

**To: East Kent Services Committee
Wednesday 30 November 2016**

Subject: EK Services / EKHR Combined End of Year Report

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Summary

This report will provide an end of year summary of service and financial performance for EK Services and EK Human Resources. The report has been submitted to East Kent Services Board for their approval and is now presented to the Committee for information.

1. Introduction

1.1 This annual performance report for EK Services (EKS) and EK Human Resources (EKHR) will provide a high level view of key activities and report against identified performance indicators within the service level agreements. It will also provide detail on annual financial performance.

2. Overview

2.1 This has been another successful year for EKS and EKHR, which has seen service levels continuing to achieve or, in some cases, over achieve against targets and high levels of customer satisfaction being reported. Further business efficiency has been achieved resulting in a funding surplus for 15/16 that has resulted in some reinvestment into EKS for planned activity as well as some 'cashback' to Councils this year. The work on Digital is gathering pace with improvement in channel shift already being delivered and starting to establish the foundation for new working processes and organisational change within EKS. There have been some significant technology projects delivered or set in train this year and the ICT teams have worked hard to maintain high service levels against an increasing demand and with some resourcing pressures. The customer facing teams in Customer Services, Council Tax (CT), Business Rates (NDR) and Benefits have also been delivering their usual excellent services, whilst implementing new technology, increasing collection rates and coping with the introduction of Universal Credit, movement of staff to DWP and some staffing reductions. The completion of the HR review has enabled the start of the new HR Business Partner model which I am confident will enhance the HR service within each partner council and work on a new HR Service Level Agreement commenced in the last quarter, which I hope will help provide clarity on roles and responsibilities and in turn improve customer relations.

2.2 In last year's report, I reminded the Board and Committee of the original objectives set out at the formation of EKS and the initial target for savings¹ and I then reported on progress against these initial targets. I will extend this into 15/16 as I believe there is benefit in highlighting the success and therefore in the finance section of this report (section 9) I have included a table that shows the savings history.

¹ *Commit the Authorities to the most economically advantageous and closest coordination possible of the Shared Services across the Authorities administrative areas enabling co- operation to improve efficiency and best value. Savings targets for first four years of 25%.*

- 2.3 As at end of 15/16, since the inception of EKS, we have achieved 16% reduction on the net base budget (management fee) which equates to 33% reduction against initial baseline position if one also takes account of the amount of savings EKS have had to find in order to contain all growth items. Then above that, we have handed back a total of £1.9m in surplus to the partners and if one includes that, this represents the true cost of EKS, compared to original 2010 position, of circa 40% total savings.
- 2.4 The work to develop the strategy and shape of EKS and EKHR continued throughout 2015/16 and the new three year Business Plan was approved by EKSB in April 2016; the service review of HR concluded; the first phase of the financial work has been completed and digital futures activity is well underway. There is still much to do, reflected within the Business Plan is ongoing structural reviews of all EKS service areas plus the closer integration of EKHR into EKS; continuing the work on digital enhancement and work to identify further savings via efficiency and growth opportunities.

3. Performance

- 3.1 Overall performance this year has remained high, with only two areas slightly below agreed targets. These were for Business Rates (NDR) and Council Tax (CT) collection for CCC where both fell slightly short of last year's collection levels by a very small amount (0.02% below on CT and 0.48% below on NDR) but still high performance benchmarked across the other SE region Local Authorities. As last year, SLA performance targets have continued to be revised in order to recognise continuous improvement where applicable and also to start moving toward greater commonality across partners. The latter is particularly relevant to services where there is a common service provision across each council such as Customer Services and Payments. More detail on end of year performance is shown in the tables in Appendix 1.
- 3.2 The number of incidents, calls or jobs logged into the ICT service desk has seen a reduction of approx. 10% from previous year and with 98% of jobs resolved within agreed response time (target 95%). Of these 69% were resolved within one day (target 60%). Within the Customer Service contact centre, the spike in calls that we saw last year has settled back and calls have now reduced considerably. The average customer service telephone contact wait time was 39 secs (average target 65 secs) and face to face contact waiting times averaged 5 mins. Whilst the latter is good news in terms of targets, it has a potential detrimental impact on digital ambitions where we seek to move more citizens onto online channels. Face to face contact is very costly and whilst we continue with such high performance it makes channel shift (moving citizens away from expensive contact to more online and self-serve channels) more difficult.
- 3.3 The level of telephone contact into the HR Advisors increased by 10% from last year with a total of 9510 contacts for 15/16 compared with 8661. However, overall caseload dropped from 2116 cases in 14/15 to 1351 cases this year, although the complexity for many of these increased.

