

**STOCKTON-ON-TEES BOROUGH COUNCIL**

**CABINET RECOMMENDATIONS**

**PROFORMA**

Cabinet Meeting .....1st February 2007

1. Title of Item/Report

Stockton Darlington Partnership

2. Record of the Decision

Cabinet was reminded that, at its meeting held on 1st December 2005, it had given approval for detailed work to be undertaken looking into the possibility of joint working with Darlington Council.

Members noted that at that stage a piece of work had already been undertaken which considered the potential for joint working across most of the Resources Service Grouping areas, Benefits and Legal. This work concluded that there were benefits to be had and suggested that efficiencies between £0.9m and £1.5m may be achieved. The efficiencies took no cost of establishing joint working into account and were nothing more than high level estimates at that stage. The work identified four strands which it was felt would provide the most benefit and least challenge in terms of implementation, as follows:

1. Transactional HR
2. Transactional Finance
3. Design and Print
4. Information and Communication Technology

The detailed design stage of the project had been quite a considerable task and Members were informed of what had been involved.

Details of the outcomes so far were provided

Transactional HR & Finance

Much of the work in transactional finance and HR has centred around changes to systems. Stockton has already carried out considerable re-engineering of these services following the implementation of new systems. More development was scheduled and more re-engineering would follow. Darlington expect to do the same. As a consequence both Councils had efficiencies built into medium term financial plans. The detailed design work firstly took account of the scheduled changes

and then sought to consider whether other efficiencies could be made as a result of joining the two services together. Initial estimates are as follows:

- HR                    £210,000 per annum (full year/full implementation)
- Finance            £180,000 per annum (full year/full implementation)

As with other strands, these were gross efficiencies, transitional costs such as accommodation and staff costs had not yet been established.

### Design & Print

A number of options had been considered for Design & Print. The analysis of the current situation established that in both Councils works goes outside to external design and print shops. One option was to join the two services and invest in additional equipment which would accommodate the work currently going outside. This would require considerable investment however, and print rooms had seen a reduction in usage over recent months, probably as a result of the expansion of electronic facilities. It was felt that this option was too risky at this stage. The option which was considered to be most relevant was a co-located service with one black and white copier at both Darlington Town Hall and Stockton Municipal Buildings. This option required all print and design work to be routed through the Service, although external suppliers would still be used where necessary. This was to ensure that maximum procurement terms were achieved. Initial estimates of gross efficiencies were:

- Design & Print    £120,000 per annum (full year/full implementation)

### Information and Communication Technology

Consultants working with ICT Managers and staff from both organisations had analysed staffing structures, systems, hardware, etc, and determined a number of options. The most favourable option was a co-located (hosted) ICT service with shared operations. The proposals put forward suggested a fundamental change to the way in which the service was provided. In the past the ICT service had been seen as a utility service, ie delivering the engine room of the organisation and, as such, had evolved rather than been planned. Changes to technology and the increased reliance and use of it meant it was time for this approach to change. It was suggested that changes to technology were planned for and funded (which was not always the case now) and a replacement

programme was developed. In addition, a change to the way in which staff perform their tasks had been suggested. The new approach maximised the use of technology in the provision of the service, seeking to automate functions as much as possible. Initial estimates of gross efficiencies once fully operational were:

ICT implementation)	£730,000 per annum (full year/full
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The new approach to ICT did however require substantial up front investment of approximately £1.6m. This mainly related to capital expenditure of infrastructure and architecture, around half of this cost would be incurred again after 5 years. Over a 10-year period the potential gross\* efficiencies would be £2.4m.

\*gross efficiencies are once again referred to as accommodation, transitional staffing costs have not been take into account.

A summary of the gross efficiencies over a 10-year period were given below:

Efficiencies over 10 years		£000
Transactional HR	Transactional Finance	Design & Print
2,000	1,620	1,140
Total		7,160

This would be shared between the two Councils at a percentage to be determined.

Members noted that a number of areas of work had not reached a final conclusion. These centred around the completion of a detailed business case and the development of appropriate governance arrangements. The following list, although not exhaustive, outlined the remaining areas of work:

- Identification of the project team to take the phase forward. There may have been an issue around capacity and skills which needed to be resolved.
- Identification of the transitional and indirect costs.
- Reconsideration of assumptions to challenge the robustness of the efficiency estimates.
- Assessment of risks and associated actions to mitigate against them.
- Assessment of timescales and interdependencies.
- Consider accommodation options and prepare a final proposal.
- Conclude deliberations around the decision-making structure, ie whether the Partnership should be operated as an

“Employing”/“Administering” Authority.

- Develop proposals for decision-making and Member involvement.
- Preparation of outline Terms of Reference or Management Agreement.
- Identification and resolution of employment and staffing issues.

It was expected that the above would be finalised during the spring/summer 2007. As the report considered by Cabinet identified that efficiencies could be derived from the Partnership, approval in principle to proceed was sought. A final report would be presented to Cabinet at around September 2007.

RESOLVED that

- 1 progress be noted.
- 2 approval to proceed be given in principle pending a final report to Cabinet later in 2007.

3. Reasons for the Decision

Gershon, the CPA process, and continued financial pressures were driving local authorities into considering alternative methods of service delivery. In response a project had been undertaken looking into the possibility of Stockton and Darlington Councils delivering a number of joint services. The report sought approval to proceed, in principle, pending a final report in the summer of 2007.

4. Alternative Options Considered and Rejected

None.

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

None

7. Date and Time by which Call In must be executed

Midnight on Friday 9th February 2007

Proper Officer  
06 July 2007