

# **EAST DEVON DISTRICT COUNCIL**

## **Confidential minutes of a Meeting of the Rationalisation Panel held at Knowle, Sidmouth on 26 May 2010**

### **Present:**

#### **Councillors:**

Graham Brown (Chairman)  
Vivienne Ash  
Ray Bloxham  
Vivien Duval Steer  
Marion Olive  
Philip Skinner

### **Also present:**

#### **Councillors:**

Bob Buxton  
David Cox  
Graham Godbeer  
Mike Green

Stuart Hughes  
Ken Potter  
Tony Reed

Mark Williams, Chief Executive  
Denise Lyon, Deputy Chief Executive  
Diccon Pearse, Corporate Director  
Kate Little, Head of Planning and Countryside Services  
Chris Powell, Head of ICT  
Ross Alam, ICT Support Officer  
Tanith Cox, Audit and Governance Manager  
Steve Gammon, ICT Business Solutions Manager  
Sue Harris, GIS Team Leader (ICT)  
Peter Johns, ICT Officer, Infrastructure  
Martin Milmow, Operations Manager (Document Centre)  
Diana Vernon, Democratic Services Manager

### **Apologies**

Councillor Tim Wood  
Councillor Jill Elson

The meeting started at 10.00 am and ended at 12.17 pm

### **\*18 Report of last meeting**

The report of the meeting of the Rationalisation Panel held on 12 May 2010 was noted.

In respect of Minute 14 - South West Conference - Total Place: Empowering and Incentivising Local Areas, Members were advised that since the meeting of the Panel, the Portfolio Holder Resources had agreed to an additional place at the Conference being allocated to the newly appointed Portfolio Holder – Economy

### **\*19 SPARSE Benchmarking**

The Panel noted the comparison of EDDC's 2008/09 outturn figures against the average for district Councils. Most EDDC's services were provided at either below benchmark or at a comparable level. However, there were examples of services where expenditure was over 20% higher than the benchmark. Details of these examples had been included with the agenda papers for particular consideration. These showed how EDDC compared with other Council groups including all District Councils and in some cases the additional detail gave clarity and explanation. For example in respect of parking and economic development, it was inevitable that main cities would be able to generate more income than other areas. Again with car parking, EDDC compared well with other Council groupings despite not comparing favourably with the Devon benchmark.

**\*19 SPARSE Benchmarking (cont)..**

Diccon Pearse suggested that Members treat the comparisons with some caution because not all returns would have been made on a 'like for like' basis. Different councils had their own ways of categorising elements of services, for example the category 'other central costs' seemed to be a 'catch-all' category. There was often local explanation and circumstances in support of the statistics. For example, EDDC spend in respect of flood defence, land drain and coastal protection was comparatively high but this was inevitable due to local conditions.

Recreation and Sport showed costs as out of kilter with all of the benchmark groups. This was an area of high spend. Although Leisure East Devon was now responsible for managing the Council-owned sports facilities, the Council as landlord was still responsible for maintenance. There were inevitable tensions within the recreation and sport service between setting a level of charges to achieve a realistic income and encouraging all groups of people to enjoy the facilities. EDDC's approach to charging and use of subsidy was similar to most other councils.

Similarly planning policy showed high comparative costs and would be re-visited when the Panel reviewed planning services. In reply to a question about systems thinking, Members were advised that planning policy had not been included within the review. The benchmarking showed that in most areas EDDC planning service compared favourably with other councils.

In reply to a question about whether the Council retaining its Housing Stock in-house affected Council expenditure, Diccon Pearse advised that Housing Stock expenditure was not included as this was a Housing Revenue Account ring-fenced budget which supported the Council's landlord functions. However, even without housing stock, district councils still had responsibility to maintain a housing list.

The Chief Executive reminded the Panel that as the Government Revenue Support Grant was still unknown for 2011/12, it was helpful to identify high areas of spend. The Council could then use this information to either target cuts or make the decision to retain the high spend service and justify this decision with sound reasoning.

