

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Leader and Cabinet

14 September 2006

**AUTHORS:** Chief Executive and Executive Director

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### **“STATE OF THE NATION” NEW MANAGEMENT TEAM PROGRESS REPORT**

#### **Purpose**

1. We have now been in post as the new Senior Management Team since the end of June. In that time we have listened to the views of staff, management and Members and given a good deal of thought about the future direction of the Council. In this report we want to share what we have learnt; to set out our views about what needs to be done; and to make recommendations to meet immediate and pressing staffing needs.

#### **Effect on Council Priorities**

2. 

Improving Customer Service	The core purpose of this report is to put forward changes which will enable the Council to be clearer about and to achieve its priorities.
Affordable Housing	
Sustainable communities in the growth areas	

#### **Challenges Facing the Council**

3. There are a range of difficult challenges facing the Council. These are well known to Members. They include:
  - a) The medium term financial position, as a result of capping.
  - b) Planning for, and meeting the needs of, new communities at Northstowe and other growth areas.
  - c) Responding to rising expectations about the quality of services provided by the Council.
  - d) Recruitment and retention difficulties.
  - e) Adapting to new roles such as community leadership and to new ways of working – for example through the LSP and LAA strategic partnerships.
4. The Council's CPA rating is "Fair". This rating was confirmed by the recent inspection of the planning service, which concluded that the current service is fair, but with unlikely prospects for improvement. Last year's Use of Resources judgement gave us a score of 2 out of 4, compared with higher scores achieved by neighbouring authorities. The Direction of Travel statement highlighted a number of areas where we need to improve our corporate governance arrangements.
5. The Audit Commission recently published a "basket of PIs" which is one element it would use to decide whether councils should undergo a CPA re-assessment. On these PIs, the Council was below average on the proportion of PIs which had improved since 2002/03 and on the proportion of PIs in the top quartile of district councils in 2004/05. While we demonstrated high performance in some areas (notably recycling, processing benefit claims and proportion of decent homes), performance was weaker in others - eg planning applications (time taken and satisfaction) and street cleaning. The Performance Management report on this

agenda sets these results more in context.

6. Performance has improved in some areas, but the overall conclusion is that this is not a strongly performing council. There are, and continue to be, examples of excellence, but there is a need to achieve more consistently improving services through greater unity of purpose and planning for the future.

#### **What sort of Council do we need?**

7. The consequences of not responding effectively to the situation facing us could be serious for the public and the Council. This is particularly so in the case of the new settlements, where failures now could have significant repercussions for years to come. As a result of our discussions and deliberations, our conclusion is that the Council will fail to address the challenges facing it, without radical changes in the way Members and officers work.
8. We believe that the Council needs to embrace the following principles:
  - (a) **“One Council”**: an end to narrow silo behaviour at departmental and portfolio level. There is a need to be able to plan and implement change, working together across the Council – for example in relation to the growth areas. All Members and staff should be working to the corporate priorities and plans.
  - (b) **A Clear Vision**, supported and owned by Members and staff, about what the Council wants to have achieved in five years’ time and beyond. We also need clear plans to get there and indicators to measure and manage our progress. Each year we should have an achievable number of specific and tangible corporate targets for the year ahead.
  - (c) **An Inclusive Council** where all staff and Members feel that they can contribute. In particular, we intend to involve second and third tier officers in strategy and policy development.
  - (d) **New “Member Contract”**. It is important for the time of both Members and officers to be sharply focused on improving and developing services, each making their different but complementary contributions. Currently, Member issues, which are not related to service delivery take up a disproportionate amount of senior officers’ time and energy. Last year, Members indicated that they would modify their expectations on officers in the light of capping and this now needs to be followed up. We recommend that an agreement be developed and agreed by Council which would set out guidance for the role of Members, including, for example:
    - More active engagement and leadership at the strategic and policy development level.
    - Greater clarity about the respective roles of Members and senior officers - less Member involvement in operational matters, but more emphasis on strategic direction and on performance management to ensure that strategies are implemented and are delivering real improvements.
    - Ensuring that Member enquiries are directed to officers at an appropriate level (with operational matters being dealt with by operational officers) and with realistic expectations about the timing of replies.
    - Other Members and officers to be treated with respect
    - Meetings to be kept to a minimum and resulting in clear outcomes for the delivery of council service.

