

Taunton Deane Borough Council

Tenant Services Management Board – 21 July 2011

DLO Internal Transformation – Final Proposals

Joint Report of Strategic Director (Brendan Cleere) and DLO Transformation Project Manager (Chris Hall)

(This matter is the responsibility of Executive Councillors Jean Adkins, Ken Hayward and Catherine Herbert)

1. Purpose of the Report

To seek the views of the Tenant Services Management Board on proposals for the internal transformation of the Council's Direct Labour Organisation.

Executive Summary

This report sets out further proposals for the internal transformation of the Council's Direct Labour Organisation – Deane DLO (Theme 3 of the Core Council). The proposals build upon the interim plans already approved by Full Council in December 2010.

These proposals represent a 'root and branch' programme of change for the DLO, to be implemented over the 4 year period to end of March 2015.

Proposals are grouped broadly under two key areas:

- Changes to ways of working within the DLO, building on the 'direction of travel' agreed by Full Council in December 2010 and supporting the five DLO improvement priorities.
- Structural changes to support the new ways of working and improvement priorities

The proposals are designed to be able to adapt to potential changes arising from the wider budget review project, including reductions in spend in some services or growth in others.

The proposed staffing and structural changes have resulted in a number of individuals being placed 'at risk' of redundancy and 'ring-fenced' where appropriate to apply for different posts within the new structure. Details of this are included within the confidential Appendix vi.

One-off redundancy costs from implementing the proposed structural changes will be in the range £420,000 (min) to £540,000 (max). The actual cost is likely to fall somewhere in the middle of this range and will be funded from a mix of reserves.

Further one-off capital investment of £400,000 in new technology and systems will be required to support the transformation programme.

Net efficiencies resulting from the internal transformation process will reach c. £1m per annum by the end of 2013/14, with a cumulative net efficiency gain of c.£3.1m over the period to the end of March 2015.

- 2.1 Full Council agreed (in February 2010) to a 'twin-track' approach to the transformation of services provided by the Council's Direct Labour Organisation (Deane DLO). This approach involved embarking on a procurement process towards full outsourcing of DLO services, alongside development of an 'internal transformation' option. It was agreed that both of these options would be fully developed and brought to members for a final decision after the local elections in May 2011.
- 2.2 Following the general election and subsequent publication of the Comprehensive Spending Review, Full Council approved (on 5 October 2010) an alternative timetable for the DLO Project. This involved rescheduling work towards outsourcing of DLO services, pending completion of a four year budget strategy and a revised specification for DLO services. It was agreed that work on the internal transformation option should be accelerated in the meantime, based on current levels of service. The internal transformation option would be subject to further review in line with any changes resulting from members' forthcoming budget strategy deliberations.
- 2.3 Interim proposals for DLO internal transformation were approved by the Executive in December 2010. The interim proposals yielded financial efficiencies and established a 'direction of travel' for further internal transformation work. Specifically, the following five improvement priorities were agreed, which continue to guide the process of internal transformation:
- A lean, efficient and resilient service, able to respond flexibly to the changing demands of the Council and external clients
 - A thriving business, focused on commercial success
 - Excellence in performance management (financial and service)
 - Excellent customer service and quality
 - A committed and empowered workforce
- 2.4 As identified later in this report, progress in implementing the interim proposals has been significant, with a number of elements yielding further savings than originally projected.
- 2.5 Since December 2010, work has been under way to develop final proposals for internal transformation which build on the interim plan already approved. The remainder of this report sets out these final proposals.

3. Proposals for Change – Ways of Working

3.1 Area-Based Working

3.1.1 The proposal is to introduce an area working model, whereby front-line DLO staff and services will be grouped under 'Open Space' and 'Building' functions, which in turn will be organised and delivered across specified geographic areas of Taunton Deane. Similar models are in use by a number of Local Authorities and private sector organisations and are considered best practice.

3.1.2 Building services will comprise:

- All housing maintenance and repair functions
- Highways and drainage works

3.1.3 Open Space services will comprise:

- Grounds maintenance
- Cleansing of streets and public conveniences
- Parks
- Nursery
- Tree Surgery

3.1.4 The geographic areas will be as follows:

Building Area 1 (21% of council housing stock and 23% of the historical work) – comprising the wards of:

Bishops Hull, Monument, Bradford on tone, Comeytrove, Blackdown and Wellington East, Wellington North, Wellington Rockwell Green and West.

Building Area 2 (41% of council housing stock, 38% of historical work) – comprising the wards of:

West Monkton (parts of), Wiveliscombe and West Deane, Milverton and North Deane, Bishops Lydeard, Staplegrove, Norton Fitzwarren, Lyngford, Pyrland and Rowbarton, Fairwater, Manor and Wilton.

Building Area 3 (37% of council housing stock and 41% of historical work) – comprising the wards of:

West Monkton (parts of), North Curry / Stoke St Gregory, Neroche, Ruishton and Creech St Michael, Halcon, Blackbrook and Holway, Killams and Mountfield, Trull, Eastgate.

Open space Area 1 – comprising the wards of:

Bishops Lydeard, Milverton and North Deane, Wiveliscombe and West Deane, Bradford-on-Tone, Wellington North, Wellington Rockwell Green and West Ward, Wellington East, Monument

Open space Area 2 – comprising the wards of:

Norton Fitzwarren, Staplegrove, Taunton Pyrland and Rowbarton, West Monkton, Taunton Fairwater, Lyngford, Ruishton and Creech, North Curry and Stoke St Gregory, Bishops Hull, Taunton Eastgate, Halcon, Comeytrowe, Manor and Wilton, Killams and Mountfield, Taunton Blackbrook and Holway, Trull, Blackdown, Neroche

- 3.1.5 Maps showing the proposed areas for Open Space and Building Services are attached as Appendix v.
- 3.1.6 Each member of the workforce will be allocated to one of the above areas. This will be their 'home' area, and although the majority of tasks allocated to them will be within that area, tasks will sometimes be allocated outside an individual's 'home' area. It will be important to retain this flexibility, for example to respond to incidents or sudden fluctuations in demand for service.
- 3.1.7 The allocation of work and employees to areas will be carried out by the newly appointed managers. This will be subject to regular review to ensure the most appropriate division of work and staff. The allocation of staff to these areas will be based on analysis of a combination of factors such as the volume of work in that area, the range of skills needed to deliver DLO services and the home residence of each employee.
- 3.1.8 For Building Services, two of the areas (2&3) are similar in size and workload, while area 1 is smaller. The proposal is that the supervisor in area 1 will also oversee electrical standards across the Borough. The council housing stock numbers and the level of work undertaken historically has been a consideration when allocating numbers of staff, although we recognise the necessity to revise the area boundaries and staffing numbers to reflect the work demands going forward.
- 3.1.9 For Open Space services two areas have been created – Open Spaces Area 1 and Open Spaces Area 2 – please see Appendix v. The division in this format revolves around the type of work that is conducted in locations and the quantity of equipment required to deliver these services. Area 1 will also take control of some of the more universal functions that span the entire borough but are not large enough to be split, such as play equipment inspections, and watering.
- 3.1.10 Each area will have one supervisor responsible for Open Space services and one supervisor responsible for Building Services. Whilst this may appear fairly traditional in its structure it is considered that the knowledge needed differs significantly for the two work streams.
- 3.1.11 An area-based working model will be a significant departure from the current trade/specialist based approach. It will be important to retain sufficient expertise in technical disciplines within each area to deliver the Council's requirements. This issue is covered in more detail in the structural proposals in section 4.