**RESOLVED** that the full set of SPARSE benchmarking statistics be sent electronically to all Councillors and be used, as appropriate, to inform the work of the Panel.

**\*20 Audit and Governance**

The Audit and Governance Manager outlined the work of the service and the staffing arrangements in place. She explained that the service currently had 3 vacancies but was using relatively inexpensive contract staff to progress the Audit Plan. The service had two distinct areas of work, namely the Internal Audit Service (including undertaking reviews of services) and Corporate Governance (including work and advice around fraud and the risk register).

Included in the report were possible opportunities for joint working either within the Council or with another authority; co-ordinating fraud work and risk management were given as examples. Members noted the key responsibilities of the Manager, the Principal Auditor and the trainee together with the legislative requirements of the audit function and cost of provision.

**\*20 Audit and Governance (cont)..**

The Manager outlined the future options for the delivery of the audit service which included

- a review of recruitment to help attract and retain in-house audit staff,
- part outsourcing to retain an in-house service but supplement with additional resource and specialist expertise as current, with the example of a specialist to undertake computer auditing being given,
- out-sourcing the total service through a tender process - Exeter City Council being suggested as a viable option
- partnering with South Somerset District Council and work with their out-sourced providers - South West Audit Partnership (SWAP) – the advantages and disadvantages of this arrangement were detailed in the report.

The Manager advised that she was responsible for providing the Corporate Governance service and set out alternative options for future provision which included:

- to continue with the current service provided with possible rationalisation, sub-division and re-allocation of service or re-grouping related investigatory services,
- Share with South Somerset District Council
- Outsource the service through a tender process.

The Manager outlined the benefits of having a full-time, responsive Audit and Governance Service in-house which was flexible, responsive to changing requirements and provided 'on-tap' professional advice.

This view was supported by Councillor Potter, Chairman of the Audit and Governance Committee. He added that he and Diccon Pearse were due to visit the South Somerset District Council Offices the following day to find out more about how the service was provide through SWAP and other issues. He suggested that the Panel delay any decision about the service and await feedback from this investigatory visit.

Councillor Bloxham, former Chairman of the Audit and Governance Committee advised that the Audit and Governance service had been pared down over the last few years due to lack of resource. It was now a lean service, largely undertaking only that work which it was obliged to carry out. He saw the advantage of an in-house presence to manage the various processes even if the manager/co-ordinator was the only element of the service not contracted out. He recommended that the SWAP option should be investigated and saw that this could be a viable option as was the current arrangement of a mix of in-house and contractor cover, particularly in respect of specialist work.

The separate corporate governance function was discussed and Councillor Bloxham commented on the positive advantages of bringing all fraud together within a centralised corporate fraud team.

It was suggested that partnership working with Exeter City Council could be further explored now that the unitary threat would not impact on any such arrangement. The remit of the Panel was 'to look in detail at ways of rationalising the service delivery structure and all other areas of expenditure within the Council, with the recommendations of the Panel being referred to the Executive Board for consideration'. The work of the Panel was to run in parallel with the Joint Integration Committee. If the Panel wished to pursue partnership working other than with South Somerset District Council, it may be appropriate to ask the Executive Board to review the scope of the Panel.

Diccon Pearse reminded the Panel of the need to bring certainty to the audit function and that the Council's ability to prepare and deliver an Audit Plan was vital. Any option put forward needed to clarify and facilitate this delivery.

**\*20 Audit and Governance (cont)..**

In answer to a question about problems with attracting and retaining audit staff, the Chief Executive advised that if the auditors' pay was increased, this would impact on other sections of the Council which had all been subject to Job Evaluation. He advised that the Council's policy was to pay salaries within a middle range and any areas where recruitment and retention was difficult could be considered for market supplement.

**RESOLVED**

- (1) that the Executive Board be recommended to approve that, whilst recognising the existing partnership arrangement with SSDC, where appropriate, the Rationalisation Panel may step outside its Terms of Reference to assess potential cost savings through working with EDDC's 'single conversation' and/or other geographical neighbouring authorities,
- (2) that Councillor Potter, Chairman of the Audit and Governance Committee and Diccon Pearse, Corporate Director, report back to the meeting of the Panel on 10 June, (following their visit to South Somerset District Council on 27 May 2010) to inform the Panel about any potential merit in developing a working partnership with SSDC through the South West Audit Partnership.

