

Annex 4	Option 1 – In House	Option 2 – Collaboration	Option 3 – Delegation
Value of contract	£34.9M (£26.3M = Place Net Budget)	£20.6M (£18.5M = Place Net Budget)	£18.7M (£15.6M = Place Net Budget)
Brief Description	This would involve the re-organisation of in-house services to remove unnecessary steps from processes and to remove any overlap or duplication. The reorganisation of processes and structures would be applied using LEAN principles, and would reflect the principles of the Council's Business Model.	Collaboration with one or more other local authority to deliver a range of services jointly. Work is ongoing to explore options for greater collaboration with neighbouring local authorities, within a set of guiding principles: That the authority retains its individual identity and sovereignty, that collaboration must deliver demonstrable additional benefits to working individually and that collaboration is not limited to a partnership between just two authorities.	Larger Authorities have expressed an interest in delivering services for Darlington Borough Council, notably Durham County Council and Stockton. Emerging factors include: • Service level and standardisation • Job evaluation and equal pay • Terms and Conditions One option could be to encourage local authorities to bid as part of any outsourcing.
Conclusions	To make in house processes more efficient by taking out as many splits as possible in the delivery chain (taking out some of the client-contractor splits that were created for CCT). For example, under the current system many highways maintenance schemes are designed and constructed by two separate in-house teams, with both measuring costs, supervising work and operating separate accounting systems for the same scheme. Similar inefficiencies occur between housing and corporate facilities management and building services. The delivery of in house efficiencies can be achieved relatively quickly and does not exclude the possibility of further work to re-shape service design through outsourcing or collaboration.	Shared services can be a means of gaining economies of scale, whether through shared management, shared investment or shared risk. Collaboration can be used to pool knowledge between organisations whilst retaining local sovereignty. Issues to be considered include: Scale of potential savings - do they justify the resources / effort required to set up and operate a partnership? Scope for standardisation of services / processes - greater savings can be achieved where partners adopt similar policies / service standards. Political / community support for collaboration. Work by Deloitte on potential savings from DBC / HBC partnership demonstrated that to achieve net savings, accounting for impact on support services and infrastructure costs collaboration would at a minimum need to be at divisional level.	In many respects delegation of services to another council is similar to outsourcing; with similar issues to those set out on outsourcing to the private sector apply. Though the relationship with another local authority with a 'public sector culture' would be different to that with a private sector contractor. At the moment value for money indicators do not suggest that delegation of services to a neighbouring council would achieve savings for Darlington (nor financial benefits for neighbouring councils)
Likely contract length / types of contract	N/A for services left in house. For framework contracts that may be used in this kind of model a normal framework period would exist. For example a four year framework 2+2 or 2+1+1 contract.	CIPFA guidance "Sterling Work - Financial Control and Budgeting for Local Authority Partnerships: A Practical Guide" sets out four main types of partnership: (a) executive partnerships, which procure, directly, the works and services needed for the purposes of the partners; or which act in some other way on behalf of the partners (b) Advisory or strategic partnerships, which procure few if any works or services. Instead, the partners agree, collectively, what each should henceforth do, individually, to further the collective objectives of the partnership. (c) practical working arrangements with other parties, often resting on correspondence or long usage (d) Contracts, often called partnering contracts, which provide in various ways for an interactive relationship between clients and contractors.	Between local authorities, the Local Government Act 1972 and Local Government Act 2000 contain general provisions which allow the delegation and joint exercise of functions and for officers of one authority to act as an officer of another. Some Acts contain specific provisions regarding the exercise of functions by third parties. The Deregulation and Contracting Out Act 1994 provides for orders to be made to allow certain functions to be carried out by other third parties and their employees
Case Studies (where available)	In 2010 the Council set up the Transformation Programme to facilitate and help deliver the changes necessary to ensure that Darlington is ready for the future. The Transformation Programme is achieving efficiency savings through delivery of a wide range of projects including reshaping of processes introducing LEAN principles, exploring options for collaborative working and re-structuring of management.	Neighbouring authorities, Worthing Borough Council and Adur District Council, are developing a long term partnership to have one workforce providing shared services to the two areas.. The two councils have taken an incremental approach as opposed to 'big bang' and work has been taken forward on a phased basis, building on current partnership arrangements. This has allowed effective working relationships to be developed. The joint project (originally known as Partnering Adur and Worthing Services or PAWS) was developed in several stages, starting with a shared vehicle workshop as a pilot. The next big phase is establishing a joint depot operation for both Councils' Contract Services. Both councils jointly invested in the Adur depot to make it fit for purpose and retained the Worthing depot which is let out as commercial space, generating income for both councils. The Darlington –Stockton partnership Xentrall is an example of an executive partnership.	The Council would still be responsible for statutory and fiduciary duties to its Council tax payers. Darlington Borough Council will need to question with an external body how these responsibilities will be discharged with only a small core strategic function retained within the Council. The client role will be critical. In discussions with NE Lincolnshire Council (a similar sized authority to Darlington) many services have been delegated/outsourced to a private sector company on an outcome based contract basis. NE Lincolnshire originally retained a client side team of 12FTE to monitor the performance and efficiency of the contract. In detailed discussions with NE Lincolnshire we have learned that this number is under review, and it is likely to increase.