- Greater emphasis on structured development for Members.
- (e) **Empowerment of staff** - managers and their teams to be encouraged to take greater responsibility and control over their services, free from interference and bureaucracy – but judged by results (ie the performance targets achieved and their contribution to corporate aims).
  - (f) **Service First** – in everything we do, for Members and officers, the question should be “How does this improve services to the public?” The Council needs to be externally focused and to engage service users and citizens in the development of its services.
  - (g) **Balanced medium term financial strategy** - improved financial planning linked to our priorities and improved financial control.
9. These principles have guided our current actions and future plans which are detailed in the remainder of this report.

### **Achieving the Council we need: The Transformation Project**

10. We see the Transformation Project as the principal means by which the above principles will be delivered. The project should be seen as more far reaching than previously envisaged and concerned with establishing new cultures and ways of working as well as new structures. We have made the following progress:-
- a) We have allocated service responsibilities between us. We have established arrangements for meetings of the new Senior Management Team (SMT) and for the Executive Management Team (SMT plus relevant Heads of Service). We have worked on improving communication to staff through regular emails and briefings.
  - b) We are considering options for the restructuring of the second tier service heads. The outcome of this review is crucial in giving the Council the strategic management it will need to meet the challenges ahead. We want to ensure that the appointed service heads have a clear remit to manage their services within the principles we have set out and have a wider role in the strategic management of the Council.
  - c) A Project Manager has been appointed to run the business process reviews. We are recruiting to the two business analyst posts, but experiencing some difficulty in obtaining the skills and experience required. Planning will be the first service to undergo a business process review. The Medium Term Financial Strategy assumes savings in 2006/07 and 2007/08 onwards from the reviews. There is a likelihood of slippage in achieving these savings. The running and implementation of the reviews will be a major undertaking for the Council in the next year.
  - d) We want to be clear about the objectives of the business process reviews. Our starting point is that the reviews should not lead to a deterioration in the service received by customers (as defined by performance indicators, service standards or other measures). Within this constraint, our view is that the first priority must be to achieve the savings included in the Medium Term Financial Strategy. If further savings are possible, consideration can then be given as to whether they should be used to improve services or used to balance the Council's financial position.

- e) The Service First project is moving forward. The customer service standards will be publicly launched in October. The Service First Project Team is developing its future work programme which will include monitoring the effectiveness of the standards; continuing to build customer care awareness within the Council; and developing the complaints process. We will soon fill the new post of Customer Services Project Officer, which will support the Service First project.
11. We have worked to attract external support and capacity to implement the Transformation Project – eg:
- (a) **IDeA support.** We have received an approach from IDeA to provide free consultancy time. This will provide project management and change management support to the business process reviews and enhance our capacity to tackle similar projects in the future.
- (b) **Building Capacity East (BCE) bids.** We have made substantial bids to this partnership for funding to enhance our capacity to support the Transformation Project. We expect to know the outcome of the bids on 15<sup>th</sup> September. The bids cover areas such as: Member training and development; improved team working between the Cabinet and Management Team; the secondment of a senior “Change Manager” to the Council; a training and development programme for second tier service heads; and a programme to enhance Members’ community leadership in their local communities.
12. As Members will be aware, the Audit Commission will carry out a corporate governance inspection in the period 4<sup>th</sup> to 13<sup>th</sup> October. The inspection will be focused on how the Council can enhance its corporate capacity to plan and deliver improved services. We will work with the Audit Commission to try to ensure that the inspection supports the programme of change we are pursuing.

### **Planning and Prioritisation**

13. A central issue for us is to improve corporate planning in two ways:
- a) To set clearer targets for what the Council wants to achieve in the next five years.
- b) To integrate policy, financial and workforce planning to achieve these targets
14. These are essential to deliver our “One Council” and “Clear Vision” principles and are also a response to the necessities facing the Council - in particular, the scale of the call on the Council to respond effectively to the growth agenda.
15. It will not be possible to provide all current services in the way they are currently provided and difficult decisions will have to be made. Clarity will be required about objectives in order to ensure that limited resources are effectively directed. This will be the key role for Members and Management Team. There are also important strategic issues we need to address – such as how the Council will change to meet the challenge of providing services to the growth areas which will be more urban in character and how the Council will balance the needs of the growth areas with other parts of the district.
16. The Council and the South Cambs LSP are currently reviewing the Community Strategy to cover the period 2007 to 2010. It is the Council’s plan to integrate our Council objectives with the Community Strategy when the new strategy comes into effect from April 2007. We will be working with our partners to ensure that the new Community Strategy is focused and realistic.

