

Pathfinder to UNITARY

'Local Government at the heart of our communities'

A submission by
The Districts of County Durham
January 2007

1. Introduction

Foreword

The White Paper 'Strong and Prosperous Communities' presents an emphatic case to radically reform the way in which Local Government responds to the needs of our communities. It represents a great opportunity to not only review two-tier working, but also build new Unitary Authorities that both respond to best practice in present local government and push out the boundaries of community leadership and public service provision.

The Government has set local Councils the challenge to work closer with communities and forge new models of governance to better meet the future needs of the communities they serve. At the heart of this is an encouragement for local authorities to work with partners to reshape public services around the needs of citizens and communities that use them. This recognises that people want choice over services, influence over those who provide services and higher service standards. Services cannot be standardised so that effectively 'one size' can meet most circumstances. This is both outdated and inappropriate to the way people and communities now seek to access and use services, it is particularly inappropriate in a county as diverse as County Durham. The Durham Districts' bid recognises the need for diversity and harnesses this to implement more effective governmental structures over the next five years.

We wish to respond to this challenge and offer a vision for local government that will accord with the way citizens and the many differing communities in County Durham now function. County Durham is much more than a collection of communities bound within an administrative border developed in the last century. Our proposal would reshape the way services are organised and rebuild them around consultation with citizens and communities. By recognising and harnessing diversity over uniformity, the proposed approach will develop a local government system for County Durham in which, democracy, empowerment and access to services is tailored to the needs of each community, while at the same time retaining a capacity to respond to strategic issues at the city region, regional, national levels and beyond.

We do not wish to slip back into old arguments and simply present a unitary model grounded in, and led by, existing structures. Rather we embrace the White Paper putting into place more flexible and responsive forms of local government that better relate to the differing spheres of influence on County Durham's communities so as to deliver excellence in public services.

We urge you to give our proposal detailed consideration and we will be delighted to introduce you to stakeholders in County Durham to assess this proposal against their needs and aspirations.

Signature(s) of the six Council Leaders

Executive Summary

Why a Pathfinder to Unitary approach.

- 1.1 The Durham District Councils agree that unitary local government would improve the quality of life for local communities and, if implemented carefully, will fulfil the aspirations set out in the White Paper. However, we don't believe that the government should rush to adopt a single county unitary solution without an appraisal of the various options available. This is due to the diversity of the various communities that comprise County Durham, our relationship to adjacent urban areas as part of the two city region areas, and to the unique levels of deprivation in the County.
- 1.2 A re-organisation, which is perceived as a simple absorption of District functions with those of a county authority has a number of critical risks in delivering the aspirations of the White Paper. In particular these include disruption to existing neighbourhood services and a removal of decision taking further away from such communities. Given these risks, we propose an approach that seeks to undertake an option appraisal process and implement a solution that is designed from the community upwards, maintains a focus on the sustained improvement of current services and will have lower outturn financial costs.

Our Vision – What we will deliver.

- 1.3 Our vision for County Durham is one where a programme of transformational change significantly improves the quality of life for our residents. We will deliver a managed transition from two tier government to unitary government through a programme of significant change projects, culminating in shadow elections to the new unitary arrangements in 2011.
- 1.4 We have adopted a number of key principles and objectives to ensure that: our model is focussed on community interests and outcomes rather than the organisation; we will narrow the gaps in deprivation across County Durham; and we will have a stronger and more focussed influence in the City Regions programme.
- 1.5 We will strengthen leadership at the Neighbourhood, Sub County and County levels through the implementation of a new role for frontline members, putting them at the heart of their communities with the development of neighbourhood charters and development plans. This will be complemented by an inclusive review of political wards to reflect natural communities. During the transition phase, joint scrutiny arrangements will be extended between the two tiers, and stronger links will be made at the strategic level through County Cabinet Members joining district Cabinets. We will establish a joint Transformation Board with executive support and invite external review to ensure that reforms take place in line with agreed milestones.
- 1.6 We will strive for service excellence through more focussed services at the neighbourhood level, greater efficiencies in back office functions and stronger leadership on key policy and strategy issues at the county and sub county level. A Business Transformation programme will be advanced to re-engineer all customer access processes across the county into the new arrangements will ensure that the public gains clarity, with single contact numbers and customer focused services throughout the process.

- 1.7 We will devolve service delivery to neighbourhoods through the introduction of Neighbourhood Service Centres aligned to neighbourhood charters to deliver tailored services within neighbourhoods, commensurate with the reliance on public services within the neighbourhood.
- 1.8 We will work to simplify the complex web of partnership structures that currently operate within County Durham. We recognise that there are many successful partnerships operating at differing geographic levels and they all have equal validity. We will align partnerships with service delivery at the neighbourhood and more strategic levels utilising local Strategic Partnerships to ensure there is clarity and fitness for purpose in our arrangements.

How we got here – our evidence base.

- 1.9 The evidence base for our proposal is grounded in the three key components of an assessment of the geographies of the County, option appraisal of local government models, and an assessment of the neighbourhood and community issues within the County. We have adopted a risk assessment approach to formulating our proposals and planned approach.
- 1.10 There is a complex series of interrelated and connected communities in the county, part shaped by the unique position of the county between two core city areas, and reflecting labour markets, retail patterns, housing markets and community identities. This requires a modern and progressive local government structure for County Durham able to accommodate and fit in with these patterns and provide accountable and responsive local services for local communities and neighbourhoods. This must be supported by strategic leadership capacity to represent the County's differing localities at a city region, sub regional and regional level.
- 1.11 To ensure that all the options for local government structures in County Durham were fully examined, the District Councils agreed to fund an independent analysis of possible future models. The resulting KPMG report initially identified 15 options, which were reduced to a long list of nine for further evaluation. These were then reduced to three:
 - A single county unitary with policy and delivery devolved to local areas.
 - Two unitaries – on a north and south sub division.
 - Three unitaries, related to the natural geographies of the County as defined by settlement patterns as well as labour and housing markets and transportation networks.
- 1.12 The Tavistock Institute, London was commissioned to work with us to develop a new more engaged and democratic framework for local governance in the county. Through extensive work with our stakeholders we concluded that for devolved services to be effective they need to be co-ordinated around a community of interest, and for local members to take substantive decisions alongside officers working in partnership with other public services.

1.13 From listening to our communities we concluded that:

- Public service delivery has to be designed and organised around our citizen-consumers in a holistic, integrated and tailored fashion.
- Engagement with citizen-consumers has to be undertaken in a systematic and sophisticated fashion.
- Citizen-consumers and their political representatives have to be in control of service definition and variability.

1.14 A telephone poll of 500 residents was undertaken to gauge the views of stakeholders. The survey revealed that, of those expressing a preference, over 60% opted for a Pathfinder option – for all councils to work together in partnership with residents, partner agencies, stakeholders and the Government as pathfinders to develop new ways of delivering local services.

How we will deliver this:

1.15 Key to delivery is a performance management framework built upon the outcomes we are seeking to achieve, particularly in relation to reducing the gap between the life chances for a number of people in County Durham and those for other parts of the country. In this we seek to ensure we are clearly focused on local and national priorities

1.16 Our financial case shows that we can significantly reduce both the costs and risks of transition through a more phased and consultative approach. It is our contention that our proposed course of starting early on reorganisation but spreading the work over a longer time period would have the effect of minimising the transition costs (over time) maximising the efficiencies and service improvements that can be gleaned.

1.17 The ‘highest cost scenario’ within our proposal, which would be three unitaries, would be slightly more expensive than a single county unitary, but these costs would pale into insignificance in relation to the overall savings which would be available from service reconfiguration, amalgamation and innovation.

1.18 The savings/costs that can be achieved during the development phase based on rationalising district services and introducing new neighbourhood centres are as follows:

Summary of forecast savings/ (costs) – at district level during the development period

	07/08	08/09	09/10	10/11	11/12	Total
	£m	£m	£m	£m	£m	£m
Savings from Back Office and Shared Services	0	4.5	9.5	12.0	12.0	38.0
Neighbourhood centres	(0)	(0.75)	(1.25)	(1.75)	(1.75)	(5.5)
Costs of Transition`	(0.5)	(2.0)	(3.0)	(2.2)	(0.3)	(8.0)
Net Saving	(0.5)	1.75	5.25	8.05	9.95	24.5

1.19 We believe that the savings of £12 million per annum from streamlining District services can be further enhanced by working with the County Council on

rationalising some of their services giving the potential for combined annual savings of £22 million.

- 1.20 Further additional costs reductions will then flow from the new unitary arrangements taking total savings to within the range of £27 million to £35 million. Transitional costs will also increase and will fall within the range of £13 million to £18 million dependant upon the final unitary model determined through option appraisal.
- 1.21 We will enable the transition from two tier to an unitary arrangement through a managed programme, the essential components being:
 - determination of the political management and representation arrangements,
 - creation of a single back office,
 - co-ordinated customer access strategy,
 - co-ordination of units of sub county policy and shared services;
 - and development of a neighbourhood focused service strategy.
- 1.22 Our final decision on the form of unitary will be based upon the option analysis presented to us by KPMG and then appraised against neighbourhood delivery through our new service centres and joint teams, ability to respond to wider regional and national policy areas and consultation with community as well as regional stakeholder interests.
- 1.23 We will have already created the building blocks of a new unitary system of shared services, neighbourhood delivery, democratic processes, sub county policy and management units. The decision becomes focussed around:
 - A single county unitary with a slim centre working with strong localities;
 - Forming two unitaries north and south;
 - Forming three unitaries reflecting our economic and social geographies.
- 1.24 We will ensure that this transformation takes place through the formation of a Transformation Board. This Board will have a focussed remit to move from a two tier system to a unitary system of local government by 2012, and in doing so, to achieve back office integration and organisational efficiencies, as well as enhanced neighbourhood arrangements, in the transition period. The Transformation Board will be established by September 2007 at which point it will commence on a number of essential work streams with key stakeholders in the county.
- 1.25 Given the adverse impact reorganisation of local government structures can have on services to the public if implemented in a short-time frame and from a single point in time, existing District and County decision making arrangements will continue in an enhanced joint working format in the eight two-tier councils in the build-up to 2012. The role of which will be to ensure the continued provision of high quality services as well as the local implementation of the Transformation Board's agreed actions.
- 1.26 We will agree with Government the mechanism by which transformation outcomes and progress towards unitary governance will be monitored. Locally, this will be through a newly developed scrutiny arrangement that will be responsible for checking that the transformation objectives are clear, there is clear accountability and that they are being delivered. We will also invite the Audit Commission to proactively monitor our pathfinder objectives and agree with the Government a mechanism by which intervention powers could be used in the event of an individual or partner authority failing to deliver.

- 1.27 We believe that the impact of our proposals will have significant benefits to the people of the County through the provision of neighbourhood based services, properly managed and supported by policy and strategy which accords with the economic and social geographies that comprise County Durham. These tangible improvements are essential in an area such as Durham due to the high levels of deprivation and the high dependency on public services in a number of our communities.
- 1.28 We conclude that our approach will enable the aspirations of the White Paper to be delivered in a robust and sustainable way for the benefit of our communities for decades into the future.

Key Messages

- 1.29 Local government services, provided by county and district councils, are crucial to the well-being of the people of County Durham. The choice of structural arrangement, therefore, is critical, but needs to be fit for purpose in dealing with the changing needs of our communities over the next 20-30 years.
- 1.30 We agree that the best system is a form of unitary government but we do not believe that the government should rush to the single county unitary solution without an appraisal of the various options available and full and open consultation.
- 1.31 If community engagement and empowerment are to be taken seriously, then community and partner organisations need to be involved in that option appraisal.
- 1.32 Whatever is the best option, the form that the organisation takes, its sub-structure and culture, will be critical in determining whether it delivers the organisational outcomes required by the White Paper and the service delivery outcomes needed by the people of County Durham.
- 1.33 Our approach to developing a model for unitary governance takes advantage of the significant opportunity to devolve resources and decision making to the most effective levels. It also allows us to take advantage of the significant efficiencies that can be brought about by front and back office services being merged with a slim but effective centre. By effectively managing the transition over an extended period, we are seeking to take advantage of best practice in existing unitary and metropolitan Councils without having to form and then reorganise with the inevitable disruption in service that follows. This extends the timescale for implementation but starts the improvements two years earlier. It also ensures that:
- the unitary solution is designed from the community up with new arrangements being developed through discussions with local communities and not simply imposed from the top down
 - it is designed in an evolutionary way over a period of four years rather than just bolting amalgamated district services on to a structure which was not designed for that purpose.
 - current services are sustained and improved rather than put at risk through a big bang approach which would have a massive impact on continuity
 - the approach is based on partnership working:

- at the level of the front-line services will be delivered through a partnership-based approach, working with Town and Parish Councils, local communities and other stakeholders through Local Strategic Partnerships to shape the delivery of neighbourhood services. The provision of performance data at the neighbourhood level will be a key component of an effective performance management system which underpins community engagement and devolution.
- the management and co-ordination of neighbourhood services would take place at a sub-county level – all councils sharing those functions on a geographic basis building on a number of shared service arrangements already in place
- to be supported by a county-wide shared back office and strategic policy function
- strategic leadership would be effective at all levels from neighbourhoods through to sub regional, city regional and regional levels providing a strong voice and promoting the interests of all people in the county. We cannot agree with a 'one size fits all' approach which is effective at one level but does not adequately reflect the voice of the community or the city region debate.
- we can provide an effective programme of change with strong and inclusive governance arrangements, accountable to the Department for Communities and Local Government for delivery of agreed outcomes.

