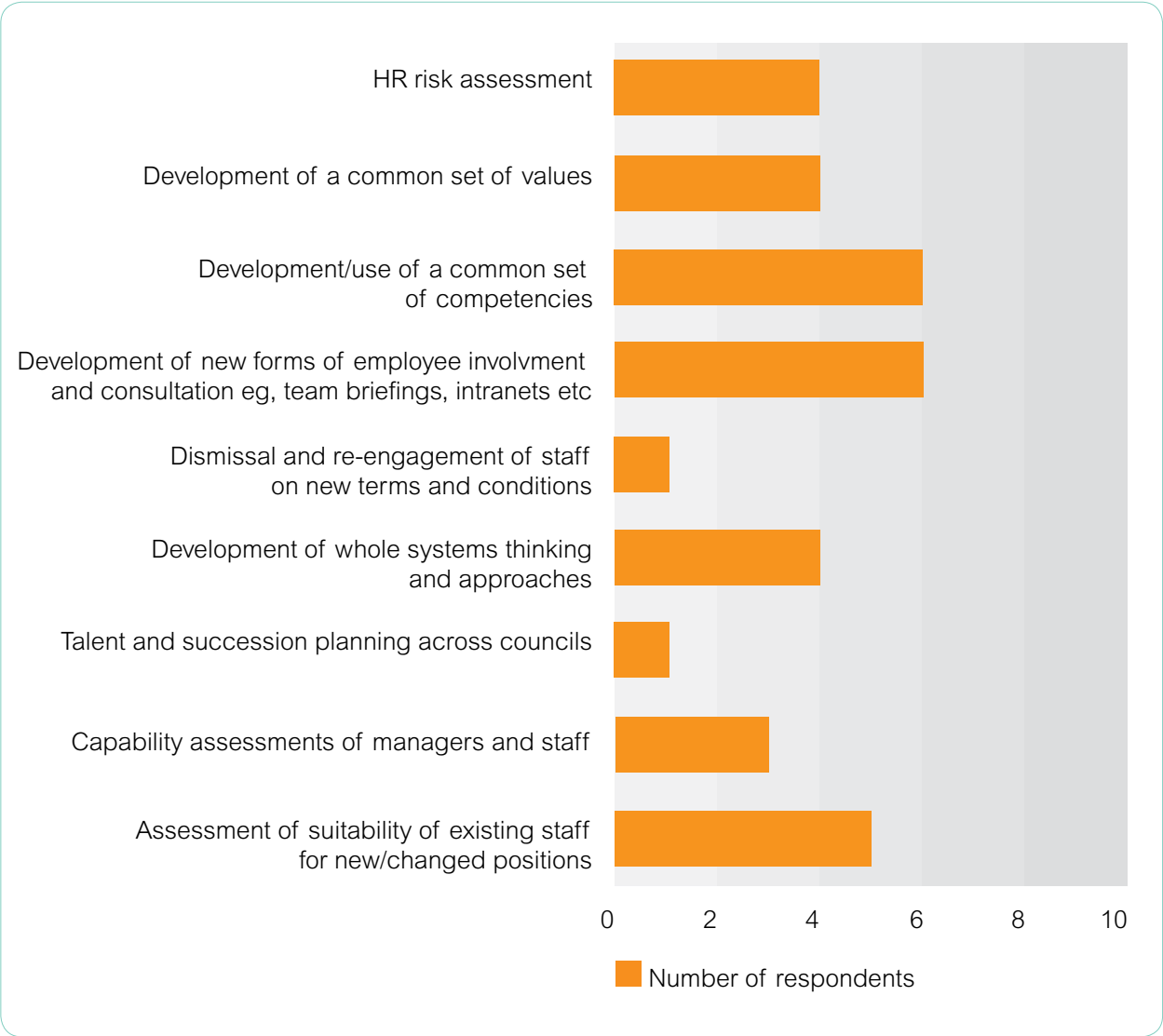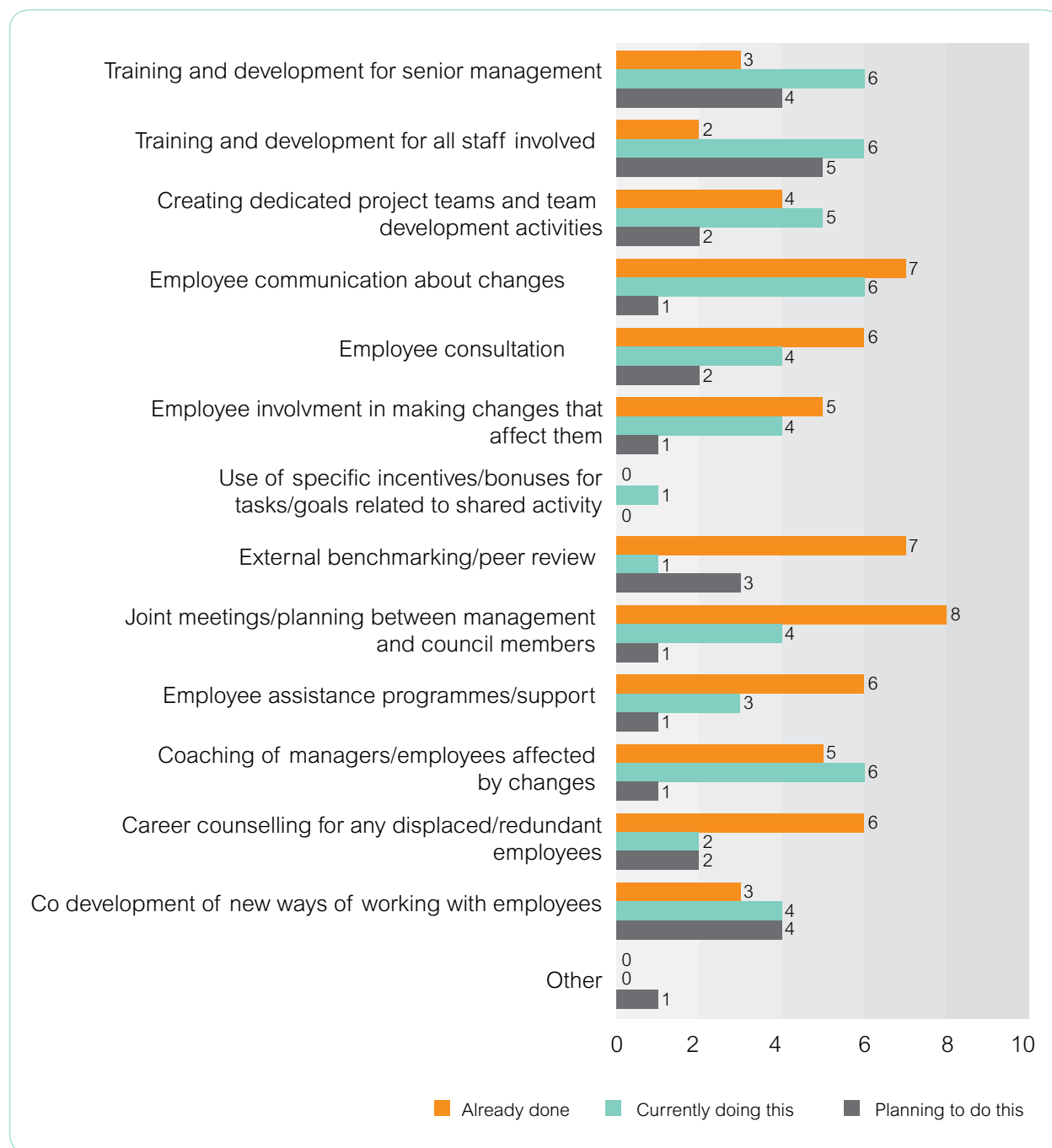
Figure 3.2: HR initiatives undertaken and planned by the partnerships

