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**BUSINESS CASE FOR THREE BOROUGH COLLABORATION**

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**Responsible Cabinet Member - Councillor Bill Dixon, Leader**

**Responsible Directors -  
Ada Burns, Chief Executive and Murray Rose, Director of People**

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**SUMMARY REPORT**

**Purpose of the Report**

1. This report summarises the outcomes of the work to develop the Business Case for a three Borough collaboration on People Services between Darlington, Hartlepool and Redcar and Cleveland Borough Councils.
2. It seeks Cabinet approval for the Business case and for the implementation strategy recommended by the Programme Board.

**Summary**

3. Over the last 12 months extensive work has been carried out, with funding from the LGA, to develop a model for a single structure for children's services and for adults' services across Darlington, Hartlepool and Redcar and Cleveland Borough Councils. Each of the participating councils has contributed to the programme and each has worked to agree a framework for a single service model shared by the three authorities.
4. A Business Case (**Appendix 1**) has been completed and its parameters agreed by the Programme Board, which sets out that a collaboration is feasible and that it would deliver savings to each of the authorities.
5. In December 2012 the Chancellor announced further reductions in funding for local authorities and each of the three participating councils completed a review of their Medium Term Financial Plans. Following these reviews, the Three Borough Programme Board agreed that more information would be needed by each authority in terms of how its savings were to be made before final decisions could be taken about what role the collaboration could play in the overall budget and policy strategies.
6. In addition, initial work has been done on the scope for collaboration across corporate services. Again this suggests that at scale, there are savings and resilience to be secured from working together and merging services. As with the

People collaboration however it is being recommended to defer further work until the shape of each authority is better understood.

7. In Place Services there are a number of projects for collaboration being progressed across the Tees Valley councils. The most significant of these relates to the waste disposal contract that terminates for all five Councils in 2020. In addition there is work on street lighting being progressed, and of course, in Tees Valley Unlimited all Councils are investing in significant “shared services” to promote economic growth and inward investment.

### **Recommendation**

8. It is recommended that :-
  - (a) Cabinet accept the Business Case, establishing the viability of a People Services collaboration between Darlington, Hartlepool and Redcar and Cleveland Borough Councils.
  - (b) Cabinet receive a further report in due course, setting out options for implementation of a future People Services Collaboration.
  - (c) The governance arrangements for the oversight and strategic direction of the project comprising Leaders, Lead Members, Chief Executives and Directors of People Services be continued.

### **Reasons**

9. The recommendations are supported by the following reasons :-
  - (a) The Business Case demonstrates that collaboration can make savings for each participating authority.
  - (b) Further work is required by each of the participating local authorities on their own budget strategies before a final implementation plan can be agreed.

**Murray Rose**  
**Director of People**

### **Background Papers**

No Background papers were used in the preparation of this report  
Murray Rose Extension 2099

S17 Crime and Disorder	The Business Case has considered how best to support co-ordinated action against youth offending in Darlington.
Health and Well Being	The Business Case has considered the health and well being of residents in developing models of service delivery.
Carbon Impact	There are no carbon impact implications in this report.
Diversity	The Business Case has identified ways to make more efficient the services provided to individuals and groups with additional needs.
Wards Affected	All Wards.
Groups Affected	This report affects all current and potential users of children's education, social care and adult social care functions.
Budget and Policy Framework	This report does not affect the Council's budget and policy framework.
Key Decision	This is a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The Business Case describes potential ways of future working which combine both efficiency and the need to focus services to tackle identified inequalities in outcomes.
Efficiency	This report has been brought forward for consideration as a part of the Council's overall efficiency programme.

## MAIN REPORT

### Information and Analysis

10. This report sets out a proposed approach to delivering full collaboration of People Services functions including children's social care, adult social care and education services ('the People Services'), across Darlington, Hartlepool and Redcar & Cleveland Borough Councils.
11. With growing pressure to reduce costs and to find increasing efficiencies in service delivery, Councils have had to look at increasingly radical service delivery models in order to minimise the impact on front line services whilst still reducing costs.
12. It was in this context that Darlington, Hartlepool and Redcar & Cleveland Borough Councils began exploring potential collaborative opportunities. As smaller Unitary Authorities, each recognised the difficulty of making large scale savings from relatively small budgets spread across a diverse range of services. Cabinet agreement was sought in each authority to proceed with further detailed work to establish a Business Case for collaboration. Following this approval, a Programme Board was established to oversee the work.
13. Initial feasibility work was conducted by Deloitte using the hypothesis that it would be possible for Council services to be more efficiently managed at greater scale, whilst not compromising sovereignty and political autonomy. Following this work, in November 2011, the three authorities agreed to develop a business case for a three-way collaboration across People Service areas. Cabinet received a progress report on this work in April 2012. It is important to note that the conclusions of the Business Case and the recommended approach reinforce the outcomes of the original work conducted by Deloitte.
14. There are a number of benefits of the People Services collaboration which have already arisen as a result of the work undertaken to date:
  - (a) Sector Led Improvement – Councils have supported one another with regard to actions arising from inspection and peer reviews. Each authority has been able to learn from the strength of the other.
  - (b) Two of the Councils now share an Assistant Director for Education. This joint approach has been instrumental in accelerating the improvement in performance of schools due to a wider range of skills and experience than would have been available as a single authority.
  - (c) Two of the Councils are pathfinders for the new SEN arrangements. This has provided additional resources and capacity to the delivery of improved outcomes for disabled children and their families.
  - (d) The development of shared parenting programmes is being explored.