- 3.4 The following table provides a breakdown of some key statistics for the year with detail from previous years for comparison:

Key Statistics:

	2013/14	2014/15	2015/16
ICT logged incidents/jobs (via tel, email or portal)	32,478,	31,891	28,432
Contact Centre telephony calls	888,851	1,004,416	868,281
Customer Services (face to face contact)	244,844	236,773	214,018
Council Tax income	£179.7m	£186.2m	£188.3m
Business Rates income	£121.8m	£121.7m	£121.1m
Benefit cases	230,066	247,161	225,703
Housing Benefit (recipients / amount)	33,939 / £156.9m	31,952 / £156.0m	31,683 / £153.4m
Council Tax Support (claimants / amount)	40,068 / £33.6m	38,064 / £32.2m	36,446 / £31.4m
EKHR calls	8,287	8,661	9,510
EKHR cases	1,852	2,116	1,351

4. Customer Delivery

- 4.1 EKS, via its Customer Delivery team, received national recognition of its achievements by winning the 2015 IRRV award for Excellence in Partnership working. This recognised the strong positive relationships and ethos that underpin the partnership and the work to improve commonality and sharing of resources in a manner that has driven up productivity and service levels.
- 4.2 Customer Delivery completed phase one of the project to rationalise and align the processing and imaging systems in use within Revenues and Benefits. This involved total replacement of Canterbury systems and full migration of data, and partial replacement and migration at Dover. All systems are operationally stable and work is progressing on phase 2 of the project which involves the merging of some of the databases as well as the implementation of significant levels of automation and self-service. This creates a solid base from which to operate single virtual teams where appropriate and achieve greater levels of operation efficiency than were previously possible.

- 4.3 Digital initiatives continue to impact strongly on the organisation and the Assistant Director (Customer Delivery) has moved to focus on the delivery of key Customer Delivery digital objectives around customers reporting changes and submitting evidence online and promoting e-billing. Mark Emery (Operational Support Manager) has stepped up to cover as Interim Head of Customer Delivery and he has commenced a review of the Customer Delivery structure, starting with a close look at the Customer Services area. This is to identify new ways of working and changes in process and organisational design that can be implemented in order to achieve savings but also to set the foundation for the increase in digital take up and the expected reduction in face to face contact.
- 4.4 The pilot of customer Appointments at the face to face outlets was increased to include Dover Whitfield offices. Feedback has been very positive and it continues to result in reduced wait times and contact volumes and plans are being developed to roll this out further.
- 4.5 The Fraud team completed their transfer to the DWP under the Single Fraud Investigation Service initiative in November 2015. Discussions are ongoing with KCC about initiatives to protect the Tax Base as we move forward.

