

Environment Policy Development Group – 14 October 2009**12 MONTH REVIEW OF THE DEVOLVED SERVICES PILOT IN STOKENHAM****Joint Report of the Head of Environment Services and Landscape and Leisure****Report Overview**

This report enables Members to receive details of the devolved services pilot, ask questions and consider future options. The Chairman and Clerk of Stokenham Parish Council will be in attendance and thus can share their experiences of this innovative approach to service delivery.

One of the challenges in identifying costs is the necessity to cost the actual service delivered on the ground as well as the impact a devolved service has on the overall budget. The loss of economies of scale and flexibility in utilising staff contribute to the latter.

The purpose of the pilot has been to learn lessons and in the light of those, ascertain what the potential take up for such arrangements is across the district. Only when that exercise has been completed and the area to be covered by devolved services, together with local management arrangements, is known, can the true effect on the overall budget be costed.

If Members wish to proceed with this approach, the next stage would be to ascertain take up across the district. The Devon Association of Parish and Town Councils is a key partner in “Integrated Devon” and Members may consider that they are best placed to undertake consultation with the Parish and Town Councils in order to assess likely take up. This would then lead to more detailed discussions and it is not unreasonable to conclude that a more comprehensive set of devolved services in South Hams could not reasonably commence before 1 April 2011.

Statutory Powers: Local Government Act 1972, Local Government Act 2000, Highways Act 1980, Traffic Management Act 2004, Environmental Protection Act 1990, Clean Neighbourhoods & Environment Act 2005.

Financial Implications: The additional cost to operate devolved frontline service activities as part of the pilot was approved at £27,000 for street maintenance and £22,000 for grounds maintenance over a 12 month period. The pilot has been funded from the Strategic Issues Reserve, the grounds maintenance budget and the Land and Development Reserve, with Devon County Council covering the cost of the Highway Authority service elements as a contribution to the pilot.

If the Pilot is to be extended for a further 12 months, an additional £45,000 will be required. An additional £27,000 for a further 12 months of devolved street maintenance and a further £18,000 for an additional 6 months of devolved grounds maintenance during the summer season. These figures are likely to be the maximum amount required. The actual amounts required will depend on the preferred option for development and implementation over the proposed next 12 months.

Purpose of this Report

This report reviews the outcomes of the pilot to devolve street maintenance to parish council level following the approved 12 month period and reviews the devolution of grounds maintenance after the approved 6 months. This report also seeks approval to extend the pilot for an additional 12 months, in order to establish an appropriate way forward in light of the

review. Options detailing three possible scenarios for the future delivery of street and grounds maintenance are detailed.

RECOMMENDATION

That the Environment Policy Development Group provides comments and recommendations for the Executive on:

- i. the outcomes following 12 months of the pilot;**
- ii. the options for the future delivery of street and grounds maintenance within South Hams;**
- iii. the proposal to extend the pilot for a further 12 months in order to establish an appropriate way forward.**

Links to Corporate Priorities: The pilot contributes to CP4 – maintenance of a clean environment and CP6 – improving core services in a cost-effective way.

Background

1. In April 2007 Scrutiny Committee supported the exploration of seamless street maintenance services for the South Hams working in conjunction with Devon County Council as Highways Authority (Min. SC.71/06). Initial discussions were held between Devon County Council and Stokenham Quality Parish Council, who wished to co-operate in the establishment of a geographic test area in which devolved street maintenance services could be operated and monitored.
2. In July 2008 Executive approved the establishment of a pilot for devolved street maintenance services, working in conjunction with Devon County Council as Highways Authority and Stokenham Quality Parish Council (Min. E.29/08). It was agreed to fund the District Council elements of the pilot outside normal service budgets to a maximum cost of £27,000 to be funded from the Strategic Issues Reserve. At this point, there was some perception that grounds maintenance could also be devolved.
3. Subsequently in March 2009, Executive approved a report to extend the pilot for a further six months and include the devolution of grounds maintenance to Stokenham Parish Council and surrounding areas. It was agreed to fund the District Council elements of the pilot up to £22,000 from a combination of grounds maintenance budgets and the Land and Development Reserve (Min.E.115/08).
4. The devolution of street maintenance services commenced on 29th September 2008 and grounds maintenance services on the 1st April 2009.