1.34 By contrast a re-organisation that involves merging services on traditional lines, misses the opportunity for radical and innovative review to respond effectively to the White Paper. It also carries a number of important risks:

- It could lead to a serious disruption of district services such as housing, planning, environmental health, leisure, benefits payments and the street scene.
- New structures are proposed for area management and community empowerment which take no account of the 'tried and tested' arrangements built up by the districts over a number of years. These existing arrangements would be put at risk, rather than being used as the building blocks for more substantial community based structures.
- There will be a significant 'talent leakage' as a number of key staff in the districts leave in the face of uncertainty.
- For many of the services currently operated by the districts, the county unit does not offer the optimal size or focus point for delivering effective services.
- Strategic housing, economic development and regeneration, transport and aspects of planning (for example) all play in to the city regions and need to be able to work effectively within these area.
- Other services such as liveability, street scene, neighbourhood renewal, community development, housing landlord function and leisure are not well attuned to 'big is beautiful' organisational forms.
- The ability to shape key services such as education, social care and highways to meet local circumstances would be diminished.

1.35 Our approach delivers significant savings through shared services and local co-ordination. The benefits of our approach are:

- services are maintained to a high standard, without the risk of services disruption and transitional costs are minimised.
- savings from efficiency gains in the early stages of implementation will be ploughed back into front line services where they will benefit neighbourhoods and enhance community engagement.
- we will minimise the risks associated with implementation by ensuring that good governance arrangements are in place from the outset with all Councils and other local and regional stakeholders are represented in the implementation of the programme of change
- we will have more strategic flexibility with the ability to respond to both the local neighbourhood agenda and the wider regional spatial issues such as city regions
- we are reviewing first, thereby providing a stable platform and avoiding a continuous review process that would necessitate from a rushed big bang implementation

1.36 The future of our communities is too important to rush to judgement. By not identifying a solution up front, we will ensure the delivery of a stable, inclusive and well grounded form of unitary governance which will stand the test of time.

2. Our Vision – What we will deliver

2.1 Throughout the process of developing a new structure for local government in County Durham we have been conscious that the exercise is not one simply of drawing lines on a map or structure charts. In particular we feel it is important to have a clear Vision for local government for local communities in County Durham. This needs to embrace clarity on:

- Organisational culture – what sort of organisation(s) we are striving to create
- Objectives and outcomes
- Excellence in approach and process.

Our Vision for local government is a unitary structure that is;

- Neighbourhood centred, with strong levels of accountability to local residents
- Strategic and flexible to variable geographies
- Efficient and represents value for money

2.2 Our research, stakeholder engagement and options appraisal indicate that this devolved form of local government could lead to an arrangement based upon one, two or three unitary authorities. This will be delivered over a period from 2007 to 2011 with the formation of shadow council(s) following implementation of workstreams aligned to:-

- determination of the political management and representation arrangements,
- creation of a single back office,
- co-ordinated customer access strategy,
- co-ordination of units of sub county policy and shared services;
- development of a neighbourhood focused service strategy.

2.3 Overseeing this process will be a Transformation Board formed by the Leaders of all Councils with a responsibility for the delivery of all the key decisions necessary to manage the planned programmes of change. They will in addition ensure the effective involvement in this process of local communities, our stakeholders and effective communication with staff and trade unions. The critical stages in this process are seen to be:

Activity	Timescale
Transformational Board Established	September 2007
Transformational Board Determine Unitary Authority(ies) for Consultation with Stakeholders	September 2008
Unitary Authority(ies) Number and composition agreed by Secretary of State	July 2009
Boundary Committee Approve New Unitary Authority(ies) Ward Boundaries	December 2010
Shadow Unitary Authority(ies) Elections	May 2011
New Unitary Authority(ies) Operational	April 2012

Organisation Culture

2.4 The organisations we are creating will need to be capable of delivering transformational change. To do this they will need to be:

- Better in touch with the communities they serve and in line with stakeholders
- Vibrant, flexible and adaptable - able to respond quickly and innovatively to changing circumstances and to offer different and tailored services to diverse communities
- Transparent in their decision-making and having clear lines of accountability for delivery.
- 'Learning organisations' at the centre of pursuing public service excellence
- Capable of working closely with our partners and stakeholders in a way which sees challenge as constructive
- Outward rather than inward-looking, working beyond our boundaries as well as at the most local level.

Objectives

2.5 Our proposal seeks to connect a strategic vision and neighbourhood delivery by making strategic decisions, objectives and actions more transparent and accountable to our communities. Our structure will allow us to deliver a programme of step changes to achieve improved outcomes.

2.6 The main purpose of any reorganisation of service delivery is to improve outcomes. The critical test of our proposals is its ability to deliver against the key requirements for the people of the county – these are to:

- improve the quality of life for our residents.
- narrow the gaps between the most deprived areas and the rest of the county
- redirect resources to address areas of need and achieve value for money.
- have a stronger and more focused influence in the City Regions debate.
- ensure equality and equity of service
- ensure that the reorganisation does not cost residents either financially or in terms of service disruption.

2.7 Having set these objectives - which will be expressed more fully through the ongoing development of the Local Area Agreement and its successor – we will put in place a comprehensive performance management regime which sets out clear targets and a monitoring regime for both service delivery outcomes and the specific outcomes, in terms of organisation and representation, agreed from the transition process. Each area of improvement will have clear and accountable objectives.

2.8 The later section on performance management shows how we will seek to develop the performance management framework, in particular showing how it will operate at all levels, both enhancing our accountability at a regional and national level as well as reinforcing our commitment to the active engagement of local communities at a neighbourhood level.

Excellent processes

- 2.9 There are a number of key features to the 'way in which we will do business' which we think are critical to the goal of seeking improvement through empowerment and local engagement. Each of these will be informed by our constant striving to 'build the best' so we will be using best practice to achieve greater connection between strategic issues and local neighbourhood delivery.
- 2.10 The measurement of performance at the local level also means we will be able to identify high performing area services, analyse their strengths and ensure that the drive for continuous improvement is informed by local good practice. This not only applies to local authority services, but also to our work with other public service providers, the private and voluntary sector.
- 2.11 In each of the district services, we will identify those that perform best in terms of outcomes and user satisfaction. We will use those services as the baseline to build new, more integrated services.
- 2.12 The key features of how we will operate relate to:
- Developing strategic leadership
 - Strengthening partnership working
 - Devolving to neighbourhoods

3. Strengthening Leadership

- 3.1 Our bid supports the White Paper's view, that strong and vibrant local democracy and councillors are the key to ensuring public service providers are capable of providing services that local communities value, improve lives and shape places for the better.

Strategic Leadership

- 3.2 It is crucial that in any new arrangements the political leadership model allows for the really tough decisions to be made and that the people making those decisions are clearly mandated to do so and are accountable to the electorate for the outcomes of those decisions.
- 3.3 During the Pathfinder stage strategic leadership will effectively be provided by:
- County and District Executives with a County Council Executive member being co-opted onto each of the District Council Executives
 - A **Transformation Board**, comprising the Leaders of all Councils, that will be responsible for the key decisions which provide the step changes for which we are accountable to the Government and our communities with our Pathfinder agreement
- 3.4 The Transformation Board will ensure that change happens as we have set out in the document and is detailed in paragraphs 7.26 – 7.31. The Board will consider all the options set out in the White Paper and take account of the experience of other Councils in implementing the new arrangements. The Board will also take account of community views through consultation and a healthy debate on their preferred form of governance.
- 3.5 The respective Chief Executives and a jointly appointed Transformation Director will manage a full-time programme management team, drawn from staff, within the eight authorities, to support the Board. Chief Executives will have explicit contractual accountability for the delivery of the transformation agenda.

Frontline Members

- 3.6 Our approach is to place control for services at the lowest practicable level, making the role of a councillor more attractive and having a positive impact on the recruitment of candidates and electoral turnout. To carry out this enhanced role there will be a comprehensive development and support framework for councillors as part of our organisational development programme. We envisage a number of clear roles for the local councillor under the new neighbourhood focused arrangements.
- 3.7 Primarily, local councillors will be responsible for setting and monitoring of service standards and outcomes for their community. In practical terms, this will take the form of a *neighbourhood charter*, setting out performance standards for the community. The Neighbourhood Charter will contain:

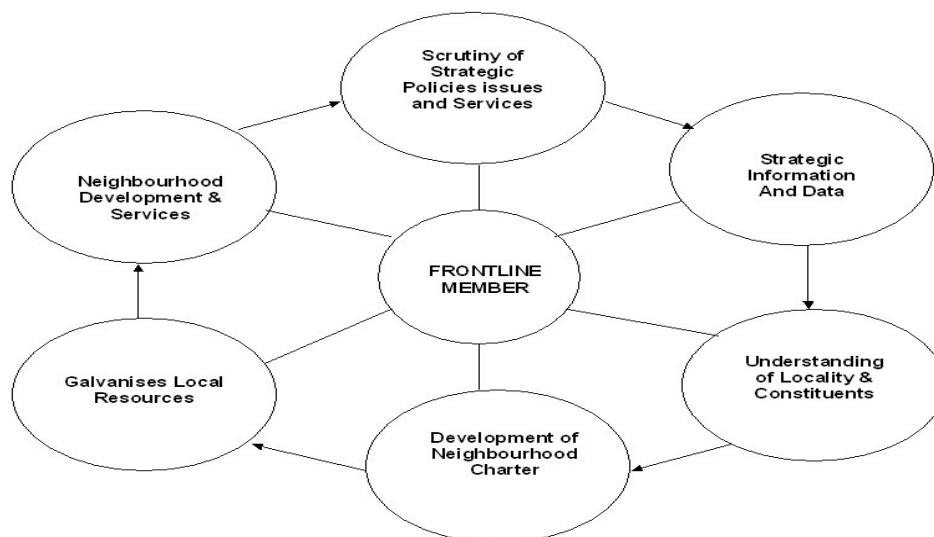
- Disaggregated performance data from both the Local Area Agreement and the government's floor targets for neighbourhood renewal;
- Environmental standards and milestones for improvements
- Local survey based data highlighting local issues to be tackled
- The services and performance standards of the Neighbourhood Service Centre.

3.8 Additionally, local councillors will have a broader role in ensuring the continuous development of local communities. This would take the format of establishing a *development plan* for the community, which will be used to harness the resources and ingenuity of the locality to bring those plans to fruition. This would involve councillors working with local community partnerships to secure financial resources, provide project management skills and other elements necessary to bring local projects to the fore.

3.9 Councillors will also have a role acting as *advocates for their community* and local constituents in respect of public services. Crucially, throughout the transitional period Councillors will act on behalf of constituents to access and shape the full range of local authority services, irrespective of whether they are initially a County or District councillor.

3.10 Councillors will also have a role to play in *new scrutiny arrangements*, bringing forward the voice of local people into reviews of services, policy and local facilities. They will have an automatic right to take part in a scrutiny review involving a local facility or service, irrespective of which council runs that facility during the transition period. All councillors will take part in the transformation programme through the scrutiny of the main elements of the work stream set out in 7.35 of this submission.

Diagram 1 – The Role of the Frontline Member



Democratic Representation

3.11 The White Paper acknowledges that strong and strategic leadership is critical to drive forward change and improvement. Both of these attributes are critical in a county with some of the most severe challenges in the country. However, whilst those leaders clearly have to operate at a sub-regional, regional and national level, in order to make a lasting and sustainable difference, it is critical that they are fully

engaged with their local communities. This engagement is central to the pathfinder ethos and goes beyond bolt-ons to current structures. Instead, our approach is based on the premise of a sea change, where local councillors are clearly recognised as community leaders and they empower residents and local stakeholders to play a real role in shaping the delivery of local services.

