

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting27th November 2013

1. Title of Item/Report

EMPLOYEE MUTUALISATION - STOCKTON ICT UNIT (SICTU)

2. Record of the Decision

Consideration was given to a report on Employee Mutualisation – Stockton ICT Unit (SICTU).

The Stockton ICT Unit (SICTU) was an in-house ICT support service for schools. It comprised 20 FTE staff and had a 2012/13 outturn expenditure of £2,827,876. Earlier this year the SICTU Service Manager, with the support of staff within the team put forward a proposal for the 'spin-out' of SICTU as an employee mutual. Management agreed that SICTU should set out their proposal in the form of an Outline Business Case.

The Outline Business Case was presented to the Children's Programme Board on 10 June 2013 for consideration. It set out the strategic case for employee mutualisation and an option appraisal which included three options:-

1. Continue with in-house service provision
2. Close the in-house service and facilitate outsourcing
3. Public service mutualisation (recommended as preferred option)

The benefits of the preferred option were summarised as:-

- The ability to capitalise on growth opportunities and meet the changing customer base
- Mitigate future financial risks and bring wider resource benefits to the Council
- Provide the opportunity for local economic benefits and job creation
- Capitalise on the entrepreneurial vision of the staff

- Improve the ability to be flexible in meeting customer needs
- A social purpose entity with re-investment into the community
- Support current policy on opportunities for employee led mutualisation

It was agreed by the Children's Programme Board that the preferred option was public service mutualisation, subject to further work on a detailed Business Plan to demonstrate financial viability. The Business Plan was subsequently developed, working closely with nominated representatives from the Legal, Finance and HR teams.

The Business Plan was presented to the Children's Programme Board on 26 September 2013. It set out the work that had been undertaken in developing the plan including detailed unit costing and pricing of services, the proposed base budget, and growth, pricing and expenditure plans. This work culminated in a three year Profit and Loss Forecast and cash flow forecast. The Business Plan also set out transfer proposals, including proposals for assets, liabilities and staffing.

In summary, the detailed work on the Business Plan, including the three year Profit & Loss Forecasts and cash flow plans, demonstrated that the mutual was a viable proposition generating healthy surpluses which would be re-invested for social purpose and securing the continued provision of the service for schools.

It was important to note that the financial growth as set out in the Business Plan was on the basis that SICTU was a public service mutual that had the scope to secure significant growth outside of the Borough, the flexibility to be fleet of foot in responding to customers, and developed a cost base that was in a position to continue to remain competitive within the marketplace.

The Business Case for mutualisation, together with the Business Plan was presented to the Corporate Management Team (CMT) on 21 October 2013. CMT approved the recommendation to progress with mutualisation, which would be subject to a legal agreement and Cabinet endorsement.

RESOLVED that:-

1. The proposal for the employee mutualisation of SICTU be noted.
2. The decision to progress with implementation be endorsed, subject to a final report and sign-off by the Lead Cabinet Members for

Children & Young People and Corporate Management and Finance.

3. Reasons for the Decision

The employee mutualisation of SICTU will secure the future of the service and realise a number of benefits including:-

- The ability to capitalise on growth opportunities and meet the changing customer base
- Mitigate future financial risks and bring wider resource benefits to the Council
- Provide the opportunity for local economic benefits and job creation
- Capitalise on the entrepreneurial vision of the staff
- Improve the ability to be flexible in meeting customer needs
- A social purpose entity with re-investment into the community
- Support current policy on opportunities for employee led mutualisation

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

N/A

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

Midnight on Thursday, 5th December 2013

Proper Officer
29 November 2013