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West Devon
Borough
Council

WEST DEVON COUNCIL - TUESDAY, 9TH DECEMBER, 2014

Agenda, Reports and Minutes for the meeting

Agenda No Item

1. **Summons Letter** (Pages 1 - 4)

2. **Reports**

Reports to Council:

- a) Item 5 - Urgent Report - Approval of Absence (Pages 5 - 8)
- b) Item 10 - The future operating model opportunities and a revised T18 business case
(Pages 9 - 44)
- c) Item 11 - The appointment of Executive Director (Pages 45 - 50)
- d) Item 12 - Interim Senior Management Arrangements (Pages 51 - 60)
- e) Item 13 - Revised Democratic Arrangements. (Pages 61 - 70)
- f) Item 14 - Member representation on iESE Transformation Limited. (Pages 71 - 74)
- g) Item 15 - Membership of the Audit Committee. (Pages 75 - 78)

3. **Minutes** (Pages 79 - 88)

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Agenda Item 1

Please ask for: Tony Rose

Your ref:

Direct Line/Ext: 01822 813664

My ref AAR/Council.09.12.2014

email: arose@westdevon.gov.uk

Date: 1st December 2014

COUNCIL SUMMONS

You are hereby summoned to attend a Meeting of the **WEST DEVON BOROUGH COUNCIL** to be held at the Council Chamber, Council Offices, Kilworthy Park, **TAVISTOCK** on **TUESDAY** the 9th day of **DECEMBER 2014** at **4.30 pm**.

Prior to the Meeting, the Reverend Philip Wagstaff has been invited to say prayers.

THE FOLLOWING BUSINESS IS PROPOSED TO BE TRANSACTED.

1. Apologies for absence
2. Declarations of Interest
Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting.

If Councillors have any questions relating to predetermination, bias or interests in items on this Summons, then please contact the Monitoring Officer in advance of the meeting.

Page No.

3. To approve and adopt as a correct record the Minutes of the Meeting of the Council held on 7th October 2014 1
4. To receive communications from the Mayor or person presiding
5. Business brought forward by or with the consent of the Mayor
6. To respond to any questions submitted by the public and to receive deputations or petitions under Council Procedure Rule 21
7. To consider motions of which notice has been submitted by Members of the Council in accordance with Council Procedure Rule 15

Motion submitted by Councillor R Musgrave:

“That this Council agrees to publish Members’ annual attendance of all public meetings of the Council on the Council’s website and where a Member fails to attend at least 65% of all meetings of the bodies to which they have been appointed, then the matter will be considered by the Monitoring Officer who will

consult with the relevant Chairman of the Standards Committee. Where there are no justified reasons for the absences the Monitoring Officer will write to the Member and request that they return a clearly defined proportion of their basic allowance.”

8. To consider questions submitted by Members under Council Procedure Rule 21
9. To receive the Minutes of the following Committees, to note the delegated decisions and to consider the adoption of those Minutes which require approval:

- (i) **Audit Committee**
Meeting held on 25th November 2014 10

Unstarred Minutes to agree
Members are recommended to agree:

- (a) **AC 26 Mid Year Prudential Indicator and Treasury Management Monitoring Report 2014-2015**
RESOLVED to RECOMMEND that:
 - (i) the report, the treasury activity and the prudential indicators all be noted and approved; and,
 - (ii) Council notes the reduction in investment income and the consequence that this has on the Council’s budget.

- (ii) **Community Services Committee**
Meeting held on 28th October 2014 13

- (iii) **Overview & Scrutiny Committee**
Meeting held on 14th October 2014 17

- (iv) **Planning & Licensing Committee**
Meeting held on 21st October 2014 22

Meeting held on 18th November 2014 **Cancelled**

- (v) **Resources Committee**
Meeting held on 7th October 2014 30

Unstarred Minutes to agree
Members are recommended to agree:

- (a) **RC 12 Revenue and Capital Budget Proposals for 2015/16 to 2018/19**
RESOLVED that Council be **RECOMMENDED** to consider the following ‘minded to’ views in order to guide the 2015/16 budget process:

- (1) The level of council tax increase should not be above 1.9%;

The use of New Homes Bonus to support the revenue budget be agreed (final amount to be agreed as part of the budget process);

The amount of Council Tax Support Grant to be passed on to Parish and Town Councils should be reduced by the same amount that the Borough Council's Government Grant is reduced by (currently predicted to be 15.37%); and

Other budget savings and income generation to be looked for and considered;

- (2) The Council's policy should remain as recommending a minimum level of unearmarked revenue reserves of £750,000.

(b) RC 13 Council Tax Reduction

then **RESOLVED** that Council be **RECOMMENDED**:

- (1) To agree to continue with the existing Council Tax Reduction Scheme for 2015/16; and
- (2) That delegated authority be given to the head of Finance and Audit, in consultation with the Leader, to make amendments to the policy document to take account of any further changes in law, government guidance or policy that require urgent amendment.

Meeting held on 2nd December 2014

To follow

(vi) Standards Committee

Meeting held on 14th October 2014

Postponed

Meeting held on 2nd December 2014

To follow

- 10.** To receive the joint report of the Executive Director (Communities) & Head of Paid Service, the Executive Director (Resources) and the Head of Finance on the future operating model opportunities and a revised T18 business case. 35

- 11.** To receive the report of the Leader of the Council on behalf of the Member Selection Panel on the appointment of Executive Director 65

PLEASE NOTE: Appendix A is exempt through Paragraphs 1 and 2 of the Local Government Act 1972 Section 100(A)(4).

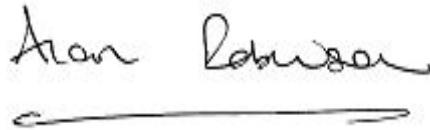
- 12.** To receive the report of the Leader of the Council on Interim Senior Management Arrangements 70

- 13.** To receive the report of the Political Structures Working Group on revised democratic arrangements. 79

- 14.** To receive the report of the Executive Director (Resources) on Member representation on iESE Transformation Limited. 85

15. To receive the report of the Leader of the Council on membership of the Audit Committee. 88
16. To Order the affixing of the Common Seal
For the information of Members, a list of documents sealed by the Council and witnessed by the Mayor and the Monitoring Officer during the period from 2nd October 2014 to 1st December 2014. 91

Dated this 1st day of December 2014

A handwritten signature in black ink, appearing to read "Alan Robinson", with a horizontal line underneath it.

Executive Director (Communities) & Head of Paid Service

NAME OF COMMITTEE	Council
DATE	9 December 2014
REPORT TITLE	Cllr Ewings – Approval of Absence
Report of	The Democratic Services Manager
WARDS AFFECTED	Tavistock South

Summary of report:

To consider a report that seeks Council approval to authorise Cllr Ewings’ absence from Council duties.

Financial implications:

None directly arising from this report.

RECOMMENDATION:

That Council RESOLVES that Cllr Ewings’ absence from Council duties be approved.

Officer contact:

Darryl White, Democratic Services Manager (email: darryl.white@swdevon.gov.uk).

1. BACKGROUND

- 1.1 Members will be aware that Cllr Ewings is currently unable to perform Council duties because of continued ill-health.
- 1.2 Section 85 of the Local Government Act 1972 states that, if a Member does not attend any meetings of the authority for a period of six months from the date of his or her last attendance, then that Member ceases to be a Member, unless within the period of absence the authority gives approval for the absence.
- 1.3 Cllr Ewings’ has not been able to attend a meeting since the Planning and Licensing Committee meeting held on 1 July 2014 and approval is therefore sought to authorise her continued absence and to avoid the provisions of Section 85.

2. RISK MANAGEMENT

2.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

3. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Statutory powers:	Local Government Act 1972, Section 85
Considerations of equality and human rights:	None directly related to this report
Biodiversity considerations:	None directly related to this report
Sustainability considerations:	None directly related to this report
Crime and disorder implications:	None directly related to this report
Background papers:	Planning and Licensing Committee minutes of the meeting held on 1 July 2014.
Appendices attached:	None.

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status			Mitigating & Management actions	Ownership	
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
Page 7	Calling a by-election	In the event of this recommendation not being supported, it will be necessary to call a by-election for the Tavistock South ward, which will have significant cost and resource implications especially when considering that we are less than 5 months away from the next Borough Council elections.	3	1	3	↔	By agreeing the recommendation to approve Cllr Ewings' absence.	Democratic Services Manager

Direction of travel symbols ↓ ↑ ↔

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NAME OF COMMITTEE	COUNCIL
DATE	9 December 2014
REPORT TITLE	FUTURE OPERATING MODEL OPPORTUNITIES AND A REVISED T18 BUSINESS CASE
Report of	EXECUTIVE DIRECTOR (COMMUNITIES) & HEAD OF PAID SERVICE EXECUTIVE DIRECTOR (RESOURCES) HEAD OF FINANCE
WARDS AFFECTED	ALL

Summary of report:

The report summarises ongoing work in relation to the implementation of T18, in particular identifying additional savings and opportunities which have emerged during further detailed work on the future organisational design.

Balanced against these long term financial benefits is the outcome of the Phase 1a and SMT recruitment process. Experience suggests that initial implementation costs are predicted to increase if the Councils are to successfully secure major cultural change and ensure that there are the right skills, attitudes and behaviours across the two organisations to meet future challenges.

This report summarises the anticipated impact of the expected annual savings and one-off investment costs on the business case, the revised investment pay back periods and includes proposals to manage the cash flow implications during the transition phases.

Financial implications:

The Council faces the challenge of a funding gap of over £2.2 million (28%) over the next four financial years, in the context of net revenue spend of £7.8 million as the base position for the programme (i.e. the expenditure of the Council is predicted to exceed the funding available by £2.2 million by four years' time). To respond to the financial challenges requires either a major reduction in services and associated staffing during this period, or the ongoing implementation of the current Transformation Programme.

For West Devon Borough Council, the updated T18 business case delivers:-

- Recurring annual savings of £1.64 million (WDBC share of the savings) as shown in section 4.1
- The updated payback period is 2 years and 9 months for West Devon
- To achieve these outcomes the revised business case requires additional investment from the Borough Council of £930,000 (The initial business case anticipated an investment of £1.9 million and in the revised business case this figure is £2.83 million as shown in Section 4.1)
- A 'fit for purpose' organisation that will be in a position to drive further income opportunities, generating funding to support the Council's future priorities
- The Transformation Programme has received Government backing as the Council will receive Government funding from the Transformation Challenge Award of £266,000 (WDBC's anticipated share of a joint award for funding of £700,000 between both West Devon and South Hams Councils based on the ratio of contribution to initial investment).

Across both Councils (West Devon Borough Council and South Hams District Council), the updated T18 business case delivers:-

- A 30% saving (£5 million combined saving with the WDBC share being £1.64 million) on the combined net revenue budgets of both West Devon and South Hams Councils of £16.8 million
- Once fully implemented T18 will deliver a monthly saving of £320,000 across both Councils, compared to the base line position, emphasising the importance of maintaining the Programme's current momentum
- The implementation of phase 1a and the restructuring of the senior management team will deliver combined annual revenue savings of £915,000

RECOMMENDATIONS:

That Council RESOLVES to:

- (i) approve an updated investment budget of £2.83 million for the T18 Programme, to deliver annual recurring revenue savings of £1.64 million as shown in section 4.1;**
- (ii) finance the net cashflow requirement of £1.408 million in accordance with the Investment and Financing Strategy as shown in section 1.2 of Appendix D;**
- (iii) transfer £235,000 into an Earmarked Reserve for T18 as shown in Section 1.3 of Appendix D**
- (iv) delegate authority to the S151 Officer to determine the appropriate allocation of investment costs against revenue and capital funds including establishing a Strategic Change Earmarked Reserve as detailed in Section 4.8;**

- (v) share the Transformation Challenge Funding award of £700,000 with South Hams District Council, based on the same ratio as the initial investment costs, resulting in £266,000 for West Devon Borough Council and £434,000 for South Hams District Council as detailed in Section 4.3;
- (vi) approve the amended senior management structure as set out in the report; and
- (vii) approve the amended line management responsibility for the Commercial Services Group Manager.

Officer contact:

Alan Robinson, Tel: 01803 861363, Email: alan.robinson@swdevon.gov.uk

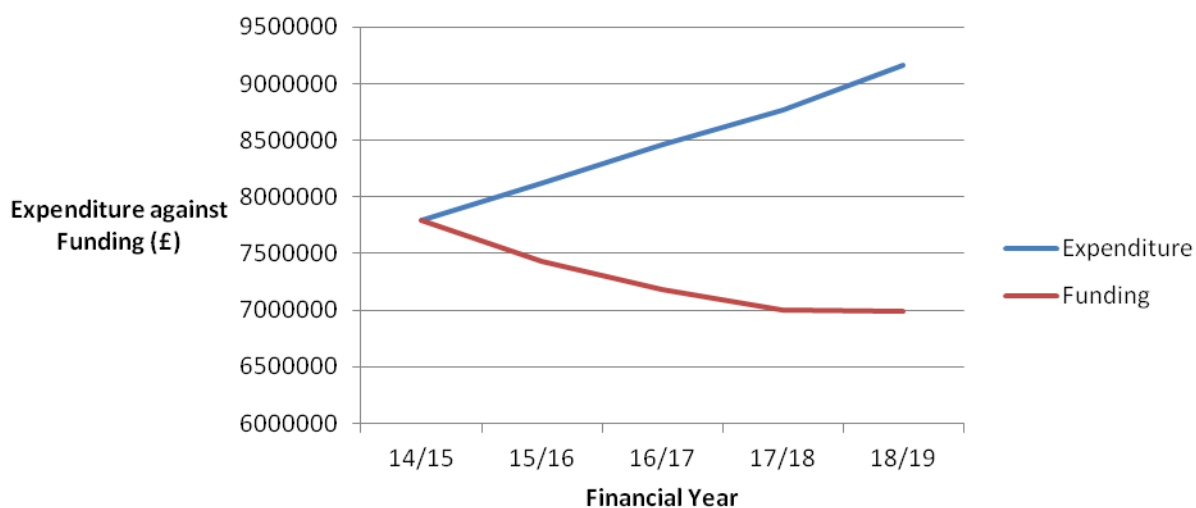
Tracy Winser, Tel: 01803 861277, Email: tracy.winsler@swdevon.gov.uk

Lisa Buckle, Tel: 01803 861413, Email: lisa.buckle@swdevon.gov.uk

1. BACKGROUND

- 1.1 The Council has embarked on an ambitious plan to totally redesign its service delivery to ensure a better experience for the customer, which is fit for the future and at the same time, reduces the cost to the taxpayer.
- 1.2 The implementation plan is divided into three phases, the first stage being Support Services, which went live on time in September 2014. The remaining phases are due to be delivered in June 2015 and March 2016.
- 1.3 Inevitably as such a major transformational programme is implemented in phases there is a significant level of organisational learning which enables the initial proposals to be further developed. Changes also affect initial expectations and therefore the original business plan. Reports to Members last autumn noted that *'with a programme of this size and length many of the costs and savings are based on a series of assumptions, some of which are variable and could be subject to change. For example, it is difficult to predict staff exit costs at this point in the programme.'*
- 1.4 The Council faces the challenge of a funding gap of over £2.2 million (28%) over the next four financial years, in the context of net revenue spend of £7.8 million as the base position for the programme. The graph below shows that the expenditure of the Council is predicted to exceed the funding available by £2.2 million in four years time.
- 1.5 The new operating model is therefore pivotal to achieving substantial savings to secure the long term future of the Council and to ensure effective future service delivery, despite the anticipated major reductions in government grant. Indeed the Council is now planning for no revenue support grant by 2020.