Initiative	Already done	Currently doing this	Planning to do this
Training and development for senior management	3	6	4
Training and development for all staff involved	2	6	5
Creating dedicated project teams and team development activities	4	5	2
Employee communication about changes	7	6	1
Employee consultation	6	4	2
Employee involvment in making changes that affect them	5	4	1
Use of specific incentives/bonuses for tasks/goals related to shared activity	0	1	0
External benchmarking/peer review	7	1	3
Joint meetings/planning between management and council members	8	4	1
Employee assistance programmes/support	6	3	1
Coaching of managers/employees affected by changes	5	6	1
Career counselling for any displaced/redundant employees	6	2	2
Co development of new ways of working with employees	3	4	4
Other	0	0	1

■ Already done   ■ Currently doing this   ■ Planning to do this

However, there were positive ratings in the survey of the effects of the partnering on employee and trade union relations (positive effect noted by seven), and staff retention (five) etc, despite the staffing reductions reported. Five respondents felt that the changes involved in the shared arrangements had been well managed.

Lessons from the sharing so far

Perceptions of performance outcomes of the partnership arrangements were mixed. Seven felt that the aims of greater efficiency had been delivered to a great or fair extent, but only two in terms of improved external effectiveness and public service.

The key enablers to successfully delivering on the aims of the shared arrangements were quite varied and situation specific. OD techniques and early moves to single, shared structures and roles emerge as the most commonly mentioned. Strong trade union and wider staff relations, communications and involvement are also vital for most, with the most valuable specific HR practices mentioned including an emphasis on harmonising rewards.

Table 3.3: Key enablers, barriers and learning ranked by frequency and priority

Rank	Key enablers	Key barriers	Learning
1	Early development of clear, shared OD principles, structures and processes • 'single staffing structure' • 'shared HR and finance teams' • 'shared organisation review policy' • 'common service review process'	Lack of resourcing and capacity • 'insufficient capacity and resource to drive change through' • 'capacity and pace of change' • 'financial reductions/speed of change'	Enhance the level communications and involvement • 'increase the level of change communications' • 'ensure effective communications' • 'communications and engagement are vital' • 'listen to people'
2	Consultation and dialogue with unions and employees • 'continual dialogue' • 'engaging staff in the change process'	Political and member support • 'lack of member support' • 'member buy in' • 'member buy in has been challenging'	Make the resources and capacity available to manage the change • 'taking time' • 'invest and resource the change programme' • 'ensuring capacity and support for key staff' • 'recognise delivering change has to be resourced'
3	Common terms and conditions and employment approach • 'alignment of core T&Cs' • 'single pay and reward strategy'	Cultural differences • 'early resistance and suspicion' • 'retaining individual identities' • 'staff understanding and support'	Manage the political dimensions • 'wider member involvement, balance pace versus engagement' • 'political buy-in is essential'
4	Achieving member support/ understanding • 'councillors see the value of the shared services' • 'strong political support of senior members'	Lack of appropriate leader/ staff skills • 'recruiting specific skills' • 'lack of corporate leadership'	Change working practices and HR processes
5	Resourcing and managing the project • 'supporting managers and staff' • 'resources to drive the change'	Motivation levels of staff and lack of involvement • 'fear of change' • 'getting staff ownership'	
6	Developing and assessing leaders and managers • 'leadership programme for senior staff'	Others eg 'geographical distance', HR information systems	