- 3.12 Given this vision, it is self evident that:
- Communities need to relate to their local councillor; and
 - Local councillors need to relate to their communities and have the skills and experience to take on the task.
- 3.13 Ensuring the right structure for ward arrangements, based on current communities, is a complex process and not one a council can establish in isolation – town and parish councils, the voluntary, community, private and public sectors and local residents all need to be given a chance to influence the debate. Given that the new structure will lead to a radical change in the way services are delivered, it is appropriate that one of the first tasks on that journey should be to determine the optimum community arrangements for the Durham of today. To ensure the inclusion of stakeholders it is proposed that the task is carried out in consultation with the seven districts based Local Strategic Partnerships and Town and Parish councils.
- 3.14 Our bid proposes a review of ward boundaries, democratic representation and accountability. This will determine the optimum number of Councillors to represent our communities. The ward arrangements would seek to ensure that they represent natural communities to help foster identifiable community leadership and will reflect the diversity of the differing parts of the county in terms of settlement patterns and population density as well as established ward areas. These ward arrangements will seek to balance the need to ensure an efficient pattern of representation for the new authorities. In some instances this will be facilitated by single member wards. In other areas this might require multi member wards. We need to allow for diversity of political party representation and to help foster greater participation as elected members by presently underrepresented groups such as women and BMEs.
- 3.15 This review is required as the current electoral arrangements for councils in the county would not be fit for purpose for the new way of working set out in this submission. This conclusion is reached given:
- The large size of the County Council divisions, combined with the fact of the traditional low turnout (lower than that for Districts) when elections are not combined with a General Election.
 - The significant size variations between district council wards and a number of known anomalies with regard to community boundaries
 - There is not universal coverage of Town and Parish Councils in the County.

A balanced and representational council(s)

- 3.16 While many serving councillors have demonstrated the attributes necessary for a true community champion, as with the majority of local government, Durham cannot claim to be truly representative in terms of the demographic make-up of its elected members. The White Paper highlighted the Government's intention to help ensure there are more diverse and representative councillors by establishing an independent review of the incentives and barriers to serving on councils. It will be

too ambitious to expect that review to have concluded and for its findings to be implemented prior to the Shadow Elections proposed by the White Paper for May 2008.

- 3.17 Given the clear message within the White Paper that leadership is the key to the success of an organisation and a community; our submission will ensure that there is time for the new unitary local government structures to have 'fit for purpose' political leaders. As part of our submission, it is proposed that in the build-up to unitary, work is carried out with local political organisations, the Local Government Association and local government development agencies to ensure the candidates for the proposed unitary elections in May 2011 are truly representative. We would also seek to ensure that the findings of the independent review of barriers and incentives are tested in the county as a national pilot and would form part of the Pathfinder's evaluation.
- 3.18 After years of uncertainty over the future of local government structures in the two-tier areas of the North East, any new structures will need time to shed the baggage of animosity between the tiers. The alternative, to have elections in May 2008, would not allow for the organisational and cultural changes necessary to form the foundations for new ways of working.

4. Partnership Working

- 4.1 Within County Durham there is a long experience of developing partnerships between agencies to improve services, manage programmes and to provide a strategic direction for the County and its component localities. Much of the experience gained in securing community engagement in our partnerships work has been achieved through District Council led Local Strategic Partnerships. This experience is, however, matched by a desire through our proposals to use partnerships more effectively.
- 4.2 The vision in the White Paper for partnerships to provide a means by which local authorities can provide strategic leadership and rebalance the relationship between local government and the communities they serve is one we share. We recognise that the effective use of partnerships is critical to our proposals so that we can improve service outcomes, raise public satisfaction and, through this work, lead to more sustainable and cohesive communities. Effective use of partnership structures underpin our proposals for moving towards a unitary structure. However, the very nature of two tier working and historic evolution of partnership working in County Durham has led to an over complication of partnership arrangements. Our bid seeks to simplify this, make partnership working more accessible to all our partners and produce clear outputs and accountability for delivery. There are two levels of partnership working that effectively respond to the needs of our communities.

Neighbourhood Partnerships

- 4.3 In order to have strong neighbourhood focused service arrangements effective partnership structures will be essential to ensure services are co-ordinated around 'place' ,rather than service delivery convenience, This will ensure better co-ordination of individual services which are designed to align with local community demands and aspirations. This process will be assisted by the role of local ward members as community leaders.
- 4.4 Under our model we believe that:
- Local partnership structures need to do more than just exert influence. Indeed if the White Paper's requirement for devolution is to be achieved, local governance structures need to be built from the bottom up and geared around the needs and desires of local communities rather than imposed on communities from above.
 - It is important to **work with** the complex web of partnership and community engagement structures that have been built up by district councils over a period of years as opposed to seeking to reconfigure this into a standard number of sub county areas for simple organisational neatness.
 - The LAA needs to have a central role within the performance management system for new arrangements, but the proposed outcomes need to be framed to ensure that they fully reflect the concerns of localities, particularly in relation to neighbourhood environmental and 'pride of place' issues.

Strategic Level Partnerships

- 4.5 The existing pattern of local strategic partnerships will be maintained over the transformation period to ensure that service delivery is shaped in line with the principles of our proposals and to provide certainty and continuity on service delivery to individual communities.
- 4.6 A capacity will also be retained to ensure that the strategic issues of importance to the well-being of the county are properly managed through a number of strategic partnerships operating at a County or sub county level. The role of these partnerships will be to effectively articulate the needs and opportunities of the county on a wider spatial scale such as a city region level or the regional level as well as in more wider sectoral discussions around such issues as rural development, climate change or health inequalities. This activity will be co-ordinated through a County Durham Partnership.
- 4.7 Critical to this approach will be the joint leadership provided by the current Local Strategic Partnerships working with the Strategic Partnership for County Durham and the Local Area Agreement Board to drive service improvements in localities and for the County overall.
- 4.8 Thematic partnership arrangements will support the ‘place’ focus and cover the critical service and policy areas of importance to the county, including the management of the partnership and service block arrangements forming part of the County Durham Local Area Agreement. These will be charged with:
- Considering strategic service development and improvement issues
 - Interpretation of governmental and other national policy advice and locally originated research to improve services in County Durham.
 - Providing a strong input to local service co-ordination and delivery via the LSP structures that is based on the transfer of research, best practice and learning to ensure in a locality services are efficient, effective and closely aligned to locality and community preferences and priorities.
- 4.9 A further aspect of this strategic partnership working will be a focus on cross boundary work. This capacity will need to be able to capture both strategic as well as place considerations and be able to operate flexibly to respond to differing geographies. Such an arrangement will be important in supporting the City Regions process or to consider broader issues at a regional or national scale.

Strategic and Thematic Partnerships

County Durham Strategic Partnership	Children’s Services
	Economic and Regeneration
LAA Executive Board	Health and Well Being
	Safer Communities
Locality Local Strategic Partnerships	Housing and Communities
	Environment
	Transportation

Transactional Partnerships

- 4.10 Organisationally, there is a need to develop our existing transactional partnerships to provide the best services with an emphasis on value for money and quality of service delivery. This means that we will source services from the organisations within and outside of the County from public and private service providers and with the voluntary sector, Town and Parish Councils.
- 4.11 To gain greater efficiencies in 'back office' and transactional functions a number of partnership structures which are aligned to partnering and effective procurement arrangements will be used to deliver effective services. These will be overseen by management board arrangements with clear accountability for the delivery and performance of these functions on a cross agency basis.
- 4.12 All of our partnership working will, however, have a number of common characteristics:
- Leadership at every level provided by elected members whether as ward representatives or in an executive role.
 - Focus on the citizen with all debates informed by community engagement, consultation and research.
 - A strong performance management framework that ensures partners are outcome focused and can demonstrate to local communities and other key stakeholders that the outcome of partnership working is providing added value to the service delivery process.
- 4.13 Clearly to make this work and to provide effective community and voluntary sector engagement a strong compact with the voluntary and community sector is needed. This would be focused around a clear commitment to support the third sector and its organisational arrangements so they can be effective and equal partners in our planned governance and operational arrangements. This will include ensuring that a community and voluntary sector compact provides for:
- Community participation and engagement in local public service delivery decisions
 - A level of security of funding for the sector over a medium term period (3 years funding) to ensure the sector can concentrate on supporting and developing the sectors contribution to partnership work and service delivery in the county as opposed to continually chasing a sustainability of funding.
 - Encouraging a greater diversity of service provider offer from the community and voluntary sector.
 - Asset transfer and management arrangements.
 - Local authority support in community capacity building

5. Devolution and Working with Neighbourhoods

- 5.1 Our programme will develop the neighbourhood empowerment models and structures that suit the individual communities. The process will be supported by a comprehensive network of neighbourhood and town service centres and draw upon best practice across the County. One size does not fit all. Service centres will differ across communities and will be based upon the community's public service needs. In many cases the neighbourhood service centre may be managed and run by the voluntary sector. We will review the sub district area management arrangements to ensure that public services can deliver at the most local level practicable.
- 5.2 Frontline Members will work in partnership with Town and Parish Councils and local people. Our neighbourhood partnership arrangements will ensure that public service providers including the Town and Parish Councils, work together to respond to the priorities jointly agreed with our communities in our neighbourhood charters. Where appropriate, this will include both the sharing of assets and the local authority working with organisations where we need to improve capacity. The members will be supported by officers to develop a neighbourhood charter, neighbourhood service centres and neighbourhood / village / town partnerships.
- 5.3 We will develop a service commissioning framework to deliver the services that people articulate through neighbourhood engagement structures. This will include reviewing the management arrangements of community based services, for example libraries, housing, community development, regeneration, highways, project management, social care and support to schools. We will seek to merge services at the level that makes them most responsive to the communities they serve whilst maintaining efficient delivery.

Case Study 1: Working with Communities in Easington

Easington is recognised as an area where the Council, the Town and Parish Councils, partners and residents have worked together to shape a common vision for the place and are making it happen through shared effort. Area forums have been in place for a number of years; community representatives have formal places on the LSP Executive and thematic groups; and local policy from the Community Strategy to our social inclusion approach is rooted in community appraisals, forums and workshops.

Much service delivery is devolved to localities. Clean and Green Teams work on an area basis, with workers well known and trusted by the communities they serve. A close working relationship exists between the District and Town and Parish Councils, including partnerships for play, events, grounds maintenance, cleansing, nature conservation and shared problem solving through Area Forums. This shared approach has been codified in the Local Council Charter for Easington between the three tiers of councils.

This approach recognises the absolute necessity for a partnership between local residents and service providers in making Easington a great place to live. Local people want more opportunities for involvement but may want it in different ways. In Easington the Council has worked with residents and partners to develop a new "menu" of opportunities for local people to get involved with the Council and its partners in the way that suits them best, whether they want to influence the vision for the area, collectively tackle a pressing local issue or share their own personal experience of a service so that it can be designed better for the good of all.

A key strand of this work recognises that the current size of Area Forum- 4 in the District covering around 23,000 residents each - is not sufficiently effective or reflective of the nature of the community, which is strongly identified with particular towns and villages. Our work with partners is suggesting at least 10 neighbourhood forums for the District in the future.

A design for devolved and engaged governance

5.4 This approach allows us to provide answers to the key organisational design questions concerning developing an enhanced neighbourhood driven structure:

Strategy - we will organise around communities (not services) to create best outcomes for citizens. At the neighbourhood level this will take the format of a **Neighbourhood Charter**. Corporate Policy and strategy must take place at a geographic level whereby it can inform and be responsive to the neighbourhood, and provide the vision for the organisation as a whole playing an active role in wider strategic considerations such as the city regions.

Structure - decision making power will be located as close to people and places as possible

Processes - information flow between officers and service users, levels, services, and partners will be enhanced by public sector workers and their work being physically and virtually co-located in multi disciplinary teams where they can understand in detail the issues faced by families and individuals in particular neighbourhoods.

Rewards - citizens, officers, members and partners will be empowered and motivated to participate and perform

People - a participative development approach will be used to progressively influence the mind-sets and skills of members, officers, partners and citizens.

Frontline delivery: Neighbourhood Service Centres

5.5 We propose that through the savings made by the formation of an integrated back office we will introduce a comprehensive and sustainable network of *neighbourhood service centres* to ensure that each community in the county has access to services which are commensurate with its needs. This is not a simple rehash of our existing local offices or improved asset management across the two tiers of local government. This is a new concept making best use of services provided by the voluntary and statutory sectors together. Our model of neighbourhood services centres comprises four core elements:

1. In those communities where residents have a high need to access public services and there is already voluntary sector provision and an established community partnership operating through an existing centre, we will provide significant levels of core funding for the centre in return for a service level agreement based upon the neighbourhood charter. Services will be commissioned from mainstream providers where a local need is identified by the existing partnership from across the public and private sector. We will also provide in situ IT facilities to provide

access to services not delivered from the centre. In this way we will assist the provision of service centres operated by a sustainable voluntary sector.

2. In those communities where residents have a high need for public services, there is no voluntary sector provision and there is no community partnership, we will target our development workers from the County and District councils to build this capacity. This will be a key role for the elected Councillor, as set out elsewhere in this document.
 3. In those larger communities where physical access to public services is generally good, we will review assets to make for a more co-ordinated approach. This will be combined with a core service standard and comprehensive information provision through in situ IT provision, better asset management and improved communications and staff training.
 4. In those villages where access to services is limited but there is less dependency upon public services, we will instigate a lighter touch approach, such as a touch screen information kiosks in the local library, community centre, or main thoroughfare. This will be a minimum service standard in all communities in the County. Variations in the level of service provision will be determined through the Neighbourhood Charter.
- 5.6 We will underpin our Neighbourhood Service Centres with improved access to services through the Customer Relationship Management system and co-ordinated access to services arrangements. Neighbourhood Charters will set out shared priorities for which public bodies will be jointly responsible.
- 5.7 The case studies below provide an insight as to how Neighbourhood Service Centres will operate in two neighbouring villages.

