



Collaborative Opportunities Working Papers

Collaborative Feasibility Project

Service Cluster: Corporate & Transactional

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Version: 1.1 FINAL

Darlington Borough Council

Hartlepool Borough Council

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1 Document Control

Version	Amendment Detail	Author	Date
V0.1	Initial Draft	Abbas Baig	21/04/2011
V0.3	Revised draft (data & analysis is outstanding)	Richard Haynes	16/05/2011
V0.4	Revised draft (some data & analysis still outstanding)	Brandon Bailey	21/05/2011
V0.6	Revised draft with to-be analysis	Richard Haynes	01/06/2011
V0.64	Revised with updated baseline and overview	Richard Haynes	02/06/2011
V0.7	Revised version for release to the client	Richard Haynes	02/06/2011
V0.8	Revised version following “review day” on 8 June and amended baseline data submissions (where they have been provided)	Richard Haynes	09/06/2011
V0.9	Baseline data updated as per information provided by Christine Armstrong, Anthony Sandys, John Morton, Catherine Whitehead, Andrew Atkin and Paul Wildsmith.	Abbas Baig	23/06/2011
V1.0	Report updated with Council Tax and Benefits CIPFA data.	Abbas Baig	11/07/2011
V1.1	Final version with updated diagrams	Richard Haynes	17/07/2011

2 Introduction

2.1 Background

Darlington Borough Council (DBC) and Hartlepool Borough Council (HBC) have agreed to explore the feasibility for collaboration that may exist between both organisations. The high-level opportunities that will be generated from this work will be one of many options that will be considered by both authorities in their response to their current and future financial pressures, Government reforms and local needs.

This report documents the potential opportunities that exist for collaboration which will be presented to the Project Board for consideration.

2.2 Key drivers for change

Outlined below are the list of key drivers, agreed by both Corporate Management Teams, which set out the reasons for pursuing a feasibility study into a strategic collaboration between Darlington and Hartlepool Borough Councils.

- Having a sustainable financial future
- Supporting democratic accountability and choice
- Shaping their own destinies by being ahead of the game
- Stimulating and informing wider partnership working across the region: by providing leadership
- Optimising outcomes for local people: by retaining a focus on the need of our local communities
- Continuing to support sustainable and resilient communities: by remaining committed to our strategic priorities

2.3 Guiding Principles

Outlined below are the guiding principles which have been agreed by both Corporate Management Teams. These guiding principles have been used to ensure that the opportunities developed comply with both Councils strategic objectives.

Guiding Principle 1: Each Local authority will retain their individual identity and sovereignty

- The ability of citizens to hold their Members to account must remain paramount
- Each authority will define the outcomes for the local population and how these are delivered
- Investment priorities and service levels will continue to be determined locally
- Members have the choice to standardise or customise services, with a clear understanding of the costs and benefits of the decisions they make

- It will be critical to recognise the difference between who is accountable for a service versus who is providing a service
- Statutory responsibilities will not be undermined

Guiding Principle 2: Collaboration is not limited to Darlington and Hartlepool

- While the feasibility of collaboration between the two authorities is being tested, it is not the only option
- Opportunities could include other authorities
- Opportunities could include other public organisations
- The benefits or disbenefits of collaboration between the Councils will be looked at on a service-by-service and thematic basis rather than “all or nothing”
- At the same time, the collective benefit of strategic collaboration through synergies will be evaluated

Guiding Principle 3: The authorities enter this process with a positive view of collaboration

- Strong leadership and clear direction will be key to ensure this study delivers an robust and balanced set of conclusions for consideration
- The output of this project will be a strategic assessment of opportunities, symbolising the start of a decision making process, not the end. The timeframes and level of information available are proportionate to the status of the project and require a measure of pragmatism
- Individuals who have been involved in transformation should be encouraged to champion the principle of collaboration during this study
- It remains clear that ‘doing nothing’ is not an option for either authority.

Guiding Principle 4: Collaboration must deliver demonstrable additional benefits to working separately

- Collaboration will create a renewed level of resilience within each local authority. A resilient organisation will have the right skills, the right capacity and the critical mass to deal with future pressures
- Collaboration will deliver the expected level of financial benefits required to mitigate the financial risks projected
- Collaboration will create the robustness to mitigate operational risks
- Opportunities will consist of a combination of service-specific opportunities as well as cross-cutting opportunities / synergies

2.4 Strategic Scope

It was agreed by the Corporate Management Teams of both authorities that, for the purpose of this strategic opportunity analysis, no services or functions or roles would be deemed out of scope.

All opportunities would need to comply with the guiding principles in order to be credible.

Furthermore, any collaborative opportunities would need to be evaluated against other options identified separately by the two Councils.

2.5 Progress to Date

The approach of this project will follow four stages, where this report represents the outputs for stage 3:



3 The current environment

3.1 Overview

This section provides a brief overview of the current operating model for the services within scope, as follows:

Service Area	Darlington baseline spend (00,000s)	Hartlepool baseline spend (00,000s)	Total Addressable Budget (00,000s)
HR	£1,121,563	£953,474	£2,075,037
ICT	£3,368,339	£3,281,010	£6,649,349
Policy & Performance	£204,000	£260,000	£464,000
PR & Communications	£313,727	£224,000	£537,727
Customer Services	£535,242	£530,316	£1,065,558
Revenues & Benefits	£2,270,000	£2,187,000	£4,457,000
Finance	£1,170,475	£1,641,000	£2,811,475
Financial Assessments	£272,393	£350,000	£622,393
Internal Audit & Risk Mgt	£267,848	£320,000	£587,848
Procurement	£165,843	£211,059	£376,902
Property & FM	£452,657	£557,799	£1,010,456
Legal	£650,000	£546,355	£1,196,355
Registrars	£183,589	£155,488	£339,077
<i>Democratic Services</i>	£318,516	£370,000	£688,516
Total	£11,294,192	£11,587,501	£22,881,693

At a summary level, the corporate and transactional support services across the two councils are of a similar size and cost, and largely undertake a similar volume of work. Furthermore, the authorities have adopted very similar operating and delivery models for these services, with four exceptions:

- Darlington transferred their HR administration, Financial administration and ICT services provision to Xentrall, a partnership venture with Stockton Borough Council. While Hartlepool have retained all finance and HR activity in house.
- Hartlepool have outsourced their ICT provision to Northgate, and have developed a internal ICT client function comprising of all previously devolved ICT staff, to manage the relationship with both the supplier and services. Darlington still have a significant level of system-related resource and budget devolved within services.
- Darlington have transferred the initial customer access and support element of the local taxation process into their Customer Contact Centre, while Hartlepool have transferred the customer access elements of both benefits and local taxation to their customer service organisation .
- Darlington have retained their housing stock, which impacts on both support function costs (such as HR, ICT and Finance) and customer service activity.

In calculating potential options for strategic collaboration, and the associated savings estimates, we have taken the above commitments into account; some of which are positive opportunities while others are risks.

3.2 Information, Communication and Technology (ICT)

3.2.1 Overview

The scope of ICT includes:

- Application support and management
- End user support and helpdesk
- Infrastructure development
- Supplier Management
- Project delivery and systems implementation

Outlined below is an overview of both services:

	Darlington Borough Council	Hartlepool Borough Council
Primary Delivery Model	Shared services with Stockton Borough Council until 2018 with Xentrall. Xentrall manage the technical infrastructure, and printing assets, but not desktop.	Outsourced ICT managed service till 2013 with Northgate. Northgate provide a managed service including desktop replacement, infrastructure and application management.
ICT Strategy	Xentrall supports in the development and delivery of the council's ICT Strategy, within the constraints of the budgets it controls	The council develops ICT strategy through its corporate ICT Team.
Retained ICT roles & responsibilities	In addition to Xentrall, the Council has several roles that are devolved within Departments to provide the system administration role for line of business applications. Application support and PC budgets are also devolved.	In addition to the outsourced service, the Council has retained a Corporate ICT team to manage a Corporate ICT team to manage Northgate provide the systems administration function for both corporate and line of business application. There are no devolved system support resources or ICT budgets.
Service Desk	Xentrall manages a single service desk on behalf of the Council.	NIS manages the service desk on behalf of the Council.
Procurement	Full joint procurement through Xentrall. However, the decision	Single procurement route through NIS, with strong

	Darlington Borough Council	Hartlepool Borough Council
	to buy PCs remains with Departments.	centralised control of spend by the client ICT team.
Security Standards	Xentrall set the security standards and policing	Security standards set by ICT Team
Infrastructure	<p>Fully integrated infrastructure including computer room for both authorities</p> <ul style="list-style-type: none"> • FAT Client and full desktop capability • 2 x 100GB links between councils • 2 Telephony systems (DBC and SBC) • Self-service system for service desk • Intranet to serve both councils (Xentrall) • Broadband – BT • Based at Lingfield point 	<p>Outsourced infrastructure and network management – Northgate Information Services (NIS)</p> <ul style="list-style-type: none"> • Managed print services • Limited Citrix – FAT Client and full desktop • Joint Disaster Recovery arrangements with Housing services. • Broadband – NGFL.
Assets & refresh approach	<p>Xentrall is responsible for managing the asset register</p> <p>Assets owned by authorities</p> <p>No standard desktop refresh, as budget sits within services.</p> <p>Xentrall is responsible for infrastructure refresh within the service cost.</p>	<p>NIS is responsible for managing the asset register</p> <p>Software Licensing (Jointly Managed)</p> <p>Asset owned by NIS</p> <p>4 year refresh of desktop, and infrastructure refresh incorporated within the service cost.</p>
Location	Based at Lingfield Point	Based in Civic Centre

The key activities involved across both services are outlined below:

Darlington Borough Council (Xentrall)	Hartlepool Borough Council
<ul style="list-style-type: none"> • Project Management • Business analysis/customer support • Security (Technical and Information Management) • ITIL and other process standardisation frameworks • Service and network support 	<p>Council's responsibilities:</p> <ul style="list-style-type: none"> • Web support • Strategy development • Client and contract management • Information management • Project Management • Business analysis

<ul style="list-style-type: none"> • Service desk (Priority Based) • Procurement • Strategy development • Desktop build • Disaster Recovery • Application support • Application development • Web support and development • Telephony support 	<p>Northgate's responsibilities:</p> <ul style="list-style-type: none"> • Disaster Recovery • Desktop management • Application support • Application development • ITIL frameworks • Service and network support • Service desk • Telephony • Procurement
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Outlined below are the strategies currently underway across both authorities to change the current service and the architecture it supports:

Darlington Borough Council:

The overall ICT strategy is seeking to increase the level of standardisation across both authorities to reduce costs of service. Some of the specific initiatives underway are:

- Moving towards Thin Client
- Schools are being supported by the Education Village.
- Virtualised servers – Reducing server support overheads over two councils
- Joint printer rationalisation and joint procurement (included leasing arrangements)

Hartlepool Borough Council:

The contract with Northgate completes in 2013 which has presented a number of options which the council is considering:

- The re-procurement of ICT with a managed Revenues and Benefits service.
- The re-procurement of ICT until 2013 which is the end of the NIS contract.
- Increasing the level of standardisation across the council to reduce ICT costs
- Expanding desktop virtualisation
- Implementing Voice over IP (VOIP) telephony which will replace existing hard lines, utilise the network and reduce costs.
- Rationalising applications across the council to reduce licensing costs.

3.2.2 Baseline metrics

The scale of this operation is illustrated in the tables below:

Service Totals

	Darlington	Hartlepool
FTEs	34.8	40
Headcount	37	45
11/12 Gross Budget	3,368,339	3,281,010

Activity Analysis

	Darlington	Hartlepool
Number of Users	1,792	2,614
Number of Laptops / Tablets	356	634
Number of Desktops / Citrix	1,558	1,789

Key Ratios

	Darlington	Hartlepool
11/12 Average cost per ICT FTE	86,813	82,025
11/12 Cost per ICT User	1,880	1,255
11/12 Cost per ICT End User Device	1,760	1,354

Notes:

Darlington Borough Council:

- Number of users is based upon the number of accounts which have logged on within the last 30 days.
- The 11/12 gross budget includes licensing costs and the revenue stream for current technologies e.g. server virtualisation, new computer room, networks etc.
- To estimate the potential devolved departmental budgets for desktop refresh, we have assumed a cost at £355 per device with a four year life.
- An attempt has been made to create a comparison, other ICT costs do exist devolved in departments (for example, desktop procurement and application licensing), and therefore other costs are expected to exist.

Hartlepool Borough Council:

- FTEs includes 26 Northgate FTE's and 14 Corporate ICT HBC FTE's.
- Headcount includes 31 Northgate staff and 14 Corporate ICT staff, not all of the Northgate staff are dedicated to Hartlepool and operate across other contracts so this is probably an overstatement of the exact numbers but we essentially buy a service rather than a headcount from Northgate.
- 11/12 Gross budgets include £2,758,518 for Northgate fee and £522,492 for internal Corporate ICT Team.
- Infrastructure costs, application management and development costs and end-user computing costs are all included in the base contract with Northgate. The base fee paid to Northgate includes desktop managed service, tech refresh (which is for all infrastructure and desktops across the estate on a number of occasions over the life of the contract), managed print service, application development, infrastructure and server costs, first & second level support, change management, telephony, remote access, change management, security and firewalls, 3rd party liaison and asset management.
- Asset numbers include: Citrix - 270; Desktops - 1,519; Laptops - 466; Tablets - 168

3.3 Human Resources

3.3.1 Overview

The scope of HR covers the following activities:

- HR policy & strategy
- Workforce planning & org development
- Employee & Union relations
- Employee case management
- Training & development
- Project support (TUPE, redundancy, change mgt advice, etc)
- Advice to senior managers on workforce planning, development & change management
- Recruitment
- Employment checks
- Starters, leavers & contract changes
- Payroll and expenses
- Salary sacrifice
- Temporary placements / redeployment
- Employee & Manager helpdesk
- Management reporting: absences, equalities, attrition, etc

Outlined below is a profile of the Human Resources operation across both authorities:

	Darlington Borough Council	Hartlepool Borough Council
Service Provision	Provides all the services in scope of this opportunity	Provides all the services in scope of this opportunity
Organisation	In-house centralised function Expense processing (e.g. car mileage) is not undertaken by Payroll / HR, but sits within Finance.	In-house centralised function. Payroll is not managed within HR (although payroll costs have been analysed within this section)
Externalised Services	Transactional finance provided by Xentrall	In-house services provided, although their HR system is hosted by North Yorkshire Council
Services to other organisations	Schools	Schools & Fire Authority
Systems	Northgate SCT (Xentrall)	Northgate ResourceLink
Locations	HR professional staff are based in Darlington, while Xentrall staff are in Stockton.	Staff are based in Hartlepool in the same building.

