

Executive – 10 June 2010

THE OUTCOMES OF THE DEVON ASSOCIATION OF PARISH COUNCILS' REPORT ON DEVOLVED SERVICES AND THE STOKENHAM PILOT

Joint Report of SMT, Head of Environment Services and Head of Landscape and Leisure

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 activities for the Stokenham Pilot was £61,836 up to 31st March 2010. It was decided to fund the pilot from the Strategic Issues Reserve, with Devon County Council covering the cost of the Highway Authority service elements as a contribution to the pilot. More detailed financial implications are set out in paragraph 20.

Purpose of this Report

This report seeks a decision on the appropriate way forward for grounds and street maintenance within the district to ensure the service level meets the local community's expectations, in light of the Devon Association of Parish Councils (DAPC) Report outcomes and anticipated public sector budget cuts. The DAPC investigated, on South Hams District Council's behalf, the likely take-up by local town and parish councils of the devolution of key frontline services from the district council.

Options detailing three possible scenarios for the future improvement of street and grounds maintenance are to be considered. Depending on the option favoured, the continuation of the current pilot arrangements will need to be reviewed.

The report links with other service reviews for Landscape and Leisure, Street Cleansing and the grounds maintenance cost analysis. The DAPC Report findings need to be considered as part of these review processes.

RECOMMENDATION

- a) That the Executive acknowledges the lack of sufficient interest from groups of parish and town councils to take forward the Stokenham Pilot in a way that would make financial and organisational sense.**
- b) That the Executive welcomes the interest of many parish and town councils in participating in the review of service specification and the monitoring of the services delivered.**

c) That the Executive recommends and approves:

- i. Option 3 for the improvement of street and ground maintenance delivery throughout the district, in light of the results from the DAPC Report and anticipated public sector budget cuts.**
- ii. The giving of notice to Stokenham Parish Council of the intention to terminate the present package of devolved services, with effect from the 31st October 2010.**
- iii. The development of an implementation plan for closer partnership working with town and parish councils in order to deliver improved street and grounds maintenance. This plan is to be reported back to the Executive for approval.**

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 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 and Stokenham 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.
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 with an agreed budget of up to £22,000 (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. 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).

Principles of the pilot

5. The principles governing the pilot are:
 - To enable a local parish council with quality status 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 of community and parish cluster influence and involvement in the delivery of localised services, in order to achieve 'ownership' of the pilot project 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, parts of Slapton, and Strete. The Stokenham Parish 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 local private operator.

The 12 Month Review

7. The pilot was reviewed by Environment PDG and the Executive after 12 months of operation. The key outcomes of the initial 12 months of street maintenance and 6 months of grounds maintenance were detailed and discussed (EPDG Min. 14/09, E Min. 67/09). This review concluded that the devolved services pilot had delivered an enhanced level of service delivery, with greater community involvement leading to a more responsive service. However this had come at an additional cost to this Council as it had been funded from reserves.
8. With the pressures facing the District Council's finances principally brought about by the reduction in Government Grant, the Council needed evidence as to whether it was appropriate to roll out the pilot to the remainder of the district. Needing to meet the increasing Government efficiency target of 4% p.a., a key ingredient of that decision would be the extent to which groups of parish and town councils would come together to form financially viable units of service operation. For example, it would not be an economically viable option for the District Council to pursue if the support for devolution were not significant across the district, as this might leave a residual service at the District Council to be delivered only to 'pockets' of areas that did not support devolution.
9. The DAPC, a key partner in 'Integrated Devon', were asked to consult with local town and parish councils in order to assess their support for devolving frontline services. The findings of this report will allow Members to decide whether the service improvements experienced within the pilot area could be replicated throughout the district by devolving services to economically viable town and parish council clusters.

The DAPC Consultation

10. The DAPC were asked by the Council to facilitate events between parish and town councils, the District Council and Devon County Council to share information, help the decision making process for district-wide devolution and ascertain "buy in" from the town and parish councils to adopt a "Stokenham style approach". The DAPC agreed to chair two sessions for local town and parish councils, where the Stokenham Pilot work and the options open to the District Council were detailed and discussed. The consultation evenings were held on 11th and 19th January at Follaton House, Totnes and Quay House, Kingsbridge, where representatives from 30 parish and town councils attended.
11. Following these meetings the DAPC sent a short questionnaire to all parish and town councils in the South Hams to gauge their views with regard to taking on devolved frontline services.