3.1.12 Certain DLO functions will continue to be delivered on a whole Borough (or wider) basis. These include the delivery of large contracts such as the grounds maintenance for schools currently delivered across the County. These functions will be allocated to supervisors and managers within the new structure, as described in section 4.

3.1.13 The benefits of implementing area-based and generic working are envisaged as follows:

- More efficient deployment of the workforce
- Greater promotion of multi-skilling and getting jobs 'right first time'.
- Reduced travel and journey times
- Reduced carbon emissions
- Greater customer satisfaction
- Better local knowledge
- Reduction in duplication of work types
- Build on workforce pride
- Increased workforce resilience (staff absenteeism)
- Ability to compete with the commercial sector

3.2 Generic Working

3.2.1 The move to area-based working will be complemented by a greater emphasis on a multi-skilled workforce. This will involve a shift towards generic working, where the workforce will be supported to work across a wider variety of tasks.

3.2.2 Implementing generic working will not happen overnight. Some members of the workforce are already skilled in a variety of trades, while others will require training. Crucially, generic working will require a change in culture and working practice at all levels of the DLO. Job descriptions for the entire workforce, reflecting the move to generic and multi-skilled working, will be developed and include formal re-evaluation of job descriptions to reflect the necessary changes. These changes, along with all others described in this section of the report, will be phased in over the timetable shown in Appendix iii (The "Transformation Timeline").

3.2.3 By utilising this generic approach there will be less repetition of work and less occasions where multiple trades need to attend to complete a job. The savings from this in both time and travel are considered to be significant. From looking at previous introductions of this approach it is estimated that a 10% saving in workforce costs can be achieved. Implementation of this approach will take some time and would be through new employees as well as opening the opportunity to existing staff who may wish to extend their skills.

3.2.4 Currently different trades and service types are paid at different grades. This is seen as one of the barriers to implementing a generic workforce and a truly multi skilled approach. The proposal to implement generic working will therefore revolve around a three level competence model allowing staff to gain the additional skills to reach a full multi skilled grade.

Details of this scheme need to be developed and will be subject to consultation with staff and UNISON before implementation, intended to be during 2013/14. Any new model will be designed to fit within the Council's existing Job Evaluation scheme. The distinction between open space and buildings staff would still apply here as the skills between these areas are unlikely to become totally generic.

- 3.2.5 With a scaled model such as this staff would have the opportunity to progress to a higher grade following demonstration that they can fulfil all required criteria. This increases the flexibility of service delivery and number of jobs completed at first visit.

3.3 Technology to support internal transformation

- 3.3.1 Introduction of modern information and communications technology (ICT) is proposed to support the following processes:

- Replacement of the ageing contractor package of software
- Creation and allocation of jobs to the workforce (mobile working)
- Complete integration of stock issuing and replenishment of supplies and materials
- Job costing and budgeting processes
- Area and home-based working
- Efficient deployment of vehicles and staff
- Automated time recording

- 3.3.2 Effective use of ICT will free up time for supervisors, operatives and back office staff. It will also aid management in monitoring work performance and compliance with contracts both internal and external.

- 3.3.3 There are two main areas for technological improvements:

- Vehicle tracking for better deployment and utilisation of the vehicle fleet, and automated workflow, and;
- Job monitoring to reduce the reliance upon manual work processes.

- 3.3.4 A tailored and cost-effective approach to introducing the above is proposed, whereby the Buildings Service will utilise a workflow and work tracking system to manage the approximately 22,000 works orders created, while vehicle tracking will be applied to Open Space services.

- 3.3.5 By using externally procured software we will take the opportunity to replace an ageing and soon to be unsupported internal contractor package of software. It is expected that additional features to those currently available, such as an integrated timesheet approach and stores material management, will provide a smoother system of work for all staff and further improve delivery of our services.

- 3.3.6 There have naturally been some staff concerns around a greater use of technology especially vehicle tracking; to minimise these concerns a draft vehicle tracking policy has been produced and agreed through the UNISON Change Forum. UNISON's concerns have been considered and policy adjustments have been made where appropriate. A similar approach will be taken when implementing other mobile technologies.
- 3.3.7 Implementation costs for vehicle tracking have been included in the financial efficiencies table in section 8. A realistic estimate of costs for implementing work flow technology has also been applied and included in section 8.
- 3.3.8 It has been highlighted that the Council operate a number of software packages on a platform that will soon become unsupported (approx 24months). Therefore all of the pieces of software need to be considered for replacement. A number of these are used by the DLO. By making the decision to replace these as part of the transformation we have the potential to save time and money that would otherwise have to be invested at a later date. This proposal to update now gives the opportunity to place the DLO on the best possible footing for the future.

3.4 Fleet repairs and maintenance

- 3.4.1 It is proposed that the maintenance of the DLO's vehicle fleet (excluding mowers and other specialist plant/equipment) will be performed by an alternative supplier.
- 3.4.2 Following the completion of an options appraisal it has been highlighted that the level of service and maintenance provided through our in-house workshop is struggling to meet with demand. This, coupled with an ageing fleet, is causing costs to rise without any noticeable rise in the quality of service. Therefore an external provider will be able to provide the modern facilities needed as well as a more resilient service by to the Authority.
- 3.4.3 The key benefits are to have a flexible maintenance service able to cope with the demands of the service, reduced vehicle 'down time', reduction in the number of 3rd party contractors involved in delivering this service, releasing economies of scale and resilience in the management of the fleet for Deane DLO. We would also be gaining the knowledge and experience of a much larger dedicated transport service. A centralised one stop shop approach will be a noticeable benefit to fleet users.
- 3.4.4 With an alternative maintenance provider in place, the retained DLO workshop would focus primarily on maintenance of mowers and other specialist plant/equipment.
- 3.4.5 In addition to the maintenance and repairs of our fleet, we will review the utilisation of our fleet on a regular basis to ensure that the number of vehicles does not exceed service requirements into the future.