Both authorities have a number of similar strategies underway which are described below:

- Service stability – Both services have undergone through a number of transformations and reductions in resources. Given the pressures on the function to support corporate transformations programmes, both services actively monitor and apply tactical improvements to ensure service continuity and stability.
- Self Service – A number of initiatives have been underway to provide self-service functionality to staff, this has been a particular priority by Xentrall and also a key reason for Hartlepool using the hosted Northgate Resourcelink solution.
- Collaboration – Actively seeking to identify areas for collaboration across a number of finance activities, building upon the experiences of previous collaborations.
- Service performance – Darlington highlighted that they see significant benefit in moving advisory HR into Xentrall, enabling Xentrall to have end-to-end responsibility for the service and resolve some current tensions that exist regarding hand-offs between the advisory and transactional teams.

3.3.2 Baseline metrics

The scale of this operation is illustrated in the tables below:

Service Totals

	Darlington	Hartlepool
FTEs	20.11	23.2
Headcount	20	24
11/12 Gross Budget	1,121,563	953,474

Other Key Statistics

	Darlington	Hartlepool
Total Number of Council Employees		
Headcount	2655	3440
FTEs	1933.52	1893

Activity Analysis

	Darlington	Hartlepool
Payroll		
FTEs	6.84	10.7
Headcount	8.5	11
Number of Payslips	58,380	65,424
11/12 Gross Budget	177,650	273,044

	Darlington	Hartlepool
Transactional (Excluding Schools)		
System (FTEs)	2.38	
Employment Contracts (FTEs)	3.64	
Recruitment (FTEs)	3	
11/12 Gross Budget	222,326	

Strategic/Advisory HR

	Darlington	Hartlepool
FTEs	17	13
11/12 Gross Budget	721,587	680,430

Key Ratios

	Darlington	Hartlepool
11/12 Average HR FTE cost	55,771	41,098
11/12 Council Headcount / HR FTE (exc schools)	133	143
11/12 Council payslips / payroll FTE	8,535	6,114

Notes:

Darlington Borough Council:

- Head count/FTE for Council employee excludes schools (headcount with schools is 4709 and FTE is 3297.90)
- The Advisory and Strategic HR Service is centralised under the Head of HR, so HR service cost is same as corporate HR.
- Transactional HR, including payroll services, is currently delivered via a shared service partnership with Stockton and DBC is not the lead employer for employees in the partnership, payroll employees work for SBC.
- The Information has been provided by the partnership but relates to the 20010/11 financial year (latest figs available for benchmarking purposes).

Hartlepool Borough Council:

- Payroll transactional activity also includes processing of expenses.

- Service totals include corporate HR as all HR services are centralised.
- Total Council employees exclude school employees (headcount - 2896 and FTE - 1562.93)
- The Payroll budget figures only represent staff costs less a proportion of the salary abatement targets.
- Currently, running costs, system costs and income between the Payroll and Creditors sections is not budgeted separately.

3.4 Finance

3.4.1 Overview

The scope of Finance covers the following services:

- Financial Management
- Financial Control
- Audit
- Governance & Decision Making
- Financial Assessments
- Financial Protection
- Section 151 role
- Financial Systems
- Transactional services
- Insurance
- Risk Management

Outlined below is a profile of the financial services operation across both authorities:

	Darlington Borough Council	Hartlepool Borough Council
Service Provision	Provides all the services in scope of this opportunity	Provides all the services in scope of this opportunity
Organisation	In-house centralised function	In-house centralised function
Externalised Services	Transactional finance provided by Xentrall	None
Services to other organisations	Schools	Schools Fire Authority
Systems	Agresso (Xentrall)	Integra
Locations	Staff are based out of 3 locations across Darlington	Staff are based out of 2 locations within the same building.

Both authorities have a number of similar strategies underway which are described below:

- Service stability – Both services have undergone through a number of transformations and reductions in resources. Given the pressures on the finance function to manage budgets and support corporate transformations programmes,

both services continuously monitor and apply tactical improvements to ensure service continuity and stability.

- Self Service – A number of initiatives have been underway to provide self-service functionality to staff (i.e. budget holders) to manage their budgets directly, building upon the investments made in the financial systems.
- Collaboration – Actively seeking to identify areas for collaboration across a number of finance activities, building upon the experiences of previous finance collaborations.

Above and beyond the above, Darlington Borough Council are pursuing the following additional strategies:

- Debtors review – Undertaking a detailed review of debtors to both improve the process and controls as well as identify areas of financial recovery.
- Procure to Pay – The end-to-end process review of the Procure to Pay process with the objective of streamlining activities, enhancing systems and delivering both financial and non-financial benefits. This is likely to be complete by September 2011.

3.4.2 Baseline metrics

We have defined finance by three key functions. The following illustrates the baseline activity, costs and resources associated with each of those functions:

Core Finance

Service Totals

	Darlington	Hartlepool
FTEs	42.99	52.9
Headcount	45	57
11/12 Gross Budget	£1,170,475	£1,641,000

Other Key Statistics

	Darlington	Hartlepool
11/12 Gross Council Budget (£m)	252	285

Key Ratios

	Darlington	Hartlepool
11/12 transactional productivity ((AR + AP)/FTE)	15,347	7,639
Cost of finance as % of Council budget	0.464%	0.576%
11/12 professional productivity (Council budget / FTE)	8,792,742	6,462,500

Financial assessments & protection

Service Totals

	Darlington	Hartlepool
FTEs	10.8	12.4
Headcount	12	12
11/12 Gross Budget	£ 272,393	£ 350,000

Other Key Statistics

	Darlington	Hartlepool
11/12 Gross Council Budget (£m)	252	285

Activity Analysis

	Darlington	Hartlepool
Financial Assessments (adult care)		
11/12 Gross Budget	177,245	225,000
FTEs	4.3	6.0
Headcount	5	6

	Darlington	Hartlepool
Financial Protection		
11/12 Gross Budget	104,969	
FTEs	4.0	
Headcount	5	

Internal audit and risk management

Service Totals

	Darlington	Hartlepool
FTEs	6.33	9
Headcount	8	9
11/12 Gross Budget	£ 267,848	£ 320,000

Other Key Statistics

	Darlington	Hartlepool
11/12 Gross Council Budget (£m)	252	285

Activity Analysis

	Darlington	Hartlepool
Internal Audit		
11/12 Gross Budget	177,245	225,000
FTEs	4.3	6.0
Headcount	5	6
No. of internal audit days	800	1,038

	Darlington	Hartlepool
Risk Management		
11/12 Gross Budget	90,603	95,000
FTEs	2.0	3.0
Headcount	3	3
Total cost of claims (FY 10/11)	419,100	843,000

Notes:

Darlington Borough Council:

- The transactional information is from Xentrall the partnership arrangement with Stockton to provide this service. Re insurance claims the figures for our main policy areas are Public liability £224K (101 claims), Motor £48.5k (22 claims) and employers liability £146.6k (13 claims).
- Transactional - all figures quoted are from CIPFA Benchmarking information 2010. With debtors, for instance, is as at 31 March 2010.
- Please note that the Xentrall Finance ICT systems and administration FTEs/Costs are included within the ICT baseline metrics as oppose to the Central Finance metrics which would make up much of the difference in costs and FTEs currently presented.

Hartlepool Borough Council:

- Professional and Advisory - This includes the team supporting our Financial Management System, the costs of the Section 151 officer and the services we provide to Cleveland Fire Authority and charge via a Service Level Agreement.
- Financial Assessments and Financial Protection - Hartlepool has an integrated team for these areas and information is not available to split cost between
- Transactional - This includes the services we provide to Cleveland Fire Authority and charge via a Service Level Agreement. Hartlepool aim to pay local suppliers (i.e., those with a Hartlepool post code) with 10 working days. The section is not part of the Finance Section and comes under the remit of the Chief Customer Services and Workforce Development Officer.
- Internal Audit - This includes the services provided to Cleveland Fire Authority and charge via a Service Level Agreement.
- Insurance claims - the figures for our main policy areas are Public liability £681K (207 claims), Motor £74k (114 claims) and employers liability £88 (8 claims)

3.5 Property Management

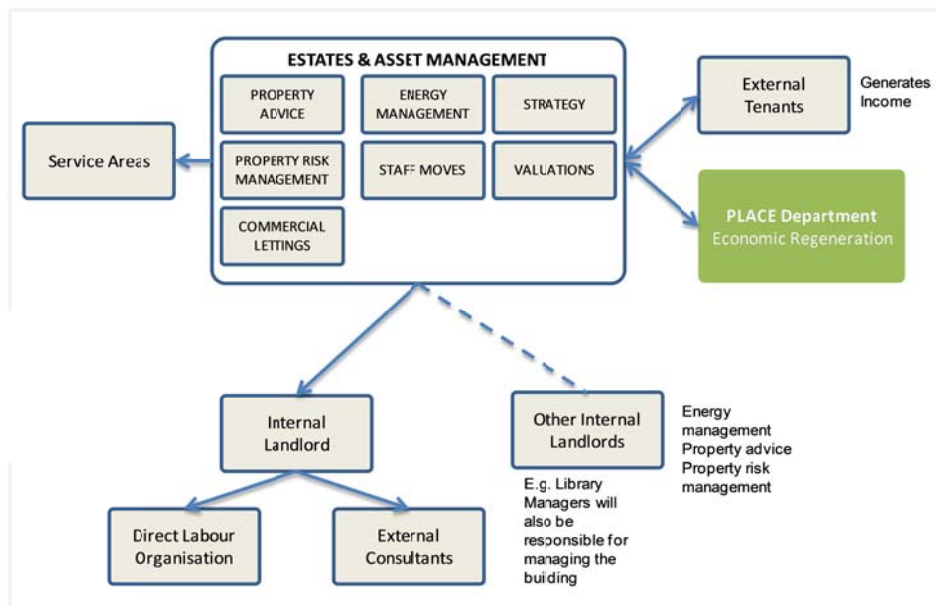
Within this section, we focus on the management of council owned properties. Please note that the delivery of facilities management services related to building works, building cleaning and catering is captured in the Environmental Opportunity Report.

The corporate property and facilities management service has slightly different roles and responsibilities in both authorities. This section will outline the role these services play within the respective authorities.

3.5.1 Darlington Borough Council

Darlington Borough Council operates a corporate service which is responsible for developing the estate strategy for the authority with input from services.

- Service areas predominately operate as the landlord to the properties which they operate within.
- The Corporate service provides a framework for services areas to operate within including applying regulations, providing property related advice and energy management services underpinned by the CAPS Uniform system.
- Some facilities management services are provided to council administrative buildings including premises officers, technicians a caretaker services.
- The delivery of building works is commissioned through a Direct Labour Organisation (DLO) and sometimes externally due to capacity or specialism reasons.



The key strategies currently in progress at the Council are:

- Property rationalisation/consolidation
- Implementing a Corporate Landlord approach to property management

- Delivering against an asset disposal plan
- Implementing a range of energy initiatives to reduce consumption and purchasing costs.

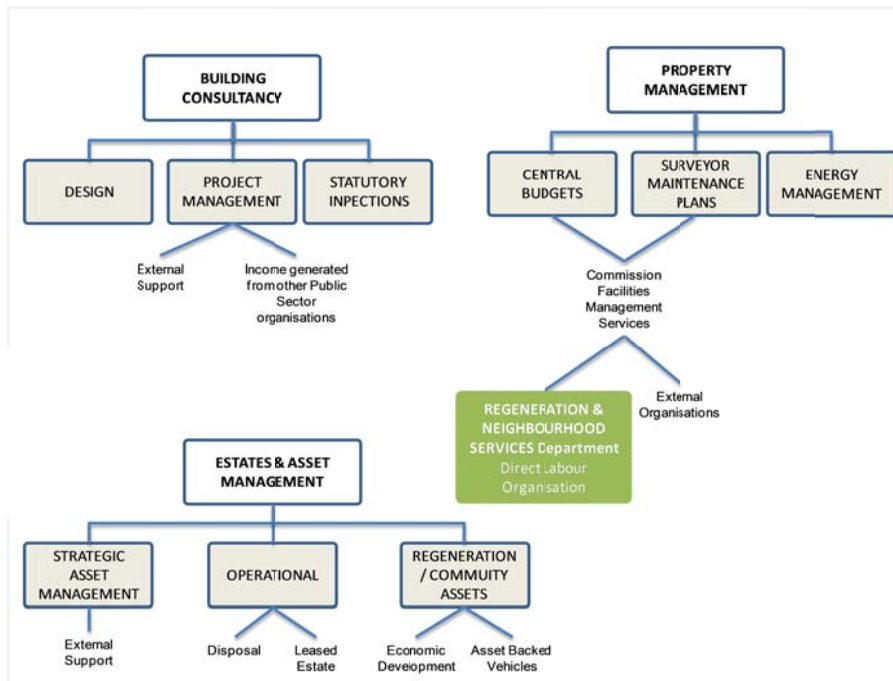
3.5.2 Hartlepool Borough Council

Property Management is a corporate service which holds the repairs and maintenance budgets centrally and commissions works through the Director Labour Organisation (DLO).

The Corporate service provides a framework for service areas to operate within including applying regulations, providing property related advice and energy management services underpinned by the Integra finance system.