Case Study 2 – Neighbourhood Centres

Rural East of Sedgfield Borough - West Cornforth & Sedgfield Village

West Cornforth is located in the south the County and has a population of 2700. It started as an industrial village in the 19th century and suffers from higher levels of deprivation than other parts of the county, and is a high user of public services. Less than half of the working age population is in employment and approximately half the village has no qualifications. There is limited access to mainstream service providers.

Set up in 1995, the Cornforth Partnership carries out projects and programmes aimed at the social and economic regeneration of the village. From its premises a number of mainstream providers deliver services to the community, including: Jobcentre Plus and the development trust association. The centre provides services directly including youth work, training, community transport, elderly support and an action for health programme.

Recognised as an example of good practice by the Neighbourhood Renewal Unit, the partnership requires core funding to support its running costs, and typically this is met through time-limited grants. This has a serious impact on the centre's ability to provide a sustainable service base respond to community need.

We propose to provide a service level agreement to the partnership, developed from the Neighbourhood Charter, to extend the number of public services, and give security of provision for the future through a significant grant towards their core funding. This would

equate to roughly £50,000 per annum. This would allow the service centre to be sustainable and deliver against the Neighbourhood Charter, without losing its community identity or being centrally controlled by the Council.

In sharp contrast, lying only a few miles south east of West Cornforth is **Sedgefield Village**. Sedgefield is an ancient and very picturesque village boasting the grade 1 listed St Edmunds church. The village is a conservation area and a thriving community with low levels of deprivation and comparatively low use of public services. The Village will therefore receive a lighter touch approach with the installation of a public service kiosk in a community location to improve access to public services. The Neighbourhood Charter will focus more on environmental issues rather than social regeneration.

6. Evidence supporting our Approach

Natural Communities

- 6.1 County Durham is situated at the heart of the North East of England between the two conurbations of Tyneside/Wearside and Teesside and has a population of 493,470. It is, however, formed by a diverse series of communities with the central and eastern areas containing the larger urban centres that accommodate in their immediate environs some 79% of the County's population. These are the main employment and service centres for the county including Durham City, Bishop Auckland and Peterlee. The western part of County Durham, east of the A68, is more rural with a lower and more dispersed population, with Barnard Castle functioning as a service and administrative centre.
- 6.2 Each of the County's main centres has a role in relation to employment, housing, retailing and access to public services patterns that contributes towards the objective of the creation of more sustainable communities. Each centre is, in addition, part of a series of catchment areas that extends out from the higher order centres within the two adjacent conurbations. As a result, due to the County's residents having greater mobility in terms of employment, housing markets and retail and leisure activities, there is now a stronger inter-relationship and inter-dependence between the population centres of County Durham with the neighbouring areas of Tyne and Wear and Teesside/Darlington. This relationship is further considered in Appendix 1.
- 6.3 An additional distinguishing feature of County Durham is the levels of deprivation being experienced with four districts being eligible for Neighbourhood Renewal Fund assistance as being amongst the worst 88 local authority districts in England. Overall some 33% of the County's population live in areas ranked within the worst 30% Super Output Areas (SOAs) in the country. In Easington, ranked as the 8th most deprived district in England some 83% of the population live within the worst 30% of all SOAs. In Derwentside, Sedgefield and Wear Valley around 50% of the population are resident in SOAs within the worst 30% nationally. Many parts of the County have deep-seated problems of economic inactivity/joblessness, poor levels of educational attainment/skills and health inequalities.
- 6.4 Residents of the County often demonstrate a strong sense of local identity with their own village or neighbourhood and this is especially the case in the smaller communities. This stems in part from the industrial heritage of the County and is particularly evident in the former mining communities across central and eastern Durham. A similar sense of community is also evident in the more remote, rural communities of West Durham. There is also a clear association for many residents with the historic County Durham and its proud associations with coalmining and the iconic cathedral city of Durham.
- 6.5 The County Durham of today, however, is much changed from the historic County Durham that stretched from the Tyne to the Tees, following the loss of Gateshead, Sunderland South Tyneside, Hartlepool and Stockton on Tees in 1974 and Darlington in 1996.
- 6.6 It does need to be recognised that the communities of Durham are not uniform, but diverse and operate as 'places' as part of a series of community and service

patterns shaped by the influence of the two major city region areas. These broadly divide the county with the centres of Tyneside and Sunderland in the north influencing Durham City, Chester le Street and Derwentside districts and Tees Valley in the south including Darlington, impacting on Sedgefield, Teesdale and Wear Valley Districts. Easington District, being adjacent to both conurbations, also divides between the two areas, with Peterlee at the centre of this division.

- 6.7 This complex series of interrelated and connected communities in part shaped by the unique position of the county between two core city areas, requires that a modern and progressive local government structure for County Durham needs to be able to accommodate and fit in with these spatial patterns. In this way the new structure must provide accountable and responsive local services in tune with local communities and neighbourhoods as well as a strategic leadership capacity so as to be able to represent the County's localities at a city region, sub regional and regional level.
- 6.8 Case Study 3 below illustrates how our proposition would fit in with the promotion of city regions as part of a strong regional approach for the North East.

Case Study 3 – Engagement with the City Regions

Engagement with the City Regions

The city regions concept - the economic flows generated by cities - has a strong influence on the North East's economic strategy development. The city regions concept is beginning to influence regional planning and housing considerations within the North East.

The North East's Regional Economic Strategy identifies that city regions have an important role. If the right conditions are developed in the two city regions, economic investment and activity will be attracted.

The city region covers a broad map of the economic activity including flows of people and businesses. City regions have an important role in the future economic success of County Durham. Within the County, local businesses need to improve their economic competitiveness and local people need help to find work. If these economic policies are to succeed, they need to be linked and co-ordinated with the city region based policies. At the same time, the policies need to have a clear role within the regional economic policy framework. Prosperous North East city regions and a strong economic performance will improve the prosperity for County Durham communities.

The two city regions project an influence beyond their core urban authorities into County Durham. With a majority of the County's medium sized towns in one of the city regions' sphere of influence, County Durham could be split along a north-south axis. The city regions contribute to the economies of these areas and increase the economic diversity in County Durham.

Although the concept reflects the urban functional areas, it has developed through greater cross local authority and sub regional collaboration. The current debate among authorities is to whether the city region should be the focus for delivery or the current sub regional and regional arrangements. If local government is to connect with local communities, then it needs to link city region based actions to specific policies and funding.

When the unitary structure that is neighbourhood focused works with neighbouring major cities, it will allow resource demands between the various levels to be debated and

prioritised. By prioritising the resource demands across the different levels within the County, we will achieve improved economic outcomes for the respective city regions and the region overall. Such an approach will bring added benefits by aligning a range of issue including housing, spatial planning and transport investment that are related to creating sustainable communities and housing and employment markets.

The structure proposed by the Durham Districts and a strategic County Durham Economic Partnership would provide the delivery flexibility to meet the Regional Economic Strategy's objectives. The unitary arrangements and the partnership would be focused on City Regions and permit Durham County to advance the sub county approach to economic policy development with city region partners. Together, they would be able to shape delivery of projects and schemes to better accord with City Region based action plans.

Options appraisal of the alternative solutions

6.9 In May 2006 the Districts agreed to fund an independent analysis in order to identify and evaluate possible future models of local government in County Durham. It was agreed that the chosen model would need to address the following issues:

- Efficiency and effectiveness/ Value for Money
- Strategic Capacity
- Double Devolution /Neighbourhood Agenda
- Accountability and Representational functions
- Developing a visionary/innovative approach capable of providing a long-term model for County Durham

6.10 The resulting KPMG report initially identified 15 options, which were reduced to a long list of nine for further evaluation. These were then reduced to three:

- A single county unitary
- Two unitaries – north and south
- Three unitaries

6.11 From this analysis it was decided that enhanced two tier working could be used as a vehicle to drive the changes needed to improve local governance and services and that this experience in turn would help identify the optimal model for future unitary governance.

Examining the Neighbourhood and Community Issues

6.12 The Tavistock Institute was commissioned to work with the district councils in County Durham to help us develop a new more engaged and democratic framework for local governance in the county.

6.13 Our work with Tavistock identified that the devolution of service delivery and empowerment of people at the neighbourhood level will lead to more effective

services, greater community cohesion, better leadership, and is central to the transformation of County Durham.

6.14 Our experience of effective engagement with people and communities over the years will form the basis of any future design. Experience to date, with devolution and engagement in the county, has shown:

- Participation should be based on doing rather than talking
- Community consultation should be proactive, reach out, and be focused /targeted and well - resourced. Traditional consultation meetings, forums and 'consultations' don't tend to work.
- Citizen-consumer empowerment works if it is well designed, meaningful, consequential, semi-autonomous
- Members and officers are most effective in consultation where they are operating 'at the front line'; – in day-to-day operations
- The effectiveness of scrutiny processes depends on being carefully structured and designed to involve community groups and of sufficient importance to motivate individual members and partners.
- Devolved and engaged services work because people know their public servants and public servants know their people
- Devolved services can still be remote: local doesn't necessarily mean engaged
- Centralised services can still be engaged: engaged doesn't have to mean local
- Centralised and remote is rarely a good thing, even if 'professional led'.

So for devolved services to be effective they need to be co-ordinated around a community of interest; local members need to take substantive decisions and officers need to work in partnership with other public services

6.15 Through our engagement processes we will set the key targets and outcomes to be achieved for our communities and these will be continuously reassessed for their relevance.

Stakeholder Engagement

6.16 The Durham Districts have a strong tradition of community engagement and relationships with Town and Parish Councils, local agencies, businesses, community groups and their citizens. Partnership working, Town and Parish Council charters, neighbourhood consultation and other initiatives all help to shape the communities where people can thrive. This spirit of involvement has been extended to take account of stakeholder views on the aims of the White Paper to drive improvement in the delivery of local services and put local people and local communities across County Durham at the heart of local governance and public services.

6.17 Our stakeholders have told us that we have a one-off opportunity to improve services in County Durham.

- 6.18 Over 100 stakeholders from across County Durham met in November to explore the opportunities the White Paper presents. The day was led by the Tavistock Institute.

Sample of Stakeholder Comments from Beamish Hall Event



- 6.19 The above box contains just a few of the remarks made by a number of stakeholders including community representatives and grassroots politicians at Beamish Hall on 16th November but they sum up much of the thrust of the day's discussions.
- 6.20 Participants also stressed the importance of timely feedback on what action has been taken in response to a community initiative or representation. The supporting document, 'Our Communities : Our Call' is intended to respond to that concern by providing feedback on the event and work that is now underway.
- 6.21 Key messages included:
- Create **one stop shops** around community needs not around integrating public service bureaucracies
 - Use a **basket of engagement** tools, techniques and opportunities which reflect the different needs, circumstances, motivations of different people, communities and circumstances
 - Remember the existing very local structures **Town and Parish Councils**
 - Not Customer Relationship Manager, but **Citizen** Relationship Management
 - Privilege community voices in the performance management process
- 6.22 Added to this were a number of valuable general pointers for reform:
- More integration and coherence in front office, back office and delivery on the ground
 - Secure public and community confidence through feedback and transparency;
 - Partnerships and partners need to operate at different levels; and avoid creating new silos
 - Clarify what the very local is - could be a village in one area, a housing estate or ward in another area and a larger town or suburb elsewhere

- Each service will be different in terms of the extent of strategic management; the scope for local ownership and control and the types of infrastructures and assets
- Make use of distributed leadership: with key roles for frontline councillors
- Allow for possible changes in political structures – wards, cabinets etc
- Ensure bottom-up influence on the strategic framework

6.23 From this event the three main messages and learning were clear:

- Public service delivery has to be designed and organised around the citizen-consumers in a holistic, integrated and tailored fashion
- Engagement with citizen-consumers has to be undertaken in a systematic and sophisticated fashion
- Citizen-consumers and their political representatives have to be in control of service definition and variability.

6.24 The input, ideas and openly expressed views on local authority service delivery across County Durham have helped shape this bid document.

6.25 The views of key regional and local partners, community groups, businesses, colleges etc throughout County Durham and the North East have been solicited through telephone and face to face discussions on the Districts' plan to submit this bid. Widespread support has been expressed for the Districts' radical and innovative vision for the reshaping of the way services are organised, built around consultation with citizens and communities.

6.26 A telephone poll of 500 residents was undertaken to gauge the views of stakeholders on the importance they placed on having a stronger voice in local decision making and on the two options being submitted to Government on the future governance of County Durham.

6.27 The survey revealed that, of those expressing a preference, over 60% opted for a Pathfinder to Unitary option – for all councils to work together in partnership with residents, partner agencies, stakeholders and the Government as pathfinders to develop new ways of delivering local services leading to the establishment of unitary arrangements.

