



**Darlington
Borough Council**

**CORPORATE
PEER CHALLENGE**

APRIL 2013

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CONTEXT

Darlington has its origins as an Anglo-Saxon settlement and owes much of its 19th Century development to the influence of Quaker families active in mining and wool production. Famous as the location of the world's first passenger railway, Darlington grew both as an important market town and influential centre for railway manufacturing. Albeit smaller in scale, today Darlington retains its engineering heritage with companies such as Cleveland Bridge, Whessoe and Cummins and emerging specialisms in sub-sea engineering.

Darlington has a population of 105,600 and has bucked the trend in the wider North East region with an increase of 7.9% between 2001 and 2011. This is a modest increase, but significant in the context of a widespread pattern of population decline in the region. 80% of the population live within the town, with a number of surrounding rural settlements and villages, bordering North Yorkshire, County Durham and Stockton-on-Tees. Similarly, there has been an increase in the population from BME backgrounds from 2.1% (Census 2001) to 3.8% (Census 2011) with the most significant community groups being of Bangladeshi, Polish and Gypsy/Traveller origin.

Darlington became a Unitary Council in 1997, moving away from Durham County Council following years of perceived under-investment in services and infrastructure. The period since 1997 has been marked by improved services, renewal of infrastructure, and enhanced economic and educational opportunities for its residents. Alongside investment and improvement, the Council maintained, until last year, the lowest council tax levels in the North East.

Partnership working has been a particular strength across all sectors but in particular with the business community. Darlington has been a key player in sub-regional and regional relationships and collaborations.

The Council has managed to combine being a high performing, low taxing authority.

There are probably a number of components in the success story, some of which were peculiar to the times, some of which are implicit in what Darlington is, and some of which are testament to the strength of political and managerial leadership. We have had:

- a long period of political stability, and a cadre of elected Members that includes many who bring experience from diverse careers outside their Council roles;
- compact geography (80% of the population live in the town) which has facilitated cross-party consensus on major developments;
- ease of cross-sector working for similar reasons of geography and size (e.g. coterminous CCG);
- a tradition of pragmatism and strong team ethos within the Majority Group;
- strong and effective Officer/Member relationships and good governance;
- a period of attracting huge investment in public services;
- a culture of forward planning and strategic decision making;
- a strong 'one Council' / 'team Darlington' culture throughout the Council, embedded within structures, management arrangements and leadership development work;
- a 'can-do' attitude to attracting investment.

In an era of austerity, some of the things that have been strengths, now present as risks – our size, and our tax levels, our focus on investment, particularly in schools and the public realm. Our Council Tax base differs substantially from the England average, with 80% of dwellings in Darlington within Council Tax bands A-C, and 46% in band A. In addition and although Darlington performs more strongly than its neighbours on many economic indicators, we sit within a wider economy which is fundamentally weaker than the rest of the UK. For example, it was only for a short period in 2007-2008 that Darlington was seeing a commercial property market begin to emerge without public investment. There was strong housing and population growth between 2001-2007 which was built on a planning regime designed to facilitate appropriate development (Darlington was the only council in the south of the region to exceed Regional Spatial Strategy targets). However the banking crisis and recession has stifled that growth and created a very difficult operating environment across many sectors in the local economy, including retail, business services and construction. And again, while Darlington enjoys relative affluence compared to much of the North East, it has significant levels of deprivation, an ageing population and higher than England average of early deaths.

24% of children in the Borough live in poverty, with some areas suffering much higher levels of financial hardship, for example Northgate Ward with child poverty levels of 39%.

Darlington has an ageing population; a 36% increase in over 65s is forecast by 2023, and the numbers aged over 85 are set to double in the next 20 years.

Against this backdrop by 2017/18 we are forecasting a 32% drop in grant income from central Government. Darlington Borough Council, as it commences work on its 2014/16 Medium Term Financial Plan (MTFP), is therefore facing an enormous challenge to its capacity to meet its legal obligations, to deliver against its ambitions for good services, and to its capacity to continue to create the conditions for businesses to grow and create jobs.

We welcome the Peer Review as a crucial element in our efforts to ensure that Darlington Borough Council is able to continue to serve the people of the Borough well.

This Statement examines the journey we have been on from the period, in late 2009, when the country's economy shifted at its core.



Queen Elizabeth Sixth Form College, Darlington. One of the country's leading sixth form colleges.

OUR VISION AND JOURNEY

The Council and its partners work with a long-term Community Strategy, entitled 'One Darlington: Perfectly Placed', which also encompasses our two priorities:

One Darlington captures our ambition to see inequality in life outcomes diminished, to build communities that are strong and resilient, and which pull together in the best interests of all.

Perfectly Placed captures our ambition to nurture and exploit the significant advantages we have as an attractive, well-connected town, to grow and share economic opportunities, and to offer a good quality of life for all.

Our Local Strategic Partnership, the Darlington Partnership, ultimately owns delivery against these priorities, with the Council playing an important community leadership role. The Partnership was reviewed and refreshed in 2012, with a greater focus on collective action.

In November 2009 as the credit crunch unfolded, the Council's Cabinet agreed a new Business Model, one that anticipated the era of austerity and the threat it would pose to services, and put in place a framework to review, without any preconceived views, **What** services the Council should provide in its contribution to 'One Darlington: Perfectly Placed', **Who** was best placed to deliver these services and **How** it should organise itself as efficiently as possible.