3.5 Home-based working

- 3.5.1 Under this proposal, appropriate staff would start their working day from home, rather than travelling to Priory Depot to be assigned work and pick up any necessary supplies. The ability to apply this change is largely dependent on the implementation of new technology (work flow) as well as a greater use of impress stock in vehicles. Manual 'work-arounds' can be established during the procurement of the technology but the full benefit will not be realised until more of these processes are automated.
- 3.5.2 Home based working will reduce the current dependency on the depot site, as less staff would need to come in and out during each day. Tax considerations have been investigated with HMRC and do not pose a threat to this alternative way of working.
- 3.5.3 A policy will be created to identify the correct use of home based working and certain inclusion criteria. We will also need to consider how we will accommodate employees that live outside of their allocated area or even the Borough. This approach will not be appropriate for all staff and will only be applied where efficiency can be clearly proven.

3.6 Purchasing and Supplies service (Stores)

- 3.6.1 The proposal will see the introduction of centralised control for purchasing and stores functions, this will involve the Senior Stores Officer taking a proactive role in authorising spend against third party suppliers and operational procurement support.
- 3.6.2 Having reviewed other organisations' methods of delivering material management, the proposal is retain a smaller and more streamlined in-house stores process. Key features of the new approach will be a reduced warehouse stock, greater application of 'just-in-time' principles of supplying goods and materials and greater control of goods purchased through a network of external suppliers. There will be less face-to-face contact between stores staff and the wider work-force and there will be a more integrated and automated method of staff assigning their impress van stocks to jobs and a streamlined replenishment process.
- 3.6.3 By using an integrated software package to include live stock assignment and connectivity between stores and operatives, a considerable time saving can be achieved. This software element forms part of the larger contractor package described previously in this report.
- 3.6.4 Through a revision of our core business it has been considered that the external (non-TDBC) sales and delivery service provided by the stores team does not form a required function of the DLO, neither is there any evidence that this service provides a profit. Currently external sales require a considerable amount of work and a higher level of stock holding than would otherwise be required. The intention is to cease this function

and focus on the core supplies for Deane DLO, an additional reduction in risk will also be achieved as this stock is currently self insured.

3.7 Working Hours

- 3.7.1 A guiding principle here is that staff of the same level should be working to the same conditions where practical for the business. Consideration must also be given to the comparison of these DLO conditions to those in place across the wider Council.
- 3.7.2 With considerations being made by the Council to all employee terms and conditions there is only a limited proposal included at this stage.
- 3.7.3 It is proposed that all new roles within the management & support (inc supervisory) structure will move to a 37 hour week, as applied in other Council themes, instead of the current 39 hours. This will require a change in the style of management required as managers will be working less hours than the staff they are managing. With less reliance on face to face working and more use of scheduling and technology, the effects of this are manageable. This change will be part of the new roles that are applied in the new structure.
- 3.7.4 Full year savings arising from the introduction of 37 hour week for the management and support structure will be approximately £41,000. It is recognised that this will have a financial impact on existing staff remaining in the new structure. To help staff manage this impact, implementation of this measure is proposed in two phases. Phase one would see a reduction to 38 hours on 1 December 2011 and phase 2 would see a reduction to 37 hours from 1st April 2012. Any new staff recruited to new posts in the proposed management structure would start on a 37 hour week.
- 3.7.5 Beyond the management and supervisory structure, it is also proposed that a 37 hour week is applied to the wider workforce in 2012/13, following introduction of mobile working, appropriate methods of charging, and subject to further consultation with staff and UNISON. Complementing the move to a 37 hour week for the workforce, an alternative charging methodology for works will be introduced to replace the current practice of charging. This change will form part of the new technology described in section 3.3. It is anticipated that this will bring about additional savings for the clients served by the DLO.
- 3.7.6 Full year savings from a 37 hour week for the workforce will be approximately £181,000.
- 3.7.7 We will continue to work closely with the wider Council to ensure that changes applied elsewhere are considered within Theme 3, and that parity exists wherever possible.
- 3.7.8 Staffing levels – we will aim to employ agency staff during periods of high workload (e.g. the summer season). We will continually review staffing

arrangements to ensure that the most cost effective process of delivery is being adopted. This may also include a move to shift working or more emphasis on weekend working.

3.8 Commerciality

- 3.8.1 The approach taken to developing all of these proposals has been one of 'putting our own house in order' – applying commercial principles and developing measures to ensure that all existing and core business is delivered as efficiently as possible, rather than 'rushing out' to win new external work. Independent consultants Turner and Townsend have assisted in this process, providing external challenge and commercial rigour to proposals.
- 3.8.2 Although the bulk of DLO services are provided direct to the Council, a number of services are also provided to a range of external organisations. Significant examples of this include a large contract with Somerset County Council to maintain school playing fields across the County, contracts to supply plants and hanging baskets from our own horticultural nursery to other local authorities in the region and a contract with the Environment Agency to maintain water courses throughout Taunton Deane.
- 3.8.3 The structural changes proposed later in this report are designed to bring a stronger business mindset to all areas of activity, developing existing internal and external work and maximising opportunities to develop new business where there is a proven financial case to do so.
- 3.8.4 It is important to note that current legislation prevents local authorities from trading on a fully commercial basis as a competitor in the local economy, unless through the medium of a separate, wholly owned trading company. There are many different models of trading company and significant time, expense and expertise (e.g. legal, financial) is required in the set up and ongoing running of such a venture. Also, procurement rules dictate that, should a separate trading company be established, Council work could not be awarded directly to that separate company, meaning that further cost in tendering these works would need to be met by the Authority.
- 3.8.5 It is not proposed that a separate trading vehicle is established at the present time as there is still considerable scope to increase commercial activity within the current operating model. Officers have held initial discussions with Tone Leisure to explore areas of DLO business where an extension of the current partnership could bring benefits to both partners and residents alike. This has the potential advantage that Tone Leisure is already established as a social enterprise. Any significant proposals emerging from these discussions will be subject to further consultation and reports to members.

3.9 Apprentice Scheme

- 3.9.1 Deane DLO has always supported and recognised the benefits of employing apprentices and this proposal develops our existing links even further. The proposed structure will see new apprentice positions within our business support team (BST) as well as developing new multi-skilled trades operatives and open space staff.
- 3.9.2 The BST training posts will bring new ideas and knowledge that we can develop for our services as well as providing 'hands on' capacity for this developing team. These apprentices will be deployed over a range of functions and subject areas.
- 3.9.3 Within the delivery teams of buildings and open spaces, apprentices will be used to help embed the progression to multiskilled working as well as providing succession planning for the workforce.
- 3.9.4 By working closely with training providers we are able to help develop the right apprenticeship model for the DLO's own needs, as well as contributing to the Council's wider economic development objectives.

