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## **EK Services & EK Human Resources Performance**

To: **Thanet District Council Corporate Performance Review Working Party (30 September 2015)**

By: **Dominic Whelan – Director of Shared Services**

Classification: **Unrestricted**

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**Summary:** This report will provide a summary of key performance indicators for the services delivered by EK Services for Thanet District Council, which include ICT, Customer Delivery (Income (Revenues), Payments (Benefits) and Customer Services) and it will also report on the services delivered by EKHR.

The report will cover service performance over the period April to August 2015 inclusive.

### **For Decision**

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#### **1.0 Introduction and Background**

- 1.1 EK Services (EKS) and EK Human Resources (EKHR) have both been established as Shared Services under a Joint Committee arrangement. Each of the partner Authorities<sup>1</sup> have delegated certain 'shared service' functions to the East Kent Services Committee (EKSC) to be discharged. These functions include the following services:
- ICT Services
  - Face to Face & Contact Centre Customer Services
  - Revenues (Council Tax and Business Rates)
  - Benefits (administration of the Housing Benefit Scheme); and
  - Human Resources.
- 1.2 EKSC has in turn delegated the discharge of these functions to the Director of Shared Services (for EKS) and Director of Collaborative Services (for EKHR); both appointments being held by the same person (currently Dominic Whelan) who is employed under the host arrangements of TDC.
- 1.3 The East Kent Services Board (EKSB) has been established by the Authorities to coordinate and monitor performance of the Shared Services. The Authorities have in turn authorised the respective Chief Executives to act as the Authority representative at the EKSB.
- 1.4 EKSC approved a new five year Collaboration Agreement on 11 February 2015; the Collaboration Agreement sets out the principles and key objectives; administrative arrangements; duties of the Authorities and delegated functions and other arrangements.

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<sup>1</sup> Authorities are: Thanet District Council (also acts as host Authority for EKS), Canterbury City Council and Dover District Council (also acts as host Authority for EKHR).

- 1.5 EKS and EKHR are subject to audit by East Kent Audit Partnership (EKAP) who undertake a rolling review of key services under an audit plan agreed with the Authorities. There is also an annual audit report, produced by EKAP, submitted to the EKSC each year (copied to TDC S151 Officer) that contains detail on EKS audit reviews. In addition to the EKAP audits, there are external audits from TDC and DDC Financial Auditors (Grant Thornton) who review the finance and accounts for the Shared Services as part of the host Authority arrangements including Non Domestic Rates and Council Tax. External Auditors also audit the annual Housing Benefit subsidy claim and test elements of the Council Tax Support scheme.
- 1.6 EKS and EKHR monitor and report on performance monthly and meet with TDC lead client officer (Tim Willis) each month to discuss service performance and specific issues. Below this lead client there is active engagement between EK Services Management and TDC Managers across the relevant service areas. EKHR also provides an HR Business Partner who works within TDC and provides a first point of contact for HR work issues. Head of EKHR also regular attends TDC CMT (Workforce) meetings to report and discuss relevant issues as well as attending the monthly meetings with TDC lead client officer.
- 1.7 This performance report will cover the period from April to August inclusive, being the latest period that performance indicator information is available for at the date of this meeting.
- 1.8 Performance is monitored against agreed Indicators that are contained within Service Level Agreements (SLA); these agreements are subject to annual review and agreement between each of the three partner councils and EK Services. The current SLA for EKHR requires significant review as it is based upon services as at the date of establishment. Following a recent review of HR services, a new agreement is being drafted for implementation next FY.

## **2.0 Service Performance**

- 2.1 Overall performance is stable and remains on track to achieve end of year targets. As at the end of August we are above target on all but two indicators. The two areas that are very slightly below profile are Non Domestic rates and Council Tax collection (see paragraphs 2.1.1 and 2.1.2 below and detailed information in Appendix 1). However, the Committee should note that, due to variations each month as properties come on and off the charges, the target each month is variable and fluctuates both up and down. Therefore, for the purposes of the report, we have shown the actual collection in money as at end of August and the percentage of the end of year target as at August. We currently remain confident that these will come back on track as we move forward during the second half of the year.
  - 2.1.1 Non Domestic Rates (NDR) - Business rates. There is a small shortfall against the expected profile for August. This is due to an increase in property charges, being levied in August, of approximately £500k. The first instalments for these are not due until September and once collected should bring collection rates back within target.
  - 2.1.2 Council Tax (CT). The very slight shortfall in CT collection compared with the expected profile; this is due to three days of payments that were profiled for action in August being moved into September. These should bring the collections back on track.