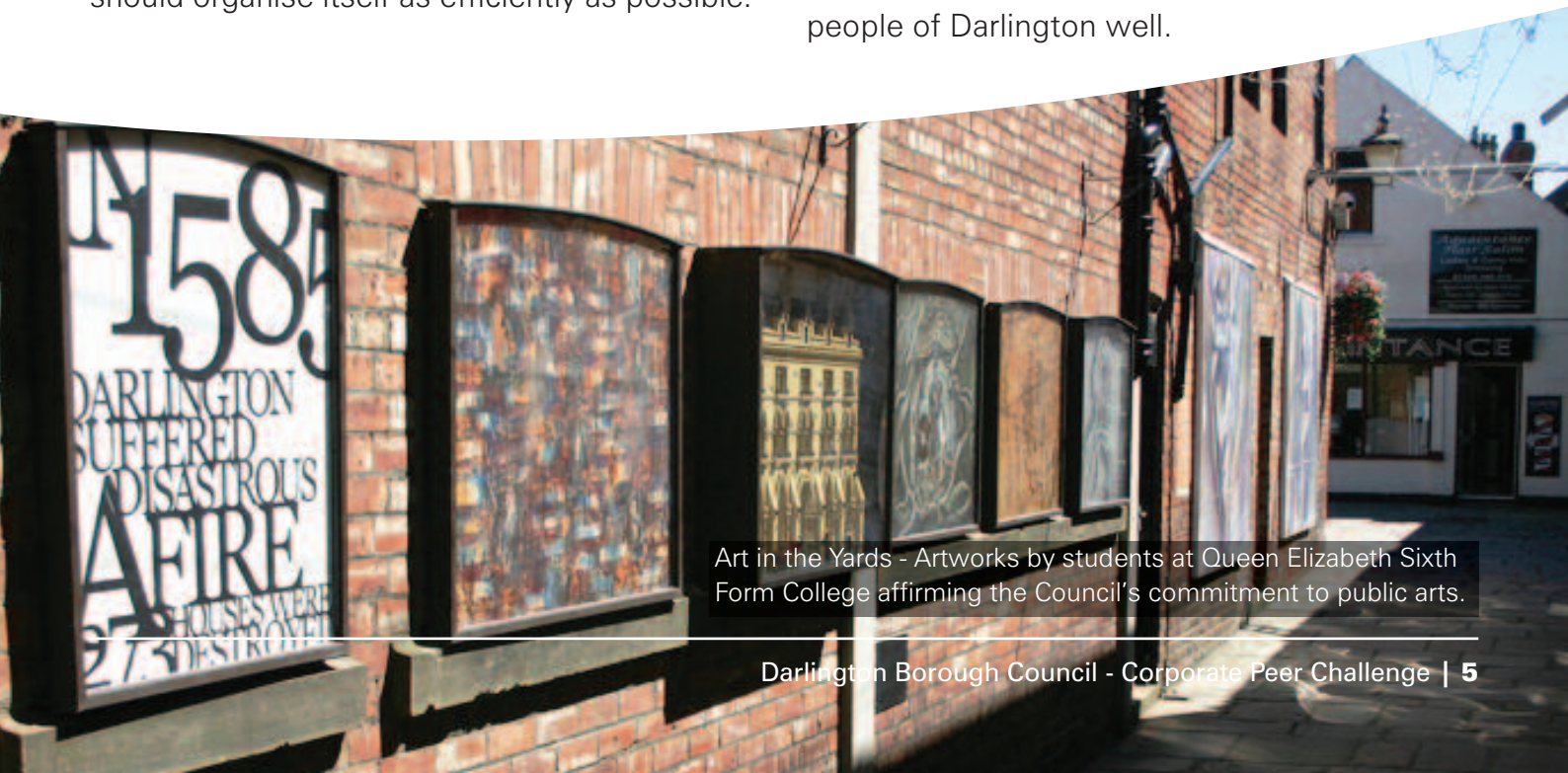
The Business Model outlines four key roles for the Council:

- championing the best interests of citizens and business;
- promoting Darlington for jobs and prosperity;
- making sure there are good public services;
- bringing people together in partnership.

This is underpinned by seven design principles, applied to how the Council operates:

- has clear management accountability for delivering outcomes for the people of Darlington and outcomes for the place in accordance with 'One Darlington: Perfectly Place';
- is an effective strategic commissioner of services, focused on outcomes;
- supports Members and communities to foster self-reliant and resilient communities;
- provides consistent, high quality customer experiences;
- has the capacity and discretionary leadership to deliver transformation;
- has the form, competencies and values to be efficient and effective;
- is rigorous in using evidence of need and of what works to design and prioritise services.

We embarked, as a result, on a raft of actions to enable the Council to continue to serve the people of Darlington well.



Art in the Yards - Artworks by students at Queen Elizabeth Sixth Form College affirming the Council's commitment to public arts.

THE RESOURCE PICTURE

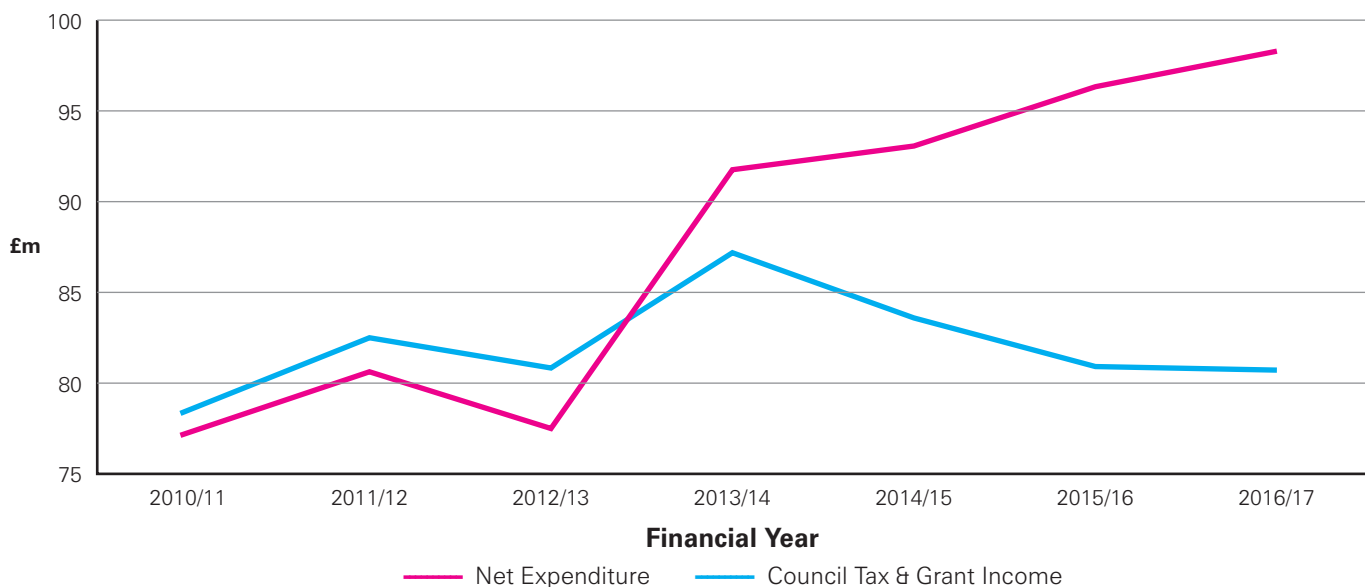
Whilst we may take credit for our prescience in anticipating and preparing for the era of austerity, it is nevertheless the case that our projections of the scale of reductions to our income from Government grant were understated. Darlington, like many authorities in the North East, has been more dependent on Government grant than other sources of income and as a result, has been significantly harder hit. In addition to this, recent changes to the way local government is financed are impacting disproportionately on areas such as Darlington. For instance.

- The change in the way business rates are distributed mean that if the last four years of NNDR revenue are representative of the next four years, the Council will lose £66,000 in revenue, whilst not a huge amount to lose this demonstrates that we cannot rely on growing NNDR income to mitigate for lost grant income.
- The strength of the market for new housing in Darlington means that new homes cannot be built quickly enough to match the loss of funding due to the Government top slicing grant income to fund the New Home Bonus. Consequently, we estimate that the Council will lose £1.1M in funding per annum by 2019/20.