Information from Literature Review (where available)	Avoiding the Road to Nowhere, APSE June 2011, cites the following reasons for staying in-house: Improving efficiency and reducing costs, ability to integrate a range of services, enhanced flexibility, minimising risk, regaining control, reducing cost and time spent managing contracts, boosting local engagement and accountability, greater staff motivation and improved service quality, maintaining expertise and capacity. "There are many advantages to undertaking service improvements in-house particularly in a difficult financial climate for local government. It is a low risk approach and local authorities can manage services within a tight resource envelope. It has the potential to secure workforce and trade union support for delivering efficiencies or improving the productivity and quality of services and elected members can retain	Collaborative Councils: Guidance on partnership. Paper published by LACoR and Chartered Institute of Environmental Health. This report states that Councils are increasingly developing innovative ways of working together to deliver services. Councils may enter into such arrangements for an assortment of reasons, falling broadly within the categories of service improvement and cost savings. HR issues can drive collaboration (pooling of resources/opportunities to raise skill levels). Smaller councils may lack the critical mass of a specialist activity to employ specialist staff or cannot maintain there level of expertise or there is no cover for absences. In technically specific roles a collaborative approach can work very well. Strong and Prosperous Communities White Paper published in October 2006, encourages greater collaboration between councils."	Procurement law - This could result in a procurement exercise if there was sufficient interest from a number of authorities, however there is new case law to suggest that other authorities can carry out work on our behalf without procurement, we would need to take legal advice (internal) on any proposals made. Any procurement will take 6 to 9 months and may require external support (some form of TUPE would probably apply, depending upon the type and scale of the service area)

	control and influence over the future direction of services.”		
Annex 4	Option 4 – Culture / Leisure Trust or Community Trust	Option 5 – Outsource Environmental Services	Option 6 – Outsource Street lighting
Value of contract	£3.9M (£6.0M = Place Net Budget)	£5.7M (£8.9M = Place Net Budget)	£1.2M (£2.3M = Place Net Budget)
Brief Description	Cultural Services (leisure, libraries and arts – though with the Civic Theatre still going through the Council's accounts but management seconded to the Trust), or Cultural services (as above), plus a range of other community-facing services, such as grounds maintenance, parks, countryside, cemeteries and crematorium, etc. For: Darlington, or Darlington plus one or more local council, or Darlington's services procured from another existing Trust.	Outsourcing of: <ul style="list-style-type: none"> • Refuse and recycling to March 2020 (to align with waste disposal contract, and other Tees Valley Councils' contracts), or longer, or • Refuse and recycling (as above) plus rest of Street Scene, grounds maintenance, parks and countryside, and potentially some 'on the ground' highways maintenance 	There are a number of options ranging from integrated outsourcing of energy supply, maintenance and replacement for a long period (e.g. 20 to 25 years) to a smaller maintenance contract (e.g. 7 years) either unilaterally or with partners in the Tees Valley. There are potential links to the 2020 milestone where energy from waste could provide an energy supply.
