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Date: Thursday, 21 September 2017

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Dear Member

COUNCIL - WEDNESDAY, 27 SEPTEMBER 2017

I am now able to enclose, for consideration at the Wednesday, 27 September 2017 meeting of the Council, the following reports that were unavailable when the agenda was printed.

Agenda No	Item	Page
4.	Option for improving the viability and resilience of Torbay Council Services	(Pages 2 - 68)

Yours sincerely

June Gurry
Clerk



Meeting: Full Council

Date: 27 September 2017

Wards Affected: All

Report Title: Options for improving the viability and resilience of Torbay Council services

Is the decision a key decision? Yes

When does the decision need to be implemented? Immediately

Supporting Officer Contact Details: Steve Parrock, Chief Executive, 01803 201201, steve.parrock@torbay.gov.uk

1. Proposal and Introduction

- 1.1 This report is presented to Council by the Chief Executive, as Head of Paid Service, given the potential implications for Council wide service delivery.
- 1.2 In the light of continued austerity, it is important for all Council's to keep under review their long term strategic direction.
- 1.3 In recent months the partnering of Torbay Council's Children's Services function with another local government organisation has been considered at the recommendation of the Department of Education (DfE) appointed Commissioner, Mr. John Coughlan, who provides independent oversight and challenge to the local authority's Children's Services. This activity, alongside the local authority's continuing challenging budget reductions, have acted as a catalyst for a wider review of the local authority's function and form to ensure its future viability and resilience to deliver services.
- 1.4 Therefore, in May 2017 the Council engaged Local Partnerships and the Local Government Association (LGA) to undertake an appraisal of the potential options for Torbay to improve its viability and resilience, primarily involving new structures and partnerships with the wider local government family across the geography of wider Devon.
- 1.5 Local Partnerships commenced work on the options appraisal in May 2017 and met with senior politicians, senior officers, potential partner organisations and reviewed a wide range of key documentation. This then enabled the work to progress from a long list of potential options to a shorter list.

The short listed options were then considered in more detail and subjected a high level qualitative and quantitative analysis.

forward thinking, people orientated, adaptable - always with integrity.

The short listed options were:

- As Is: a no change option other than the changes already identified by the Council e.g. delivery of the Transformation programme,
- Best Fit transfers: the Council seeks a range of partners best suited to help deliver specific services - be they neighbouring Councils and/or other public and private sector bodies. To an extent, this is an acceleration of the current direction of travel of the Council,
- Shared workforce with Plymouth; simply described as 2 Councils, 1 workforce,
- Shared workforce with Devon: This represents the sharing of Tier 1 service workforce (Adults and Children's Services, Transport, Waste Disposal etc.) with Devon County Council and Torbay either delivering the Tier 2 services itself or in partnership with other district councils,
- New District Council: This would involve the formal transfer of statutory powers and political responsibility for Tier 1 services so that Torbay reverts to being a District Council or 'joins' an existing District council or councils,
- New Unitary: An option modelled on the merger of Torbay with Plymouth.

The options appraisal was presented to Torbay Council's Elected Mayor, Councillors, and senior officer leadership team at a workshop on 18 July 2017 where a consensus was sought on the options that would be taken forward to detailed business case stage. At the workshop there was a consensus to develop the following options in a detailed business case:

1. Shared workforce with Plymouth City Council,
2. Shared Tier 1 workforce with Devon with Torbay operationally acting as a district council, potentially in partnership with other district councils.

1.6 Therefore, this Report in Appendix 1 outlines the context of this work and the process taken to date by Local Partnerships. The Business Case prepared by Local Partnerships is included as Appendix 2.

2. Reason for Proposal

- 2.1 Torbay Council faces significant challenges over the resilience of its future delivery of services. When combined with the continuing financial challenges, this necessitates the creation of a long-term strategy for the Council that ensures resilience of services for the people of Torbay, albeit within an ever decreasing financial envelope.
- 2.2 Therefore, Council are asked to make a decision over how they wish to pursue the outcome of the work to date.

2.3 *Evaluation of the Business Case and rationale for recommendation by the Chief Executive*

The Local Partnership's Business Case has assisted the Council greatly in reviewing the options for future delivery and resilience of our services. I am clear, as are my Senior Leadership Team colleagues, that doing nothing at this juncture is not an option.

What is immediately apparent from the Business Case however is that the opportunity for a strategic partnering arrangement, does not, in and of itself, assist with the financial challenges of the Council. Whilst service resilience is important, I would advise that primary focus for the Council needs to be upon delivering savings through the transformation agenda and the opportunities for increasing the monies available for delivery of services that our residents value.

The Business Case highlights, as a key risk, the fact that pursing a strategic partnering arrangement would detract officer time and attention from delivering the transformation savings. I believe this is a significant risk that Members need to carefully consider. To consider this risk, it is necessary to compare the required budgetary savings over the next 3 years as compared to the level of savings that would be achieved from a strategic partnering arrangement;

	2018/19		2019/20		2020/21	
MTRP required savings	£9.6m		£6m		£1.8m	
Strategic Partner	Plymouth	Devon	Plymouth	Devon	Plymouth	Devon
Savings to be achieved through a partnership (as per the Local Partnership Business Case)	£0	£0	£244k	£160k	£0	£0

As this table highlights, the level of savings to be realised from a strategic partnering arrangement are incomparable to the budget reductions faced. To pursue a strategic partnering relationship with Plymouth might deliver **1.4%** of our required savings, and for Devon it might equate to **0.9%**. There is no doubt that significant officer resources would be required to deliver a strategic partnering arrangement, for which there will be an opportunity cost, plus the actual cost of implementation.

My clear and unequivocal advice to Members is that the Council cannot allow our collective focus and limited capacity to be distracted from delivering savings through our transformation programme and the income generation aims of our Investment Strategy. The implications for the Council's future viability of any such

loss of focus is profound. For this reason therefore I have to recommend that we do not pursue a strategic partnering arrangement with any party at this time.

If my advice is accepted this will mean that the Council's current service delivery model will be maintained; we will continue to deliver our adult social care through the Integrated Care Organisation, subject to their agreement we will partner with Plymouth City Council in respect of our Children's Services and we will continue to deliver all other services in the most efficient and effective way possible.

The Business Case however highlights two options in respect of opportunities to increase the level of income and therefore the level of resilience to the Council;

1. Raise Council Tax to levels comparable in the rest of Devon, or
2. Create Town Councils across the entirety of Torbay, who have an ability to raise income through the precept mechanism, and devolve certain services e.g. public conveniences and public realm maintenance, to them.

In considering these options, I recognise that the concept of increasing public taxation is unlikely to be immediately popular to many. However I do believe that the creation of Town Councils across the entirety of Torbay, in addition to raising much needed revenue, is likely to have significant and long lasting positive benefits on our communities, with the benefits reaching far and beyond those created by the additional revenue created.

With the role of the state diminishing, it is vital that we ensure that we facilitate sustainable communities for our residents and for future generations. Sustainable communities are places where people want to live and work, both now and in the future. They meet the diverse needs of existing and future residents, are sensitive to their environment, and contribute to a high quality of life. They are supportive, safe and inclusive, they have community cohesion and civic pride.

An important aspect to approaching sustainable communities is allowing local people a say in the way their neighbourhoods are managed, with one of the key characteristics being the desire for the community to be well run with effective and inclusive participation, representation and leadership. This means:

- a) representative, accountable governance systems which enable inclusive, active and effective participation by individuals and organisations; and
- b) effective engagement with the community at neighbourhood level including capacity building to develop the community's skills, knowledge and confidence.

I believe that the creation of Town Council's across the entirety of Torbay provides a governance system that will empower and give residents an even greater say in how their local neighbourhoods are managed. Thereby developing sustainable communities, whilst at the same time increasing the overall revenue budget available for resilience and service delivery.

If Torbay Council does not pursue any of the options as set out above, then it will inevitably be forced to make very deep cuts to public services in 2019/20. In such a scenario it may be said that council chose the 'do nothing option' at this time, even though one of the options within its control and not requiring a referendum could have gone a long way to ensuring the continued delivery of local place shaping services that our residents value most. The funding shortfall in 2019/20 is estimated

to be £4.5m (after forecast transformation savings and investment fund income is taken into account).

3. Recommendation(s) / Proposed Decision

Chief Executive Recommended Decision

- 3.1 That Council confirms that it will maintain its existing service delivery model and will not pursue any Strategic Partnering arrangement;
- 3.2 That Council instructs the Assistant Director of Corporate and Business Services to undertake a Community Governance Review with a view to considering the principle of three Town Councils across the entirety of Torbay.
- 3.3 That a Community Governance Review Working Party be established, with the terms of reference to oversee impartially and objectively the implementation of the Community Governance Review and to report back to Full Council with recommendations based on the responses to the consultation. The Working Party to be created with the following membership, the Elected Mayor, and 7 additional members, to be politically balanced (5 Conservative, 1 Liberal Democrat and 1 Independent).

Appendices

Appendix 1: Supporting Information and Impact Assessment

Appendix 2: Detailed Business Case

Agenda Item 4

Appendix 1

Appendix 1

Supporting Information and Impact Assessment

Service / Policy:	Options for improving the viability and resilience of Torbay Council's services
Executive Lead:	Mayor Gordon Oliver, Elected Mayor of Torbay, 01803 207001, mayor@torbay.gov.uk
Chief Executive:	Steve Parrock, Chief Executive, 01803 201201, steve.parrock@torbay.gov.uk

Version:	1.0	Date:	20.09.17	Author:	Anne-Marie Bond/Mark Hammett
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Section 1: Background Information

1.	<p>What is the proposal / issue?</p> <p>Torbay Council, with support from Local Partnerships and the Local Government Association (LGA), have undertaken an options appraisal on the future options for Torbay Council's future structure so as to improve the viability and resilience of services. This options appraisal led to the development of a business case (attached at Appendix 2) on the options to enter into a strategic partnership to share a workforce with either Plymouth City Council or Devon County Council.</p> <p>However, after further analysis it has become clear that a third option has emerged from within the business case. This third option involves the creation of town councils in Torquay and Paignton, this could occur as a stand alone option, or in conjunction with the Council pursuing a strategic partnership.</p> <p>Therefore, Council is being asked to determine how they wish to progress matters from this point.</p>
2.	<p>What is the current situation?</p> <p>Torbay Council was a district council up until 1998 when it acquired unitary status, taking on responsibility for tier 1 services that were previously delivered in Torbay by Devon County Council. The tier 1 services included adult and children's social care, education, transport, libraries and waste disposal.</p> <p>In the light of continued austerity, it is important for all Council's to keep under review their long term strategic direction. This is particularly pertinent for Torbay Council where there has been a freeze on raising council tax over the last five years. This coupled to the area's challenges in relation to deprivation and an aging population has provided the council with significant challenges in delivering social care.</p> <p>In January 2016 OFSTED rated Torbay Council's children's services as inadequate and the Department of Education (DfE) issued the council with a Statutory Direction</p>

	<p>in May 2016 and appointed the Chief Executive of Hampshire County Council, Mr John Coughlan, as DfE Commissioner for Torbay's children' services. Whilst the Commissioner's primary role is to challenge and support the service to address the failures identified by OFSTED, he was also required to explore the extent to which sustained improvement in children' services might be secured through different models of governance and service delivery. As a consequence of repeated failure, Torbay Council falls into a category of intervention whereby there is a central government assumption that the governance of services will be changed.</p> <p>In January 2017, the DfE Commissioner commenced a dialogue with partner agencies to explore the appetite of local authorities in the south west region to work with Torbay Council's children' services and subsequently meetings were held with both Devon County Council and Plymouth City Council.</p> <p>On 5 April 2017 the DfE Commissioner wrote to the DfE recommending that a partnership with Plymouth City Council's children's services provided the best option for sustainable improvements in children's services in Torbay within a reasonable timeframe. However, within his recommendation the Commissioner acknowledged that if there were 'serious and imminent possibilities of a wider partnership with Devon County Council' or 'of deeper local government re-organisation' these would be a materiel consideration for the Minister in coming to a decision.</p> <p>Therefore, in order to ensure that the Council's overall strategic direction was considered alongside any specific decision on children's services, Torbay Council commissioned Local Partnerships, working with the Local Government Association (LGA), to undertake an appraisal of the various options for its future organisational form and partnership working.</p> <p>Local Partnerships are a joint venture between HM Treasury and the LGA and provides support and advice to public bodies looking at new models of operating.</p> <p>Whilst Local Partnerships have been undertaking the options appraisal, Full Council met on 20 July 2017 to consider the partnering of Torbay's children's services with Plymouth City Council in accordance with the Commissioner's recommendation, whereby it was agreed that a detailed partnership agreement would be developed with Plymouth City Council.</p> <p>Whilst Devon County Council were still wanting to be considered a partner in respect of Children's Services as part of a wider partnership for all tier 1 services, they informed the DfE Commissioner in late August 2017 that they were no longer able to be considered for the delivery of Torbay Council's Children's Services, at least in the short term. This means that, irrespective of the strategic partnership being considered in this report, there is no potential impact upon the partnering for Children's Service, and that work is continuing in earnest to ensure the joint delivery of Children's Services with Plymouth City Council, commencing in 2018.</p>
3.	<p>What options have been considered?</p> <p>Local Partnerships commenced work on the options appraisal in May 2017 and met with senior politicians, senior officers, potential partner organisations and reviewed a wide range of key documentation from both Torbay and potential partners such as Devon County Council, Plymouth City Council and South Hams and West Devon District Councils. This then enabled the work to progress from a long list of potential options to a short list.</p>

The short listed options were then considered in more detail and subjected a high level qualitative and quantitative analysis.