- We estimate that by 2016/17 Council Tax Subsidy income, used to fund payment of Council Tax Benefit, will reduce by £1.7M.
- Our relatively low levels of Council Tax and low Council Tax base mean that we raise less revenue through a percentage increase in Council Tax, than authorities with a higher tax level and/or tax base. For example, our low Council Tax levels means that if we had Council Tax at the level of the regional average we would raise an additional £3M income per annum.

Against this backdrop we are planning for significant new pressures arising from Welfare Reform, estimated to remove £14M from the local economy in reduced benefits and to put additional demands on our front line services. For example, we have just set aside £750k to reconfigure and extend our customer contact centre to meet the expected increase in demand. The graph¹ that follows shows the increasing gap between forecast levels of Government and Council Tax income and pressures on our net expenditure due to increasing demand on services and impacts of inflation.

DBC - Net Expenditure v Council Tax and Grant Income from 2010/11



1. Due to a change in the funding arrangement for local government in April 2013 a number of grants were rolled into formula funding using tailored distribution. This had the impact of increasing both expenditure and income which can be seen in the chart in 2013/14

THE SHAPE OF SERVICE DEMAND

In the three years up to 2009, evidence from a basket of indicators showed that measures aimed at narrowing the inequality gap, were slowly succeeding. Since 2009, the economic downturn, rising unemployment and reforms to the benefits system have impacted most on our deprived communities reversing this positive trend and placing renewed pressure on front line services.

This is at a time when the ageing population and a range of factors (national impact of high profile child protection cases, levels of family breakdown and affects of welfare reform) are driving up demand for care for older people and increasing the numbers of Looked-after Children.

The 2013/14 budget for meeting Adult Social Care costs is £36M, which without any mitigation through prevention, early

intervention and demand management is forecast to increase by 35% by 2020, adding around £10M to the net cost.

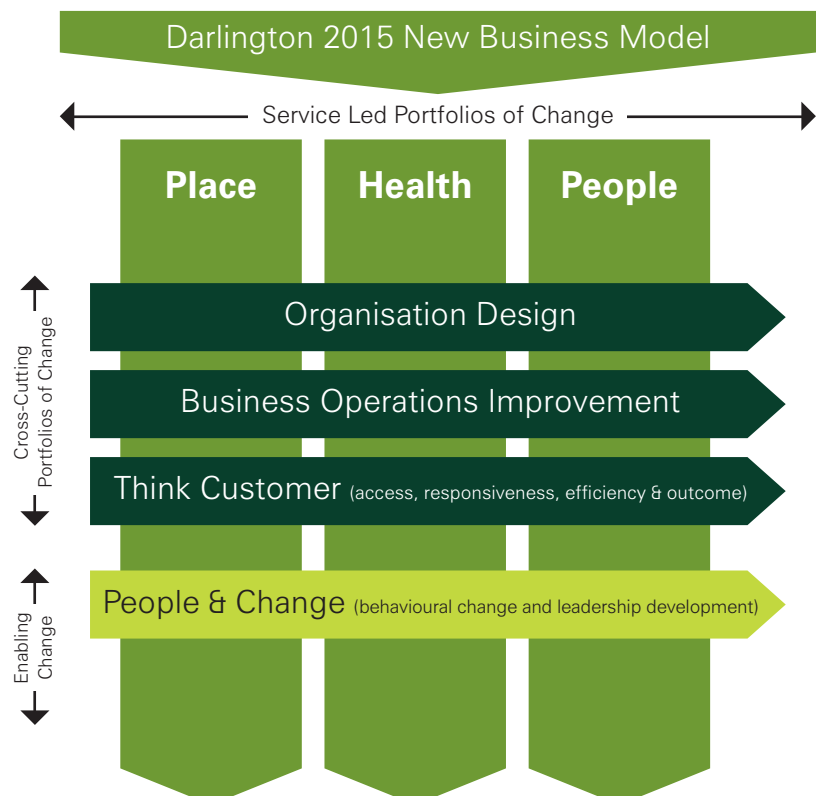
Children's Services have an annual budget of £21M, for which the cost of Looked-after Children (at the time of writing 195 in Darlington) is a significant issue. Recently, despite the national trend of increasing numbers of Looked-after Children, new models of delivery have had some impact on stabilising numbers of Darlington's Looked-after Children, reducing the pressure on severely stretched budgets.

Services for Place budgets are also experiencing significant pressures arising from costs of concessionary travel, rising by £228k to £2.9M; falling car parking income, reduced by £188k; reduced income from trade waste of £136k.

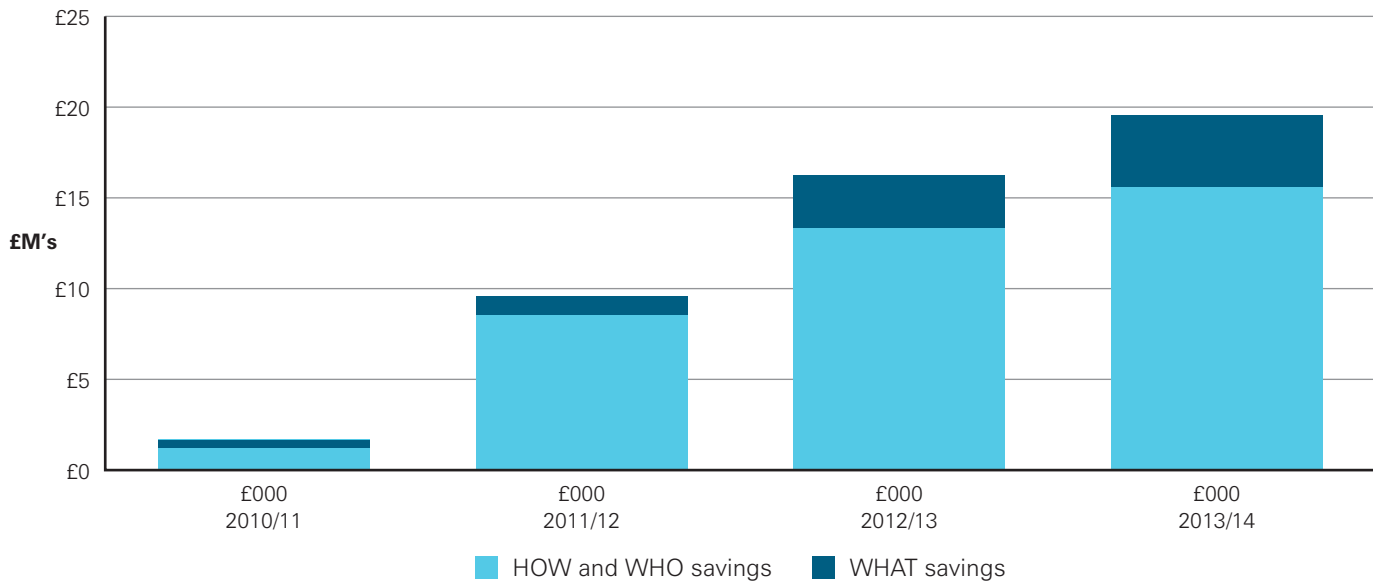
IMPLEMENTING THE BUSINESS MODEL - THE TRANSFORMATION PROGRAMME

In 2010, we set up the Transformation Programme with seven Programmes, some cross-cutting, and others focused on transformation within service groups or specific service areas.