The risks inherent in a 'County takeover'

6.28 We have already expressed concerns in connection with the risks inherent in a traditional single County unitary being implemented in 2 short years in the Key Messages block of Section 1.. The following table illustrates these risks:

Diagram 2 – Risks of service and efficiency decline in introducing a County Unitary

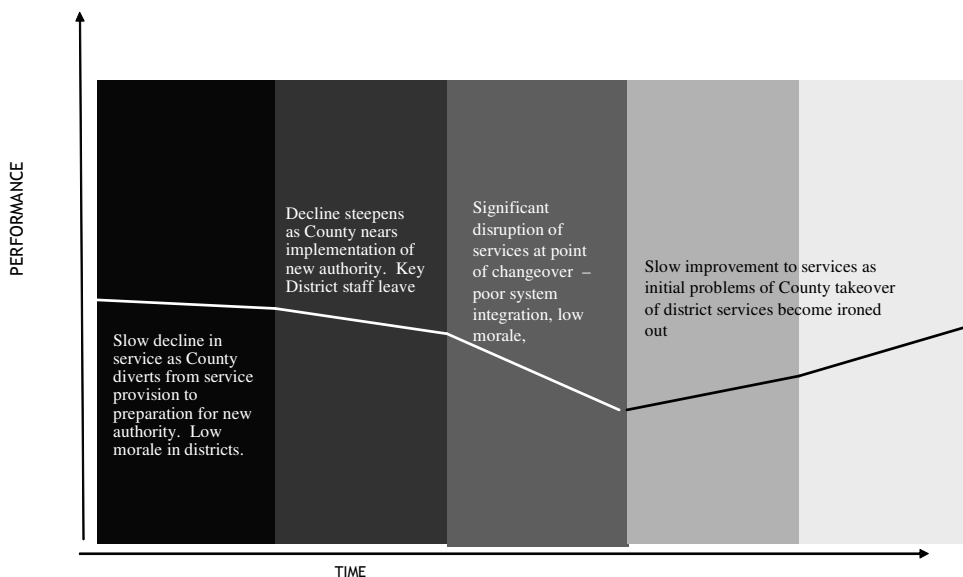
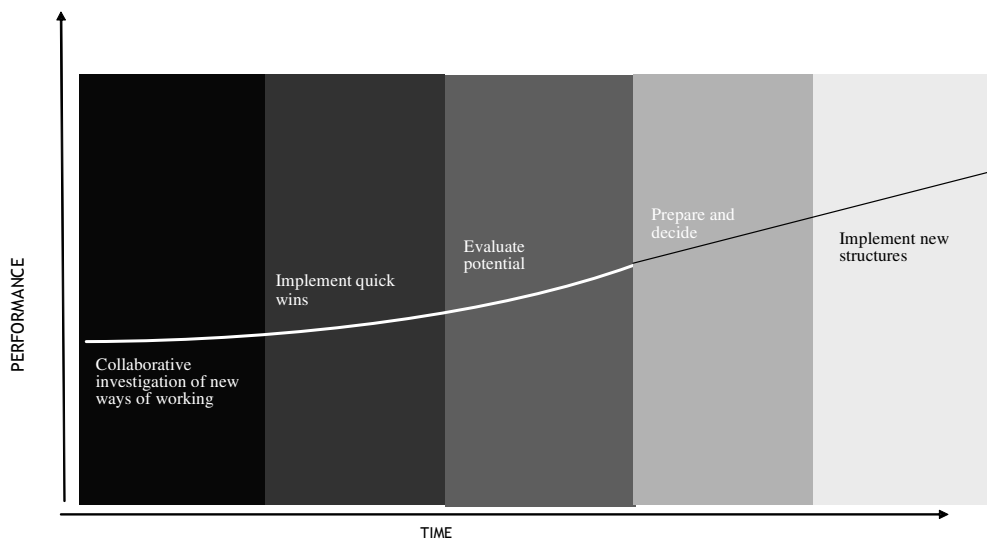


Diagram 3 - A stepped and negotiated approach to developing a unitary model

6.29 We believe that a stepped and negotiated approach to developing a unitary model reduces risk and delivers continuous improvement.

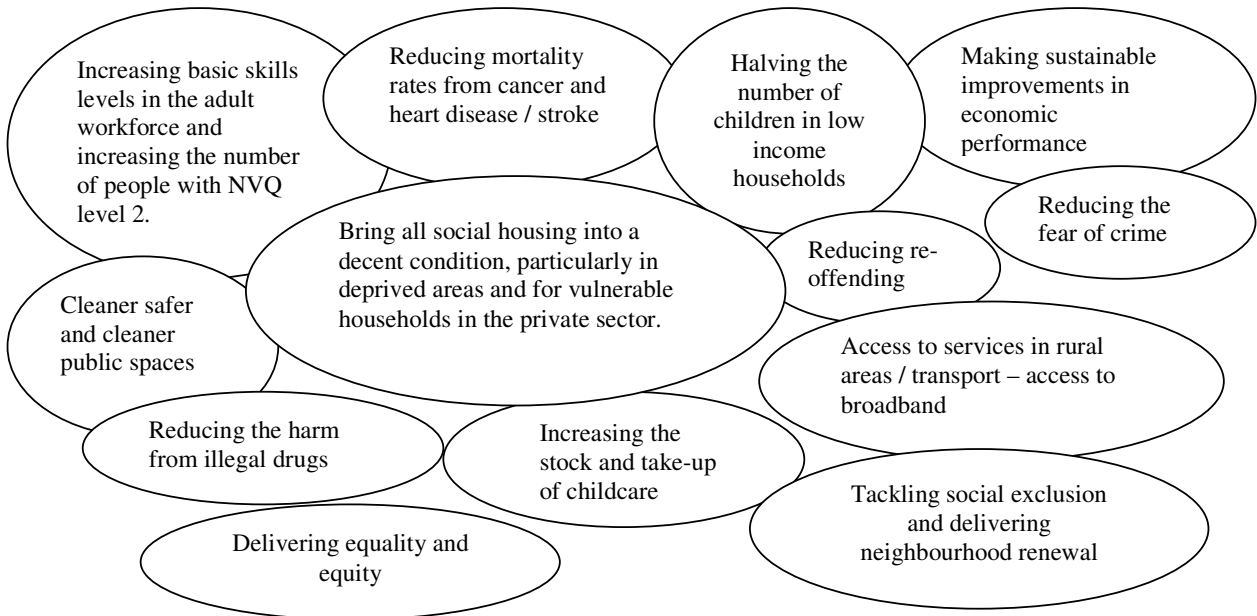


7. How we will deliver this

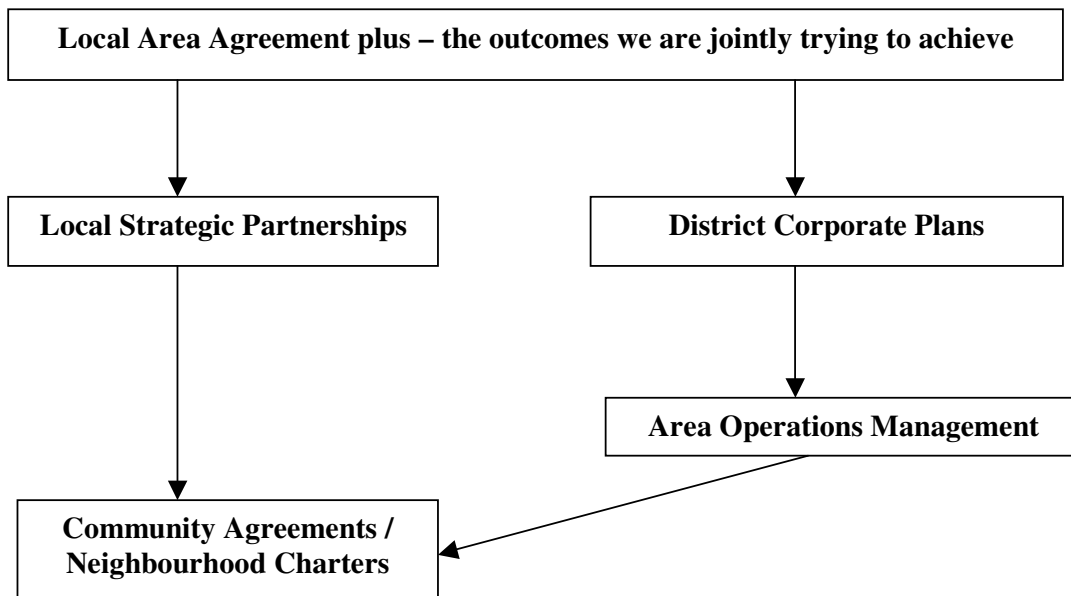
Performance Management

7.1 The performance management framework must be built upon the outcomes we are seeking to achieve, particularly in relation to reducing the gap between the life chances for a number of people in County Durham and those for other parts of the country. In this framework we seek to ensure that we are clearly focused on local and national priorities.

Diagram 4 – Performance Management Outcomes



7.2 And the framework needs to be able to operate at all different levels – not just at the strategic apex of our organisations.



7.3 We need to build a balanced scorecard which reflects these key priorities and is capable of being monitored and used at both strategic and local levels as follows:

<p>Economy and Employment</p> <ul style="list-style-type: none"> • Economic performance • Worklessness • Effectiveness of business support 	<p>Learning and Education</p> <ul style="list-style-type: none"> • Basic skill levels • NVQ qualifications • School performance • Stock and quality of childcare
<p>Environment and the quality of life</p> <ul style="list-style-type: none"> • Perceptions of clean and green open spaces • Recycling • Fear of crime • Reducing re-offending 	<p>Health and Care</p> <ul style="list-style-type: none"> • All housing reaching the decency standard • Cancer and heart disease rates • Reducing harm from drugs

Excellent services – Impact of our Approach

7.4 The supporting document contains a review of some of the main strategic services provided by the county and districts in County Durham. We look at them from the perspective of the key issues they face. In particular, we looked at how the new approach, with a greater emphasis on community engagement and partnerships, would drive the required efficiency and service improvements.

Adult Social Care

7.5 Our focus on neighbourhoods and community empowerment would help by:

- creating an infrastructure of teams based upon established communities; assessing the various needs of individuals in a holistic way. This will enable us to create 360° strategies, ensuring that future provision will not only give value for money, but will also take into account the needs of the individual, the carer and the constraints/opportunities of the community in which they live
- providing a strategy to commission a range of ‘living opportunities’ which will ensure that the accommodation needs of vulnerable adults, including a growing elderly population, will be provided for in the future
- using modern tele-care solutions - centralised monitoring linked to local response teams will provide a cost effective solution for many individuals and assist in reducing admissions or referrals to institutional care
- holding teams to account against agreed and shared performance indicators, incorporating key themes from Health, Social Care and Housing. This way of working has been tested in the successful Pathfinder ‘Sedgefield Integrated Team’, acknowledged as good practice in the Government’s recent White Paper ‘Our Health, Our Care, Our Say’
- enabling closer working with the Voluntary and Community Sector to ensure they are adequately supported to maximise their potential contribution to Adult Social Care.

Children's Services

- 7.6 Our focus on neighbourhoods and community empowerment would help by:
- Improving work in relation to the 'NEETS' agenda (those not in educational employment or training), including developing partnership working between schools and local planning groups and service providers
 - Commissioning, coordinating and providing services closer to children and their family's communities, improving community involvement and local accountability in decision making.
 - Localising services in geographical 'patches' that are co-terminus with schools and health facilities. This would also link closely with Local Strategic Partnerships and the development of neighbourhood arrangements.
 - Offering real involvement to children, young people and their families in service planning and delivery and decision-making on matters that affect them; building on the good practice developed by Derwentside.
 - Working with local schools and partners to progress Building Schools for the Future in priority areas, tackle the on-going issue of poor performance in deprived communities and improve the scale of local special needs provision.

Transport

- 7.7 Our focus on neighbourhoods and community empowerment would help by:
- Developing local solutions with local providers with and around local communities – such as car sharing, locality service planning, Wheels to Work and the like.
 - Increasing Community Transport in relevant localities
 - Redesigning services to be flexible and take into account local issues including solutions that work across boundaries
 - Training young people to drive as a way of encouraging them into work and training
 - Involving communities in Local Development Frameworks thereby ensuring decisions on highways meet local need but also take into account broader issues and travel to work patterns.