The short listed options were:

- As Is: a no change option other than the changes already identified by the Council e.g. delivery of the Transformation programme,
- Best Fit transfers: the Council seeks a range of partners best suited to help deliver services - be they neighbouring Councils and/or other public and private sector bodies. To an extent, this is an acceleration of the current direction of travel of the Council,
- Shared workforce with Plymouth; simply described as 2 Councils, 1 workforce,
- Shared workforce with Devon: This represents the sharing of Tier 1 service workforce (Adults and Children's Services, Transport, Waste Disposal etc.) with Devon County Council and Torbay either delivering the Tier 2 services itself or in partnership with other district councils,
- New District Council: This would involve the formal transfer of statutory powers and political responsibility for Tier 1 services so that Torbay reverts to being a District Council or 'joins' an existing District council or councils,
- New Unitary: An option modelled on the merger of Torbay with Plymouth.

The short listed options were evaluated against the following criteria:

- Transition demand from high cost services to lower cost services
- Support economic growth
- Increase service resilience
- Increase income generation
- Speed of implementation
- Deliver a permanent cost reduction of at least an additional £5m
- Fundable cost of transition
- Autonomy over decision
- Maintain the Torbay identity
- Retain local democratic control and influence
- Compatible with local and central public service policy direction
- Pre-disposition of partners towards the option.

The options appraisal was presented to the Elected Mayor, Councillors, and senior officer leadership team at a workshop on 18 July 2017 where a consensus was sought on the options that would be taken forward to detailed business case stage. At the workshop there was a consensus to develop the following options into a detailed business case:

1. Shared workforce with Plymouth City Council
2. Shared Tier 1 workforce with Devon with Torbay operationally acting as a district council, potentially in partnership with other district councils.

For each of the options within the Business Case, the concept of Town Council's and whether there is the potential for them to progress in the longer term to any form of Local Government re-organisation was agreed to be explored, and subsequently this has emerged as a discrete third option.

	<p>The detailed business case for the options is attached at Appendix 2 and it is this business case that forms the key information for making the decisions outlined in this Report.</p> <p>It is important to note that Local Partnerships have not recommended a particular option to Torbay Council as their remit was only to identify the potential options and to test them against a set of agreed criteria so that the Council understands the implications of each option before making a decision.</p>
4.	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan 2015-19?</p> <p>The proposal supports both of the ambitions of the Council's Corporate Plan (A Prosperous and Healthy Torbay) as it seeks to ensure the ong-term stability of service delivery by Torbay Council.</p>
5.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>It is not perceived that this proposal will impact negatively on the residents of Torbay.</p> <p>If a Strategic Partnership were to be pursued this is only likely to impact on the senior levels of the Council's management staff. If any wider staff impact were to emerge as a possibility, then the Council will ensure that all proper policies and procedures in regard to Human Resources are undertaken with the appropriate consultation with unions and any staff who will be affected.</p>
6.	<p>How will you propose to consult?</p> <p>All key organisational stakeholders have been consulted with since May 2017 when the Local Partnerships work commenced and have been updated via face to face, telephone and email communication at key parts of the process and this will continue to be undertaken after the decision is taken on how to proceed.</p> <p>If a decision is taken to proceed with the development of a delivery and implementation plan with the preferred partners then the Council will undertake a public engagement process.</p> <p>In regard to any human resources implications as stated above the Council will follow the appropriate policies and adhere to employment law as applicable.</p> <p>If a decision is taken to proceed with the concept of Town Council's throughout Torbay, then in order to progress this, a Community Governance Review will need to be undertaken.</p>

Section 2: Implications and Impact Assessment

7.	<p>What are the financial and legal implications?</p> <p>The financial and economic implications of the proposals are outlined in detail in Appendix 2 Detailed Business Case in Section 3 Economic Case and Section 5 Financial Case.</p> <p>However, in summary the following high level savings are associated with the three options:</p>
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	<ul style="list-style-type: none"> <input type="checkbox"/> £610k of savings in the first three years with the shared workforce option with Plymouth City Council with Torbay's portion being approximately £244k <input type="checkbox"/> £570k of savings in the first three years with the shared workforce option with Devon County Council with Torbay's portion being approximately £160k <input type="checkbox"/> £3.0m of increased revenue funding to Torbay Council via the establishment of two new town councils in Torquay and Paignton <p>The legal implications of the proposals are that Torbay Council and any preferred partner would need to agree a Partnership Agreement as a legal basis for the arrangements. However, there would not be any change to the legal status and sovereignty of Torbay Council or the partnering local authority.</p> <p>There may be human resource implications identified as part of any implementation plan for a strategic partnerships, in respect of senior officers of the Council. If redundancies were to take place then the Council has the option to capitalise these costs.</p> <p>However, if the option to create town councils in Torquay and Paignton was pursued then a Community Governance Review would need to be undertaken, and the appropriate process followed.</p>
8.	<p>What are the risks?</p> <p>The key high level generic risks associated with the proposals are outlined below:</p> <ul style="list-style-type: none"> <input type="checkbox"/> That the financial and economic benefits identified in the business cases do not materialise or do not materialise at the pace required <input type="checkbox"/> That preferred partner does not agree to proceed with partnership in the future <input type="checkbox"/> Public opposition to the creation of two new town councils in Torquay and Paignton <input type="checkbox"/> That Department for Communities and Local Government (DCLG) impose a council tax referendum on town councils <input type="checkbox"/> That the option selected does not deliver service resilience to Torbay Council <input type="checkbox"/> That the strategic visions of both partners may diverge over time <input type="checkbox"/> That the development of the partnership distracts the partners from their pre-existing transformation programmes <input type="checkbox"/> That the operating models/service philosophy of the partners may not be complimentary <input type="checkbox"/> That ICT systems across the partners are not compatible for shared working service delivery <input type="checkbox"/> That pre-existing service delivery relationships act as a barrier to shared working arrangements <input type="checkbox"/> That the physical distance between partners acts as a barrier to shared working arrangements <input type="checkbox"/> That partners do not have appropriate project/programme management staff and skills at their disposal to deliver the changes required to move to shared workforce.

	If a delivery and implementation plan is to be developed, specific risks will be identified and managed via a risk register that will identify mitigating actions and will be regularly reviewed.
9.	<p>Public Services Value (Social Value) Act 2012</p> <p>Not applicable for this proposal.</p>
10.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Local Partnerships have conducted an in-depth analysis of Torbay Council's key documentation in relation to this proposal and have also undertaken a parallel analysis of the key documentation of the potential partners. The analysis of this information has then been used to produce an initial Options Appraisal, which then informed the Detailed Business Case, which is attached at Appendix 2.</p> <p>Local Partnerships have a strong track-record in advising local authorities on strategic partnerships and local government re-organisation and have undertaken similar roles in Dorset, East Kent and West Somerset and Taunton Deane.</p>
11.	<p>What are the key findings from the consultation you have carried out?</p> <p>Meetings and feedback from key stakeholders has supported the work that Torbay Council has undertaken in partnership with Local Partnerships as they recognise the challenges the local authority has in relation to the future viability and sustainability of services as well as the significant financial challenges faced by the local authority in recent years as well as in the years ahead.</p> <p>Naturally, different stakeholders have differing views although a common theme was that stakeholders wanted to ensure that any decision was made on the evidence in the business cases rather than emotional attachments or pre-existing low level partnering relationships.</p> <p>Where stakeholders did express a preference for the Devon option this was based on the greater identification with the county as a place and the degree of cross-border working. Where the Plymouth option was preferred it was based on the similarities between the social-economic and demographic factors of Plymouth and Torbay as well as on the cultural fit between the two organisations.</p> <p>One recurring theme in the stakeholder's responses was the need for urgent and decisive action by the Torbay's elected members in determining how they wanted to progress matters from this point.</p>
12.	<p>Amendments to Proposal / Mitigating Actions</p> <p>In developing the detailed business cases at Appendix 2 Local Partnerships have taken into account the feedback from the key stakeholders.</p>

Equality Impacts

13 Identify the potential positive and negative impacts on specific groups				
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		
	People with caring Responsibilities	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		

People with a disability	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		
Women or men	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		

Religion or belief (including lack of belief)	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		
People who are lesbian, gay or bisexual	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		
People who are transgendered	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		

People who are in a marriage or civil partnership	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		
Women who are pregnant / on maternity leave	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		
Socio-economic impacts (Including impact on child poverty issues and deprivation)	<p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		

	<p>Public Health impacts (How will your proposal impact on the general health of the population of Torbay)</p> <p>The partnering with another local authority and/or the creation of town councils will give Torbay's services greater resilience.</p> <p>The principle of creating Town Councils is an important aspect of creating sustainable communities, by allowing local people a say in the way their neighbourhoods are managed.</p>		
14	<p>Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)</p>	The proposals impact upon all areas of the Council.	
15	<p>Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)</p>	The delivery of the Devon Sustainability and Transformation (STP) Plan may impact on the delivery of the proposal in relation to health and social care structures however Local Partnerships have taken the work to date on the STP into account in their detailed business cases.	



Business Case

September 2017

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Introduction

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3. Economic Case
4. Commercial Case
5. Financial Case
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Appendix A

Introduction

In May 2017, the Local Government Association (LGA) and Local Partnerships were appointed to assist Torbay Council in undertaking a preliminary appraisal of the potential options for improving the viability and resilience of its services over the long term.

The last six years of Government spending cuts has reduced the council's budget by £62m. A further £18m is required over the next three years, which will mean a total reduction of 40% over the nine years to 2019/20.

On the service front, a recent review by OFSTED rated its Children's Services as inadequate and this led to the appointment of an independent Commissioner to oversee the council's progress in making the required improvements to the service. As part of these improvements, the partnering of Children's Services with another local authority has been recommended to the DfE by the Commissioner.

These factors are proving to be the main drivers of this review of the council's function and form, with members and officers believing that maintaining the status quo is unsustainable in respect of maintaining service delivery in the medium and longer term.

Hence, the appraisal work has intentionally focused upon new structures and partnerships with the wider local government family across Devon.

An initial piece of high level appraisal work concluded in June with a presentation to the Elected Mayor and Group Leaders and this was followed with all council members on the 18th July 2017 as part of a workshop afternoon. The workshop enabled Members to understand and question the scope of the initial work; the approach taken and the implications of the options identified. As part of the workshop, Members agreed that retaining the status quo was no longer an option and were asked to select the options they felt warranted further analysis as part of a detailed business case and also set out the criteria that options should be tested against (contained in Appendix A).

Our Methodology

Following the workshop with Members on the 18th July 2017, it was agreed that the following options should be taken forward for assessment within a detailed business case exercise.

Option	Description
1	shared workforce with Plymouth
2	shared Tier 1 workforce with Devon with Tier 2 services being delivered by Torbay, potentially in partnership with other District councils e.g. South Hams and West Devon

For both of these options we have explored whether;

- the option could, in the longer term, lead to some form of Local Government re-organisation, and
- the potential to create Town Councils across the entirety of Torbay.

The business case conforms to HM Treasury's Green Book Guidance for business case development. It is based on five factors:

- Page 2
1. Strategic: the current context of Torbay Council and why establishing a strategic partnership can be considered to be a viable and sustainable solution.
 2. Economic: considers whether a strategic partnership will deliver a net economic benefit over the status quo .
 3. Commercial: analyses the key factors and actions that will minimise the costs identified in the Economic Case and maximise the benefits.
 4. Financial: profiles the financial costs and revenue benefits of each option to ascertain whether they are viable and affordable.
 5. Management: examines how the partners foresee the shared arrangements operating and the implications for project management, operational management and democratic governance.

In assembling this outline case we have received the full co-operation of the potential partner organisations in supplying data and agreeing to hold detailed discussions with us. We have also interviewed a number of local stakeholders.

Developments during the course of our work

A number of factors have influenced our preparation of this Business Case:

- The council decision of 24th July 2017 to accept the recommendation of the DfE Commissioner to look to Plymouth as the future partner for Children's Services
- The decision by Devon County Council to accept that they are not currently in the position to put themselves forward as a partner for Children's Services, but to continue discussions on other Tier 1 services
- The discussion with DCLG civil servants and leading Members and officers on 1st September 2017. The advice from DCLG was that any consideration of Local Government re-organisation would require the full agreement of all councils involved, before referral to the Secretary of State. However, it was confirmed that the Government were not seeking to create new District Councils but to create larger Unitaries. Currently, without full agreement of the councils and key stakeholders there was no will in Government to impose any structural changes. It was better to regard it as a longer-term option

Our remit was not to make a recommendation on a preferred option but to highlight the implications of any decision based on the Treasury Green Book Criteria. In developing this outline business case we have sought, wherever possible, to use corroborating evidence rather than report on what we have been told in our discussions with the councils and stakeholders.