The Building Consultancy is responsible for providing design, project management and inspection services to council owned buildings as well as other Public Sector organisations. This service is drawn upon based upon asset management plans as well as property requirements from service areas and other external organisations.

The Estates & Asset Management service is a dedicated function to support the property needs for schools. It operates its own property disposals and manages the leases across the schools estate. In addition to this, the service also manages community related assets on behalf of the authority linked to economic development strategies.



The following strategic initiatives are current underway at the Council:

- Property rationalisation/consolidation
- Releasing value from leased estate
- Implementing a range of energy initiatives to reduce consumption and purchasing costs.

- Seeking to transfer the running of properties to communities (e.g. through social enterprises)

3.5.3 Baseline metrics

The scale of this operation is illustrated in the tables below:

Service Totals

	Darlington	Hartlepool
FTEs	12.0	12.0
Headcount	12.0	12.0
11/12 Gross Budget	452,657	557,799

Other Key Statistics

Number of Buildings Managed	Darlington	Hartlepool
Council Buildings	119	107
Non-council buildings	32	21

Key Ratios

	Darlington	Hartlepool
11/12 Average cost per building	2,998	4,358

Notes:

Hartlepool Borough Council:

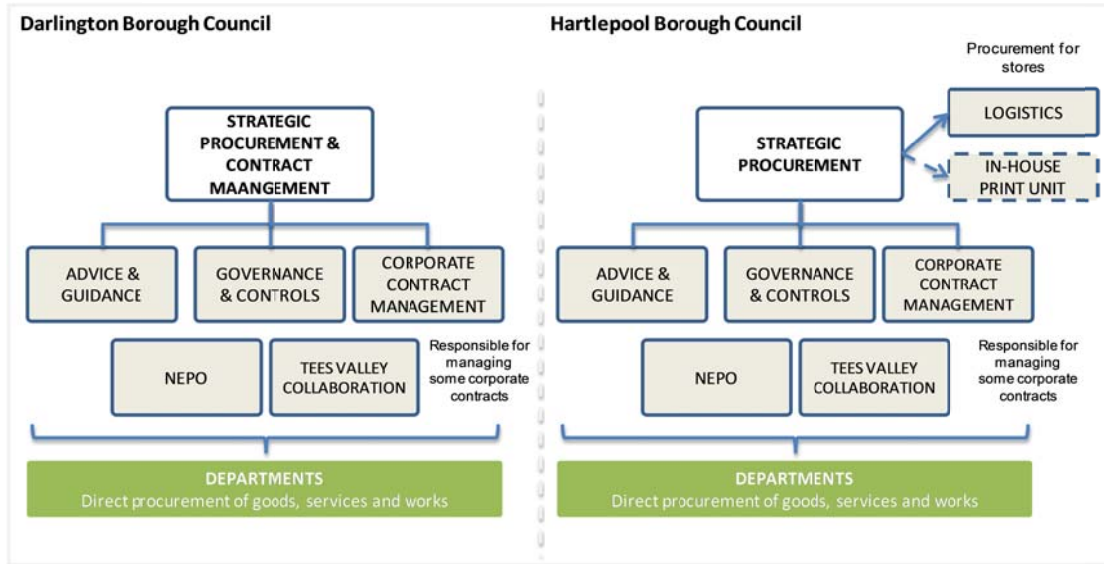
- The 12 headcount in the first section relates to Estates Management, Asset management planning, centralised property management, surveying and energy management.
- This excludes the figures related to Education Asset Management Team

3.6 Procurement

3.6.1 Overview

Both authorities operate a similar corporate procurement function that:

- Provides procurement advice and guidance to services areas across all departments.
- Procure and manage a number of corporate contracts on behalf of the authority.
- Develops the corporate procurement strategy which outlines the procurement activity over the medium term and includes the areas for savings.
- Is responsible for the enforcement of procurement procedure rules which includes the governance and levels of decision making.



Some of the differences are highlighted in the table below:

Darlington Borough Council	Hartlepool Borough Council
<ul style="list-style-type: none"> Provides more strategic procurement support and minimal procurement delivery. 	<ul style="list-style-type: none"> Organised in a business partner 'type' model where dedicated resources support the procurement needs of each department. The Council's Category Management approach has increased the level of challenge regarding external spend, both corporately and within Departments. Although only recently implemented, it is already perceived as being successful. Operates a logistics function which manages stores, plant and equipment. This operation external income. The service is also responsible for managing and traded printing and reprographics function for the authority.

3.6.2 Baseline metrics

The scale of this operation is illustrated in the tables below:

Service Totals

	Darlington	Hartlepool
FTEs	4.0	4.5
Headcount	4.0	4.5
11/12 Gross Budget	165,843	211,059

Activity Analysis

	Darlington	Hartlepool
Payroll		
Total Council Supplier Expenditure	92,706,582	101,454,298
Total Controllable Expenditure	49,796,030	53,846,692
No. of procurements	283	200
No. of contracts	53	51

Key Ratios

	Darlington	Hartlepool
11/12 Total Budget Cost per Procurement	586	1,055
11/12 Total Budget Cost per Contract	3,129	4,138

Notes:

Darlington Borough Council:

- The Total Council Supplier Expenditure is taken from the recent spend analysis exercise which identified all spend with suppliers for the last financial year.
- The controllable Expenditure relates to the spend which is currently under contract from either by completing a process as DBC or utilising pan government, regional or sub regional collaborative contracts. No of procurements relates to the processes currently logged which Corporate Procurement Unit (CPU) have put in place, taken part of given advice upon.
- The number of contracts relates to the outright number of contracts which fall under CPU to manage due to their corporate nature. However, this figure will only increase as the unit is accessed by many other council departments to give advice on contract management or sort out any contractual differences to a certain point.

Hartlepool Borough Council:

- The procurement team are also responsible for the Council's in-house printing and reprographics unit (printing staff are not included above but a relative small amount of management costs are included)
- The total controllable expenditure is £53,846,692 (This is the expenditure of all NEPO and TV contracts and HBC corporate contracts) HBC Procurement Unit do have some involvement within the tendering process but we do not have direct control over them). The number of these contracts is 51.
- Please note the Council Supplier Expenditure and Total Controllable Expenditure is based on 2009 /10.

3.7 Customer Services

3.7.1 Overview

Both local authorities operate a corporate customer service function with similar access channels and functionality, but with a different range of services and levels of fulfilment. The overview of these operations is illustrated below:

Darlington

Darlington’s customer service organisation is responsible for the following proportion of services, as follows:

Range of Services and Levels of Fulfilment	Service Info	Application	Assessment	Payment	Report	Booking
Abandoned / Untaxed Vehicles						N/A
Bulky Household Waste Collections						
Community Centres		N/A	N/A			
Concessionary Fares / Passes						N/A
Council Payments		N/A				N/A
Council Tax						N/A
Dog Warden Service		N/A	N/A			N/A
Environmental Health						N/A
Environmental Services (Fly-tipping, etc)		N/A		N/A		N/A
Fixed Penalty Notices						N/A
Highways						N/A
Horticulture		N/A		N/A		N/A
Housing Services						
Housing Benefits						N/A
Parking Services (Residential, Business & Concessionary)						N/A
Parking Services (PCNs)		N/A				N/A
Planning and Building Control						N/A
Refuse and Recycling						
Trade Waste						
Tees Valley In-work Support Services (External Service)				N/A		

	Service level delivered by Customer Services
	Delivered by service department

Notes:

- Darlington’s Customer Services are looking to integrate Blue Badge, Corporate Change of Address, CRB and Free School Meals into the service in the future.
- Housing Benefits: Applications are processed face-to-face with a benefits assessor.
- Council Tax: Processing of change of address, change of circumstance and payments are carried out where insistent.

Hartlepool

Hartlepool’s customer service organisation is now responsible for a significant proportion of services, as follows:

Range of Services and Levels of Fulfilment	Service Info	Application	Assessment	Payment	Report	Booking
Abandoned / Untaxed Vehicles						N/A
Blue Badge Scheme						N/A
Bulky Household Waste Collections						
Community Centres		N/A	N/A			
Corporate Change of Address Service			N/A	N/A		N/A
Concessionary Fares / Passes						N/A
Council Payments		N/A				N/A
Council Tax (<i>Service Desk and Telephone Payments</i>)						N/A
CRB Service						
Dog Warden Service		N/A	N/A			N/A
Environmental Services (Fly-tipping, etc)		N/A		N/A		N/A
Fixed Penalty Notices						N/A
Free School Meals						N/A
Highways		N/A		N/A		N/A
Horticulture		N/A		N/A		N/A
Housing Benefits (Service Desk)						N/A
Parking Services (Residential, Business & Concessionary)						N/A
Parking Services (PCNs)		N/A				N/A
Planning and Building Control						N/A
Refuse and Recycling						
Recruitment				N/A		N/A
Registrars						
Trade Waste						
Tees Valley In-work Support Services (External Service)				N/A		

	Service level delivered by Hartlepool Connect
	Delivered by service department

Notes:

- During 2011/12, the following services are going to be transferred to Hartlepool Connect: Allotment Service and Public Protection (including Pest Control, Air/Noise Pollution and Housing Disrepair).
- Blue Badge Scheme: Non-automatic assessment is undertaken by back office
- Abandoned / Untaxed Vehicles : Reclaim documentation handled by Hartlepool Connect

The authorities use different CRM systems and telephony networks to support these services. These are outlined below:

	Darlington Borough Council	Hartlepool Borough Council
CRM	Lagan	Onyx
Telephony	Telephony – Mixed (Siemens) and Voice over IP (VOIP)	Mainline telephony system

The key changes being tackled by the authorities include:

Darlington Borough Council

- Channel Migration Strategy – moving demand to more cost effective channels
- Golden number strategy – promoting a few highly publicised numbers.
- One and Done strategy – Invested heavily in moving more processing and fulfilment at the first point of contact which has resulted in looking to transfer access to more services into the customer service centre.

Hartlepool Borough Council

- The Registrars service access processes are be integrated with Customer Services

3.7.2 Baseline metrics

The scale of current operation is illustrated in the table below supported by performance charts.

Service Totals

	Darlington	Hartlepool
<i>FTEs</i>	21	16.1
<i>Headcount</i>	22	20
<i>11/12 Gross Budget</i>	535,242	530,316

Activity Analysis

	Darlington	Hartlepool
Face to Face		
<i>Number of sites</i>	1	1
<i>Number of visits</i>	56,601	84,273

Emails

<i>Volume of emails</i>	8,412	16,790
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Telephone/Emails

<i>Volume of incoming calls</i>	241,452	306,040
<i>% of calls handed off to services</i>	13%	14%

Notes:

Darlington Borough Council:

- FTE breakdown: Current FTE is 15.36 includes the 1 temp and 37hrs maternity leave cover. At the time of this report, there are currently 2.59 FTE of vacant posts. Management FTE is 3.05FTE. Current total current FTE is 18.4. Fully resourced will be 21.00.
- Volume of e-mails is the projected figure for the year.

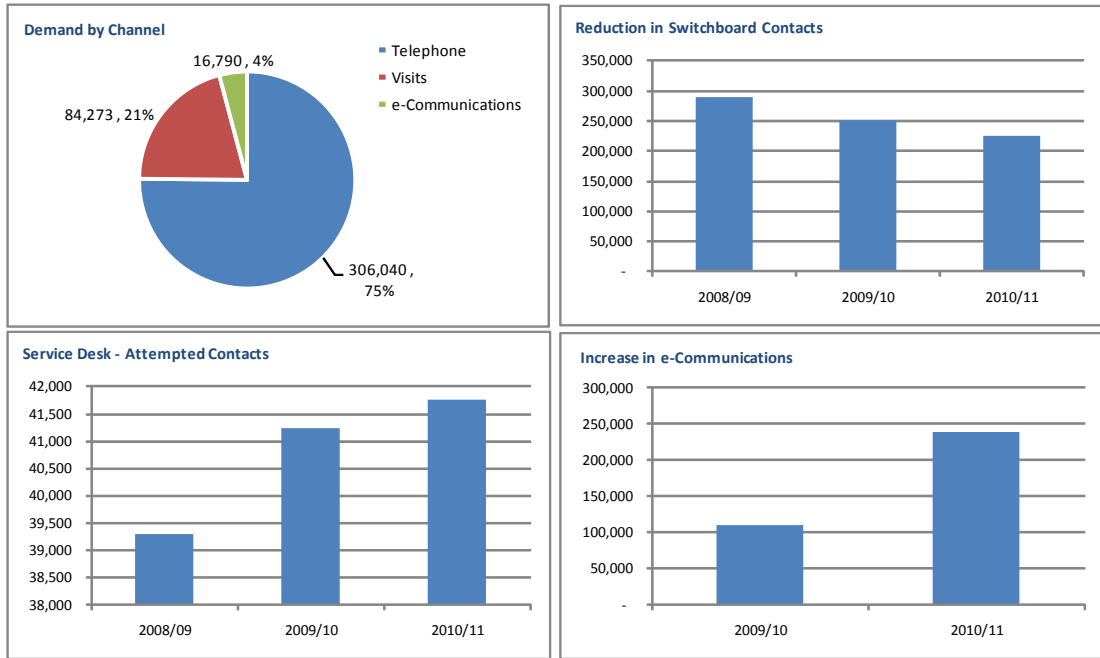
Hartlepool Borough Council:

- Separate line created for manager / team leaders
- Employee FTEs includes weekly casual / overtime FTE - 1.7
- Number of visitors is exclusive of Cash Office footfall, which does not form part of Hartlepool Connect (data can be provided if required)
- Channel FTEs does not include annual leave, breaks, sickness, training and development allowance
- Headcount per channel not recorded - multi-skilled team who hot-desk / shift channel based upon live customer demand

- Post is not handled by the Customer Service centre (Hartlepool Connect) (data can be provided if required). Post is handled by the department's Support Services function.