- (e) Benchmarking information on costs, structures and service delivery models, eg on education, have been shared and informed each borough's own change programmes
15. In addition, there are a number of less formal benefits associated with collaboration. The fact that senior officers in People Services have spent time examining the way in which they each work has provided invaluable peer feedback about specific service delivery models and also provided a wealth of ideas for improvement. The collaboration work has already delivered savings of over £100,000 for Darlington, as well as some cost avoidance. The savings will continue to be made in 2013/14.
  16. The project has provided an opportunity for the Leader/ Elected Mayor of each Council as well as the elected Lead Members to meet on a more frequent basis than would otherwise have happened. They have established links at a political level that are likely to enhance joint working regardless of the decisions around implementation of a People Services collaboration.
  17. The innovative approach demonstrated by this proposed collaboration also allowed the three boroughs to jointly secure funding from LGA, as well as gaining recognition by them and others of the commitment of the three boroughs to explore new ways of working to secure efficiencies whilst building resilience and protecting front line services.
  18. Due to the complexity of the programme, the Programme Board engaged Professor John Bolton to review the programme in October 2012, to provide some external challenge to the approach and the emerging recommendations. Professor Bolton is currently engaged as an advisor to the LGA Adult Social Care Efficiency programme and is a former Director of both Adults and Childrens Services. He was also involved in the implementation of the Tri-Borough Collaboration between the boroughs of Kensington& Chelsea, Westminster and Hammersmith, making him ideally placed to conduct the review.
  19. The review examined all key programme documentation and interviewed key stakeholders from each authority. His findings were that the programme was viable and would deliver efficiency savings. He also made a number of helpful recommendations for the further improvement of the programme approach and has subsequently worked with officers in Darlington to identify areas for further savings and efficiencies.

### **What is proposed and why**

20. The Business Case demonstrates that collaboration is viable through the implementation of a shared People Services management structure across all three Councils, with frontline services being delivered through a mixture of geographical and functional teams as appropriate.

21. However, this report places the Business Case within the context of the march of events and presents the timing considerations, particularly in the light of the Chancellor's Autumn Statement.
22. As well as having the potential to deliver staffing savings initially and subsequent contracting savings, this approach will go some way towards protecting some of the delivery of services to the most vulnerable people in the three boroughs and provide a means to address resilience issues associated with the unavoidable savings plans that each Council must implement. It would also enable each Council to retain its sovereignty of decision making.
23. The Business Case includes a range of potential operating models. The Business Case concludes that a structure (identified as Model 3b in the Business Case) represents the most appropriate mechanism for achieving full collaboration of People Services.
24. Model 3b is collaboration on all functions, establishing a single People Services across the three authorities, with two shared Directors – one for Adults and one for Children and then a reduced number of Assistant Directors operating largely on a geographical basis. Careful analysis identified this approach as being the most desirable for delivering People Services Collaboration in a controlled, realistic fashion. It represents a mature model of collaboration by comparison with others, whilst not excessively cutting the management capacity which will be crucial to the delivery of change and improvement. The model has the potential to deliver significant savings.

### **Next Steps**

25. The Chancellor's Autumn 2012 Statement and the Local Government Settlement has increased the immediate financial challenge facing each of the Councils. A decade of funding reductions was already expected and previous to the Autumn Statement, all three Councils had plans in place to deliver a balanced 2013/14 financial position.
26. As well as an increase to the overall savings targets, the profile of the savings required has been front loaded. Moreover, the ability of each Council to raise additional income through Council Tax has been further restricted.
27. These events have an effect on the timing of collaboration proposals, but not upon the underlying benefits which can be derived from their adoption.
28. As a result of these changes, significant savings beyond that encompassed by collaboration need to be delivered in 2014/15 (rather than in a linear way), necessitating local savings measures being initiated immediately. The scale of savings is such that it is likely that each Council will be re-visiting policy for these service areas, rather than focusing on efficiency gains. It has been agreed from the outset that sovereignty should not be compromised and decisions on policy changes must be made locally.