1. Executive Summary

Option 1 – shared arrangement with Plymouth

Strategic Case

- Whilst inevitably Plymouth-centric, Plymouth's strategy is aligned at the generic level with the priorities of Torbay.
- Similarity of socio-economic and demographic factors and cultural fit between the two organisations is seen as attractive by stakeholders.
- The LGA Peer Review of November 2015 commented positively on the regeneration of the city, the council's clear and compelling vision for Plymouth, effective financial stewardship, strong external relationships and the quality of political and managerial leadership.
- The lack of a common geographical boundary may limit the full integration of some services.
- Plymouth have emphasised that they would not want to take on services under a piecemeal arrangement and it is a '**Red Line**' for Plymouth City Council to take on Children's Services (and Planning Services) if Torbay Council opts to enter into a strategic partnering arrangement with another council for its other services. This is because of the complex arrangements for the integrated commissioning of Plymouth's 'People Directorate' services means that it would not be possible for them to disaggregate provision or guard against impacts from related services. However, subject to approval by Plymouth's Full Council later this month, Plymouth remain committed to supporting in principle Torbay's Children's Services on the basis that Torbay do not enter into a strategic partnering arrangement with another authority, and on the basis that the agreement in respect of Children's requires Torbay to seek the express agreement of Plymouth in respect of any organisational changes that would significantly affect Children's Services.

Option 2 – shared arrangement with Devon

Strategic Case

- Stakeholders felt Torbay's identification with the county as a place and the degree of cross-border working are key strengths.
- The degree of cross-border activity between the two councils is considerable.
- The LGA Peer Review of October 2016 commented positively on the effectiveness of the council as "leader of place", as a valued and respected partner and the council's effectiveness in addressing financial challenges.
- The split of Tier 1 services between Plymouth (Children) and county (the remainder) may slow down achieving potential service synergies and there would be added complication in relation to back office services providing support to Tier 1 and Tier 2 functions.

1. Executive Summary (cont)

Option 1 – shared arrangement with Plymouth

Economic Case

- There is potential value to the public purse of a partnership as shown in the table below.

Option 1 - Plymouth			
Benefit (£'000s per annum)	0-3 years	> 3 years	
Savings	610	2,520	
Payback (years)	1 - 2.5		

- The pace at which these could be achieved will be determined by how the partnership is developed and implemented, linked to the timing and level of up front transition costs invested with experience elsewhere indicating that the payback term could range from between 1 to 2.5/3 years.
- The main area of assistance and service improvement that Torbay could benefit from is with respect to repatriation of externalised services.
- There could be a resource benefit to local government in Plymouth and Torbay of becoming a stakeholder in Plymouth's back office joint venture, borne from wider access to the NHS market.
- There is the potential for the Council's to support each other with a longer term improvement in its skills base and workforce productivity.

Option 2 – shared arrangement with Devon

Economic Case

- There is potential value to the public purse of a partnership as shown in the table below.

Option 2 - Devon			
Benefit (£'000s per annum)	0-3 years	> 3 years	
Savings	570	2,480	
Payback (years)	1 - 2.5		

- The pace at which these could be achieved will be determined by how the partnership is developed and implemented, linked to the timing and level of up front transition costs invested with experience elsewhere indicating that the payback term could range from between 1 to 2.5/3 years.
- The main benefit of a partnership with Devon would be in terms of efficiency and resilience.
- This option lends itself better to expanding the town and parish council model and establishing a greater ethos of local support and volunteering as well as the opportunity to raise additional income for service budgets.
- Whilst there are less obvious alignments between the Torbay economy and that of the wider Devon county, there are clear links to Greater Exeter, underpinned by the new South Devon Highway which is also a demonstration of how Torbay links with the county on support for major road/rail infrastructure programmes.

1. Executive Summary (cont)

Option 1 – shared arrangement with Plymouth

Commercial Case

- There are no obvious barriers to achieving savings at a management level but thought needs to be prioritised around the practical organisational design implications.
- Opportunities will exist in relation to procurement and property but these are harder to reach and will be long term projects.
- The partnering of Children's Services with Plymouth would pave the way for alignment across other major service areas but the intentions of the NHS, in relation to Accountable Care Organisations, may cut across these to some extent.
- There are similarities with Plymouth in a number of saving and income generation initiatives that Plymouth and Torbay could benefit from.

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Option 2 – shared arrangement with Devon

Commercial Case

- There are no obvious barriers to achieving savings at a management level but thought needs to be prioritised around the practical organisational design implications.
- Opportunities will exist in relation to procurement and property but these are harder to reach and will be long term projects.
- Shorter term opportunities exist with South Hams/West Devon with respect to waste collection and ICT but these depend on the future of the TOR2 venture and the ability to disaggregate the Torbay back office systems across Tier 1 and Tier 2 services.
- There is potential to expand the geographic coverage of the ICO which should drive economies of scale.
- The transfer of Children's Services to Plymouth could create an unprecedented triangulated management relationship involving Torbay, Devon and Plymouth which could create both opportunities and difficulties.
- The respective strategies for savings and investments are distinctly different.

1. Executive Summary (cont)

Option 1 – shared arrangement with Plymouth

Financial Case

- The next four years will require Plymouth to make more savings than Torbay but when considered on a per household basis, the requirements are broadly similar.
- The table below illustrates how the potential scale and profile of management savings that could be achieved through a partnership, relate to the medium term financial position of both councils.
- An assumption has been made that these will be shared in accordance with respective net revenue expenditure budgets. This will need to be worked through and negotiated to both partners satisfaction as well as their respective external auditors to ensure no issues of cross-subsidisation arise.

Option 1 - contribution to saving challenge				
	Total	2018/19	2019/20	2020/21
Savings required (£'000s)				
Torbay	17,400	9,600	6,000	1,800
Plymouth	25,181	7,980	11,334	5,867
Total	42,581	17,580	17,334	7,667
Management savings (£'000s)				
Torbay	244	0	244	0
Plymouth	366	0	366	0
Total	610	0	610	0
Contribution to savings required (%)				
Torbay	1.40%			
Plymouth	1.50%			
Total	1.40%			

- It is evident from above that this option will not contribute savings of significance in the context of the scale required, and a risk exists in terms of the distractive impact it could have on both councils existing savings programmes.

Option 2 – shared arrangement with Devon

Financial Case

- Both Devon and Torbay have faced similar savings requirements to date, on a per household basis, but the projections for Devon over the next four years are less challenging than for Torbay.
- The table below illustrates how the potential scale and profile of management savings that could be achieved through a partnership, relate to the medium term financial position of both Devon and Torbay as well as South Hams and West Devon, should a Tier 2 partnership also be pursued with them.
- An assumption has been made that these will be shared in accordance with respective net revenue expenditure budgets. This will need to be worked through and negotiated to all partners satisfaction as well as their respective external auditors to ensure no issues of cross-subsidisation arise.

Option 2 - contribution to saving challenge				
	Total	2018/19	2019/20	2020/21
Savings required (£'000s)				
Torbay	17,400	9,600	6,000	1,800
Devon	49,245	26,902	13,239	9,103
South Hams and West Devon	2,561	1,634	548	379
Total	69,205	38,136	19,787	11,282
Management savings (£'000s)				
Torbay	160	0	160	0
Devon	380	0	380	0
South Hams and West Devon	30	0	30	0
Total	570	0	570	0
Contribution to savings required (%)				
Torbay	0.90%			
Devon	0.80%			
South Hams and West Devon	1.20%			
Total	0.80%			

- It is evident from above that this option will not contribute savings of significance in the context of the scale required, and a risk exists in terms of the distractive impact it could have on both councils existing savings programmes.

1. Executive Summary (cont)

Option 1 – shared arrangement with Plymouth

- The establishment of a fully parished Torbay could enable an estimated £3m of additional revenue to be collected via the precept mechanism.

Management Case

- Plymouth's starting point would be to engage with Torbay Members on understanding their vision for Torbay.
- The intention would be to establish a Joint Steering Group that would agree the shape and appointment process for a senior officer leadership team with integration on a phased basis:
 - Children's services first – April 2018
 - Back-office services
- Then proceeding on a service business case by business case
- Although Plymouth would want to achieve synergies and savings from integration as speedily as possible, their experience is that the full benefits from transformation will not be realised in less than 3-5 years.

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Option 2 – shared arrangement with Devon

- The potential to underwrite Torbay's financial position as part of taking on management responsibility has been raised in discussions with Devon, but there are a number of significant implications associated with this which would need to be considered.
- The establishment of a fully parished Torbay could enable an estimated £3m of additional revenue to be collected via the precept mechanism.

Management Case

- Devon would favour a "Big Bang" approach and believe shared arrangements would take an initial six months work once the starting gun is fired.
- Their starting point would be the establishment of effective governance arrangements and appointment of a shared officer leadership team as a first task.
- They would want to explore, utilising their "Doing what matters" programme of leader-led change to inform shared organisational design principles. This would be a longer-term process to start after the initial six months design work but they do not see a strategic partnership as a short term fix and would want a minimum 3-5 year commitment from Torbay.
- South Hams and West Devon's assumption is that priority will be given to working out shared management arrangements for Tier 1 services. Therefore work on Tier 2 services will not commence for six months after any council decision on the former.

The Strategic Case

Introduction

This section of the business case sets out the current context of Torbay Council and why establishing strategic partnerships can be considered to be a viable and sustainable solution. It also considers the alignment of each of the proposed options in terms of strategic fit and their perceived benefits of a strategic partnership.

Current context

Local government is under significant pressure: resources are scarce, yet demand is rising through population and demographic changes. Medium term uncertainty on the level and composition of local government funding exacerbates this pressure. These pressures are felt acutely by the smaller unitary councils, of which Torbay is one. The demands of the provision of Children and Adult Services have led to significant financial pressure on the council. Meeting these pressures has, inevitably, led to reductions in other parts of the council and the services they provide. Both from council employees and those who work, as partners, with the council, we were given many examples of how stretched, and limited, resources are. The financial position of the council is set out in the financial case section of this outline business case.

Faced with this difficult and uncertain financial outlook Torbay is not alone in considering options they have not looked at previously. Further down the South Coast, Poole – awaiting the Secretary of State's decision on unitary proposals – is forging ahead with shared workforce arrangements with neighbouring Bournemouth.

The Strategic Case (cont)

At the Member briefing on 1st September 2017, DCLG officials reconfirmed their criteria for evaluating proposals for change i.e. that they should:

- improve local public services
- achieve greater value for money
- achieve significant cost savings
- provide a sustainable future for the council in the medium to longer term
- enhance the strategic leadership at partnership and local level

In considering strategic partnerships, Torbay should be seeking to achieve:

- resilience and capacity: a partnership has the ability to draw upon a larger pool of resources in all functional areas
- staff retention: a partnership would also be able to create a structure that offers more career opportunities and offers greater appeal in the jobs market and so able to recruit and retain high calibre staff
- a louder voice in engaging with regional bodies such as the LEP and nationally with Whitehall departments to exert greater influence and attract funding and inward investment

These are realistic aspirations. Recent research (Independent analysis of governance scenarios and public service reform in county areas: EY 2016), on local government reorganisations concluded that larger councils are most likely to generate economies of scale and be resilient in the context of continued budget pressures. Whilst a fundamental re-organisation of Devon's local government boundaries may not be a realistic short, or even, medium term option, a strategic partnership is.

The remainder of this section looks at elements of strategic alignment and "fit" under the two options.

2. Strategic Case (cont)

Option 1 – shared arrangement with Plymouth

Plymouth, like Torbay, is a unitary council. The communities they serve, in terms of socio-economic characteristics and their economies, have a degree of complementarity. Given this degree of complementarity, Plymouth faces the same issues that Torbay are confronting. In some areas, however, they are further down the improvement journey, recognised by DFE's Commissioner in respect of Children's services.

The LGA Peer Review of November 2015 commented positively on the regeneration of the city, the council's clear and compelling vision for Plymouth, effective financial stewardship, strong external relationships and the quality of political and managerial leadership.

The council's vision for Plymouth is based on 20 themes set out below:

- quality services focused on customers' needs
- balancing the books
- new ways of working
- best use of councils assets
- working constructively with everyone
- quality jobs and valuable skills
- broad range of homes
- increased levels of investment
- meeting future infrastructure needs
- green and pleasant city
- focus on prevention and early intervention
- keeping children and adults protected
- inclusive communities
- respecting people's wishes
- reduce health inequalities
- council decisions driven by citizen need

Option 2 – shared arrangement with Devon

Until 1998, Devon County Council provided Tier 1 services to Torbay. Since its creation as a unitary council, Torbay has continued to forge cross-border links with the county council. One of the themes emerging from our stakeholder interviews was the close identification with Devon as a place for many Torbay residents. Within its boundaries, there are 100+ Parish councils which are financially supported by the council.

The LGA Peer Review of October 2016 commented positively on the effectiveness of the council as "leader of place", as a valued and respected partner and the council's effectiveness in addressing financial challenges.

