

<b>Body:</b>	<b>CABINET</b>
<b>Date:</b>	<b>22 October 2014</b>
<b>Subject:</b>	<b>Sustainable Service Delivery Update</b>
<b>Report Of:</b>	<b>Chief Executive</b>
<b>Ward(s)</b>	All
<b>Purpose</b>	<p>To update Members on the progress made within the SSDS programme, with particular reference to:</p> <ul style="list-style-type: none"> <li>• The findings of the Corporate Services Review and business case for shared corporate services</li> <li>• the Future Model Programme Plan (Phase Two)</li> <li>• the future shape of corporate management of the Council as part of the emerging Strategy and Commissioning structure</li> <li>• the Corporate Landlord implementation plan.</li> </ul>
<b>Recommendation:</b>	<p>Members are asked to:</p> <ol style="list-style-type: none"> <li>i) To endorse the recommendations of the Improvement and Efficiency Social Enterprise (iESE) Review of Corporate Services and authorise their implementation. This will result in alignment of Finance, Information Technology (IT) and Property services; a shared Human Resources (HR) service for the two authorities provided by Eastbourne Borough Council (EBC) and a shared Legal service provided by Lewes District Council (LDC).</li> <li>ii) To agree principles to govern the alignment and sharing of Corporate Services between EBC and LDC.</li> <li>iii) To note that the Chief Executives of EBC and LDC will use their delegated powers, in consultation with their respective Council Leaders, to take advantage of opportunities as and when they arise to align systems or posts within the two authorities in order to generate benefits in terms of quality, savings or resilience.</li> <li>iv) To note the aspiration of service managers to explore the potential to undertake work for a commercial purpose, in order to generate efficiencies and reduce the net cost of their service to tax payers.</li> <li>v) To note that both EBC and LDC have designated Monitoring Officers, as required by the Local Government and Housing Act 1989. The future arrangements for designation under the proposed new shared service will be reviewed and any proposals for changes will be subject to a future report to Council.</li> </ol>

- vi) To approve the proposed new structure of the council's Corporate Management Team (CMT) and delegate authority to the Chief Executive to appoint to the roles following normal human resources policies and procedures.
- vii) To approve the amended implementation timescale for the Corporate Landlord programme.

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## **1.0 Background/Introduction**

1.1 The Sustainable Service Delivery Strategy (SSDS) is a key response to the increasing cost and demand pressures facing the Council. It is a programme that was developed to promote a range of solutions, both internal transformation and effective partnership working with other organisations.

This report presents an update on key initiatives carried out under the SSDS, namely:

- Future Model (Phase 2)
- Shared Corporate Services
- Corporate Landlord

### **1.2 SSDS: Future Model**

In July 2013 Cabinet approved the adoption and implementation of Phase Two of the Future Model under Option 5 of the SSDS and delegated authority to the DRIVE Programme Board to run the programme within the allocated resources.

The Future Model Programme aims to improve service delivery whilst delivering savings estimated at £1.7m to £2m across the organisation. The current phase, Phase Two, is estimated to save £1.2m - £1.5m.

The Future Model describes a new way of organising and delivering council services, delivering efficiencies at the same time as putting the customer at the heart of all we do. Further details are available in the [July 2013 Cabinet report](#).

### **1.3 SSDS: Corporate Landlord**

In [December 2013](#) Cabinet approved the implementation of a corporate landlord model for strategic asset management and the development of a detailed implementation plan.

### **1.4 SSDS: Shared Corporate Services**

In [February 2014](#) Cabinet approved work to investigate the opportunities, costs and issues of developing shared corporate services with Lewes District

Council (LDC). LDC also approved this piece of work at their Cabinet on 6<sup>th</sup> January 2014.

## **2.0 Future Model Programme Update**

### **2.1 Summary of programme status**

In July 2014 Cabinet was advised of the revised implementation plan for the Future Model, the resulting six month extension of the programme and the reasons behind the changes.

The business process 'create and construct' workshops have re-commenced as planned and changes have been made to the project management team which have resulted in some improvements to how these workshops are run.

The majority of the Phase One outstanding work has been completed, although not all the new processes are live yet because of the need to release these into the business in a controlled manner, and not overwhelm staff with too many new processes at once. The remaining Phase One work that has not been completed continues to be progressed as quickly as possible, alongside the Phase Two work.

The next key programme milestone in Phase Two is the publishing of the Target Operating Model (TOM), which will be the subject of a Cabinet report in December. We are on target to meet this milestone.