**£2.2 million Funding Gap to 2018/19
(28% of WDBC's Net Revenue Budget of £7.8 million)**



1.6 The national financial picture can be summarised as:

- There has been a 40% reduction in central government support 2011-2016;
- Councils will need to be self-financing and be able to finance their services from income including business rates, council tax, New Homes Bonus and other sources by 2020;
- The Chancellor's Autumn Statement in early December is likely to further worsen the local government funding position for 2015/16 and beyond.

1.7 As 75% of revenue expenditure is spent on staff related costs for non manual activities, responding to this scale of financial challenge cannot be met without reducing staff numbers.

1.8 However by establishing T18 and therefore creating the future model, we will be able to reduce staff numbers whilst still maintaining frontline services despite the reduction in funding. The model will also create the best foundations to pursue income opportunities in the future.

1.9 In summary, it is anticipated that the recent work to update the model will achieve revised annual savings of £1.64 million for West Devon Borough Council. These savings, combined with the annual savings of £3.37 million being delivered for South Hams District Council, mean that the operating model will deliver savings of 30% (£5 million) of the combined net revenue budgets of the Councils of £16.8 million. This will not require any reduction in service delivery. Initial one off investment costs for the Borough Council are now estimated to be £2.83 million as shown in Section 4.1.

- 1.10 It is also important to see our current 'internal' Transformation Programme in the wider context of developing 'Our Plan' and establishing the culture to achieve more effective working with partners and communities in localities, as well as enhancing our future income generating opportunities.

2 IMPLEMENTATION OF THE PROGRAMME - ACHIEVEMENTS TO DATE

- 2.1 The first phase of the programme has now gone live and support services staff have been appointed into the new model.
- 2.2 This team has been in operation for several weeks. The majority of the initial vacancies have now been filled and by January the Finance Community of Practice will be at full strength and it is anticipated that the ICT Community of Practice will have filled all vacancies.
- 2.3 All members of the team are now working in an agile manner. All staff use laptops and there are no fixed desks. This has really assisted in breaking down old model departmental silos as staff from different disciplines have worked collaboratively on projects which impact on the whole team.
- 2.4 A number of processes in HR and Legal have been built into the ICT system known as W2 (Workflow) and training is being undertaken. The processes will then be activated. The focus currently is on Document Management systems which will contribute towards the section going 'paperless' over the next few weeks.
- 2.5 A number of quick wins have been implemented to improve efficiency. These include:
- Making the payment of invoices more automated. Electronic reminders (called self serve alerters) have been introduced for payment of invoices. These enable invoices to be authorised via direct electronic reminders which include one click links to the relevant processes in the financial system;
 - A new room booking system has been introduced. This will cut out most of the manual intervention in the previous process and ensure that room use is maximised;
 - The payroll self-serve software has been installed. Electronic submission of travel claims will be tested in December as will be electronic leave cards. Electronic payslips should be available from January.
- 2.6 Key achievements across the Programme's separate work streams include:

ICT

- The procurement and migration to completely different systems than those used in the past is well underway. The procurement activity saved £200,000 against the budgeted spend as outlined in the initial business case, with this funding available to support other aspects of the Programme.
- Effective working relationships with the supplier have been created. Two of the main projects, the customer portal which will allow customers to view bills, track progress of applications and claims; and the migration of the

majority of the back office systems to one new system are both on target against dates of April 2015 and June 2015 respectively.

Accommodation

- The approved accommodation strategy is being successfully implemented on schedule. It is based on achieving agile working, retaining customer access to services at Kilworthy Park along with a Civic Hub, Member Services and staff touchdown facilities, with co-location of support staff for both Councils at Follaton House.
- The agile 'hot desk' office space at Kilworthy is operational. Work has started on identifying potential 'touch-down' spaces in the localities.
- Much of staff touchdown hot desk accommodation at Follaton is now in place with the work programmed to be completed on time.
- Heads of terms have been agreed with an additional new tenant at Kilworthy for anticipated commencement in January 2015. Income from the letting will be in advance of the business case which programmed new tenant income in 2015/16, based on the letting market at that time.
- Heads of terms for a major new tenant at Follaton have been agreed and subject to final sign off of business case, the new tenant will be occupation in 2015. Again income from the letting will be in advance of the business case.

Business Processes

- This work stream is responsible for delivering a significant proportion of the savings and is divided up into a number of periods of intensive activity known as sprints. Sprints have been undertaken covering a broad range of Council processes so far including Council Tax, Planning and Environmental Health. We are on target to complete 22 development sprints by May 2015 which will likely be in excess of 400 processes. This should be the majority of business processes required for phase 1b.

HR

- The selection process into the new operating model for 1a took place earlier this year. Staff attended familiarisation workshops in June which prepared them for the process and emphasised the IMPACT behaviour framework. Assessments took place in July and consisted of a variety of case studies and a formal interview.
- There were 50 jobs available in the new model for Phase 1a and 70 people were in scope. Of those, 16 requested and were granted voluntary redundancy. Of the remaining 54 who went through the process, 48% secured their preferred role and 26% secured their second or third preference. Unfortunately we were unable to offer posts to nine people and they were made redundant in July 2014.

- Establishing the host organisation, SERVACO, will assist the Councils in embedding the IMPACT behaviours required for the culture change necessary for the new operating model.
- Selection for the third tier Managers and Community of Practice Leads for phase 1b activities will take place during January and February 2015. Staff selection for phase 1b is scheduled between February and April 2015.

Customer Service

- New software which will shortly be installed will provide data to enable us to better understand how customers like to interact with the Councils and enable us to target digital solutions to those who are likely to take them up. We can also use the data to inform the locality working project, ensuring that we are making the best use of the officers out and about in the district.
- The project team has also been gathering information on the experiences of other councils who have been undergoing projects to encourage take up of cheaper forms of contact such as electronic and telephone. This has been done via a nationwide survey and we have gained some valuable insight into the best approach for the customer and the councils. There are many approaches and techniques to consider, these will form the basis of the Channel Shift Plan which will be developed next year.

Locality Working

- Officers have worked with a group of Councillors to start to shape the locality working model to ensure that it meets the needs of customers but also strengthens the role of Councillors as community leaders.
- The group have already agreed a set of principles that we are using in the design of service provision in the Locality Model and they are currently working on a set of skills and behaviours that would aid Members to be fully effective community leaders in the new model.
- Further work for the group will involve piloting the technology/mobile device(s) for Members to operate in the new model and, in the longer term, thinking about how we achieve a multi-agency engagement framework and the joint/local commissioning of services.
- A bid for £90,000 to DCLG's 'Delivering Differently In Neighbourhoods' fund has been submitted to support our future locality working under T18.

Review of the Senior Management Structure

- When the business case was being developed it was anticipated that restructuring of senior management could occur towards the end of the Programme. When the business case was approved by Members, SMT

compromised of a Chief Executive, two Corporate Directors, seven Heads of Service and three PAs. In June 2014 the Council agreed to reduce its costs by approving a future senior management structure consisting of two Executive Directors and four Service Leads (now termed Group Managers) with no dedicated PAs.

- The revised timetable for the senior recruitment has enabled combined savings of £350,000 per annum to be achieved earlier than scheduled in the business case. The one-off costs of the external recruitment process will be funded from the in year savings secured by not continuing with the former Chief Executive post. This follows from the adoption of the Executive Director model in June 2014, subsequent to the pilot arrangement in January 2014. It is anticipated that the recruitment process will be completed shortly with most appointees in post by Easter 2015.

Developing the detailed design for phase 1b and 2

- There has been a significant review of the Strategy and Commissioning element of the future model, the management structure below the senior management team, the levels of professional capacity required in the new model, the interrelationship with front line service delivery and developing the localities element of the model. Work continues on many of these areas but some of the changes emerging to the model now require formal consideration by Council.
- The role of Corporate Planning & Strategic Finance (S151) Lead (a second tier post in the management structure) replaces the original role of Head of Strategy and Resources as recommended in the report to Council June 2014, although the salary range remains unchanged at between £61,000 to £66,000 (Appendix A). This will strengthen the strategic financial expertise at a senior level at the same time as ensuring a robust commissioning cycle is adhered to.
- It is proposed that line management responsibility for the building control partnership is undertaken by the Commercial Services Group Manager (Appendix B).

3 EMERGING OPPORTUNITIES

- 3.1 The future operating model which the T18 programme will deliver does not exist in its entirety elsewhere and whilst we can learn from others experience to some extent (in particular Eastbourne BC), the model has and will continue to evolve.
- 3.2 During the design process to date, confidence has grown as to the potential that it offers and the organisational design has been influenced by this, as well as by a growing detailed understanding of the many processes the Council undertakes. In addition the proposed creation of a new commercial services delivery unit which has emerged from work that has taken place over the past few months means that further efficiencies and market growth can be realised from 2017 onwards.

- 3.3 Appendix B shows the proposed changes, the revised management structure and the activities to be carried out by this unit. It provides the Councils with the opportunity to build upon current service provision through the use of charging powers or trading vehicles as appropriate and deliver ethical, commercial services direct to individual customers or to localities through partners. Beyond the obvious commercial advantage to this solution, the replication of the cultural change at the front line offers an opportunity to improve staff productivity amongst the 'out of scope' workforce.
- 3.4 By creating this organisational structure and pursuing an appropriate trading vehicle (or vehicles) for delivery (e.g. a Local Authority Trading Company) then the revenue costs, based on the current spend for front line services, could be improved arising from new ways of working and more efficient use of resources. It would then be the business aim to improve on its position annually either through improved overall spend or through reinvestment in the front line services.
- 3.5 Further work will need to be undertaken over the next few months on an outline business case to be presented to both Councils to assess the commercial trading options available and how these can be best delivered in our communities.
- 3.6 Whilst the potential shared arrangements with Torridge are no longer being pursued, the work undertaken to establish the options has created a valuable insight into the varying partnership arrangements that could be considered as part of the future operating model. All of which would create income opportunities for the Councils. However at this stage this has not been factored into the updated business case. Options range from selling the very valuable experience some of our staff have gained whilst developing the model at one end of the spectrum to a full developed shared service option at the other.
- 3.7 There are a significant number of councils wanting to know more about the Transformation Programme, as most councils are now searching for ways to drastically reduce their costs as the challenging financial landscape becomes a long term problem.
- 3.8 Whilst a shared arrangement with a neighbour might be of most value strategically, perhaps the most valuable from an income perspective is selling some of our services operating in the new model to other parts of the public sector.
- 3.9 Once the model is live we will have a unique proposition which needs to be developed as a commercial offering. This will in its own right be a significant project which will need the engagement of our suppliers. This project will begin in 2015 and members will be kept informed of progress.

4. UPDATED T18 BUSINESS CASE

4.1 The revised T18 Business Case for West Devon Borough Council is summarised below:

	Initial Business Case (Nov 13)	Revised Business Case (Nov 14)	Increase
Recurring Annual Savings (WDBC share)	£1.3 million	£1.64 million	£0.34 million (26%)
One-off Investment costs (WDBC share)	£1.9 million	£2.83 million	£0.93 million (49%)
Payback period for WDBC	2 years	2 years 9 months	9 months

4.2 The Updated Business Case for the Transformation Programme has a net present public value of £2.1 million (WDBC's share) over the next 5 years. The Government's New Economy Cost Benefit Analysis tool has been used to assess the Updated Business Case. This demonstrates the value for money being delivered by the Transformation Programme for residents of the Borough. The Net Present Value calculation of the project using Treasury's Green Book principles (using a discount rate of 3.5%) demonstrates that the payback period for the Programme is 2 years and 9 months.

Update on the Transformation Challenge Award (TCA) funding

4.3 West Devon Borough Council and South Hams District Council submitted a joint bid to the Government's Transformation Challenge Award. Our pioneering plans to transform the way the Councils operate have been endorsed by the Government which has awarded us £700,000 (between both Councils) to further develop new ways of working. Our Councils have secured the money through the Transformation Challenge Award organised by the Government's Public Service Transformation Network which champions public sector reform. It is recommended that the Government funding is split based on the ratio of upfront investment costs i.e. 38% WDBC and 62% SHDC. This equates to £266,000 for WDBC and £434,000 for SHDC.

Schedule of savings and investment costs

4.4 Appendix C gives a detailed breakdown of the updated schedule of savings and investment costs for the T18 Programme. This shows that the total net annual revenue savings are £1.644 million and the total one-off investment costs (capital and revenue) are £2.83 million.

Early savings from the Programme

4.5 The decision to create an earlier Phase (Phase 1a for Support Services) was taken after the initial Business Plan was agreed. The financial benefit of Phase

1a and the senior management restructure has equated to early savings of £915,000 (shared between the two Councils) being delivered.

Reasons for the increase in the annual savings

- 4.6 Savings are above initial projections for a number of reasons. There is a revised reduction in full time staff equivalents (FTEs) from 97 FTE's to 111 FTE's (this equates to approximately 30% of the combined Councils in scope workforce) as more work has been mapped to case management rather than more expensive specialists, following detailed design in tandem with growing confidence that the software will be able to deliver better integrated data and processes. In addition, the previously agreed new travel policy will be implemented in June saving £72,000 (WDBC's share) with the potential for other staff related savings as the work force reduces. There will also be a £10,000 saving from new ways of working and data management in recycling and waste services.