The barriers are generally to do with lack of sufficient political and staff communications/engagement. We will investigate this issue further in the second, case study phase of the research.

The main learning points from their experiences to date noted by the participating councils are largely about the change process, particularly on the need to enhance stakeholder involvement and communications and making sufficient time/resourcing available to manage the change effectively. This is consistent with findings from other studies cited in the literature review.

4. Phase 2 case studies: major findings

Introduction

In this section we:

- describe the methodology adopted for this phase of the research
- draw out the most important and common themes and learning points to emerge from the 10 partnerships' experiences.

Method

The purpose of the case study visits to the 10 partnerships was:

- to explore the experiences and practices of key players within the partner councils
- to understand their challenges in supporting and enabling shared management arrangements
- to pick up on issues identified in the survey
- to draw out their learning to date.

The format in each case was a one-day onsite visit by a senior IES researcher. In some cases we visited two locations. The visits involved a series of hour-long interviews and meetings (generally totalling four to five) during the day with key stakeholders. These in all cases included a meeting with the most senior HR manager and in most a meeting with the shared chief executive. We also generally met or spoke on the phone to one or both council leaders.

Meetings with also held with other key executives available and where possible we also held focus group meetings with the HR team, and/or with a sample of employees/managers.

The structured agenda for these meetings and interviews covered:

- the context for shared management arrangements.

Motivations and getting going:

- objectives for entering into shared management arrangements and the extent of those sharing arrangements
- experiences of getting it going
- how HR/OD helped in getting going
- enablers/barriers/key learning.

Moving forward – progress to date:

- current state of play
- how HR/OD are helping in moving forward, key HR and OD practices
- how capabilities and resources are being utilised
- enablers/barriers/key learning.

Making the next steps – outcomes and future direction:

- outcomes achieved
- how the change process has worked for you
- how HR/OD has helped
- expected challenges, key capabilities and learning
- further help and support required
- enablers/ barriers/key learning.

Key themes and strategic implications

This section highlights 16 key themes arising from the case studies which we have loosely grouped into six categories to emphasise the connectivity between points. We also consider their strategic implications.

Recognising continuous change

A financial imperative is essential, but bigger prizes are available and probably essential too

It is clear that the cost noose is tightening and, in a cost-pressured environment, business as usual is no longer an option for these and probably all councils. Without a short-term financial imperative, the political will for sharing is unlikely to be high enough to overcome perceived obstacles around sovereignty and identity, leaving possible partners still courting, rather than tying the knot. But if this is all that underpins the partnership, this raises questions about whether the partners will stay together in the medium to long-term, once they achieve the immediate cost savings from senior management integration, especially if the barriers to exit are low and in a context of multiple partnerships, other partners or initiatives may offer greater savings potential.

At the early stages of partnering, the focus for most of our councils has been on maintaining public services with a smaller senior management team or workforce. But as well as cost efficiency and scale economies, most partnering councils also report benefits in terms of increased resilience and specialist skills that come with having a larger organisation. There is also a perception that size enhances reputation and gives more 'clout' in the political arena. The more successful partnerships don't necessarily seem to have progressed any faster nor further than the other councils in integrating, but do appear to have taken a more holistic approach to securing the benefits of that

integration, using partnering to improve services, raise revenue and introduce technological and service innovation, not just to cut costs and gain scale economies.

And in an HR sense, simply harmonising existing terms and conditions, as we have found, is a contentious area with substantial risk of cost escalation resulting from a widespread 'harmonise up' mentality. Introducing a new rewards approach to genuinely reward innovation and contribution and recruit talent from the private sector may be riskier at the outset, but could have potentially greater returns and be what senior management are looking to increasingly in the councils of the future.

Without some degree of service and organisational transformation, however, it was felt that there is little scope to improve public services or to progress beyond immediate cost savings. Councils who have involved managers and staff in redesigning services are finding valuable intangible benefits such as enhanced energy, engagement and empowerment which are underpinning the improved service quality.

Partnering across organisational boundaries forms part of the mix of initiatives available to councils to address the strategic challenges they are facing. However, the full realisation of partnering benefits is not easy to achieve and requires flexibility and mutual understanding, as well as commitment, over the longer-term.

Strategic implication: Simply 'bolting together' management structures to achieve short-term cost savings is a tactical solution, not a recipe for long-term success, and may leave the bigger strategic prizes of partnering on the table. Staff involvement and focusing on real transformation can help councils reach for and achieve those greater rewards.