3.10 Depot relocation

- 3.10.1 Many of the service improvements that are being highlighted above have a dual purpose. Whilst they have financial and operational efficiencies in their own right, they also work towards building a service that is less reliant upon the current depot site and requires less space. This allows for greater flexibility when considering the future needs of an operating location.
- 3.10.2 Initial scoping work has been carried out to consider the demands of a transformed DLO on a new, smaller site. Early visits have been carried out to look at potential alternative sites in the Taunton area.
- 3.10.3 A project team will be established to further progress the potential relocation of the DLO and progress will be reported to members including a potential timetable. The current site, if vacated, will have considerable capital value and its re-development could make a significant contribution towards the Council's economic development objectives. Colleagues in economic development, planning and Project Taunton will develop proposals for the current depot site, subject to it becoming vacant in the future.

3.11 Additional Considerations

- 3.11.1 A culture of innovation and performance improvement is being further developed to support the entire DLO transformation. Nothing stands still, and further efficiency ideas and improvements in working practices will doubtless come forward in the future which will yield additional benefits for the authority, customers and residents.

- 3.11.2 Performance of the DLO will be subject to regular benchmarking to demonstrate value for money. Progress against Key Performance Indicators and the wider transformation programme will be reported to members on a regular basis.
- 3.11.3 Officers continue to work with SWOne colleagues to identify potential procurement savings arising from 3rd party spend by the DLO.

4. Proposals for change - structural

- 4.1 The current (interim) and proposed new structures for the DLO are attached as Appendix i and ii respectively. Members will see that the proposed structure contains less posts than currently, together with a variety of different roles to complement the changes and new ways of working described previously. The following description of the new structure should be read in conjunction with the diagrams provided in Appendices i and ii.
- 4.2 The proposed new structure has two front-line service delivery arms in the form of Open Space and Buildings, supported by a new Business Support Team similar to those created in other Themes of the Core Council Review. Key features of the proposed new structure are described below:
- **Creation of a Business Support Team**
Led by a new post of Business Support and Finance Manager, the new team will pull together existing staff delivering similar administrative and support functions across the DLO, bringing a greater level of resilience and critical mass than currently exists. The team will be responsible for business development, customer contact, performance monitoring and ongoing support for the DLO transformation programme, including the day to day administrative tasks.
 - A reduced stores team, comprising two posts instead of the current four, will also be part of the Business Support Team.
 - One post at a non management grade will remain to carry out maintenance on the Council's fleet of mowers, plant and equipment. Maintenance of the main vehicle fleet will transfer to an outside provider, as described earlier in this report.
 - **Changes to supervisory and technical support arrangements**
Area Supervisors in the new structure will be allocated to one of the newly created geographical areas, either in the Open Space or Building Services area. As described earlier in this report, Area Supervisors will be responsible for a varied work force delivering a variety of trades within their area, replacing the current highly departmental model of six services operating somewhat independently of one another.

There will be two Project and Contract Supervisor posts in the new structure: one for the Open Space service one for the Buildings service. These posts will be responsible for delivering the existing contracts held with by DLO, organising and co-ordinating the efficient delivery of other project works, such as void property completions, and winning new works for the DLO.

There will be a technical support officer post dedicated for the Open Space service, with expertise in the adoption, design and ongoing management of public open spaces and associated play and leisure/sports facilities.

Within the Buildings service, there will be a dedicated scheduling and administrative assistant post, primarily responsible for the process of allocating jobs to the most appropriate member of the work force, with support from the new technology described earlier in this report.

- **Overall Management of the DLO.**

A new post of DLO Manager is proposed, responsible for the overall leadership of the newly created service and structure, and managing the ongoing transformation programme. This post will report to a director but will not be a Theme Manager, pending potential changes to the Corporate Management Team in the forthcoming Budget Review Project. It is also possible that further services will be added to form a widened Theme in future. The structure proposed allows for flexibility in light of any future changes. Upon completion of the Theme 5 review further considerations for Theme 3 will be required to ensure representation is achieved at a strategic level and give parity with other themes.

5. Transformation Timetable

- 5.1 The process of DLO internal transformation has already started, following Executive approval of an interim plan in December 2010.
- 5.2 If approved, the process of implementing these final proposals will begin immediately (August 2011) and continue over the four year period to the end of 2014/15 financial year. Over this period it is likely that further changes will come forward requiring consultation with staff and approval by members.
- 5.3 Appendix iii provides a high level summary, showing the timetable for implementing the transformation proposals over the four year period. Progress on this will be reported regularly to elected members through the DLO Members Steering Group and through routine performance reporting via the Executive and Corporate Scrutiny. It is envisaged that Members will play an active and key role in further embedding and shaping transformation initiatives.

6. Human Resource Implications

- 6.1 The proposals in this report have significant human resource implications.
- 6.2 A number of post-holders affected by the structural element of the proposals have been formally notified as being at risk of redundancy. The confidential Appendix vi identifies these posts and the ring-fencing arrangements that will apply, in respect of recruitment to posts within the proposed new structure. The confidential appendix also identifies those posts which will 'slot in' to similar posts in the new structure.
- 6.3 Changes to working hours as outlined earlier in this report, will impact on staff. The phased introduction of these arrangements provides a period of time for staff to adjust.
- 6.4 A staff Care and Support Plan has been made available to all staff affected by these proposals. Support will be available to all staff throughout the transformation process.

7. Recruitment Approach and Timetable

- 7.1 Recruitment to all new posts in the proposed structure will begin shortly after Full Council approval on 16 August 2011, and be completed by the end of December 2011.
- 7.2 This recruitment process will follow the same approach agreed with UNISON in previous themes of the Core Council Review, summarised in 7.3. The approach is consistent with the Council's own Redundancy Policy.
- 7.3 All new posts will be advertised, initially to those people 'at risk' of redundancy who are 'ring-fenced' to apply for them. If a post is still vacant after a recruitment exercise, other 'at risk' staff outside the ring-fence for that post will be invited to apply for it. If the post is still vacant after this process, it will be advertised externally. The recruitment process to fill new posts will be rigorous, designed to ensure that the new structure contains all the necessary skills and competencies for success.

8. Financial Implications

- 8.1 Table 1, below, outlines the financial benefits of these proposals over the period to the end of the financial year 2014/15. This table also identifies efficiencies already delivered since approval of the interim transformation plan in December 2010.