Reasons for the increase in projected investment costs

- 4.7 While the business case remains robust it is recognised that the initial investment required to secure the substantial future savings is significant. In response officers have reviewed the implementation of the initial phase of T18 and considered possible changes that might help reduce the upfront one-off costs.
- 4.8 The investment in IT and accommodation is in line with the initial business case however officers are projecting an increase in the cost of cultural change based on the outcome of recruitment to date. The main reason for projecting increased staff change costs since the initial assumptions that were developed last summer arises from the difficulty of predicting human behaviour and controlling staff churn during a major change programme. Of the key implementation costs, it was always expected that staff change costs would be the most difficult to manage. For this reason financial support for our staff change costs was the basis for the bid to TCA for £700,000. However it must also be recognised that not all of the staff change costs are attributable to the Programme as the projected reduction in government funding would have led to a significant number of staff being made redundant. As staff change costs will fluctuate throughout the period of the Programme, it is recommended that a Strategic Change Earmarked Reserve is set up to manage these costs and when costs arise, they will be financed from this Reserve.
- 4.9 The scale of escalation of staff change costs which would undermine the business case is £10.98 million (WDBC share of such a total would be £3.95 million). So if staff change costs across both Councils rise to £10.98 million, this is the point at which the Net Present Value of the Business Case falls to zero and the business case is undermined. However officers are confident that this situation will not arise.
- 4.10 In an attempt to reduce the predicted increase in costs officers have undertaken an evaluation of options, such as recommending a change to the Redundancy and Interest of Efficiency Policy, limiting the voluntary redundancy opportunities by selecting for redundancies (rather than the current approach of positively recruiting to the model) and placing a cap on numbers allowed to leave on this

basis. Changing the approach part way through the Programme will of course create a new risk in relation to a possible challenge from the unions and staff.

- 4.11 However all these options would limit the cultural change which is absolutely essential to ensuring the new model is successful. The ability of staff to work in the new model, to provide excellent customer service, to be able to respond quickly to changing needs of customers and the community, to harness new technology, to adapt, to challenge the status quo, to always maintain a 'can do attitude', to work collaboratively and to do so with less management must be tested through a selection process. Prior performance is not a reliable indication of a person's ability to work in the very different environment that the new model will create.
- 4.12 To move away from the current process of selection coupled with the existing voluntary redundancy scheme would seriously put at risk the significant predicated savings. With staff costs representing over 75% of the Council's annual running cost, the number of staff it employs must be reduced. Implementation of the new operating model is the only way to ensure this reduction in staff does not lead to a reduction in front line services.

Updated investment and financing strategy

- 4.13 An initial net cashflow requirement of £1.408 million is required and it is recommended that this is financed in accordance with the Investment and Financing Strategy as shown in Appendix D. The original Business Plan on 4 November 2013 (Council) anticipated an initial net cashflow requirement of £860,000 and therefore Appendix D sets out a strategy of how the updated figure of £1.408 million could be financed. The net cashflow requirement is the money that will be needed to be paid out in advance of the savings materialising in full and equates to £830,000 in 2014/15 and £578,000 in 2015/16 (a total of £1.408 million) as shown in Appendix C.

T18 expenditure monitoring report

- 4.14 Appendix E sets out the T18 expenditure monitoring report to date. This shows expenditure as at 24 November 2014 equating to £477,047 for West Devon Borough Council. The profiled budget for the same period is £735,966 and expenditure of £477,047 is currently £258,919 below the profiled budget.

Implementation costs to be funded from the Phase 1a salary savings

- 4.15 There are salary savings from Phase 1a (Support Services) of £565,000 per annum shared between both Councils (WDBC share of the savings is 36.3% - £205,000). These savings have been generated earlier than the original Business Plan anticipated due to the creation of an earlier phase i.e. Phase 1a – Support Services. There are some costs associated with the transition of both Phase 1a (Support Services) and Phase 1b and these transition costs are being paid for from the early savings achieved. The combined transition costs (to be shared between both Councils) are detailed below:-

- Costs of transition resources (up until March 2015) - £155,000

(This is the cost of a small number of staff who work for support services who are staying for a short term period after the go live date of 29 September 2014 to help hand over duties and train staff and to work on short term transition projects in support services. These staff do not form part of the new support services staffing structure and are a short term resource to help with transition to the new structure).

- Cost of sprint staff (up until March 2015) - £75,000
This is the cost of temporary staff that are assisting the Business Development team with mapping of the processes for Phase 1b into the new Workflow system (W2).

5. NEXT STEPS

- 5.1 The strategy is to maintain the momentum of the Programme to ensure savings are delivered to align with the Medium Term Financial Strategy and to minimise the current levels of uncertainty for staff. The next phase of recruitment to the model will begin in January 2015. The first phase of implementing major ICT changes within support services will be implemented in the New Year. Accommodation changes will be completed early next year and marketing of the space available will continue. Further detailed work to develop the arrangements for both Mobile Locality Officers and the Community Enabling team will be a key focus. The current governance arrangements for the Programme will also be reviewed in light of the senior management changes as well as the member governance review.

6. LEGAL IMPLICATIONS AND STATUTORY POWERS

- 6.1 This report updates the initial business case for T18 and requires additional investment on an 'invest to save' basis of funding not currently budgeted for. Furthermore the report recommends a further revision to the initially proposed structure of the organisation. The proposals therefore require approval by full Council as the body responsible for the policy framework and the overall budget.

7. FINANCIAL IMPLICATIONS

- 7.1 The Council faces the challenge of a funding gap of over £2.2 million (28%) over the next four financial years, in the context of net revenue spend of £7.8 million as the base position for the programme (i.e. the expenditure of the Council is predicted to exceed the funding available by £2.2 million by four years' time). To respond to the financial challenges requires either a major reduction in services and associated staffing during this period, or the ongoing implementation of the current Transformation Programme.

- 7.2 The financial implications are set out in the report. In summary, it is anticipated that the recent work to update the model will achieve revised annual savings of £1.64 million for West Devon Borough Council. These savings, combined with the annual savings of £3.37 million being delivered for South Hams District Council, mean that the operating model will deliver savings of 30% (£5 million) of the combined net revenue budgets of the Councils of £16.8 million. This will not require any reduction in service delivery. Initial one off investment costs for the Borough Council are now estimated to be £2.83 million as shown in 4.1.

8. RISK MANAGEMENT

8.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

9. CONCLUSIONS

9.1 The Councils are part way through delivering a major Transformation Programme that will change the way local government services are delivered as a response to the current financial challenges. To date most of the work streams are being successfully delivered on time and within budget. While the initial investment costs to fund organisational change are anticipated to increase, detailed further work on the future operating model has identified further savings and the business case remains robust.

9.2 It also important to bear in mind that the current focus of T18 is the internal organisational change but the Programme is part of wider transformation in the way the Council 'will do business' in the future. This change is designed to ensure that future services are commissioned based on a better understanding of community needs, facilitating greater cross agency working in localities and creating a culture that drives future income opportunities. In combination these changes will provide the capacity for the two Councils to respond to community ambitions, changing the focus over recent years which could be characterised as being dominated by incremental service reductions to achieve a balanced budget.

10. OTHER CONSIDERATIONS

Corporate priorities engaged:	This report relates to the delivery of the Council's future priorities embodied in the emerging 'Our Plan' during a period of increasing financial constraint
Considerations of equality and human rights:	This report updates Members on the opportunity for developing improved access to a range of Council services and meeting a wide range of customer needs
Biodiversity considerations:	None
Sustainability considerations:	The updated model is designed to ensure that both Councils are sustainable in the medium term. Greater agile working linked to better use of technology should reduce the Councils' carbon footprints
Crime and disorder implications:	None
Background papers:	Reports to Council – 4 November 2013, 25 March 2014 and 24 June 2014
Appendices attached:	Appendix A – Updated Organisational Design Appendix B - Commercial Services Design

	Appendix C – Phasing of savings and investment costs Appendix D – Investment and Financing Strategy Appendix E – Financial T18 Expenditure monitoring report – as at 24 November 2014
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STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Financial Risk - Funding	<p>Funding availability for initial investment to implement the Programme. The Council reports of 31/10/13 (SHDC) and 04/11/13 (WDBC) set out an Investment and Financing Strategy for the Programme</p> <p>The revised investment costs at WDBC are £2.83 million, to realise annual combined recurring savings of £1.644 million. The Programme has a payback period of 2 years and 9 months</p>	5	2	10	↓	<p>Investment and the availability of resources have been profiled in the context of an updated business plan</p> <p>Continue to explore external funding opportunities, such as Transformation Challenge Funding & Delivering Differently programme</p> <p>Investment costs will be funded from Reserves as set out in each Council's Investment and Financing Strategy</p>	Executive Directors; Finance Professional Lead
2	Financial Risk - Costs	Higher than anticipated costs and/or lower than anticipated savings arising from the Programme. Key variable risk is the cost of staff redundancies and experience, following recruitment to Phase 1a and SMT, has demonstrated that these costs are projected to	4	4	16	↑	<p>Increase visibility of financial limitations to budget holders and Workstream Leads</p> <p>Ongoing monitoring of costs and savings within the Programme. Sensitivity analysis undertaken</p> <p>In recognition of uncertainty of some costs, introduce contingency sum into detailed business plan and review after each phase, particularly in relation to</p>	Executive Directors; Finance Professional Lead

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
		increase					staff change costs	
3	Financial Risk - Unexpected external costs	Unexpected external cost pressures which divert funding from the Programme and delays delivery	3	3	9	↔	Use of Unearmarked Reserves to address the risk of a delay in delivery of the Programme. Each month of delay could cost between £50,000 (at the start of the programme) to £320,000 (at the end) as a combined figure	New Senior Management Team
4	Technology Risk - Integrated ICT solution issues	Integrated ICT solution proves less successful than anticipated. Business continuity and connectivity in remote rural areas will be key to successful implementation	4	2	8	↔	<p>Develop effective working relationships with core technology supplier to enable partnership approach</p> <p>Set up appropriate project level controls to ensure effective governance and communication</p> <p>Develop/update business continuity plans</p> <p>Ensure solution design & implementation considers connectivity requirements/challenges</p>	Executive Directors; ICT Professional Lead

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
5	Management Risk - capacity to deliver	Management capacity to deliver the Programme	4	3	12	↑	<p>Programme identified as the key corporate priority</p> <p>Commission external support as required to ensure the Programme is delivered in line with the timetable</p> <p>Fund appropriate transition arrangements</p>	Executive Directors
6	Management Risk - Maintaining shared vision	Maintaining the shared vision for the Programme during a period of significant changes	4	4	12	↑	<p>Effective communication strategy to engage with members, staff and other stakeholders embedded within the Programme.</p> <p>Corporate agreement to appropriate handover period to maintain the programme and its aims and objectives</p>	Executive Directors, Senior Members & New Management Team
7	Management Risk - Organisational transition	Managing organisational transition to the new operating model, in particular reduction in customer satisfaction and/or drop in service standards	4	2	8	↔	<p>Decision taken in 2013 to implement T18 Programme. Transition Plan for each phase to document and create sufficient organisational capacity to achieve Programme timeframes</p> <p>Managing ongoing individual service performance</p>	Executive Directors Group Managers

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
8	Management Risk - Effective and robust programme management	Establishing an effective and robust programme management arrangement given the complexity of the Programme	4	2	8	↔	Establish appropriate member and officer Programme governance arrangements Ensure key milestones and programme interdependencies identified	Executive Directors & New Management Team
9	Management Risk - Inappropriate existing management skill sets	Inappropriate existing management skill sets across the organisations in relation to the new model	4	3	12	↔	Establish appropriate selection process to the model. Training will take place in relation to the new performance management framework	Executive Directors;
10	Management Risk - Loss of key staff	Loss of key staff during implementation of the Programme	4	4	16	↑	Establish effective working arrangements to facilitate knowledge transfer across team members including appropriate handover periods. Ensure detailed transition plan is developed which includes knowledge transfer plan	Executive Directors & New Management Team;

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
11	Political commitment	On-going political commitment to ensure that the Programme is delivered in the context of major external change and the inevitable challenges that will emerge during a major programme	4	2	8	↔	<p>Ongoing liaison with Members to maintain shared vision</p> <p>Ensure that the new model delivers and retains separate Council identities</p> <p>Raise awareness of the scale of organisational change and the impact on existing arrangements for both Members and Staff</p> <p>Managing interest from potential partners in terms of securing critical project timescales and taking account of organisational capacity</p>	Executive Directors
12	Political Risk - national and local elections 2015	Potential impact of national/local elections in 2015	3	2	6	↔	<p>Monitor national direction of travel and focus on the flexibility of the model in relation to any local government changes affecting both future governance and funding availability</p> <p>Ongoing engagement with Members focusing on the benefits of the Programme, particularly improved customer interaction, rather than solely a response to budget reductions</p>	Executive Directors

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
13	Staffing Risk - Officer capacity and staff morale	Officer capacity and retention of staff morale during significant change	4	3	12	↔	<p>Effective communication strategy embedded as part of the Programme</p> <p>Maintain the pace of the change to ensure that key staff are not lost from the organisations</p>	Executive Directors;
14	Staffing Risk - Major cultural change	Securing successful implementation of major cultural change in relation to the development of skills and approaches to working arrangements within the new operating model	4	2	8	↔	<p>Support cultural change with a comprehensive corporate training and development programme and develop recruitment, induction, appraisal and performance management frameworks</p> <p>Communication strategy embedded as a key element of the Programme</p> <p>Procure external skills to respond to expertise or capacity gap - T18 budgets include external assistance for the Programme</p> <p>Ensure new systems and processes are resilient and sustainable</p>	Executive Directors;

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
15	Staffing Risk - Potential Union/Staff responses	Potential Union/staff response to elements of the Programme	4	2	8	↔	<p>Ongoing engagement with key staff stakeholder groups and develop corporate understanding of those issues which are essential to successful implementation of the Programme and therefore the organisations must be subject to change</p> <p>Communicate potential staff benefits within the model such as developing skills and achieving better work/life balance through agile working</p>	Executive Directors; & New Management Team
16	Asset Risk - accommodation costs and rental receipts drop	Anticipated costs of accommodation changes increase and rental receipts from additional letting of HQs not achieved in current economic climate	4	2	8	↔	<p>Cautious rental assumptions within the business plan</p> <p>Ongoing monitoring of the business plan assumptions and adjustments of marketing strategies accordingly</p>	Executive Directors; & New Management Team