5. Digital

- 5.1 For the last quarter of the year, the plans to move forward with Digital improvement within our customer facing service areas have started in earnest. The small digital team, led by Andrew Stevens, have analysed baseline data and established a set of priority areas, based upon the heaviest face to face and telephone contact, to focus on in order to make swift improvement to citizen access and self-serve opportunities and making the customers life easier.
- 5.2 One of the first phases of this work was to conduct extensive customer testing in various offices which included a dedicated week of insight gathering also using innovation such as 'eye tracking' technology to help us understand how effective our forms and paperwork is. We have also been successful in gaining grant funding from the DWP to help us procure our own eye tracking equipment that we can use alongside our 'behavioural change' activity to benefit partners as well as to assist other Local Authorities in the region as part of a commoditised service provision.
- 5.3 We have developed and rolled out a set of EKS Digital Standards which govern how we design, develop and implement digital services and used to enforce them. This is linked to the creation of a group of Digital Champions from front line staff across all service areas who are heavily involved in delivering our main objectives and helping us to improve digital skills and understanding within our workforce.
- 5.4 The work has already seen an increase on online take up by our consumers with such things as council tax e-billing increasing from 7000 to 16000 citizens and a 10% increase take up so far in online business rates activity. We have also now started a pilot for "live chat" which will help the customer service advisors handle enquiries more efficiently.

6. ICT

- 6.1 Compliance continued as a key theme during 2015, however the volume of work required in order to sustain compliance across the three councils and associated partners has started to level out. We replaced a range of technologies as part of the PSN compliance and continue the PCI-DSS programme.
- 6.2 We continue to work with the Senior Information Risk Officers (SIRO) through the Corporate Information Governance group (CIGG); a SIRO led group that considers information security/governance and risk for all councils. The suite of unified policies started development and are near completion.
- 6.3 Work to improve our front line service has continued; we have introduced a new self-service desk system and a contract management system and there have been a number of key projects undertaken at each council, including office move programmes, ongoing phased role out of WiFi, and entire replacement of network equipment.
- 6.4 There has been a vast improvement in project commissioning processes and we continue to work with council colleagues to refine and improve this area. Work with the Mid Kent Improvement Partnership (MKIP) around ICT project commissioning was concluded and the report and recommendations discussed with all clients.
- 6.5 ICT assisted on procurement and selection processes for a range of new partner wide systems including the Telephony replacement project, EKHR single system, Revenues and Benefits single system, single housing system and shared e-forms product. Additionally we contributed to many partner led product and supplier reviews.
- 6.6 The 2016/17 SLA documents were issued to partners alongside an updated 7 year financial position for asset renewal and technology budgets. Within these, we introduced additional added value services including support for information security incident reporting for the SIROs and a new VIP service for named officers and councillors.
- 6.7 Our annual ICT customer satisfaction survey revealed a satisfaction rating of 99%, an improvement on the previous year and a marked improvement on the 56% rating in place prior to EK Services.
- 6.8 As part of a cloud first approach and looking forward, the ICT team began to evaluate cloud office solutions in order to provide the partnership with visibility over upstream financial decisions and to present optimum choices.

7. Business Support

- 7.1 The Business Support team has continued to provide services to EKS corporate activity and administration support to the Income and Payments team. Work to produce a new Corporate Risk Register has been completed and we are working with Councils (supported by Kent Resilience Team) to review the Business Continuity Management Plans. The Business Support Manager played a key role in assisting with the development of the EKS Business Plan and this year has also developed a new service to undertake transcription work for TDC Street Scene Enforcement.
- 7.2 Continuous improvement activity and alignment of workflow has enabled a reduction of 2.2 FTE (12 % of staff) during 15/16. We are now starting to assess how the implementation of digital solutions to our Customer Delivery area will impact on the Business Support function.