The county is currently re-drafting its strategic plan for Member endorsement in October. It will be more outcome focussed with the main themes likely to be:

- healthier
- safer
- better connected
- prosperous
- resilience/self-help

Sitting behind these themes will be targets for educational attainment, the environment etc. At the generic level there is complementarity with what Torbay is seeking to achieve.

2. Strategic Case (cont)

Option 1 – shared arrangement with Plymouth

- plymouth as a destination
- improved street scene environment
- motivated, skilled and engaged workforce
- setting the direction for the South West

And whilst inevitably Plymouth-centric, is aligned at the generic level with the priorities of Torbay.

Their rationale for entering into a strategic partnership are:

- strategic – in planning and economic development terms as part of the South Devon growth corridor with greater access to labour and skills
- a more powerful voice to government and LEP
- economies of scale through effective integration of services which as a unitary to unitary partnership could ease implementation challenges and enhance synergies both between the two councils and between services particularly in the Children and Adult services re: transition of users between the two
- longer term resilience for both unitary councils
- a commitment to sector-led improvement.

Option 2 – shared arrangement with Devon

The county's rationale for seeking to partner with Torbay are:

- common strategic direction particularly around the achievement of economic objectives
- a stronger voice for both councils regionally and nationally
- greater resilience and capacity for Tier 1 services
- enhanced integration particularly with other public sector partners – NHS, Police etc.
- an altruistic motivation of supporting an area needing support that was formerly within county council boundaries.

2. Strategic Case (cont)

Option 1 – shared arrangement with Plymouth

The council has a strong track record on regeneration and the delivery of major capital projects. It has established good long-term relationships with Whitehall and its agencies e.g. HCA and English Partnerships.

Politically the council has a record of alternating between Conservative and Labour-led administrations. In the context of a strategic partnership, cross-party support will be critical. This has bred within Plymouth officers an ability to manage effectively a political environment, acknowledged in the LGA Peer Review. A partnership with Torbay for Children's Services is due to be endorsed by full council on 25 September as an 'in principle' agreement to proceed to the next stage. A final decision will not be made until the end of 2017/early 2018 following an extensive due diligence exercise. There is joint work on the Economic Corridor proposal and the council are also discussing with Torbay a tie-up with planning functions and have existing relationship on a joint energy from waste plant.

Set against this, the lack of a common geographical boundary may limit the full integration of some services.

Option 2 – shared arrangement with Devon

The council has a good track record of economic development relating to rural areas and support to SME's. For Torbay, road and rail links look north and the council has been instrumental in their upgrading. The council has well established and effective relationships with Whitehall departments and agencies.

The degree of cross-border activity between the two councils is considerable in:

- health – where 51% of the population served by Torbay's integrated care organisation (ICO) are Devon residents
- education – where Devon children attend Torbay schools and Torbay students attend Devon colleges
- infrastructure – where the county funded the southern relief road
- community safety and in public health
- joint procurement on highways issues, weather forecasting, salt supply, and road safety.

Such joint activity should ease integration implantation issues if Devon becomes Torbay's strategic partner. The LGA Peer Review commented positively on Devon's partnerships track record. Set against this, the split of Tier 1 services between Plymouth (Children) and county (the remainder) may slow down achieving potential service synergies particularly between Children and Adult services. Similarly there would be added complication in relation to back office services providing support to Tier 1 and Tier 2 functions.

2. Strategic Case (cont)

Option 1 – shared arrangement with Plymouth

Option 2 – shared arrangement with Devon

South Hams / West Devon District Councils

The councils have established a single shared workforce. Currently proposals to merge the two councils is out to public consultation. Torbay shares a geographical boundary with South Hams and in terms of parliamentary boundaries one constituency covers parts of both councils.

In seeking to partner with Torbay, the council's rationale focuses on delivering improved services at reduced costs. Two common procurement opportunities will present themselves over the next 18 months i.e. services currently covered by the TOR2 contract and IT services.

The councils, since their decision to opt for a shared workforce, have a strong track record of achieving major service process redesign and associated savings.

The councils operate a distinct operating model with an emphasis on customer self serve, generic case management and a smaller cadre of specialists. Depending on the number and scope of services shared between Torbay and the councils, Torbay may or may not have to contemplate adoption of this model. This is discussed in more detail in the management case.

Stakeholder interviews

We interviewed, either face-to-face, or by telephone, the following:

- Damian Offer, Director, Torbay Coast and Countryside Trust
- Simon Sherbersky, Lead Officer, Torbay Community Development Trust
- Vince Flower, Chairman, Torbay Development Agency
- Dr Nick Roberts, Chief Clinical Officer, South Devon and Torbay CCG
- Kevin Foster, MP
- Mairead McAlinden, Chief Executive, and Sir Richard Ibbotson, Chairman, Torbay and South Devon NHS Foundation Trust
- Chris Garcia, Chief Executive, Heart of the South West LEP
- Deb Laphorne, Centre Director for South West, Public Health England
- Stephen Criddle, Principal, South Devon College
- Tracey Hallett, Town Clerk, Brixham Town Council
- Sarah Wollaston, MP

The basis of the interviews was that any views expressed were non-attributable.

To person, those interviewed understood and welcomed the council's decision to explore strategic partnership options and the rationale for doing so. Many expressed no preference for which strategic partner the council should choose. For those that did express a preference; for Devon it was based on the greater identification with the county as a place and the degree of cross-border working; for Plymouth it was based on similarity of socio-economic and demographic factors and cultural fit between the two organisations.

Another recurring theme from the stakeholders was the importance they attached of decisive and urgent action by Torbay Members in determining which option should be pursued.

3. Economic Case

This section considers whether a new operating model and structure will deliver a net economic benefit over the status quo and identifies which, if any, of the two options are likely to deliver the greatest benefit.

Option 1 – shared arrangement with Plymouth

Will the partnership save money?

There is a staffing saving of up to £610k per annum that could be achieved by joining up the two organisations at management level, dependent upon the nature and extent of the tie up pursued.

There is also value that could be released from the office portfolio, in terms of capital (£3m) and revenue per annum of (£0.4m) but this is also dependent upon a range of factors as described in the Commercial Case and not directly dependent upon this partnership arrangement. The other main saving area is the impact of longer term organisational change on both staff costs and external spend. The table below includes a provision of £1.51m based on an illustrative 5% saving on both non-management staff and accessible external spend, as explained in the Commercial Case.

Option 1 - Plymouth			
Benefit (£'000s per annum)	0-3 years	>3 years	
Savings	610	2,520	
Payback (years)	1 - 2.5		

Option 2 – shared arrangement with Devon

Will the partnership save money?

There is a potential staffing saving of up to £470k per annum that could be achieved by joining up the majority of Tier 1 services at management level, dependent upon the nature and extent of the tie up pursued. It is estimated that a further £100k could be achieved by saving management at Tier 2 level with South Hams and West Devon councils. There is also value that could be released from the office portfolio, in terms of capital (£3m) and revenue per annum of (£0.4m) but this is also dependent upon a range of factors as described in the Commercial Case and not directly linked to a partnership arrangement. The other main saving area is the impact of longer term organisational change on both staff costs and external spend. The table below includes a provision of £1.51m based on an illustrative 5% saving on both non-management staff and accessible external spend, as explained in the Commercial Case.

Option 2 - Devon			
Benefit (£'000s per annum)	0-3 years	>3 years	
Savings	570	2,480	
Payback (years)	1 - 2.5		

The Commercial Case alludes to the potential of extending the footprint of the Torbay and South Devon ICO, a possibility that would be assisted by a partnership between Torbay and Devon County Council. A crude and simplistic extrapolation of cost and performance (using 2016/17 Delayed Transfers of Care (DTOCS) figures as a proxy), based on the figures in the table below, would suggest value could be gained from such a decision.

3. Economic Case (cont)

Option 1 – shared arrangement with Plymouth

Page 3

Will the saving impact services?

The savings journey for Plymouth has been very similar to Torbay's in terms of scale achieved. It is difficult to assess any difference in impact upon service coverage and quality across the two organisation's although the indications are that Plymouth are managing better, with the relative states of Children's Services being an indicator of this.

The savings described above should not negatively impact upon service delivery, subject to the following:

- new organisational design accommodating at least the same level of user demand and the joint management resource being successful in channelling demand towards lower cost service options.

Option 2 – shared arrangement with Devon

Local authority area	Total DTOCs 2016/17	No. of adults 65 and over	Adult care budget* (£'000s 2017/18)	DTOCs % of population	Adult care spend per capita (£)
Torbay	2,519	34,305	42,582	6%	1,241
Devon	57,276	189,568	215,276	27%	1,136
Plymouth	16,265	46,383	77,339	21%	1,667

*Net of income

This would also give rise to the potential to exploit significant synergies and economies of scale in "back office" infrastructure and processes across the health and care system in Devon and Torbay.

Will the saving impact services?

In the absence of independent inspection of past performance through CPA type work, it is difficult to make any definitive statements as to how funding cuts have impacted Devon's services to date and whether the partnership proposals will impact on services across both areas in the future. Devon is confident that it can work in partnership with Torbay to successfully manage the transition and the demands that will bring, and manage out efficiencies over the longer term.

The savings referred to above should not impact upon service delivery, subject to the following:

- new organisational design accommodating at least the same level of user demand and the joint management resource being successful in channelling demand towards lower cost service options.

3. Economic Case (cont)

Option 1 – shared arrangement with Plymouth

- connectivity and ICT supporting increasing digitalisation of services and reducing the need for workstations and physical customer access.
- specifications for goods and services not being adjusted down in terms of quality and/or frequency.

Will there be a cost of achieving the saving?

The Management Case describes the implementation resources that will be required but without greater definition of the type of partnership arrangement that will be sought, the cost is difficult to quantify. The staff saving may be achieved through a shared arrangement and may involve redundancies but, this would be dependent upon each organisations approach to the process and timescales.

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The property savings would involve capital expenditure to re-configure the satellite office space of partners (NHS, County and bordering district councils) and investment may also be required to make the surplus asset marketable for disposal. There will also be an occupancy cost for the new arrangements which is not factored within the savings presented above. Overall, there will clearly need to be cost expended to achieve savings and the profile of the two is important for Torbay's financial position.

However, Torbay has confirmed that there are no capital projects on hold as a consequence of its revenue budget position, (evidenced by recent £200m borrowing for a commercial property fund and a housing development company) so there should be no broader economic opportunity cost of this invest to save approach.

Option 2 – shared arrangement with Devon

- connectivity and ICT supporting increasing digitalisation of services and reducing the need for workstations and physical customer access.
- specifications for goods and services not being adjusted down in terms of quality and/or frequency.

Will there be a cost of achieving the saving?

The Management Case describes the implementation resources that will be required but without greater definition of the type of partnership arrangement that will be sought, the cost is difficult to quantify. The staff saving may be achieved through a shared arrangement and may involve redundancies but, this would be dependent upon each organisations approach to the process and timescales.

The property savings would involve capital expenditure to re-configure the satellite office space of partners (NHS, County and bordering district councils) and investment may also be required to make the surplus asset marketable for disposal. There will also be an occupancy cost for the new arrangements which is not factored within the savings presented above. Overall, there will clearly need to be cost expended to achieve savings and the profile of the two is important for Torbay's financial position.

However, Torbay has confirmed that there are no capital projects on hold as a consequence of its revenue budget position, (evidenced by recent £200m borrowing for a commercial property fund and a housing development company) so there should be no broader economic opportunity cost of this invest to save approach.

3. Economic Case (cont)

Option 1 – shared arrangement with Plymouth

Will the partnership improve services?

If Plymouth decide they are willing to take on operational responsibility for Children's Services, it will mean, given the scale and nature of that service, that Plymouth will exert a significant management influence over Torbay (approximately 40% of Torbay staff work within services supporting children and education). In the other main Tier 1 areas, the possibilities of merging or aligning the two ICOs appear remote, given the likelihood of NHS establishing two accountable care organisations across the STP footprint, with Torbay and Plymouth destined to be in separate ones. A crude and simplistic extrapolation of cost and performance, based on the figures in the table below, would suggest that the existing Torbay model is outperforming the Plymouth model in every respect.

Local authority area	Total DTOCs 2016/17	No. of adults 65 and over	Adult care budget* (£'000s 2017/18)	DTOCs % of population	Adult care spend per capita (£)
Torbay	2,519	34,305	42,582	6%	1,241
Plymouth	16,265	46,383	77,339	21%	1,667

*Net of income

There may be benefits from joining up work in relation to public health commissioning, given the similarity in public health issues and although much of the remaining Tier 1 service delivery for Torbay is locked into the TOR2 venture and other externalised relationships, Plymouth does have commercial contract experience that could prove valuable for Torbay over the near term.

Option 2 – shared arrangement with Devon

Will the partnership improve services?

There is the potential, through this partnership, to drive increased health and care integration, as described above. There is a good history of joint working between Torbay and the County on highways and transport issues. The recent Growth Fund programme of improvement in local train stations as well as the major link road investment is evidence of this. Side agreements are in place for cross boundary highway issues e.g. gritting, and joint procurements have taken place for specialist aspects of highway spend.