- 8.2 The table shows that net revenue savings of £1m per annum will be delivered from 2013/14, with significant savings also being delivered in the intervening years. An overall cumulative saving of £3.4m will be delivered by the end of the financial year 2014/15. The savings have been calculated to align with the transformation timetable shown in appendix iii and is estimated that the majority (approximately 79% in the longer term) of these savings will accrue to the General Fund, with the remainder accruing to the Housing Revenue Account.
- 8.3 Also noted within the table are the investments required. These have been included on the basis of an 'invest to save' business case. These investments include revision of the computer systems for the DLO, providing a more robust and practical solution for a trading organisation. Whilst this represents a significant investment the returns that can be achieved are financially significant and operationally crucial to the future of the business.
- 8.4 The one-off redundancy and staff related costs associated with the structural element of these proposals will not be known with certainty until the recruitment process is completed (end of December 2011). Analysis of potential outcomes has been undertaken and costs will, depending on the recruitment outcomes, be in the range of £420k (best case) - £540k (worst case). The more likely outcome is somewhere in the middle. It is proposed that these one off costs should be funded from reserves.
- 8.5 By reducing the costs associated with the DLO, clients will buy their services for less. This reduction in cost, brought about through the changes highlighted within the report, will show itself through reduced charges rather than the creation of an end of year surplus through over charging. This charge out cost reduction will also allow us to be more competitive in the marketplace and pass on the benefits directly to our clients.
- 8.6 As part of the aim to streamline and simplify the accounting process of the DLO this proposal also includes a change in the way that internal services are accounted for. Currently the DLO operates a number of trading accounts which have a primary income from internal client budgets. There are a number of services where charging direct to budgets can create not only a financial efficiency but also a reduction in workload for finance staff and managers. Currently the hourly rate includes a small surplus for all chargeable staff, if direct charging was used for the main internal clients this surplus would not be required and would result in a saving to those clients.
- 8.7 By separating the services that are predominantly charged to a single client such as street cleansing, public toilets, and grounds maintenance, less trading accounts would be required. There would still be a need for charging to the other ad hoc internal clients and for external trading. This would give much better clarity and analysis of external trading performance. This change will be applied to street cleansing, public toilets and the key parks and open spaces budgets in December 2011 and a

review of this will be held at the end of the financial year 2012/13. If proven a success a report will be brought to members to consider this alternative method for Buildings staff charges against the Housing Revenue Account.

- 8.9 The primary purpose of this change would be to reduce costs to clients and provide clearer scrutiny of trading performance.

Table 1 – Financial Benefits of Proposals

DLO annual savings and investment plan	Part Year 2010/11	2011/12	2012/13	2013/14	2014/15	Total Effect
Expected Interim Staffing: Including all staffing changes to date.	56,285	114,359	114,359	114,359	114,359	513,721
Delivered Interim Staffing: Including all staffing changes to date.	64,810	133,050	133,050	133,050	133,050	597,010
Expected staffing structure changes: Saving as a result of the July 2011 report including the reduction to 37 hours	0	65,984	268,744	268,744	268,744	872,216
Delivered New Staffing Structure:	0	0	0	0	0	0
Expected operational changes: 10% reduction, 37 hour working week, subcontractor review	0	82,028	196,618	667,533	667,533	1,613,712
Delivered efficiencies non structural	0	117,696	150,671	150,671	150,671	569,710
Expected surplus: As taken from the Medium term financial plan, this does not included any possible expansion	73,000	101,000	101,000	101,000	101,000	477,000
Delivered surplus: managed budget outturn excluding one off accountancy anomalies	74,000	0	0	0	0	74,000
Expected Total efficiencies	129,285	363,371	680,721	1,151,636	1,151,636	3,476,649
Delivered Total efficiencies	138,810	250,746	283,721	283,721	283,721	1,166,720
Expected Investments: Vehicle tracking, Software purchase & maintenance, Uniform, etc..	0	85,628	84,902	84,902	84,902	340,334
Expected Net Totals	129,285	277,904	595,819	1,066,734	1,066,734	3,136,476
Delivered Net Totals to date	138,810	250,746	283,721	283,721	283,721	1,240,720

9. Finance Comments

- 9.1 The costs and savings included in this report have been reviewed and are considered to be realistic, and are considered suitable for decision-making purposes. Members may wish to allow a tolerance in the projections of +/- 5% (2013/14 = £48,000) for any eventual differences between assumptions and actual outcomes.
- 9.2 Of the proposed investments in the transformation, the element related to a new computer system would be a capital item. It is recommended that the Council pays for the investment 'up front' as a General Fund project with the cost being recovered from the DLO Trading Account over the lifetime of the new system (estimated 10 years). If this item proceeds with Member support the budget approval process for the investment would include recommendations for the source(s) of funding. In practice, finance officers would recommend the optimum source of funds available at the time (e.g. unallocated capital receipts) in order to minimise financing costs. However the costings included in this report assume that borrowing is required, and there is sufficient headroom in the current Prudential Borrowing limits for this to be affordable.
- 9.3 The proposals identify potential redundancy costs of between £420k and £540k. The DLO Trading Account reserve balance as at April 2011 is £570k, and the eventual cost could be a first call on this balance. It may also be appropriate to consider use of a combination of General Fund and HRA Reserves (either as an 'invest to save' or one-off contribution), which are currently in excess of £4.7m combined. It would seem sensible to share this in proportion to each Fund's share of the savings generated. A factor in favour of using fund reserves is to help maintain an acceptable 'minimum working balance' on the trading reserve. This minimum balance would need to be calculated to help inform decision making in due course.
- 9.4 There is one important distinction to make regarding the figures included in Table 1. The table includes the expected surplus for the DLO which is the same as the annual budgeted contribution to the General Fund. This has been included here to demonstrate the overall 'return' to the Council from current performance plus the planned improvements, which is relevant for benchmarking against alternative options. However from a budgeting perspective, the incremental gain from the transformation proposals is estimated at £966k per year from 2013/14 onwards i.e. the totals from the table *less* the annual surplus.
- 9.5 The identified savings will largely benefit the General Fund, which would make a strong contribution to the budget pressures identified in the

Medium Term Financial Plan. The HRA will also benefit from lower costs as it moves into 'self-financing'.

10. Legal Comments

10.1 There are no legal implications other than those set out in paragraph 3.8 of this report.

11. Links to Corporate Aims

11.1 The proposals for more efficient and area based working will make a major contribution to the Council's 'climate change' priority. Vehicle journeys, mileage and carbon emissions will be reduced significantly.

11.2 Greater use of apprentices will also contribute to the Council's priorities of tackling deprivation and promoting regeneration. The DLO will play an increasingly prominent role in developing and retaining skills in the local economy.

12. Environmental Implications

12.1 More efficient working practices and reduced vehicle usage will reduce carbon emissions and help to ease traffic congestion.

12.2 Sustainability considerations will form an important part of any depot relocation plans.

13. Community Safety Implications

13.1 There are no community safety implications arising from these proposals.

14. Equalities Impact

14.1 The authors of this report have screened the potential impact of the proposed changes in relation to the elimination of discrimination, the advancement of equality of opportunity and promoting community relations. A copy of this screening exercise is available upon request and has concluded that the proposals would not place any particular group within the workforce or community at risk of discrimination or unequal outcomes and that the proposals are consistent with the Council's obligations towards promoting community relations.

15. Risk Management

15.1 A risk register for the DLO internal transformation has been prepared and is subject to regular review by staff, UNISON and the DLO Members' Steering Group. The register is available upon request.

15.2 It should be understood that these changes are not without risk but consideration has been given to these and the most appropriate method of mitigation has been put in place. The key assessment required for this review was that of balancing service delivery with the need to deliver substantial efficiencies.