Emerging conclusions	Key factors in the rationale for this approach are the opportunity to make savings in VAT and NNDR and to take a more innovative approach to management of services, as well as freedom to provide more charitable aims. A Culture and Leisure trust with specific objectives can technically operate with more commerciality and therefore become less reliant on the council for subsidy. However recent policy announcements from central government indicate that any reductions in NNDR due to rate relief would be effectively lost in revenue to the council. Clarity on this issue is currently being sought from DCLG - If this is the case the business case for a Trust would be undermined	There is a strong national and international market for this type of work. Many authorities have outsourced their environmental services and this is a tried and tested outsource route, with large private sector providers able to release savings through economies of scale (purchase of specialist vehicles) and sharing of facilities across larger areas. However Darlington's environmental services is relatively high performing and low cost (particular waste collection) - so there is not a clear cut case for outsourcing at this stage.	DBC offer may not be big enough on its own, but may be of interest to companies already established in the area (or jointly with other councils). Would need to weigh the advantages of this against taking street lighting electricity out of wider energy procurement. Option for collaborative working TV Wide. This coincides with the fact that Stockton is considering re-tendering their delivery contract and M'brough has only one year remaining on their contract. Hartlepool has an in-house arrangement and has expressed an interest in being part of a review. Redcar & Cleveland Borough Council have a PFI arrangement and are therefore not included in exploring the collaboration.
Likely contract length / types of contract	Historically trusts have entered into a long term contract with their authority that is typically 10 years long - Wigan Trust (2003) and Hereford Trust (1998) Rochdale (2006) are examples of trusts that began life on 10 year contracts with their authority. It should be noted that these trusts were started for very different reasons in a very different economic climate. These trusts were all set up to allow investment in buildings/equipment to aid the new companies in their commerciality and growth. In the case of a Darlington Trust (either standalone or with another authority or existing trust) the main emphasis would be on reducing the culture and leisure subsidy, whilst maintaining service levels.	The most likely contract length for the first option above (Refuse and Recycling only) is seven years. This typically mirrors the length of a lease contract on vehicles used to deliver the services in this group. The Contract for the wider outsourcing of Environmental Services would typically be 10-15 yrs.	Likely to be a long term contract (15 - 25 years) in it's own right. Very much linked to Carbon emissions and cost avoidance in the future for the Council.
Case Studies (where available)	Wigan Leisure and Culture Trust (WLCT). Set up March 2003 to manage all former Wigan Leisure Services – libraries, parks and countryside services, sports centres, sports development, swimming pools, tourism, arts and heritage services. WLCT is a registered charity and receives annual grant from Council. Perceived benefits: Greater potential for business opportunities. Raising finance by being arms length, Profits re-cycled into service, Aims to bring service closer to the community, Enable more effective partnership working. Council philosophy, not cost saving. Allowed Trust to invest NNDR (Leisure to Libraries). Service infrastructure has enabled measured response. Yr1 transitional. Yr2 investment Yrs 5-10 visioning. A team from Darlington visited both WCLT and Wigan Council in Sept 2011. Wigan Council team: "Make clear the specification and requirements in the original contract and be clear what the trust has to deliver for the council and for the residents". Wigan Council believes that at the set up stage of WCLT they did not retain a strong enough client structure. A lot of the strategic knowledge once with the council went to the trust.	Peterborough City Council has recently outsourced a range of front-line services to Enterprise on a 23 yr contract, covering waste and recycling collection, street cleaning and management of parks and green spaces, also property design and maintenance. Outsourcing of these services is expected to release savings of; NB: In Jan 2012 Enterprise were taken over by 3i (an international investor) focusing on Private Equity, Infrastructure and Debt Management, the impact of this change in ownership is yet to be seen. Bromley Council have outsourced services by specialism to a range of providers, English Landscapes, Safe play, Ward Security, Veolia, Kier and Vinky Park. Comment from Bromley Council: Through the contracts in place some things that the council used to do, now do not get done or are done with much less frequency. The management of staff and the problems that this brings are effectively gone from the council. Managing the contractor is a very different entity as the contractor's aim will always be to get as much value out of the contracts as possible. Stipulation of exact requirements is essential – specifically around the impact of the weather.	A number of local authorities have entered into long term PFI schemes for the replacement and maintenance of street lighting infrastructure over 20-25 yrs. A key driver being investment in new more energy efficient lighting stock. For example in Oldham and Rochdale Equitix (PFI specialists) and Pell Frischmann (Consulting Engineers) have united to create the Community Lighting Partnership (CLP) to deliver street lighting and maintenance services to Oldham Council and Rochdale Metropolitan Borough Council, and awarded the maintenance work to E.ON UK which involves the renewal and ongoing maintenance of life-expired street lighting.