**\*21 ICT**

Chris Powell, Head of ICT outlined the various sections of the service and the levels of staffing. He advised that the service could be split into ICT and the document centre. There tended to be overlap of teams within ICT but that the document centre could be considered as a distinct service with its own separate cost code.

**a) Document Centre**

The Head of ICT advised that the Document Centre had been out-sourced but had been brought back in-house in 2009 to achieve savings. South Somerset District Council worked very differently from EDDC but he would see if there were any opportunities to compete with SSDC suppliers.

Councillor Bloxham asked how the Council could reduce the amount of paper produced. He recognised that there had been a gradual but steady reduction in the amount of paper used largely due to an increased reliance on on-line agendas. In response, the Head of ICT said that the team was currently investigating the use of i-pad and e-reader technology to see if this was a cost effective and feasible way forward.

Members were advised that some income was generated through undertaking design and print work on a limited scale. This could be further explored although capacity of the team and machinery needed to be taken into account and could limit this potential.

**b) Business solutions**

This team of analysts designed interfaces between software applications. The aim was to keep costs low, maintain current service delivery and explore future options and ideas. This service was a necessity in times of change.

In answer to a question about how the team prioritised requests from services, the Head of ICT advised that the team's top priority was maintaining the service. The second priority was to make changes to business software, for example to facilitate essential up-grades. The service then considered requests from services which were referred to the ICT Programme Board (which included all Corporate Directors and was Chaired by the Portfolio Holder – Communications). The service's business case would be considered and if justified would be programmed into the team's work plan. The Head of ICT had delegated authority to determine minor requests.

\*21 **ICT (cont)..**

**a) Business solutions (cont)..**

Councillor Bloxham advised that ICT under-pinned the work of all services within the Council and it was inappropriate to consider how it could be rationalised until the outcomes of the Joint Integration Committee Workstreams and the Rationalisation Panel were known. When these outcomes had been determined, it would then be appropriate to make recommendations in respect of the ICT service – what support the new structure and rationalised services needed to be able to deliver.

Councillor Graham Godbeer, Portfolio Holder – Economy referred to the importance of ICT training for staff and Councillors which would help the organisation to cope with future demands and change. He suggested that further opportunities for savings could be achieved through looking for alternative means of holding meetings and referred to video conferencing and Skype for smaller meetings and consultations.

It was suggested that when the ICT service was considered at a future meeting, there needed to be clarity and specific costing for any shared service arrangement with SSDC.

- RESOLVED**
- (1) that the Document Centre/ICT explore opportunities to further reduce the volume of paper generated together with potential for income generation,
  - (2) that the ICT service be considered by the Rationalisation Panel when the restructuring of the authority and services has been agreed to ensure that systems and resources are in place to facilitate any current and future organisational and service change.

\*22 **Next and future meetings**

**RESOLVED** that the following meetings of the Panel be noted:

Thursday, 10 June 2010 10 am (Audit, Environmental Health & Housing)

Wednesday 23 June 2.30 pm (Planning & Building Control)

Friday, 9 July 10 am (Streetscene, Legal and Licensing)

Wednesday, 28 July 2010



# EAST DEVON DISTRICT COUNCIL

## Confidential minutes of a Meeting of the Rationalisation Panel held at Knowle, Sidmouth on 10 June 2010

**Present:** Councillors:  
Graham Brown (Chairman)  
Vivienne Ash  
Ray Bloxham  
Vivien Duval Steer  
Philip Skinner

**Also present:** Councillors:  
David Cox  
Jill Elson  
Mike Green  
Ken Potter  
Tony Reed

Tanith Cox, Internal Audit & Governance Manager  
John Golding, Head of Housing & Social Inclusion  
Denise Lyon, Deputy Chief Executive  
Peter Jeffs, Corporate Director  
Diccon Pearse, Corporate Director  
Debbie Meakin, Democratic Services Officer  
Simon Smale, Head of Environmental Health & Health Equalities

**Apologies:** Bob Buxton  
Tim Wood  
Marion Olive  
Mark Williams, Chief Executive

The meeting started at 10.05 am and ended at 11.41am

**\*18 Report of last meeting**

The report of the meeting of the Rationalisation Panel held on 26 May 2010 was noted.