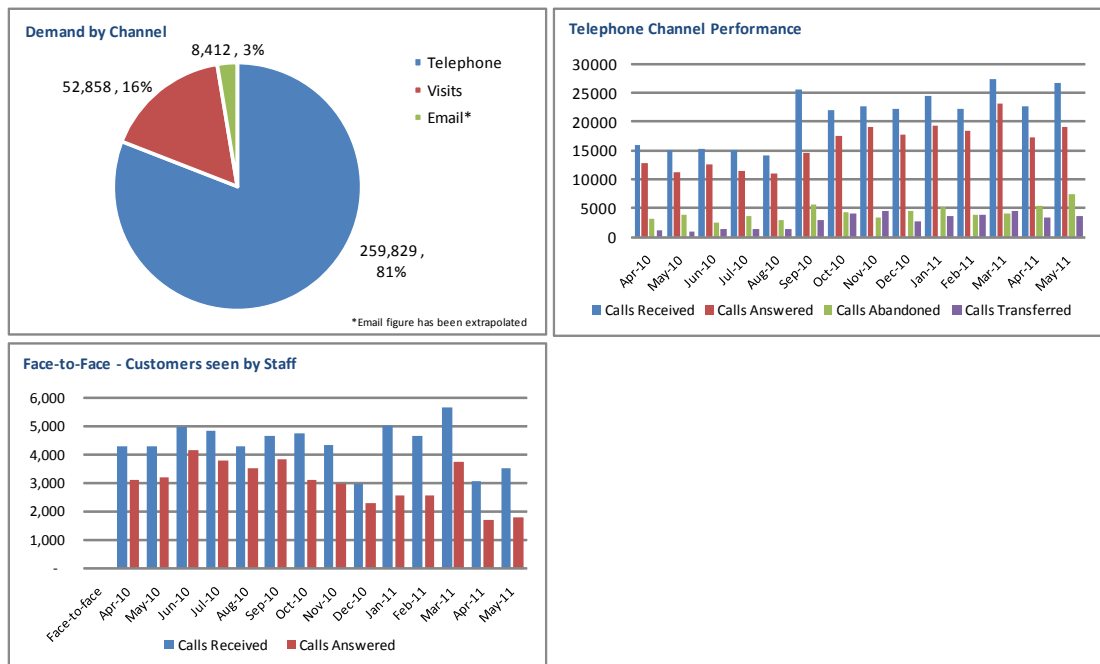
Given the range of performance management information that exists in this area, a selection of performance charts has been provided to illustrate an indication of service performance. Additional performance information can be provided if required.

Hartlepool Performance Information



Source: Hartlepool Connect - Annual Report 2010-11

Darlington Performance Information



Source: Darlington Management Information

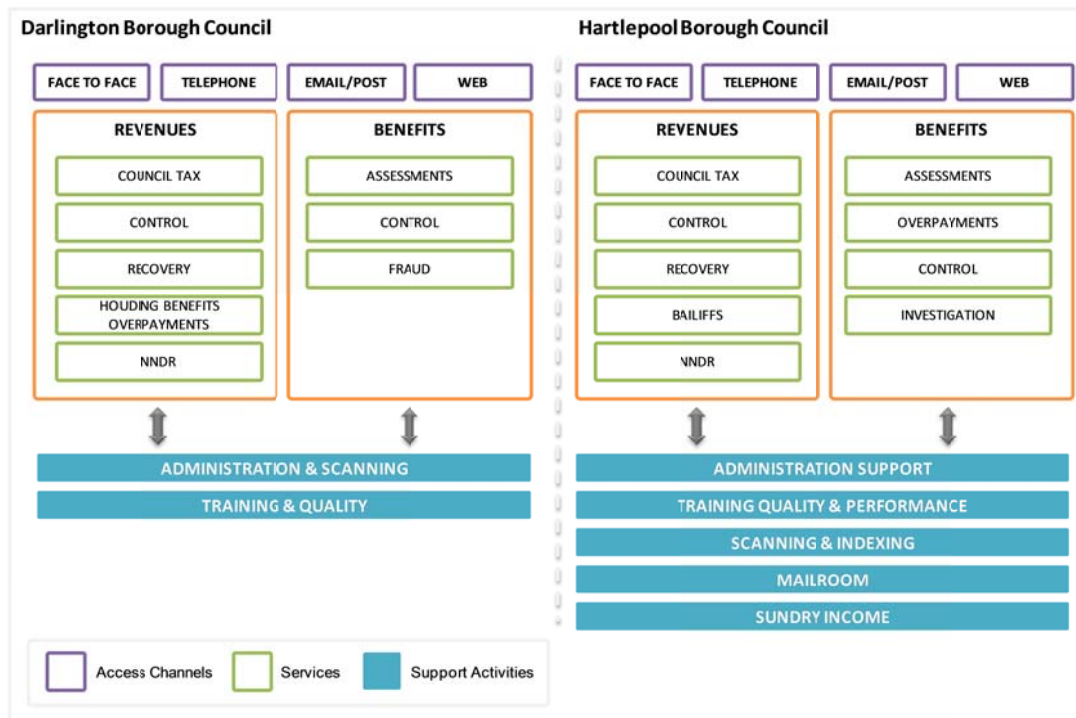
3.8 Revenues & Benefits

3.8.1 Overview

Both authorities provide a Revenues and Benefits service under a single management structure and organised into two distinct teams. Both authorities have transferred aspects of the customer access and support process to their respective customer service organisations. However, transactional processing and complex case management remains within the back-office function. The Councils support all access channels, although a significant proportion of contact remains face-to-face. Hartlepool have invested more in automated telephone and internet tools to reduce transactional costs.

Key differences in operating models of both authorities are illustrated in the table below:

	Darlington	Hartlepool
Revenues	The DBC customer service organisation can answer queries but does not process and undertake assessments. Complex queries are handed-off requests to Revenues.	Hartlepool Connect can answer queries but does not process and undertake assessments. Hartlepool Connect hands-off complex requests to Revenues.
Benefits	Face to face contact is done by benefits service	Hartlepool Connect hands off requests to Benefits.



Both authorities use different core systems and document management systems. These are outlined below:

	Darlington Borough Council	Hartlepool Borough Council
Core System	<p>Northgate iWorld</p> <p>Payment Line: To make a payment over the phone.</p> <p>Online payments can be made.</p>	<p>Northgate iWorld</p> <p>Inform Communications: Self service toolset, enables service users to make payments, set-up direct debits, notify of a change of address, apply for reduction of benefit via the phone and internet.</p>
Document Management	<p>Anite – Document Image Processing (DIP)</p>	<p>Eclipse – Electronic Document Records Management System (EDRMS)</p>

The strategic direction of these services is described below:

Darlington Borough Council:

- “One and Done” strategy – Invested heavily in moving more processing and fulfilment at the first point of contact. Resulting in limited ‘back-office’ resources/activities.

Hartlepool Borough Council:

Investment made improving self-service capabilities through the implementation of Inform Communications Self Service Toolset.

Additional efficiencies have been achieved from having administrative support for Revenues and Benefits from within a departmental staff pool.

Members are currently considering a number of options to reduce costs of service. These are:

- Outsource the service with ICT;
- Sharing the service with other local authorities;
- Further develop in-house service and improve first time resolution;
- Pursue a joint venture.

The number of collaborative opportunities with Darlington Borough Council will depend upon the outcome of this evaluation by the Council.

3.8.2 Baseline metrics

The scale of current operation is illustrated in the tables below which has been sourced from the annual CIPFA Benchmarking Club 2011 returns:

Revenues:

Service Totals

	Darlington	Hartlepool
FTEs	15.16	14.5
Headcount	0	0
11/12 Gross Budget	590,000	619,000

Other Key Statistics

	Darlington	Hartlepool
Total Banded Dwellings	48,435	42,059
Total Chargeable Dwellings	47,128	40,827

Activity Analysis

	Darlington	Hartlepool
Workload		
Number of Accounts by Band		
A	22,536	24,307
B	9,714	6,567
C	6,779	5,779
D	4,964	2,930
E	2,774	1,436
F	1,126	578
G	492	410
H	50	52

	Darlington	Hartlepool
Other Workload Measures		
Refunds	2,460	2,074
Insolvencies	87	171
Write-offs	167	821
FOI/Data Protection enquiries	550	15
Number of changes to Banding (inc. new properties and deletions)	560	706
Registered complaints/ombudsman inquiries referred	17	4
Inspections		
Number of inspections made in 2010/11	550	6,131

Billing & Recovery (2010/11)

	Darlington	Hartlepool
Number of annual bills	48,451	41,759
Number of new demands or amended bills	64,445	48,625
Total number of demands & adjustment notices	112,896	90,384

	Darlington	Hartlepool
Reviews		
Number of properties subject to review(s) of exemption & discounts	NA	581
Number of Review Reminders issued?	7,086	156

Rebates & Discounts

	Darlington	Hartlepool
100% rebated	8,586	10,396
CTB rebated < 100%	3,295	4,426
Sub-total rebates	11,881	14,822

	Darlington	Hartlepool
Reminders & Notices (2010/11)		
Reminders	26,611	15,624
Further Notices	10,407	-

	Darlington	Hartlepool
25% discounts*	17,771	16,014
50% discounts*	141	43
Disability reductions	232	356
Section 13a Discounts	-	-
Second homes	190	254
Long term empty	932	1,042
Sub-total discounts	19,266	17,709

	Darlington	Hartlepool
Enforcement Actions (2010/11)		
Summonses for non-payment	6,133	5,947
Liability orders granted	4,883	3,780
Summonses for non-supply of info	-	-
Attachment of earnings orders	1,064	752
Applications for DWP deductions	1,104	1,323
Referrals to bailiffs/collectors	2,654	1,061
Collection of penalty charges	-	-
Committal summonses	-	2
Committal orders - sentence suspended	-	6
Committal orders - sentence imposed	-	-
Arrest warrants obtained - with bail	-	5
Arrest warrants obtained - without bail	-	-
Charging orders	1	8
Statutory demands issued	-	-

	Darlington	Hartlepool
Total Rebates & Discounts	31,147	32,531

*Discounts: Excluding second homes and long term empty

Key Ratios

	Darlington	Hartlepool
Cost per Transaction (11/12 Gross Budget)/(Change of Circumstances + Reminders + Summonses)	£10.04	£8.42
Cost per Household (11/12 Gross Budget)/(No. of Households)	£19.03	£20.63

Benefits:

Service Totals

	Darlington	Hartlepool
FTEs	41.5	42.0
11/12 Gross Budget	1,680,000	1,568,000

Activity Analysis

	Darlington	Hartlepool
Claims Processing and CaseLoad		
Everyone receiving Housing Benefit:		
Rent Rebate		
IS/JSA(IB)/PC	361	
Non IS/JSA(IB)/PC	565	
Rent Allowance - HAs/RSLs		
IS/JSA(IB)/PC	171	661
Non IS/JSA(IB)/PC	200	768
Rent Allowance - Other private		
IS/JSA(IB)/PC	1,036	1,106
Non IS/JSA(IB)/PC	1,373	779
Everyone receiving Council Tax Benefit:		
IS/JSA(IB)/PC	1,196	1,920
Non IS/JSA(IB)/PC	2,661	2,332
Change of Events		
Everyone receiving Housing Benefit:		
Rent Rebate	5,628	-
Rent Allowance - HAs/RSLs	5,845	18,364
Rent Allowance - Other private	10,175	11,567
Everyone receiving Council Tax Benefit:	24,842	22,685

LA Subsidy (2010/11)

	Darlington	Hartlepool
Total Benefits Paid out		
Rent RebatesNon-HRA	122	
Rent RebatesHRA	11,530	
RentAllowances	23,031	42,713
Council TaxBenefit	8,660	12,925
Total Benefits Granted		
Rent RebatesNon-HRA	124	89
Rent RebatesHRA	11,639	
RentAllowances	23,085	42,850
Council TaxBenefit	10,197	14,888
Total Benefits Subsidy Claimed		
Rent RebatesNon-HRA	89	72
Rent RebatesHRA	11,528	
Rent RebatesHRA	22,696	42,502
Council TaxBenefit	8,725	13,069

Performance Measures (2010/11)

	Darlington	Hartlepool
NI 181 - Average time taken to process all new claims and change events in HB and C	5.79 days	10.57 days
Speed of processing new claims (days)	11.47	21.24
% of new claims outstanding over 50 days	-	0.04
% of new claims decided within 14 days	0.98	0.85
% of RA claims paid on time or within 7 days	na	96%
Speed of processing change events (days)	4.87	9.13
HB overpayments recovered as a % of overpayments identified	69%	86%
HB overpayments recovered as a % of overpayment debt outstanding	37%	68%
HB overpayments w/off as a % of overpayment debt outstanding	8%	15%

Key Ratios

Cost per Transaction (11/12 Gross Budget)/(New Claims + Change of Circumstances)
 Cost per Claimant (11/12 Gross Budget)/(No. of Claimants)

Darlington	Hartlepool
£31.35	£26.12
£130.55	£101.50

LHA Claims (2010/11)

Percentage of rent allowance claims of which are LHA.
 Percentage of LHA claims that are direct to Landlord.

57%	27%
29%	42%

Notes:

11/12 gross budget does not account for reductions in post that will occur as part of existing savings targets.

3.9 Registrars

3.9.1 Overview

The Registrars function is responsible for processing transactions such as Births, Marriages, Civil Partnerships, and Deaths. In order to estimate the potential cost savings of combining the two councils' services into an integrated service, the unit cost of processing these transactions has been assessed. The table below shows that whilst Darlington has a larger team and operational budget, the council processes significantly more transactions which results in a lower unit cost.

	Transactions ¹	11/12 Gross Budget	Cost per User
Darlington	5,262	183,589	35/Transaction
Hartlepool	2,263	155,488	69/Transaction

1) Transactions are the combined volume of Births, Marriages, Civil Partnerships, and Deaths.