The focus of effort has been to review WHO delivers and HOW the Council operates so that negative impacts on the delivery of priority outcomes for the public (the WHAT we do) are minimised. The diagram on page 8 illustrates the savings split to date, between HOW and WHO delivers and WHAT is delivered. It illustrates how, as time progresses the scope for avoiding service reductions is reducing.



Savings since 2010 CSR



Transformation projects have been chosen based on evidence of where we think we can improve by doing things differently, on the potential size of savings, and in some cases, on a practical level to deal with the new policies impacting on the Council and our partners. Investment was made in a team, governance is given by a Board made up of the corporate management team and programme sponsors. Cabinet members are engaged at portfolio level on specific programmes and in monthly informal meetings of Members and the management team. Monthly updates are widely distributed and Scrutiny Committees similarly receive the briefings and contribute within their work programmes. The overall programme has been reviewed periodically to ensure resources are focused on priority areas.

Some key projects include:

- **Organisational Redesign** - reshaped the management structure in line with the principles of the business model, with a reduction of seven chief officers and 17 third tier managers, releasing £1.5M in revenue savings. The Council now has a corporate management team of four (the Chief Officers' Executive) and a further ten Assistant Directors (meeting as the Chief Officers' Board). We are currently implementing a restructure in the Resources Group at third tier management and below, significantly reducing staff numbers and

reshaping HR, Finance, Communications, Public Engagement, Information and systems management, policy and transformation teams. This restructure will deliver savings of £1.5M per annum.

- **Strategic Options for Place** - developed a detailed understanding of the operation of and cost of Services for Place and intelligence on the provider marketplace, which was used to complete an options appraisal on the future direction on WHO will deliver services. We undertook a major market testing exercise, involving more than 35 providers; these included large 'turn-key' operators (e.g. Enterprise, Balfour Beattie) capable of managing a large portfolio of services through to small local providers. This evidence based approach highlighted the risks of large scale outsourcing at a time when future funding is uncertain (particularly for discretionary services) and demonstrated that in most services our in-house service delivery was already good VfM, though the project did identify savings through an internal restructure and process redesign, releasing £750K in revenue savings. Options for Place also demonstrated the potential benefits of a longer term strategy to share waste management and street lighting services with our Tees Valley neighbours, work which is now being progressed.

- **Commissioning and Procurement** - Review of approach to strategic commissioning and corporate planning, development of a commissioning and procurement framework, with process improvements underpinned by a corporate procurement board. The Procurement project had directly attributable savings of £1.1M, and is achieving on-going savings through the application of the new approach to commissioning and procuring services.
- **Asset Rationalisation** - Consolidation of the Council's property portfolio based on existing and forecast future demand with an expected annual saving of £430k. Options for sharing accommodation with other public sector agencies (Department for Education, Police) are also being explored.
- **LEAN Process Improvements** - LEAN methodologies and techniques have been applied to business processes to strip out waste and design and implement more efficient future state processes, areas covered include Housing Repairs and Maintenance, Sales Ledger, CareFirst Social Care ICT System. We took part in a major improvement collaborative with three NHS organisations that has resulted in new models of provision for people with dementia. This delivered significant improvements for patients including cutting waiting times, reduced hospital stays, improved access to services and reablement (including a scheme shortlisted for an LGC award). A new improvement collaborative on long-term conditions is in development.
- **Customer Strategy** - Focused on driving down the cost of contact, through a 'once and done' single point of contact approach in the Customer Contact Centre. Transactional processes are being improved through an emphasis on channel shift, for example, automated telephony and online transactions. We improved processing (e.g. benefit claims) and achieved £429k in savings through our customer services transformation project.
- **People Services** (Adult and Children's Services) account for over 60% of the Council's net budget. Savings achieved through the People Transformation programme by March 2013 total £4,324,232 - more than 8% of the original agreed MTFP. The single biggest areas of savings were made through the redesign of children's early intervention and prevention services (£1.2 M already achieved), redesigning the management and accountability of service provision for schools (full year saving of £1.1M, £800k already achieved), reviewing the resource allocation models and the types of provision made for Adult Social Care users (£1.3M achieved).
- **Commissioning for Resilience** - The Council has embarked on a whole system redesign of service delivery to support communities and build resilience within the provision of universal services and to intervene early where individuals, families and communities require additional support. The new approach will reduce the need for more expensive and potentially less effective specialist services, and move away from reactive services through investment in preventative services. In the medium to long-term it will reduce both demands on specialist services and targeted preventative services, as well as reducing the impact of rising expectations.

- **Health** - The health transformation programme was initially established to ensure the smooth transition of the community services functions from the PCT to the Foundation Trust as they included integrated services with children's and adults' social care services; the starting point for the programme was more about service efficiency and continuity than about savings. The programme developed to include the management of the changes ultimately included in the Health and Social Care Act (2012). These included the establishment of a Health and Well Being Board (within our broader partnership arrangements), agreeing our first joint health and social care delivery plan, supporting the authorisation of the clinical commissioning group, commissioning Healthwatch

arrangements, managing the transfer of public health functions to the local authority and establishing shared public health arrangements with the Tees authorities. Increasingly, the programme is providing opportunities to identify savings as well as to ensure smooth transitions. In addition, with partners from the CCG and from two Foundation Trusts, we are building on the previous partnership work to improve pathways and outcomes for those with Dementia by applying the same LEAN methodology to work around improving pathways and outcomes for patients with long term conditions. All projects have been jointly delivered with health partners and over £200k of external resources have been accessed to implement the work successfully.



Darlington - a nation cycling demonstration town securing success in increasing the use of sustainable transport

SERVICE CHANGES AND REDUCTIONS

Notwithstanding the positive contribution of the Transformation Programme on the spend reduction targets, the scale of reductions required has necessitated decisions to cut or reduce service levels.

For the 2012/13 MTFP we used a Zero Based-budget approach, considering what best achieves One Darlington Perfectly Placed outcomes, coupled with a robust approach to equalities impact assessments.