Results of the DAPC Questionnaire

12. Key outcomes from the survey:

- 33 out of a total of 62 parishes returned the questionnaire.
- Many parish and town councils are reluctant to commit to taking on devolved services. **18** responded to say that they **would not** consider taking on some or all of the devolved services that were covered in the Stokenham Pilot. However **12 – 13** councils **are willing** to take on devolved services, 9 of which would be prepared to lead a group of parishes. Appendix 1 demonstrates the geographic spread of the councils who indicated that they would be interested in taking on devolved services, and those who would not.
- 24 councils would like 'more say' in how services are delivered rather than be involved in directly delivering the service. Only 2 responded to say they would not. How the councils would like 'more say' was evenly spread between the options supplied (Question 7).
- Many councils commented that it is very difficult or impossible to make a decision as to whether or not to take on a service without good, detailed financial information. The greater the level of certainty about what is involved, the more councils are willing to consider managing the function.
- 24 respondents would be willing to contribute towards the cost of a service where they had more control, showing a willingness by many councils to play a greater role in the provision of services in the district.
- The comments made by councils range from smaller councils acknowledging that they do not have the capacity to deliver services, to councils ready and willing to become involved immediately. No council made the comment that they felt they were incapable of running a service i.e. that they lacked the skills or ability to take on defined services. Much would depend on the costs of delivery.

Conclusion by the DAPC

13. There has been a great deal of interest in the Stokenham Pilot project among local councils in the South Hams (and further afield). The consultation events reflected a clear appreciation of the effects of reducing public spending on the work of all tiers of local government. The debates went beyond consideration of the Stokenham pilot, and were themselves a worthwhile outcome of this innovative project. Many councils would like a greater say in how services are delivered, and are willing to contribute towards services if they feel they are aware of service specification and cost.
14. Greater involvement was an offer made by the District Council at the consultation meetings, and this would clearly be welcomed by local councils. The way in which such involvement would operate would need consideration, and an awareness of the costs of providing a service would be needed, to enable local councils to make a meaningful contribution to decision making about levels of service delivery.

15. As expected, not all parishes would want to take on devolved services – some are very small. Some councils are willing to take on devolved services, and some are willing to act as leaders for groups of councils.

Key Points from the District Council

16. It was disappointing that 47% of local councils in the South Hams chose not to respond to this survey. If this is a reflection of their appetite for devolved services, then it could be said that alongside those who responded, 76% of local town and parish councils are unwilling to take on key frontline services. 20% of local councils are willing. If Option 2 was considered for implementation, it would be difficult for the District Council to keep the economies of scale to run an efficient streamlined, yet quality service to the remainder of the South Hams, around those 'willing' areas (Appendix 1).

17. Running a District Council requires a significant core cost largely comprising

- a. Financial Accounting
- b. The Democratic Process
- c. The Audit/Integration Response
- d. Management and Staffing costs

as well as the direct cost of service provision. In recent years the Council has made significant strides in reducing management/back office costs. In effect, however it has "been running to stand still" as Government Grant and investment and other income has reduced. In addition it has had to make significant efficiency savings each year and this requirement continues. It is generally expected that such savings will come from back office services or procurement (eg. regional or e-procurement).

18. The question has been raised, principally by Kingsbridge Town Council, as to whether a proportion of the costs of overheads could be "passed over". For the reasons set out above SMT do not feel that this would be possible. Besides compelling the Council to look for greater efficiency savings from front line services, such an approach would also increase the unit cost of other services, particularly statutory ones.

19. It is also important to note that devolving the budget spatially in year one is likely to require a year on year reduction to reflect reductions in government funding, with the impact potentially magnified with a loss of economies of scale for example in relation to staff cover for absence and management of resources.

20. The Pilot is funded from the Strategic Issues Reserve and the total costs to date are:

- Street Maintenance- (original approval £27,000, although no specific sum was approved for the extension of this part of the pilot there was tacit agreement that the £27k would need increasing)

2008/09	£12,590 (6 months)
2009/10	£29,722 (12 months)
<u>Total</u>	<u>£42,312</u>
- Grounds Maintenance (original approval £22,000)

<u>2009/10</u>	<u>£19,524 (12 months)</u>
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- Overall total expenditure to 31st March 2010 was £61,836.

