



EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Regeneration Executive Member for Resources
LEAD OFFICERS:	Deputy Chief Executive
DATE:	9 February 2017

PORTFOLIO/S AFFECTED:	Regeneration	Resources
WARD/S AFFECTED:	All	
KEY DECISION:	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	

SUBJECT: Place Partnership – Update and Developments

1. EXECUTIVE SUMMARY

To outline proposals developed through the partnership Business Case process, for the implementation of shared management arrangements for the BwD-Capita Place Partnership which commenced on 1st July 2016.

2. RECOMMENDATIONS

2.1 That the Executive Board notes:

- 2.1.1 The agreement between the Council and Capita to further develop the partnership through the introduction of shared management arrangements across the place partnership as outlined in this report.
- 2.1.2 That the initial agreement will be for a minimum period from February 2017 through to the end of the second year of the partnership, i.e. 30th June 2018, with a review against agreed success measures after 12 months.
- 2.1.3 Appropriate governance arrangements will be put in place to protect all parties.

3. BACKGROUND

- 3.1 As previously reported to Executive Board, following a full review of the long term multi-disciplinary partnership with Capita, the new place partnership with Capita commenced on 1st July 2016 for an initial 5 year term, up to a maximum of 10 years.
- 3.2 Since then, options have been explored for further development of an integrated place partnership ranging from full outsourcing of technical services to Capita (including planning, highways & transport and property), to developing the in-house service offer and retaining the agreed client contractor arrangements.

3.3 Given the new partnership is still in its early days and the Council's previous experience of a 'thin' or no client model, it was felt that a full outsource model was 'too much, too soon' and carried a number of other risks such as: reliance on key individuals outside the Council's control; it could be difficult to contractualise and commercialise; and could take a long time to agree the detail and implement whilst distracting from ongoing service delivery and the growth programme.

3.4 However, given the Council's Medium Term Financial Strategy and priority for supporting growth, no change is not an option and just reviewing and restructuring the in-house services would not fully exploit the benefits of having a private sector partnership and utilise the existing skills and knowledge which sit in different areas across both organisations.

4. KEY ISSUES & RISKS

4.1 The key drivers for considering options to develop the place partnership are:

4.1.1 To accelerate delivery of the growth programme and thereby increase council tax and business rates income to support the Medium Term Financial Strategy

4.1.2 To deliver savings on operational services through reduced revenue costs and increased income

4.1.3 To create more capacity to:

- support the development of and influence the Lancashire Combined Authority and potential devolution deal ensuring BwD and Lancashire can maximise opportunities presented through the Northern Powerhouse,
- strengthen relationships with the LEP (Lancashire Enterprise Partnership) and Marketing Lancashire and work with them and other partners so that BwD and Lancashire continue to attract investment.

4.2 Additional benefits of a shared management arrangement include:

4.2.1 Focus on improving the performance of operational services such as highways

4.2.2 Maintain performance whilst developing more transactional and commercial planning and building control services that fully support the growth programme

4.2.3 Ability to offer services to other local authorities and partners in Lancashire where it is of mutual benefit to do so – Council and/or Capita provided services

4.2.4 Be in a position to bid for and secure maximum opportunities for external funding to support the borough and wider Lancashire

4.3 Having worked successfully with the Council since 2001, Capita equally are keen to maintain and increase employment in the borough, grow their business in Lancashire and support the development of the Combined Authority and other partnerships.

4.4 The Council and Capita will also continue to explore opportunities through wider business cases such as Business Case 2 – a work alongside model for procurement that aims to deliver guaranteed savings through improved procurement and commissioning, upskilling the Council team and with gainshare for Capita should they be successful in delivering savings. Should this business case proceed to a Final Business Case which demonstrates that it is likely to achieve the agreed objectives then a further report will be brought to a future Executive Board.

Proposal

4.5 A proposal has now been discussed, reviewed and agreed with Capita to introduce temporary shared management arrangements across the place partnership that will benefit both the Council and Capita.