Proposals emerging from this approach were subject to extensive public consultation, led by the Leader and Cabinet members, and focused on minimising impacts on the most vulnerable and supporting options to build alternative models for creating the conditions for thriving arts with minimal public sector subsidy.

For example:

Public opposition to proposals to close the Arts Centre was followed by the establishment of a business-chaired Enquiry Group to examine alternative models, for creating the conditions for thriving Arts with minimal public sector subsidy, with the eventual establishment of the Creative Darlington Vision and independently led Creative Darlington Board. Whilst the Council, with regret, closed the Arts Centre it has retained a strong community arts culture and has maintained a modest investment directed by the Board (£0.5M annual saving in Arts subsidy).

All subsidies to support bus services which are not commercially viable have been stopped, but the Cabinet agreed that officers work with communities in affected areas to explore the

scope for community-led solutions, utilising some funding from the local sustainable transport fund, Community Transport funding and from a land sale. A community bus service has commenced in the West End of Darlington, a service for rural areas is in development and an accessible taxi service has been provided throughout the Borough. Withdrawal of the bus subsidy has saved more than £300k per year.

The Council has agreed to sell its golf course to a neighbouring private club (Blackwell Grange Golf Club) saving £175k per annum. The deal also facilitates the release of land for housing development, which subject to planning processes has the potential to generate a return to the Council of £4M-£8M over the medium to long-term.

The four eligibility bands of adult social care have been reduced to two, realising a £211k budget saving and putting in place criteria which will contribute to managing future demand.

We have substantially reduced the budget for events, though with sponsorship and volunteer support are still able to deliver high profile events including the annual 10K road race, Race for Life and Rhythm and Blues Festival.

We have implemented a raft of other cuts, including closure of public toilets, removal of funding for CCTV in some areas, reduced funding for floral displays and maintenance of highways, footpaths, parks and bowling greens. Total savings through reducing 'WHAT' we deliver since 2010/11 are £3.65M.

DARLINGTON TOGETHER

The Council outlined its response to the challenges and changed working through the Darlington Together initiative set out in a report to Cabinet in September 2011. Darlington Together is an essential part of the Council's response to the need to show leadership and create the right conditions for people to take collective responsibility for their futures in a climate of declining public resources. We have recognised the need to move from the 'doing for' mode to a 'doing with' model where citizens and communities are actively involved in sharing the responsibility for achieving a positive future for themselves and for the community.

We are just starting out on this journey, changing the Council's relationship with citizens.

For example:-

- the Town Centre Business Improvement District (BID) and schools@onedarlington described later in this document;
- 'Darlington Cares' a partnership of leading employers committed to making Darlington a better place through employee-volunteering;
- community volunteers providing parenting support to vulnerable families;
- 16 Friends of Parks groups, many of which have been instrumental in securing funding and are active in the practical management of their park or nature reserve;
- adopting new models for management of green infrastructure introducing a levy, paid by residents on new developments to a third party none profit making organisation (County Durham Foundation Trust);
- Creative Darlington, a network of arts organisations working to support Darlington's Strategy for the Arts and delivering arts activities across the Borough, this includes development of an artist led Centre for the Visual Arts and work with the private sector to facilitate an innovative new festival 'Festival of Thrift';
- enabling community sector sports providers to gain funding to establish more sustainable assets.

Councillors have a crucial role in Darlington Together acting as civic entrepreneurs and providing visible civic leadership. Councillors also foster strong relationships through the Darlington Partnership and with Parishes and Community Associations and support individuals, businesses and groups who want to play a role and to inspire others to do the same or more. The Members have made a clear commitment to retaining Member numbers, against the national trend, with a view to supporting that leadership role, and have set out expectations of each other to put that role into practice. Councillors and the Council have developed less formal approaches to engagement being at the forefront in using social media to deliver services and engage particularly with young people and parents. The Leader has very active Twitter and Facebook profiles.

One of our Councillors has transformed Town Twinning from a traditional model to one which focuses on international links and cultural experiences, partly focusing on fundraising and giving young people an opportunity to travel to and from Darlington when they may not otherwise get the chance. He has arranged international sports festivals and also several cultural festivals, taking a number of individuals to participate in events abroad. He has also been a champion in taking messages from business leaders to other countries and in promoting home made products from the Darlington area. He organises annual exchanges with partners for adults of all ages, students and school children. He has also been instrumental in co-ordinating events for the Darlington Diamond Jubilee Celebrations of Town Twinning in June this year.

Social media is helping dog wardens to find owners of stray dogs, notifying parents about school closures and providing information about when and where the winter gritters are out and about, all of which has met with strong public support.

MAXIMISING PRODUCTIVITY AND FOCUS

In support of the move towards the new business model we undertook extensive programmes of leadership development to build a stronger corporate culture, and one which fostered distributed and discretionary leadership.

Members reviewed Cabinet portfolios, and reviewed the way in which Scrutiny Committees work, making stronger alignment to Cabinet portfolios and management structures and placing a greater focus on Member-led work. Members now prepare a “quad of aims” to ensure that newly requested work is clear in the impacts required.

With partners we reviewed and refreshed our business-chaired Local Strategic Partnership with a stronger focus on shared leadership across sectors, and on building resilience and Corporate Social Responsibility. The Partnership has adopted, alongside its longer term strategic work, annual action priorities (maximum of three each year). These meet criteria as follows: requiring action by all sectors, public, private, community, Council, and voluntary sector; being able to demonstrate visible positive difference within a year; and addressing agreed significant issues from the Single Needs Assessment. One of last year’s priorities, Foundation for Jobs won an LGC award for the way in which it is tackling youth unemployment and raising aspirations within schools. The action priority for the coming year is to create a sustainable good neighbour scheme right across the Borough.

Anticipating the demise of the RDA we reviewed and strengthened our sub-regional shared service for economic growth, which was as a result well positioned to become the Tees Valley Local Enterprise Partnership.

Tees Valley Unlimited is a five Borough collaborative service on economy related matters which dates back to 1997 and which has handled major regeneration funds/projects since the early 2000s.

The Council has historically had a strong Housing Revenue Account (HRA) with predominantly traditional stock in good condition and as such has retained management of its social housing. Tenants have played a key role in our stock appraisals, strongly coming out in favour of the Council retaining operational management and supporting rent increases (in line with Government guidelines on rent convergence) used to help fund home improvements. Darlington’s Council Housing achieved the decent homes standards five years in advance of the national target date and operates its own Darlington Plus standard, as agreed in consultation with our tenants. Ownership of housing stock (5,500 properties) has also facilitated a number of estate regeneration schemes, including the diversification of housing types, through development of private housing alongside council properties. All Extra Care, Sheltered Housing Schemes and out-dated blocks of flats have either been demolished and rebuilt or extensively remodelled and refurbished.