3.9.2 Scale of Operation

Service Totals

	Darlington	Hartlepool
FTEs	4	3
Headcount	5	4
11/12 Gross Budget	183,589	155,488

Activity Analysis

	Darlington	Hartlepool
No. of sites	1	1
No. of Births	2,377	1,066
No. of Marriages	1,377	167
No. of Deaths	1,508	1,030

Key Ratios

	Darlington	Hartlepool
Cost per Transaction (11/12 Gross Budget)/(Births + Marriages + Deaths)	£35	£69

Notes:

Darlington Borough Council:

- Notices of Marriages/Civil Partnerships are included in the 'No. of Marriages' line; these include 780 Notices per annum.

Hartlepool Borough Council:

- Support for the service is provided via the CEX Dept Support Services Section. Approximately 2.7 full-time equivalent staff provide support although this is currently under review.
- Budget - Pay £120,757; Non-Pay £34,731; Income £133,757.

3.10 Public Relations, Marketing and Communications

3.10.1 Overview

The scope of this service covers the following activities:

- Press releases
- Handling of corporate complaints
- Responding to Freedom of Information requests
- Marketing strategy, plans delivering campaigns
- Publishing formal communications (incl. magazines)
- Public Relations, marketing and communications activities are dispersed across a number of service areas and is typically part of a role within a department.

3.10.2 Scale of Operation

The scale of this operation is illustrated in the tables below:

Service Totals

	Darlington	Hartlepool
FTEs	2.8	3.0
Headcount	5	3
11/12 Gross Budget	£313,727	£224,000

Activity Analysis

	Darlington	Hartlepool
No. of Press Releases	650	550
No. of Corporate Complaints	532	77
No. of FOI Requests	593	548

Key Ratios

	Darlington	Hartlepool
Cost per Transaction (11/12 Gross Budget)/(Press Releases + Corporate Complaints + FOI Requests)	£177	£191

Notes:

Darlington Borough Council:

- The FOI/Corporate Complaints figures provided are from previous financial year (2010/11). These requests/complaints are managed through the Customer Information & Insight Team.
- The PR budget includes staffing, design, print and distribution of a monthly residents' magazine and a monthly staff magazine. In addition, 1 temporary full time member of staff is employed until March 2012.
- Marketing provision is in a state of transition; the function has been devolved across a number of teams – primarily Cultural and Children's Services. Staffing reductions have impacted greatly on this area with 1 full time officer (in addition to above staffing data) remaining in Cultural Services by end of financial year. Other duties are devolved across a number of individual staff roles (similar to Hartlepool) with a view that these activities will be centralised through the existing Corporate Communications Unit in the near future.
- Direct external communication (12 magazines for residents each year). Formal internal communication (12 staff magazines; 12 All Staff Briefings; twice-weekly all staff e-mail). A new Communications Strategy will review this current level of activity.
- Marketing campaigns tend to be driven by external funding – including Making Waste Work (a one year long campaign to persuade residents to undertake household recycling), Local Motion (Darlington Cycle Town Initiative), Tees Valley Bus Network Improvement project (Tees Valley Communications Group are working collaboratively to assist operational officers).

Hartlepool Borough Council:

- The PR budget includes costs for the production of the council magazine - 4 times per year and the council all staff newsletter (10 per year).

- Corporate complaints are handled in the performance team and FOI through legal; the above figures relate to the last financial year.
- Marketing is devolved throughout the council in specific service areas, largely though not exclusively through tourism and leisure teams but with elements included across all service areas.
- A very rough assessment would suggest up to 4 or 5 FTEs across the council but this is likely to be spread over 30 or 40 staff who have a role to play through their day to day work.
- There is no information on the number of marketing campaigns run each year held centrally over the authority. The same is true for communications.

3.11 Policy & Performance

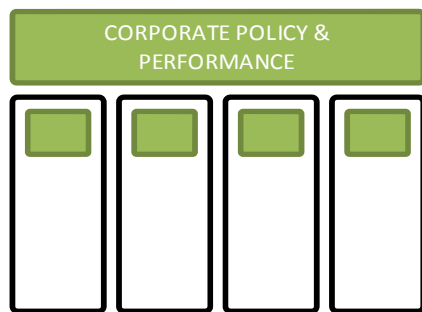
3.11.1 Overview

The scope of this opportunity covers two key areas:

- Corporate policy and performance activities
- Service-based policy and performance monitoring and reporting

It should be noted that the policy element for the Place and Regeneration and Neighbourhood Services department in both authorities is covered in the Regeneration, Regulatory, Planning and Infrastructure.

The policy and performance activities are integral to the service and the authority as a whole delivering against its plan and responding to changes in the local area and nationally. Many of these functions exist in different models with the predominate roles being:



Corporate policy and performance function:

Responsible for developing corporate policy such as corporate plans and collect and report upon corporate performance indicators to Chief Officers and Members.

Service-Based policy and performance function;

Departmental / service-based policy and performance functions who are dedicated to formulating policy for the service area and

monitoring and reporting against performance.

Structurally, these policy and performance models exist in different places in both organisations, with its primary purpose being to support the service and the authority as a whole.

3.11.2 Scale of Operation

Service Totals

	Darlington	Hartlepool
FTEs	5.3	6.0
Headcount	6.0	
11/12 Gross Budget	204,000	260,000

Notes:

Darlington Borough Council:

- The DBC data is drawn from the following teams:

- Resources (Customer Insight) 5.25 FTE, 6 staff, £204k budget
- People - 11.85 FTE's, 13 people £474k budget (please note that this is covered in the Regeneration, Regulatory, Planning and Infrastructure cluster)
- Place - 3 FTE, 3 staff, £123k budget.FOI/Corporate Complaint (Please note that this is covered within Adult Social Care & Health and Children and Young People clusters)

Hartlepool Borough Council:

- HBC does not have separate policy and performance teams. The central team that deals with these issues combines Policy, performance, partnerships (including the LSP) consultation and complaints and risk. In addition to the central team there are staff in departments directly involved in these areas. The central team to cover the scope identified here is comprised of 6FTEs across the scope of services identified at a staffing cost of approximately £260K.

3.12 Legal

3.12.1 Overview

Both authorities operate a similar Legal services function which has the following characteristics:

	Darlington Borough Council	Hartlepool Borough Council
Organisation	<p>Provides legal advice and representation on all areas of Local Government Law.</p> <p>Primary Focus:</p> <ul style="list-style-type: none"> ● Land & Property ● Litigation ● Child Care 	<p>Legal and advice to all departments</p> <p>Areas of focus are:</p> <ul style="list-style-type: none"> ● Personal services – Education, Social Care Law ● Litigation ● Environment & Development ●
Systems	<p>Agresso (Finance)</p> <p>In-House Time Recording</p> <p>Books and Publication</p>	<p>Icclipse (EDRMS) – Document/Case management system</p> <p>Books and Publications</p>

Some similarities between both Legal services are:

- In-house service supporting the legal requirements of all departments
- Some use of external lawyers to draw upon particular expertise/specialisms using frameworks (Tees Valley)
- Locums are also sourced from the market to supplement capacity of the Legal function when there are peaks in demand.
- There are statutory roles (e.g. Monitoring Officer and Returning Officer) which both authorities resource.
- Both services generate a level of income by providing legal support to schools, support for planning agreements and land charges.

- Members continuously rely on the legal advice from the internal service to support in their decision-making which includes regular attendance at committees.

The authorities do have a number of strategies that are impacting on the current service:

Darlington Borough Council:

- The service is continuously looking to deliver the current service more efficiently
- As part of the corporate cost reduction initiatives, the service has been reducing its costs of service whilst providing service stability.

Hartlepool Borough Council:

- A range of improvements have been delivered through the corporate Business Transformation Programme
- Shared services options are also being actively explored

3.12.2 Scale of Operation

The scale of this operation is illustrated in the tables below:

Service Totals

	Darlington	Hartlepool
FTEs	14.8	11
Headcount	16	13
11/12 Gross Budget	£650,000	£546,355

Activity Analysis

	Darlington	Hartlepool
Total Caseload (FY 10/11)	845	604
External Expenditure		
Cost of Locum	34,916	£39,000
Cost of specialist legal advice	176,698	£18,519

Key Ratios

	Darlington	Hartlepool
11/12 Average Cost per FTE	43,919	49,669
11/12 FTE productivity (Case / FTE)	57	55

Notes:

Darlington Borough Council:

- Budget, this excludes Land Charges. The land charges gross budget is £5998. Locum costs include, covering for contract Lawyer, after they left last year and maternity absence.
- Specialist legal advice includes both external law firms (includes equal pay work) and counsel, for the year 09/10.
- Note for 10/11 the cost is likely to be greater.

Hartlepool Borough Council:

- Headcount figure = 1 part time permanent member of staff and 1 part time locum and does not include staff in Registration, Members and Elections who do not provide legal services but are part of the Legal Division since business transformation April 2010.
- 11/12 Budget is based on Legal Services budget and does not include Registration, Members and Elections staff
- Locum cost is based on last year's figure but locum is only anticipated to work 3-6 months of 11/12 as opposed to 12 months in 10/11.
- Other costs based on cost of Building Schools for the Future cost at August 2010/8/10 where expert advice/call off work given to Ward Hadaway under Tees Valley Lawyers Framework agreement.
- Other specialist legal advice costs will be purchased directly by the departments which may not be captured in the analysis above. The resources and costs will also include the costs for support to the Fire Authority. Budget also includes the monitoring officer role.

3.13 Democratic services

3.13.1 Overview

Democratic Services is a key support function for Members in both authorities and any form of collaboration will need to ensure that this support is not compromised but enhanced. Through the discussions with officers at both councils, it was agreed that this function should not be converged, although it may be managed within a single overarching management structure.

3.13.2 Scale of Operation

Service Totals

	Darlington	Hartlepool
FTEs	9	9
Headcount	10	9
11/12 Gross Budget	318,516	370,000

Activity Analysis

	Darlington	Hartlepool
Number of members	53	48

Key Ratios

	Darlington	Hartlepool
Cost per Member (11/12 Gross Budget)/(Number of Members)	£6,010	£7,708

Notes:

Darlington Borough Council:

- Budget for staffing includes Elections and Electoral registration; Scrutiny; Mayoral and Members Support and Members Training and Development; and Education Appeals Panels. All of these areas are undertaken by one Team.
- Includes elections team

Hartlepool Borough Council:

- The above figures include scrutiny; headcount of 5 in Democratic Services and 4 in Scrutiny.
- There are approximately 450 meetings per year of cabinet, portfolios, scrutiny forums, and other associated committees.
- The number of members includes the mayor and is to reduce to 33 (34 including the mayor) from 2012. The budgets identified include all costs of running these services including printing training etc.
- Does not include elections

4 Potential opportunities and operating model

4.1 Overview of the potential benefits

The integration of back-office and corporate functions is becoming more prevalent across local government. Building on the shared services model adopted in the private sector for ICT, Finance, Property, Procurement and HR, local authorities have extended this approach to include other functions (such as legal, policy, etc). The most radical example of this approach exists within the partnership between Cambridgeshire County Council and Nottinghamshire County Council who have created 'LGSS' to run all their corporate functions, under the direction of a joint committee, with shared statutory roles (e.g., Section 151 officer).

Through the evaluation of each function there does appear to be material benefit from consolidating these functions, as shown below. The level of saving and the structure of such an integration (explained later in this section), is dependent upon full scale service integration across other departments between both authorities. Any deviation from this assumption will reduce the scale of savings identified and the effectiveness of the functions in scope of this report.

Service Area	Darlington baseline spend (00,000s)	Hartlepool baseline spend (00,000s)	Total Addressable Budget (00,000s)	Potential Cost Saving Range		Potential Saving as %	
				Low	High	Low	High
HR	£1,121,563	£953,474	£2,075,037	£370,000	£460,000	18%	22%
ICT	£3,368,339	£3,281,010	£6,649,349	£250,000	£900,000	4%	14%
Policy & Performance	£204,000	£260,000	£464,000	£40,000	£40,000	9%	9%
PR & Communications	£313,727	£224,000	£537,727	n/a	n/a		
Customer Services	£535,242	£530,316	£1,065,558	£0	£100,000	0%	9%
Revenues & Benefits	£2,270,000	£2,187,000	£4,457,000	£190,000	£280,000	4%	6%
Finance	£1,170,475	£1,641,000	£2,811,475	£320,000	£400,000	11%	14%
Financial Assessments	£272,393	£350,000	£622,393	£25,000	£30,000	4%	5%
Internal Audit & Risk Mgt	£267,848	£320,000	£587,848	£30,000	£50,000	5%	9%
Procurement	£165,843	£211,059	£376,902	£50,000	£90,000	13%	24%
Property & FM	£452,657	£557,799	£1,010,456	£140,000	£170,000	14%	17%
Legal	£650,000	£546,355	£1,196,355	£120,000	£170,000	10%	14%
Registrars	£183,589	£155,488	£339,077	£25,000	£30,000	7%	9%
<i>Democratic Services</i>	£318,516	£370,000	£688,516	£70,000	£100,000	10%	15%
Total	£11,294,192	£11,587,501	£22,881,693	£1,630,000	£2,820,000	7%	12%

In some instances, when evaluating the potential for savings we have used benchmarks or known market sounding results. We believe that although each authority attempt to adopt a service design and resourcing model, within combining the total demand and resources of the two authorities, such rationalisation could well lead to the services becoming unsustainable. Most of the services, including HR and Finance, are already small in size and reductions of the scale highlighted above are unlikely to practical without consolidation.

In addition, in our analysis, we have made reference to Xentrall being a potential delivery model for shared Finance, HR and ICT. However, not only would this require consultation with Stockton Borough Council, but we would also propose that consideration be given to the engaging with the private sector to invest and support Xentrall. Whether through outsourcing or a joint venture, Xentrall will need new capital and on-going financial support and expertise to drive out the level of savings estimated. Such savings have been achieved by other authorities with a similar relative baseline. The benefit of private

sector involvement could be smooth investment costs and, therefore, achieve net cash savings more urgently.