- 4.6 Capita's Partnership Director is already a member of the Council's Management Board alongside the Council's Director of Planning & Prosperity, and the Managing Director of Growth Lancashire.
- 4.7 To optimise the Council's role and influence within the Combined Authority and maximise future funding opportunities through potential devolution deals and /or through the LEP, it has been agreed in principle, subject to formal confirmation through the Chief Officer Employment Committee, that the role of the Council's Director of Planning & Prosperity with varied operational, departmental and portfolio responsibilities changes to focus on Strategy and Funding with a small team, comprising existing Council staff, supporting him, with a clear focus on economic strategy supporting growth linked to the Lancashire Combined Authority (currently in shadow form) and the LEP, with Capita contributing to a proportion of the Director's time in supporting the partnership to develop in the wider region.
- 4.8 In making this change, there would be a leadership gap in terms of operational services and it has been agreed with Capita that, through the place partnership, the existing Partnership Director role is to be extended to manage service delivery on both sides of the partnership. This also means that the Partnership Director will relinquish involvement with other Capita partnerships elsewhere and spend his time on Council services and the partnership. Whilst remaining a Capita employee, approximately 70% of the time will be working for the Council and directly managing Council staff and services in accordance with Council policies. The remaining 30% will be spent managing services delivered by Capita through the partnership.
- 4.9 To accelerate delivery of the growth programme with the required commercial and development skills, it has also been agreed that a specific Capita resource will lead the growth programme and manage the integrated growth team which may consist of both Council and Capita staff. Whilst remaining a Capita employee, he will directly work for the Council managing Council staff and services and associated Capita staff as required in accordance with their respective organisation's policies.
- 4.10 To support the Council and deliver efficiencies and benefits through shared services and links to other authorities, a wider SLA with Growth Lancashire and the Managing Director will also deliver some services on behalf of the Council.
- 4.11 Agreed governance arrangements will be put in place to protect all parties, to avoid potential conflicts of interest and to ensure there are no personal incentives for the individuals involved.

Phases

- 4.12 It is proposed that a phased approach is taken to further developing the integrated place partnership which will be easier and quicker whilst also enabling review and reassessment at key points of development

Phase 1 – Shared / integrated management team

Phase 2 – Accelerate growth programme delivery and increase capacity to support the Combined Authority and maximise funding opportunities

Phase 3 – Review future alternative service delivery options for Highways, drainage and street lighting (further to completing the network recovery and LED replacement programmes)

Phase 4 – Commercialise planning services through increased efficiency and increased income whilst maintaining or improving planning performance

Phase 5 – Explore options for offering services through the partnership to other authorities and partners, the wider Capita group and the Combined Authority

Phase 6 – Review the arrangements after 12 months, and review the potential for developing further options for the partnership depending on progress to date and developments with the Combined Authority.

Note - Some phases may run concurrently

Review

4.13 These proposals have been agreed for an initial minimum period (to the end of June 2018) with a 12 month review against success criteria, to be formally agreed through the partnership, such as:

Progress in delivering the growth programme – Growth Board Members to agree
Delivery of revenue savings in operational services and new structures implemented
Options developed and agreed for future Highways, Drainage and Street Lighting services
Proposals for efficiencies and commercialising planning and building control services developed and agreed
Combined authority established and devolution deal progressing and/or successful funding opportunities identified and secured through HCA, LEP and others

4.14 Subject to the review the arrangements could then continue, change or revert to the current state. The arrangements will be subject to informal 3 month reviews through the Partnership governance arrangements and would also be reviewed should there be any changes to key personnel.

Next steps

4.15 Capita have agreed this proposal, subject to finalising the necessary formal approvals under the contract, following discussions with the Chief Executive and Deputy Chief Executive who oversees the partnership and will agree the required changes under the contract.

4.16 Discussions have also taken place with the officers involved who are agreeable to the proposals. The Chief Officer Employment Committee may formally need to agree changes to a Council Director role.

4.17 Senior officers are also meeting with relevant managers and staff and with the Trades Unions to explain the changes to them and make the necessary changes to staffing establishments, authorisation hierarchies and delegations in the constitution.

5. POLICY IMPLICATIONS

5.1 There are no policy implications arising from this report. The changes support the corporate priorities on delivering growth.

6. FINANCIAL IMPLICATIONS

6.1 There will be no additional financial implications arising from these changes. The Council will reimburse Capita for additional time for the 2 roles described above and Capita will reimburse the Council for 20% of the Director's time. The investment in the shared management arrangements to ensure the partnership has the skills required to accelerate delivery of the growth programme,

manage services and optimise future funding opportunities, will be offset by additional savings and income related to the operational service changes and focus on delivering the growth programme.

7. LEGAL IMPLICATIONS

7.1 These proposals will be agreed through the existing partnership governance and contractual arrangements including appropriate call-off fee mechanisms and change controls which the Deputy Chief Executive has delegated authority to approve under the Council's Constitution. The associated officer decision was published on 3rd February 2017.

8. RESOURCE IMPLICATIONS

8.1 The shared management arrangements will provide capacity to support Combined Authority developments and optimise funding opportunities as well as commercial oversight to technical services and the delivery of the growth programme.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. (*insert EIA link here*)

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. (*insert EIA attachment*)

10. CONSULTATIONS

10.1 The Leader and Deputy Leaders (the Executive Members for Regeneration and Resources), the Leader and Deputy Leader of the Conservative Group, Trades Union representatives, affected individuals and relevant departmental managers have been consulted by the Deputy Chief Executive who oversees the Partnership.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	1
-----------------	----------

CONTACT OFFICER:	Denise Park
DATE:	1 st February 2017
BACKGROUND PAPER:	