Partnering is a continuous journey with no natural end

Looking ahead, several councils in the research are actively planning further sharing arrangements. This includes more extensive sharing with existing partners; extending the number of partners; vertical partnering with

county councils; more partnership working with other authorities and organisations (public, private, not-for-profit) in the locality; and taking advantage of the proposed greater regional devolution.

Having proved the concept of partnering, there was an appetite among several chief executives and strategic directors to take it to another level (although there was no appetite for creating unitary authorities). Issues may arise here if the 'top of the shop' gets separated from the rest of the organisation, in terms of the willingness of staff to step into the unknown and extent of their feeling important and involved.

Yet even in those councils who may not have an appetite for further sharing and partnering, there is a sense of the political inevitability of further change. Local authorities are responding to the mixed signals about aggregation and George Osborne's devolution revolution in any way they can. Again, comfort with ambiguity, multiple relationships and flexibility in structure, skills and behaviours seem vital to longer-term partnering success. Leaders and their HR functions need to think about developing and supporting the verb of 'partnering' rather than the noun of a single 'partnership'.

Strategic implication: Many different partnering models are likely to be developed simultaneously over the next few years in local government. It will be important to continue to learn from those experiences and to share that knowledge in ways that enable others to learn and individual councils to determine the right mix and lengths of partnering relations.

Sequencing changes

Chicken or egg – partnering to transform or transforming to partner, which comes first?
In general we found councils sharing and joining management structures first, then conducting individual service reviews (almost all taking a sequential approach), and only then focusing on more fundamental

transformation. In general the 'hard' structural elements were tackled first, with 'softer' attitudes, behaviours and skills left until later. Many also followed this considered, some might say slow, process in respect of HR function and policy integration.

Advantages from this sequencing include quick-wins to deliver financial savings and prove the concept for stakeholders. A structured, sequential approach can also enhance learning and knowledge transfer. It may also enable the delivery of change with limited resources.

Disadvantages include: having a shared structure without the tools to deliver, which may increase the pressure on managers and staff; extending the timescale for the overall change process and, consequently, the period of uncertainty for those at the end of the process; and the risk of change fatigue before the transformation agenda is really addressed.

Furthermore, cutting management and in some cases staff risks reducing the capacity to review and really transform services; while vertical change (within a service) can ignore bigger opportunities for horizontal integration and learning (across services) and may unintentionally reinforce 'siloism', between departments as well as councils.

Strategic implication: One size does not fit all. However, distilling the learning about the advantages and disadvantages of different sequencing models and timescales could help new partnerships to decide what is best for them, aligned with their overall strategic objectives for the partnering. There was a general feeling in many of the partnerships that changes should and could have progressed faster.

Decisions about timing, pacing and order of changes are critically important
Beyond the big chicken or egg question, the case studies highlighted several other important questions around timing, pacing and sequencing for our councils to consider.

Serendipity, some might say opportunity, played a part in triggering many of decisions we reviewed to share management: with the availability of a willing partner; a change of political leadership; the availability of transformation funding; or the imminent departure of a chief executive. But, if partnering benefits are only fully realised through hard work on transformation over the long-term, then councils need to be careful not to 'jump the gun' in making their partnering decisions, as well as moving too far too fast and risking a backlash and failed delivery.

We found differing perceptions of the pace of change in delivering shared management and service reviews, but no overall agreement. Some councils had experienced political pressure to increase the pace, while others were seen by elected members as being too ambitious. Internal capacity constraints can limit the pace of change and some chief executives were concerned about overburdening managers. A slower timetable extends the period of uncertainty for managers and employees. Agreeing a timeframe and then sticking to it was seen as a key success factor in keeping the range of stakeholders on board, and all our partnerships emphasised the vital importance of good project management.

There are also advantages we found reported to using external resources to speed up and reinvigorate the pace of change; bringing in specialist knowledge/skills and adding capacity to focus on change, while still running the 'business as usual'. While service working parties involving staff and managers themselves have generally been highly positive for employee engagement, in some cases it also seems to have limited the resources and pace of change. However, the risks are that, if that knowledge is not embedded, it can easily be lost when it is most needed during implementation, when the external party is no longer present.

As noted above, sequencing decisions are important, for example deciding whether to transform first and cut later, or the other way

round. We found that sequencing decisions are also important at a more granular level. For example, whether to embark on change in corporate services functions such as HR first, in order to better support the rest of the organisation, or whether to review customer-facing services first and leave corporate services until last. The tendency seemed to be to leave HR and corporate services until later, with HR information systems proving to a particularly difficult 'nut to crack'. But this meant that the infrastructure was not always in place when it was needed to support front-line service changes.

Strategic implication: Distilling and sharing the detailed learning about timing, pacing and sequencing across all of our councils may aid their future decision-making. However, the decisions for chief executives are not simple either/or dilemmas. Rather, embarking on partnering seems to demand a flexible, even 'paradoxical' mind-set, trying out different initiatives together to see what works in the unique circumstances of each partnering situation.