29. As a consequence of these two factors – scale and pace of reductions, and the need to consider policy for these service areas, it will be proposed that the three Councils must focus capacity in 2013/14 to meet the local savings required from 2014/15.
30. Nevertheless, the Business Case does demonstrate that the case for collaborative working remains viable and there will be expectations that Directors identify and progress tactical savings during 2013/14. As a consequence of the immediate financial challenge, it is recommended that implementation of the approach to collaboration be undertaken once the major budget issues are resolved locally.
31. During this time, Councils will be able to review their own policies and practices with a view to delivering the savings needed in 2014/15 and 2015/16. Once the individual savings are identified, an implementation plan will be developed for progressing with collaboration, because at that point there will be clarity about the form that each People Services model will take following the resolution of local savings plans.
32. Chief Executives and Directors, and Senior Managers will maintain contact to share the emerging shape of services and to ensure that all opportunities are exploited as savings plans develop and are implemented locally. In addition, Leaders and Lead Members will maintain the important links that they have already established. At the point of developing the implementation plan, there will be the opportunity to explore, as appropriate, the inclusion of any other Council in the Tees Valley in plans for collaboration.
33. In summary, although the Business Case clearly demonstrates the case for, and the benefits to, collaboration, the immediacy of the current financial pressures necessitates the adoption of a local approach. Following the initiation of local plans and refinement first to meet targets in future years, there will be the opportunity to revisit the shape which collaboration will then take, developing an implementation plan to bring together the three People Services in a controlled manner to deliver resilience and further savings opportunities.

#### **What are the financial implications?**

34. The position in relation to collaboration will be the subject of ongoing work, as local savings plans will alter current arrangements. However, in appraising the potential savings associated with Model 3b, an indicative senior management structure is demonstrated in the Business case and compared against the baseline staffing structure (as at Nov 2012).
35. This indicates that savings in the order of £1.4M, shared between the 3 authorities, could be achieved. It must be noted that this is an indicative exercise utilising information validated at the time. Since that point, as a consequence of the local savings plans that will be implemented and lapse of time, the information used in the baseline will inevitably alter. On the basis of the analysis and work completed to date, officers from all three Councils believe that the collaborative model

recommended by the Business Case provides the opportunity to achieve additional potential savings in future years, justifying further work.

36. Prior to seeking final agreement for any collaborative arrangement, a report would be submitted to Members, setting out an implementation plan and providing a robust contemporaneous assessment of the benefits to be delivered and the basis for delivery of them.
37. There would be, at the point of an implementation plan coming before Members, a number of staffing implications which would have to be addressed. At this point Trade Unions and staff would be advised on the direction of travel.

## **Consultation**

38. At the outset of the programme a governance framework was established, with a steering group headed by Council Leaders / Elected Mayor regularly meeting with Chief Executive Officers to oversee the progress and direction of the programme, as well as regular Lead Cabinet member briefings by Directors of People Services to shape the approach. A monthly Programme Board headed by Chief Executives and attended by Directors of People Services and Corporate Services was the mechanism for driving the programme forward at an officer level. In addition a temporary Partnership Programme Manager was appointed using funding secured from the Local Government Association Adult Social Care Efficiency Programme to help set up the programme and establish momentum.
39. Through this governance framework, Council Leaders/Mayors and Lead Cabinet Members have received regular feedback and have been able to maintain oversight and provide clear direction.
40. Moving forwards, the existing governance arrangements should be maintained in order that the relationships that have been built remain. In addition, this will enable progress on local savings plans to be shared, in the context of developing an implementation plan at the appropriate point.
41. A joint meeting of Scrutiny Chairs was held in September 2012 to provide an update on progress and to consider how and when scrutiny involvement in the project would be most appropriate. It was determined that scrutiny involvement should take place at both a local level and jointly.
42. Joint trade union meetings were held in June, September and November 2012 providing similar information to the staff roadshows and ensuring that trade union colleagues remained abreast of the progress of the work.
43. Two rounds of staff roadshows were held in Summer and Autumn 2012 and were led by Chief Executives and / or Directors of People Services. The first round tackled the concept of collaboration and the way in which it might work, whilst the second provided greater detail on the work undertaken.



44. Printed Newsletters and e-updates have also been produced and made available in hard copy and via council intranets.
45. A communication strategy has been produced to ensure that key stakeholders including Elected Members, Trade Unions, staff and partners are made aware of the findings of the Business Case and of the recommendation that there is a deferment of any final decision on formal collaboration.

### **Legal Implications**

46. At this stage there are no legal considerations. A formal legal agreement would need to be executed to implement any future arrangements

### **HR Implications**

47. At this stage there are no HR considerations contained within this report.