Information from Literature Review (where available)	CIPFA and PMP joint presentation on Strategy, Finance and Delivery, stress that there have been failures (although no examples cited) and these failures have meant significant cost to Council's involved. Where Trusts are working subsidies are reducing and improved service resulting. The partnership between local authority and Trust key to success and that the Trust must be positively set up by Council who must continue to support and encourage it. 'A poorly performing in house service is likely to be a poorly performing Trust' CIPFA also stress that an authority should never "just do it for the money" Note this work by CIPFA was done before the proposed changes to NNDR	APSE: Street cleansing in the majority of councils (66%) is now part of an integrated street scene service; which can include a range of other 'front facing' services including grounds maintenance, refuse collection and recycling, street lighting and roads repairs. Street cleansing includes operations, enforcement and educational awareness/campaigns. It can also include gully emptying and public conveniences. Income is generated in the service via work for other organisations/bodies or via income from fixed penalty notices or other types of enforcement. When seeking cost reductions, crude cuts run the risk of damaging the underlying service, lowering the street cleanliness standards and ultimately damaging the visual environment and public perceptions. Refuse collection includes household and trade waste, recycling and bulky household collections. Income is generated in the service via work for other councils, trade waste/special collections, clinical waste, charging for bulky waste or green waste	APSE data shows that average energy costs account for 43% of all costs, and maintenance around 32%, replacement 16%, client management costs 7%, inspection 2%. Therefore reducing energy costs through more efficient lighting, reduced burn times or lumens (requiring policy changes) and through procurement of low cost electricity should be a priority.

		collections, income from the supply of bins or sacks, removal of abandoned vehicles and other enforcement activities or recycling credits	
Annex 4	Option 7 – Highway Frameworks	Option 8 – Outsource Transport and Highways	Option 9 – Outsource Housing Repairs and Maintenance
Value of contract	£3.2M (£2.3M = Place Net Budget)	£6.3M (£4.8M = Place Net Budget)	£8.7M (-£380K = Place Net Budget)
Brief Description	Retain statutory highways functions, programme management, major project management and inspections in-house, but secure most design of capital schemes and most construction/ maintenance work from private sector frameworks partners.	Full outsourcing of all transport and highways functions (except the LTP/commissioning plan) to private sector.	All work for Council housing outsourced to a single private sector or RSL/social enterprise provider
Emerging conclusions	Darlington Borough Council are already close to this means of operation and frameworks already exist for all functions to enable pursuit of this approach. Maximises, and continually checks, value for money through mini-tenders under frameworks.	A number of providers have expressed an interest in delivering all of these functions. Reasons for adopting this approach would be to go to market with a large enough contract to generate significant interest (potentially realising savings) and give the provider responsibility for the management and integration of programme management, design and delivery. However a significant proportion of spend depends largely on capital programmes and external funding, the level of which could not be guaranteed over a significant period and therefore this would be an issue when setting up a long term contract the penalty being a higher initial contract cost.	There is significant private sector and RSL/social enterprise interest in this. It is 'tried and tested': many councils, RSLs and ALMOs have outsourced these services. There is good practice amongst a range of providers, both in terms of quality of services and of addressing other objectives such as apprenticeships or providing opportunities for tenants
Likely contract length / types of contract	Standard framework agreement within Darlington Borough Council for existing Highways Frameworks is 4 years. Two plus two. The existing set of frameworks cover Architectural consultancy. Highways consultancy. Highways surfacing and all expire at various points in 2012	Likely to be a long term contract 15yrs + , potentially a Joint venture.	Contracts can be as short as 4 or 5 years.