The main benefit is likely to be one of efficiency and resilience, with the county having greater ability, due to size and reach, to provide specialist resource such as traffic light engineers and traffic managers. The key to extracting synergies will be ensuring consistency in service specifications (grass cutting, streetlight policies) over time i.e. not frequently changing.

At Tier 2 level, a partnership with South Hams and West Devon would mean subscribing to their particular operating model which could lead to disruption during the transition period as it is different to Torbay's, as described in the Commercial Case. The model would aim to deliver cash efficiencies around transactional services, e.g. Revenues and Benefits, as well as aiming to provide an improved user experience.

3. Economic Case (cont)

Option 1 – shared arrangement with Plymouth

The savings generated from partnering could go someway to protecting those discretionary but valued Tier 2 services although the projected scale of these, relative to the overall savings challenge facing Torbay, is minimal. Plymouth believe there is scope to look at services on an individual basis e.g. Planning, which may not yield cash savings but could lead to increased productivity, capacity and overall improved service for users.

Will additional income be generated?

The main sources of additional income from a partnership could be in terms of commercial ventures, with pertinent but untested examples being Delt and possibly the airshow, and improved collection rates over NNDR and council tax. The collection rates are linked to a number of factors, more external than internal but there could be value looking at respective approaches and process.

10
90
80
70
60

The establishment of a fully parished Torbay does offer an opportunity to generate additional income through the precept mechanism, as explained in the Financial Case.

Option 2 – shared arrangement with Devon

A decision to expand the town and parish council model could be a vehicle through which a greater ethos of local support and volunteering could be generated, thus developing a distinctive and valuable increase in community asset investment for Torbay. Devon County Council has substantial experience of working with this model of local government, with 357 parish councils operating across the county.

Will additional income be generated?

There are no new or additional sources of income that are apparent from a partnership between Torbay and Devon County Council. The establishment of a fully parished Torbay does offer an opportunity to generate additional income through the precept mechanism, as explained in the Financial Case.

3. Economic Case (cont)

Option 1 – shared arrangement with Plymouth

What is the opportunity cost of that income?

The impact is largely re-distributive. In terms of Delt, it would involve funds switching from the NHS into local government and the outcome would depend on the implications for front-line services and the multiplier and economic benefit associated with that spend. For other commercial ventures such as an airshow, its success will involve diverting disposable leisure spend and business marketing budgets from elsewhere which could be to the detriment of events in other places. The increase in tax revenue collection is also re-distributive as higher than expected NNDR collection lowers the burden on council tax payers. The extent to which that results in a net economic benefit depends on the relative multiplier impact of spending by business and spending by residents.

see
page 4

The opportunity cost of raising additional revenue through the Town and Parish Council precepts effectively represents the economic merits of taxation and the much studied concept of 'public goods'. For Torbay, the decision would be a political one based on strength of argument and beliefs in relation to those theories.

Option 2 – shared arrangement with Devon

What is the opportunity cost of that income?

The opportunity cost of raising additional revenue through the Town and Parish Council precepts effectively represents the economic merits of taxation and the much studied concept of 'public goods'. For Torbay, the decision would be a political one based on strength of argument and beliefs in relation to those theories.

3. Economic Case (cont)

Option 1 – shared arrangement with Plymouth

Will additional investment be generated?

Plymouth confirmed that it does not have capacity to extend managerial support to supporting the strategic economic development of Torbay, a role largely performed by the TDA and which would fall outside the scope of the partnership.

Therefore, it is difficult, on that basis, to foresee a direct causal link between the establishment of a partnership with Plymouth and an increase in the economic performance of Torbay. However, the collaboration in developing the PET Growth Corridor proposal and closer working on the themes within it should be an advantage of a more formal partnership relationship between the two councils.

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Also, there are a range of factors that contribute to economic performance, most of which are linked to services that Plymouth would share managerial responsibility e.g.

- Early years development – Children's Services
- Labour market productivity – Adult's Services
- Physical connectivity – Highways and Transport

Option 2 – shared arrangement with Devon

Will additional investment be generated?

Investment and local economy responsibility would be retained by Torbay Council. There is likely to be a stronger alliance between the county council and Torbay under this arrangement but major infrastructure investment is determined at LEP level. In terms of promoting Torbay to inward investors, the TDA would regard itself as remaining the primary lead for this role.

3. Economic Case (cont)

Option 1 – shared arrangement with Plymouth

The following indicators taken from the CBI Regional Dashboards for Plymouth and Torbay provide useful insights to the relative position on important aspects of economic performance.

		Torbay	Plymouth
Economic			
GVA per head (£)	15,534	19,864	
Participation rate (%)	76%	77%	
Employment rate (%)	71%	73%	
Average hours worked per week (hours per week)	29.3	25.1	
Productivity			
GVA per head (percentile)	29th	43rd	
GVA per hour (£)	26.72	27.79	
Education and skills			
School outcomes (percentile)	30th	7th	
Business interaction with schools (percentile)	48th	48th	
In-work training (percentile)	70th	63rd	
Share of graduates in the workforce (percentile)	4th	23rd	
Business practices			
Business growth aspiration (percentile)	68th	13th	
Presence of high growth firms (percentile)	53rd	63rd	
Exporting propensity (percentile)	65th	65th	
Turnover from innovative products (percentile)	-	-	
Infrastructure and connectivity			
Size of economic area (percentile)	13th	13th	
Mobile connectivity - 4G (percentile)	52nd	62nd	

Option 2 – shared arrangement with Devon

The economic agendas of Torbay and Devon have some compatibility but also key differences too. The following indicators taken from the CBI Regional Dashboards for Devon and Torbay provide a degree of insight to the relative position on important aspects of economic performance but clearly they disguise a multitude of factors apparent at more localised levels within districts across the county.

		Torbay	Devon
Economic			
GVA per head (£)	15,534	20,146	
Participation rate (%)	76%	80%	
Employment rate (%)	71%	77%	
Average hours worked per week (hours per week)	29.3	31.3	
Productivity			
GVA per head (percentile)	29th	31st	
GVA per hour (£)	26.72	26.83	
Education and skills			
School outcomes (percentile)	30th	84th	
Business interaction with schools (percentile)	48th	48th	
In-work training (percentile)	70th	30th	
Share of graduates in the workforce (percentile)	4th	68th	
Business practices			
Business growth aspiration (percentile)	68th	72nd	
Presence of high growth firms (percentile)	53rd	74th	
Exporting propensity (percentile)	65th	84th	
Turnover from innovative products (percentile)	-	-	
Infrastructure and connectivity			
Size of economic area (percentile)	13th	15th	
Mobile connectivity - 4G (percentile)	52nd	9th	
Additional population within 30-45 mins commute time	1,243,710	1,243,710	

3. Economic Case (cont)

Option 1 – shared arrangement with Plymouth

The figures reflect the different economic nature of the two areas but there could be potential synergies in working together around school performance and helping Torbay develop an offer that is attractive to graduates, in turn improving GVA and productivity, while also improving the relative size of the working age population.

The table below shows the aging demographic difference between Torbay and Plymouth which not only impacts public service demand but also the nature of spend and associated retail and leisure offers attracted to the area.

	Plymouth		Torbay	
ONS 2015 (October 2016 release)				
No. of children (18 and under)	55,220	21%	26,745	20%
No. of adults 65 and over	46,383	18%	34,305	26%
Total population	262,712		133,373	

As regards physical connectivity, there is no evidence to suggest that a tie up with Plymouth will have either a positive or negative impact. Transport investment decisions are taken at SW LEP level by the Local Transport Board and these are made based on webTAG appraisals. Torbay recently benefitted from major road investment and is unlikely to be seeking or requiring any more major funding in the short – medium term.

Option 2 – shared arrangement with Devon

In general, the Devon economic challenge relates to; the rural nature of the county; connectivity challenges facing businesses, particularly digital; and the retention of a sustainable farming industry.

There could be additional capacity offered by Devon to help Torbay respond to requests for applications for various pots of ring fenced grants in connection with pilots and initiatives that tend to emerge from Government.

3. Economic Case (cont)

Option 1 – shared arrangement with Plymouth

What are the risks and optimism bias that need to be reflected in the analysis?

The key risks in respect of the saving sources are:

- prospect of organisational change reducing productivity and making staff retention and recruitment harder
- reduction in the corporate ability to achieve existing savings targets
- state of commercial property market making it difficult to achieve disposal and/or rental values
- cost rises for goods and services targeted for procurement savings

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It has not been possible to comprehensively quantify the additional savings, income and investment opportunities that could arise from adopting a partnership arrangement with Plymouth. From an optimism bias perspective, the prospect of a net economic benefit arising from the property or procurement opportunities is unlikely. There will be savings that can be achieved from staffing but these will be offset by transition costs in terms of redundancy and organisational change implementation. A payback of one year is typically the rule of thumb measure but this will depend upon the factors described in the Management Case with regard to the speed and delivery of the partnership.

Option 2 – shared arrangement with Devon

What are the risks and optimism bias that need to be reflected in the analysis?

The key risks in respect of the saving sources are:

- prospect of organisational change reducing productivity and making staff retention and recruitment harder
- reduction in the corporate ability to achieve existing savings targets
- state of commercial property market making it difficult to achieve disposal and/or rental values.
- cost rises for goods and services targeted for procurement savings

It has not been possible to comprehensively quantify the additional savings, income and investment opportunities that could arise from adopting a partnership arrangement with Devon. From an optimism bias perspective, the prospect of a net economic benefit arising from the property or procurement opportunities should be considered as unlikely. There will be savings that can be achieved from staffing but these will be offset by transition costs in terms of redundancy and organisational change implementation. A payback of one year is typically the rule of thumb measure but this will depend upon the factors described in the Management Case with regard to the speed and delivery of the partnership.

4. Commercial Case

This section analyses the key factors and actions that will contribute to minimising the costs identified in the economic case and maximising the benefits.

Option 1 – shared arrangement with Plymouth

Staffing and organisational design

- Approach is likely to be an extension of the model being contemplated for Children's Services – “management insertion”, based upon the Hampshire and Isle of Wight arrangement.
- It will need to be achieved at ‘net nil cost’ to Plymouth.
- A review of all services and roles in Torbay excluding those concerned with Children’s or Education Services would have to be undertaken as it would need to in partner organisations to ensure that economic benefits of a shared workforce are realised. Initially this would consider Management arrangements for the shared workforce.
- It would be anticipated, given sector examples elsewhere, that once the shared arrangements at management level had been established and normalised, then a wider review of the services and workforce could be undertaken across both organisations.

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Option 2 – shared arrangement with Devon

Staffing and organisational design

- Preliminary consideration has been given to this with the long term aim of having one head of paid service, a senior leadership team role, responsible for the Torbay area, and consideration would be given to the assimilation of Torbay management responsibility for Tier 1 services by the existing Devon leadership team. There is no expectation or driver in terms of savings but a belief that a longer term synergy and value case can be developed through the partnership, particularly in respect of retention, recruitment, flexibility and scale.
- A review of all services and roles in Torbay excluding those concerned with Children’s or Education Services would have to be undertaken as it would need to in partner organisations to ensure that economic benefits of a shared workforce are realised. Initially this would consider Management arrangements for the shared workforce.

4. Commercial Case (cont)

Option 1 – shared arrangement with Plymouth

- Torbay could choose to expand the Town Council model and use the precept mechanism to preserve more locally sensitive services such as:
 - Libraries
 - Public conveniences
 - Public realm maintenance
- It would need to explore how an ethos of greater voluntary and community capacity could be injected into these services to minimise the additional council tax burden, as illustrated in the Financial Case. There would need to be agreement about common service standards and, in reality, the retention of professional delivery staff at Tier 1 and Tier 2 level, as applicable, with the Town Councils acting in a constrained commissioner capacity.

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Option 2 – shared arrangement with Devon

- If Torbay Council pursued a shared arrangement with South Hams and West Devon Councils for Tier 2 services, shorter term potential exists with respect to a collaboration around waste collection service as well as the re-procurement of ICT services. Both of these would present challenges to be worked through for Torbay in terms of the status and position of the TOR2 contract for the former, and the back office design for a split Tier 1 and Tier 2 service model.
- The council is also in discussions with Devon in regards to an ICT partnership with Scomis, who do support services at Tier 2 level for Torridge, but clearly how this could interface with South Hams and West Devon's intentions would need to be established.
- Initial thoughts on sharing broader Tier 2 services in the longer term recognise the different operating model that exists within South Hams and West Devon i.e. role division across generic case managers and specialists; along with the on-going work concerning a formal merger. The current preference would be for Torbay to commission services but this would present TUPE issues and costs that have yet to be fully thought through by either parties.
- It would be anticipated, given sector examples elsewhere, that once the shared arrangements at management level had been established and normalised, then a wider review of the services and workforce could be undertaken across both organisations.
- Torbay could choose to expand the Town Council model and use the precept mechanism to preserve more locally sensitive services such as:
 - Libraries
 - Public conveniences
 - Public realm maintenance

4. Commercial Case (cont)

Option 1 – shared arrangement with Plymouth

Option 2 – shared arrangement with Devon

- It would be necessary to explore how an ethos of greater voluntary and community capacity could be injected into these services to minimise the additional council tax burden, as illustrated in the Financial Case. There would need to be agreement about common service standards and, in reality, the retention of professional delivery staff at Tier 1 and Tier 2 level, as applicable, with the Town Councils acting in a constrained commissioner capacity.