Finally, a further issue that must be considered is the proposed outsourcing procurement by Hartlepool of ICT and revenues & benefits. ICT is a core component of the architecture for merged services. Meanwhile, the exclusion of both ICT and revenues & benefits would significantly impact on the financial case. With this in mind, we would recommend that Hartlepool consider a procurement strategy that:

- Enables Darlington and other Tees Valley authorities, including Stockton, to join the procurement process. This could enable the potential Xentrall solution to be tested against the private sector.
- Provides the opportunity for customer services to be included in the potential scope, to enable Darlington's more integrated customer access and revenues & benefits operating model to be transferred into a potential outsourcing model en masse.
- Ensure that each functional area to be individually appraised, by using Lots. In other words, there may be an ICT lot, and also a 'customer service and revenues & benefits' lot. This would enable the two solutions (shared services versus outsourcing) to be taken forwards in parallel until the results of the procurement emerge and can be compared with a public sector comparator (e.g., by Xentrall).

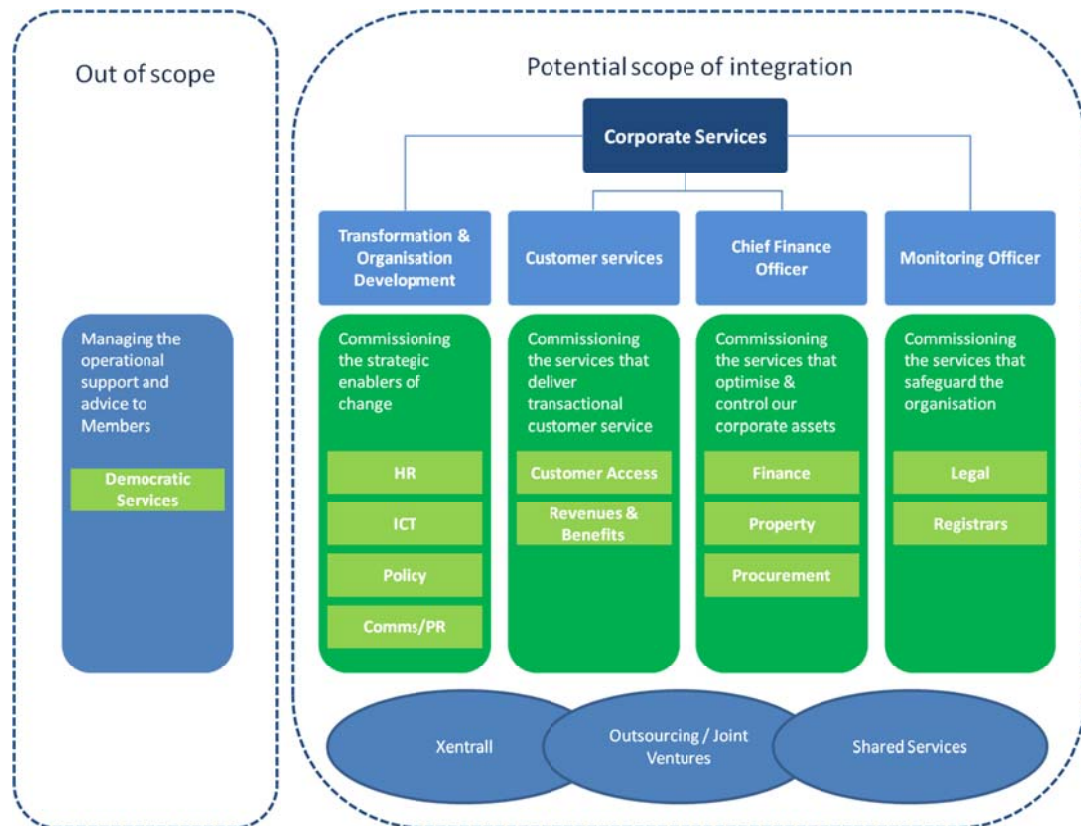
4.2 Potential strategic operating model

If these elements are considered in-scope for integration, a potential design of the combined functions would need to be defined, with functions being clustered around a new combined management structure. The following potential logic could be used to characterise the new structure reporting to Director of Corporate Services:

- Organisation development and transformation - functions that enable wider organisation integration should be clustered. These functions provide the core infrastructure for collaboration and enable harmonisation across the authorities. These functions would typically be Human Resources (to harmonise pay, terms and conditions, cultural alignment and the performance framework); ICT (to harmonise the systems, architecture, process and data aspects of the converged operations); Policy (to enable the case for standardisation and harmonisation, at an operational level and resolve potential tensions at a strategic level); Communications (to provide a common voice to staff and the public regarding the changes taking place).
- Customer Access and Support – creating a common route for customers to access converged services, and enable the integration of the linked functions (such as revenues and benefits with customer services) for operational optimisation, and also to explore market testing.
- Finance & Assets – to create a common vehicle to manage the cash and physical assets that are being used by the two authorities, and to report and account for assets and liabilities appropriately for each Council and their communities accurately and transparently.

- Legal – to create an integrated function that protects both authorities, and supports the effectively delivery of Registry functions in a more cost effective way to customers.
- Democratic services would be deemed to be out of scope, providing specific support to the Members and democratic processes for each Council. However, some savings have been anticipated through harmonising the approach to Member support which is not dependent on ‘integration’. Given this is out of scope at present, they may still be part of collaboration, in some shape or form, if deemed appropriate.

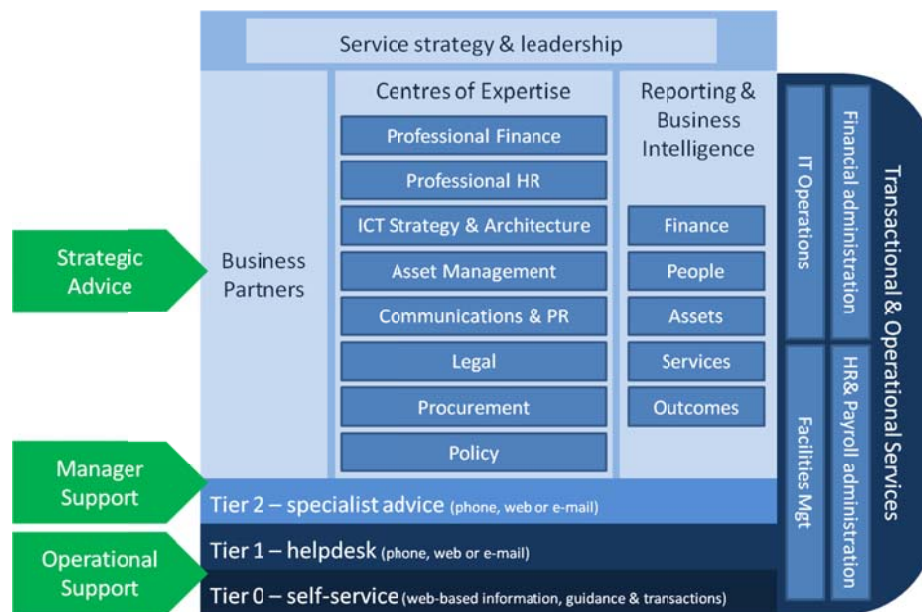
Based on the above rationale, the following clustering of functions could be adopted. Given that this is analysis is only at an initial feasibility stage, the diagram below should not be interpreted as a structure chart, as further detailed design and analysis will be required going forward to determine the spans of control and grade mix required to deliver the scope of such an integrated model.



When considering the operating model for many of internal support functions (specifically, ICT, Finance, HR, Legal, Property, and Procurement), we would propose the adoption of a common operational design, comprising of four integrated elements which are mutually reliant on each other in terms of systems, processes, expertise and data:

- Advice, access and support – this usually combines the role of business partners for strategic advisors to senior managers and chief officers

- Centres of Expertise – these professional functions focus on mitigating the organisation’s exposure to risk, providing specialist support and expertise to departments on a day to day basis, and also supporting major projects;
- Transactional and operational services – these are the core functions that keep the organisation working, such as paying staff, processing invoices, keeping the IT environment working and cleaning/maintaining buildings;
- Reporting and business intelligence – collating and managing data, formulating reports and value added information, and distributing management information for use by managers, centres of expertise and business partners.
- This model assumes that both organisation delivers full organisational integration. If certain services are integrating in different ways, the support service model/structure illustrated above will be different.



The following sections are based on the above operating model, and assume that each core function (such as finance, HR, process, asset management / FM, etc) would be delivered to each authority using a common process, system, expertise and data model.

4.3 Information, Communication and Technology (ICT)

Vision

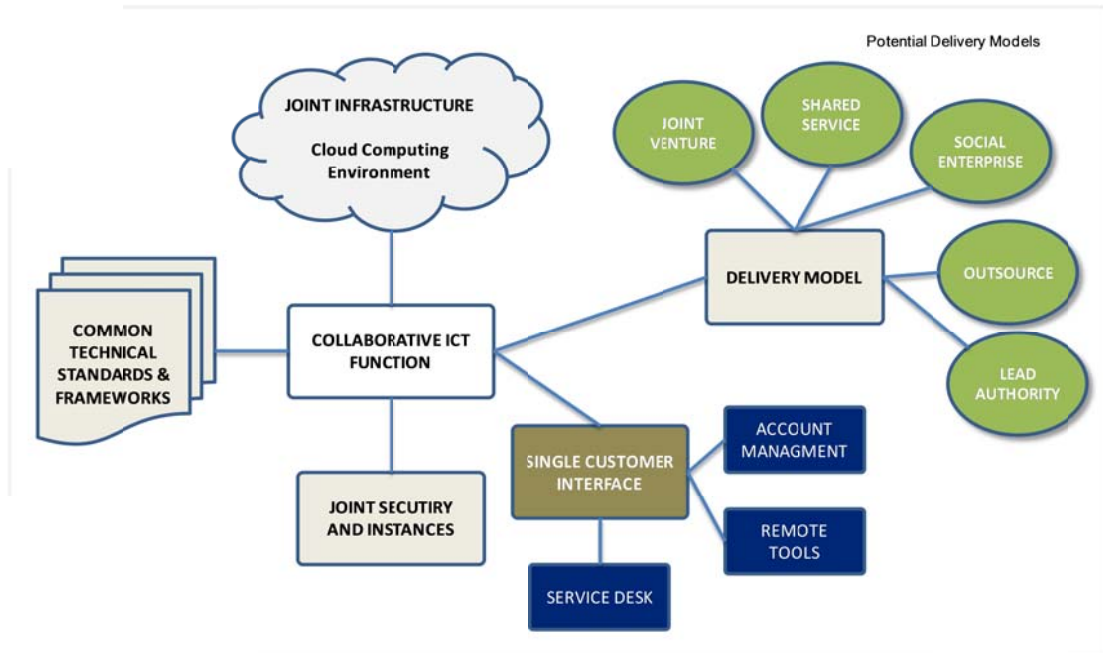
At the heart of modern local government is the technical, systems, process and data infrastructure that supports it. In order for strategic collaboration to become a reality for the two Councils, it is key that they have a common ICT architecture and delivery model. If IT is out of scope, it is difficult to see how major service integration can be achieved in a practical, operational way. Until corporate and front line services across both authorities converge on to common system, operational teams and managers will have to continue to work independently, using their own local systems and management information.

With this in mind, the aim should be to deliver an IT vision for the two organisations over the coming three years, which realises the benefits of shared services through improved

use of technology, while also reducing ICT costs, through consolidation and standardisation. In the short term, Hartlepool’s existing outsourcing contract for IT services will need to be maintained until 2013, while Darlington have a shared service arrangement with Stockton Borough Council.

The proposal is that, subject to discussions with Stockton Borough Council, the three Councils would work together to shape an IT vision and convergence roadmap. It may be that either the existing Xentrall shared service is used as the delivery vehicle, or it may be decided that a joint venture is brokered with the private sector to support the upfront investment in technology, in order to accelerate the convergence process. The evaluation of delivery model will need to be explored, in partnership with Stockton and Xentrall, in more detail.

It is expected that ‘Cloud computing’ will be a core part of the architecture, reducing capital costs and providing greater resilience within the service. The diagram below reflects the key components of the vision:



	Short Term	From 2013 onwards
Policy	<ul style="list-style-type: none"> • A single ICT vision and strategy will be developed, underpinned by a costed roadmap for investment. • Technical and security strategies will be aligned, supported by business impact assessment. • Common defined customer service standards will be shaped 	<ul style="list-style-type: none"> • ICT Strategy and Policy will continue to be revised, to reflect changes in the ICT market, continually improve productivity and reduce costs.

	Short Term	From 2013 onwards
Management	It is proposed that both Darlington and Hartlepool ICT functions are merged within Xentrall. This will enable the development of a common ICT vision for the authorities. Subject to agreement with Stockton	The operational management of ICT service delivery will be aligned, following the end of Hartlepool's existing outsourcing contract. A range of delivery models will be explored jointly.
Commissioning	The current arrangements will remain, due to existing contractual commitments until 2018, although Xentrall could pursue an outsource or Joint Venture approach with Hartlepool sooner, if Stockton supported the proposal.	<ul style="list-style-type: none"> • Single route for ICT procurement • Adoption of common delivery models for the authorities • A range of delivery options are available
Delivery	Existing arrangements will continue although existing client functions, such as 'project management' and 'business analysis' capabilities will be shared.	<ul style="list-style-type: none"> • Single service desk • Some on-site support • Combined project management resource • Integrated telephony network, support and development • Common business applications
Assets	In the short term, due to existing contractual commitments, assets will remain within the control of existing delivery partners.	While assets will continue to be reported on each authority's balance sheet, the new ICT architecture will facilitate a combined and standardised infrastructure. The convergence to common corporate systems will occur in alignment with wider shared service business cases.

Potential benefits

As ICT will be critical to organisational integration, the key principle of a common ICT strategy will be the convergence onto single applications to drive down ICT costs and enable greater opportunities for service integration.

Hartlepool is currently planning to go out to market and retender their existing outsourcing contract. From their soft market testing process, they are anticipating a saving of approximately £700k per annum. We have not counted HBC’s anticipated saving of £700k within the overall saving calculated as this has been already budgeted.