16. Partnership Implications

16.1 There are no existing partnership implications within the proposals.

17. Recommendation

17.1 The Tenant Services Management Board is recommended to provide views on these proposals, for consideration by Executive and Full Council on 16 August 2011.

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Extension 2143

Chris Hall
DLO Transformation Manager
Extension 2134

Background Reports:

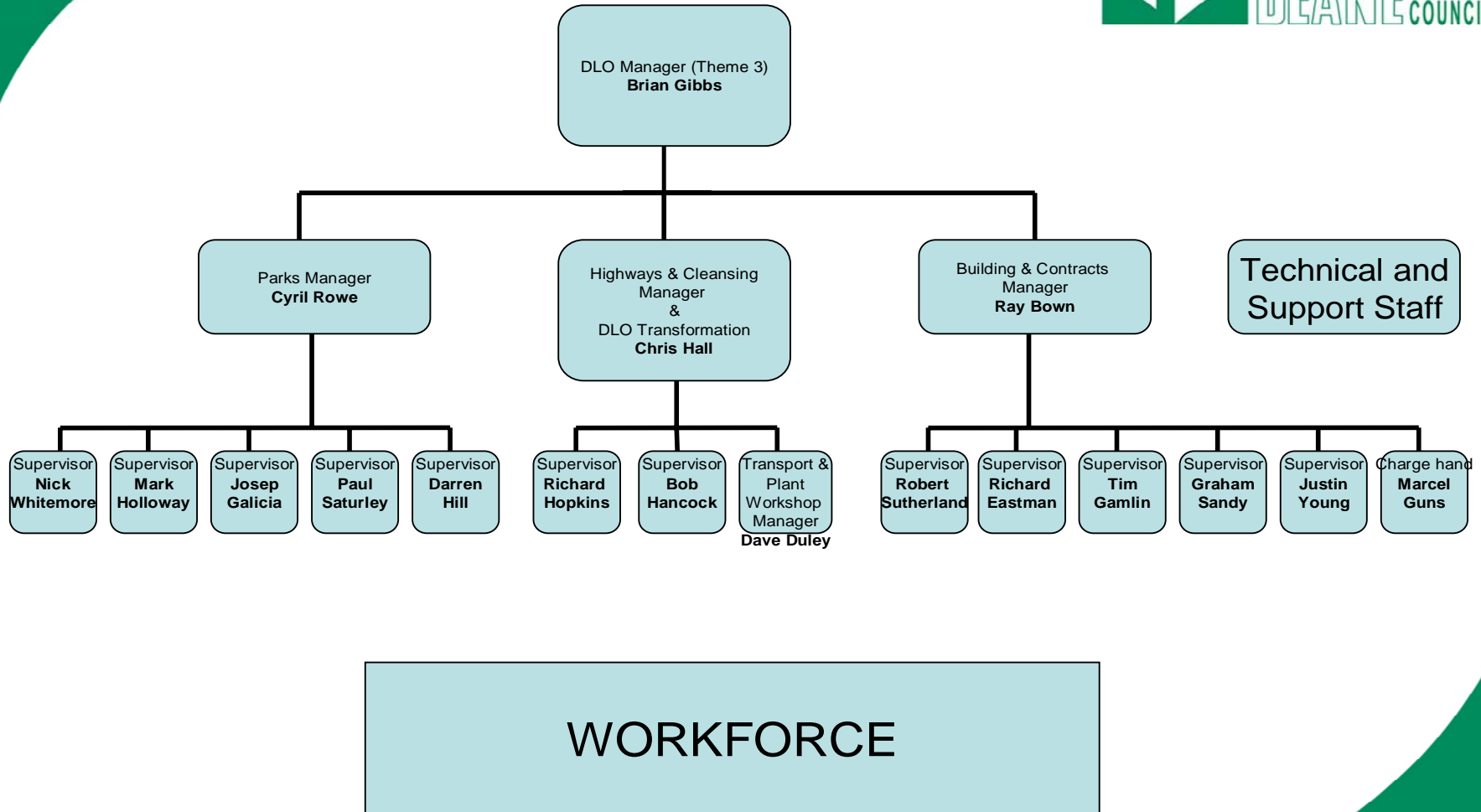
Executive – 9 February 2010, *Independent Review of Deane DLO*

Executive – 1 December 2010, *DLO Internal Transformation – Interim Improvement Proposals*

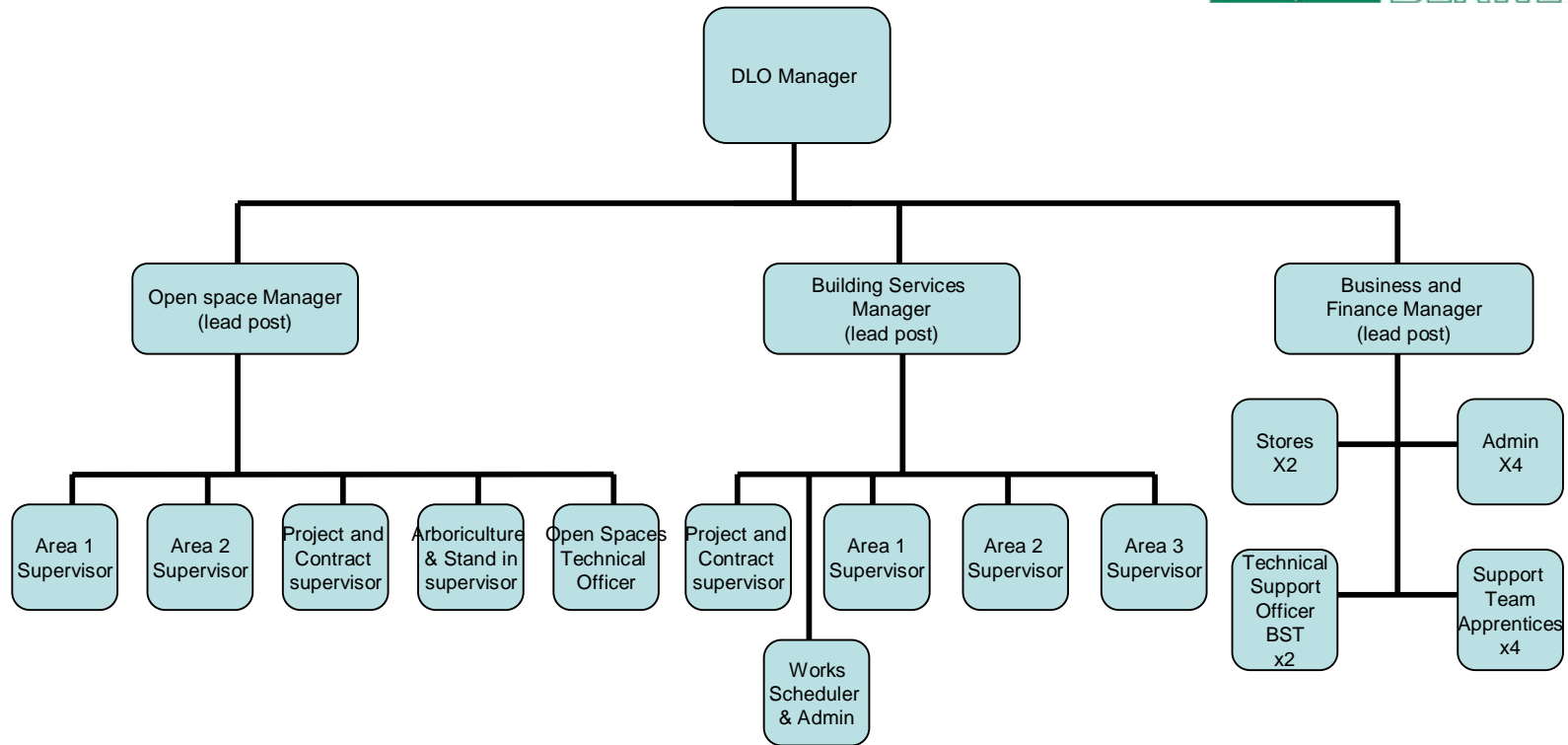
Appendices:

