
DARLINGTON AND STOCKTON PARTNERSHIP

Responsible Cabinet Member - Councillor Stephen Harker, Resources Portfolio

Responsible Director - Paul Wildsmith, Director of Corporate Services

Purpose of Report

1. Cabinet have agreed to the implementation of a partnership with Stockton to provide a range of support services to both Councils. This report seeks approval for the amendments to the Medium Term Financial Plan (MTFP) as a consequence of Cabinet's approval of the partnership.

Information and Analysis

2. Members have received two reports on the proposed partnership, the initial report (November 2005) contained a Proof of Concept report by external consultants, which suggested there could be significant benefits to both Councils by joining together to provide a shared service centre for both Councils. Members approved the principle of partnership with Stockton and further work was undertaken and in the second report to Cabinet (February 2007), Members gave approval to the signing of a Statement of Intent to deliver the partnership.
3. Since the last report, a detailed business case has been produced to enable Members to consider the implementation of the partnership.
4. Attached at **Appendix 1** is an executive summary of the detailed business case, the full business case (some 200+ pages) is available on the Intranet at <http://intranet/Corporate/Darlington+Stockton+Partnership.htm>
5. The key benefits of the proposed partnership are :-
 - (a) Efficiency gains of £7.4m over 10 years between the two Councils. (See Financial Implications below for full details).
 - (b) Planned service improvements in all areas and, in particular, a fundamental change in the delivery of ICT by utilising some of the efficiency savings for reinvestment in ICT to deliver improvements/efficiency gains for other services within the Council.
 - (c) The potential for further efficiency gains in the future via expansion with other Councils or extension into other service areas.
6. The delivery of a public/public shared service partnership is a relatively new concept within Local Government and a great deal of effort has had to be put into developing the Governance arrangements to underpin the partnership. An Advisory Board consisting of the appropriate Cabinet members would oversee the partnership and the two Directors and the Partnership

Manager will undertake day-to-day management for each Council. However, a number of “technical issues” have to be addressed to deliver the partnership these being :-

- (a) A single employer for all employees within the partnership. After analysis this will rest with Stockton Borough Council (see HR Implications below for full details).
 - (b) To enable “Stockton” employees to legally deliver services to Darlington and to ensure procurement rules are adhered to, Darlington must delegate authority to Stockton to deliver the services back to Darlington. (See legal implications for full details).
7. Whilst Stockton will be the employing authority in name, the partnership will to all intents and purposes sit as a separate jointly managed organisation, however it will be extremely closely linked into both Councils to ensure the full benefits of a public/public partnership can be delivered. A comparable example is the Joint Strategy Unit (JSU) where Stockton is the employing authority, however the five Tees Valley Authorities undertake management jointly.
8. To assist in the delivery in the efficiency levels identified, employees will need to be co-located and following detailed reviews, the following locations are recommended :-

ICT and Partnership Management	Lingfield Point, Darlington
ICT Room	Town Hall, Darlington
Transactional HR and Finance	Bayheath House, Stockton
Print and Design	Municipal Buildings, Stockton

9. There will also be a local presence in each Council for services such as ICT and Print and Design.

Readiness to Proceed

10. An independent review of the project was undertaken in August 2007 with very positive outcomes, the following are extracts from the report :-

“They have demonstrated courage and resolve in driving forward a public – public partnership which is still very much an untried concept and tackling some challenging legal issues in setting up the partnership. They now have well developed governance arrangements and a good structure for the business case”.

“The Council has stated clearly its aims for the Partnership Programme. The Review Team is impressed with both Council’s determination to take on such an ambitious programme for which it has secured political support and senior management commitment from both Councils”.

“This is a good business case which is well structured and clear”.

HR Implications and Consultation with Trades Unions

11. To achieve the outcomes from the partnership, there are implications for employees. Firstly Darlington employees will become Stockton employees. Both Councils clearly have very similar terms and conditions and Darlington employees will be protected as if TUPE (transfer of undertaking protection of employment) applied.

