

REPORT TO: Finance and Management Committee

DATE OF MEETING: 7th September 2006

AGENDA ITEM:

CATEGORY: RECOMMENDED

REPORT FROM: Director of Corporate services

OPEN PARAGRAPH NO:

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SUBJECT: Capacity Building

REF:

WARD(S) AFFECTED: All

TERMS OF REFERENCE:

1.0 Recommendations

The Committee is requested to approve:

- 1.1 The proposals to engage a strategic partner for a minimum period of three years in order to build capacity within the organisation, and
- 1.2 That £90,000 currently earmarked for Revenues and Benefit Systems are utilised to meet part of the associated costs.

2.0 Purpose of Report

- 2.1 One of the three main areas of the new corporate plan that we have chosen to concentrate on is '**More efficient, customer-focussed services**'
- 2.2 At its meeting on 22nd June Members approved a report on shifting resources, in particular the various methodologies that this Council is undertaking/planning to do in order to create efficiency savings to re-invest in priority areas.
- 2.3 This report outlines further proposals to improve efficiency by building capacity and improving the development of staff, in order to further enhance services.

3.0 Executive Summary

- 3.1 A significant aspect of becoming more efficient is to build capacity within our current resources in order to be able to improve the service for customers (internal and external) whilst answering to local and national priorities.
- 3.2 This is undertaken by adopting various measures to ensure our day to processes are streamlined and that we have mechanisms in place to monitor work flows etc to ensure continuous improvement.

- 3.3 Senior staff have had the benefit of receiving an awareness session from an external organisation on the key skills and improvement techniques that are required and the benefits of undertaking of such processes.
- 3.4 Also, in order to ascertain first hand the likely benefits of such processes a pilot was undertaken in the Development and Building Control divisions. The process included relevant staff from these areas together with external support from the organisation that delivered the original training. Funding on this occasion was provided from the Planning Delivery Grant.
- 3.5 The results were reported back to Officers, including Management Team and Members of the E&DS and Community Scrutiny Committees. Significant efficiency savings were identified and staff found the exercise to be extremely valuable.
- 3.6 From this exercise it is considered that the rest of the Council will also benefit from such initiatives. The aim of the proposal is to build capacity within all Council services by improving efficiency in our day to day operations and at the same time developing our staff by cascading the tools and techniques in order to improve organisational development from within and ultimately embed improvement into all that we do.
- 3.7 As part of this proposal for building capacity we will include discussions with the Trade Unions which will be an ongoing part of the process.

4.0 Detail

- 4.1 At its meeting on 22nd June Members approved a report on shifting resources, in particular the various methodologies that this Council is undertaking/planning to do in order to create efficiency savings to re-invest in priority areas.
- 4.2 One particular area for creating efficiencies that the Committee approved was the emerging culture of consistently reviewing services by streamlining functions and eliminating waste/bureaucracy in order to increase capacity and therefore make positive improvements in service delivery.
- 4.3 It was further agreed that there was a need to develop skills and build capacity in order to make these transformational changes.
- 4.4 As a result in order to engage Heads of Service and to identify the skills required a seminar was held to aid understanding of the techniques used and identify the potential benefits. These techniques (otherwise known as lean, kaizen and business process re-engineering (BPR)) have been tried and tested in both the private and more recently in the public sector. The seminar was considered by all to be both engaging and inspiring and it was further considered that we needed to undertake a pilot in order to see first hand exactly what was involved, the initial set up costs, staff time, and more particularly the outcome in terms of benefits for this Council.
- 4.5 Planning Delivery Grant is awarded to Councils that can prove, via performance indicators that they are consistently improving in terms of turnaround of planning applications. This Council has been successful in being awarded this grant and the main purpose of the grant is to help with further improvements. Planning has had a culture of continuous review, particularly following implementation of the IT system and is also in the process of assessing functions that could be transferred to Customer 1st.