Case Studies (where available)	This is very similar to how Highways Design and Projects at the council work now. Another local authority that utilises framework as and when required to meet need are South Gloucestershire. They have utilised a specific set of frameworks to ensure best value for money and the ability to buy in specific skills rather than carry specific technical skills all of the time.	NE Lincs have outsourced the following services to Balfour Beatty: Highways, Planning, Economic Regeneration and Transport Policy. This is an outcome based partnership. NE Lincs are the first to do this type of outsource and this has not been tested. Initially set up with a client side function of 12 FTE that is currently under review with a view to increasing this number. It is these officers that have to take the statutory decisions i.e. they have one statutory planning officer who must make the decision on the workload coming through from Balfour Beatty. Similarly, for highways work someone must authorise decisions and challenge the proposals. NE Lincs council took comprehensive legal advice from Eversheds on the legalities of transferring all of the functions to a third party. Highways learning - Balfour Beatty (BB) very good at Technical delivery but there have been lessons learnt on the softer side. For example – BB are delivering a scheme. The delivery people are former Council staff but the requirement for engagement and consultation was not included in the contract. This has therefore highlighted the need to perhaps increase the size client team it has caused pressure. There is a lot of work to do on integration of process between the Council and the contractor around decision making that is needed to ensure that the correct authorisations etc. are achieved. There is an interface with legal to check legal orders, notices etc. A total of 300 staff were TUPEd over. 12 were made redundant on transfer voluntarily and as a result of the Comprehensive Spending Review the contract is being reassessed. The overall contract has been operational since 1st July 2010.	Comments from Sheffield City Council (outsourced to Kier). "It's a balancing act. Public and councillors alike do not like too much work going through one vehicle. The housing tenants though are huge fans. As volume of work is reducing council belts need to tighten and the client and contractor need to work together to deal with this - the original contract needs to have the capability to allow this to happen" The model was right in 2003 when the concept was conceived, the economic and political climate has changed drastically since 2003. Sheffield City Council are now asking themselves if the existing delivery model is right or if it needs to be reassessed. Sheffield City Council are constantly reviewing services and associated processes Gentoo are the key contractor In Dale and Valley Homes (D&VH). The Key driver for D&VH contracting out has been to remove as much of the risk and associated cost f as possible. There are far less risks than there were with a DLO. When this contract originated in 2008 D&VH state that a more flexible playing field existed. When and if D&VH extend the contract they do not feel that they will get a better a deal than the one they have now. Key lesson learnt: Ensure adequate measures at the client end to manage the contracts and the implementation of the change. The relationship needs to be constructive and managed openly and very well.
Information from Literature Review (where available)		As per delegation. The Council will still owe statutory and fiduciary duties to its Council tax payers. There is a concern as to how these responsibilities will be discharged with only a small core strategic function retained within the Council (which there would need to be to make this option cost effective). The client role will be critical – to ensure statutory compliance, to maintain public accountability and confidence, and to step in as provider of last resort if things go wrong. The way in which the client function will operate may be more interesting and complex than the outsourcing itself. This may in fact determine whether the model is a success. Eversheds have provided legal advice to Balfour Beatty and NE Linc Council on this delegation of responsibility. This is a new model and not tried or tested.	Tougher Times, Smarter Ways (June 2011), Morrison has called on housing providers to switch to a 'transformational' model of outsourcing which, it claims, could see savings rise to 20 – 35% compared with working in-house. The company says that currently providers with a traditional outsourcing contract have savings of 10 - 15% and those with collaborative outsourcing contracts make savings of 15 – 25%. According to Morrison 'traditional' outsourcing involves the provider undertaking activities prescribed by the client with costing done per activity and with a contract lasting 3-5 years. Collaborative involves the client and provider agreeing inputs, activities and outputs with contracts lasting 5 to 10 years and costing done per activity and gain share. Transformational outsourcing allows the client and provider to agree outputs with costing agreed upfront for a set of outputs for the contract length, which can last 10+ years.

Annex 4	Option 10 – Outsource Corporate Landlord and Facilities Management	Option 11 – Building Services Controlled Company	Option 12 – Outsource buildings services through Frameworks
Value of contract	£1.25M (£204K = Place Net Budget)	£17.2M (-£1.2M Place Net Budget)	£17.2M (-£1.2M = Place Net Budget)
Brief Description	All corporate landlord, repairs and maintenance, facilities management, cleaning for: <ul style="list-style-type: none"> • All housing and non-housing buildings owned/operated by the Council, or • All non-housing buildings owned/operated by the Council, or • As above plus community schools (if choose to opt in), or • As above but excluding buildings to go into a Cultural/Community Trust 	A building services company controlled by the Council, which would be able to bid for work from non-public sector organisations (Building Services already wins work from other public sector bodies). Such a company has to following rulings known as the 'Teckal' test, if it is to take work from its parent council as of right: It (the company) must satisfy the control test, that is a requirement to control the entity in the same way as is if it were a department of the council/parent body, and the body must undertake the greater part of its activities for its parent. In practice this has been interpreted that at least about 90% of its work must come from the parent council and no more than about 10% from other organisations	Outsource Building Services work to a small number of framework partners, with the aim of invoking some TUPE, was an early proposal, but recent legal advice suggests this is problematic.