During the 12 month review of the Pilot it was agreed that the current arrangements would continue from the 1st April 2010 until a decision could be made based on the findings of the report by the DAPC.

For this extension, the likely costs up to the 31st October 2010 are:

- Street Maintenance: £18,000 (based on 2009/10 actual costs)
- Grounds Maintenance: £18,000 (based on information from Stokenham Parish Council)

The total costs of the Pilot funded from the Strategic Issues Reserve, if Members choose to end the Pilot on the 31st October 2010, will be approximately £97,800.

Future Service Improvement Options

21. During the 12 month Review (EPDG Min. 14/09, E Min. 67/09) three options were put before Members to consider:

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. *The DAPC were asked to investigate the viability of this option on our behalf.*

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 priorities. This option could 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 Council could consider providing it, but any additional cost would be met by the parish / town council precept. This option could 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.

Proposed Way Forward

22. Based on the outcome of the questionnaire, where a workable option for either district wide or partial devolution of services is not readily apparent in the short term, and the rapidly changing financial pressures mean that the Council cannot continue the additional funding of what has been a worthwhile pilot. Option 3 looks the most appropriate way forward. This option will enable the Council to maximise the economies of scale, while delivering a much more locally response service. A significant number of local councils also supported this option, where 24 councils would rather have more say in how services are delivered than be involved directly in delivering the service.

23. Lessons learned from the pilot need to be considered with Stokenham Parish Council and shared with the local town and parish councils, in order to develop a new way of working. Officers recommend that the pilot be brought to a close on 31st October 2010, in light of the DAPC report results and the financial information provided above. The District Council should return to delivering the services in the Stokenham Parish cluster area. As we develop our new way of working, we will continue to work with Stokenham Parish Council to ensure the benefits of the Pilot can be reflected in the new arrangements. Firm plans to improve and develop our partnership with town and parish councils, for both street and grounds maintenance, will be brought back to a future Executive.
24. The Stokenham Pilot has shown that there are clear benefits from working more closely with parish and town councils across the district. Liaison between councillors and officers of the Council has proved that joint working can improve the service delivered. Proactively, information can be provided regarding issues or hotspots and preventing them from becoming a complaint. The alternative is, that as currently happens, they are dealt with reactively and potentially repeated in 6 to 12 months' time.

Strategic Risk Assessment

Opportunity	Issues / Obstacles	Benefits
<p>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.</p>	<p>The DAPC consultation found not all local councils supported this option. The success of district-wide devolution will require all parish councils to commit to management of frontline services. There will be financial implications for the Council.</p>	<p>The improved service levels and community involvement, experienced in the pilot, will be replicated throughout the district.</p>
<p>Option 2- The District Council continues to deliver the service in part of the district, and in other areas, where councils are willing, the services are devolved.</p>	<p>Level of service delivery may not be uniform throughout the district and overall costs may increase as a consequence of service fragmentation.</p>	<p>Parish Councils and their communities would get to chose whether to take responsibility for front-line services.</p>
<p>Option 3- That Parish and Town Councils have more of an influence on how local services are delivered, with the option of having an 'enhanced' service, but without directly managing personnel.</p>	<p>New service agreements are not implemented effectively resulting in poor delivery in initial months or long-term. This risk can be mitigated by effective communication and close liaison with councils but this would require input of varying intensity from District Council staff.</p>	<p>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.</p>

Conclusion

25. The findings of the DAPC Report indicate that there is not sufficient support from town and parish councils to pursue the devolution of frontline services district-wide (option 1). There is however an appetite from both the District Council and the town and parish councils, including Stokenham, to improve our working relationship in order to improve our service delivery, with the local councils having a greater say on services provided. If option 3 is pursued, new partnership working arrangements between the District Council and the town and parish councils could be developed jointly.

Strategic Management Team

Executive
10 June 2010

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Appendix

1. Map of Town and Parish Council responses to taking on devolved District services.

Background Documents

Reports to and Minutes of Environment PDG 14th October 2009 (Min. EPDG.14/09)

Reports to and Minutes of Executive 10th July 2008, (Min E. 29/08), 5th March 2009 (Min E.115/08) and 19th November 2009 (Min. E.67/09)

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

Questionnaire sent to all parish and town councils in the South Hams to gauge their views with regard to taking on devolved frontline services

DAPC report on Devolution and the Stokenham Pilot.