17. The new Community Strategy will probably not be available to influence our 2007/08 budget and policy objectives. We therefore recommend that for 2007/08 the Council retain its current three priorities (customer service, growth areas and affordable housing) for 2007/08, but set clear targets for each of the priorities. Our thinking behind this recommendation is:
  - a) It will continue to be essential for the Council to work towards the growth areas in 2007/08 and future years.
  - b) While much has been achieved in improving customer service, work needs to continue in order to achieve the full benefit of the Council's ICT investment; maximise the effectiveness of the Contact Centre; and fully implement customer service standards. This will be pursued through Service First, the Transformation Project and other measures.
  - c) Affordable housing continues to be a high priority for the public and the growth areas provide timely opportunities to address this need.
18. Members are invited to give serious consideration to the issue of priorities for 2007/08. Resources are unlikely to be available to progress other initiatives.
19. We have been working with service heads to prepare a Workforce Plan. This work has identified a number of pressing problems:
  - a) Recruitment and Retention issues are affecting a number of services. This is placing pressure on staff and affecting the ability to achieve performance targets.
  - b) Workforce Profile. One of the long term problems affecting this and other councils is an imbalance towards older employees, with a consequent threat of loss of skills, knowledge and experience as those employees retire.
  - c) Staffing shortages. Some services are under intense pressure - for a variety of reasons, including the impact of capping and growth in service demands. In some cases this has had an adverse impact on staff health.
20. We will bring a full workforce plan to Cabinet in November. However, in the meantime we feel it is essential to address the most critical staffing shortages referred to in (c). We have set out our proposals in the **Appendix**.
21. The proposals in the Appendix would add a further £255,000 to the budget in 2007/08 and upwards of £212,000 pa thereafter. As Members will be aware, the Medium Term Financial Strategy includes no provision for additional spending and any additional posts will have to be met from savings within the budget. It is certain that there will be substantial additional future spending needs – for example additional planning and development staff for the growth areas; additional refuse collection and street cleaning capacity; and possibly some provision to meet changes in Planning Delivery Grant. Officers are currently identifying other spending pressures. Members are therefore requested to approve the proposals in the Appendix in principle at this stage, with final approval being considered at the October meeting with the revised Medium Term Financial Strategy.
22. Some of the additional staffing proposals relate to the growth areas. We are continuing to work with Cambridgeshire Horizons to secure external funding for such posts where we can. There might also be scope for the funding of posts through developer contributions. This raises a number of issues, but such arrangements apply in other authorities and we feel the possibilities should be investigated.

23. There are other services where a strong case can be made for further investment. A particular area is street cleaning, where the Council is one of the lowest spending councils per head of population and, on the relevant national performance indicator, South Cambs is in the lowest quartile. The main problem in South Cambs is not litter, but the detritus on the roads which arises from being a rural authority. Despite the strong case for investment in this service, it is not facing a critical position and we recommend that further investment be considered as part of the medium term planning process against other potential calls and in the light of savings available.
24. There is a pressing need to bring together our financial policy planning and the following steps are envisaged over the next months:-
- **October Cabinet:** Consideration of a draft Medium Term Financial Strategy, taking into account projections of spending pressures in the period 2007/08 to 2011/12 and with indication of the level and phasing of savings required. Consideration and approval of the posts in the Appendix.
  - **November Cabinet:** Final agreement to revised Medium Term Financial Strategy, including detailed savings required. Consideration of Workforce Plan and targets for our priorities for 2007/08
  - **December Cabinet:** Consideration of detailed departmental budgets for 2007/08
25. Our forward plans will be subject to further review for 2008/09 onwards in the light of the revised Community Strategy.