Self-financing left us with limited headroom, particularly since we had already made full use of Prudential Borrowing and this will constrain our ambitions to continue with our new build programme. We have, however, created a modest Investment Fund for this purpose and are looking forward to future Government announcements on rent levels and HCA funding opportunities.

GENERATING INCOME

A report collectively commissioned from Deloitte's by the 12 local authorities across the North-East region showed that for an authority of its size, Darlington is in the top quartile of income generated, with an income from fees and charges of £24.14M in 2010/11, 11.2% of total expenditure and around £240 per head of population. The largest area of income relates to charges for provision of Adult Social Care, at just over £9M in 2011/12.

The Council's property estate generates over £600k income per annum, and by working with tenants has retained high occupancy levels, and a stable rental position within its commercial portfolio.

Capital receipts from land sales are still being made as a result of still buoyant demand for small residential sites, although land values are considerably lower than pre 2007 levels, a number of sites have been sold and negotiations with RSLs on some of our sites are well advanced.

Sale of larger sites is proving more difficult to secure, although a notable exception to what still remains a difficult development market in Darlington is the multi-screen cinema, hotel and leisure scheme proposal which, subject to planning permission, is the next phase of Town Centre regeneration and which will generate a positive land receipt.

The supply of land for the private housing market is being supported through regeneration and Joint Venture initiatives between the Council and the Homes and Communities Agency.

The Council has a history of investing in Leisure and Cultural services, providing two multi-use leisure centres, outreach sports development work, a regionally important Theatre and, until recently, an Arts Centre. Our flagship leisure facility, The Dolphin Centre, generated more than £2.5M of income during the 2012/13 financial year across its leisure and catering operations. A focused business model with a commitment to

consistently high service standards and product development in a range of areas (notably Health and Fitness, Children's Play and Swimming lessons) has helped sustain this level of income in a difficult economic climate. The Dolphin Catering operation returned a surplus of £60k.

Darlington Civic Theatre, which has been operated by the Council since 1961, sold in excess of 136,000 tickets in 2011/12 generating income of over £2M. After substantially testing the market in 2011, it was clear that an in-house model, provided the best value for money, and that with a refocused staff team and the invoking of cultural exemption for VAT, we could substantially reduce the required subsidy (now at £100k) and continue to provide a quality offer with scope for growth.

The Registration Service, located within the Dolphin Centre and sharing its facilities, enables it to achieve a small surplus income for the Council.

In March 2012, Town Centre traders and businesses voted in favour of a Business Improvement District, agreeing to pay a levy (based on rateable value). The BID will generate £1.5M over five years and will be managed by an independent board, and used to fund a range of activities promoting the Town Centre.

Despite a relatively modest core budget, the Economic Regeneration Team has been successful in securing additional 'ring-fenced' funding of £766,400 from a variety of sources, for the purposes of delivering skills and business support projects. In addition it works innovatively to bring in additional in-kind contributions from partner organisations. For example Marchday PLC offering the use of space free of charge to host events such as the Low Carbon Event and All I Want for Christmas; Teesside University and other organisations providing experts to deliver events and seminars; Jobcentre Plus providing two Work Experience placements on a rolling eight week programme.

SECURING THE ECONOMIES OF SCALE

We recognised that our size presented a fundamental challenge to cost reduction, and there are a range of shared services in place with neighbouring councils. A joint delivery arm 'Xentrall' was set up in 2008 with Stockton for ICT, transactional HR, Finance and Design and Print Services which is on track to achieve year on year savings of £2.6M (£1.04M for Darlington) which equates to a 32% reduction.

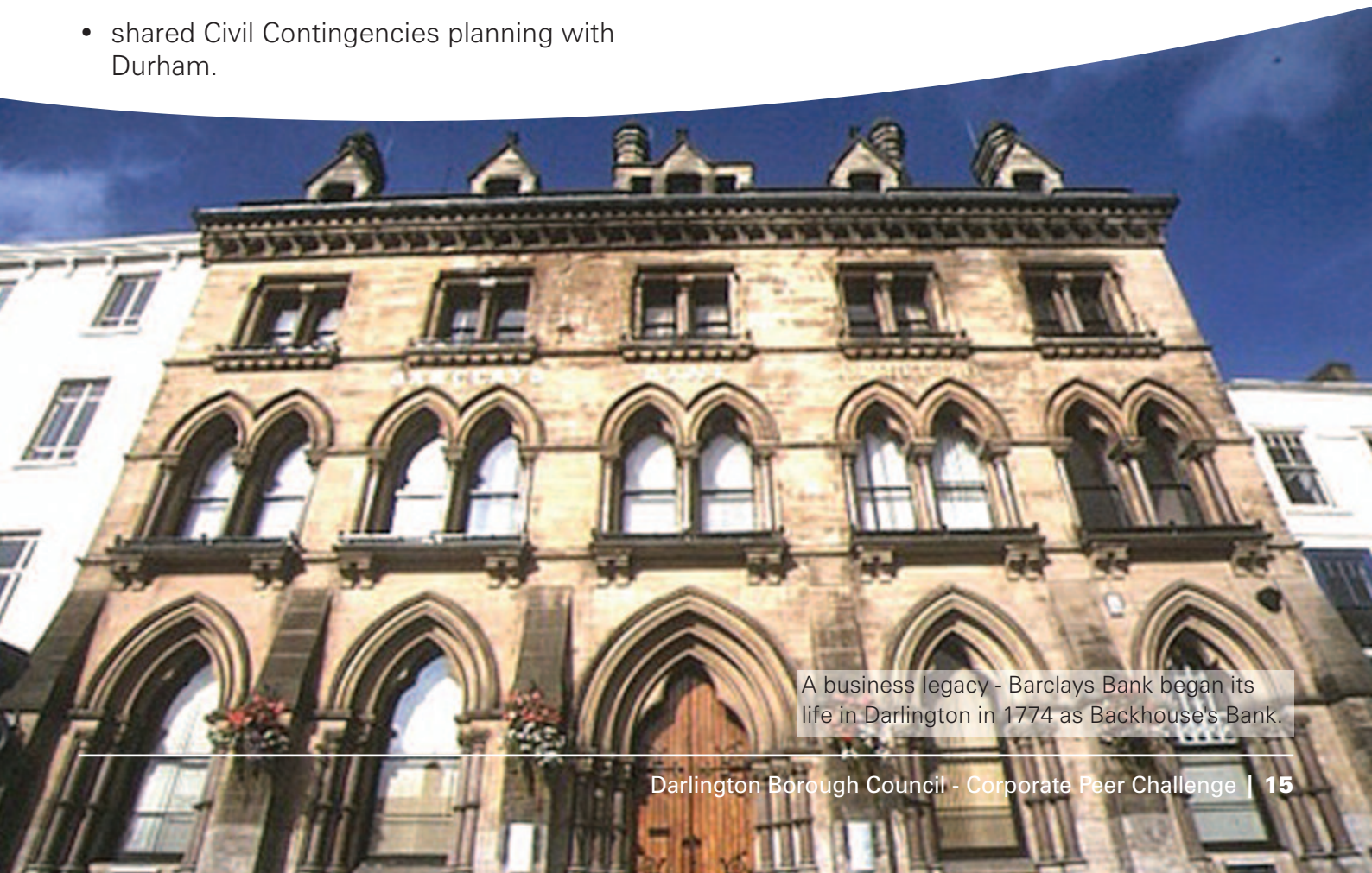
Total savings over the ten years of Xentrall operation are expected to be £13.6M.