HR and OD's contribution

Approaches to change may unintentionally limit the capacity for transformation
Sequential change delivered through a programme of service reviews has delivered reported benefits for almost all of these councils. This is known as first-order change, ie change within an existing framework, as compared to second-order, 'big bang', radical changes. The degree of transformation is therefore limited by the existing framework. The risks are clearly lower and the benefits can be progressively shaped appropriately and increased. However in a faster-changing context, those frameworks, which are often reinforced by first-order change, may struggle to deliver over the longer-term.

Second-order change (ie change to the framework) is ultimately important for future-proofing and success over the longer-term, but it involves changing mindsets and behaviours. Some shared chief executives

are acutely aware of the limitations of first-order change and are looking to push the boundaries, but are not sure how to go about it and are concerned about the capacity and capability to deliver. Some of the HR/OD leads at top team level also had similar concerns, leading the majority to stay focused on a traditional personnel management list of activities, rather than grasping the wider, strategic HR and OD agendas.

Second-order transformation can be very difficult to achieve from within. There is recognition among some of the top teams that further OD help is needed, but there is a lack of clarity about what OD can do to help and uncertainty about how to build or buy OD capability.

Strategic implication: Councils may benefit from strategic OD input at top team level which holds a mirror up to the organisation and helps them to think through and deliver radically different structures, services and staffing. This work can help senior teams to challenge their thinking; to recognise patterns that prevent them from changing; and to identify opportunities to amplify change.

'Basic HR' is generally good, but the 'strategic OD' piece needs more work
Across the board in our study, the HR teams have supported executive leaders on a day-to-day basis with restructuring and have worked well with unions to engage them in the process. Many have provided additional support for staff during the restructuring process. HR's contribution to restructuring has been valued. Yet much of the HR work has been conducted away from strategic decision-making processes, and many HR leads are not on the top team.

We heard concerns about leaders having to run with multiple HR systems and processes, limiting partnership working and losing the opportunity for cost savings. But it is not easy to simply 'bang together' the administrative side of HR. It can be a slow and painful process to bring together terms and conditions, IT systems, HR policies and practices, and so on. There is no template on whether and when to do so. Rather, those

decisions depend on the strategic objectives and desired level of the partnering and integration.

But the common and continuing absence of any joint HR and OD strategy in these partnerships, often after a number of years of marriage, must be a cause for concern and was certainly making other executives we consulted increasingly impatient for HR to 'step up to the plate'.

Overall there was limited evidence about HR's contribution to the transformational agenda of changing culture and behaviours. We found responsibility for more strategic OD work often tends to sit in transformation and project teams. Within the HR function, any OD work is often concerned with more tactical training and development-type programmes. This raises questions about whether HR wants to take on a more strategic role and whether it is capable of playing a leading role in the broader OD agenda. The minority of examples in this study suggest it can do.

Wherever it 'sits', many councils felt they needed to make better use of OD knowledge and techniques. But, while some chief executives and directors are acutely aware of OD issues, there was a lack of understanding about what OD is and how it can help. The management focus was on individual projects to deliver specific technical outcomes. Several people equated OD with staff or management development. Occasionally it was used as a proxy for basic training. This overlooks OD's strategic contribution around building organisational purpose, identity, values and the broader context for the skills agenda – supporting cultural and behavioural change. There is a sense of a need for OD, but, with some notable exceptions, there was a lack of understanding of what OD is, what it can do, and how to get it.

Strategic implication: There is a need to develop a better understanding of strategic OD at top team level and how it can help within key stakeholder groups, so councils can make informed decisions about how to leverage and develop the OD capabilities they need now and in the future, to secure

the long-term transformation that many of them seek in their shape and services. This represents a major potential area of contribution for the HR functions to partnership success in the future.

HR and OD functions and processes also need to transform
In one set of councils, the HR manager role and the HR function was the first to be integrated, which provided valuable learning. In another, HR capacity was increased at the outset of the sharing to support the sharing processes. In many others, however, HR has not been integrated, or was left until much later in the partnering process. This can leave HR out of step with the broader organisational strategy and behind the curve in terms of transformation, limiting its ultimate contribution. Is it a 'back office' service to be cut, or seen as a support for major reorganisation and delivering on the intended aims of partnership?

In some councils, there was a sense of frontline HR struggling to keep up and feeling stuck with old ways of working, lacking the capacity to change. There were some frustrations about the HR frontline being caught in the trap of doing people management for managers, rather than enabling managers to manage people effectively, another 'chicken and egg' situation. While HR service leads were keen to change this and play Ulrich's strategic business partnering and OD roles, they were not always clear about how to do so. The upshot is that HR work can remain stubbornly transactional with HR/OD functions failing to really influence the councils' strategic agenda. The potential is definitely there however: we saw this in the minority of councils which have successfully grasped this agenda and are running with it, and praised by their colleagues for the quality with which they are doing so. More commonly executive leaders were increasingly seeing the need for this transformation work but their HR functions are not as yet fulfilling that need.

Strategic implication: there is a need to develop strategic HR and OD capability for

the new partnering organisational context, in line with strategic priorities. HR being ahead of the curve in changing itself increases the chances of it being able to address the change agenda on a more widespread basis across the partnership.