**\*19 Urgent item: Change to Remit**

The Chairman informed the Panel of the resolution by the Executive Board, on the 9 June 2010, to amend the remit of the Panel. The resolution was "that subject to the Panel being mindful of the work currently being carried out by the Devon District Forum, and recognising this Council's existing partnership arrangement with South Somerset, where appropriate, the Rationalisation Panel may step outside its Terms of Reference to assess potential cost savings through working with EDDC's 'single conversation' and/or other geographical neighbouring authorities'.

Members discussed reviewing the process of the Panel and look at another approach using a customer focus, looking at strengthening links between services to deliver the savings required. Members were in agreement that the next meeting of the Panel should consist of reconsidering the Panel's of approach and be restricted to the Panel members only, with the assistance of a few key officers. Some Members were also keen to consider other areas of joint working with neighbouring authorities.

**RESOLVED**

that the meeting of the Rationalisation Panel on the 23 June 2010 be set aside for discussion of the approach of the Panel, and be restricted to the Panel Members only and key officers, as determined by the Chairman.

**\*20 Audit and Governance**

Councillor Ken Potter reminded the Board of extensive discussion on the service at the previous meeting. He felt that, as the Audit and Governance Committee still had work to do in debating the future of the audit service, that it was premature for the Panel to debate this particular service. Discussion had taken place with both SSDC and Exeter on their internal audit arrangements; SSDC using the South West Audit Partnership for an “off the shelf” service; and Exeter, who had carried out some work for the Council previously, could offer the service at a cost. Cllr Potter assured the Panel that the Audit & Governance Committee would decide on the most lean and efficient way forward for the service, being discussed at their July meeting.

**RESOLVED** that any potential savings from the Audit service would be referred back to the Panel from the Audit & Governance Committee.

**\*21 Housing & Social Inclusion**

John Golding, Head of Housing & Social Inclusion, presented his report on the Housing and Social Inclusion Service. His paper concentrated on the potential savings to the General Fund, due to the ring-fenced nature of the Housing Revenue Account that is constructed around the 30 year HRA Business Plan. In summary, the potential savings identified were:

- Move Housing Enabling Officer costs into the HRA on the basis that this officer is currently spending much of his time on the council own build programme. Saving circa. **£59k.**
- Homelessness - Reduce the use of supported temporary accommodation. Saving circa. **£60k.**
- Rent Deposit scheme - reduce budget provision. Savings circa. **£10k.**
- Generate a surplus on Home Safeguard income. Additional income circa. **£30k.**
- Procurement savings through Advantage S.W./Yarlington. HRA saving circa. **£25k.**
- Restructuring Housing Service. Reduce number of Service managers to 3 by removing the Housing Business Manager post from the establishment. HRA Saving circa. **£50k.**
- Move private sector housing to the Housing & Social Inclusion Service which may present a further management saving (see the Environmental Health paper). Saving up to **£50k.**
- South Somerset shared services agenda. Savings set out in the PDD for the housing work stream.

This represented a total list of potential budget savings of **£284k.** Up to £209k of the savings was within the General Fund and £75k for the HRA.

Other key areas highlighted in the report included the prevention work within the Homelessness service, which had borne lower levels of homelessness acceptances, and the supporting case for moving the Housing Enabling Officer role. John Golding outlined the difference between the General Fund and the Housing Revenue Account, informing Members of the current consultation process regarding future changes to the housing subsidy system. The Portfolio Holder for Communities also spoke on the proposed changes and advised that the Panel Members would find the next Housing Review Board meeting on 24 June of interest as this subject was on the agenda for debate.