4. Commercial Case (cont)

Option 1 – shared arrangement with Plymouth

External spend

- Torbay Council's budget projects defraying £220m to third parties but only 7% of this is spending which could be targeted for procurement and contract management savings as shown by the table below.
- A review of Plymouth contract spend has not identified any obvious areas where material savings could be achieved from combining spending power outside of the categories accounted for in the table below. There are suppliers and contractors that are common to both authorities in diverse areas, ranging from concessionary travel pass production to park maintenance, and aspects of spend which should be relatively easy to combine and agree common specifications but this is unlikely to yield savings of any notable significance.

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Total external spend	220,284
Less:	
DSG	46,859
Housing benefit	66,507
Public health	10,105
ICO	39,710
TOR2	12,404
Children's Services	16,865
Concessionary fares	4,262
Harbour	2,187
TDA	1,288
PFI	3,987
Other related parties	999
Leisure	240
	15,112

Option 2 – shared arrangement with Devon

External spend

Torbay Council's budget projects defraying £220m to third parties but only 7% of this is spending which could be targeted for procurement and contract management savings as shown by the table below.

Total external spend	220,284
Less:	
DSG	46,859
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Public health	10,105
ICO	39,710
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Children's Services	16,865
Concessionary fares	4,262
Harbour	2,187
TDA	1,288
PFI	3,987
Other related parties	999
Leisure	240
	15,112

A review of Devon contract spend has not identified any obvious areas where material savings could be achieved from combining spending power outside of the categories accounted for in the table below. There are suppliers and contractors that are common to both authorities in diverse areas ranging from office cleaning to mechanical plant and equipment maintenance and aspects of spend which should be relatively easy to combine and agree common specifications but this is unlikely to yield savings of any notable significance.

As noted in the earlier section around organisational design, South Hams and West Devon Councils are seeking to jointly procure a new waste collection service for a contract start date of 1st April 2019 and this is a contract that Torbay Council could participate in once its existing arrangement within the TOR2 venture expires.

4. Commercial Case (cont)

Option 1 – shared arrangement with Plymouth

Existing saving and income generation programmes

Torbay Council's saving programme over the three year period 2018/19 - 2020/21 is targeting total savings of £14.3m to be generated from a range of initiatives.

Plymouth City Council is targeting savings of £15.1m over the same period with some of the initiatives common to both councils as follows:

- expanding investment portfolio
- increasing commercial events
- service efficiencies
- maximising collection rates for NNDR and Council Tax

Torbay's market testing of some of its services has shown that they are under-funded relative to what potential partners would be willing to charge to operate them on Torbay's behalf. For example, Plymouth has previously identified the need for an upfront investment of £1m and additional recurring spend of £300k to ensure a reliable and compliant ICT service. It is therefore unlikely that savings of any significance could be anticipated from joint working on service reviews. Plymouth has successfully grown its investment portfolio and is currently working on the Mayflower 2020 celebrations which are examples of relevant activity that will be generating organisational expertise that could be shared for the benefit of Torbay.

The collection rates are linked to a number of factors, more external than internal but there could be value looking at respective approaches and process.

Option 2 – shared arrangement with Devon

Existing saving and income generation programmes

Torbay Council's saving programme over the three year period 2018/19 - 2020/21 is targeting total savings of £14.3m to be generated from a range of initiatives.

Devon County Council is targeting savings of £25.5m over the same period.

There is little, if any, practical alignment between the two councils approaches to savings which Torbay could benefit from. Devon is starting an efficiency programme with Vanguard which is seeking to re-design organisational delivery around citizens needs. A tie up with Torbay raises the question as to how its operational processes will align with the changes to ways of working that the County is beginning to adopt as part of its change programme. In terms of income generation and commercial ventures, this is not typically a pedigree feature of county councils beyond the realms of fees and charges. Hence, it is difficult to identify a benefit in this area arising from the partnership.

4. Commercial Case (cont)

Option 1 – shared arrangement with Plymouth

Property

Torbay has rationalised its corporate office estate such that it now operates out of two adjacent town centre buildings in Torquay. It has plans to reconfigure one of these buildings (Tor Hill House) to free up a floor for rent to a third party.

A high level review of the space within both office buildings, set against modern workspace standards and an assessment of workstation need, indicates that there could be potential to consolidate the council's office accommodation into one building, subject to the following being achievable;

1. Reconfiguring neighbouring council and NHS office premises to accommodate staff from Adults, Children's and Public Health services
2. Increasing deployment of remote and flexible working.

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Notwithstanding the facts that i) Devon broadband connectivity to support remote and flexible working ranks as 9th percentile in the country; ii) the potential visible property savings would be less than £0.5m per annum; and iii) the feasibility and cost of accessing and reconfiguring alternative space have not been assessed, it is difficult to see how the inclusion of Plymouth's estate into the equation could bring benefit to such a project. However, given it is likely to have management control over approximately 40% of Torbay staff should it agree to take operational responsibility for Children's Services, it would be a major stakeholder in any decision.

Option 2 – shared arrangement with Devon

Property

Torbay has rationalised its corporate office estate such that it now operates out of two adjacent town centre buildings in Torquay. It has plans to reconfigure one of these buildings (Tor Hill House) to free up a floor for rent to a third party.

A high level review of the space within both office buildings, set against modern workspace standards and an assessment of workstation need, indicates that there could be potential to consolidate the council's office accommodation into one building, subject to the following being achievable;

1. Reconfiguring neighbouring council and NHS office premises to accommodate staff from Adults, Children's and Public Health services
2. Increasing deployment of remote and flexible working.

There are obvious challenges that potentially undermine such a proposal i) Devon broadband connectivity to support remote and flexible working ranks as 9th percentile in the country; ii) 40% of Torbay staff would be operationally controlled by Plymouth City Council if it agrees to take operational responsibility for Children's Services; iii) the potential visible property savings would be less than £0.5m per annum; iv) the feasibility and cost of accessing and reconfiguring alternative space have not been assessed.

Nevertheless, the implications of access to county property in South Hams and Teignbridge as well as the potential Tier 2 sharing arrangement with South Hams would warrant further investigation.

4. Commercial Case (cont)

Option 1 – shared arrangement with Plymouth

Integration challenges

- Our review of terms and conditions across both authorities has identified that each have grading systems, salary scales, terms, conditions and benefits, and consideration would be given to harmonization at some point which would be subject to each council's organisational change processes.
- Clearly the due-diligence work that is on-going with respect to Children's Services would represent advantageous ground preparation for a wider shared arrangement but the capacity of Plymouth to assimilate responsibility for such a major service while also dealing with its own organisational challenges, particular around resourcing, raise concern as to whether it has the capacity to pursue a wider partnership arrangement.
- Plymouth has established an ICO, similar to the one in Torbay and South Devon, called Live Well South West, featuring integrated delivery of community health and care services. It differs from the Torbay ICO in terms of hospital services being outside it and mental health services within it.

Option 2 – shared arrangement with Devon

Integration challenges

- Our review of terms and conditions across both authorities has identified that each have grading systems, salary scales, terms, conditions and benefits and consideration would be given to harmonization at some point which would be subject to each council's organisational change processes.
- The biggest aspect of service integration in local public services at present is being driven by the pooling of health and social care budgets. Torbay has an established model of integrated health and care delivery which does extend into parts of the county by virtue of the CCG encompassing South Devon. The county is working towards pooled budgets with its two CCGs (North East West, and Torbay and South Devon) and the adoption of the county wide Sustainable Transformation Plan (STP) is likely to see two accountable care organisations (ACO) established, with Torbay featuring in the ACO for much of the county footprint. This presents an opportunity to extend the Torbay and South Devon ICO model across wider Devon, subject to a range of other factors including public and political support.

4. Commercial Case (cont)

Option 1 – shared arrangement with Plymouth

- Joint working practices and accommodation sharing are core features of the model but although council staff have transferred under TUPE into the ICO, health staff remain NHS employees. This differs from the Torbay model where council staff transferred into the South Devon and Torbay Foundation Trust and are now NHS employees. Both areas are on their way to adopting the principles of an Accountable Care Organisation (ACOs) although the likely outcome of the current consultation is to see two ACOs across Devon, with Plymouth and Torbay destined to be in different ones. Hence, the potential aggregation of Live Well South West with Torbay's ICO does not look permissible. Despite Torbay's adult service delivery having been externalised within the ICO, a tie up could see Plymouth bringing experience and influence over commissioning and also application of public health funding.
- Plymouth City Council is a joint and equal owner of DELT which provides ICT and other back office services to itself, its other owner (North East West Devon CCG) and third party clients. It has ambitious growth plans and undertook the earlier referred to assessment of Torbay's ICT service (which identified the funding and investment needs) as part of work exploring the potential to take on the service. If this opportunity is pursued, it is likely to involve relevant Torbay staff transferring under TUPE into a specially formed Delt subsidiary company, which would be 50% owned by Torbay. The formal involvement of Torbay in Delt would enhance the influence and trading potential of the Delt group, particularly looking towards the development of ACOs and the need for back office integration across those.

Option 2 – shared arrangement with Devon

- The transfer of Children's Services to Plymouth would create the potential for an unprecedented triangulated management relationship involving Torbay, Devon and Plymouth. This is not necessarily an impediment and could be advantageous to all three local authorities, encouraging closer working relationships, sharing of best practice and aligning with the single STP footprint for health. As referenced previously, the current view is that NHS England is seeking two accountable care systems for the Devon health economy which would cut across this working model for Children's Services but this is not considered an insurmountable issue.
- As previously mentioned, Devon is undertaking a systems review of its organisation and this will mean a change in working practices that a tie up with Torbay will need to integrate with over time.
- The county operates a 60 seat contact centre, based in Tiverton, which deals with the majority of incoming calls from the public for council services. This includes, but is not limited to; Devon Highways, Adult and Children's Social Care, Registrars and General Enquiries. This will be a fundamental feature of the systems review and would also present an integration challenge with Torbay's own call centre.
- There will be work required to harmonise systems across the services, with little if any compatibility in the service where more obvious shorter term synergy would be expected i.e. Highways and Transport.
- The interface involved in a tie up for ICT with Scomis and the intentions of South Hams and West Devon in regards to their ICT does present obvious conflict and compatibility issues which would need to be worked through.

4. Commercial Case (cont)

Option 1 – shared arrangement with Plymouth

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Attracting investment

- In terms of promoting Torbay to inward investors, the Torbay Development Agency (TDA) is the primary agency for this activity. It is a wholly owned company of the council and its role would not be expected to change as a consequence of a partnership with Plymouth.
- Plymouth previously had an urban regeneration company (URC), as a legacy of the Regional Development Agency, but cut support and brought its services in-house. Given this, it is unlikely to proactively support the activity of the TDA at a management level.

Option 2 – shared arrangement with Devon

- Linked to the issue of ICT, there has not been thought given yet as to 'back office' intentions and the changes required for separate partnerships at Tier 1 and Tier 2 level. It will not be straightforward to delineate between Tier 1 and 2 as these will cut across current Torbay organisational structures. Resolving apportionment of corporate services in terms of both practical delivery and cost apportionment will also be challenging with Torbay needing to support itself, while possibly moving some resource into partnered arrangements.
- The investment policies of Torbay and Devon are distinctly different at the moment, albeit that the investment activities of Devon are constrained by virtue of it being a Tier 1 authority. Torbay has recently increased significantly its external debt portfolio while Devon prefers to invest using accumulated cash reserves.

Attracting investment

- In terms of promoting Torbay to inward investors, the Torbay Development Agency (TDA) is the primary agency for this activity. It is a wholly owned company of the council and its role would not be expected to change as a consequence of a partnership with Devon at Tier 1 level or South Hams and West Devon at Tier 2 level.
- There could be additional capacity offered by Devon to help Torbay respond to requests for applications for various pots of ring fenced grants in connection with pilots and initiatives that tend to emerge from Government.

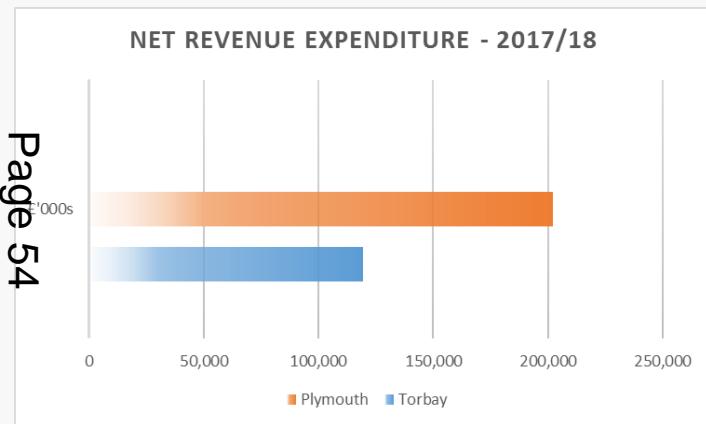
5. Financial Case

This section profiles the financial costs and revenue benefits of each option to ascertain that each option is viable and affordable.