Emerging conclusions	There is significant private sector interest in this. It is 'tried and tested': many councils have outsourced these services. There is particular interest from companies on a full 'hard and soft' facilities management and corporate landlord services, covering cleaning, etc. as well as maintenance and repairs	As a Council-controlled company, it would be subject to equal pay comparisons with directly employed council staff, and so would have no greater freedoms on terms and conditions than the Council. It would be able to send its 'profits' back to the Council General Fund in much the same way as Building Services currently does. However current legal advice is that external work must not exceed 10% of all turnover. .	Outsourcing Building Services, in a form that staff would transfer by TUPE, is problematic as there is not a level of work that can be guaranteed to a company. The only strands that could be definitely tendered would be housing maintenance and corporate landlord maintenance, but these together form less than £5m of Building Services' £21m turnover (and the level of corporate landlord work is uncertain as the council's buildings needs reduces). The rest of the turnover depends largely on capital programmes and external funding, the level of which could not be guaranteed over a significant period
Likely contract length / types of contract	Likely to be three years with a plus two years option that is performance based		Typically 3 to 5 years (with extension). With break clauses (performance based contracts) Performance-Based Contracting (PBC) is structuring all aspects of an acquisition around the purpose of the work to be performed. It emphasises objective, measurable performance requirements and quality standards in developing statements of work (SOW), selecting contractors, determining contract type, and incentives, and performing contract administration. The central idea is paying for results, not just best efforts.
Case Studies (where available)		There are very few examples of this: Hull Kingston Works (HKW) is the main example. HKW delegated powers are very wide – This means that the business can grow and the board can make decisions on growth. Ultimately they are not tied to the council, The authority Hull City Council (HCC) has to decide if it is a better deal by carrying out a value for money exercise. This can take time but with good, strong, open communication it gets easier, KWL started with very little money and it had to borrow from the council to set up. This was hard but the loan has been repaid early and the business is now an income generator. Internal politics were difficult at the beginning. A lot of the barriers have now gone. To ensure a tight ship HKW employed both an external accountant and business consultant. Lessons learnt: A Teckal company has different tax implications and getting the right tax status is important. If you know you don't need to pay corporation tax then you need to be ready to prove that to HMRC. A Teckal compliant company needs a long lead in time to establish itself properly. HKW was formed in September 2006. Set up/Lead in should be a minimum of six months. Ideally a year to make sure you have everything you need and that you transition over to the new business correctly."	
Information from Literature Review (where available)		There was a long judgement outlining the requirements if the Teckal exemption as part of the Supreme Court appeal on the London Authorities Mutual Ltd Case, and this also commented on the Commission V Germany case (that considered the form of public sector collaboration in a waste project in Hamburg before procuring a private sector partner). The two legal requirements are as follows: 1. It must satisfy the control test, that is the requirement to control the entity in the same way as if it were a department of the council/parent body; and The body must undertake the greater part of it's activities for its parent/parents (in other words this can	

	be an appropriate vehicle for shared service arrangements	
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Annex 4	Option 13 – Large Scale Outsource of Place Services
Value of contract	£31.4M (£21.8M = Place Net Budget)
Brief Description	Outsource to a single strategic partner most Services for Place plus corporate landlord/FM, for a long period (15 to 25 years)
Emerging conclusions	<p>There are several providers in the marketplace who feel that they can deliver all services in Place and more besides (there have been a number of questions raised about the inclusion of both 'hard and soft' Facilities Management for all council properties and Planning, Regeneration and Regulatory Services). The most proactive responses and communication have been from companies that can either deliver services as a single provider or would chose to act as the lead provider either in a consortium or contracting work out in specialist areas. There is view from some of our advisors that a contract of £10m to £20m p.a. of our services, over a sufficiently long period, would generate significant market interest.</p> <ul style="list-style-type: none"> o Because there is no such contract for these services in the North East, there is a view that companies would be interested in creating a 'reference site', which might have employment benefits if it became a base for other contracts in the area if other councils or organisations outsourced too. o Acquiring cumulative turnover of that level would be particularly of interest to companies who want/need to boost their market share for stock market purposes. o For those two reasons, some of our advisors feel that companies may be prepared to bid below cost to win the contract, and expect to recoup losses later in the contract or elsewhere. <ul style="list-style-type: none"> • More work is required on whether such a contract would need to include most Place services, or whether a combination of 'delivery' services, like Environmental Services, Housing Maintenance, Corporate Landlord, Facilities Management and Catering, would be sufficient to generate that kind of interest. • There are relatively few large-scale, long-term outsourcings of Place services in existence and those that are have mainly been done in the last year or two. • The contracts tend to be some form of Joint Venture, with shared profits, or Limited Liability Partnership. • Some of the most recent are 'progressive partnerships' where the private sector partner gets more services over time provided it meets pre-determined trigger points in terms of service standards and efficiency. • The nature of client-side contract management of large-scale outsourcing varies, with some having introduced quite large client teams and others relying more on the contractors to supply monitoring data under the contract.