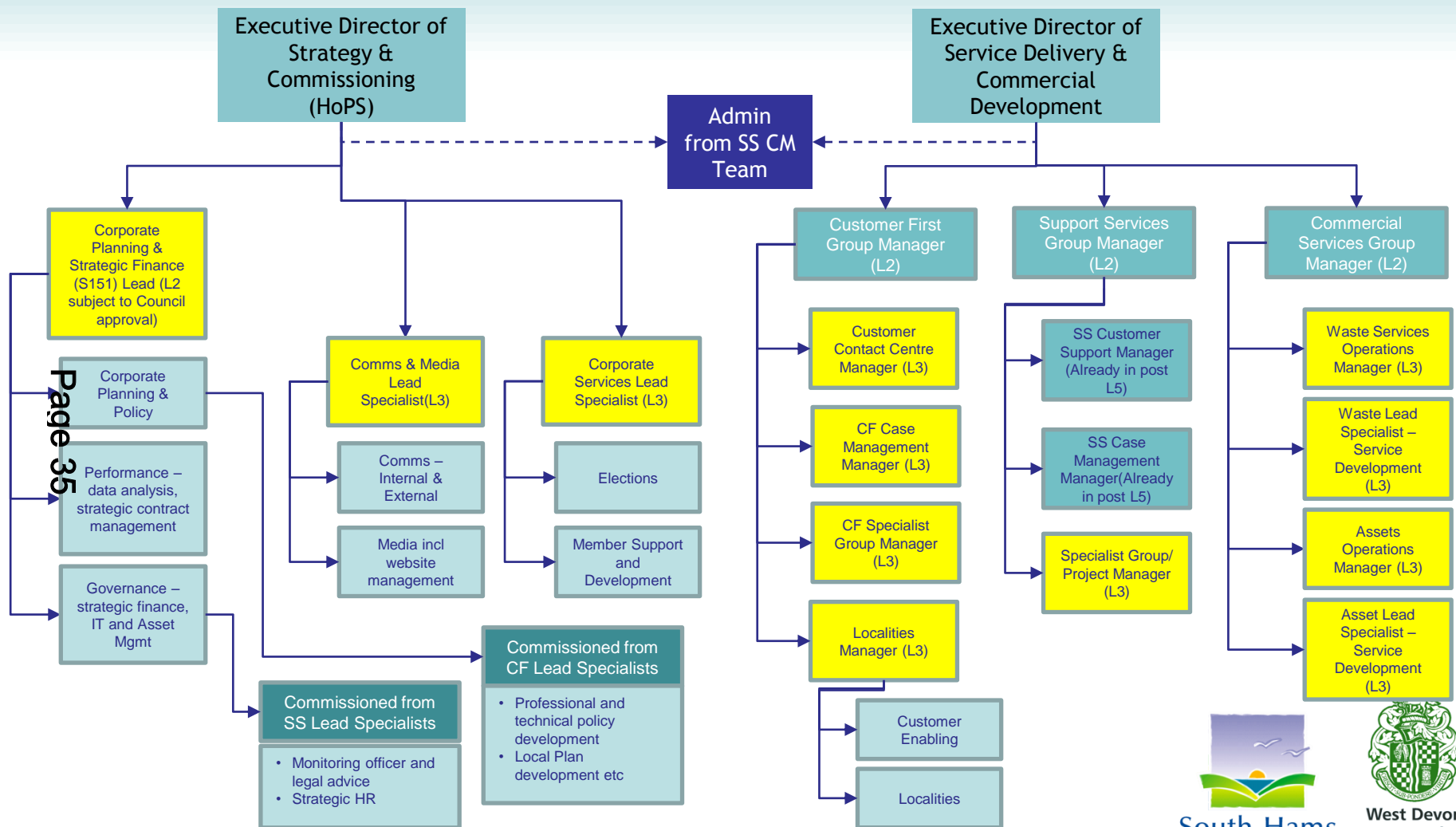
No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
17	Customer/Community Risk - Potential of greater exclusion for some customers	Although improved access to services through technology is a benefit for many, there is a risk of greater exclusion for some customers	4	2	8	↔	<p>Promote digital by choice rather than digital by default</p> <p>Roll out of rural broadband & enhanced mobile connectivity will reduce risk of digital exclusion</p> <p>Monitor levels of use of each access channel in tandem with customer satisfaction as part of monitoring Programme success measures</p> <p>Supporting vulnerable customers and those unwilling to use technology forms a key part of the operating model</p>	Executive Directors and work stream leads
18	Customer/Community Risk - Disruption/reduction in service levels	Scale of organisational change results in disruption/reduction in service levels and loss of support/confidence in the Programme	5	2	10	↔	<p>Transition Plan will form part of the Programme Plan</p> <p>Monitor service delivery and provide short term injections of capacity to ensure service performance maintained, particularly during transition</p> <p>Ensure appropriate handover periods</p>	Executive Directors; & New Management Team

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
19	Customer/Community Risk - Operating Model	Operating Model and technology not working as anticipated and creating customer/community dissatisfaction	5	2	10	↔	Test the approach/technology before introducing to the customer/community	Executive Directors; New Management Team and work stream leads
20	Senior Management Team (SMT) Restructure	Appointment process fails to deliver senior management capability needed to ensure success of the T18 model	5	4	20	↑	To design sufficient capacity into the senior management structure under review and evaluate at the end of years 1 and 2	Members and New Management Team
21	Senior Management Team Restructure - open competition	The decision to restructure the team using open competition has been made and the arguments for it well established	4	3	12	↔	Ensure that appropriate transition plan is in place to deal with changes to the Senior Management Team	Executive Directors; & New Management Team
22	Capacity to deliver	Overall capacity to deliver significant change in the timescales expected 1b timescales in particular are demanding considering the extent of change and the level of appropriately skilled resource available	4	4	16	↔	Detailed capacity planning, work prioritisation and phased delivery with a revised contingency built in to the updated business case	Executive Directors and work stream leads

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
23	Programme Definition Precision	Some areas of the programme lack sufficiently detailed scope definition and this leads to delivery omissions	4	3	12	↔	Ensure all project definitions in place and approved by appropriate stakeholders	Executive Directors and work stream leads

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High Level Organisational Design



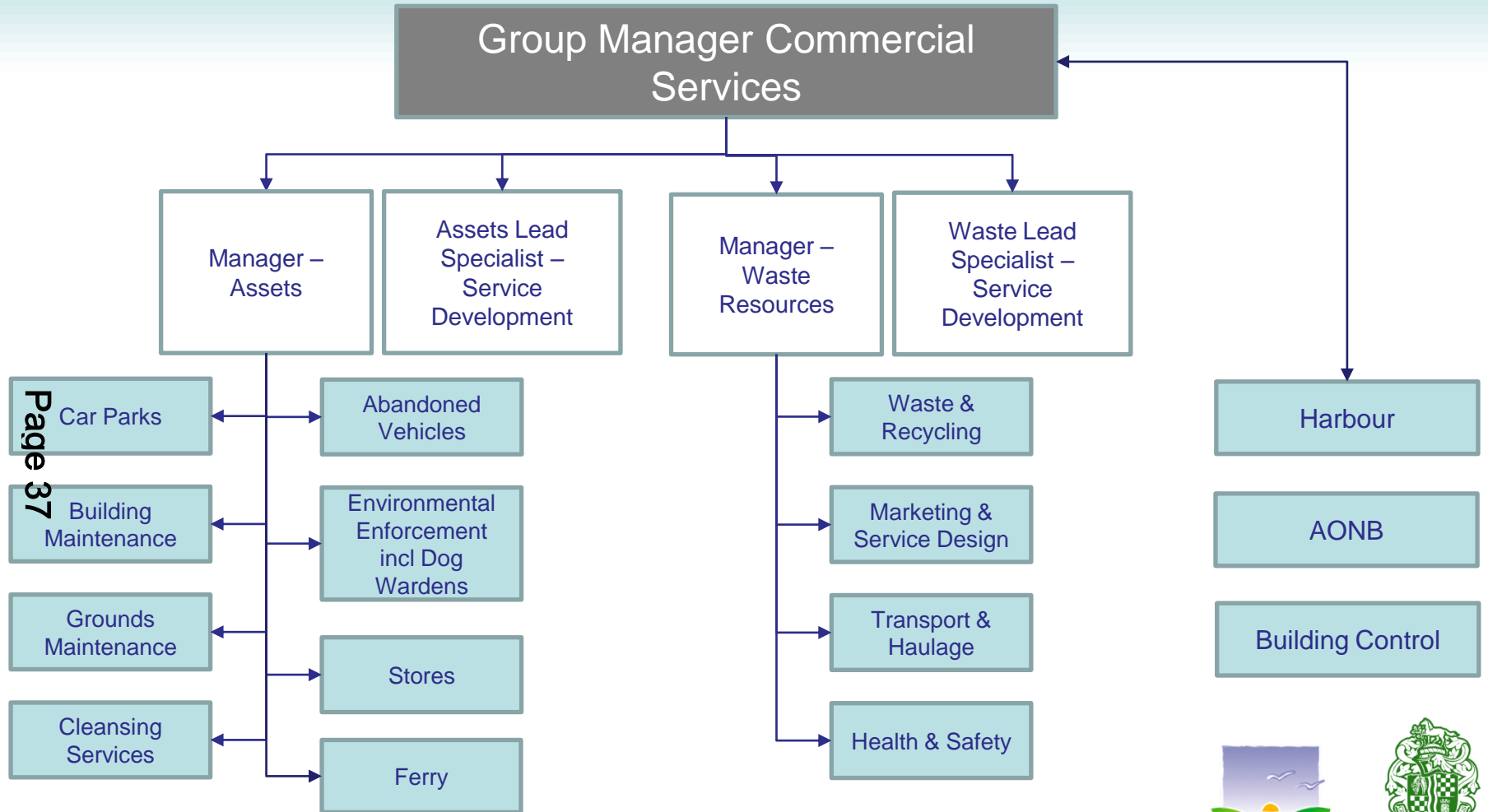
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Working together



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Commercial Services – high level design



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Working together



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	One-off Capital Investment Costs	One-off Revenue Investment Costs	Annual recurring revenue Costs	Annual recurring revenue Savings	Phasing of Savings and Costs					
					2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Capital One-Off Investment Costs										
<u>ICT</u>										
ICT Contract cost	708,000				340,000	368,000				
Workstation and Infrastructure cost	155,000				102,000	53,000				
<u>Implementation</u>										
Implementation of the Future Model	175,000				175,000					
<u>Accommodation</u>										
Capital Costs	25,000				25,000					
Revenue One-Off Investment Costs										
<u>Contribution to Strategic Change Earmarked Reserve</u>										
Contribution to Strategic Change Earmarked Reserve (see 4.8 of the report)		1,520,000			275,000	805,000	125,000	160,000	120,000	35,000
<u>Training costs</u>										
Staff Training		72,000			18,000	54,000				
<u>Contingency</u>										
Contingency (5%)		175,000			75,000	100,000				
Revenue recurring costs										
<u>Accommodation</u>										
Costs of remodelling KP for tenants			10,000			10,000	10,000	10,000	10,000	10,000
Workstation rental costs - payment to South Hams			90,000			70,000	90,000	90,000	90,000	90,000
Revenue recurring annual savings										
<u>Staff</u>										
Staff savings (30% saving of current staff levels)				-1,385,000	-160,000	-700,000	-1,385,000	-1,385,000	-1,385,000	-1,385,000
Travel and other savings				-72,000		-25,000	-50,000	-72,000	-72,000	-72,000
<u>Delivery Unit</u>										
Delivery Unit saving (see 4.6 of the report)				-10,000		-10,000	-10,000	-10,000	-10,000	-10,000
<u>IT</u>										
Reduced annual software costs				-47,000		-47,000	-47,000	-47,000	-47,000	-47,000
<u>Accommodation</u>										
Rationalisation of the two councils' headquarters - reduced running costs at Kilworthy				-170,000	-20,000	-85,000	-170,000	-170,000	-170,000	-170,000
Additional new income from letting surplus accommodation				-60,000		-15,000	-30,000	-45,000	-60,000	-60,000
Total Costs / (Savings)	1,063,000	1,767,000	100,000	-1,744,000	830,000	578,000	-1,467,000	-1,469,000	-1,524,000	-1,609,000
	(A)	(B)	(C)	(D)						
Total One Off Investment Costs (Capital + Revenue) = (A) + (B) 2,830,000										
Total Net annual revenue savings = (C) + (D) -1,644,000										

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APPENDIX D – INVESTMENT AND FINANCING STRATEGY

1.1 As shown in Appendix C, an initial net cashflow requirement of £830,000 is required in 2014/15 and a further £578,000 is required in 2015/16. Therefore an Investment and Financing Strategy for £1,408,000 is required before 2016/17. At this point (2016/17), the savings materialise in full and the Council is in a position of having a net surplus of £1,467,000 to put towards its budget gap.

1.2 It is recommended to finance the net cashflow requirement in accordance with the Investment and Financing Strategy below:

WDBC – To be financed by:-	Net cashflow requirement (£)
T18 Earmarked Reserve – Balance as per the Council’s Balance Sheet as at 31 st March 2014 (This Earmarked Reserve was set up when the original business case was approved on 4 November 2013)	800,000
Transformation Challenge Award funding (see 4.3 of the main report)	266,000
New Homes Bonus (remaining amounts from the 2012/13 and 2013/14 allocations)	110,000
Internal borrowing against the Capital Programme	107,000
Rural Services Earmarked Reserve	80,000
Capital Programme 2014/15 contingency amount	45,000
	1,408,000

1.3 For accounting purposes, it is recommended that the £110,000 of New Homes Bonus, £80,000 of Rural Services Earmarked Reserve and £45,000 Capital Programme contingency amount is transferred into the Earmarked Reserve for T18 (a total of £235,000).