Option 1 – shared arrangement with Plymouth

Medium term financial position

The graph below illustrates the relative financial size of Plymouth to Torbay by showing the respective net revenue expenditure (NRE) of each council for 2017/18.



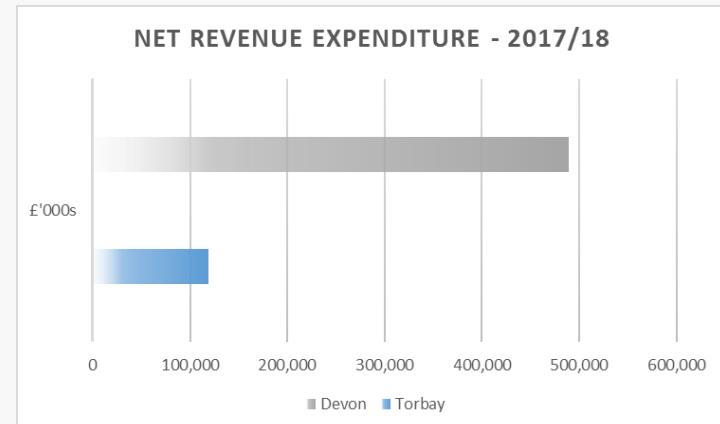
Although Torbay is approximately 60% of Plymouth in budget terms, the scale and profile of savings journey it has been on since 2011 has been similar, as shown in the graph below.

The impact of Government cuts to revenue support grant have been compounded by the loss of council tax freeze grant which compensated for Torbay's decision to hold council tax levels and which now mean they have the lowest Band D rate across the county (£1383) and 2% lower than Plymouth's at £1407.

Option 2 – shared arrangement with Devon

Medium term financial position

The graph below illustrates the relative financial size of Devon to Torbay by showing the respective net revenue expenditure (NRE) of each council for 2017/18.

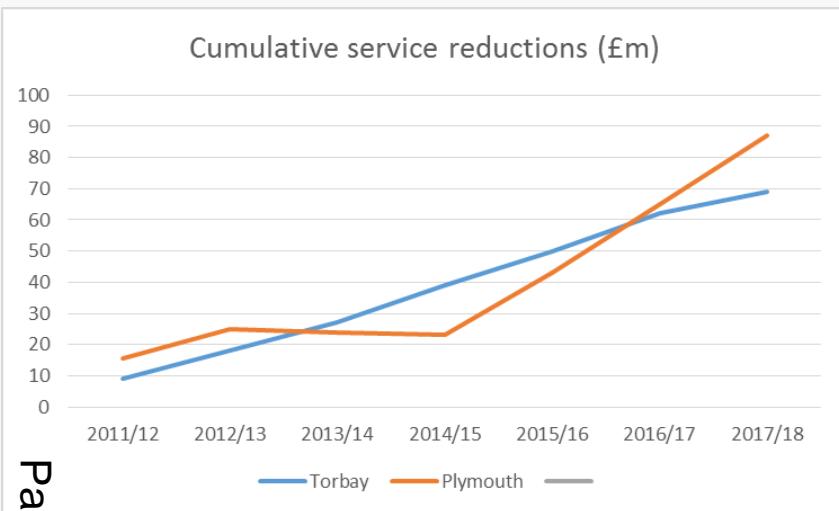


Given that Torbay is approximately a quarter of the size of Devon in budget terms, the graph below demonstrates a reasonably proportionate share of the savings requirement being borne by both councils since the Government's austerity funding programme commenced.

The impact of Government cuts to revenue support grant have been compounded by the loss of council tax freeze grant which compensated for Torbay's decision to hold council tax levels and which now mean they have the lowest Band D rate across the county (£1383) and 3% lower than neighbouring residents in South Hams at £1423.

5. Financial Case (cont)

Option 1 – shared arrangement with Plymouth



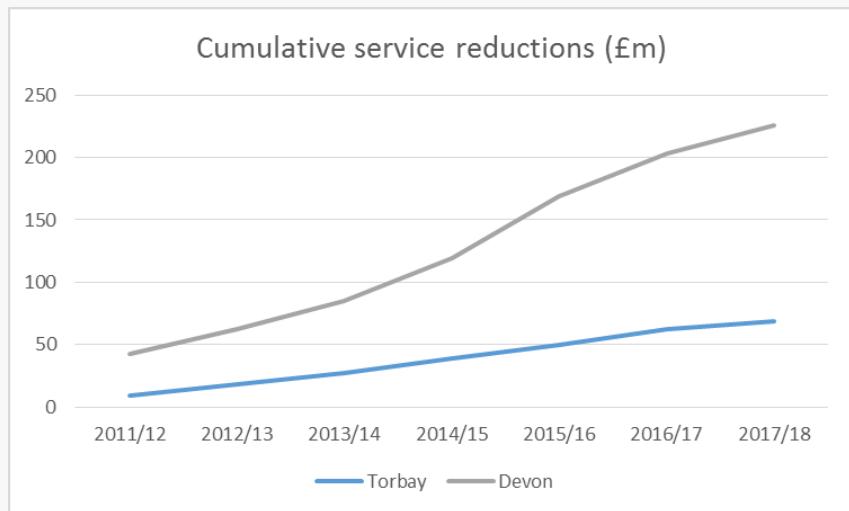
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The position looking forward through this year and over the subsequent three years is very similar too, with both councils facing the requirement for further significant cuts.

The table below shows the projected annual savings needed to be found and sums them to a per household basis.

Annual saving requirement (£'000s)						
	Total (£'000s)	Total per household (£)	2017/18	2018/19	2019/20	2020/21
Torbay	26,400	599	9,000	9,600	6,000	1,800
Plymouth	43,412	613	18,231	7,980	11,334	5,867

Option 2 – shared arrangement with Devon



Looking forward, there are financial challenges facing both councils with Devon requiring £56m of savings over the four year period starting 1 April 2017.

The table below shows the profile of the annual savings required for both councils and sums them to a per household basis.

Annual saving requirement (£'000s)						
	Total (£'000s)	Total per household (£)	2017/18	2018/19	2019/20	2020/21
Torbay	26,400	599	9,000	9,600	6,000	1,800
Devon*	56,322	199	7,077	26,902	13,239	9,103

*adjusted for new adult care monies announced in March 2017 budget but not reflected in Devon MTFS

5. Financial Case (cont)

Option 1 – shared arrangement with Plymouth

Hence, council tax payers of both Torbay and Plymouth are facing similar reductions in resources for services.

Option 2 – shared arrangement with Devon

It is clear that the relative challenge for Torbay is more difficult, with the savings required being approximately half those of Devon's despite it being a quarter of the size. In order to accurately compare the resource reduction being faced by residents of Torbay compared to the wider county, the £199 per household for Devon needs to be combined with the same metric for district councils. The table below shows the same analysis for South Hams and West Devon councils and illustrates that even accounting for the savings required at Tier 2 level, the total saving per Torbay households will be more than double that faced by adjoining residents in South Hams for example.

Annual saving requirement (£'000s)	Total (£'000s)	Total per household (£)	2017/18				2018/19		2019/20		2020/21	
			2017/18	2018/19	2019/20	2020/21	2017/18	2018/19	2019/20	2020/21		
South Hams and West Devon	3,867	67	1,306	1,634	548	379						

5. Financial Case (cont)

Option 1 – shared arrangement with Plymouth

Impact of savings and costs identified in the Commercial Case

The most definable and quantifiable savings opportunity identified in the Commercial Case was from staff savings with a long term, upper range estimate of £610k per annum cited as possible.

Option 1 - Plymouth		
Savings (£'000s per annum)	0-3 years	> 3 years
Sharing Management	610	610
Wider organisational change		750
Property		400
Contracts		760
	610	2,520
Costs (£'000s one-off)		
Redundancy (median estimate)	400	
Implementation	TBC	
Payback (years)	1 - 2.5	

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This would need to be shared across both organisations and if this was done according to relative NRE, it would mean Torbay benefiting from an annual saving of £244k and Plymouth benefitting from the rest (£366k).

The approach to sharing will need to be worked through and negotiated to both partners satisfaction as well as their respective external auditors to ensure no issues of cross-subsidisation arise.

If assuming a 1st April 2019 operational start date following full implementation and benefits realisation, the shared arrangement would account for approximately 1.5% of the savings challenge facing Torbay and Plymouth over the three years shown.

Option 2 – shared arrangement with Devon

Impact of savings and costs identified in the Commercial Case

The most definable and quantifiable savings opportunity identified in the Commercial Case was from staff savings with a long term, upper range estimate of £480k per annum cited as possible at Tier 1 level and c. £90k at Tier 2 level.

Option 2 - Devon		
Savings (£'000s per annum)	0-3 years	> 3 years
Sharing Management (Devon)	480	480
Sharing Management (SHWD)	90	90
Wider organisational change		750
Property		400
Contracts		760
	570	2,480
Costs (£'000s one-off)		
Redundancy (median estimate)	400	
Implementation	TBC	
Payback (years)	1 - 2.5	

This would need to be shared with partner organisations and if this was done according to relative NRE, it would mean Torbay benefiting from an annual saving of £100k at Tier 1 level and £60k at Tier 2 level.

The approach to sharing will need to be worked through and negotiated to all partners satisfaction as well as their respective external auditors to ensure no issues of cross-subsidisation arise.

If assuming a 1st April 2019 operational start date following full implementation and benefits realisation, the shared arrangement would account for less than 1% of the savings challenge faced by Torbay.

5. Financial Case (cont)

Option 1 – shared arrangement with Plymouth

<u>Option 1 - contribution to saving challenge</u>					
		Total	2018/19	2019/20	2020/21
	<u>Savings required (£'000s)</u>				
Torbay		17,400	9,600	6,000	1,800
Plymouth		25,181	7,980	11,334	5,867
	<u>Total</u>	42,581	17,580	17,334	7,667
	<u>Management savings (£'000s)</u>				
Torbay		244	0	244	0
Plymouth		366	0	366	0
	<u>Total</u>	610	0	610	0
	<u>Contribution to savings required (%)</u>				
Torbay		1.40%			
Plymouth		1.50%			
	<u>Total</u>	1.40%			

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Sensitivity testing and risk

Given the limited scale of saving relative to the wider target and also the overall NRE budget of each authority, sensitivity testing of the saving metric is not considered useful. It is more worthwhile focussing on the potential payback range and what this could mean for Torbay's reserve position.

Option 2 – shared arrangement with Devon

<u>Option 2 - contribution to saving challenge</u>					
		Total	2018/19	2019/20	2020/21
	<u>Savings required (£'000s)</u>				
Torbay		17,400	9,600	6,000	1,800
Devon		49,245	26,902	13,239	9,103
South Hams and West Devon		2,561	1,634	548	379
	<u>Total</u>	69,205	38,136	19,787	11,282
	<u>Management savings (£'000s)</u>				
Torbay		160	0	160	0
Devon		380	0	380	0
South Hams and West Devon		30	0	30	0
	<u>Total</u>	570	0	570	0
	<u>Contribution to savings required (%)</u>				
Torbay		0.90%			
Plymouth		0.80%			
South Hams and West Devon		1.20%			
	<u>Total</u>	0.80%			

Sensitivity testing and risk

Given the limited scale of saving relative to the wider target and also the overall NRE budget of each authority, sensitivity testing of the saving metric is not considered useful. It is more worthwhile focussing on the potential payback range and what this could mean for Torbay's reserve position.

5. Financial Case (cont)

Option 1 – shared arrangement with Plymouth

Torbay's projected reserve position for the year ending 31 March 2018 and subsequent two years is shown below.

Reserves at y/e	£'000s	2,017	2,018	2,019
		1	2	3
General fund		4,647	4,647	4,647
Other		12,014	10,852	11,291

Given a payback return of one year and assuming 1st April 2019 as the first year of benefit with implementation costs being incurred during the previous 12 months, the closing reserve position for 2019, as shown above, would be unaffected. If the programme slipped such that the investment cost took longer to repay, the reserve position would be lower than shown by the amount of saving unrealised in 2019.

The sufficiency of reserves held by Torbay is a recognised and well documented issue and with a projected £17.4m of savings required over the three year period for which £15.9m of reserves are expected to remain, the financial position of the council is delicately poised. This highlights that it is not potential slippage of a partnership with Plymouth where the main risk lies, it is the indirect impact of pursuing the partnership on achieving the savings that the council needs to find. Although the saving benefits of a partnership would be expected to increase over the long term, a contribution of 2% over the four year period being considered illustrates where the balance of focus should be.

Plymouth has yet to study Torbay's transformation and savings programme to identify how it could help reduce deliverability risk. However, as noted earlier, Plymouth need to find a similar level of savings to Torbay which could be seen as both an advantage, in terms of trading techniques and solutions, but also a disadvantage in terms of being unable to extend any genuine, prioritised support to Torbay in the short to medium term.

Option 2 – shared arrangement with Devon

Torbay's projected reserve position for the year ending 31 March 2018 and subsequent two years is shown below.