12. There will be a reduction in the posts required at the stage of the initial set up and in subsequent years. In the planning period for the partnership, both Councils have kept posts vacant and used all sensible means to reduce the impact of reductions on employees. Both Councils have a track record of minimising the impact of job reductions on employees and in this instance, redeployment into both Councils will be available to any employee put at threat of redundancy by the partnership.
13. Nearly all employees within the partnership will have a new place of work and all efforts will be made to minimise the impact on individuals by all means possible. Additional travelling expenses will be paid to relocated staff for three years.
14. Trades Unions Consultation has been extensive during the development of the business case and detailed consultation on structures etc. commenced in September.
15. Attached at **Appendix 2** is the detailed response from the Trades Unions together with a commentary on the response.
16. Under delegated powers, the post of Partnership Manager has been recruited to. This decision was taken to ensure should Members confirm their support in principle for the partnership then a manager would be in place as soon as possible after the decision. Should the partnership not be approved the jointly appointed manager will be utilised by both Councils to move forward other projects.

Financial Implications

17. The business case suggests net savings of £7.4m can be delivered over the life of the partnership, these savings will be split 61.8/38.2 between Stockton and Darlington based on the initial costs of services at both Councils. The total savings are £11.1m with the proposal to invest £3.7m over the 10 years in improving the ICT service by introducing nine new business, strategy and security posts.
18. The delivery of the partnership requires upfront costs such as :-
 - (a) ICT Infrastructure including a new ICT room on the ground floor
 - (b) Start up costs including relocation expenses
 - (c) HR costs associated with post reductions.

which means savings flow later in the partnership as shown in the attached executive summary. Members will be aware that the current MTFP assumes savings will be achieved from the partnership and shown below is a comparison with the business case figures.

	MTFP £M's	Net Business Case £M's
2007/08	0.200	NIL
2008/09	0.400	(0.140)
2009/10	0.400	0.054
2010/11	0.400	0.158
2011/12	0.400	0.255
2012/13	0.400	0.330
2013/14	0.400	0.386
2014/15	0.400	0.452
2015/16	0.400	0.452
2016/17	0.400	0.452
2017/18	0.400	0.452
	<u>4.200</u>	<u>2.851</u>
Investment in ICT		<u>1.300</u>
	<u>4.200</u>	<u>4.151</u>

19. The above highlights that the estimate included within the MTFP are not delivered by the business case in full over the 10 year partnership period after taking account of the investment in additional ICT posts. However, a prudent approach has been adopted and further savings may be achievable within the partnership itself and at this stage it is not possible to qualify the potential savings as a result of the improved approach to ICT. In addition, having invested in delivering the public/public partnership model this partnership has the potential to expand to other areas in the future with minimum costs as the infrastructure and governance will be in place therefore further significant efficiencies could be achieved.

Outcome of Consultation

20. A joint Scrutiny Committee was established to consider the partnership. The committee having considered the business case and the external gateway review support the establishment of the partnership.

Legal Implications

21. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

22. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

23. The issues contained within this report represents a significant change to Council Medium Term Financial Plan.

Decisions made by Cabinet

24. At its meeting on 13th November, 2007, Cabinet considered the establishment of a partnership with Stockton and resolved :-

(a) Subject to approval of the financial implications by Council Cabinet :-

- (i) Approve the formation of a partnership with Stockton to provide support services.
- (ii) That in consultation with the Cabinet Member for Resources, the Director of Corporate Services be given delegated powers to finalise the partnership agreement.
- (iii) That powers are delegated to Stockton Borough council under s19 Local Government Act 2000 to carry out executive functions for the delivery of ICT, print and design, transactional human resources and transactional finance. Each delegation to come into effect on a date to be determined by the Director of Corporate Services in consultation with the Portfolio Holder for Resources.

25. The report has therefore been referred to Council to consider the variation from the existing MTFP that approval of the partnership will mean.

Recommendation

26. It is recommended that Council approve the amendments to the Council's Medium Term Financial Plan (MTFP).

Reasons

27. The recommendation is supported by the following reasons :-

- (a) To seek Council approval for changes to the MTFP.
- (b) To enable the partnership to be established.
- (c) To enable the Council to deliver financial efficiencies.

Paul Wildsmith
Director of Corporate Services

Background Papers

Outline Business Case

Paul Wildsmith : Extension 2301
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