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WEST DEVON BOROUGH COUNCIL
T18 TRANSFORMATION PROJECT - EXPENDITURE TO DATE (MONITORED AGAINST THE ORIGINAL INVESTMENT BUDGET OF £1.9 MILLION FROM THE BUSINESS CASE NOVEMBER 2013)
BUDGET MONITORING, to 24th November 2014

Note - All Figures shown are cumulative

Budget Description	Lead Officer	GL Code	WDBC Budget /Spend to date	2013 - 2014		2014 - 2015				2015 - 2016				Financial Years 16/17 to 18/19		
				Qtr 3 Oct - Dec 2013	Qtr 4 Jan - Mar 2014	Qtr 1 Apr - Jun 2014	Qtr 2 Jul - Sep 2014	Qtr 3 Oct - Dec 2014	Qtr 4 Jan - Mar 2015	Qtr 1 Apr - Jun 2015	Qtr 2 Jul - Sep 2015	Qtr 3 Oct - Dec 2015	Qtr 4 Jan - Mar 2016	2016/17	2017/18	2018/19
1. T18 ICT Software, Implementation & Workstream Development	Mike Ward	3755 / 3760														
Budget			705,000	0	0	163,913	222,075	280,238	338,400	396,563	520,290	578,453	705,000	705,000	705,000	705,000
Actual Spend To Date			243,955	0	0	63,500	107,063	243,955	243,955	243,955	243,955	243,955	243,955	243,955	243,955	243,955
Variance Over/(Under)			(461,046)	0	0	(100,413)	(115,012)	(36,283)	(94,446)	(152,608)	(276,336)	(334,498)	(461,046)	(461,046)	(461,046)	(461,046)
2. T18 ICT Workstation Costs & Infrastructure	Mike Ward	3765 / 3770														
Budget			118,800	0	7,560	30,492	60,156	65,160	77,976	90,936	108,396	113,400	118,800	118,800	118,800	118,800
Actual Spend To Date			39,119	0	10,175	18,549	28,517	39,119	39,119	39,119	39,119	39,119	39,119	39,119	39,119	39,119
Variance Over/(Under)			(79,681)	0	2,615	(11,943)	(31,639)	(26,041)	(38,857)	(51,817)	(69,277)	(74,281)	(79,681)	(79,681)	(79,681)	(79,681)
3. T18 Workstation Costs - Furniture	Kate Cassar	3765														
Budget			36,000	0	0	9,252	18,216	19,728	23,616	27,540	32,832	34,380	36,000	36,000	36,000	36,000
Actual Spend To Date			0	0	0	0	0	0	0	0	0	0	0	0	0	0
Variance Over/(Under)			(36,000)	0	0	(9,252)	(18,216)	(19,728)	(23,616)	(27,540)	(32,832)	(34,380)	(36,000)	(36,000)	(36,000)	(36,000)
4. T18 Training	Jan Montague	3775														
Budget			72,000	0	0	0	25,200	36,000	66,600	72,000	72,000	72,000	72,000	72,000	72,000	72,000
Actual Spend To Date			501	0	0	152	548	501	501	501	501	501	501	501	501	501
Variance Over/(Under)			(71,499)	0	0	152	(24,652)	(35,499)	(66,099)	(71,499)	(71,499)	(71,499)	(71,499)	(71,499)	(71,499)	(71,499)
5. T18 Accommodation	Kate Cassar	3780														
Budget			100,000	0	990	2,790	4,590	24,390	84,690	97,290	99,000	99,000	99,000	99,000	99,000	99,000
Actual Spend To Date			8,895	0	3,372	13,889	7,162	8,895	8,895	8,895	8,895	8,895	8,895	8,895	8,895	8,895
Variance Over/(Under)			(91,105)	0	2,382	11,099	2,572	(15,495)	(75,795)	(88,395)	(531,264)	(90,105)	(90,105)	(90,105)	(90,105)	(90,105)
6. T18 Implementation of future model	Tracy Winsor	3785														
Budget			175,000	0	0	0	140,330	160,330	170,330	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Actual Spend To Date			41,268	0	0	0	0	41,268	41,268	41,268	41,268	41,268	41,268	41,268	41,268	41,268
Variance Over/(Under)			(133,733)	0	0	0	(140,330)	(119,063)	(129,063)	(133,733)	(133,733)	(133,733)	(133,733)	(133,733)	(133,733)	(133,733)
7. Contribution to Strategic Change Earmarked Reserve	Jan Montague/ Lisa Buckle	3790														
Budget			687,600	0	0	0	150,120	150,120	150,120	400,320	400,320	400,320	522,000	583,200	644,400	687,600
Actual Spend To Date			143,309	0	0	0	134,037	143,309	143,309	143,309	143,309	143,309	143,309	143,309	143,309	143,309
Variance Over/(Under)			(544,291)	0	0	0	(16,083)	(6,811)	(6,811)	(257,011)	(257,011)	(257,011)	(378,691)	(439,891)	(501,091)	(544,291)
Total Budget (as per the Original Business Case Nov 2013)			1,894,400	0	8,550	206,447	620,687	735,966	911,732	1,259,649	1,407,838	1,472,553	1,727,800	1,789,000	1,850,200	1,893,400
Total Actual Spend			477,047	0	13,548	96,090	277,327	477,047	477,047	477,047	477,047	477,047	477,047	477,047	477,047	477,047
Total Variance			(1,417,353)	0	4,998	(110,357)	(343,360)	(258,919)	(434,685)	(782,602)	(1,371,951)	(995,506)	(1,250,753)	(1,311,953)	(1,373,153)	(1,416,353)

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Exempt information – Paragraph 1: Information relating to any individual and Paragraph 2: information which is likely to reveal the identity of an individual – applies to Appendix A only.

AGENDA
ITEM

11

WEST DEVON BOROUGH COUNCIL

AGENDA
ITEM

11

NAME OF COMMITTEE	Council
DATE	9 December 2014
REPORT TITLE	Appointment of Executive Director
REPORT OF	Leader og the Council on behalf of the Member Selection Panel
WARDS AFFECTED	All

Summary of report:

To consider a report that recommends the appointment of the Executive Director – Strategy and Commissioning and Head of Paid Service.

Financial implications:

Members previously agreed a salary range of £88,000 to £96,000 for the Director posts and the recommended salary for the successful candidate is contained in Appendix A.

RECOMMENDATION:

That Council **RESOLVES** to agree the appointment of the recommended successful candidate for the position of Executive Director - Strategy and Commissioning and Head of Paid Service as detailed in Appendix A.

Contact:

Cllr Philip Sanders, Leader of West Devon Borough Council
Telephone 01882 813600
Email cllr.philip.sanders@westdevon.gov.uk

1. BACKGROUND

- 1.1 During Autumn 2013 both Councils agreed to adopt the new T18 operating model in order to deliver services in a more efficient way. On 19th June Members resolved that an Executive Director model be operated with one Director responsible for Strategy and Commissioning and one for Service Delivery and Commercial Development, with the former also being the Head of Paid Service.

- 1.2 At its meeting on 24th June the Council also agreed that the appointment of the two Directors should be recommended by a Member Panel.
- 1.3 Following a rigorous selection process in September, an appointment was made to the post of Executive Director - Service Delivery and Commercial Development. However, the Member Panel was unable to recommend an appointment to the post of Executive Director - Strategy & Commissioning & Head of Paid Service.
- 1.4 The Member Panel, comprising of Cllrs Tucker, Hicks, Ward, Sanders, Ridgers, and Sampson, supported by a Chief Executive from an authority outside of the south west area and an independent HR advisor, interviewed four new candidates for the role on Tuesday 25 November. The selection process consisted of a range of assessments, a presentation and a formal interview and included an opportunity for all Members to meet the candidates.
- 1.4 The recommendation of the Selection Panel for appointment is attached at Appendix A.

2 FINANCIAL IMPLICATIONS

- 2.1 Members previously agreed a salary range of £88,000 to £96,000 for the Director posts and the recommended salary for the successful candidate is contained in Appendix A.

3 LEGAL IMPLICATIONS

- 3.1 The reason the report is before Council is that the Constitution requires that Council appoints the Director.
- 3.2 There is sensitive information relating to an individual in this report, there are grounds for Appendix A of the report's publication to be restricted, and considered in Exempt session. Having applied the public interest test, it is felt that the public interest lies in non-disclosure due to the personal data contained in the Appendix. Accordingly Appendix A contains exempt information as defined in Paragraphs 1 and 2 of Schedule 12A to the Local Government Act 1972

4. RISK MANAGEMENT

- 4.1 The risk management implications are shown at the end of this report in the Strategic Risk Template:

5. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Considerations of equality and human rights:	None directly arising from this report
Biodiversity considerations:	None directly arising from this report
Sustainability considerations:	None directly arising from this report

Crime and disorder implications:	None directly arising from this report
Background papers:	Council Report and appendices 24 th June 2014 and 7 th October 2014
Appendices:	Appendix A – Appointment of Executive Director

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Delay in agreeing the appointment of Executive Director	Deferral or refusal to accept the recommended appointment may lead to delays in other elements of the T18 programme and the requirement to retain the Executive Director (Communities) beyond the agreed date of termination to provide senior management capacity and carry out statutory duties of Head of Paid Service.	4	3	12	↑	Rigorous selection process with Member Panel and professional support from IESE ensures that suitable candidates are recommended	Lead Members

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NAME OF COMMITTEE	Council
DATE	9 December 2014
REPORT TITLE	Interim Senior Management Arrangements
Report of	Leader of the Council
WARDS AFFECTED	All

Summary of report: To consider a report that suggests interim senior officer arrangements to maintain progress of the T18 Transformation Programme following recent recruitment of the two Executive Director posts, as well as three Group Manager roles.

Financial implications: There is a cost of up to £23,000 arising from the initially suggested interim arrangements, subject to the suggestions set out in this report continuing until the end of June 2015. Assuming this sum is shared on a 50/50 basis, the cost for each Council is £11,500.

The proposal from South Hams to further enhance senior capacity during the transition period will add up to a further £11,000 to this overall cost, depending on the start date for the new Head of Paid Service.

It should be noted that the figures throughout the report are total costs not salary costs.

The additional costs need to be assessed against the time for the two new Directors to develop a full understanding of T18, the current scale of work being undertaken within the Programme and the potential delay to achieving future ongoing revenue savings if the Programme is delayed.

RECOMMENDATION:

That Council **RESOLVES** to:

1. delegate authority to the HR Community of Practice Lead, in consultation with the Leader and Deputy Leader, to agree the detailed arrangements in relation to the interim senior management proposals;
2. delegate authority to the newly appointed Executive Director (Strategy and Commissioning) and Head of Paid Service, in consultation with the Leader and Deputy Leader, to determine the appropriate timescales for handover periods.

Member contact:

Councillor Philip Sanders, Leader of the Council

Email: cllr.philip.sanders@westdevon.gov.uk

1. BACKGROUND

- 1.1 On 24 June 2014 Council agreed a report which established the future senior management structure, the recruitment process, salary scales and the timetable for implementing the changes, as a further step to implementing the next phase of the T18 Transformation Programme.
- 1.2 Members will be aware that the Member Selection Panel was unable to recommend appointments to both Executive Director posts following the initial recruitment process in September 2014. The Executive Director (Strategy & Commissioning) and Head of Paid Service role was re-advertised and formal interviews took place on 25 November 2014. Subject to the decision of Council relating to the recommended appointment (see report elsewhere on this agenda), the candidate is anticipated to start in post by March 2015. This creates a challenge for the T18 Transformation Programme and there is a need to manage the strategic risk to the Councils ensuring the Programme's momentum is maintained.
- 1.3 Discussions have taken place between the elected leadership of the two Councils to ensure that there is sufficient senior officer knowledge and capacity available to support the delivery of the Programme during the transition phase pending completion of the senior management recruitment process. It should be noted that there is a difference in view between the leadership of the two Councils on the level of senior capacity required during the transition phase to the new senior management structure.

2. ISSUES FOR CONSIDERATION

- 2.1 The Leaders of the two Councils have explored an appropriate hand over period from the existing interim Executive Director leading the Transformation Programme, Tracy Winser, to the two new permanent Executive Directors. In addition, there have been discussions with the current interim Executive Director (Communities), Alan Robinson, remaining with the Councils in his current role until a future appointment is made to the new Executive Director and Head of Paid Service post. Sophie Hosking will start in her role as Executive Director (Service Delivery & Commercial Development) at the beginning of January 2015.
- 2.2 In the new structure the unfilled Head of Paid Service post is responsible for driving T18, working in tandem with Sophie Hosking's role which is primarily responsible for delivering services in the new way and driving income generation. The two new Executive Director roles are different to the current interim roles held by Alan Robinson and Tracy Winser.
- 2.3 Alan Robinson was due to leave the Councils on 30 November 2014 and Tracy Winser on 24 December 2014.

- 2.4 It is suggested that the Council retains appropriate senior management capacity during the interim period by:
- 2.4.1 Extending Tracy Winser's notice from January 2015 potentially until the go live period of Phase 1b (currently anticipated to be June 2015) for three days per week on a monthly rolling arrangement. This proposed timeframe being subject to review by the newly appointed Executive Director (Strategy & Commissioning) and Head of Paid Service once in post, having had the opportunity to review the organisational capacity to ensure the Programme is kept on track. This arrangement provides flexibility to both Councils and the newly appointed Executive Directors about the transition timescale. It is also proposed that the duration of the handover period is agreed in consultation with the Leader and Deputy Leader;
- 2.4.2 Initially extending Alan Robinson's notice period until 31 December 2014 under current working arrangements. It was originally proposed to further extend Alan Robinson's notice from January 2015 for three days per week on a rolling monthly arrangement, pending the appointment of the new Executive Director (Strategy & Commissioning) and Head of Paid Service, or an alternative interim arrangement is established. However, at South Hams' Executive meeting on 23 October 2014, the following amendment to this suggestion was proposed:
- “That the current Executive Director (Communities) and Head of Paid Service should continue to work under current arrangements until 31 March 2015 (rather than 31 December 2014 as stated in the report). This was **PROPOSED, SECONDED** and on being put to the vote declared **CARRIED.**”*
- 2.4.3 During the proposed interim arrangements Tracy Winser will retain the strategic lead for delivery of the T18 programme with the remainder of her role passing to Sophie Hosking, while Alan Robinson will continue as Head of Paid Service.
- 2.4.4 Based on the initial proposal, extending Tracy Winser and Alan Robinson's notice period until the new Executive Director (Strategy & Commissioning) and Head of Paid Service is in post will increase the current cost of the interim Executive Director arrangements by the equivalent of one day per week at a cost of approximately £7,000 (January 2015 up to March 2015) creating 2.2 FTEs of Executive Director capacity. Based on a rolling monthly arrangement the approximate monthly cost totals £2,300 above budgeted costs across both Councils;
- 2.4.5 The cost of increasing the current Executive Director (Communities) and Head of Paid Service role to full time until 31 March 2015 from January to March is £18,238, an increase of circa £11,000. Based on a rolling monthly arrangement the approximate monthly cost totals £6,000 above budgeted costs across both Councils;

2.4.6 The additional cost of Tracy Winser's extended notice period from April 2015 up to June 2015 at three days per week to continue to lead the Programme during a period of major organisational change will be approximately £16,000 creating 2.6 FTEs of Executive Director capacity. Based on a rolling monthly arrangement the approximate monthly cost totals £5,300 above budgeted costs across both Councils;

2.4.7 These costs will be reduced if the two new Executive Directors conclude that there is sufficient organisational capacity available that enables early termination of the interim arrangements.