Reserves at y/e	£'000s	2,017	2,018	2,019
		1	2	3
General fund		4,647	4,647	4,647
Other		12,014	10,852	11,291

Given a payback return of one year and assuming 1st April 2019 as the first year of benefit with implementation costs being incurred during the previous 12 months, the closing reserve position for 2019, as shown above, would be unaffected. If the programme slipped such that the investment cost took longer to repay, the reserve position would be lower than shown by the amount of saving unrealised in 2019.

The sufficiency of reserves held by Torbay is a recognised and well documented issue and with a projected £17.4m of savings required over the three year period for which £16.6m of reserves are expected to remain, the financial position of the council is delicately poised. This highlights that it is not potential slippage of a partnership with Devon where the main risk lies, it is the indirect impact of pursuing the partnership on achieving the savings that the council needs to find. Although the saving benefits of a partnership would be expected to increase over the long term, a contribution of 1% over the four year period being considered illustrates where the balance of focus should be.

Devon has yet to study Torbay's transformation and savings programme to identify how it could help reduce deliverability risk. The potential to underwrite Torbay's financial position as part of taking on management responsibility has been raised in discussions but there are a number of significant implications associated with this which would need to be considered.

5. Financial Case (cont)

Potential financial benefit of Town Councils

The precept charged by town and parish councils falls outside the Government's council tax referendum limits. Following concern that councils were seeking to use town and parish councils to circumvent the intentions of the referendum control, DCLG came close to imposing a restriction as part of last year's financial settlement but ultimately decided against doing so.

However, devolving certain locally sensitive services such as:

- libraries
- public conveniences
- public realm maintenance

to town and parish councils, with an unrestricted ability to raise income through the precept mechanism, could be a valuable strategy for addressing some of the budget pressures the council is facing. However, it would run counter to the strategy that has been pursued by the council over recent times to protect residents from council tax rises as much as is feasibly possible. The table below provides an illustration of the financial potential offered by adopting a fully parished model for Torbay. It shows that the direct budget of the three example services totals just over £3m which if recovered via a precept would amount to £72 (approximately 5% of the 2017/18 Band D tax rate). The current precept for the sole parish council in Torbay (Brixham) is £43 which would rise, using this example, to £115. Clearly, the messaging to residents would be important, assisted by the extent to which the additional income raised through the precept is reflected in a reduced Band D rate. At an extreme level, the council may choose not to reflect the reduction at all and in effect use the precept as a mechanism for generating an additional £72 per household from residents to reduce its saving challenge by just over £3m.

5. Financial Case (cont)

2017/18 Torbay budget	
	£'000
Libraries	1,004
Public conveniences	810
Grounds maintenance	1,354
	3,168
Council tax base	44,049
Current Brixham precept (£)	43.11
Additional Brixham precept (£)	71.92
Existing 2017/18 Council tax - Band D (£)	1377
Additional precept (%)	5%

- Town and parish councils have a statutory basis for their existence, and may only carry out a particular type of activity if there is a clear basis for them to do so in law. They are eligible to use the General Power of Competence provided in part 1 of the Localism Act 2011 if they meet the following requirements that:
 - there being at least two thirds of the seats on the parish council filled at the most recent scheduled set of elections;
 - the clerk having received certain training;
 - 80% of the councillors also have received the relevant training; and
 - the town or parish council having published a statement of intent as to community engagement.
- If a town or parish council meets those conditions, then this would enable it to take on service responsibility for a number of local services currently provided by Torbay Council.

6. Management Case

Introduction

This section of the outline business case looks at how the relevant partner(s) foresee any shared arrangements operating and the implications for project management, operational management and democratic governance. It starts with an overview of best practice in major re-organisations.

Best practice check list

Research of previous major re-organisations indicate that certain factors need be in place:

- effective governance structures;
 - a steering group, drawn from Members of the partner organisations, to agree programme scope, and timetable, provide decisions and steers as required and monitor progress
 - a Programme Board – drawn from senior officers of the partner organisation responsible for delivery of the programme and its benefits
- dedicated project and programme management resources as distinct from using officers on a part time basis in addition to their day job
- effective internal and stakeholder communication and engagement

From our interview with partner organisations they would endorse and comply with these factors. It is fair to say that the partners thinking on how they foresee any shared arrangements is at a very early stage and would need to develop in dialogue with Torbay.

6. Management Case (cont)

Option 1 – shared arrangement with Plymouth

Plymouth's initial thoughts on the process are:

- Their starting point would be to engage with Torbay Members on understanding their vision for Torbay (much of Plymouth's strategic plan started with a similar exercise with Members on what they wanted Plymouth to be as a place) and what outcomes they were seeking to achieve
- That would provide clarity on the priorities for the strategic partnership and inform the subsequent integration process
- Both councils, possibly operating within a Joint Steering Group, would need to agree the shape and appointment process for a senior officer leadership team
- Integration on a phased basis:
 - Children's services first – April 2018
 - Back-office services
- Then proceeding on a service business case by service business case basis

It is not Plymouth's presumption that the "Plymouth" way will predominate, but they are keen to understand how Torbay operate and learn from them. Plymouth does have an in-house transformation team and would want to spread the learning from their work, but would be resource constrained to provide project management leadership of the programme. Although Plymouth would want to achieve synergies and savings from integration as speedily as possible, their experience is that the full benefits from transformation will not be realised in less than 3-5 years.

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Option 2 – shared arrangement with Devon

Devon would favour a "Big Bang" approach and believe shared arrangements would take an initial six months work once the starting gun is fired. Their starting point would be the establishment of effective governance arrangements and appointment of a shared officer leadership team as a first task e.g. Director of Adult Services/Head of Paid Service etc. They believe, given existing close working, the integration of some services would be easier than others e.g. highways. However, they would want to explore, utilising their "Doing what matters" programme of leader-led change to inform shared organisational design principles. This would be a longer-term process and could start after the initial six months design work. In any event they do not see a strategic partnership as a short term fix but would want a minimum 3-5 year commitment from Torbay.

Devon would deploy dedicated project management activities associated with the implementation of the partnership arrangements. They do not start with the presumption that "one size fits all" and would contemplate different ways of working in Torbay.

South Hams / West Devon District Councils

The councils' assumption is that priority will be given to working out shared management arrangements for Tier 1 services. Therefore work on Tier 2 services will not commence for six months after any council decision. Whilst there are a number of delivery options that can be considered, their preferred process would be for Torbay to agree its indicative budget and specification for Tier 2 services and commission the councils to deliver them with Torbay staff (including operational management) being TUPE'd across. This could be on a service-by-service basis although, given the councils distinct operating model, it is likely that the more services that are delivered through this

6. Management Case (cont)

Option 1 – shared arrangement with Plymouth

The Joint Steering Group, referred to above, may also require a hierarchy of joint sub committees to monitor and manage the specific areas of service that are operating within the partnership. Proposals for these would need to be developed as a priority with a clear understanding of their composition, their remit and how they relate to similar cross organisational management arrangements.

SROs should be appointed for the major components of change and establish the programme and project governance arrangements. They would need to have considerable autonomy to drive their programmes of change. They should be held to account for the delivery of their programme by the appropriate political oversight, probably through the Joint Committee structures.

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Option 2 – shared arrangement with Devon

commissioning arrangement, the greater the efficiencies that can be achieved. Another approach could be for Torbay to remain as the employer, adopt the operating model and enter into a shared service partnership for 2nd tier services similar to that already operating between SHDC & WDBC.

The commissioning of services through the SHWD model is the preferred process but this is open for discussion and the councils can envisage finding that Torbay's delivery approach for some services may be one that they would wish to emulate. An early opportunity for joint procurement could be in the waste and IT fields.

All of the above, would need to be underpinned by effective joint governance arrangements and a formal partnership agreement and Memorandum of Understanding.

Separate Joint Committees would need to be established with both partners to cover the areas of service transferred. It is likely that an overarching Joint Committee would also be needed between all the accountable partnered bodies i.e. Torbay, Plymouth, Devon, South Hams and West Devon. There would be a number of risks with this arrangement in clearly establishing who is responsible for what, given the move of Childrens' services to Plymouth, partnering with Devon for other Tier 1 services and the partnership with SHWD on district services. However, many of these services cut across tiers including planning, economic development, corporate functions, property etc. They would also need to be effectively coordinated, integrated and budget managed to assure effective operational delivery. This would not be straightforward and has the potential to cause confusion and complexity for politicians, staff and the public.

6. Management Case (cont)

Option 1 – shared arrangement with Plymouth

Key risks

- There would need to be assurance that both Plymouth and Torbay could identify and release significant capacity and capability to conduct the transition and transformation, without impacting detrimentally upon respective performance or their ability to generate the necessary savings.
- The programme needs to be realistic, especially in the degree of concurrent activity expected. An over-committed programme would threaten successful delivery. The programme needs to be staged and planned to intersect procurement and contract expiry opportunities.
- Experience shows that priorities and strategy between organisations can vary markedly over time, not least when there are changes in political control and especially when there are varying political cycles and differential budget pressures. This can lead to considerable frictions and disagreements. Constant effort will be required by all parties to develop and nurture the relationships, to regularly review performance and to keep the long-term goals under review.
- Sourcing the skill sets required for delivering transformational change.

Speed and delivery

Both parties will have to establish a programme team with clearly delineated responsibilities and correctly resourced for the duration of change. This is likely to be at least 2-3 years.

Option 2 – shared arrangement with Devon

Key risks

- This option could be even more complex with Torbay retaining employment responsibility for staff that would be working in effect under the auspices of Devon County Council and South Hams and West Devon. Delineating roles and responsibilities in these circumstances would be difficult both for the partners but also for the retained management within Torbay. There is a risk that managers and staff receiving conflicting direction.
- The programme needs to be realistic, especially in the degree of concurrent activity expected. An over-committed programme would threaten successful delivery. The programme needs to be staged and planned to intersect procurement and contract expiry opportunities.
- Sourcing the skill sets required for delivering transformational change.

Speed and delivery

Both Torbay and Devon will need to establish a programme team with clearly delineated responsibilities and correctly resourced for the duration of change albeit that Devon are quite bullish about the timescales and resourcing this would involve. At Tier 2 level, the process may be more piecemeal, as described earlier, and unlikely to occur before South Hams and West Devon complete their own unification programme.

6. Management Case (cont)

Option 1 – shared arrangement with Plymouth

Resourcing and skill sets

- The programme team would need to include sufficient project managers, business analysts, and support officers as well as having access to dedicated corporate support including finance, HR, legal, ICT and property.
- External support to help develop and assure the partnership arrangements or other transfer documents would be necessary. This would include legal, actuarial, and probably some financial support as well as support to conduct assurance reviews at gateway milestones.
- The Council's need to be prepared to fund the additional resources required for this period as any net savings that could accrue may extend beyond a one year payback.

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Project Management

Programme and project management needs to be an enduring capability although a higher level of capability and resource would be required during the transition period and to deliver the necessary transformation.

Option 2 – shared arrangement with Devon

Resourcing and skill sets

- The programme team would need to include sufficient project managers, business analysts, and support officers as well as having access to dedicated corporate support including finance, HR, legal, ICT and property.
- External support to help develop and assure the partnership arrangements or other transfer documents would be necessary. This would include legal, actuarial, and probably some financial support as well as support to conduct assurance reviews at gateway milestones.
- The Council's need to be prepared to fund the additional resources required for this period as any net savings that could accrue may extend beyond a one year payback.

Project Management

Programme and project management needs to be an enduring capability although a higher level of capability and resource would be required during the transition period and to deliver the necessary transformation. At Tier 2 level, South Hams and West Devon are working on building an implementation capability that can be retained as a commercial resource to be sold to other bodies undergoing the same change processes that they are undertaking. This represents an option for Torbay in terms of resourcing.

6. Management Case (cont)

Option 1 – shared arrangement with Plymouth

Due Diligence

There will need to be clarity on how objective setting, performance management and disciplinary processes are to be implemented in a shared workforce when staff are to remain employed as at present.

It could be especially challenging if there is a diversity of views on operating models and the need for change between partnering organisations and those with management responsibility within them.

Option 2 – shared arrangement with Devon

Due Diligence

There will need to be clarity on how objective setting, performance management and disciplinary processes are to be implemented in a shared workforce when staff are to remain employed as at present.

It could be especially challenging if there is a diversity of views on operating models and the need for change between partnering organisations and those with management responsibility within them.

Dependent upon the nature of the partnership at Tier 1 level, specifically in relation to budget management obligations, Devon would want to confirm *inter alia* the asset register quality; liabilities and obligations with respect to retaining walls given the hilly and coastal nature of Torbay; compatibility of systems; political agreement around policy decisions e.g. street light dimming, grass cutting frequency; existing resourcing/staff numbers and skill sets within Torbay.

Appendix A: Members' assessment criteria

	Strategic	Economic	Commercial	Financial	Management
Partner's ability and track record in delivering savings and high service standards		X		X	
Impact on economic development and regeneration		X			
Compatibility of organisations' strategic plans	X		X		
Speed and deliverability of proposals		X		X	X
Impact on key services such as education and public health		X			
Impact on the quality and funding of Tier 2 services		X		X	
Track record in dealing with issues facing Torbay such as deprivation	X	X			
Responsiveness to local community needs	X	X			
Impact on other partnerships	X	X			