One size does not fit all in HR terms, but a common language and understanding of change could facilitate useful knowledge sharing and partnership progress
We wondered how much commonality we could draw from the case studies, and whether the 'best-fit' bundle of HR practices to support business success is totally situation-specific. We found a variety of successful practices and approaches within these local government cases. Since none of the partnering arrangements started from the same place or had the same detailed priorities, it would be unusual to find one approach that could be replicated successfully in every context.

So the lack of a single approach to HR and OD is not surprising. Yet the differences run deeper than that. At a more fundamental level, we did not find a shared view, or underpinning ethos around change and transformation. This potentially causes more of a problem as it may limit useful knowledge sharing across local government, even though the kinds of problems being tackled by councils are far from unique eg developing more commercial and digital approaches, tackling deep social issues in communities while facing funding cuts, developing new funding and service delivery models, etc. And the HR/OD issues they are facing are similarly far from unique and shared by many UK employers: eg engaging staff and members, attracting retaining and developing talent, and so forth.

Strategic implication: It would be helpful, therefore, to develop a shared language around change and transformation in order to enable a useful dialogue among the HR/OD community in local government.

The need for flexibility of HR approach, as well as alignment with the business strategy

Having multiple partners is becoming the norm. As partnering experience and ambitions grow, the HR approach needs some flexibility to accommodate new partners and other new sharing arrangements. This becomes even more important in a public sector context where political integration can go backwards as well as forward.

Evolutionary approaches to change often beat revolutionary in such dynamic environments, and hence the almost complete absence of 'big bang' changes such as dismiss and re-engage strategies from our case studies. Evolutionary does not preclude radical change[2], but rather includes more feedback and learning loops, rather than relying on a purely linear project plan. Strategic plans therefore need to be flexible and adaptive, following Mintzberg's view of strategy as 'pattern in a stream of decisions', rather than a grand master plan.

Strategic implication: This view of strategy and change entails a flexible and adaptive approach, comfortable with managing ambiguity and multiple, sometimes conflicting goals, and with managing the BOTH/AND balances:

- business strategy: cost savings AND service enhancements/revenue gains

- structure: Cultural and structural integration AND separate identities

- HR: integration and savings AND varied HR services to suit different areas/groups; HR and OD strategic transformation AND effective day-to-day personnel support and administration.

Stakeholder management

Building (and maintaining) trusting stakeholder relationships is vital
The specific circumstances of partnership formation were unique in each case. Some neighbouring authorities had been working closely for years, while some searched further afield or beyond county boundaries to find suitable partners. Others were thrown together unexpectedly or seized a serendipitous opportunity to share a chief executive. The availability of additional resources at certain points was also a trigger. Whatever the circumstances, building and maintaining trusting relationships is vital. We know this from prior research, but it was emphasised time and again during our case study visits: communicate, communicate, communicate.

Sharing arrangements work when there is trust between elected leaders, between senior managers and elected members, between elected leaders and back bench members, between managers and employees. The HR function's ability to build trusting relationships with managers and with trade unions was also seen by the participants in our case work as key to success.

Rumours of 'takeovers' and one organisation dominating others are damaging. Reinforcing each council's independence within the partnership has been helpful in building trust, especially where a new independent chief executive or HR manager has no history with the partnering authorities. Conversely, having a history and experience with both partners can also help build trust. Prior experience of partnership working is also useful.

With two or more sovereign authorities, personnel will change, but relationships need continuous work for partnerships to survive and thrive.

Strategic implication: Building relationships is too important to be left to chance and needs to be embedded into the organisational DNA to withstand changes in personnel. Structures and processes, formal and informal, need to be built into the partnership at all levels, from the council chambers down. HR can also play a key role in developing and embedding team-working behaviours and communications skills throughout.

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2   For example: Plowman D A, Baker L T, Beck, T E, Kulkarni M, Solansky S T and Travis D V (2007), 'Radical Change Accidentally: The Emergence and Amplification of Small Change'. Academy of Management Journal, 50 (3): 515-543.

Bringing councillors with you and enabling them to change is crucial

Councils feel they need to find better ways to keep elected members, particularly back bench councillors, with them on the journey. While staff involvement has generally been assessed to be good, if capable of being improved, member involvement, understanding and commitment to partnership has been generally described as patchy. In one sense of course that highlights that the democratic process in authorities is working and of course they cannot ne 'managed' like council employees. Generally the work has been done up front at the outset of the partnership and with council leaders. But when the momentum of partnering and change builds internally, councillors who are not heavily involved may feel left behind and may start to show that, particularly if anything goes wrong. The problem is exacerbated with councillor turnover.

It was suggested that councillors also need to change for the new ways of working be effective. For example, not expecting to find officers present and at their desks when they are working across two or more councils; embracing new ways of communication; and new technologies (eg receiving council papers electronically). There has been a lot less focus on providing help and support for councillors in the change process – another possible role for HR.

The challenges of transformational (second-order) change will demand high levels of political engagement and commitment, and there may be a greater risk of officers and members getting out of sync.

Strategic implication: OD plans need to include ways to involve all stakeholders in the change process and to involve and support them in changing, another key potential area for HR functions to contribute in. Importance of identity and other culturally specific issues.