2.5 In summary the initial proposal will increase combined Executive Director capacity by one day per week from January to March 2015 and by three days per week from April to June 2015. While the first six months of 2015 is a critical period for T18, based on current implementation timescales the period from March to June will be particularly busy as a large number of staff involved in delivering "outward" facing services will be recruited to the model. If the transitional capacity is in place until June, the total additional cost of maintaining the pace and focus on the T18 Programme, while also securing an effective handover to the two new post holders, is £23,000 (ie, £11,500 for each Council).

2.6 The proposal suggested by South Hams District Council will increase Executive Director level capacity to 2.6 FTE for up to 6 months at a total cost of up to £34,000 (ie, £11,000 more than the initial proposal).

2.7 The following table summarises the proposal:

SUMMARY – INTERIM SENIOR MANAGEMENT ARRANGEMENTS		
Timeframe	Full Time Equivalent (FTE) additional Executive Director capacity	Approximate additional total cost across both Councils
<i>Initial Proposal:</i>		
(i) January 2015 – March 2015	0.2 FTE (1 day per week)	£7,000
(ii) April 2015 – June 2015	0.6 FTE (3 days per week) (assumes new Head of Paid Service in post by end of March 2015)	£16,000
<i>SHDC Modified Proposal:</i>		
(i) January 2015 – March 2015	0.6 FTE (3 days per week)	£18,000 (£11,000 more than the initial proposal)

3. LEGAL IMPLICATIONS AND STATUTORY POWERS

3.1 The terms and conditions of employment and any redeployment and/or redundancy consequences that arise from senior management recruitment will continue to follow the Council's policy and procedures.

4. FINANCIAL IMPLICATIONS

- 4.1 The cost of increasing combined Executive Director capacity from January to March 2015 by one day per week will be £7,000 and by three days a week will be £18,000. The cost of increasing Executive Director capacity from April to June 2015 by three days per week will be £16,000.
- 4.2 It is proposed to finance this cost from Unearmarked Reserves. While both options involve additional cost, it is worth noting that the decision to not fill the Chief Executive post following the previous post holder's retirement, delivered early savings for the T18 Transformation Programme.
- 4.3 The proposed interim arrangements have yet to be finalised. The detailed arrangements will be designed to protect the interests of the two Councils as well as the existing Executive Directors, at least one of which, and possibly both, will experience a salary reduction as a result of the suggested interim proposals, depending on the final option adopted. A specific issue to resolve is the impact on redundancy payments if reduced hours occur within an extended notice period. It is therefore recommended to delegate authority to the HR Community of Practice Lead, in consultation with the Leader and Deputy Leader, to agree the detailed arrangements, but for Council to indicate its preferred approach, ie, to support the initial proposal or the amendment suggestion proposed by South Hams Council.

5. CONCLUSION

- 5.1 The proposals for additional senior capacity suggested in this report are the unfortunate consequence of the delay in being able to recruit to the new Director/Head of Paid Service post. Furthermore, as both appointed Directors are people relatively new to the Councils, it is felt that managing the transition during a key period of organisational transformation requires investment in additional interim senior management capacity to ensure there is sufficient corporate knowledge to successfully implement major change.

6. RISK MANAGEMENT

- 6.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

7. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Considerations of equality and human rights:	None directly arising from this report
Biodiversity considerations:	None directly arising from this report
Sustainability considerations:	None directly arising from this report
Crime and disorder implications:	None directly arising from this report
Background papers:	Reports to Council - 24 June 2014 and 7 October 2014
Appendices attached:	None

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Delay in resolving the appointment of Executive Directors and establishing appropriate interim arrangements	Ongoing uncertainty regarding senior management arrangements may lead to delays in the T18 Programme. The recruitment process to date has resulted in an increase in costs than was initially anticipated	4	4	16	↑	<p>Rigorous selection process by Member Panel and professional support from IESE ensures that suitable candidates are recommended to Council for the long term future, backed up with appropriate interim arrangements</p> <p>Increased costs will be modelled in updates of the T18 business case. However, it is anticipated that this will be balanced by greater savings arising from implementation of the model than envisaged in the initial business case</p>	<p>Lead Members</p> <p>Lead Members/ Executive Directors</p>
2	Introduction of an Executive Director Model	That it fails to deliver sufficient senior management capacity needed to ensure success of the T18 model during the interim period	5	2	10	↔	Design sufficient transition capacity into the senior management structure to enable the successful introduction of the new operating model	Council

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
3	Robustness of the appointment process and interim arrangements	That it fails to deliver appropriate senior management capability needed to ensure success of the T18 model	5	2	10	↔	<p>An open recruitment process provides the widest field to select from, given that different skill sets will be needed in the new model</p> <p>Any current SMT member who is not successful in the recruitment process may be prepared to provide transitional capacity to support the delivery of the T18 Programme if required</p>	Member Selection Panel
4	Implications of ongoing external competition recruitment process	Could lead to significant redundancy costs and actuarial pension strain costs	3	1-5	3-15	↔	<p>Take a balanced view on achieving an appropriate senior management team for the future and the potential impact on the payback period anticipated within the updated business plan</p> <p>Lead Members have taken a range of advice and on balance have concluded that it is in the wider interest of both Councils to have open competition for all SMT posts given the different skill sets needed in the new model</p>	Member Selection Panel/ Council

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
5	Implications of external competition recruitment process	Potential loss of knowledge, continuity and experience within the senior management team	2-5	1-5	2-25	↔	The Member Panel, or the subsequently appointed Executive Directors, to take a balanced view at interview, assessing the quality of existing members of the senior management team against the quality of external candidates. The impact and chance of a negative outcome and therefore the risk score, will depend on the scale of change within the senior management team and the quality and number of new appointments that occur from the recruitment process	Member Selection Panel/ Executive Directors

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
6	Implications of external competition recruitment process	Timescale could be at risk if external appointments are made and they need time “to find their feet” and understand the new model	2-5	1-5	2-25	↔	<p>The Member Panel, or the subsequently appointed Executive Directors, to take a balanced view at interview, assessing the quality of existing members of the senior management team against the quality of external candidates. The impact and chance of a negative outcome and therefore the risk score, will depend on the scale of change within the senior management team and the quality and number of new appointments that occur from the recruitment process</p> <p>Any current SMT member who is not successful in the recruitment process may be prepared to provide transitional capacity to support the delivery of the T18 Programme if required</p>	Member Selection Panel/ Executive Directors
7	Delay in implementing this aspect of T18	Ongoing deferral of SMT recruitment may lead to delays in other elements of the Programme	4	2	8	↔	Commission external support for Lead Members as required to ensure that change is delivered in line with the timetable and that key issues are communicated to the wider membership	Lead Members

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NAME OF COMMITTEE	Council
DATE	9 December 2014
REPORT TITLE	Revised Democratic Arrangements
REPORT OF	Political Structures Working Group
WARDS AFFECTED	All

Summary of report:

To present the conclusions of the Political Structures Working Group in relation to the future governance structure for West Devon Borough Council for the new Municipal Council in May 2015.

Financial implications:

In light of any governance arrangements necessitating a belt and braces review of the Members' Allowances Scheme, the financial implications are difficult to quantify at this time. However, these arrangements are not expected to add significantly to the direct costs of the Council.

RECOMMENDATIONS:

That Council **RESOLVES** that:

1. as from the Annual Council meeting in May 2015, the following governance structure is adopted for West Devon Borough Council:
 - 1 Hub Committee be introduced with 9 places on the Committee;
 - That the Hub Committee be scheduled to meet 10 times per year;
 - That 2 Overview & Scrutiny Committees be introduced to align with the T18 Model organisational structure, with 11 places on each Committee;
 - Each Overview and Scrutiny Committee will be scheduled to meet 5 times per year;
 - That each Member of Council will be a Member of either the Hub Committee or one of the two Overview and Scrutiny Committees and there will be no provision for substitutes to be appointed to any of these Committees; and
 - The Constitution be amended during the annual review to take account of these changes.

2. for this municipal year (February 2015), responsibility for agreeing the Council Tax Resolution for the Borough Council for 2015-16 be transferred from the Council to a formal meeting of the Group Leaders (to be referred to as the Council Tax Resolution Panel).

Member contact:

Cllr James McInnes E-mail: cllr.jamesmcinnes@westdevon.gov.uk

1. BACKGROUND

- 1.1 Members will recall that at the Council meeting held on 14 February 2012, the current committee structure for the Council, including a Resources Committee and a Community Services Committee, was agreed on a trial basis (Minute CM 60 refers).
- 1.2 At the Council meeting held on 30 July 2013, the terms of reference for those two Committees was amended to address a workload imbalance. It was also resolved that the Political Structures Working Group should continue to review future governance arrangements with a view to making recommendations formally to Council on 17 December 2013 (Minute CM 33 refers).
- 1.3 A report was presented to the Council meeting held on 17 December 2013, entitled 'Two Committee Pilot Review'. At this meeting, Members resolved to extend the current committee structure 'until any governance changes are required which arise from the T18 Programme' (Minute CM 57 refers).
- 1.4 The T18 Programme is now progressing and a new organisational structure will be in place next year. With the Borough Council elections due to take place in May 2015, the Working Group considered it timely to review the committee structure to enable new governance arrangements to be in place for the new Council in May 2015.

2. ISSUES FOR CONSIDERATION

- 2.1 To progress discussions on the new governance structure, the Political Structures Working Group has recently met on two occasions. At the first meeting held on 10 September 2014, the objectives of the Group were confirmed and it was agreed that any future governance system must ensure the following:
 - a. That Members lead on policy and governance;
 - b. That regard is given to the external environment to ensure the Council adopts the most efficient and effective arrangements for West Devon even if that means standing still/staying as we are;
 - c. That decisions are made in the most effective way balancing the need for discussions and deliberation with decisiveness and speed;
 - d. That decisions are reached and seen to be reached democratically and Members are seen to be accountable for their decisions;
 - e. That the democratic arrangements are aligned to the revised officer structure; and
 - f. That the best use be made of Members' experience, talent and time.

- 2.2 In applying this criteria, the Group concluded that the current structure needed to change, although a Cabinet model was instantly ruled out as an option for further consideration. Following some discussion, the preferred way forward was for a Single Committee structure to be adopted. Whilst there were concerns that under a single committee the majority of Members may lose their right to vote, assurances were given that any decision outside of the policy and budget framework (as agreed by full Council) would require a recommendation to Council allowing all Members to take part and vote. In addition all Members would be entitled to attend the Single Committee meetings and take part in the deliberations on agenda items.
- 2.3 Based upon these initial views, officers were tasked with producing a discussion paper for further consideration at the next meeting of the Political Structures Working Group held on 12 November 2014 (appendix A refers).
- 2.4 At this meeting, Members considered in more detail how a single committee would work. Members specifically discussed the size of a single committee, the issue of Lead Members, whether the single committee should allow substitutes, the frequency of meetings and how to strengthen the overview and scrutiny function.
- 2.5 In terms of size of committee, it was agreed that a Hub Committee of 9 Members should be proposed. In reaching this view, the Working Group felt that a recommendation of almost one-third of the total Council size to serve on this Committee was reasonable. It was also agreed that the Committee should have provision for 10 meetings in the diary each year, with the ability for additional special meetings if deemed necessary. One of these meetings would be timed to replace the current full Council meeting to agree the Council Tax Resolution, as this meeting was not usually well attended and the item did not require the full membership to take part. The Council Tax Resolution is an arithmetical exercise which calculates the Council Tax amounts in each Parish and each Council Tax Band, after the decision has been made by each major precepting authority (Devon County Council, West Devon Borough Council, the Fire Authority and the Police and Crime Commissioner) and each local precepting authority (each Town or Parish Council) of the amount of council tax that they will be charging for the next financial year.
- 2.6 For this municipal year (February 2015), since the Hub Committee will not be established, it is also suggested that responsibility for agreeing the Council Tax Resolution for 2015-16 be transferred from the full Council to a formal meeting of the four Group Leaders (Cllrs Clish-Green, Sampson, Sanders and Whitcomb), to be referred to as the Council Tax Resolution Panel, with all other Members able to attend and take part at this meeting if they so wish.
- 2.7 The Members who were elected to sit on the Hub Committee would be Lead Members who would each have areas of responsibility for Council services. They would be expected to have a depth of knowledge and deeper

understanding of issues and to present reports from within their areas of responsibility.

Whilst supporting the principle of lead Members, the Group was strong in its view that these should not have any individual decision-making powers. Appointments would be politically balanced and, following consultation with Group Leaders, would be determined at the Annual Council meeting in May.

- 2.8 The Political Structures Working Group discussed the future of Overview and Scrutiny and confirmed that they would like to see the function strengthened. The Group agreed that two Overview and Scrutiny Committees should be established, to mirror the T18 organisational structure. Each Committee would consist of 11 Members and the meetings would be timed to align with the Hub Committee meetings.

In recognising the importance of the Member role, the Group recommended that 11 Members serve on each Committee to ensure that every Member of Council served on either the Hub Committee or one of the Overview and Scrutiny Committees. The Hub Committee would publish a Forward Plan of forthcoming agenda items. This would enable Lead Members to be called to Overview and Scrutiny Committee meetings to update them on items coming forward and would enable early scrutiny of proposed items. Each Overview and Scrutiny Committee would be able to set up Task and Finish Groups to allow Members to be involved at an early stage in policy development and influence the decision making of the Hub Committee.

- 2.9 Terms of reference for the new Committees will be drafted in time for the annual review of the Constitution. Members should note that the Political Structures Working Group recommended no changes to the Planning and Licensing, Audit and Standards Committees. In particular, the Group was adamant that provision for substitutes must be retained for these committees.