Principles of the pilot

5. The principles behind the pilot were:
 - To enable a local quality parish council to deliver street and grounds maintenance at the same or an improved quality/service level, for the same or less cost (efficiency saving), in relation to total public expenditure across the three tiers of local government.
 - To achieve an enhanced level of service through localised delivery that enables greater influence, responsibility and accountability.

- To engender a sense a community and parish cluster influence and involvement in the delivery of localised services, in order to achieve a sense of 'ownership' of the pilot and to ensure the outcomes meet the needs of the community served.
6. The geographic area of the pilot consists of Stokenham, South Pool, East Portlemouth, Chivelstone and parts of Slapton, and Strete. The Stokenham Parish Council Clerk currently manages a pilot project co-ordinator and two personnel in delivering the localised street maintenance services, whilst the grounds maintenance has been contracted out to a private operator.

Review of the Pilot's progress over 12 months

7. The original concept was to evaluate the outcome of the pilot and then to consult with other town and parish councils to establish if they wished to enter into discussions in order to play a role in influencing local service delivery. The devolved services pilot covering street and grounds maintenance was suggested as a starting point to assist with the development of a practical way forward on local service devolution (Min. E.29/08). Reviewing the outcomes following 12 months of the pilot will inform the council on the best option for the future. Part of the consideration will be to ensure that any proposed changes to frontline service delivery following the pilot, are well-planned and seamless.
8. The following are the key outcomes of the previous 12 months of the pilot:

At Parish Cluster level:

Community Involvement: the key process to making the pilot effective, i.e. more responsive than the previous district delivered service, was through building community 'ownership' and communication links between residents, parish councils within the cluster and Stokenham Parish Council. The ability of the Clerk and her Co-ordinator to direct the personnel and respond to the community has seen an improvement on the previous 'thin' management structure of the district-wide operation. This is a clear achievement, demonstrated by the fact the operatives now clear bottles from around the recycling bins in Chivelstone, which had previously not been undertaken.

Responsiveness of the devolved service: in respect of street maintenance, through having locally delivered services, problem areas could be quickly targeted in response to a complaint/request from the community or local parish council. Stokenham Parish Council has effectively managed a responsive service, targeting 'hot-spots' when required. Although this has been achieved, it was found that as the devolved service is carried out in 'series' rather than in 'parallel' (the normal practise throughout the rest of the district) the ability to pick up on issues is compromised and the quality of the overall service can be reduced. In other words, as there are only two personnel to cover the cluster area, if one is responding to a request, the normal service schedule is postponed as there are no additional personnel to cover the work.

Quality of grounds maintenance: Stokenham Parish Council have reported a marked improvement in grounds maintenance quality since these services were subcontracted out to a private local business. The hard work of Stokenham Parish Council in securing this level of service from a local business should be recognised. The District Council has also seen a marked improvement in the maintenance of Devon County Council verges, it should be noted that these have been cut more frequently than what the County Council pay for. The District Council's Grounds Maintenance team believe the maintenance of open spaces across the rest of the district compares favourably with that achieved in Stokenham. The specific budget allocated to Stokenham Parish to perform the grounds maintenance for a 12 month period was calculated as £22,000, but at present the Parish Council has not spent up to this amount for a 12 month period. It must be noted that if this

service was devolved district-wide, it would not be viable to spend this amount in each area, as there would not be sufficient funds.

Quality of bin collection, toilet cleaning and street maintenance: the district council has received no adverse comments about the cleanliness of the parish cluster beyond that of normal levels in the remainder of the district. It is acknowledged that a different methodology was employed to conduct the pilot, with two personnel multi-tasking, this may have resulted in a better quality of service and in addition, this has also resulted in greater efficiency with one less van having to visit the area everyday. The hard work of the Stokenham Parish Clerk and their co-ordinator must be noted in achieving a good standard of street maintenance.

At District Council level:

District Council support: with current district-wide practise, any loss of service provision due to sickness or annual leave has to be covered by either overtime from existing District staff or the utilisation of agency staff. This policy does not 'work' for devolved street maintenance services, where the number of personnel is low, with no central pool of staff to cover absences. During the pilot, District staff in-filled when required. The District Council has remained the employer of the two personnel Stokenham Parish Council manage and therefore any employment issues, such as a change in personnel has to be managed from the client's level.