There are a number of shared arrangements which include:

- shared social work Emergency Duty Team with the four Tees Valley authorities;
- shared Head of HR with Hartlepool (but have now deleted the post altogether);
- shared Assistant Director for School Improvement with Hartlepool;
- shared placement brokerage service for Looked-after Children with Middlesbrough;
- shared Flood Risk service with Stockton;
- shared Civil Contingencies planning with Durham.

In addition:

- we are leading on the delivery of sustainable transport initiatives, delivering personalised travel marketing for Durham County Council and co-ordinating travel marketing for the Tees Valley Bus Initiative across the five Tees Valley authorities;
- we are a partner in NESTI (North East Smart Ticketing Initiative);
- we are active members of the North East Procurement Organisation (NEPO);
- we are collaborating on public health across the Tees Valley which has resulted in the establishment of the Tees Valley Public Health shared service to fulfil specialist public health responsibilities on behalf of the five councils;
- we are project managing a project to jointly commission waste disposal and, potentially, waste collection within the Tees Valley, when our current contracts expire in 2020.



A business legacy - Barclays Bank began its life in Darlington in 1774 as Backhouse's Bank.

Three Borough Collaboration People

Services - We have undertaken an options appraisal and business case on collaboration opportunities for People (Child and Adult) Services across Darlington, Hartlepool and Redcar & Cleveland Borough Councils. This demonstrated a viable business case with initial annual savings to Darlington Borough Council of £700k, based on a preferred model of a single Director of Children's Services and a single Director of Adult Services shared between the three councils, with mixed functional and geographic teams beneath them. Following the Chancellor's Autumn Statement and subsequent adjustment in the formula funding profile, the three authorities agreed to delay implementation until after the picture is clearer at local level on how the additional savings required in the period 2013 - 15 will be achieved. This is partly because of the capacity required to identify such significant savings, and because much of the reductions will have to come from policy and service standards, which are sovereign matters for each Council. While each of the three authorities continues to make management savings that will ultimately reduce the size of the savings to be secured from collaboration, it is clear that some form of shared management will be crucial to resilience.

Three Borough Collaboration Resources

Services - Closely linked to the People Collaboration, initial appraisal work has been completed on options for Resources Services (Customer Contact Centre, Legal, Finance, Procurement, Facilities Management, HR, Registrars). Again this demonstrated savings at scale, and resilience. Moving into detailed Business Case work has been deferred for the same reasons as with People Services.

Clinical Commissioning Group - Senior leadership at the Council and CCG have invested considerable effort in developing a strong and effective working relationship, and in identifying shared opportunities for improving performance on value for money and achieving health outcomes. The strength of this partnership has been highlighted by the Department of Health.

Working with schools - In response to the move towards Academies, in 2011 all schools agreed to restate their commitment to the schools@onedarlington partnership, set up in 2008 to raise educational standards, and narrow the gaps in attainment across the Borough. Outcomes from our approach to raising standards have been outstanding, with Darlington Schools topping national GCSE league tables in 2011. Through the Partnership schools are, with the Council, commissioning improvement support and collectively supporting services such as provision for pupils with Special Educational Needs.

Working with the Police - We have a strong relationship with the Police and share successful approaches to anti-social behaviour, reducing re-offending (restorative justice), and community confidence. For example, the Police are taking a leading role within the Darlington Partnership on an approach to good neighbour initiative, targeted at the isolated elderly.

Health and Well Being - The Board is in operation, has agreed its Health and Well Being Strategy and is developing a shared transformation programme to support integration, service improvement and efficiency.

GROWING OUR ECONOMY

Darlington can be described as an area of opportunity, for whilst we have significant pockets of deprivation, we have strengths and assets, and have sought to maximise the impact of these. We are part of a longstanding and robust sub-regional partnership for economic growth, which became the Tees Valley Local Enterprise Partnership (LEP) in 2010, and has recently been given City Deal status.

The Local Economic Assessment shows the Borough experienced strong growth (12%) in jobs in the period 2000 – 2008, and was making significant impacts on narrowing inequalities in employment rates between deprived and affluent wards. This reflected a strongly pursued regeneration strategy for that period, 'Darlington Gateway', which invested in overcoming the identified barriers to growth, the availability of suitable sites and premises. We have however seen a severe contraction in jobs since then, with a fall of 7% compared to regional and national reductions of 5% and 2% respectively. Notably whilst public sector jobs have fallen by around 2.9% (including over 425 jobs in the Council), private sector employment has dropped by 7.8%. Darlington's resident workforce has an above average skills base when assessed within the regional context. For example, the Borough contains a higher proportion of graduate level workers (27.2% compared to 26.5%) and fewer workers with no qualifications (11% compared to 12.2%), although in both instances performance does lag behind the national average.

Darlington remains a key location for delivering economic growth within the North East Region. Per capita GVA levels exceed LEP and regional averages, reflecting the town's quality of life offer and its accessibility (by rail and road particularly).

The Local Futures report (Feb 2013) looking at infrastructure for businesses ranks Darlington in the middle 20% of local authorities in England for having the best environment for encouraging business investment. Our economic strengths include a strong knowledge based economy, significant growth in business stock over period 1998-2011 (in top 20%) and a low cost base for business growth. However we have areas of weakness which need to be addressed including a high failure rate of new businesses, relatively low average earnings, and a slightly below national average proportion of people of working age who are in employment.

In 2012, through Darlington Partnership, we facilitated local business to co-produce a new economic strategy for the Borough, with actions focusing on raising skills levels, creating the right infrastructure for attracting and supporting new businesses and encouraging growth of higher skilled better paid employment. The Strategy recognises the need to build on existing sectoral strengths including the service sector, manufacturing, advanced engineering and construction; and emerging strengths in digital and media, sub-sea, telehealth and telecare.

The climate for economic growth remains extremely challenging, high profile developments have stalled, growth in house building has slowed substantially (580 new builds in 2008 reduced to 231 in 2012) despite an availability of housing land which house builders recognise as good, and SMEs are still experiencing difficulties in gaining bank finance, for both new and established businesses.