8. EKHR

- 8.1 There were 1351 HR cases of varying types supported throughout the year. The employee relations work has been particularly complex, with 120 Health & Safety (H&S) cases, 204 Absence Cases and 69 Individual Restructure Impact cases completed and 235 Occupational Health referrals completed. The number of H&S cases has dropped from last year and this has helped us to resource the introduction of the planned H&S audit programme. In addition, HR have placed 330 adverts for recruitment and managed recruitment through the pipeline to result in 247 new starters.
- 8.2 As service areas and departments within the councils reduce their resources, there has been a slight gap appearing, in management capability/capacity and with line managers having less time to coach and support their own staff. EKHR team members have assisted Councils where possible to fill this gap by providing additional support.
- 8.3 Legislative changes requiring the compulsory use of ACAS, before progressing to Employment Tribunal, has added to work this year. However, this has resulted in swifter exits where appropriate and greater protection for the councils in high risk cases, saving cost and time (EKHR managed 11 cases throughout 2015/16).
- 8.4 Absence Management has become more of a priority over the last year with a number of cases being moved to dismissal. Linked to this we have noticed an increased workload and complexity due to the ill health retirement process for current employees exiting the business as well as previous employees whose circumstances have changed or are due for review by Pensions.
- 8.5 The HR service review was concluded which resulted in a restructure within EKHR taking effect from 1 April 2016. The main changes were the introduction of Business Partners at each Council and also in EKS and EKH. The other significant change as a result of the feedback is the introduction of telephony appointments with HR Advisors.

8.6 The introduction of East Kent People in November 2015 was a great success. This was supported by a cross functional/District project team which helped ensure the smooth implementation of the payroll system and self-service functionality. Other project highlights include: continued development of automated forms; the introduction of East Kent Learning which replaced the previous E Learning system; undertaking a review of a number of polices which are now with the Business Partners to work with the authorities for consultation and significant support provided in the recruitment of a number of senior management positions.

8.7 Considerable project support has been provided to CCC (paid for in addition) to review and introduce a new Job Evaluation scheme and revised terms and conditions.

9. Finance

9.1 The Finance Manager has supported a range of work, in addition to routine financial management activity, including:

9.1.1 Support to the HR and Payroll system project with budget managing the implementation of the new system and reporting to the Project Board.

9.1.2 Development of a Reserves Policy that has now been agreed by the S151 Officers and the EKS Board.

9.1.3 Completing the first phase of a review of the EKS cost base and financial model. The framework of the model is now built and has incorporated the 16/17 budget information. Further work will refine the model during 16/17.

9.2 As at end of 2015/16 the financial savings in management fee budgets compared against initial budgets at inception of EKS; the totals of additional savings handed back each year above the management fee reductions and the absorbed costs for growth resulting in cost avoidance are shown in the table below. Budget figures for 16/17 are also included for information.

9.3 A detailed end of year financial position statement is provided at Appendix 2 which includes details on the treatment of the surplus, reserves and savings.

Year	Savings in management fees against initial budgets	% savings since start, management fees only	Cost avoidance through absorbed costs (non-budgeted) for growth	% savings since start including management fee savings & absorbed costs for growth	Additional (one off) money handed back	% savings since start including management fee savings, absorbed growth and surplus handed back
11-12	1,237,000		204,000		400,000	
12-13	266,000		194,550		336,680	
13-14	400,000		254,230		331,750	
14-15	5,000		218,320		382,160	
15-16	-----	16%	200,000	25%	458,549	40%
16-17	482,000	20%	541,000	33%	-	49%

10. Audit, Scrutiny & Reporting

- 10.1 The Director has continued to provide monthly performance reporting to clients, given regular updates to EKSB and S151 meetings and also supported Council Scrutiny and Performance Committees as and when required.
- 10.2 EK Audit Partnership (EKAP) has conducted 13 audits into areas of the EKS service as agreed in the EKAP work plan. A separate annual audit report has been produced by EKAP which will be circulated to each Council. Of the 13 audits, five were fully completed and achieved substantial or reasonable assurance; six reviews were work in progress at year end and a further two reviews were not liable to be graded.
- 10.3 The full Annual Internal Audit Report for EKS is attached at Appendix 3 for information, should any member of EKSB wish to review the full detail. EKS also provided an Assurance Statement to feed into each Councils Annual Governance Statement.

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Appendices:

1. EK Services Performance Report – Final Outturn 2015/16
2. EKS & EKHR Financial Outturn Report 2015/16
3. EKAP Annual Internal Audit Report for EK Services 2015/16