3. LEGAL IMPLICATIONS

- 3.1. In accordance with the Council Constitution, only the Council can agree and/or amend the terms of reference for committees or bodies of the Council.

4 FINANCIAL IMPLICATIONS

- 4.1 The recommendations are not expected to significantly add to the direct costs of the Council.

5. RISK MANAGEMENT

- 5.1 The risk management implications are shown at the end of this report in the Strategic Risks template.

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Statutory powers:	Local Government Act 2000
Considerations of equality and human rights:	None
Biodiversity considerations:	None
Sustainability considerations:	None
Crime and disorder implications:	None
Background papers:	Council Report – 13 December 2011 Council Report – 14 February 2012 Council Report – 30 July 2013 Council Report – 17 December 2013
Appendices attached:	Appendix A – Paper considered by the Political Structures Working Group at its meeting 12 Nov 2014

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Lack of agreement on new structure	The Council will not have a legal or workable system in place after the Annual Council meeting.	4	2	8	↑	The Council endorses the recommendation.	Members
2	Efficient and cost effective decision making	The Council will be able to take decisions more effectively if the governance structure aligns with the organisation structure	3	2	6	↓	Approval of recommendations will enable alignment with organisation structure	Members
	Disenfranchised Members	A risk of disenfranchising Members with a single decision making committee	2	3	6	↓	Strengthening the Overview and Scrutiny function and introducing a Forward Plan will assist O&S Members to take an early role in policy development and decision making	Members

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Possible Governance structure for post May 2015

The conclusions from the previous meeting of the Political Structures Working Group included the following:

- Members discussed and agreed the Objectives of the Group
- The Group accepted the need to change the Governance structure, to be more cost effective and enable effective decision making, working with reduced resources
- A Cabinet model was ruled out. The preferred way forward was a One Committee or Hub Committee
- The Group would like to see a stronger Overview and Scrutiny function
- Ensuring Members were not disenfranchised was a significant concern and any future model would have to address this
- The next piece of work would be to look at the Constitution in terms of how a 'Hub Committee' would work, potentially with two Scrutiny Committees – one each for the two strands aligned to the officer structure (Strategy and Commissioning and Customer Delivery)
- Officers were tasked with working up some details to reflect these views before reporting them back to this Group meeting.

To change the Governance structure to be more cost effective, and take account of the preferred way forward, the Group is asked to consider: -

Size of Single Hub Committee:

In the event of a politically balanced Hub Committee being introduced, **what does the Group consider would be an appropriate size?.**

To align with the structure of the organisation post T18, it has been suggested that the Committee could consist of 7 Members, to be chaired by the Leader of Council, with the vice-chairman being the Deputy Leader of Council.

Lead Members:

Some Members have given the view that the Committee should be made up of Members who will each have responsibility for specific functions or services within the Council, with these Members presenting reports to Member meetings and being ultimately responsible and accountable for these functions and services. **Does the Group support the principle of Lead Members being in place?**

Substitutes:

If the Group support the principle of Lead Members being in place and a strengthened Overview and Scrutiny Function, this brings into question the potential role of substitutes on the Committee. **Does the Group believe that there should be no provision for substitutes to serve on this Hub Committee?**

Frequency of Meetings:

It is envisaged that the Committee would work in a similar way as the existing Committees, but as one committee there would be no overlap or duplication of work. Any decisions would have to be within the Policy and Budget Framework already agreed by Council, otherwise full Council approval would be needed. In recognising the driver for effective and potentially quick decision-making, it is expected that the Hub Committee would meet approximately 10 times per annum (whilst also maintaining the ability to convene special meetings if deemed necessary). **Does the Group support this suggestion?**

To ensure that Members were not disenfranchised, to have a stronger Overview and Scrutiny function and to align Overview and Scrutiny to the officer structure:-

At the last Group meeting, some Members were of the view that two O&S Committees could be introduced. To align with the T18 Model, one could then oversee Strategy and Commissioning, with the other overseeing Customer Delivery.

Each Committee would be able to set up Task and Finish Groups which would have an overview of the functions within their remit. This would enable T&F Group members to be involved at an early stage in Policy Development and influence the decision making of the Hub Committee.

The Council should aim to have a scrutiny function which adheres to the Centre for Public Scrutiny's four principles of good public scrutiny, as set out below:

- Provides critical challenge to policy makers and decision makers;
- Enables the voice and concerns of the public to be heard;
- Is carried out by 'independent minded governors' who lead and own the scrutiny role; and
- Drives improvement in public services.

A Forward Plan could also be introduced that would enable Members to see in advance the items that were due to be presented to the Hub Committee.

In terms of meeting frequency, it is suggested that the two Committees could each have five meetings scheduled per year, with them alternating and being held two weeks prior to meetings of the Hub Committee. This would enable the O&S Committee to question the Lead Members on the impending item, before the report is published. This would be another way of enabling O&S Committee Members to influence decision making at the earliest possible stage.

With regard to the governance structure, assuming that the Group is minded to support a Hub Committee made up of 7 Members, then:

Option A – Each of the 31 Members could have one seat on either the Hub Committee (7 Members) or the two O&S Committees (12 Members on each); or

Option B – Each of the 31 Members could have one seat on either the Hub Committee (7 Members), the two O&S Committee (6 Members on each) and the P+L Committee (10 Members).

What are the Groups views on all of the above?

As a starter for ten, if the political balance did not change following the next election, the Committee membership would (based upon Option A) be as follows:

	Total Entitlement	Hub Cttee	O&S Strategy & Commissioning	O&S Customer Delivery	Audit	P&L	Standards	DNP	(Check)
(15) Con	27.58 = 27	3	6	6	3	5	3	1	27
(10) Ind	18.38 = 18	2	3	3	2	4	3	1	18
(2) LibDem	3.67 = 4	1	1	1	0	1	0	0	4
(2) Ind Con	3.67 = 4	1	1	1	0	0	1	0	4
Independent	1.83 = 2	0	1	0	0	0	1	0	2
Independent	1.83 = 2	0	0	1	0	0	1	0	2
Total	57	7	12	12	5	10	9	2	57

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WEST DEVON BOROUGH COUNCIL

NAME OF COMMITTEE	Council
DATE	9 December 2014
REPORT TITLE	iESE Transformation Limited – Member Representation
REPORT OF	Democratic Services Manager
WARDS AFFECTED	None

Summary of report:

To consider a report that seeks to add 'iESE Transformation Limited' to the list of Outside Bodies for which the Council appoints. In so doing, the Council is also asked to appoint a Member representative on to this Outside Body for the remainder of the 2014/15 Municipal Year.

Financial implications:

There are no significant financial implications directly arising from this report.

RECOMMENDATION:

That the Council **RESOLVES**, with immediate effect for the remainder of the 2014/15 Municipal Year that:-

1. iESE Transformation Limited be added to the list of Outside Bodies to which the Council appoints; and
2. the Deputy Leader be appointed as the Council's Member representative on this Outside Body.

Officer contact:

Darryl White, Democratic Services Manager (darryl.white@swdevon.gov.uk) 01803 861247).

1. BACKGROUND

- 1.1 On 17 September 2013, the Resources Committee considered a progress and next steps report on the Council's Transformation Programme and subsequently resolved to enter into partnership with iESE Ltd (Minute RC 11 refers);

- 1.2 iESE (Improvement and Efficiency Social Enterprise) is a not for profit company limited by guarantee and is made up of members and directors in local authorities across the UK;
- 1.3 In order for the general meeting of iESE Transformation Ltd to be correctly constituted, the Council has been advised of the need for all authority members to appoint a representative;
- 1.4 The appointed representative needs to be a Member nominated by the Council and must not be a Director of the company. The Leader of the Council is an unpaid Director of iESE Transformation Limited and is therefore prevented from being nominated;
- 1.5 Having consulted the Leader of Council, he has nominated the Deputy Leader of Council to be the Council's appointed representative with immediate effect and for the remainder of the 2014/15 Municipal Year;
- 1.6 With regard to time and financial implications for the appointed representative, meetings are held annually (with there being provision for additional meetings if required) and since there is no requirement for meetings to be held face-to-face (e.g. meetings can be held via conference call), then the time and financial implications arising from this appointment will be minimal.

2. RISK MANAGEMENT

- 2.1 The risk management implications are shown at the end of this report in the Strategic Risk Template.

3. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Considerations of equality and human rights:	None directly arising from this report
Biodiversity considerations:	None directly arising from this report
Sustainability considerations:	None directly arising from this report
Crime and disorder implications:	None directly arising from this report
Background papers:	None
Appendices:	None

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Ensuring a Quorum	To be able to hold its general meeting, it is a requirement for each of the member authorities to appoint their representative.	3	1	3	↔	By appointing a representative, the Council is meeting its obligation in respect of this Outside Body.	Democratic Services Manager

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NAME OF COMMITTEE	Council
DATE	8 December 2014
REPORT TITLE	Audit Committee Membership
Report of	The Leader of Council
WARDS AFFECTED	All

Summary of report:

To consider a report that seeks to appoint Cllr Sheldon as a Member of the Audit Committee for the remainder of the 2014/15 Municipal Year in place of Cllr Ball.

Financial implications:

None directly arising from this report.

RECOMMENDATION:

That Cllr Sheldon be appointed to serve on the Audit Committee for the remainder of the 2014/15 Municipal Year, in place of Cllr Ball, who will become a named substitute for this period.

Officer contact:

Darryl White, Democratic Services Manager (email: darryl.white@swdevon.gov.uk).

Lead Member contact:

Cllr Philip Sanders, Leader of Council (email: cllr.philip.sanders@westdevon.gov.uk).

1. BACKGROUND

- 1.1 The Leader of Council has been informed that, due to a change in personal circumstances, Cllr Ball no longer wishes to be a Member of the Audit Committee.

- 1.2 As a consequence, the Leader of Council has nominated Cllr Sheldon to fill this vacancy with immediate effect. Since Cllr Sheldon is currently a named substitute on the Audit Committee, he has already been in receipt of the necessary training to become a Member of the Committee.

1.3 It is then also suggested that Cllr Ball become a named substitute for the remainder of the municipal year.

2. RISK MANAGEMENT

2.1 The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

3. OTHER CONSIDERATIONS

Corporate priorities engaged:	All
Statutory powers:	Local Government Act 2000
Considerations of equality and human rights:	None directly related to this report
Biodiversity considerations:	None directly related to this report
Sustainability considerations:	None directly related to this report
Crime and disorder implications:	None directly related to this report
Background papers:	The Council Constitution The Annual Council Summons and Minutes
Appendices attached:	None.

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status			Mitigating & Management actions	Ownership	
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Ensuring a Quorum	In the event of a meeting being declared inquorate, it would need to be cancelled and date constrained agenda items (e.g. Annual Governance Statement and Statement of Accounts) may not therefore be considered before prescribed statutory deadlines.	3	1	3	↔	By appointing Cllr Sheldon to serve on the Audit Committee will help to reduce the potential for a meeting being declared inquorate.	Democratic Services Manager

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Agenda Item 3

At the Meeting of the **WEST DEVON BOROUGH COUNCIL** held in the **COUNCIL CHAMBER, KILWORTHY PARK, TAVISTOCK** on **TUESDAY** the **9th** day of **DECEMBER 2014** at **4.30 pm** pursuant to Notice given and Summons duly served.

Present Cllr C M Marsh – The Mayor (In the Chair)

Cllr S C Bailey	Cllr R E Baldwin
Cllr K Ball	Cllr M J R Benson
Cllr W G Cann OBE	Cllr A Clish-Green
Cllr D W Cloke	Cllr T J Hill
Cllr L J G Hockridge	Cllr D M Horn
Cllr A F Leech	Cllr J R McInnes
Cllr J B Moody	Cllr M E Morse
Cllr D E Moyse	Cllr C R Musgrave
Cllr R J Oxborough	Cllr T G Pearce
Cllr R F D Sampson	Cllr P R Sanders
Cllr D K A Sellis	Cllr J Sheldon
Cllr E H Sherrell	Cllr D Whitcomb

Head of Paid Service
Executive Director (TW)
Section 151 Officer
Monitoring Officer
Democratic Services Manager

CM 55 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs M V L Ewings, C Hall, N Morgan, P J Ridgers, L B Rose and D M Wilde.

CM 56 DECLARATION OF INTEREST

The Mayor invited Members to declare any interests in the items of business to be considered during the course of the meeting. These were recorded as follows:-

Cllr P R Sanders declared a personal interest in Item 14: 'iESE Transformation Limited – Member Representation' (Minute CM 66 below refers) by virtue of being an unpaid Director of iESE Transformation Limited and remained in the meeting during the debate and vote on this item.

CM 57 CONFIRMATION OF MINUTES

It was moved by Cllr P R Sanders, seconded by Cllr R E Baldwin and upon the motion being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Council agree the Minutes of the meeting held on 7 October 2014 as a true record”.

CM 58 COMMUNICATIONS FROM THE MAYOR

In thanking Members for their continued support, the Mayor wished to remind the Council of her Christmas Quiz and the deadline for submission of completed responses.

CM 59 BUSINESS BROUGHT FORWARD WITH THE CONSENT OF THE MAYOR

The Mayor informed the Council that she had agreed for one urgent item to be raised at this meeting. The item sought approval to authorise Cllr Ewings' absence from Council duties and was considered urgent due to the time constraints associated with this matter. It was the intention of the Mayor for this item to be considered immediately.

In discussion, Members made reference to the health problems which Cllr Ewings had been suffering from and asked for their best wishes to be passed on to her.

It was then proposed by Cllr R F D Sampson, seconded by Cllr P R Sanders and upon being submitted to the Meeting was declared to be **CARRIED** and **"RESOLVED** that Cllr Ewings' absence from Council duties be approved."

CM 60 NOTICES OF MOTION

It was moved by Cllr C R Musgrave and seconded by Cllr T G Pearce:

'That this Council agrees to publish Members' annual attendance of all public meetings of the Council on the Council's website and where a Member fails to attend at least 65% of all meetings of the bodies to which they have been appointed, then the matter will be considered by the Monitoring Officer who will consult with the relevant Chairman of the Standards Committee. Where there are no justified reasons for the absences, the Monitoring Officer will write to the Member and request that they return a clearly defined proportion of their basic allowance.'