Likely contract length / types of contract	<p>The minimum contract length for an outsource of this type would be 15 years, the market providers have indicated that they would prefer closer to 25 years.</p> <p>One option would be a Joint Venture contract: A contract can be entered into by two businesses where they agree to co-operate with each other in a limited and specific way. For example, a small business may wish to sell a product through a larger company's distribution network. Terms and conditions would be set out in the contract concerning how this would work.</p> <p>The joint venture is a type of partnership and specific arrangements can be made to enable the company governance to meet each parties requirements. Shares are usually divided into separate classes and can have differing rights to voting/ dividends as meet the parties requirements. Alternatively, a separate joint venture company can be set up to handle a particular contract. The partners will each own shares and agree how the company should be managed – this can be a flexible option.</p>
Case Studies (where available)	<p>From Torbay (Joint Venture company TOR2 set up with May Gurney): Advise that the procurement exercise should not be started too early. The scope must be right, especially in a Competitive Dialogue (CD) procurement. Poor planning for a huge CD can lead to the contractor walking away. This did not happen at Torbay. The uniqueness of this contract and the presence in the SW held supplier interest. The council wanted a partner to have ownership and roots and to trade in the area. Because of this contract (JV) a lot of May Gurney's business goes through the garage and depot that TOR 2 have which brings an income. A JV means more ownership and economically one of the key drivers.</p> <p>Use an outcome based specification – For example - The grass should not be more than x inches at any given time – not that you must cut the grass ten times in the summer months. Contract made it clear that it was about the best result for Torbay but that May Gurney had to find the best way of delivering that. Be careful when writing Performance Indicators. It is critical for cost that you focus on delivery not paper chasing. If you are going to do something in the way of outsourcing stress the impact on members and on public and ensure that the company has a handle on what this can mean and a budget to deal with it. Communications costs cannot be underestimated. Lessons learnt: Ensure the contractor specifies how they are going to manage the communications and the press. Key Area: DO not let your call centre go. It is critical to the success of the relationship and it is how you keep a real eye on how it's performing. Nobody knows better how well the contract is performing than your residents. They will complain and praise through your call centre where everything can be captured. The insight data that they provide is critical. Fully integrated systems help the council performance manage.</p> <p>Get all your contracts in order - Be clear what exists already.</p>
Information from Literature Review (where available)	<p>Stephen Bentley, CEO of Granby Marketing Services: "It is extremely important and requires a lot of hard work to compile the most accurate invitation to tender. "If you fail at that, you will fail all the way through,"</p> <p>Potential outsource partners, need to know what they are buying and have to know exactly what they need to carry out the work: "The pitfalls of ambiguity on invitations to tender are the prime reason for partnerships failing and indeed, are the biggest complaint amongst the outsourcing community."</p> <p>"When you make a commitment towards outsourcing you're naturally going to scale back certain in-house operations, therefore you do face the risk and costs of re-implementing these should it fail. That's why you have to be 100% sure that's outsourcing's for you and that you get it right first time."</p> <p>SELBY OUTSCURCE OF ALL SERVICES KEY QUESTION: What about democracy? Does the separation of commissioning and delivery challenge the very nature of what a council should be - a locally-elected body providing local services? "No," says Mr Connor. "Democracy remains. The level of services is still in the control of the locally-elected body." Although contracts are signed between the council and Access Selby, the chief executive insists they can be altered if the councillors so choose. Of course, there may be a significant cost attached.</p>

	<p>What's happening in Selby may be at the radical end of the scale. But lots of councils are exploring the extent to which they can become commissioners rather than providers of services. That may be quite efficient. But it certainly raises some questions about the meaning of public service and local democracy. BEVAN BRITTAN LLP PUBLIC SERVICE LAW FIRM: Lack of knowledge of the authority and its clients Risks to probity. Putting profit over service quality. Unresponsive. Inflexible. Contractor instability. Costs. Contractor's profits. Higher borrowing costs and short-term borrowing. Real savings constrained by TUPE. Procurement costs – to the authority and the bidders. Duplication of client functions</p>
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