Maintaining and reinforcing identity, branding and council sovereignty in shifting sands

Issues of identity are important to managers and staff, councillors, and members of the public. Partnering organisations therefore need to address 'who are we' (identity) and 'how we want to be known' (branding).

We heard that the external expression of the brand is important eg through technology (email addresses and sign-offs) and on physical assets (buildings, vans, uniforms, lanyards and identity cards, websites, letter heads). Sometimes detailed technology and operational issues eg which email address someone uses, or remembering the 's' on councils, can threaten perceptions of the independence of sovereign authorities, as well as getting in the way of integration – a common complaint in our councils regarding continuing to operate with separate HR information and payroll systems.

In the shared management councils we visited, it was never a case of working with a single partner, all had other partnering relationships, for example through commissioning, outsourcing or joint ventures. To make matters even more complex, the partnering context is becoming increasingly fluid as councils seek ever more innovative sharing arrangements in order to pursue goals of efficiency, quality and resilience. An emerging picture is of shifting sands in terms of who is connected with whom and in what ways. The traditional organisation and its boundaries are rapidly becoming blurred, with an increasing need to manage multiple identities and partnerships.

While some councils have tackled identity issues head on, many have not. There is no clear path to follow in developing a coherent organisational identity while maintaining council sovereignty. With many councils reviewing their accommodation needs and considering greater use of flexible and homeworking as part of their transformation agenda, the risk is that employees could feel cut adrift, no longer spatially or relationally connected to an organisation. HR functions are therefore having to tread a fine balance in terms of the 'looseness' or 'tightness' of their policies and practices, on the one hand supporting the development of a shared management culture and service ethos

and new commercial skill sets; on the other maintaining and continuing to recognise distinct council and employee identities. Hence the cautious approach to full staff and HR policy and process integration in most partnerships we studied.

Strategic implication: Traditional conceptions of employee engagement with their organisation may not fit in this more fluid partnering context. It is important to find ways to sustain employee commitment and possibly multiple identities when the organisation keeps changing, and for HR functions to at the same time service common and distinct leader and employee needs.

**The context for partnering in local government is unique**
In the private sector, partnering and merging tends to be described in normative terms as a journey from less to more integration. But democratic processes in local government mean that partnering decisions are made in the political context of the day we all know that a week can be a long time in politics. You cannot, therefore, assume in the council context that more integration is necessarily better than less. Going for far-reaching integration as fast as possible is not necessarily the right option. Those who have taken their time do not seem to have suffered.

The partnering context is a complex picture which reflects a mixed economy of delivery options including commissioning, selling and divesting, as well as sharing (see LGA framework used by a number of our partnerships below). It is also a dynamic picture shaped by multiple forces including the local and national political environments which can exacerbate strategic uncertainty in a local government context. By implication, recipes from the private sector cannot simply be applied in local government. What makes strategic sense needs to be determined in context and the learning distilled.

Strategic implication: learning in and taking account of the unique local government context is critical, with persistence and flexibility being essential requirements.

Figure 4.1: The LGA Business Strategy matrix
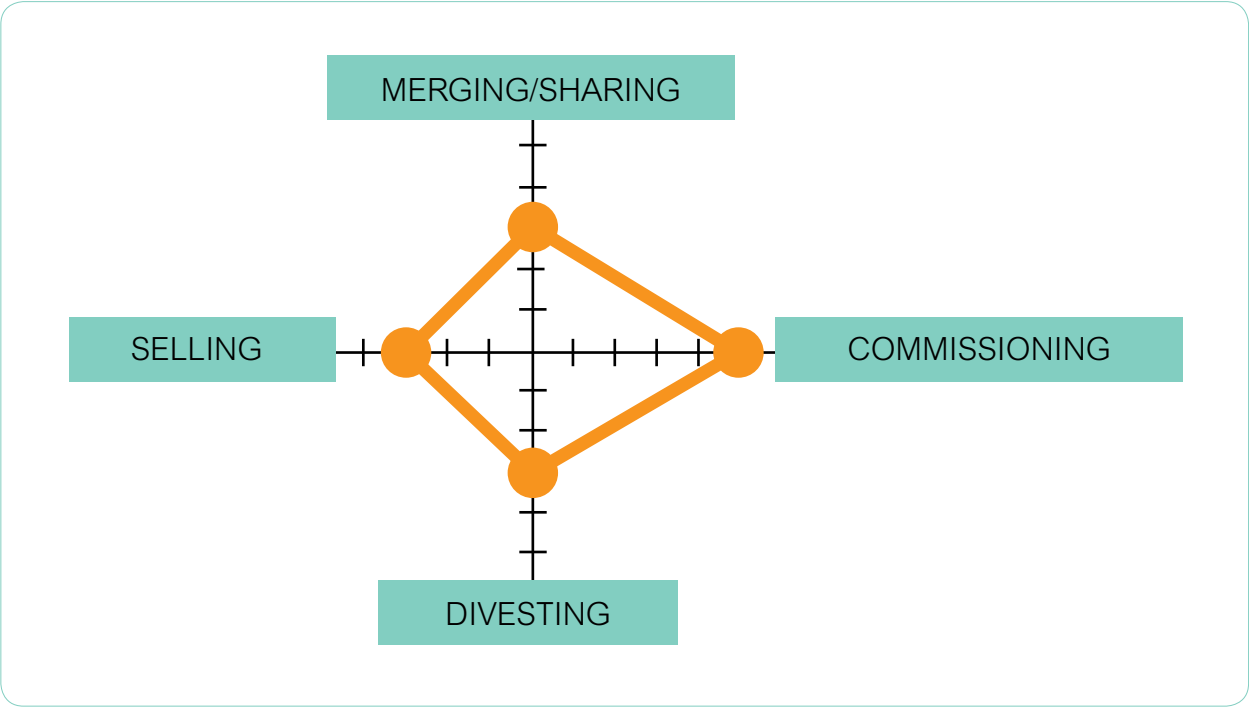
Source: LGA