#### **Our Work Programme over the coming months**

26. Over the next few months our main priorities will be to maintain momentum on the Transformation Project and financial and workforce planning for 2007/08 and future years. However, there are other major issues that we will also address:-
- a) The Corporate Governance Inspection and follow up.
  - b) Implementation of BCE bids (if approved)
  - c) Growth area project team: a review of the arrangements for managing the growth agenda more corporately.
  - d) Housing Stock: a proposal to carry out a new stock condition survey has been approved. The information from the survey will feed into a review of the Housing Business Plan and future financial modelling to enable the future options for the stock to be assessed.
  - e) Contact Centre Management: a review of the management arrangements (including the future of the e-gov Board)
  - f) LSP/LAA support: a review of how the Council supports the LSP and LAA.
  - g) Government White paper: developing a response to the White Paper – which is expected to include a greater emphasis on the LSP/LAA model of working.
  - h) The proposed Member Contract.
  - i) A continued emphasis on communication with staff – including the re-launch of the lunchclub sessions to share learning and discussion on issues important to the Council.
  - j) Service First: launch of the customer service standards and development of further plans.
  - k) Traveller and equalities issues.

## **Financial Implications**

27. The main financial implications from the report arise from the staffing proposals at the Appendix. The implications for the Medium Term Financial Strategy are discussed in paragraph 21 above.

## **Legal and Staffing Implications**

28. No significant legal implications. Staffing implications are discussed at paragraphs 19 to 23. It bears repeating that there are significant current pressures on the workforce and senior management and the work programme in paragraph 26 will add to them.

## **Risk Management Implications**

29. There are risks involved with many of the issues raised in this paper – these include risks as to whether the Transformation Project will achieve the savings and outcomes required. However, the most significant long term risk facing the Council and the district is if the planning and development of the growth areas results in social and other problems which would be a burden for the Council and other authorities for years to come.

## **Conclusions/Summary**

30. The Council is entering a period of major change. The Transformation Project will require officers to work in very different ways. It is necessary for Members also to approach their role differently. The Council needs a change in culture to one of working together to tackle the issues facing the Council and the district and a sustained focus on improving the services provided to customers.

## **Recommendations**

31. Our recommendations to Cabinet are as follows:
- (a) To note the report and the major issues facing the Council,
  - (b) To support the principles in paragraph 8,
  - (c) To agree in principle to a Member Contract – with the details being prepared with the Leader of the Council and the Chairman for circulation to all Members and consideration by Scrutiny Committee, prior to reference back to Cabinet,
  - (d) To approve in principle the staffing proposals in the Appendix, with final approval being given in October in the light of the revised Medium Term Financial Strategy,
  - (e) To recommend the Council to retain the current Council priorities (customer service, affordable housing and growth area) for 2007/08 with clear targets being set for each priority for 2007/08,
  - (f) To request the Growth Areas Project Team to investigate the possibility of developer contributions to posts required for the planning of the growth areas and report back to the Planning and Economic Development and Resources, Staffing, Information and Customer Services Portfolio Holders, and
  - (g) To agree the programme for financial and policy planning for 2007/08 onwards in paragraph 24.

**Background Papers:** all significant documents which have been used in the preparation of this report are already published documents.

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## APPENDIX

### STAFFING PROPOSALS

Given below are details of the staffing proposals referred to in paragraph 20 of the main report.

	Post	Proposal	Justification	Costs (£000s) to GF		
				06/07	07/08	Ongoing *
1	Affordable Housing Development Manager	Replacement of post lost through capping	<p>This is a priority area for the Council. 2 posts were lost from a team of 5 as a result of capping. One of the posts (relating to the growth areas) has been replaced as a joint post with Cambridge City funded through RSLs. This proposal is to replace the other post whose responsibilities are largely concerned with managing village housing schemes outside the growth areas, of which there are currently 91 schemes (1,333 units) in progress or in the pipeline. Without this post schemes will be delayed and we could lose funding for these and other schemes, if they are not worked up for the bidding rounds or to take up slippage. Pursuing this work is also now impacting upon the staff time available for the growth areas.</p> <p>The cost of the post is £47,000 pa. It is probable that the post can be financed from commuted payments towards affordable housing gained through planning agreements. This could be possible for four years from the Papworth Section 106 agreement. This will not be possible thereafter under the Council's current policy that all commuted sums should be used within the relevant area. The use of commuted sums for this purpose is the equivalent of 2-4 housing units, but the net effect taking into account the contribution made by the post will almost certainly be a gain in units, but it is not possible to quantify it. It is recommended that the post be approved, subject to funding through commuted payments being confirmed.</p>	0	0	0 (until 2011/12)
2	Web Services Officer	Continuation of fixed term appointment as a permanent post.	<p>Currently a fixed term post extended (using virement) to March 2007. The increasing use of the web site for transactional services is a key element of the Council's future transformation and customer service strategy and a potential source of future efficiencies. It is our policy to web-enable as many services as possible. The post is also essential to respond to changing government requirements for web sites; to update links to partners and other sites; to keep data up to date Current satisfaction with the web site is 64%; we are aiming for an improvement to 70%, rising to 80% by 2008/09 which will not be achievable without this post.</p>	0	37	37