Existing District Council staff: the range of work that was offered up for the pilot included toilet cleaning, street sweeping, litter bin emptying and grass cutting. All four disciplines would normally be undertaken by dedicated staff that would have daily schedules covering large areas of the district, considerably greater areas than the area covered within the pilot. By transferring over parts of specific daily workloads this created holes in the existing schedules. The challenge has been to utilise the surplus time. In some areas this has been a challenge. Hence the reason for some of the additional cost for the pilot. Any possible future devolution of services will need careful management to ensure that district staff roles and duties are co-ordinated for greatest efficiency. It must however be recognised that it is inevitable that there will be some residual cost that is left behind.

Budget: The current costs of the pilot are within the budgeted £45,000 for the 12 month period, of 12 months street maintenance (£27,000) and 6 months grounds maintenance (£18,000 for summer season). Expenditure from reserves stands at £31,141.15 (as at the end of Aug 09).

At Devon County Level:

Devolved services: During the early stages of implementation of this pilot, Devon County Highways had examined the range of duties they undertook and considered that they could only devolve buddle-hole clearance to parish level. This is now being successfully undertaken by the local business conducting grounds maintenance.

Commitment: It has been very difficult for the County Council to commit to the devolution of any more of their frontline services partly due to contractual difficulties with the South West Highways Agency, who are responsible for the majority of the County's highways services. Following research into whether they could devolve any more of their service following the 6 month review (Min.E.115/08) it was decided that at this time, and in light of the current Local Government Review, they could not commit to any additional service devolution.

Main Issues with devolution of services to parish clusters

9. Despite an improvement in grounds maintenance quality and a more responsive street maintenance service delivery within the pilot cluster, fundamentally this pilot has demonstrated that the District Council will always have a residual cost from devolving services to parish clusters. This cost is both financial such as being an employer and in a mentoring capacity, together with statutory obligations, associated with the Environmental Protection Act and associated legislation.
10. The financial cost to the council could be significant. It is acknowledged that with economies of scale, if the pilot was implemented district wide the individual clusters would not result in the same residual cost as the pilot.
Additional costs would be incurred from the following:
 - Transition costs- administering the changes required throughout the district;
 - Staffing costs- if existing number of personnel were successfully 'divided' up between the clusters, the pilot has shown that a pool of additional staff will be required to cover sickness and leave.
 - Managerial costs- a sum would have to be paid to all parish clerks nominated as the manager.
11. The essential facts that cannot be ignored are that the existing council services have already seen some major transitional changes. This has included a substantive reduction in service budget and the combining of both contractor and client functions. This has manifested into a thinner management structure together with a more economical but reduced level of service.
12. There is a question over the ability of some parish clusters to function effectively as Stokenham and surrounding parishes have within the pilot. It is not clear whether the clusters will be reactive enough initially to deal with problems that arise. Staffing levels within clusters could be too small and the potential for coordination between the clusters is questionable at this stage.
13. There could be serious financial implications for front-line services remaining under district control. For example the District Council will be facing the same fixed overhead costs for running our depots; however the depots will have fewer personnel. The lower amount of funding available will ultimately affect service delivery in not only frontline services, but those that support the delivery. It could be said that the depot infrastructure could be reduced so as to make the pilot more financially viable. However this may be an opportunity that is undertaken in the future anyway.
14. Currently policy and procedures throughout the Council are designed to achieve a consistent outcome in the delivery and quality of services throughout the district. This is particularly pertinent for the delivery and quality of the frontline grounds and street maintenance. Despite an anticipated equal funding distribution between designated parish clusters, it will be very difficult to achieve a consistent quality of service throughout the district if many different partners are involved.

Continuation of pilot and options for future service improvements

15. It is proposed to extend the pilot for a further 12 months through additional financial and officer support. Extending the pilot for a further 12 months will not only allow for a more in-depth experience of devolution, but it will also allow the potential for additional county council engagement and service delivery improvement through more experienced personnel.

The additional 12 months will also enable one of the following options to be developed and implemented on the ground.