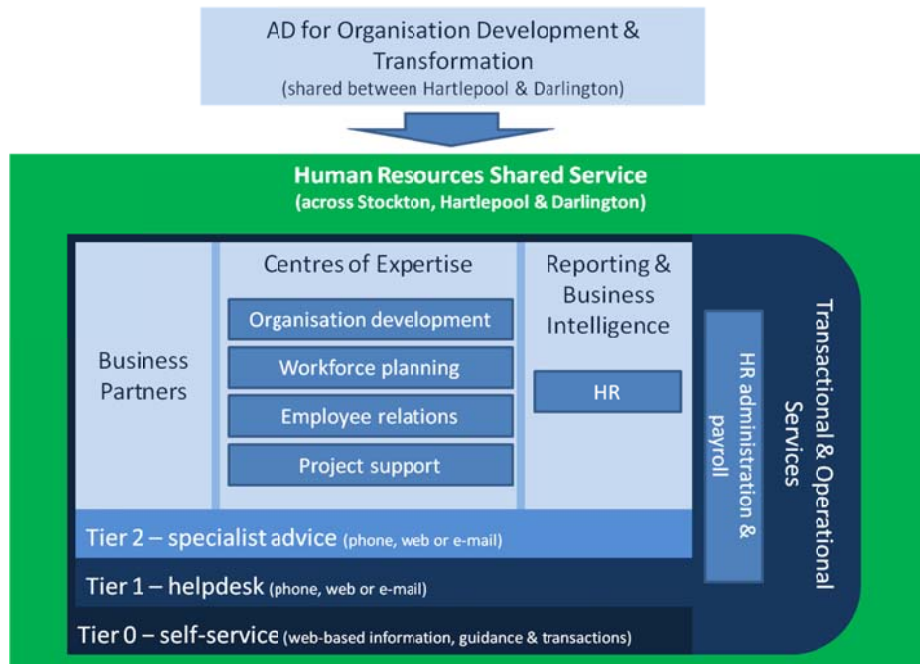
Based on the current unit cost per user, if Darlington were adopt Hartlepool’s current delivery and cost model, a potential saving of £250k could be possible. However, on the basis that a further £700k may be achievable for Hartlepool through a retender, such a saving could potentially be achieved by Darlington through joining the same contract.

We anticipate that by combining the two authorities’ ICT demand, an additional saving of £200k may be possible through a joint procurement process and single contract. Further savings could occur in the longer term, as business applications are consolidated and the technology architecture is converged onto single platforms, with the same standards. We would propose that Xentrall is invited to put forward a rival proposal or join an outsourcing or Joint Venture process to realise savings for Stockton and ensure that a common ICT strategy can be implemented, regardless of the delivery model chosen.

On the basis of the above we have estimated a low saving of £250k with a high saving of £900k, both of which would relate to Darlington but would be predicated on joint working with Hartlepool. The upper end saving estimate would require the support of Stockton.

4.4 Human Resources

As with ICT and Finance, the proposal is to create a shared Head of Organisation Development & Transformation post, which would then manage an integrated professional and transactional service:



Within this model the following characteristics will apply:

- Business partners should be referred at as business partner teams who will work on advisory and change management activities and fully integrated with departments.
- Centres of expertise consist of the specialist HR resource who will support departmental HR needs
- Reporting and business intelligence will inform HR (e.g. workforce planning activities) and change activities.
- HR Payroll and administrations will consist of a team who will deliver the transactional activities of HR.

Accessing this service will consist of a two tier approach:

- Tier 0 – Self-Service – staff are able to directly access a range of HR services using the corporate HR system.
- Tier 1 – Helpdesk: fulfils general/routine enquiries go through. (General/routine enquiries go through
- Tier 2 – If cannot be resolved by tier 1, then this tier will consist of specialist HR advisors who will resolve the more complex HR query.

Unlike the current Xentrall service, the proposal would be to create a single service which provides the full suite of HR expertise and processes, both transactional and professional, to maximise savings and also to ensure that HR processes can be managed from end to end. Due to the existing investment that Darlington and Stockton have made in developing systems and processes through Xentrall, it would be logical to extend this model to Hartlepool. However, this would clearly require discussion with Stockton, and consideration should be given as to whether Xentrall would benefit from investment from the private to grow and develop, perhaps as a joint venture.

Potential benefits

Given the opportunity to combine this service under a single management structure, the opportunities for savings through service redesign become achievable as a larger, single service, rather than two small HR functions. The potential savings are based on:

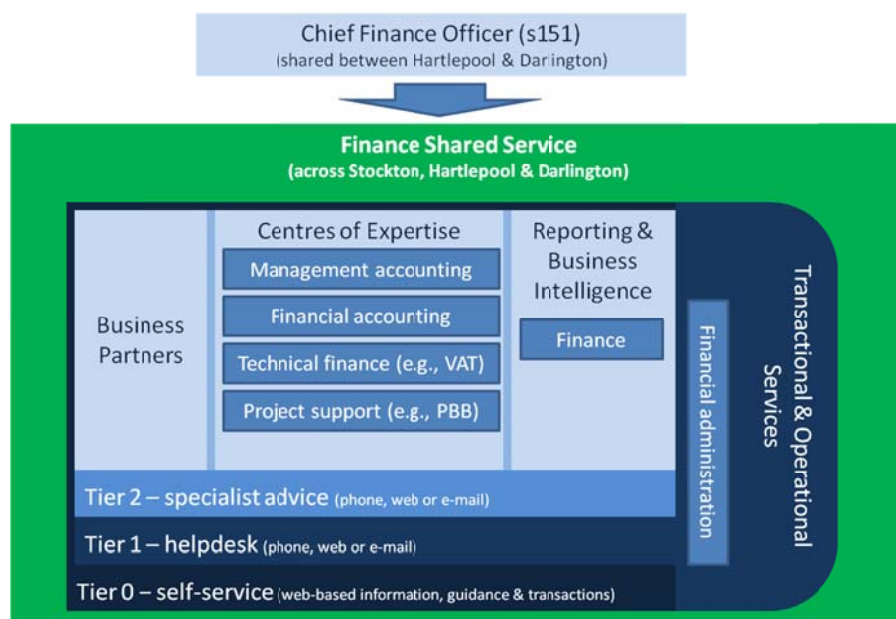
- Reduction in some management posts through the consolidation of HR teams, both professional and transactional, and pay harmonisation could achieve savings of £370k; and
- Optimisation of the HR service, both in terms of further transactional efficiency, but also in terms of the balance of HR support to managers versus self-help and management competency development. We have used a typical industry benchmark based on the ratio of council staff to HR FTEs, alongside more specific productivity ratios to estimate the potential for the redesign of an enlarged service. On this basis, we have projected a stretch target of £460k, based on comparisons with other similarly sized organisations.
- Need to explicitly explain how much of the pay harmonisation does not cover a lot of the savings

The following key characteristics would define the consolidated HR organisation:

Opportunities	Opportunity for savings
Shared Common ICT platform	<ul style="list-style-type: none"> Given both authorities use a platform provided by a common supplier, there may be opportunities to integrate or adopt a preferred system to support the new single service which can underpin additional transformation activities for standardisation.
Implementation of self-service capabilities	<ul style="list-style-type: none"> A combined initiative to implement greater self-service functionality will deliver a number of improvements and cost savings on a larger scale.
Proportionate Professional HR Support	<ul style="list-style-type: none"> Given DBC has identified that moving its professional HR into Xentrall, under a combined service, if this were to be pursued, then savings in providing proportioned professional HR support to departments could be realised. The professional HR support will adopt a similar model in terms of a partnering model, 'facing-off' to particular departments, to ensure HR support is not compromised, however, depending upon the collaborative opportunities identified across the other departments, these savings can become realisable.

4.5 Finance

Creating a shared finance service across the authorities would be a typical area to reduce corporate overheads, and support wider service integration. The key challenges relate to the need to move to a common system and process model, and the associated impact on the rest of the organisation as it will need to change. The proposal is to create a single 'Financial Service' which provides the full suite of financial expertise and processes, both transactional and professional, to maximise savings and also to ensure that the Finance function can be managed from end to end. Due to the existing investment that Darlington and Stockton have made in developing systems and processes through Xentrall, it would be logical to extend this model to Hartlepool. At the same time, it is proposed that the Section 151 officer is shared between Darlington and Hartlepool, while professional and transactional finance activities are delivered by a three-way shared service with Stockton. Below is an overview of how Financial Services could be managed and delivered:



The opportunity to implement a combined Finance service for both authorities has a number of complexities in terms of the services already provided to schools and the fire authority, different IT platforms currently being used and the level of finance support offered to service areas within both authorities.

Potential benefits

We have estimated the potential savings range on the basis of:

- Harmonising financial processes and resources, with the same level of productivity achieved by Xentrall, reducing management post and consolidating resources could deliver a saving of £320k;
- Redesigning the combined service to achieve a service cost comparable to upper quartile financial services within local government, serving organisations with a budget of greater than £500m. On the basis that a combined financial service for the two authorities, for professional services, and for three councils for transactional financial administration, could be redesigned to achieve savings in the region of £400k.

A key consideration should be scale of these two services, whereby, reducing reduces further could compromise risk/financial control. Joining these services together can deliver a certain level of efficiency can be made. Beyond this efficiency there is marginal further efficiency if joining with other organisations.

The areas where these savings could be realised are stated in the table below:

Opportunities	Opportunity for savings
Shared Transactional Processing	<ul style="list-style-type: none"> Moving all transactional processing into a shared service, such as Xentrall, will consolidate volumes to achieve greater scale. It is typically difficult to achieve upper-quartile transactional efficiency with less than 300k-400k transactions.
Professional and Advisory integration	<ul style="list-style-type: none"> Redesigning the service provision available to departments, and then restructuring the professional and advisory workforce will deliver savings through headcount reduction. The level of financial support offered to the organisation will be standardised between services. While service redesign can occur without 'integration', given the size of the two authorities, it is unlikely that achieving upper quartile efficiency separately would be possible without 'breaking' it.
Greater self-service capability	<ul style="list-style-type: none"> By offering easier and more accessible on-line access to initiate transactions (such as purchase order requisitioning), authorise transactions (e.g., expenses and invoices), and access information (e.g., on-line reports), the authorities will be able to reduce their level of financial support. In addition, investing in developing the financial skills and confidence of business managers typically provides a key lever to reduce the level of dependency of professional financial assistance.

4.6 Property Management

The proposal is to create a combined 'real estate management' function. The current property functions are relatively small, equating to 24 FTE, and soft/hard FM costs are being evaluated within the Environment. On this basis, the level of anticipated saving could be approximately equating to 4 FTEs (c £170k), based on the average salary of the two authorities' property teams. This saving can be achieved through the consolidation of management structures.

We have tested this anticipated saving by comparing the management costs 'per building' of the respective councils, based on the current operating model. This comparison demonstrates that if Hartlepool's real estate was managed by the same level of resource,

per building, as Darlington the saving could be up to £170k. On this basis, the £170k saving would not seem unreasonable.

Although the level of headcount saving anticipated is modest, it is suggested that Darlington would benefit from moving towards the ‘Corporate landlord’ model already operating within Hartlepool. If a combined property function were established, taken on the role of corporate landlord for both Councils, this would enable far wider opportunities to rationalise the estate as front-line services are integrated. The recommendation for this opportunity is to integrate these services for the following principles:

- The corporate landlord approach is the agreed delivery approach, with HBC already having implemented such an approach and where DBC is currently pursuing this model.
- Creating a pooled property and FM budget across both authorities will create greater opportunities for savings in the purchasing of services either through the DLO or through the external market by aggregating purchasing requirements and placing controls on purchasing routes.
- Centralising property and FM services across both authorities into a combined unit will create greater controls and a standardised practice of planned and reactive/cyclical repairs for both sets of estates.
- Ensuring that the property balance sheet and revenue costs will continue to be accounted for each separate council.

The savings could be generated from the following areas as part of the transformation:

Opportunities	Opportunity for savings
Combined management structure	<ul style="list-style-type: none"> • Nominal reductions in posts as this new service will be responsible for still managing the property portfolio as it stands. • The staffing level of this combined service will change as work upon rationalising the Council’s accommodation continues.
Combined commissioning of soft and hard FM	Additional savings should also be possible through aggregating purchasing requirements, standardising the frequency and provision of repairs and maintenance and reductions in maverick expenditure. The current addressable spend £8.5m. However, this saving will be counted within the Environment cluster.
Improving the potential to rationalise the estate	Additional (although not counted) savings could potentially be achieved through the rationalisation of the estate portfolio by working with integrated services, treating the

Opportunities	Opportunity for savings
	property estate as one portfolio. Of course, this is compromised to some extent by the physical distance between the two authorities. However, many council roles are not location specific and, therefore, could be accommodated in the most cost effective place.

4.7 Procurement

Both authorities have a well established strategic procurement function which is broadly responsible enforcing controls and compliance and developing the procurement strategy for both authorities as well as managing a proportion of the council's overall expenditure upon suppliers and supporting service areas in procuring effectively.

Whether the two authorities integrate front line services or not the opportunities from combining their respective procurement functions will be far greater than only FTE savings. However, based on the current structure of procurement, a saving of 1-2 FTEs should be achievable (i.e., a **range of £50k to £90k saving**) from management posts.

We would suggest that while this is a real saving, it would be beneficial to use this as an investment in additional sourcing and category management expertise. The priority should be placed in combining the level of resources from both services into a single unit that will be performance managed against clear procurement savings targets. Reducing the overall staffing levels and capability within this service would be counterproductive and may constrain the pace and level of savings required from procurement.

4.8 Customer Services

Many of the services which are driven by customer demand represent the "face" of the council to the Public. These key services, which are both regularly used by the Public and are designed as key access point into other parts of the council, have undergone numerous improvements to ensure that they are capable of managing the demand and deliver a service at a reduced cost. In relation to this report, these services are;

- Corporate Customer Services;
- Revenues and Benefits Service; and
- Registrars.

A key dependency within this area is that Hartlepool are currently looking at a number of options in terms how they maximise the efficiency savings from this service, where one of the options being considered is to externalise this service as a package with their ICT service. Initial soft market testing has indicated a saving of £300k could be realised, which Hartlepool have currently built into 2012/13 budgets.