- i) Current DLO structure chart (page 20)
- ii) Proposed structure chart (page 21)
- iii) Transformation timeline (page 22)
- iv) Key Performance Indicators (page 24)
- v) Area working maps - Buildings and Openspaces (page 28)
- vi) CONFIDENTIAL - Staff at risk and ring-fencing arrangements (page 30)

DLO Client & Contractor – THEME 3



Proposed – THEME 3



WORKFORCE

Appendix iii – Transformation Timeline

Year 1 – 2011/2012	Year 2 – 2012/2013	Year 3 – 2013/2014	Year 4 – 2014/2015
Staffing Yr 1	Staffing Yr2	Staffing Yr3	Staffing Yr4
Staff structure (management) and change to 38 hours	Management working hours reduction to 37		
Recruit to new structure, external applicants as required.	Working Hours change for workforce – review of DLO staff terms and conditions – alongside wider TDBC	Full year saving of 37 hour working week for workforce and 10% staffing reduction	
Business Support Team set up and transfer of functions Engage apprenticeships Management development – ongoing to meet demands of new roles Reduce agency staff	Roll-out of Workforce Staff Development (generic working) Develop property maintenance apprenticeship Phase 3 workforce review – dependence on area working model being embedded. Core staff hours/shift patterns etc. JD's Implement shift patterns and weekend working as appropriate, review and revise Re tender where subcontractors are still required.		
Revise use of sub-contractors			
Seek Council view on full (within the advice received) commercialisation of DLO Change to direct hire for street cleansing, public toilets and parks/openspace budgets	Monitor the need for setting up an Authority owned Trading Company Review effectiveness of direct hire process end of 2012/13	Report to members on direct hire advantages, seek approval to implement for housing services (DLO)	Implement and review direct hire process for housing services (DLO)
Vehicles Yr1	Vehicles Yr2	Vehicles Yr3	Vehicles Yr4
Final negotiations with fleet maintenance provider	Workshop reductions		
Vehicle numbers and types review – a transport plan reviewing the way we buy and what we buy Fleet workshop size reductions, external contract start.	Revise the mower maintenance agreements Continually challenge the need for fleet replacements and identify where short – medium term hire or lease maybe appropriate Produce a final specification for lease vehicles		Review contract arrangements for fleet
Vehicle Tracking procurement and implementation			
Identify a supplier of vehicle racking			
Ways of working Yr1	Ways of working Yr2	Ways of working Yr3	Ways of working Yr4
Finalise and implement area working model with structure in place Technology procurement starts	Review of areas, geographical and staffing. Implementation of new software including, mobile working, job flow, store stock – procured and fully implemented.		
Home based working policy and implementation Vehicle racking and Impress Stock			
Stores Yr1	Stores Yr2	Stores Yr3	Stores Yr4
Cease stores external sales Stores staff reductions Implement technology for mobile stock control (linked to works orders)	Reduce stores stock holding to just core business activities Integrate stock issues to mobile technology Implement technology for mobile stock control (linked to works orders) Remove the on-cost of items for use by the DLO, recover stores costs by recharge to key clients		
Miscellaneous Yr1	Miscellaneous Yr2	Miscellaneous Yr3	Miscellaneous Yr4
Nursery Business Case – completion and implementation	Business Cases – Open Spaces & Buildings	Develop contacts for additional external works	Develop contacts for additional external works
DLO Accommodation Review and business case.	Accommodation – Decision by Members	DLO site move, subject to	

approval and any necessary construction

New Internal Works Western Fix It, TG roofing, gas servicing contract
Investigate opportunities for partnership of contracted working with other Local Authorities
KPIs/Scorecard introduced as part of proposal.
Continue work on trading models
Challenge new recharge process as a result of the reduced DLO
Develop contacts for additional external works

Challenge new recharge process as a result of the modernised DLO

Develop contacts for additional external works

Appendix iv – Key Performance Indicators

DLO KEY PERFORMANCE INDICATORS (KPIs)



The following KPIs measure progress against one or more of the five DLO Transformation Priorities:

- A lean, efficient and resilient service, able to respond flexibly to the changing demands of the Council and external clients.
- A thriving business, focused on commercial success
- Excellence in performance management
- Excellent customer service and quality
- A committed and empowered workforce


Submission Dates:

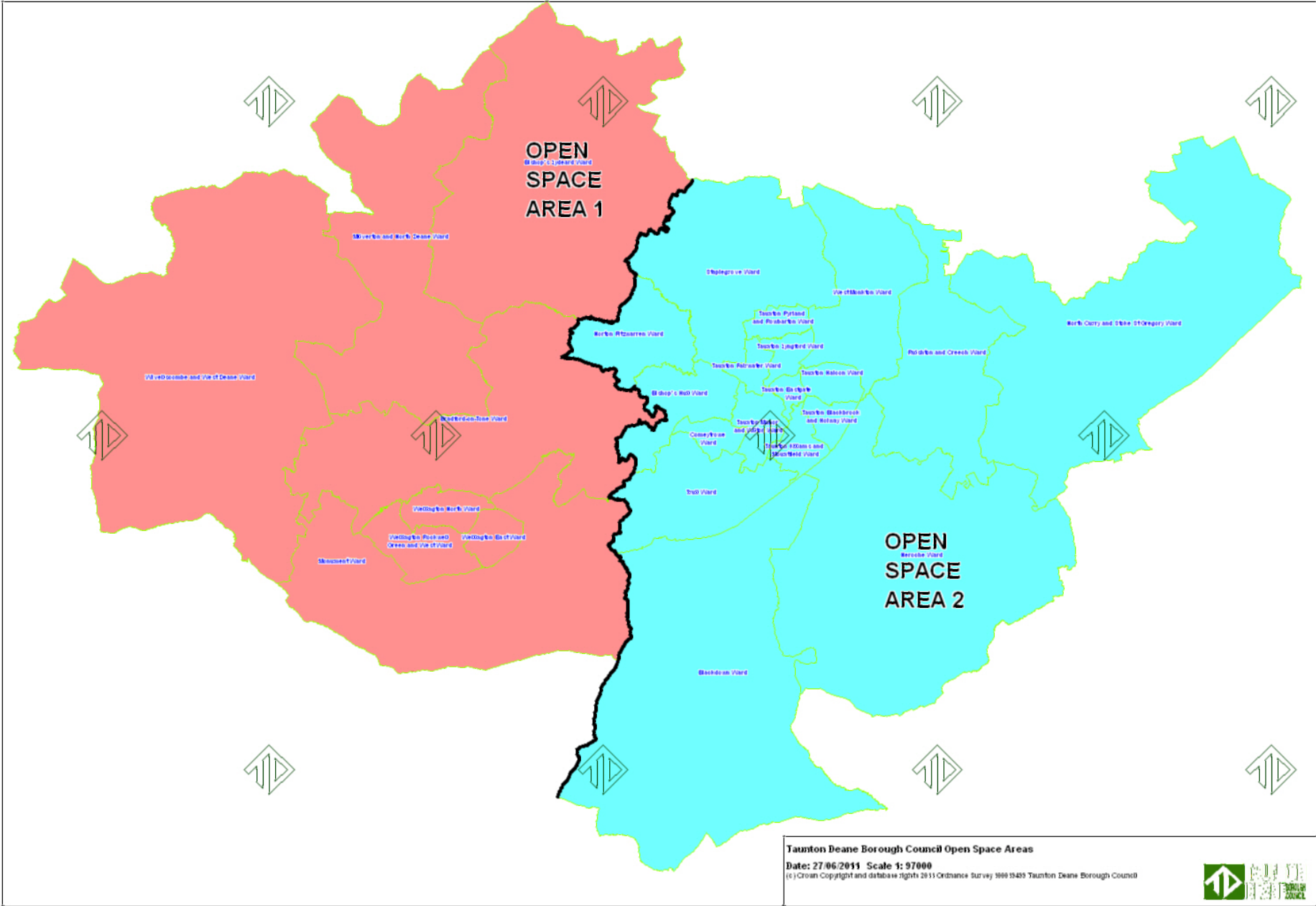
Q1 (April-June) 14 July
 Q2 (July-Sept) 14 October
 Q3 (Oct-Dec) 14 January
 Q4 (Jan-Mar) 14 April

Ref	KPIs	OFFICER RESPONSIBLE	MEASURE ALERT	COMMENTS
1	Number of hectares maintained per FTE.	Openspaces Manager		Facts: 132.13 hectares Public Open Space 68.44 hectares Housing Areas Hectares divided by employee numbers
2	Number of properties maintained per FTE.	Building Services Manger		6,078 properties divided by DLO FTE solely employed on housing works
3	DLO cost of Street Cleansing service per household and head of population.	Openspaces Manager		Budget divided by residents
4	DLO cost of Ground Maintenance service per hectare and head of population.	Openspaces Manager		Budget - £941,490 - population is 108,700

Ref	KPIs	OFFICER RESPONSIBLE	MEASURE ALERT	COMMENTS
5	% of maintained vehicles off road for more than 7 days.	Business and Finance Manager		Not collected yet – available from start of new contract
6	Reduce mileage by % undertaken in Council fleet vehicles	Business and Finance Manager		Total miles 2009/10 – 1,063,348 Total miles 2010/11 – 1,030,045
7	% of external over internal works per service.	Business and Finance Manager		New KPI data being collected
8	% of jobs undertaken by appointment	Business and Finance Manager		Investigation currently taking place as to whether this can be collected.
9	% of repairs completed right first time.	Business and Finance Manager		Not collected yet – being investigated with new software
10	% of P1 repairs completed within target time	Business and Finance Manager		Not collected yet – being investigated with new software
11	% of P2 repairs completed within target time	Business and Finance Manager		Not collected yet – being investigated with new software
12	% of P3 repairs completed within target time	Business and Finance Manager		Not collected yet – being investigated with new software
13	% of P4 repairs completed within target time	Business and Finance Manager		Not collected yet – being investigated with new software
14	90% of tenants satisfied with the repairs and maintenance service.	Business and Finance Manager		National Housing Federation Survey results show 91% of tenants rate actual repairs as “good” or “very good”
15	% of schools surveyed satisfied with service	Openspaces Manager		New KPI data being collected
16	% of parks surveys returned with positive feedback	Openspaces Manager		New KPI data being collected
17	% of positive feedback from customer surveys	Business and Finance Manager		Not yet collected

Ref	KPIs	OFFICER RESPONSIBLE	MEASURE ALERT	COMMENTS
18	% of complaints responded to within 10 days	Business and Finance Manager		Awaiting SAP report
19	Number of complaints upheld	Business and Finance Manager		New KPI data being collected
20	Average time taken to remove fly tips	Openspaces Manager		New KPI data being collected
21	Improved street and environmental cleanliness (level of detritus, litter, fly-posting and graffiti) (NI 195)	Openspaces Manager		NI has been withdrawn awaiting a replacement indicator
22	Number of accumulated litter reports received	Openspaces Manager		New KPI data being collected
23	Improved street and environmental cleanliness – fly-tipping (NI 196)	Openspaces Manager	😊	2008/2009 was 4 – Poor 2009/10 was 1 very effective Target set 2010/11 – 2 effective (awaiting verification)
24	Abandoned vehicles investigated within 24 hours report receipt	Openspaces Manager	😊	All abandoned vehicle reports have been investigated with target time.
25	Max xx working days lost per FT employee	Business and Finance Manager	😊	9 days per annum set by the Council – Theme 3 is currently 7.5 days
26	100% completion of full PREDS	All	😊	Complete
27	100% completion of 6-month PREDS reviews	All	😊	Complete
28	100% completion of training plans	All	😊	Complete
29	Health & Safety Reported Injuries	Business and Finance Manager		New KPI data being collected
30	Number of days lost due to	Business and		New KPI data being collected

Ref	KPIs	OFFICER RESPONSIBLE	MEASURE ALERT	COMMENTS
	accidents	Finance Manager		
31	10% Reduction in the number of fleet Insurance Claims	Business and Finance Manager		2010/11 – 19 accidents 2011/12 – Target no more than 17 5 accidents so far
32	Number of Insurance Claims for Non Vehicular Accidents	Business and Finance Manager		New KPI data being collected
33	Number of accident free days within all DLO activities	Business and Finance Manager		New KPI data being collected



Taunton Deane Borough Council Open Space Areas
 Date: 27.06.2011 Scale 1: 97000
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