**\*21 Housing & Social Inclusion (continued)**

In response to further questions from Members:

- Location of HomeSafeGuard: John Golding outlined previous assessment of moving the service into the CSC, but issues of both office space and software incompatibility had arisen which stopped further consideration of integration into the main Council offices;
- Links with other authorities existed, whereby the out of hours and lone worker facility was run by EDDC for Teignbridge; and home alarms by EDDC for North Devon DC;
- Split options for housing stock could be considered in geographical areas once the housing subsidy system had reached a resolution;
- Segregation of funding for housing: John explained that the landlord function of the Council was subsidising the strategic function. To segregate would result in a higher cost to the general fund;
- There were clear rules on what could be spend under the terms of the Housing Revenue Account, and in considering the Housing Enabling Officer, the remit of the work of that post fitted the criteria at the present time.

Discussion by the Panel raised the issue of Member knowledge of existing working relationships with other authorities.

**RESOLVED** that the report on Housing and Social Inclusion be brought back to a future meeting of the Panel, following the work of the Panel on reviewing its overall approach.

**\*22 Environmental Health and Health Equalities**

Simon Smale, Head of Environmental Health and Health Equalities, outlined his report to the Panel, covering the service delivered by the three teams of Commercial and Administration, Environmental Protection, and Private Sector Housing. He reminded Members of extensive cuts to the service budget through the last budget process, where 10% reduction was made. The discretionary work by the service included:

- Pest control treatment
- Out of hours noise and other service
- Neighbourhood/Byelaw Enforcement
- Home Improvement Agency
- Neighbourhood Assessments
- Empty Homes
- Health Promotion

Whilst the discretionary work could be considered for reduction, he outlined the impact of not carrying out such work that would then adversely impact on some of the Council's priorities.

Options currently being investigated for the service for efficiency savings included:

- Joint working with SSDC
- Contracting out some service aspects, although this had been tested previously and yielded little scope for further contracting
- Combining regulatory services
- Mobile working

**\*22 Environmental Health and Health Equalities (continued)**

Members agreed with the merits of considering a joint approach on regulatory services. Mobile working had been discussed previously at the service transformation meetings, and there was some frustration of the Panel that fully mobile working, avoiding double data entry, was still not in place.

**RESOLVED**

- (1) that the report on Environmental Health and Health Equalities be brought back to a future meeting of the Panel, following the work of the Panel on reviewing its overall approach;
- (2) That the issue of Mobile working across the Council be considered at a future meeting of the Panel through discussion with the Head of ICT.

# **EAST DEVON DISTRICT COUNCIL**

## **Confidential minutes of a Meeting of the Rationalisation Panel held at Knowle, Sidmouth on 23 June 2010**

**Present:**

Councillors:

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

**Also Present**

Diccon Pearse, Corporate Director  
Diana Vernon, Democratic Services Manager

**Apologies:**

Denise Lyon, Deputy Chief Executive

The meeting started at 2.30 pm and ended at 4.18 pm

**\*23 Report of last meeting**

The report of the meeting of the Rationalisation Panel held on 10 June 2010 was noted.

**\*24 Panel – purpose and progress**

The Chairman thanked the Panel for suggesting that this meeting be held to debate and review the Panel's work to-date and to agree the approach for further work. He stated that it he believed that it was not possible for this Panel to progress at the same speed as the Joint Integration Committee due to the volume of work and detail involved. The process was to help balance the budget and also achieve efficiencies in the longer term. He advised that he met weekly with the Leader to up-date her on progress. She approved of the intention of the meeting to check and clarify the direction of the Panel and its work. The Chairman invited free and open discussion of ideas.

Corporate Director, Diccon Pearse, confirmed that the Council's aim was to set a balanced budget in 2011/12 – balancing income with outgoings. In recent years the Council had achieved a balanced budget by drawing from Reserves but it was recognised that this approach was not sustainable.

The Council was reliant on 3 strands of income – from Government Grant, through the collection of Council Tax and from fees and charges (including interest from investment). It was anticipated, following the Emergency Budget in June that Government funding would be reduced and that potential income from the collection of Council Tax would effectively be cut. As a result, the Council had to look to where costs could be cut.