Housing and Sustainable Communities

- 7.8 Our focus on neighbourhoods and community empowerment would help by:
- Collating information systematically at a local level to present to Local Strategic Partnerships and more local groups as a vehicle for engaging communities and empowering them to help shape decisions on the housing agenda.
 - Aggregating data up to a sub regional level to inform strategic housing policy and investment decisions and to provide a picture of the 'state of housing' in sub county regions and the whole county.
 - Tackling strategic issues such housing market renewal and housing improvement programmes, accessibility to housing and affordability and supported housing provision at sub county level by concentrating on housing market areas which are defined largely by the City Regions.
 - Improving the co-ordination between strategic housing and planning, local education provision (such as Building Schools for the Future) as well as street scene and highway services – to really focus on the desired outcome of creating more 'sustainable communities.' This would help create a new emphasis on co-ordination across schemes (moving away from a 'silo' approach). There would also be the opportunity to better integrate local community needs around

supported housing provision to help maintain stable populations in communities to aid community cohesion.

- Improving opportunity for joint working on housing supply and support with social care and health support packages to aid independent living etc. and to help deal with issues of residential care homes and the condition of older persons housing accommodation.

Regeneration and Economic Development

7.9 Our focus on neighbourhoods and community empowerment would help by:

- Creating a new emphasis on co-ordination across schemes e.g. between job creation, education and worklessness.
- Creating a clear spatial dimension to key strategies and plans (e.g. Strategic Economic Corridors) – better defining what is appropriate County-wide and what is appropriate at a local level. Better linkages between “bottom-up” local initiatives (with VCS engagement through Local Strategic Partnerships) and “top down” strategic initiatives.
- Achieving greater engagement and linkages between conurbations as part of the development of City Regions.
- Creating new and appropriate partnership governance arrangements that can ensure:
 - Inclusive and objective engagement of key County-wide and local stakeholders;
 - An authoritative but inclusive voice for County Durham for dealing with external stakeholders; and
 - Maximisation of the effect, performance and efficiency of economic development and regeneration skills and capacity within County Durham.
- Ensuring access to locally appropriate services including, business support, enterprise development, job search, community transport, training and education.

Table 1 - Programme Management (as referred to in para 7.10)

2007-2008	2008-2009	2009-2010	2010-2011
<p>Political management Establish Transformation Board – leader of each district, leader and deputy leader of the County. Drive and oversee transformational arrangements and step change in service delivery against LAA plus targets</p>	<p>Identify options for future political management eg single member wards, one cadre of members, potential unitary geographies etc Beginning of formal consultation phase</p>	<p>Agree criteria and undertake option appraisal of political management.</p>	<p>Boundary committee approval Plan implementation of new arrangements Shadow unitary council elections in May 2011</p>
<p>Initial scoping work on single back office – development of the implementation plan Consolidation of back office through joint procurement, asset management etc Identify target savings from rationalisation</p>	<p>Detailed planning and commissioning, where necessary Single county procurement team - start to generate savings from joint procurement and the rationalisation of assets</p>	<p>Go live by mid 2009 Continue rationalisation of major assets such as depots, council offices etc</p>	
<p>Develop new customer access strategy via CD e-govt partnership Implement new web-site Identify cost neutral implementation plan funding investment in call centre through rationalisation of assets and current customer service processes</p>	<p>Pilot face-to-face public service access points Implement new county public service call centre</p>	<p>Roll out of public service access points across the county Roll out of services through the call centre</p>	
<p>Shared services strategy Strategy for new models of delivery for ED, regulatory services, environmental health, leisure, housing, street scene including refuse collection, libraries etc Identify target savings from rationalisation Identification of sub county management areas.</p>	<p>Implement first wave of joint committees/ host authority arrangements</p>	<p>Complete shared services programme Achievement of savings from initial wave of shared services</p>	<p>Review overall service delivery strategy in line with neighbourhood model and strategic fit with wider policy issues such as City Regions.</p>
<p>Neighbourhood management strategy Identify neighbourhood level areas for each district – where not already defined Refocus Community Plans on new arrangements for service delivery within the LAA and Develop Area plans and Neighbourhood Charters</p>	<p>Review operations of LSPs Tighten up performance reporting at area level Service level agreement and financial support to first wave Neighbourhood Service Centres</p>	<p>Joint community development teams fully established and long term programme of neighbourhood partnership development underway.</p>	<p>Roll out neighbourhood service centres where gaps in provision exist.</p>

The projects in more detail

7.10 We have already outlined our approach to neighbourhood management and reviewing political management and leadership. In the next section we look at each of the other three transformational projects in a little more detail. As summarised in table 1.

Back office services

7.11 All councils, and where possible other public services, will move to a shared back office which will drive considerable efficiencies and internal service improvement. We have no preconceived ideas about whether this would be best done through the assimilation of district back office functions within the County's systems, the establishing of a jointly owned arms length delivery vehicle or through partnership with a private sector provider. In doing so we would seek to take advantage of the work carried out by the County Durham E-Government Partnership and the opportunity for procurement, assistance and advice from the North East Centre of Excellence. An option appraisal to establish the best course would be an early task for the project management team.

7.12 Back office systems would be migrated to the new 'vehicle' in a phased way in order to minimise disruption and manage the close down of existing IT systems and operational processes. The aim would be to achieve significant efficiencies, create improved performance in transactional services and improve customer service without any diminution of service in the transition phase.

7.13 While the main purpose of the single back office vehicle would be to provide services to the eight current councils and whatever unitary structure succeeds them, there would also be the opportunity to offer services to:

- other public service providers such as the Police, Fire Services and Health
- Town and Parish Councils
- the community and voluntary sector.

7.14 It is envisaged that the 'single back office' would be established in phases which would need to be agreed, but might look like this:

Phase 1:

- Financial transactional services (creditors, debtors etc) and accountancy
- IT services and other communications - landlines and mobile phones
- HR transactional services (e.g. payroll)
- Council tax and other revenue collection
- Legal services
- Procurement
- Increased transactional services on the web
- Generic customer services such as concessionary travel
- Printing, publications, stationery etc

Phase 2:

- Insurance
- Benefits claim processing
- Call centre infrastructure

- Support for other customer access initiatives such as support for touch screens in neighbourhood centre
- Working towards common HR policies, shared training and development
- Recruitment

Phase 3:

- Customer services migrating from education, social care services, planning and others such as schools admissions

7.15 We would want to ensure that this approach offers modern employment by maximising the opportunities of home working and 'hot desking' in local centres.

Shared services at the front line

7.16 Front-line services will be delivered at the level which is most appropriate to that service. Some current district services may eventually be delivered at a county level, but experience from other areas in the building of shared services is that this is better achieved through an incremental approach rather than a 'big bang' which has led to some spectacular failures recently. Conversely, a number of community facing County Services are managed on an area basis that should be aligned with district services.

7.17 Initially, we see policy, management and a number of front-line services building shared service vehicles across a clustering of districts reflecting the natural geographies of the County. These services would include:

- Policy and Strategy
- Planning processing
- Building control
- Refuse collection and recycling
- Some aspects of street scene and grounds maintenance services such as depots, vehicle maintenance, hit squads etc.
- Environmental health
- Highways
- Arts libraries and Museums
- Leisure, possibly through the creation of a Leisure Trust
- Economic development and regeneration
- Youth services
- Housing and homelessness
- Highway maintenance
- Licensing
- Trading Standards

7.18 The principle would be for services to be managed by bespoke partnership vehicles and located at the most appropriate council acting as host.

7.19 Strategic services which require shared service arrangements to establish economies of scale, will be linked to the county-wide back office in areas such as:

- Schools
- Child protection

- Adult social care
- Asset management
- Shared procurement
- Commissioning

7.20 Other services will be delivered at a much more local level. These would include, for example:

- Responsive street scene services such as parks maintenance and local litter picking
- Community safety and neighbourhood wardens
- Community facilities management
- Play area management

Case Study 4 – Merging Services

Merging Services – Supporting People

As part of the Supporting People Value Improvement Programme the District Councils worked with Durham County Council and other partners to bring together Community Alarm and Warden Services for Sedgefield, Wear Valley and Teesdale.

In so doing we have reduced the number of service providers from 13 to 1, achieved savings to commissioners of £400,000, improved service standards, negated the need for significant investment in service infrastructure in the Wear Valley area and extended the service into the Teesdale area; an area which previously did not receive such supporting people funded services. This arrangement has effectively achieved significant savings and increased the numbers of vulnerable people benefiting from these services by 40%.

No restructure, no PR sales, no fuss, no big bang - just better services and savings.

Service Access

7.21 Linked to the above will be an integrated approach to service access across the county which will include all councils and other key public services providers. The key principles will be:

- A single phone number giving access to a county-wide call centre
- Face-to-face access through a linked network of 'first-stop shops' based in district council service centres, public libraries and other service centres. This will be build on the existing single Customer Relationship Management system to ensure a seamless service through co-ordinated joint training for customer service staff, clear protocols and service standards.
- A single county-wide web-page giving on-line access to public services.
- A Business Transformation programme to re-engineer all customer access processes across the county into the new arrangements building on the e-government shared services report. This will be based on the assumption that as many people as possible will be encouraged to self serve through web-based

services (currently the number of transactional services available on the web is low compared to other counties and districts) and other more cost effective channels.

7.22 This approach will be a challenge to current e-services such as education and adult social care who currently receive a variety of customer queries and handle them in an ad-hoc manner. However achieving service integration has been made easier through the work of the District Council led Durham Net Partnership that has provided broadband connections to all schools and a wide range of community groups across the County.

Managing the transition

7.23 Our challenge is to produce change which is both evolutionary and radical. We believe we can achieve this based on a community engagement model where the management of service delivery is devolved to the most appropriate level. One of the key features of our bid is the approach to the transitional component. It is our contention that a unitary created by what is perceived as a takeover by the County Council is likely to create a prolonged period of risk, uncertainty and service instability.

7.24 Instead we are proposing a slightly longer period of transition but one which:

- has the same end point of a unitary structure of local government for County Durham
- chooses the form of unitary government through a formal and inclusive option appraisal in which the criteria are generated locally within national guidelines
- seeks to engage local neighbourhoods, the voluntary sector and community groups in a debate about the structures and service delivery mechanisms which will best promote empowerment and engagement
- emphasises service stability during the transition
- offers reassurance to employees at a time of significant potential uncertainty
- takes a programme management approach to transition – taking the elements of service redesign, changing political management arrangements, the creation of a single back office and developing neighbourhood management as a range of distinct but interlinked projects co-ordinated and overseen by a Transformation Board.

7.25 Our proposed timetable for the implementation is as follows:

Activity	Timescale
Transformational Board Established	September 2007
Transformational Board Determine Unitary Authority(ies) for Consultation with Stakeholders	September 2008
Unitary Authority(ies) Number and composition agreed by Secretary of State	July 2009
Boundary Committee Approve New Unitary Authority(ies) Ward Boundaries	December 2010
Shadow Unitary Authority(ies) Elections	May 2011
New Unitary Authority(ies) operational	April 2012

Transformation Board

- 7.26 Adhering to the timetable for implementation will be a challenging process and it requires a strong, transparent and accountable decision making mechanism to ensure a new unitary system, that is 'owned' by stakeholders and is operational in April 2012. Achieving this vision will be the responsibility of a Transformation Board made up of the Leaders of the 8 councils (and the Deputy Leader of the County Council) supported by the respective Chief Executives and a jointly appointed Transformation Director who will manage a full-time programme management team drawn from staff within the eight authorities.
- 7.27 The Transformation Board will have a focussed remit to move from a single tier system to a unitary system of local government by 2012, and in doing so, will achieve back office integration and organisational efficiencies, as well as enhanced neighbourhood arrangements, in the transition period. As detailed in the above timetable, the Transformation Board will be established by September 2007 at which point it will commence on a number of essential work streams (detailed in the following section) with key stakeholders in the county.
- 7.28 While the timetable for the Transformation Board will be challenging, it will allow sufficient time to engage with stakeholders in order that the new structures are shaped to meet their needs as opposed to the alternative in a quicker process, where stakeholders have to bend their needs to meet the shape of new council structures. To ensure stakeholders are engaged with the Transformation Board, a programmed series of scrutiny meetings will be scheduled where it will be held to account for its progress against the commitments made in this submission.
- 7.29 Just as Durham requires a new unitary system of local government, it is quite fitting that while developing that system, there also needs to be bespoke scrutiny arrangements to oversee the process. Determining the final membership of those arrangements will require further consultation with stakeholders, but as a minimum will include representatives from:
- The County Durham LAA Board
 - The Government Office for the North East
 - Local Strategic Partnerships
 - Town and Parish Councils
 - Community Empowerment Networks
 - Front-line members from existing councils
- 7.30 Taking this inclusive approach to overseeing the work of the Transformation Board will have a number of benefits. It will:
- Provide an added impetus to the eight authorities to adhere to the implementation timetable
 - Ensure the evolving changes have relevance to stakeholders
 - Create an opportunity for even greater efficiencies and joint working at the neighbourhood level by giving the opportunity for partners to not only scrutinise but become actively engaged in sharing back office services and neighbourhood arrangements.

7.31 We propose that the Audit Commission is engaged to support the work of the Transformation Scrutiny Panel and that they will prepare regular progress reports for consideration at the scheduled scrutiny meetings - copies of which will also be made available to the Department for Communities and Local Government.