In presenting his motion, the proposer made specific reference to:-

- the role of a Borough Council Member once the Transformation Programme had been fully implemented;
- the critical importance of Members attending meetings to participate in the decision-making process;
- the practice of reporting these statistics being commonplace at other local authorities. In addition, the proposer highlighted the approach adhered to at South Hams District Council and his motion seeking to align the Council to this working practice.

During the ensuing debate, other Members raised the following points:-

- (a) In support of the motion, a Member emphasised the responsibility to the office appointed and the increased need for transparency in public life;
- (b) The motion seeking merely to request that a proportion of an allowance be returned in the event of attendance falling beneath the 65% threshold;
- (c) Whilst supporting the principle of the motion, Cllr P R Sanders wished to propose the following amendment:-

“That the Council agrees in principle to publish Members’ annual attendance of all public meetings of the Council and its Committees on the Council’s website. With regard to setting potential meeting attendance thresholds and any consequent sanctions, this issue should be deferred to the four Group Leaders (or their nominees) for further detailed discussion, with their recommendations then being presented back to the Council meeting on 17 February 2015.”

In explaining his reasons behind proposing this amendment, the proposer made reference to:-

- the need to get this issue right and it therefore warranting some further consideration before being implemented. In particular, the proposer wished for more consideration to be given to potential ‘sanctions’ being imposed against Members who were not adequately fulfilling the role of being a Member and whether or not the proposed 65% threshold was pitched at the right level;
- the wider issue of considering the adoption of some form of Member performance appraisal system.

In discussion on the amendment, Members made the following points:-

- It was felt that there would be much public and press interest in these statistics, which in itself would act as a deterrent;
- Some Members reiterated the point that attendance at meetings was only one barometer of their performance and the role was much wider than simply attending Borough Council Committee meetings to which they had been formally appointed.

When put to the vote, the amendment was declared **CARRIED** and therefore became the substantive motion.

When put to the Meeting, it was then declared to be **CARRIED** and **“RESOLVED** that the Council agrees in principle to publish Members’ annual attendance of all public meetings of the Council and its Committees on the Council’s website. With regard to setting potential meeting attendance thresholds and any consequent sanctions, this issue should be deferred to the four Group Leaders (or their nominees) for further detailed discussion, with their recommendations then being presented back to the Council meeting on 17 February 2015.”

CM 61

MINUTES OF COMMITTEES

a. **Audit Committee – 25 November 2014**

It was moved by Cllr D K A Sellis, seconded by Cllr J B Moody and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Minutes of the 22 July 2014 and 23 September 2014 meeting be received and noted, with the exception of Unstarred Minute AC 26.”

In respect of the Unstarred Minute:

i. **AC 26 – Mid Year Prudential Indicator and Treasury Management Monitoring Report 2014-15**

It was moved by Cllr D K A Sellis, seconded by Cllr J B Moody and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that

1. the report, the treasury activity and the prudential indicators all be noted and approved; and
2. Council notes the reduction in investment income and the consequence that this has on the Council’s budget.”

b. **Community Services Committee – 28 October 2014**

It was moved by Cllr R F D Sampson, seconded by Cllr K Ball and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Minutes of the 28 October 2014 meeting be received and noted.”

c. **Overview and Scrutiny Committee – 14 October 2014**

It was moved by Cllr D E Moyse, seconded by Cllr D K A Sellis and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Minutes of the 14 October 2014 meeting be received and noted.”

d. **Planning and Licensing Committee – 21 October 2014**

It was moved by Cllr C M Marsh, seconded by Cllr M J R Benson and upon being submitted to the Meeting was declared to be **CARRIED** and **“RESOLVED** that the Minutes of the 21 October 2014 meeting be received and noted.”

- e. **Resources Committee – 7 October 2014 and 2 December 2014**
It was moved by Cllr P R Sanders, seconded by Cllr R E Baldwin and upon being submitted to the Meeting was declared to be **CARRIED** and “**RESOLVED** that the Minutes of the 7 October and 2 December 2014 meetings be received and noted, with the exception of unstarred minutes RC 12 and RC 13.”

In respect of the Unstarred Minutes:

i. **RC 12 – Revenue and Capital Budget Proposals for 2015/16 to 2018/19**

It was moved by Cllr P R Sanders, seconded by Cllr R E Baldwin and upon being submitted to the Meeting was declared to be **CARRIED** and “**RESOLVED** that

1. the following ‘minded to’ views be considered in order to guide the 2015/16 budget process:
 - (a) The level of council tax increase should not be above 1.9%;
 - (b) The use of New Homes Bonus to support the revenue budget be agreed (final amount to be agreed as part of the budget process);
 - (c) The amount of Council Tax Support Grant to be passed on to Town and Parish Councils should be reduced by the same amount that the Borough Council’s Government Grant is reduced by (currently predicted to be 15.37%); and
 - (d) Other budget savings and income generation to be looked for and considered.
2. the Council’s policy should remain as recommending a minimum level of unearmarked revenue reserves of £750,000.”

ii. **RC 13 – Council Tax Reduction**

It was moved by Cllr P R Sanders, seconded by Cllr R E Baldwin and upon being submitted to the Meeting was declared to be **CARRIED** and “**RESOLVED** that

1. the Council agree to continue with the Council Tax Reduction Scheme for 2015/16; and
2. delegated authority be given to the Head of Finance and Audit, in consultation with the Leader, to make amendments to the policy document to take account of any further changes in law, government guidance or policy that require urgent amendment.”

f. Standards Committee – 2 December 2014

It was moved by Cllr A F Leech, seconded by Cllr J Sheldon and upon being submitted to the Meeting was declared to be **CARRIED** and “**RESOLVED** that the Minutes of the 2 December 2014 meeting be received and noted.”

CM 62

FUTURE OPERATING MODEL OPPORTUNITIES AND A REVISED T18 BUSINESS CASE

A report was considered that summarised ongoing work in relation to the implementation of T18, in particular identifying additional savings and opportunities which had emerged during further detailed work on the future organisational design.

In discussion, reference was made to:-

- (a) the financial implications. In reply to a question, the S151 Officer provided a thorough explanation of the Investment and Financing Strategy. In her explanation, the S151 Officer emphasised the importance of Appendix C of the presented agenda report being read in conjunction with Appendix D of the same report;
- (b) the bid for £90,000 to the Department for Communities and Local Government. The Head of Paid Service advised that the Council’s bid had been submitted on 8 December 2014 and it was likely that the Council would hear if this bid had been successful during early 2015.

It was then proposed by Cllr P R Sanders, seconded by Cllr R F D Sampson and upon being submitted to the meeting was declared to be **CARRIED** and “**RESOLVED** that:

- (i) an updated investment budget of £2.83 million be approved for the T18 Programme, to deliver annual recurring revenue savings of £1.64 million as outlined in section 4.1 of the presented agenda report;
- (ii) the net cashflow requirement of £1.408 million be financed in accordance with the Investment and Financing Strategy as shown in section 1.2 of Appendix D of the presented agenda report;
- (iii) £235,000 be transferred into an Earmarked Reserve for T18, as outlined in Section 1.3 of Appendix D of the presented agenda report;
- (iv) Authority be delegated to the S151 Officer to determine the appropriate allocation of investment costs against revenue and capital funds, including establishing a Strategic Change Earmarked Reserve as detailed in Section 4.8 of the presented agenda report;
- (v) the Transformation Challenge Funding award of £700,000 be shared with South Hams District Council, based on the same ratio as the initial investment costs, resulting in £266,000 for West Devon Borough Council and £434,000 for South Hams District Council as detailed in Section 4.3 of the presented agenda report;
- (vi) the amended senior management structure as set out in the presented agenda report be approved; and

(vii) the amended line management responsibility for the Commercial Services Group Manager be approved.”

CM 63 APPOINTMENT OF EXECUTIVE DIRECTOR

A report was considered that recommended the appointment of the Executive Director – Strategy and Commissioning and Head of Paid Service.

In his introduction, Cllr P R Sanders informed that the Appointments Panel had been unanimous in its recommended choice of preferred candidate.

It was then proposed by Cllr P R Sanders, seconded by Cllr R F D Sampson and upon being submitted to the Meeting was declared to be **CARRIED** and **”RESOLVED** that the appointment of the recommended successful candidate for the position of Executive Director – Strategy and Commissioning and Head of Paid Service be agreed as detailed in Appendix A of the presented agenda report.”

CM 64 INTERIM SENIOR MANAGEMENT ARRANGEMENTS

The Council considered a report that suggested interim senior officer arrangements to maintain progress of the T18 Transformation Programme following recent recruitment of the two Executive Director posts, as well as three Group Manager roles.

In introducing the report, Cllr P R Sanders stated that:-

- the two external candidates who had been offered Group Manager roles had both accepted the job offers informally;
- the two Executive Directors would be starting in their new roles on 2 January 2015 and 2 February 2015 respectively;
- it was his personal view that the handover period should be as short as possible. In making this point, the Leader did emphasise the need for flexibility in this handover period;
- In light of the significance of the budget pressures facing the Council, there was a need to maintain the momentum of the T18 Programme.

In discussion, a Member wished to put on record his thanks to the Leader for his informative introduction, which had helped to allay a number of his initial concerns.

It was then proposed by Cllr P R Sanders, seconded by Cllr R E Baldwin and upon being submitted to the Meeting was declared to be **CARRIED** and **”RESOLVED** that:

1. Authority be delegated to the HR Community of Practice Lead, in consultation with the Leader and Deputy Leader, to agree the detailed arrangements in relation to the interim senior management proposals; and

2. Authority be delegated to the newly appointed Executive Director (Strategy and Commissioning) and Head of Paid Service, in consultation with the Leader and Deputy Leader, to determine the appropriate timescales for handover periods.”

CM 65

REVISED DEMOCRATIC ARRANGEMENTS

The Council considered a report that presented the conclusions of the Political Structures Working Group in relation to the future governance structure for West Devon Borough Council for the new Municipal Council in May 2015.

In discussion, reference was made to:-

- (a) the legalities of the revised governance structure and establishing a 'Council Tax Resolution Panel'. When questioned, the Monitoring Officer confirmed that the Working Group's recommendations were legal;
- (b) the proposed Committees being politically balanced and being more reflective of the Council's officer structure post T18;
- (c) the likelihood of the Hub Committee replacing the informal Chairs and Vice Chairs Group;
- (d) the need for Overview and Scrutiny to be more pro-active and positively utilised. In particular, some Members expressed their concerns at the increased (and in some cases unconstitutional) number of Working Groups which had been established. It was intended that in the future governance arrangements, greater use would be made of task and finish groups, who would report their findings to one of the two Overview and Scrutiny Committees;
- (e) the lead Member role. Assurances were given that role descriptions would be in place before the May 2015 elections. In addition, the importance of an extensive Member training programme following the elections was recognised;
- (f) a perceived number of unanswered questions. A Member felt that there were a number of unknowns associated with this matter and wished to see further consideration and detail given by Members to these issues. In reply, other Members felt that an in-principle decision at this meeting would enable officers to shape and build upon the detail related to these matters;
- (g) a Member citing three main reasons why he supported the findings of the Working Group. These reasons were summarised as: resulting in a more democratic form of governance; the Council becoming a more Member led authority; and the proposals representing a more effective form of governance;

(h) some concerns being raised that the proposals could result in the Council moving towards an Executive style of governance arrangement. In reply, other Members emphasised that the Working Group had been adamant from the offset of the review that it did not wish to explore adopting an Executive form of governance. In expanding upon this further, the Group had recommended that the Hub Committee should be politically balanced and its Members should have absolutely no ability to make individual decisions;

It was then proposed by Cllr J R McInnes, seconded by Cllr R E Baldwin and upon being submitted to the Meeting was declared to be **CARRIED** and **RESOLVED** that:

1. as from the Annual Council meeting in May 2015, the following governance structure be adopted for West Devon Borough Council:
 - 1 Hub Committee be introduced with 9 places on the Committee;
 - That the Hub Committee be scheduled to meet 10 times per year;
 - That 2 Overview & Scrutiny Committees be introduced to align with the T18 Model organisational structure, with 11 places on each Committee;
 - Each Overview and Scrutiny Committee will be scheduled to meet 5 times per year;
 - That each Member of Council will be a Member of either the Hub Committee or one of the two Overview and Scrutiny Committees and there will be no provision for substitutes to be appointed to any of these Committees; and
 - The Constitution be amended to take account of these changes.
2. for this municipal year (February 2015), responsibility for agreeing the Council Tax Resolution for the Borough Council for 2015-16 be transferred from the Council to a formal meeting of the Group Leaders (to be referred to as the 'Council Tax Resolution Panel')."

CM 66

iESE TRANSFORMATION LIMITED – MEMBER REPRESENTATION

The Council considered a report that sought to add 'iESE Transformation Limited' to the list of Outside Bodies for which the Council appointed. In so doing, the Council was also asked to appoint a Member representative on to this Outside Body for the remainder of the 2014/15 Municipal Year.

It was proposed by Cllr J R McInnes, seconded by Cllr K Ball and upon being submitted to the Meeting was declared to be **CARRIED** and **RESOLVED** that:

1. iESE Transformation Limited be added to the list of Outside Bodies to which the Council appoints; and
2. the Deputy Leader be appointed as the Council's Member representative on this Outside Body."

CM 67 AUDIT COMMITTEE MEMBERSHIP

A report was considered that sought to appoint Cllr Sheldon as a Member of the Audit Committee for the remainder of the 2014/15 Municipal Year in place of Cllr Ball.

The Chairman of the Audit Committee wished to thank all Committee Members for their hard work and commitment and in particular, wished to record her thanks to Cllr Ball for his input and contributions during his time serving on the Committee.

It was then proposed by Cllr P R Sanders, seconded by Cllr R E Baldwin and upon being submitted to the Meeting was declared to be **CARRIED** and **"RESOLVED** that Cllr Sheldon be appointed to serve on the Audit Committee for the remainder of the 2014/15 Municipal Year, in place of Cllr Ball, who will become a named substitute for this period."

CM 68 COMMON SEAL

A copy of the documents signed by the Mayor during the period 2 October 2014 to 1 December 2014 was attached to the agenda (page 91 refers) and noted by the Meeting.

It was moved by Cllr R F D Sampson, seconded by Cllr A Clish-Green and upon the motion being submitted to the Meeting was declared to be **CARRIED** and **"RESOLVED** that the Mayor and the Monitoring Officer (or deputies appointed by them) be authorised to witness the fixing of the seal on any documents for the forthcoming year".

(The Meeting terminated at 6.25 pm)