	Post	Proposal	Justification	Costs (£000s) to GF		
				06/07	07/08	Ongoing *
3	Procurement Officer	Continuation of fixed term post for further 2 years.	The current postholder has achieved savings through reviewing contract and procurement arrangements and has supported services on procurement projects in a number of areas. This has contributed to our Gershon and other savings. There is still considerable scope for procurement savings and there is substantial work required in improving our procurement processes, including electronic procurement. We recommend that the post continues for a further two years with an annual report to the portfolio holder on savings made through procurement improvements. By that time, the contract and post will be deemed to be permanent under employment legislation and redundancy provisions would apply. It is expected that the post will be self financing with savings achieved being set against the cost of the post.	0	0	0
4	Corporate Projects/ Travellers Officer	Continuation of fixed term contract as a permanent post.	Currently a fixed term post terminating in March 2007. The current postholder has worked on the co-ordination of the Council's response to Traveller issues. This work will continue for the foreseeable future. The post also gives the Council much needed capacity for the project management and co-ordination of other corporate projects	0	40	40
5	Growth Areas Corporate Project Manager	New post	There is an urgent requirement to provide overall project planning and co-ordination to the Council's activities in relation to Northstowe and other growth areas. This post was put forward but not approved as a result of capping and not funded by Cambridgeshire Horizons. We have included the post (on a one year basis) in our BCE bid. There might also be other scope to finance this or other growth area bids from developer contributions. If we cannot attract other funding for this post, we strongly recommend that it is funded by the Council.	15	50	50
6	Urban Designer	New post	This post is urgently needed in connection with the planning and development of Northstowe and other growth areas. This is a skill required to meet the design challenges of the higher densities and more urban environment of the growth areas. This post was put forward but not approved because of capping. There is no likelihood of it being funded through Horizons at present.	12	44	44
7	ICT Project Officers	The continuation of 2 fixed term posts (at 3 days per week) until March 2008	The proposal is to extend 2 current posts until the end of the business process reviews (Transformation Project) at which time one of the Transformation Project business analysts will return to ICT. One of the posts is to extend DIP (Document Image Processing) and Workflow. The other is to support other projects to maximise the use of our ICT investment and ensure that services improve as a result. The work of both posts will support the implementation of the business process reviews. Costs in 2006/07 can be met from virement.	0	42.5	0
8	Revenues	New part time	Following changes made to respond to capping, difficulties are being	5	15	15

	Post	Proposal	Justification	Costs (£000s) to GF		
				06/07	07/08	Ongoing *
	Administration Assistant	post.	experienced in processing postal payments. It has proved necessary to provide cover from other revenues teams at peak periods to prevent backlogs and this is having a detrimental effect on the performance of those teams and potentially the wide range of performance indicators for Revenues Services			
9	HR and Payroll	Increased hours for one post + new PT post	1.5 FTE (55.5 hours per week) posts have been lost in HR during the last year . This has resulted in unacceptable pressure on the service and delays in essential processes such as recruitment, payroll and new starter contracts. The current vulnerability of payroll is of particular concern. It is proposed to increase the hours of one HR post and to add a new part-time HR and Payroll Co-ordinator. This will provide a resilient payroll service and also greater support to service managers and the HR aspects of the Transformation Project.	10	26	26
10	Section 106 Solicitor	New post	The increased number and complexity of Section 106 Agreements is placing pressure on legal services and delaying planning applications. An additional post is recommended, on the basis that the costs would be met from developer contributions. The post would help to improve our performance on BV109 (time taken to process planning applications) but the impact cannot be quantified,	0	0	0
				42	254.5	212

\* The ongoing column has been used to indicate whether there will be ongoing costs. At this stage the cost of future increments etc has not been allowed for.