On-going service delivery

7.32 Given the proven adverse impact reorganisation of local government structures can have on services to the public if implemented in a short-time frame and from a single point in time, existing District and County decision making arrangements will continue in the eight two-tier councils in the build-up to 2012. The role of the councils will be to ensure the continued provision of high quality services as well as the local implementation of the Transformation Board's agreed actions.

7.33 Whilst ultimately there is expected to be a need for fewer councillors in the new unitary system, during the transition period, it will be positively advantageous to have the current number of councillors to explain and manage the change. The key difference to the current system is that all councillors will assist on any local government service, irrespective as to whether responsibility currently lies with a district or the County Council. Indeed, as the neighbourhood service centres are rolled out across the county, this issue will increasingly become irrelevant – overcoming any current issues of confusion regarding accountability for service delivery.

7.34 To ensure the joint working approach is reflected in the current District and County Council decision making arrangements, County Council Executive members will take on specific area responsibilities and will sit on District Council cabinets. In addition, the current practice for increased joint scrutiny arrangements will continue, both between the local government tiers and also through the increased incorporation of Local Strategic Partnership members and Town and Parish Councils on council scrutiny panels.

Safeguards

7.35 We are confident that given the clear direction set out in the White Paper, progress on this submission will be achieved without recourse to arbitration as a consequence of the arrangements set out in this submission. The key features of which are:

- Placing the Local Area Agreement Board and the Local Area Agreement structures at the heart of the transition process in order to tie in the new structures into the **delivery of outcomes**, rather than just looking neat on paper.
- Putting in place a Transformation Scrutiny Panel to oversee the Transformation Board's progress on:
 - service delivery improvement targets
 - milestone targets in relation to the development of the new arrangements.
- Commissioning the Audit Commission to support the Transformation Scrutiny Panel through the provision of regular independent assessments on progress with the Pathfinder commitments

- Establishing a Transformation Director and full-time programme management team from within the eight authorities to provide overall programme and project management
- Taking a project management approach to each of the elements of the programme in line with the proposed programme on the timetable so that:
 - Work is done concurrently, where possible
 - dependencies are identified and planned in
 - the programme takes account of the overall resource required and ensures that the transition itself does not adversely impact on day-to-day service delivery.

7.36 We will utilise a federal system whereby the Leaders of the Districts and County make up a joint board to oversee the process of transition. The Board will be supported by an enhanced joint scrutiny arrangement. Scrutiny reviews will be established for each of the key transition areas, to be approved by the Board.

7.37 A pathfinder approach would enable each review to be subject to external inspection to ensure that the process does not falter. Independent experts will contribute to the reviews to guide recommendations.

Risk Management

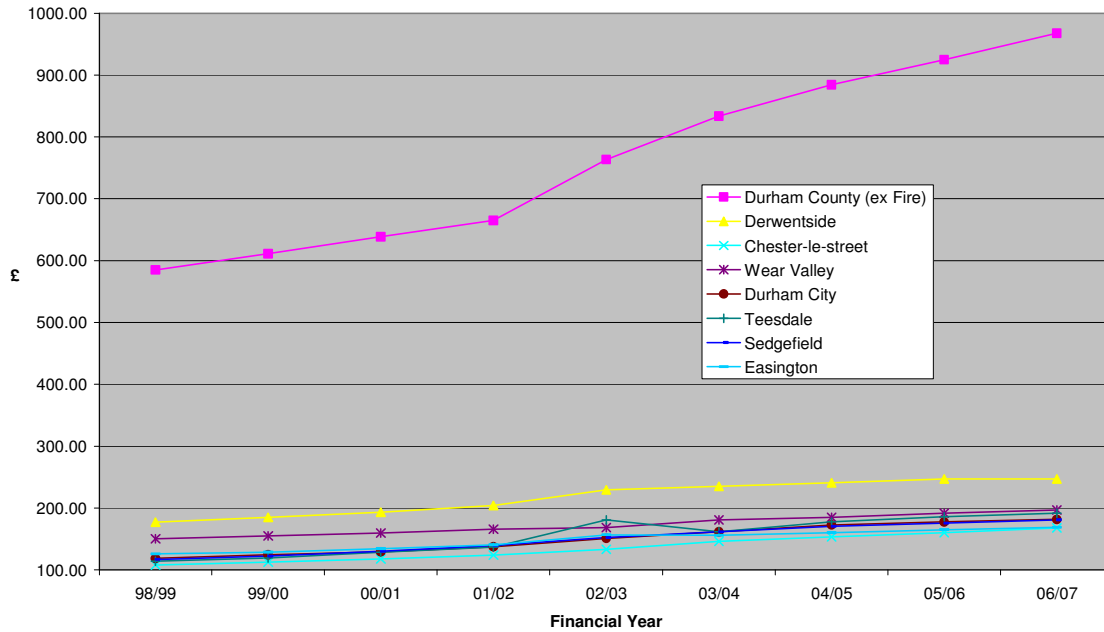
7.38 As with any major programme of change, there are risks associated with the transitional arrangements outlined in the bid. The key risks associated with the delivery of the outcomes are:

Risk	Probability	Impact	Mitigation
Not able to agree ultimate solution	Medium	High	External challenge
No hard strategic edge to decision-making	Medium	Medium	Clear and accountable governance arrangements
Prolonged uncertainty	High	Medium	Good stakeholder communications strategy
Anticipated outcomes not delivered	Medium	High	Strong performance management arrangements
Stakeholders not engaged	Medium	Medium	Stakeholder Management strategy
Financials not robust	Medium	High	Continued review of financial impact
Unclear accountability to Members for services as merging commences	High	High	Clear and accountable governance arrangements

8. Financial Case

- 8.1 Our submission is based on the premise that the future of local government in County Durham is too important to rush to a judgment on the precise form that best meets local needs and national imperatives, so it is difficult for us to present a financial case in the same way as other bidders have done. Our case is a structured two step approach that forecasts the delivery of savings building from an early stage up to the maximum level when the preferred structure of government is determined.
- 8.2 Having looked at the figures presented by the County Council, we believe that they may reasonably represent the savings available by stripping out duplication and delayering management. We would seek to do much the same task through our approach to shared services. However, their bid may understate the overall level of savings available – we genuinely believe that in areas such as adult social care, children’s services and libraries we can deliver significant efficiencies by working together. We recognise that a proportion of these savings will need to be ploughed back into these services to meet both the increased demand for services and the community led transformation of services we propose elsewhere but we think that there is sufficient scope to achieve this and still significantly reduce the costs of local government in County Durham.
- 8.3 However, we also believe that the County Council may have understated the transition costs, because of the impact and risk of a ‘big bang’, short timescale approach. Our view is that the proposals presented by the districts would be able to manage and restrict the transitional costs because of the more gradual and consultative approach.
- 8.4 Our proposal is presented on the basis that
- Because we agree that the eventual outcome of the process will be a unitary form of government for County Durham, the costs of ‘being in business’ will not be radically different whatever the outcome of our option appraisal.
 - Services in County Durham need to be shaped over the next few years by professionals working with local people and community organisations, rather than speculative modeling exercises. The lessons of the new councils created in the late 1990s was that few of the predictions made in bid documents some 2/3 years before the creation of new authorities bore much relation to actual service configurations which emerged in the 2/3 years afterwards.
 - By building models over time and securing savings as we proceed we believe this will provide a robust starting point of cost saving around services we already know and manage.
 - The County Council does not have a strong track record in controlling costs - see chart on council tax increases - nor does it have a high reputation for delivering modernised or transformed services. It will need the challenge from and participation of the districts if it is to deliver the sort of opportunities that are potentially available.

Council Tax - Band D (ex Parishes)



- 8.5 We believe that we can significantly reduce both the costs and risks of transition through a more phased and consultative approach. In summary, it is our contention that our proposed course of starting early on reorganisation but spreading the work over a longer time period would have the effect of minimising the transition costs but (over time) maximising the efficiencies and service improvements that can be gleaned.

Transition costs

- 8.6 We understand that the County Council has estimated the cost of moving to a single unitary council in 2009 at around £19 million. We believe this underestimates the cost of Voluntary Early Retirement (VER), redundancy and pension enhancements. We also believe there are costs in 'keeping the seven district ships afloat' which may have been underestimated if significant gaps appear in district council management structures and those posts become difficult to fill by traditional recruitment, because of the organisations short lifespan.

Redundancy and severance payments

- 8.7 We understand that the County Council would have a proposed policy of no compulsory redundancies but would still need significant headcount reduction in order to meet its savings target, so it would need to offer attractive early retirement and voluntary severance packages to achieve the reduction in personnel necessary.
- 8.8 Evidence from previous reorganisations would indicate that the number of people opting to take advantage of VER and other negotiated terminations will be of the order of 150-200. The costs of these severances will vary wildly depending on age, seniority and years' service, but in the case of Chief Executives/ Directors and other long serving senior officers they are likely to be significant six figure sums. We

believe an overall cost of £15m would be a realistic assumption of VER and severance.

Temporary and Interim Staffing

- 8.9 The potential exit of staff from the districts will have to be plugged as well as possible in order to minimise the disruption to services. Given the difficulty of recruiting to organisations with a lifespan of less than 18 months, a number of these posts are likely to have to be filled through agency and consultancy arrangements which are far more expensive than traditional employment. If this applied to a handful of posts in each of the seven district councils, the additional cost could be £2-3 million.
- 8.10 Whilst this approach would help to shore up any deficiencies in the available capacity there would still be an inevitable detrimental impact on service delivery.

Systems integration and simplification

- 8.11 The costs and short term disruption involved in the early termination of IT contracts and/or novation costs, migration and retraining for those systems retained are likely to be greater in a 'big bang' approach to the creation of a new organisation than in a more measured and programme managed approach to change.

Closedown

- 8.12 There is a significant cost involved in 'winding up' the eight old authorities, both in terms of complying with the need to close the books, to deal with a whole range of legal issues around the transfer of ownerships etc and how to deal with the more administrative and ceremonial activities undertaken by authorities.
- 8.13 Taking all of these into account we believe that the transitional costs of moving to a county unitary in line with DCC's proposals will be higher than anticipated and may be in the region of £25-30 million.

The districts' approach to transition

- 8.14 We believe that our own proposals will significantly reduce these costs by:
- Taking a more negotiated and phased approach to the creation of new unitary structures thereby minimising the impact of 'talent leakage.'
 - Adopting the programme approach to the creation of a single back office, the shared services approach to front-line services and the development of unified access arrangements mean that we would expect to achieve our aim of reducing headcount without any compulsory redundancies and relying to a much larger extent on 'natural wastage.' Our aim is to reduce the head count in management and back office personnel by around 20% over the next four years for district services, but retaining the cost of severance payments to a maximum of £4.5 million and possibly much less than that. This approach will seek to minimise the costs of early termination and migration/novation costs will be significantly reduced.
 - A more gradual approach would also reduce the planning costs. While we acknowledge that there would still be a significant need to backfill the positions

left vacant by those undertaking programme and change management, this would undoubtedly be at a lesser extent than if a 'big bang' approach were adopted. Our estimates are that costs for a full time programme management team together with five project teams and some additional accounting capacity would be of the order of £3 million.

Ongoing savings

- 8.15 The County Councils limited release of information indicates ongoing savings in the region of £21 million. We understand that the County Council has already committed to spend around £16 million of this on Area Management Partnerships, devolved ward/neighbourhood budgets and significantly enhanced councillor remuneration.
- 8.16 However, we do not know whether account has been taken of
- The costs of equalising council tax across the county, which in the most conservative case would cost around £3.6 million but may be more depending on the assumptions made about the application of parish precepts which in themselves account for £9 million of the tax take and vary widely across the county area.
 - The costs of pay harmonisation and re-run job evaluation exercises as services are amalgamated.
- 8.17 We assess these costs around £5 million and on this basis it is difficult to see how transitional costs can be met from ongoing savings.
- 8.18 Under our proposal, whilst some of the savings may take slightly longer to materialise, they would be much more grounded in a realistic and consultative approach to service redesign and therefore inherently less 'at risk.' Also, because the districts have a good track record of controlling cost and innovating in service delivery - often through devolution and partnership working - it is more likely that our approach would deliver real change. Indeed we would welcome the opportunity to work with the professionals in services such as adult social care, children's services and libraries to help drive innovation and service improvement by developing flexible, responsive and value for money solutions based in local partnership working and community engagement.
- 8.19 Our proposals offer the opportunity for significant savings, built around a community led approach to front-line services creating robust sustainable efficiencies.
- 8.20 In doing this we have taken a very cautious approach to the calculation of potential savings and during the development phase have concentrated on the two key projects –
- a single back office and;
 - shared services at a joint district level for Environment/ Street scene, Planning/regulatory services and Cultural and Leisure services.
- 8.21 Our calculations demonstrate that, when fully implemented, these would deliver annual savings of at least £12 million.

The costs of transition under our proposals

8.22 While we have stressed that a major advantage of our approach is that transition costs are minimised, we recognise that these would still play a significant role.