- 2.1.3 Within the Revenues and Benefits service, we are seeing pressure on staffing due to the expected increase in work required for the implementation of the single revenues and benefits system. This is requiring staff to be re-directed to training and support to the data migration and testing of the new single solution (Civica Open Revenues for all three Authorities). However, we are managing to maintain service levels above to agreed levels by using overtime and flexing resources.
- 2.1.4 ICT service has also been maintained at or above agreed levels. There have been a number of challenges within the Web Support and Development team as demand is outstripping supply in this area. As the Digital agenda gathers pace, we have completed a re-structure in this team to align it better to the expected requirements. This has resulted in a recruitment campaign that is due to complete shortly which will also help plug gaps in some key staff, following the departure of a number of web staff in late 2014/15.

### **3.0 Finance**

- 3.1 EKS and EKHR report financial performance to East Kent Services Board at half year and at end of year. The end of year report is also presented to East Kent Services Committee for approval. Monthly budget monitoring and routine financial management is conducted by the Director of Shared Services who maintains close contact with the Council Finance Officers. In addition, as EKS is hosted by TDC, the EKS accounts are subject to the same external audit as TDC.
- 3.2 EKS is funded by revenue income from each of the three partner Authorities in the form of 'management fees' and other income from EK Housing and Ashford Borough Council. This income was £11.626m for 2014/15, of which TDC provided £4.225m. At the end of last year EKS handed back a surplus of £382.2k to the three Authorities (TDC share was £140.3k) and EKS also absorbed growth in salary and indexation on certain support and maintenance contracts of £218.3k. Thus, for 2014/15 EKS achieved a saving against the previous year budget of 5.2%.
- 3.3 For 2015/16 the management fee was set at the same level as 2014/15 but with a savings target to be delivered in year of £260 (£100k for TDC) as well as absorbing salary growth of circa £250k within existing budget allocation. We will achieve this in year saving through a combination of reductions in 3<sup>rd</sup> party contract costs, staff reductions following some service reorganisation and vacancy management (no redundancies are expected at this stage) as well as continuing work to reduce operating expenses where possible.

### **4.0 Innovation and Initiatives in Progress or achieved**

- 4.1 **Single System Project.** EKS are implementing a project to deliver a single revenues and benefits solution based on Civica Open Revenues system. This will align all three partner Authorities onto a single common platform. This will achieve cashable savings on contract rationalisation; staffing and process efficiency. It will also deliver operational improvement to customers by enabling greater use of self-serve and online transactions.

- 4.2 **Single Telephony Project.** This project, which is currently in the procurement stage, will deliver a new telephony system across the partnership. It will upgrade the current infrastructure and equipment and provide operational enhancement through a more unified internet /software based solution, improving the user experience. It will also deliver savings over existing contract costs.
- 4.3 **East Kent People.** This important project will deliver an internally hosted and managed Payroll and HR self-service platform. This will enable EKHR to manage the payroll for the partner Authorities 'in house', delivering savings against the current outsourced contract and offering potential to run payroll services to other organisations. The self-serve functionality and modern system provides a significantly enhanced user friendly 'front end' and a simple and easier way for staff to undertake administrative activity such as: manage expense claims, change personal details, book and record leave.
- 4.4 **Financial Modelling and Cost Base.** EKS is undertaking a comprehensive review of its cost base and financial model. This will enable EKS to provide much greater granularity on costs per service and to build a more accurate service catalogue. This in turn will allow us to benchmark more accurately in order to ensure correct pricing; where applicable provide more detailed breakdown on costs to Council Business Units and also ensure we can deliver correct pricing as and when we seek to take on additional business.
- 4.5 **Digital Review.** EKS is about to start working with the partner councils to review the Digital approach and aspirations for all three (four with East Kent Housing included) partners. The aim is to ensure we have a clear understanding of the digital direction that Councils are aiming for, to identify areas of commonality that can ensure we approach delivery in a 'joined up way' to achieve best value. It will also allow the development of a digital roadmap that ensures we make informed decisions on digital development and procurement based on good practice across the public (and private) sector.

## 5.0 Recommendations

- 5.1 Comments are invited from Members of the working party;
- 5.2 Members to note the report.

## 6.0 Decision Making Process

- 6.1 The Corporate Performance Review Working Party can scrutinise the performance of shared service arrangements and make recommendations to the Overview Panel for onward submission to Cabinet.

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## Appendix List

Appendix 1	EK Services and EK Human Resources Performance – Latest position at August 2015
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## Background Papers

Title	Where to Access Document

## Corporate Consultation Undertaken

Finance	
Legal	
Communications	