4.8.1 Corporate Customer Access & Support

Investments have been made enhancing customer services with a key objective of ensuring that as many requests can be resolved at the first point of contact before being passed on to service area specialists. Currently both authorities operate a customer service function with differing levels of fulfilment and range of services offered.

Integrating the customer services function will deliver structural savings at the management tiers, where savings in the range of to £100k could be achieved.

This operating model will need to maintain the same physical presence in both boroughs and will create opportunities for channel migration to a larger and proportioned workforce capable of handling larger call and email volumes through a virtual/combined contact centre. ICT integration will play a critical role in enabling standardisation, service improvement and efficiency within and between the new customer service function and departmental systems.

Potential benefits

Combining these services under a single management structure, larger opportunities for delivering greater service improvements and efficiency savings exist through service redesign, channel migration strategies and ICT improvements, which would not have existed within the individual Customer Service functions: The potential savings are based on the following:

- The savings estimates are based upon management restructuring, pay harmonisation and improvements in productivity, could deliver savings
- Larger process efficiencies can be realised by integrating existing Customer Relationship Management (CRM) systems and/or adopting a single CRM system for the service.
- Additional savings within departments could be realised by integrating CRM systems to departmental systems to ensure the fulfilment of requests are as efficient as possible. This creates further opportunities to ‘push’ greater levels of fulfilment at the first point of contact and potentially reducing the volumes enquiries within service areas.

The following key characteristics would define a combined customer services function:

Opportunities	Opportunity for savings
Productivity Improvement	<ul style="list-style-type: none"> • A redesigned service which standardises the average cost per FTE to a preferred rates • Building upon existing process improvement activity, the combined service will create additional opportunities for streamlining processes underpinned by a common or integrated CRM system.
Channel migration	<ul style="list-style-type: none"> • Under a combined customer services operation, there

Opportunities	Opportunity for savings
	<p>should be greater opportunities to deliver more savings in the medium to long term through fulfilling requests online or over the phone, where possible.</p> <ul style="list-style-type: none"> • Investments made in enhancing self-service functionality especially in assessment processing, where possible, can reduce the demand upon staff within the operation who will have needed to process these requests or hand them on to departments for fulfilment. • This should create opportunities for a more 'leaner' front of house operation which will have the capability to grow its service offering and reduce costs in the respective departments, if moving more fulfilment to the first point of contact is adopted as the common strategy.

4.8.2 Revenues and Benefits

Revenues and Benefits is a high demand service area and the savings opportunities for collaboration can exist across a number of fronts without degrading customer experience and compromising collection rates.

The opportunity to create a single Revenues and Benefits function that will require standardised processes and procedures, underpinned by a single ICT platform, which will create an operating model that has the ability;

- to handle an increased level of contacts covering both boroughs with a larger and proportionate workforce
- to deliver economies of scale across standardised assessments, billing and collection processes
- to shift larger volumes of contact to different channels, supported by system improvements.

Given the current strategy employed by Hartlepool, the opportunities for collaboration that present themselves are as follows:

- **Option 1 – Co-outsource Revenues and Benefits:** Given Hartlepool have already market tested their service which indicates a potential saving of £300k, Darlington could follow a similar strategy independently and should equally expect to deliver similar level of savings. If co-outsourced this level of saving may proportionally increase in the order of an additional £150k in total. Savings in this magnitude could only be achieved unless the responsibility for the IT contract transfers to the contractor, in which case the supplier would need to renegotiate with that contracting authority.

- **Option 2 - Integrated Revenues and Benefits Service:** Establish a shared Revenues and Benefits service between both authorities which would expect to deliver savings of £190k to £280k.

Potential benefits

On the basis of pursuing option 2, the potential savings are based on the following:

- Service integration across Revenues and Benefits could expect to see savings in the range of £190k and £280k.
- Improvements in service productivity through standardising service standards, processes/procedures and adopting a single/integrated Northgate iWorld system housing all customer records for both boroughs. In order to bring the two separate systems together, specific software would need to be purchased to allow each authority to view and update the data of the other. It is presumed that no saving could be realised through combining the IT contracts with Northgate, although there may be some savings on systems administration.

For prudence, the savings from integrating the Benefits service has been halved from the results of the initial analysis to reflect the expected changes being brought about by Government in relation to the Welfare Reform bill, where currently details of this reform are unknown.

The following key characteristics would define a combined customer services function:

Opportunities	Opportunity for savings
Revenues Service Integration	<ul style="list-style-type: none"> • The minimum saving to be expected by integrating both services on the basis of achieving a lower unit cost of transactional processing is £50k • The maximum saving to be expected by integrating both services on the basis of achieving a lower cost per household is £90k.
Benefits Service Integration	<ul style="list-style-type: none"> • The minimum saving is based on adopting the lower cost per transaction which should be expected to deliver £140k. • The maximum saving is based on adopting the lower cost per claimant which should be expected to deliver £190k
Shared Common ICT platform	<ul style="list-style-type: none"> • Given both authorities use the same system platform, there are opportunities to share customer information across both authorities under a single service and further redesign processes to increase productivity and reduce cost. • The document management system is currently different

Opportunities	Opportunity for savings
	in both authorities, further savings can be generated by either integrating these systems or adopting one over the other to ensure an optimum level of processing/fulfilling requests is achieved. The transition to a single system will incur costs upfront from both contract termination and system integration which will need to be assessed against the relative savings and timescales for realisation.
A single method to customer service fulfilment	<ul style="list-style-type: none"> Adopting a common method to handling and fulfilling customer service requests across a larger/proportionate workforce will create economies in terms of completing requests, subject to implementing a single ICT platform.
Integrated/Common transactional processing	<ul style="list-style-type: none"> All transactional activities such as collections and billing can be standardised to accommodate larger volumes of work and deliver greater economies of scale, if a common ICT platform is adopted.

4.8.3 Registrars

The Registrars service a relatively small service, even when combined, and the opportunities for delivering this statutory service at a lower cost and with minimal impact to service levels may be limited.

Given that collaboration in this area has never been attempted before, work to share the Registrars service between Bexley and Kent is currently being explored with oversight from the General Register Office (GRO). To ensure the legislative requirements of this service are not compromised, preliminary responses from GRO indicate that sharing registrar resources can be possible by discharging responsibilities from one authority to another. The specific arrangements of this are currently being developed by Bexley and Kent and will be available following further local consultation and subject to approval of a new Registration Scheme.

Potential benefits

On the basis that such a collaboration could be achieved, the potential benefits that can be realised from combining this service are as follows:

- Both Registrars services are relatively small and under a combined structure will not be of sufficient scale to deliver large savings. At best, it is assumed that savings in this area can come from a reduction in management posts in the range of £25k to £30k.

- The scale of both Registrars services is fairly small, even when combined. Operating a joint service will create opportunities for more efficient processing of births, deaths and marriages.

4.9 Public Relations, Marketing and Communications

Given the relative small scale of this area, the saving opportunity that could be realised after creating a joint management structure is minimal and could risk compromising the service. It is expected that these services will be under significant pressure to both communicate and respond to staff and public as both authorities undertake substantial reductions in costs and changes to services, therefore no savings have been calculated within this area.

4.10 Policy and Performance

The relative scale of these services is small even after bringing together under a single management structure. Given this, there is an opportunity to rationalise the numbers of heads of service post as a result of a restructure, which if implemented, could deliver approximately £40k in savings.

Potential benefits

The potential benefits of integrating these services are the following:

- Greater capacity and resilience in managing demand and implementing an enhanced level of service.
- Reductions in a management post which can contribute towards savings and not compromise the delivery of the service.
- Combined policy and performance skills and expertise to support the shared organisation and its respective authorities in policy formulation, analysis, research and wider strategic planning activities.

4.11 Legal

The mentoring officer role will be responsible for this area. Legally this can be done.

Create key specialisms and a skills mix that will support the new organisation through this transformation and priorities going forward.

Both Council's will need to ensure effective legal advice and guidance is not compromise as part of the collaboration, especially in times of financial pressure where both councils will be required to undergo large-scale change which may open up the authorities to challenge. Delivering any savings in this area will require careful consideration to ensure both organisations are not exposed to risk.

Potential benefits

The potential benefits of integrating these services are the following:

- Preliminary analysis suggests that the savings opportunity through collaboration could be in the range of £120k and £170k.
- Once integrated and of a larger scale they have the potential to trade with other organisations. Additional revenues can create additional capacity and can subsidise the shared organisation’s legal support and advice.

These savings can be generated through the following areas:

Opportunities	Opportunity for savings
Pay Harmonisation	<ul style="list-style-type: none"> • Initial analysis suggests that moving to a preferred average cost per FTE when designing the new combined service may deliver short term savings.
Productivity Harmonisation	<ul style="list-style-type: none"> • Given the variations in timescales for completing casework due to the specific natures of the cases themselves, opportunities for additional streamlining under a combined/single service could improve productivity to a preferred average case processed per FTE.
Sourcing external legal expertise at lower rates	<ul style="list-style-type: none"> • Under a combined service sourcing external expertise can deliver some savings through more improved demand management/planning of external expertise. • Combining external expenditure and aggregating purchasing requirements should place the service in a position to negotiate lower rates, where possible, and maximise existing regional frameworks.

4.12 Democratic Services

Democratic Services is a key support function for members in both authorities and any form of collaboration will need to ensure that this support is not compromised but enhanced.

Potential benefits

Both retained authorities will operate a dedicated democratic service and will be managed under a single management structure. By adopting the lower cost per member supported, savings in the range of £70k and £100k could be achieved.

Dedicated services will still run and their democratic cycles will not change.

There will be greater opportunities as a result of collaboration to bring elections together to support the administration of the election and democracy.

Savings in this area could be generated from the following key areas:

Opportunities	Opportunity for savings
Management Restructure	<ul style="list-style-type: none"> Integrating this service under a single management structure should deliver reductions the top-tier of this service, without compromising the management of this service across both authorities.
More efficient committee support processes	<ul style="list-style-type: none"> Under a combined service, processes that support committees will be streamlined to ensure that meeting notes and reports are turnaround quickly. Standardising these practices as far as possible, could contribute to increased productivity and some savings in the number of resources required.
Integrated member training and development	<ul style="list-style-type: none"> Streamlining the training curriculum, preparation and delivery around the training and development for members could deliver nominal savings in terms of purchasing and resources required to implement these programmes.

4.13 Key Risks

Key Risk	Potential mitigating action
<p>Ability of Finance, HR, Legal and ICT services to continue to support major organisational change while potentially being restructured themselves through integration</p>	<p>If an organisational merger were to be pursued, it is likely that these corporate support services may need additional capacity, undertaking project activity and ensuring that business as usual work is not neglected, exposing the authorities to greater risk.</p> <p>This will necessarily delay the potential savings achieved from merging these support functions.</p>
<p>The planned externalisation of ICT and Revenues & Benefits by HBC, could create a divergent strategy reducing the ability of the authorities to integrated front and back-office services / processes.</p>	<p>It is recommended that HBC and DBC engage with Stockton Borough Council to discuss the opportunity for expanding the Xentrall partnership to include HBC. Furthermore, Xentrall could then seek a private sector partner to support the investment in new technologies, reduce the upfront cost of convergence and maximise the savings potential.</p> <p>Alternatively, DBC may consider withdrawing ICT from the Xentrall partnership and joining HBC in their procurement process. This is likely to result in exit costs for DBC.</p>
<p>Ensuring legal compliance and sustaining the operational success of statutory roles, such as Section 151 and the Monitoring Officer.</p>	<p>It is proposed that the ability to share a single post holder across two authorities for each role is explored from both a legal and HR perspective.</p> <p>This issue has been addressed by LGSS.</p>
<p>ICT convergence costs are not known to enable the integration of Finance, HR, Revenues and Benefits, etc.</p>	<p>If the integration proposals are progressed, the next phase of analysis would need to include ICT, staff transition and programme team costs.</p>

4.14 Assessment against the Evaluation Criteria

The following is a high-level assessment against the guiding principles of this project:

Evaluation Criteria	Assessment
1) To what extent does the option meet our key drivers?	
1.1) Sustainable financial future	There are financial savings through integrating corporate and transactional services which has been estimated to be in the range of £1.6m and £2.8m.
1.2) Supporting democratic accountability and choice	The proposed integration of these services will continue to support/enable the delivery of frontline services as directed by the current democratic decision making structures/processes.
1.3) Shaping our own destiny	<p>By increasing the scale of certain services through integration, a range of future opportunities can be explored in terms of delivering parts of these services using alternative delivery vehicles and reshaping services to create greater resilience and capacity, which may not currently exist.</p> <p>Services which would be relatively small in scale after integration as well as those which are critical in supporting members will be limited in how far they can be reshaped through integration, given their local focus.</p>
1.4) Stimulating and informing wider partnership	Integrating some of these corporate and transactional services can be seen as an attractive model for other authorities to join which can benefit both authorities in the longer term.
1.5) Optimising outcomes for local people	These services are predominately enablers for frontline services and integration will mean they will have the ability to continue to support the priorities of these services.
1.6) Sustainable and resilient	These services are predominately enablers for frontline services and integration will mean they will have the ability

communities	to continue to support the priorities of these services.
2) To what extent does each Council retain its sovereignty?	<p>Sovereignty is retained at member level, where the integration corporate support model, described in this report, will continue to support the priorities of the individual local authorities.</p> <p>Statutory roles that can be shared will continue to fulfil their obligation and be held accountable to both authorities at member level.</p>
3) To what extent does the option bring additional benefits?	The additional benefits of integrating these services than those specified already will be through striving to improving service productivity through standardisation and simplification, improved utilisation of a combined corporately controlled asset base, such as the property portfolio, where possible, and efficiency savings through combining corporate expenditure upon suppliers.
4) To what extent does the option support each Authority's strategic design principles?	This opportunity supports the Council's design principles for improving service delivery and contributing to both Council's savings