8.23 Approximate key costs include:

	£m
Early Retirement/Voluntary Severance	4.5
Transition planning/project management teams	3.0
Other(relocation, fees etc)	0.5
Total	8.0

8.24 The following table summarises the timings of these savings and costs during the development period and shows that some of the identified savings from our approach will be used to improve services from the bottom up. In 2008-09, for example, we would seek to use £750,000 to establish or provide sustainable support for 15 neighbourhood service centres this would grow by a further 10 centres, in each of the 2 subsequent years creating 35 in total. These would develop further local initiatives such as:

- Enhancing support for the local member role
- Developing new neighbourhood charters and compacts
- Supporting local forums
- Enhancing the performance management capacity of the authorities to report data at a local level.

8.25 Summary of forecast savings/ (costs) – at district level during the development period

	07/08	08/09	09/10	10/11	11/12	
	£m	£m	£m	£m	£m	£m
Savings from Back Office & Shared Services	0	4.5	9.5	12.0	12.0	38.0
Neighbourhood centres	(0)	(0.75)	(1.25)	(1.75)	(1.75)	(5.5)
Costs of Transition`	(0.5)	(2.0)	(3.0)	(2.2)	(0.3)	(8.0)
Net Saving	(0.5)	1.75	5.25	8.05	9.95	24.5

8.26 Any new unitary option will therefore start with significant savings already secured.

8.27 In addition to the ongoing savings of £12m we also believe that there is significant potential for efficiency gains in services currently run by the County Council. Based on current figures, the County Council spends significantly above the average for Adult Social Care amounting to £20 million. We have already noted that some savings would have to be reinvested back into the service areas to deliver the enhancements required but even allowing for this we think that savings of £10 million a year could be achieved.

- 8.28 Our belief is that in working with the county council in the period up to 2011/12 some of these savings could be released early, increasing the potential for combined annual ongoing savings to **£22 million**.
- 8.29 Further additional savings and transitional costs will then flow from whatever model comes through the option appraisal process. These will arise from integration of the current County Council back function into the shared model established and combining existing district and county services as appropriate, for example, combining maintenance and fleet operations will generate management and procurement opportunities, combining libraries with current district leisure and culture outlets will generate efficiencies and service enhancements.
- 8.30 The financial model used would show that the savings of £22 million already secured would grow to between **£27 million** for a 3 unitary option up to **£35 million** for a single unitary option.
- 8.31 Clearly there will be additional transitional costs to allow this to happen and these have been assessed as increasing the identified £8 million for rationalising the district services up to £13 million for the 3 unitary option and £18 million for the single unitary option.
- 8.32 In summary we believe that whatever unitary structure is chosen, there will be significant savings on current costs, although the extent of those savings can only be broadly predicted.
- 8.33 What is important is that the transition phase to a unitary structure is one which:
- a. Maintains and improves current services rather than putting them at threat of significant disruption
 - b. Builds firm foundations for new models of services from the extensive and successful examples of community engagement being developed by the districts at the moment.
 - c. Gives the new council(s) a good opportunity to start with robust administration and support and quality services protected from the risk of change.
- 8.34 We believe that our approach demonstrates these objectives, with a gradual build towards the optimum unitary solution, delivering robust and sustainable cost savings and efficiencies from an early stage, without placing too much risk to existing service delivery.

9. Closing Statement

- 9.1 Our approach is unique. We are proposing a pathfinder approach to a form of unitary governance in County Durham which would be established in 2011. We will deliver a unitary solution:
- designed from the community level upwards with new arrangements being developed through discussions with local communities;
 - evolved over a period of five years so as to sustain current services and maintain a strategic leadership role;
 - providing efficiencies through the integration of our back office services and designing all other services around our citizens and community needs; and
 - with services focused around neighbourhoods and localities developed through a partnership-based approach, working with local communities and other stakeholders through Local Strategic Partnerships;
- 9.2 As part of these transformational arrangements there will be put into place an organisational development strategy to support:
- Our Councillors to be effective in their community leadership roles and our managers in adjusting to new ways of working.
 - Effective strategic leadership at all levels from neighbourhoods through to sub regional, city regional and regional levels so as to provide a strong voice in promoting the interests of County Durham.
- 9.3 We will take the opportunity to work with other public services such as the Town and Parish Councils, the Primary Care Trusts, the Police and the voluntary sector to maximise efficiencies and deliver more effective, joined up and responsive neighbourhood services.
- 9.4 Through our proposals we will be better placed to:
1. take a constructive and effective part within regional debates, including city regions.
 2. minimise the disruption to services that others have experience during traditional reorganisations so as to protect the quality of life of our most disadvantaged residents.
 3. provide an effective programme of change with strong and inclusive governance arrangements, accountable to the Department for Communities and Local Government for delivery of agreed outcomes
 4. deliver a well managed and more far reaching change to local government than a more traditional approach might achieve.
- 9.5 Our approach is one of innovation and pragmatism to deliver the best possible outcomes for the people of County Durham.

Appendix 1 - Natural Communities

County Durham is situated at the heart of the North East of England between the two conurbations of Tyneside and Teesside extending from the North East coast to the high moors of the North Pennines Area of Outstanding Natural Beauty. The County covers some 223,000 hectares and has a population of 493,470. The County forms one of the Regions's four sub regional units and is served by seven District Councils and Durham County Council.

The County is a diverse area. The central and eastern parts of the County contain the larger urban centres that accommodate in their immediate environs some 79% of the County's population. These are the main employment and service centres for the county and vary in size from Durham City and Bishop Auckland to Barnard Castle and Crook as shown in Table 2. These centres formerly had an economic rationale strongly linked to the economic base of the county: steel, railways and coal industries. The two former New Towns at Newton Aycliffe and Peterlee were established respectively as manufacturing employment centres and to help address the contraction of local coalmining in south west Durham and to support the mining industry and help create increased local employment diversity in East Durham.

The western part of County Durham to the east of the A68 is more rural with a lower and more dispersed population with Barnard Castle acting as a service and administrative centre for much of the western part of the county.

Table 2 – County Durham Major Centres Population (2001 Census)

Consett	27,400	Bishop Auckland	24,500
Stanley	16,300	Crook	8,300
Chester le Street	23,900	Spennymoor	17,200
Durham	42,100	Sildon	10,100
Seaham	21,700	Newton Aycliffe	25,500
Peterlee	30,100	Barnard Castle	5,300

Each of these centres plays a role in terms of employment, housing retailing and access to public services in line with the objective of the creation of sustainable communities. The centres are also part of wider catchment areas that extend outwards from the higher order centres within the two conurbations to the north and south of the County. With increasing mobility in terms of employment, housing markets and retail and leisure activities, there is now a greater inter-relationship and inter-dependence between the population centres of County Durham with the neighbouring areas of Tyne and Wear and Teesside/Darlington.

This changed role for County Durham's communities is reflected in a number of ways.

Employment Structure

- The employment structure has changed considerably since the late 1970s with a contraction of the former industrial base associated with coalmining, steel making and railway engineering. There is now a more diverse employment structure, though manufacturing activities at 22% of all employment is significantly greater

than the regional average at 16%. Service sector employment is under represented and is dominated by public services activities.

- There has been an increase in the level of commuting from the county to nearby employment locations within the two adjacent conurbations.

Housing

- There has been a shift in the tenure patterns to a higher level of owner occupation and this level is now in line with national averages at 68% though the share of housing in the social sector, at around 25%, remains above the national average of 19%.

Retail

- Greater diversity in shopping patterns influenced by the major urban conurbations and 'out of town' centres such as the Metro Centre at Gateshead.

A further distinguishing feature of County Durham is the level of deprivation being experienced, with four districts being eligible for Neighbourhood Renewal Fund assistance as being amongst the worst 88 local authority districts in England. Overall some 33% of the County's population live in areas ranked within the worst 30% Super Output Areas (SOAs) in the country. In Easington, ranked as the 7th most deprived district in England, some 83% of the population live within the worst 30% of all SOAs. In Derwentside, Sedgefield and Wear Valley around 50% of the population are resident in SOAs within the worst 30% nationally. Many parts of the County have deep-seated problems of economic inactivity/joblessness, poor levels of educational attainment/skills and health inequalities.

The communities of Durham are, therefore, not uniform nor contained to a county level of geography but operate as part of a series of community and service patterns shaped by, and forming part of, the two major city region areas that broadly divide the county. The centres of Tyneside and Wearside (Sunderland) in the north influence Durham, Chester le Street and Derwentside districts and Tees Valley in the south including Darlington, impacting on Sedgefield, Teesdale and Wear Valley Districts. Easington District, being adjacent to both conurbations, also divides between the two areas, with Peterlee at the centre of this division.

These spatial relationships are shown by reference to a number of factors:

- **Labour Market Areas.**

Journey to work statistics provide an indication of the labour market catchment areas across the county. There is a focus of movements around Durham City reflecting its role as a major service centre and the location of a number of major employers in the national and local government sectors as well as the health sector. Districts nearest the adjacent conurbations tend to have the greatest outflows influenced by the major employment locations within the adjoining conurbations such as Team Valley, Gateshead, Washington and Doxford Park in Sunderland as well as the centres of Newcastle and Sunderland. To the south the importance of Darlington and Hartlepool is evident:

This serves to show the importance and relationship with the adjacent conurbations for those communities in the county, with only Durham City having a reasonable level of self containment in terms of labour market patterns within the County. Easington and Chester le Street have the largest outflows to adjacent conurbations.

Table 3 – Labour Markets

District	% Within District	% Within County (Outside of District)	% Outside of County
Chester le Street	30	22	48
Derwentside	53	16	31
Durham	62	15	23
Easington	42	10	48
Sedgefield	54	21	25
Teesdale	61	20	19
Wear Valley	56	29	15

- **Housing Markets**

Recent work on housing markets across County Durham identified a number of broad markets in operation. There is a relatively contained market around Durham City, but across much of the remainder of the county there exists a relationship between Darlington and markets across Sedgefield, Wear Valley and Teesdale. Easington has tended to have a closer link with the southern area of Tyne and Wear and in particular Sunderland, while parts of Derwentside are more influenced by the Gateshead/Newcastle areas and Chester-le-Street by south Gateshead and western Sunderland including the Washington area.

- **Health Services**

The County is served by the County Durham and Darlington Acute Hospitals NHS Trust through general hospitals in Durham, Bishop Auckland and Darlington. In the eastern part of the County, the majority of Easington District residents and some Sedgefield Borough residents use services provided through the North Tees and Hartlepool NHS Trust in Hartlepool and Stockton. Some patients in the northern part of Easington are served by hospitals operated by the City Hospitals Sunderland NHS Foundation Trust

- **Retail and Leisure Trends**

Research on retail and shopping trends indicates that for non food retailing much of the southern part of the County (Wear Valley, Sedgefield and Teesdale) is influenced by Darlington, while Hartlepool draws expenditure from the Easington area. A similar pattern applies for the northern part of the county with Easington, Durham and Chester le Street being served by Sunderland and Newcastle/ Gateshead with Derwentside more influenced by Newcastle and Gateshead. It is estimated that for retail and leisure activities around 40% of the county's population travel to Tyne and Wear and 25% to the Tees Valley area.

- **Other Factors**

A number of other factors further demonstrates this pattern of a series of communities within broad spatial divisions of the County and the links to the adjacent conurbations. The county is covered by a number of **broad post code areas** related to Newcastle, Sunderland, Darlington and Teesdale. The Durham postcode area is confined to Durham City and Chester le Street as well as areas to the immediate east and west of Durham District. Local **newspaper readership** suggests that the Northern Echo, based in Darlington, is prominent across much of the southern and central part of the county, while across north western communities the Newcastle Journal is more established. In Easington and in the eastern parts of Chester le Street and Durham, the Sunderland Echo is read and the Hartlepool Mail readership also extends in to the

southern parts of Easington. **Public transport** services are shaped by routes that radiate out from Durham City but also those connecting with Newcastle and Gateshead in the north and north west of the County, Sunderland and Hartlepool in East Durham and from Darlington and Stockton across the Sedgfield, Wear Valley and Teesdale areas.

The people of County Durham do have a strong sense of local identity with their own village/neighbourhood which provides a strong sense of community and place for many people and this is especially the case in the smaller communities. This stems in part from the industrial heritage of the County and is particularly evident in the former mining communities across central and eastern Durham. A similar sense of community is also evident in the more remote, rural communities of West Durham. There is also a clear association for many residents with the historic County Durham and its proud associations with coalmining and the iconic cathedral city of Durham.

The County Durham of today, however, is much changed from the historic County Durham that stretched from the Tyne to the Tees, following the loss of Gateshead, Sunderland, South Tyneside, Hartlepool and Stockton on Tees in 1974 and Darlington in 1996.

The above factors illustrate how the present economic, commercial, social, and service patterns now influence the nature of life in the communities of County Durham today. There does exist across County Durham a complex series of interrelated and connected communities and one that is shaped by the role these communities play in the two city region areas that extend into the County.