The TOM will outline significant structural changes to the council, including the expansion of the Customer First structure that was created in Phase One, the creation of a number of service delivery units and the strategic core of the organisation, referred to as Strategy and Commissioning. CMT sits within the Strategy and Commissioning structure.

The TOM will also provide details of how roles and responsibilities for housing management will be aligned between the council and Eastbourne Homes Ltd in order to maximise efficiencies, create improved customer journeys and yet ensure that the benefits of having a dedicated housing management organisation are retained.

## **3.0 Changes to Corporate Management Team**

3.1 The roles within the CMT are being reviewed as part of Phase Two, as are the responsibilities and accountabilities of the roles, to ensure that the configuration of the management team is fit to effectively lead the new organisational structure post Phase Two.

3.2 The proposed CMT functional structure is attached as Appendix 1. New job descriptions are being drawn up to reflect the change in leadership accountabilities within the modernised structure.

3.3 It is recommended that Cabinet agree delegated authority to the Chief Executive, advised by the Strategic Organisational Development Manager, to progress formal consultation with current CMT officers on the proposed CMT structure, followed by appointment to the roles in line with standard HR policies and procedures. This needs to be achieved in advance of publication

of the TOM to give certainty to the rest of the organisation before moving forward with formal consultation around Phase Two, and to provide leadership and accountability for this next phase.

- 3.4 Any decisions required regarding the statutory s151 and Monitoring Officer roles will be put to Full Council as required by the constitution.

#### **4.0 Shared Corporate Services Business Cases and Roadmap**

The outcomes of the iESE Corporate Services Review are set out in Appendices 2 to 6 of this report, and are summarised below:

##### 4.1 HR Services Business Case (Appendix 2)

- (a) This sets out the case for a merged service, with EBC as employing authority. Financial and non-financial benefits, in providing a resilient service which can extend its strategic value to both authorities, are outlined.

##### 4.2 Legal Services Business Case (Appendix 3)

- (a) This sets out the case for a merged service, with LDC as employing authority. Benefits of a shared service are in the establishment of a resilient body which can build and maintain specialist expertise to support both organisations.

- (b) Once a shared service has been established, Legal Services are well-placed to move forward to realise an aspiration to develop trading activities, which are permitted under the General Power of Competence (Localism Act 2011). One option is the establishment of a company owned and controlled by Lewes and Eastbourne Councils (often referred to as a Teckal company).

However, additional research is required into legal and insurance aspects, and any proposals will be the subject of a future report to Cabinet. There may also be opportunities to widen the partnership to include other local authorities in the future.

##### 4.3 Financial Services Roadmap (Appendix 4)

- (a) This roadmap recognises the challenge presented by the use of different financial systems, but sets out a plan to align procedures and ways of working, and the sharing of specialist resources.

##### 4.4 IT Services Roadmap (Appendix 5)

- (a) This roadmap identifies the key actions and decisions that will be needed to coordinate the gradual alignment of IT infrastructures and systems. The contractual nature of these functions means that this alignment will need to progress into the medium-term.

##### 4.5 Property Services Roadmap (Appendix 6)

- (a) The Property, Contracts and Facilities (PCF) team provides Property Services at Lewes District Council. It is responsible for asset management; managing budgets for day-to-day maintenance; delivering capital investment and ensuring surveys for statutory compliance and undertaken and monitored.
- (b) Initial views were that Property Services had a high potential for

collaboration between the two authorities. This view is still valid, but significant decisions will need to be made first on opportunities for efficiency and the alignment of 'Corporate Landlord' models of working. This roadmap sets out the steps required.

- (c) In the longer term, Property Services have an aspiration to develop trading activities as set out in paragraph 4.2(b) above, and this may be the subject of a further Cabinet report once the steps outlined in the roadmap have been implemented.

#### 4.6 Ad hoc opportunities

- (a) It is recognised that ad hoc opportunities may arise to align systems or posts between the two authorities. In these circumstances, the Chief Executives will use delegated powers where applicable to capture these opportunities to generate benefits in terms of quality, savings or resilience, in consultation with their respective Leaders.

