

EAST DEVON DISTRICT COUNCIL

Confidential minutes of a Meeting of the Rationalisation Panel held at Knowle, Sidmouth on 12 May 2010

Present: Councillors:

Graham Brown (Chairman)
Vivienne Ash
Ray Bloxham
Vivien Duval Steer
Douglas Hull
Philip Skinner
Tim Wood

Also present: Councillors:

David Cox
Jill Elson
Graham Godbeer
Mike Green
Andrew Moulding
Marion Olive
Helen Parr
Ken Potter
Tony Reed
Pauline Stott

Mark Williams, Chief Executive
Denise Lyon, Deputy Chief Executive
Peter Jeffs, Corporate Director
Diccon Pearse, Corporate Director
Simon Davey, Head of Finance
Karen Jenkins, Head of Organisational Development
Diana Vernon, Democratic Services Manager

The meeting started at 10.00 am and ended at 12.17 pm

***11 Report of last meeting**

The report of the meeting of the Rationalisation Panel held on 21 April 2010 was noted.

***12 Surviving the Crunch**

The Audit Commission publication, Surviving the Crunch, was about local finances in the recession and beyond and had already been sent to all Members of the Panel. In addition the summary pages from the publication had been included on the agenda for Members' information.

The document indicated that most councils were taking steps to make savings and were planning to achieve more. The main costs related to staffing.

The Panel recognised that it was unlikely that all staffing cuts could be achieved through 'natural wastage'

The Panel discussed the feasibility of an 'across the board' cut in staff wages and the savings that this would realise. However, the Chief Executive and Head of Organisational Development reminded the Panel that current employer/employee relationships at EDDC were good. As a result of this positive relationship, successful negotiations had been carried out which had achieved positive changes to the Council's Redundancy policy and a significant reduction in mileage payment rates.

Any proposal to make a percentage cut to wages would have to adhere to proper procedures which would start with a report to the Executive Board to seek Council support and to then commence collective negotiations.

*13 **Role of the Panel and processes**

It was suggested that it would be helpful to compare this Council's staffing arrangements with those of other Councils in the 'family group'. There was a danger that if this Council's levels of staff remuneration were out of line with other authorities it would be unable to attract candidates of the necessary calibre to fill vacant posts. Elected Members also had a responsibility for levels of demand generated and needed to be more aware of staff capacity.

The Panel recognised the importance of good communications with staff and the problems that could arise as a result of uncertainty. The Head of Organisational Development confirmed that communications with staff were good and information was made available through a variety of means including Staff Awareness sessions, the team briefs and the intranet.

The Chief Executive reminded the Panel that its recommendations to the Executive Board should help the Council to structure the organisation so that it was fit for purpose. Considered and planned restructuring would be more effective in the longer term than a quick-fix 'across-the-board' solution.

It was suggested that the Panel should start by looking at the structure of services from the customers' point of view to see what needed to be delivered and how best this could be achieved. The Joint Integration Committee (EDDC:SSDC) was looking at shared working from a more strategic position. There was concern that the service by service approach being adopted by the Panel could re-enforce a silo mentality and could mask opportunities for service mergers.

The Chairman appreciated the value of shared services and the need to look to a range of partners and organisations.

The Joint Integration Committee was exploring shared services and shared management as a means of protecting customer facing services. Some concern was expressed by the Panel that the current refresh of the Corporate Strategy should have taken place before the shared services agenda was progressed

In reply to a question about whether it was feasible to undertake a systems thinking review of the whole organisation, the Chief Executive confirmed that the Council's thinking was conditioned by customer needs and its objective was to serve its customers.

The proposed timetable also raised some concern; recommendations would be considered in early autumn at the start of the budget setting process when changes to structures would be properly debated. This would include a review of the proportion of management time devoted to operational and corporate management and which management and support staff were key to providing front line services. It was recognised that there would always be a need for administrators and support staff within a local authority.

It could be useful to regard services as building blocks and see how these could be strategically re-arranged to achieve savings and efficiencies.

*14 **SW Conference: Total Place: Empowering and Incentivising Local Areas**

The Conference was to be held in Bristol on 12 July 2010 with the aim of improving public services whilst at the same time achieving substantial cashable savings, solutions to local needs and increased collaboration and joint working.

RESOLVED

that places on the SW Conference – Total Place: Empowering and Incentivising Local Areas be booked for Councillors Graham Brown and Tim Wood.

***15 Organisational Development**

The Head of Service advised that Organisational Development was a strategic function within the authority and covered four different functional service areas. The report set out the details of the services provided, current staffing arrangements and possible options available, including, continuing with the current service, increasing income, sharing with another authority and out-sourcing. In answer to general questions, the Head of Service advised that the service employed a number of part time staff. This was good practice as it helped to retain experienced staff. She also confirmed that exploring alternative employment options within the organisation was a key element of the Redundancy Policy.

a) Payroll Services

The existing Trent software would need to be up-dated to the i version within 2-3 years and our software supplier has advised that over 50% of its customer base has now up-graded to the i version of the software.. Also taken into account was notice given by Leisure East Devon that it would not use the Council payroll service from April 2011. One member of the team had resigned to move internally and the replacement would be employed on a fixed term contract only to prepare for the loss of the LED work. The Head of Organisation Development had investigated income potential and out-sourcing, but recommended that shared service provision with SSDC would be the most viable option. However this would necessitate up-grading the software in the next few years. She outlined that retaining this service would help the Council to continue to provide a flexible and professional service and the sharing option would reduce staff costs. Although this would require earlier than anticipated investment in up-graded software, it was anticipated that this would be out-weighed by savings in the longer term.