The Joint Integration Committee was currently focusing on senior management structures. The Rationalisation Panel was looking at front line services. Cuts at management level to help address the budget deficit would mean fewer cuts to front line services.

Corporate Director, Diccon Pearse, advised that he and the Chief Executive were currently discussing the Council's budget shortfall with the Town Councils and the potential for local councils to take on additional responsibilities and/or share responsibility with the District Council, adjusting their precepts accordingly. This would reflect local choice and priorities. However care was needed as any increase in precepts would impact on the Council Tax payer.

**\*24 Panel – purpose and progress (cont)..**

Members of the Panel individually raised a range of points/opinions, as set out below:

- a. The Panel was looking service by service to identify savings and to determine a future structure based on Council priorities. It had used the work of the Leader's Transformation Group as a basis for its review.
- b. In reviewing each service, there was a danger that the Council was not being considered holistically and opportunities for joint working between services or merging services were not easily being identified.
- c. Panel needed to decide on a direction/vision for EDDC to guide the process.
- d. The Panel had faced criticism from other Councillors for not drilling down far enough into services.
- e. The Panel needed to work with the Joint Integration Committee and work towards a point of alignment.
- f. Alarm was expressed at the rate at which the JIC was working.
- g. Now that Devon was not going to be restructured, there were opportunities to explore partnership working within Devon. (The Panel's remit had been adjusted by the Executive Board subject to the Panel being mindful of the work currently being carried out by the Devon District Forum and recognising this Council's existing partnership arrangement with SSDC.)
- h. There was potential to make medium and longer term decisions - the impact of cuts on the wider/future picture needed to be taken into account. For example - there was a danger that in cutting services to meet short term financial goals, expertise could be lost from the Council which would be needed to help lift the district out of recession in the medium and longer term.
- i. Services should be logically structured to give the public one point of contact.
- j. A leaner/flatter management structure would help achieve savings and protect front-line services.
- k. Services/'purposes' were regarded as building blocks – they needed to be aligned first (based on what the customer wanted and how the customer wanted the service to be delivered within the current economic climate) and this would determine the staffing/support and management/reporting lines.
- l. Services needed to be reviewed based on customer needs. Some non-mandatory services were very important to the public. To access this feedback, the community needed to be involved in the decision process.
- m. Need to take a hard look at discretionary spending/functions.
- n. The mandatory functions had been identified by the individual services which had so far presented to the Panel. These functions had to be carried out by the Council but could be delivered in a different way based on local discretion.
- o. It was important not to put discretionary and mandatory functions into silos.
- p. There was potential for statutory and regulatory functions to be out-sourced to the private sector.
- q. The Panel recognised that it was difficult for managers to recommend cuts to their own service.
- r. Submitting detailed reports to the Panel was putting pressure on staff.
- s. Increasing the size of an organisation did not necessarily achieve savings. There was a danger that increasing the responsibilities placed on staff could cause potentially costly problems.

\*24 **Panel – purpose and progress (cont)..**

Papers, produced by the Deputy Chief Executive, in respect of the principals of systems thinking were circulated to Members. These showed where focus should be and the purpose of services. What customers wanted would shape the design of the organisation. There were significant opportunities to redesign service delivery around customer need. It was suggested that the Panel would be able to set down guidance for new structures based on a systems thinking approach. Removing waste from the organisation would reduce costs and also help achieve efficiencies. This principal, with adjustments, could be applied to all services.

As a result of the wide ranging discussion, the following action was agreed:

**RESOLVED**

- (1) that a report be presented to the next meeting of the Panel
  - a) setting out what savings had been achieved by the Panel to-date
  - b) savings required in the short-term to bring in a balanced budget for 2011/12,
  - c) listing all Council services/functions
- (2) that Councillors Ray Bloxham and Tim Wood work up a base-line structure for service delivery drawing on the Panel's recommendations from the report at (1) and present this to the meeting of the Panel on 28 July 2010 for detailed consideration.