- 4.6 In view of the above and with the total support of the Head of Planning together with her senior staff it was agreed to use this area as a pilot with funding from Planning Delivery Grant.
- 4.7 The exercise was extremely engaging, a number of staff were involved over an intensive period together with an experienced specialist. The results were outstanding. They ranged from immediate changes to longer term, more strategic changes and an action plan has been compiled which the staff are already working to.
- 4.8 The results of the pilot were fed back to senior staff, including CMT and key Members of E&DS and Community scrutiny Committees. The key outcome was to redesign the process so that it produced:
- Faster determination of planning applications
 - Fast track of low risk applications
 - Capacity to monitor conditions and enforcement
 - Best use of Customer 1st
 - Measurable milestones and standards
 - Flexibility of workforce
 - Improved use of IT
- 4.9 Following the pilot and feedback as outline above it was considered by CMT that this process would benefit the whole Council in building the skills and capacity needed for the future.
- 4.10 As this is a Council wide organisational development activity in addition to bringing about some significant efficiency savings it is proposed that the funding is obtained from the Councils corporate training and organisational development budget together with the use of efficiency savings derived from sustainable cashable efficiency improvements made in this current year and following years. In this way we can shift resources into the direction of our priorities without any additional pressure on the Council's budget.
- 4.11 It is anticipated as this is a development activity, that the costs of specialist advice will be greater in the first two years then taper off to a minimum thereafter in recognition of the skills becoming embedded into the organisation.
- 4.12 As with all Council projects this work will be tendered for and will be organised in accordance with the approved Prince 2 methodology for project management.
- 4.13 There are a growing number of private sector organisations that are becoming specialists in this type of work and prepared to work with us as a strategic partner to embed the principles of "lean" working etc into the organisations culture. As part of the "Efficiency Agenda" there is also an expectation from central government and Local government- East Midlands that we engage in this type of work.
- 4.14 It may be that other districts within Derbyshire are interested in joint tendering and this will also be pursued as there will be benefits from this in terms of sharing the costs and in comparing processes.

5.0 Tendering requirements and expected outcomes

5.1 It is proposed that SDDC enters into a strategic partnership with an external organisation that can advise and assist the council to deliver the following outcomes:

- Streamline services, improving operational productivity and service quality as defined by the customer
- In carrying out the above deliver efficiency gains:
 - Increase operational capacity
 - Reinvest/divert resources to
 - Improving quality
 - Priority service areas
- To acquire the capacity/capability to carry out such work over the course of the programme and in the future for such work to be self sustaining by the use of
- best practice methodologies, tools and techniques
- Cultural change – systematic performance improvement (quality/efficiency) becoming the day job.

It is anticipated that the partnership will last for a period of 3 years and cover ALL the Council's service delivery processes.

6.0 Financial Implications

6.1 Provisional research indicates that the cost could be between £100,000 to £150,000 over 3 years. However, this would be subject to a full tendering exercise. It is proposed that this cost is funded as follows:

- £90,000 reserve currently earmarked for additional costs arising from implementing a new Revenues and Benefits system. This was set aside as a prudent measure following the 2005/06 budget outturn due to the uncertainty around some of the key issues. Due to the demise of the Pericles project and increased certainty regarding proposals for a new system, this is no longer required.
- £32,000 reserve earmarked for training and development. It is now proposed to utilise these resources for this purpose.
- £28,000 from the Corporate Training budget (this budget totals £126,000 over 3 years).

The proposals to utilise training budgets is in recognition that this period of capacity building will significantly enhance the Council's training and development for employees across the Council. Further, it is envisaged that over time this process will yield cashable savings.

7.0 Corporate Implications

7.1 This will affect the whole organisation over time.

8.0 Community Implications

8.1 The overall aim is to improve the services we deliver to the community by making them more efficient and customer focussed.

9.0 Background Papers

9.1 Finance & Management Committee 22nd June 2006.