Despite the recession and cuts in public funding we continue to attract development and create job opportunities. Recent successes include the opening of the £14M Teesside University campus in the town (providing degree and postgraduate level courses), the launch of Foundation for Jobs, creating 100 apprenticeships and 125 internships for young people, and the attraction of a £30M leisure facility, including a nine screen multiplex cinema, hotel, plus restaurant, bars and shops creating 500 permanent jobs, to be operational by the end of 2014. In addition, significant investment opportunities are emerging, based on plans for the strategic regeneration of the Town Centre, Town Centre Fringe and Central Park. Delivery of a range of priority schemes (included in the Darlington Investment Plan) will generate new infrastructure, housing, industry, leisure and retail development over a 15 year period and beyond. In addition international companies are still investing in the town evidenced by the consolidation of EE's development at Morton Palms and Samsung's investment in Whessoe.

We made a strong case for retaining 400 Department for Education (DfE) jobs in Darlington, including offering to build an office for the Department for Education linked to the Town Hall. The DfE announced on 24 April its intention to keep their operations in Darlington.

We have a Business Improvement District (built from a deliberate strategy from the mid-2000s to develop good relationships with and help empower town centre businesses), within a dynamic and proactive approach to town centre regeneration and management.

We have built on strong relationships with business to develop a new organisation to promote Corporate Social Responsibility. Darlington Cares will add value and capacity to existing volunteering initiatives and ensure that activity is geared towards our greatest challenges and community needs.



Darlington markets have been named Britain's favourite market by the National Association of British Market Authorities (NABMA)

AND LOOKING TO THE FUTURE...

We remain confident that the Borough has strengths and opportunities to grow, and to contribute economic impact for the wider sub region. We are very confident that the strength of relationships with partners will foster additional capacity to meet some of the gaps left from a shrinking public sector. We are confident that the good work done to build collaborations across the Tees Valley will continue to deliver savings and resilience. We believe Darlington functions well as a unitary authority, enabling local people to make local choices, and that as a unitary we add value to achieving an improved quality of life for citizens of the borough

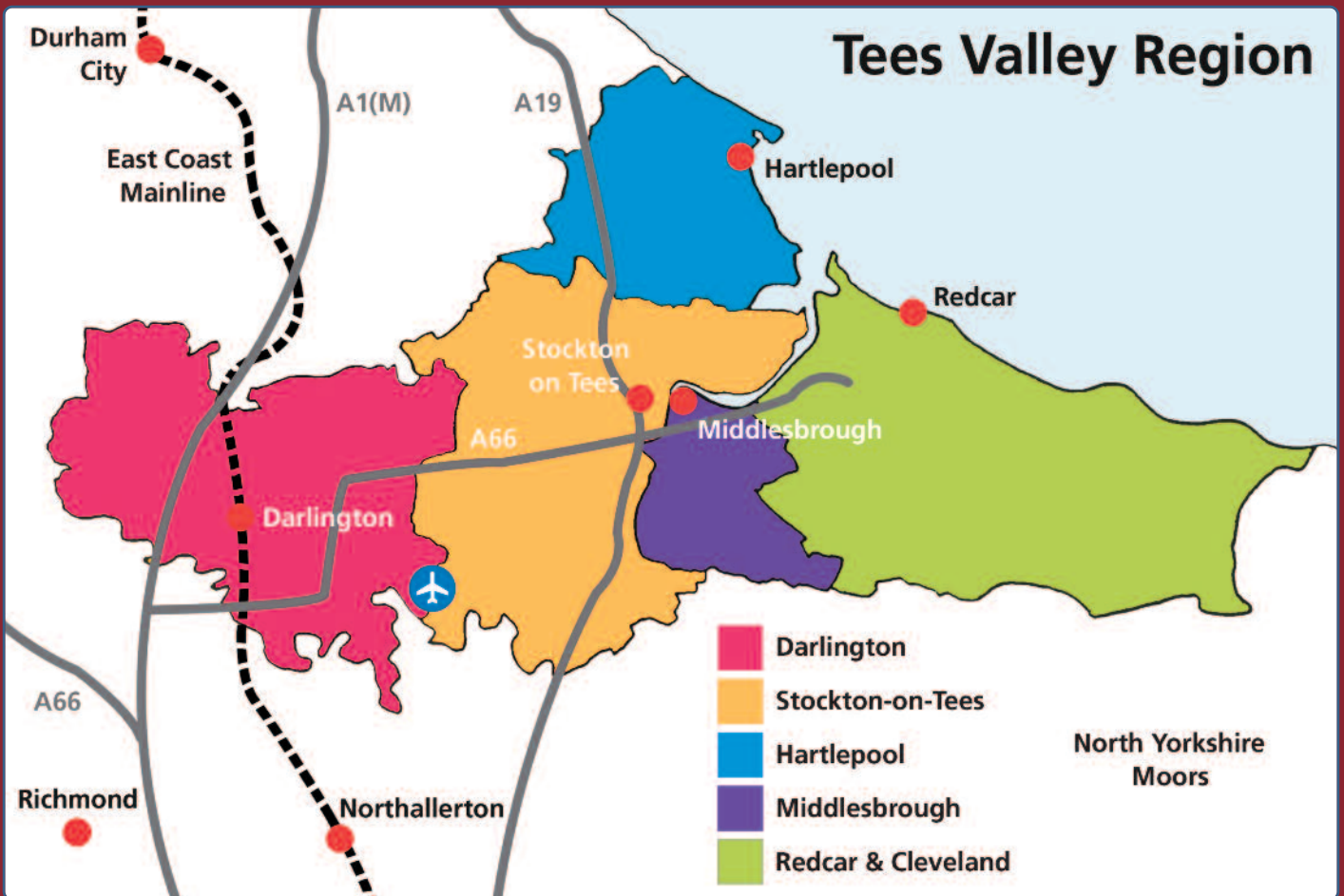
We are now embarking on finding the next phase of spending reductions within Council services. However, it is clear to us that the options available to the Council are diminishing. The combination of reductions in our income, increases in service demand, low Council tax base and levels, and the sluggish and fragile economy are reducing our room for manoeuvre.

As a consequence we believed that it was important to engage in a very open way with the public to determine, against projected revenues to 2015/16, what core services the Council can make to the people of Darlington, and what choices they may wish to make about enhancements to that core offer should resources allow. This process will commence shortly in a series of Budget Advisory Panels, and conclude with consultation on the outline MTFP in the autumn.

We are keen that the Peer Challenge team examine what we have done, are doing, and could do, to address the financial challenge and enable us to serve Darlington well. We are particularly interested in your reflections on driving down costs, on scope to grow our tax base and economy, and on the relationships the Council needs to forge to build a medium-term strategy for the Council.



Attracting investment - securing a new £30M cinema and leisure complex for the Borough



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