The options for Members to consider are:

Option 1- Replicate the devolved services pilot in parish clusters district wide. The success of this option would depend on the economic size of the clusters and the buy-in from all parish councils within the clusters. This would replicate the service improvements noted within the pilot cluster. However risks include the residual costs to the council and the statutory responsibilities that remain with the district council. If Members wish to proceed with this approach, the next stage would be to ascertain likely take-up from parish and town councils across the district. The Devon Association of Parish and Town Councils is a key partner in “Integrated Devon” and Members may consider that they are best placed to undertake consultation with the Parish and Town Councils in order to assess the viability of district-wide devolution.

Option 2- To devolve services to willing clusters and the district council to continue with the remainder of the district. The success of this option would depend on the district council having the ability to reduce the likely substantial residual costs from only part devolving the services. There is also a substantial risk of a large inconsistency in service delivery and quality.

Option 3- To develop a new working relationship for added-value front-line services, whereby the district council delivers street and grounds maintenance in accordance with parish council requests. This option would likely involve a ‘menu’ of service options that parishes can choose from according to the desired quality and/or community needs. If an additional/enhanced service is requested then the district can provide it, but the cost is met by the parish council precept. This option would achieve the original principles of the pilot, but with no onus being placed on the parish council to manage personnel and no additional on-going costs to the district council. This option could also be a template for greater Devon County Council involvement.

Financial

16. Under the current Comprehensive Spending Review (CSR07), Gershon efficiency saving targets have become more stringent, with the Council due to deliver efficiency improvements of 4 per cent for 2010/11, all of which is to be ‘cashable’. In South Hams District Council this amounts to £600,000 for 2010/11 (Min E. 37/09). With all local authorities in the UK facing financial pressures, financial savings are becoming more important. Option 3 would result in no financial out-put from the Council beyond normal service budgets.
17. Members must be made aware that the District Council has had pressure to reduce the cost of both its street and grounds maintenance service over recent years. The current service being delivered has been streamlined to be as efficient as possible in light of budget reductions. Through this streamlining process, the services have lost the ability to absorb additional work or other disturbances, such as weather events, into the normal schedules. The Stokenham Pilot has, in effect, been utilising the same level of resource that the District Council had 5 years ago. Ultimately the District Council runs a lean and effective service that if broken up, would not have the sufficient staffing or financial support to give the rest of the district what Stokenham and surrounding parishes are currently enjoying.

Strategic Risk Assessment

Opportunity	Issues / Obstacles	Benefits
Option 1- The District Council in conjunction with other partners is at the forefront of the devolution agenda nationwide and expands on the pilot experience to deliver devolved services throughout the district.	District-wide devolution will require all parish councils to commit to management of frontline services. Not all will have the capacity. There will be financial implications for the Council.	The improved service levels and community involvement experienced in the pilot will be replicated throughout the district.
Option 2- The District Council continues to deliver the service in part of the district, where in other parts, where there is willing, the services are devolved.	Level of service delivery may not be uniform throughout the district and overall costs may increase as a consequence of service fragmentation.	Parish Councils and their communities would get to chose whether to take responsibility for front-line services.
Option 3- That Parish and Town Councils see that they have more of an influence on how local services are delivered, but without onus of managing personnel.	New service agreements are not implemented effectively resulting in poor delivery in initial months or long-term. This risk can be mitigated by effective liaison with councils.	Front-line services will be more responsive to local needs resulting in improved cleanliness and appearance of local areas. New partnership arrangements will improve integration of three tier local governance.

Conclusion

18. The initial 12 months of the Devolved Services Pilot, has achieved services with community involvement, giving a more responsive service and enhancing the level of delivery. By extending the Devolved Services Pilot for an additional 12 months, Officers will have time to develop an appropriate way forward with parish and town councils that will ensure that the improvements in the service demonstrated by the pilot continues, but that the financial implications for the District Council are controlled.

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Background Documents:

Reports to and Minutes of Scrutiny Committee 19th April 2007 (Min SC 71/06).

Reports to and Minutes of Executive 10th July 2008, (Min E. 29/08), 5th March 2009 (Min E.115/08) and the 10th September 2009 (Min E.37/09)

Local Government and Public Involvement in Health Act 2007

Grounds Maintenance Specification (currently under review)