Taking a manager and staff perspective

Managers' job satisfaction can be enhanced by partnering, but skills may be lacking

Despite increasing demands on shared managers, particularly during the change process, there was a real sense of job satisfaction for those we met in shared management roles. Many have relished being involved in redesigning their service and working with new people. They enjoy the new responsibility and the opportunity to work more strategically. In some councils, the shared management roles have attracted more highly skilled candidates from outside the organisation. But this was not universal and we found many examples of existing managers and staff rising to the new challenge, as well as some not willing or able to, a major obstacle to service integration. Time and again we heard that integration in one service and not another reflected the relative strength of management rather than the scale of service or cost saving opportunity.

Most of our interviewees described the progress of partnering and integration as 'patchy' because of this. It has been a leap for many managers and there has often been very little in the way of leadership and management development to support them in their new roles (training has been limited to supporting the restructuring and redesign process).

The most successful HR functions appear to have been those able to ring-fence and even increase training budgets in the context of overall cost reduction to build management and partnering capability on a more widespread basis across the organisations, and used 'train the trainer' techniques to leverage the influence of externally hired experts, rather than just having them make progress in one limited area.

Furthermore, in some councils, the creation of shared management is seen as creating bigger 'gaps' between levels of management

and with those immediately below; raising issues with career and succession planning, which the more forward-thinking HR functions now seem to be turning to address.

Strategic implications: Management and career development are particular priorities for councils with shared management arrangements.

The importance of the personal, human elements of change are far from unique, yet critically important

While local contextual conditions influence strategic choices and decisions about the 'best fit' HR bundle of policies and practices in specific cases, the human elements of change are far from unique and generically critical.

As our literature review suggested, the case studies found that involving people in designing new structures and services paid off in terms of empowerment and engagement, at least for many of those remaining in the new structures. Although such processes are demanding for managers, those we met seemed energised by their involvement and were proud of what they had achieved (although we did hear some stories of stress 'near misses' along the way, where pressures on some individuals had built to worrisome levels).

With more change and increasingly far reaching change on the cards for local government, it will be important to recognise the pressures on those who are squeezed in the middle of organisations, potentially on the receiving end of multiple change initiatives, and to develop strategies to support them, including offering appropriate leadership and management development and change training, counselling and coaching support, and so on. Generally we found our partnering councils and their HR functions very aware of this danger and adopting employee-friendly approaches to staff and manager support, and dealing with the difficult issues of downsizing and redundancies in a supportive and sensitive way.

In the context of perpetual change, organisations will need to watch out for the signs of people running out of steam in the second, third and fourth rounds of change, especially if they are not actively involved in defining the strategic direction. Change fatigue and exhaustion can undermine the best strategies. Actively managing the energy for change and helping prepare people to deal with uncertainty and lack of permanence will be essential. We found some excellent examples of senior managers already recognising this and 'freshening up' their change and partnering activities.

The literature review highlighted the importance of building and maintaining trust and this was also evident from these case studies.

Strategic implication: emphasise the need to keep attention focused on building and maintaining trust to build organisational resilience that is able to withstand changes in key personnel and elected members and manage the pressures and stresses of change. There was a sense of people getting more sophisticated in their experience of sharing, but the partnering arrangements themselves are also becoming more sophisticated, which poses challenges around managing multiple identities and partnerships. With this increasing organisational complexity, it would be all too easy to overlook the human elements that support effective partnering, but trust is too important to take for granted, and personal support and the sense that the employer genuinely cares is vital.

There are many positives to build on, including staff engagement
Perhaps the most surprising finding from our study was the generally positive effect of partnering on staff engagement, despite obvious difficulties and formal employee relations tensions, for example, in harmonising terms and conditions. This came out from our survey and though contacts with employees were limited in our case visits, we certainly found enough evidence from middle managers and staff we encountered

that there was enthusiasm and energy for change, despite obvious downsides such as downsizing and redundancies. Here again, relatively few HR functions in the case partnerships had carried out much work thus far on engagement, with surveys to assess it and plans to improve it now common.

Strategic implication: Maintaining engagement levels may be more challenging as change continues and the initial excitement wears off and will need attention, but it gives a great foundation to build on. And it represents a significant area for improving both the contribution of staff and the HR function to the strategic goals of partnering.

The findings from this report indicate a number of areas for further work, especially to give practical support to the HR and OD activity in partnering councils. Such work will enhance the contribution that the HR function makes to the overall success of these partnerships. If you would like to know more about this report or any future work undertaken in this area please contact: workforce@local.gov.uk

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