#### 4.7 Principles of Sharing Services

There are a number of principles that can usefully be established to help govern the process of aligning and sharing Corporate Services at EBC and LDC. These are:

- Where a shared service will be provided by one authority to another under a service-level agreement; the designation of provider or receiver will be allocated on the principle of an even-handed split of services between the two authorities unless there is a clear business case that requires the arrangements to be otherwise;
- An agreement on the apportionment between the two authorities of costs and savings arising from shared services is being developed. The overriding principle will be that neither council will pay more for the same service through the joint initiative than would have been the case under the status quo position;
- Where shared services are introduced, there will be appropriate engagement with customers about how to optimise the new arrangements, where there is significant change affecting their experience of the service;
- Following the introduction of a shared service arrangement, there may be a need over the course of time to review posts and structures. Any such restructuring proposals will be subject to a business case, with the expectation that they will be self-financing;
- It is recognised that ways of working and culture will need to change and align in order for shared services to be introduced successfully.
- It is recognised that aligning and sharing Corporate Services may require initial investment in order for benefits to be realised in the future;
- A joint communications strategy for both internal and external communications will be agreed, which will align key messages and timing of communications by Members and officers.
- Where a shared service is to be established, a common policy on recruitment to key posts will be applied by both EBC and LDC.
- There will need to be a programme of consultation with staff, in accordance with existing practices.

- 4.8 There may be a future review exploring the business case for alignment or sharing of the remaining corporate services and leadership teams of both authorities. This could include consideration of:
- Procurement
  - Audit and Fraud
  - Governance and Democratic Services
  - Other Strategy and Commissioning Functions

## **5.0 Corporate Landlord Implementation**

- 5.1 Phased implementation of Corporate Landlord will commence in April 2015. The components relating to strategic asset management, asset challenge and estate management will begin next year. As mentioned in this report opportunities will be taken for joint appointments that will assist strategic integration with LDC, while optimising efficiencies.

Other components of the Corporate Landlord Model will be developed with a view to implementation by April 2016, when the current EHL repairs and maintenance contract is due for renewal and the strategic issues outlined in the roadmap have been resolved . A further Cabinet paper will be submitted once the details of this joint procurement approach have been finalised.

## **6.0 Resource Implications**

- 6.1 Financial:

(a) Since 2009 aggregate savings of £500,000 have been made from EBC's CMT. The proposed structure at Appendix 1 would generate an additional £300,000 per annum across EBC and EHL, although it is likely that around £100,000 of these would be re-invested in the wider Strategy and Commissioning structure to ensure we have a sustainable and resilient organisation, resulting in a net saving of £200,000 per annum. These savings are part of the overall business case for the Future Model.

(b) By endorsing the recommendations of the iESE Review of Corporate Services, action will be taken to implement a shared HR service and a shared Legal service. The businesses cases prepared as part of the iESE review have indicated that potential savings of £135,000 can be generated from a shared HR service in total over its first 4 years of operation. A joint Legal Service is projected to generate savings of £183,000 over the same period.

As noted in the report, further work will take place to establish the baseline position for each authority prior to merging each of these services. An agreement on the apportionment between the two authorities of costs and savings arising from shared services will be developed. The overriding principle will be that neither council will pay more for the same service through the joint initiative than would have been the case under the status quo position.

- 6.2 Staffing:

- The merger of legal services (with LDC being the employing authority) and human resources services (with EBC being the employing authority) would be governed by the Cabinet Office 'Staff Transfers in the Public Sector' Code of Practice. This is, in many ways, very similar to the Transfer of Undertakings (Protection of Employment) Regulations (TUPE), but applies in cases where administrative functions are transferred between public administrative authorities. It provides protection of terms and conditions of employment for affected staff.
- The reconfiguration of the Corporate Management Team would be governed by existing HR policies and procedures and by the Council's Constitution rules governing the appointment of Chief Officers.

## **7.0 Conclusion**

7.1 The SSDS consists of a range of options and projects to ensure that EBC remains a sustainable organisation in the face of ongoing reductions in government funding.

Significant progress has been made in the three SSDS projects outlined in this report: the Future Model implementation, the shared services initiative and the Corporate Landlord proposals and Cabinet is asked to approve the recommendations as listed above for the three projects.

**Henry Branson**  
**Senior Head Of Infrastructure**

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### **Background Papers:**

The Background Papers used in compiling this report were as follows:

- Future Model Programme Plan
- Future Model Project Highlight Reports
- Sustainable Service Delivery Strategy Programme – Implementation of the Future Model Phase 2 (Cabinet Paper, 10 July 2013)
- Strategic Asset Management (Cabinet Paper, 11 December 2013)
- Sustainable Service Delivery (SSDS) Update (Cabinet Paper, 5 February 2014)
- Sustainable Service Delivery (SSDS) Update (Cabinet Paper, 16 July 2014)

To inspect or obtain copies of background papers please refer to the contact officer listed above.

## Appendix 1: Proposed new CMT Structure and Accountabilities