b) Human Resources

The lack of capacity and practical application of specialist knowledge within the team was noted. It was anticipated that outcomes of the Rationalisation Panel and the Joint Integration Committee in terms of consultation, restructure, job evaluations, redundancy and appeals/grievances would add to the workload of this team. However the Council had a current employment freeze and so there was potential to make staff savings in respect of recruitment activity. Gaining additional business was not a viable option but it was anticipated that sharing the service at Head of Service level with SSDC could achieve savings and would be fully considered by the Joint Integration Committee.

c) Learning and Development

Members noted that the Council currently provided 2.4 days training per person which was above the national figure of 1.4. The flexible and tailored in-house service had contributed significantly to employee engagement. The training programme was based on feedback from the Performance Excellent reviews, training needs, corporate training needs, managing change and from issues observed through dealing with managers. Some training was generic and some demand-led. Savings could be achieved through reducing the corporate learning and development budget. The service could be out-sourced or the Council could pay an annual fee to a 'Shared Learning and Development Programme'. This partnership arrangement already benefited Mid Devon, South Hams, Teignbridge, West Devon and Torbay. Shared service provision with SSDC was a possible viable option as currently SSDC did not have an in-house resource and their external budget could be used towards funding the Learning and Development Manager role, thus internalising their existing spend.

15 Organisational Development (cont)..*d) Communications and Improvement Team**

This service dealt with internal and external communications, performance inspections and reporting, data protection, Freedom of Information requests and complaints. Members noted that there had been a significant increase in Freedom of Information requests. The Panel suggested that Councillors should be doing more to engage with their communities. The need for genuine consultation was also recognised. The Engagement and Funding Officer had been appointed when the Council could no longer provide grants and this post helped local organisations access alternative sources of funding. Members noted that the press seldom attended Council meetings and relied on press releases and on-line agendas.

An example was given of the vital role of the Communications Team. The Team had worked with Streetscene to launch the various phases of the Recycling and Refuse initiative. The input from the Press Officer had meant that there had been very little bad press (compared with other authorities) and the press releases had helped to change people's habits in respect of waste. This positive work meant that the Customer Service Centre had received a reduced number of complaints with each stage of the roll out. Similarly the Communications Team had helped to promote the Exmouth and Seaton Regeneration initiatives.

The Panel had been advised at an earlier meeting that the Chief Executive and Corporate Director, Diccon Pearse, now met quarterly with the town councils within the district and this could form a basis for further community engagement work.

RESOLVED

that the Executive Board be asked to approve the following:

- (1) the Payroll Services fixed term contract post be not renewed beyond April 2011,
- (2) opportunities to share Payroll Services with SSDC to achieve efficiencies and staff savings be explored,
- (3) the current Human Resources structure be reviewed in the light of reduced recruitment activity,
- (4) the practicalities and potential savings to be achieved through shared service working with SSDC be explored,
- (5) sharing the Learning and Development service provision with SSDC and/or out-sourcing this function be further explored and undertake a review of current structure,
- (6) the Chief Executive review the Communications and Improvement function through the Joint Integration Committee Workstream and determine any potential for achieving savings through restructuring.

*16 **Finance**

The Head of Finance reported that Financial Services comprised two main areas and outlined their purpose.

a) Revenues and Benefits

The Council had a legal duty for the billing and collection of Council Tax and Business Rates. National comparisons on performance and cost were presented. The Council had achieved significant improvements to service provision through the systems thinking review. The recommended adjustments to the service structure had yet to be implemented and the intention was to now bring these proposals together and make service recommendations to the Executive Board. Members were recommended to formalise the current arrangements in respect the Revenues and Benefits Manager post and to those reporting to this Manager. Certain posts within the service had remain intentionally unfilled by permanent staff and this would enable structural changes, including achieving a flatter hierarchy, to be progressed. Team structures would also be reviewed and merged where appropriate to reflect current demand and changes in the way in which demand was now received – demand was now generated largely through telephone contact rather than by correspondence. Streamlining provision would help ready the Council for partnership working with SSDC.

The Head of Finance advised that there were advantages, through economies of scale, to EDDC and SSDC sharing processes. It was believed that partnership working could be achieved subject to adjustments to procedures, staffing and software and was the subject of a JIC workstream review. The inevitable increase in service demand as a result of building Cranbrook was acknowledged.

b) Financial Services

The Council was required, under legislation, to make arrangements for the proper administration of its financial affairs. Less national comparison data was available for this service than for Revenues and Benefits. The Head of Finance advised that the Financial Services Manager post had been kept unfilled for one and a half years and the work covered by the Head of Finance and existing staff in the section. He recommended that this arrangement could be formalised as there were clear understanding of the need to find savings. He also believed there were opportunities for savings through partnership working with SSDC.

RESOLVED that the Executive Board be asked to approve the following:

- (1) The restructuring proposals outlined in the Head of Finance's report to the Panel, drawing from the recommendations of the systems thinking review of Revenues and Benefits Service,
- (2) The post of Financial Services Manager be deleted from the structure, with the staff with in the section, currently in receipt of honorariums, undergoing a revised job evaluation assessment to regularise the existing arrangement,
- (3) Options for partnership working with SSDC to achieve savings be carefully considered through the Joint Integration Committee.

*17 **Next and future meetings**

RESOLVED that the following meetings of the Panel be noted:
 Wednesday, 26 May 2010 (To consider ICT and Audit Services)
 Thursday, 10 June 2010