



## AGENDA

### EAST KENT (JOINT ARRANGEMENTS) COMMITTEE

Wednesday, 20th June, 2012, at 10.00 am

The Guildhall, Westgate, Canterbury

Ask for: **Committee Administrator**  
Telephone **(01227) 862 006** or e mail  
**lynda.mcdaid@canterbury.gov.uk**

#### **UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

Agenda Pack (Pages 1 - 52)

#### **EXEMPT ITEMS**

*(At the time of preparing the agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public)*

***At the end of the public session, Members of the Committee should remain in the meeting room for 20 minutes for summing up***

Peter Sass  
Head of Democratic Services and Local Leadership  
(01622) 694002

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## Agenda

# East Kent (Joint Arrangements) Committee

**Wednesday  
20 June 2012  
at 10.00am**

**The Guildhall  
Westgate  
Canterbury**

# Membership of the East Kent (Joint Arrangements) Committee

## Councillors

Leader, Canterbury City Council  
Deputy Leader, Canterbury City Council  
Leader, Dover District Council  
Deputy Leader, Dover District Council  
Leader, Kent County Council (Chairman)  
Deputy Leader, Kent County Council  
Leader, Shepway District Council  
Deputy Leader, Shepway District Council  
Leader, Thanet District Council (Vice Chairman)  
Deputy Leader, Thanet District Council

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## NOTES

- 1 The East Kent Joint Arrangements Committee has not authorised the recording of their meetings by members of the public or the media by any mechanical or electronic device or similar means. Recordings will not be permitted at any such meetings to which the press and public are admitted unless expressly authorised by the Committee.
- 2 The venue for the meeting is wheelchair accessible and has an induction loop to help people who are hearing impaired.
- 3 The information contained within this agenda is available in other formats, including Braille, large print, audio cassettes and other languages.
- 3 If you have any queries regarding items on this agenda, please contact Matthew Archer on 01227 862 175 or email [matthew.archer@canterbury.gov.uk](mailto:matthew.archer@canterbury.gov.uk) or write to the address below.

Canterbury City Council  
Military Road  
Canterbury  
CT1 1YW

## A G E N D A

Page (s)

- 1 APOLOGIES FOR ABSENCE**  
TO RECEIVE apologies for absence
- 2 DECLARATIONS OF INTEREST**  
TO RECEIVE declaration of interests
- 3 SUBSTITUTE MEMBERS**  
The Chairman to report any notifications received prior to this meeting regarding the attendance of substitutes for the named Members of this Committee.
- 4 MINUTES OF THE MEETING HELD ON 14 MARCH 2012** 5 - 8  
To agree the minutes as a correct record
- 5 ACTIONS ARISING FROM THE PREVIOUS MEETING**
- 6 EK SERVICES PERFORMANCE REPORT 2011/12** 9 - 29  
To consider the report of the Director of EK Services
- 7 EAST KENT HUMAN RESOURCES' PARTNERSHIP PERFORMANCE 2011/12** 30 - 41  
To consider the report of the Head of the East Kent HR Partnership
- 8 STATEMENT TO SUPPORT THE ANNUAL GOVERNANCE ASSURANCE REPORT 2011/12** 42 - 44  
To consider the statement provided by the Payroll Officer, Kent County Council
- 9 REVIEW OF THE EAST KENT ARRANGEMENTS** 45 - 52  
TO CONSIDER the report of the Head of Legal and Democratic Services (Canterbury) and Solicitor to the Council (Dover)
- 10 ANY OTHER URGENT BUSINESS TO BE DEALT WITH IN PUBLIC**
- 11 ANY OTHER BUSINESS WHICH FALLS UNDER THE EXEMPT PROVISIONS OF THE LOCAL GOVERNMENT ACT 1972 OR THE FREEDOM OF INFORMATION ACT 2000 OR BOTH**  
It will be necessary to exclude the press and public for any business under this item.

## **TERMS OF REFERENCE of the EAST KENT (JOINT ARRANGEMENTS) COMMITTEE**

1. To exercise the executive and non-executive functions of the parties in order to commission, co-ordinate, provide, procure and/or manage any shared services as are agreed from time to time by two or more of the Parties
2. To provide strategic direction to the officers advising the EKJAC
3. To exercise any of the functions or services that are determined to be a shared service in accordance with these arrangements
4. To develop work programmes and projects in relation to the functions which the parties are minded to be delegated to the EKJAC by the Parties
5. To regularly report to each of the Parties on its activities
6. To respond to reports and recommendations made by the East Kent Joint Scrutiny Committee
7. To monitor the operation of the EKJAC and of any shared service
8. To propose a budget for a shared service to the Parties and to monitor and manage any such budget once approved by them
9. To review these arrangements from time to time and make recommendations to the Parties for improvement and change and to propose (as appropriate) the creation of special purpose vehicles for the achievement of the Objectives, including companies, formal partnerships or consortia, the expansion of these arrangements to include other local authorities, the conclusion of contracts with other persons and the provision of services, supplies and works to other persons

The decisions set out in these minutes will come into force, and may then be implemented at 12 noon on the fourth working day after the publication of the decision, unless the decision is subject to call-in.

Date of publication: 26 March 2012

**EAST KENT (JOINT ARRANGEMENTS) COMMITTEE**

**Minutes of a meeting held on Wednesday, 14th March, 2012  
at 10.00 am in The Guildhall, Westgate, Canterbury**

**Present:** Councillor J Gilbey (Chairman) – Canterbury City Council  
Councillor R Bliss - Shepway District Council  
Councillor C Hart - Thanet District Council  
Councillor A King - Kent County Council  
Councillor J Law - Canterbury City Council  
Councillor R Love - Shepway District Council  
Councillor P Watkins – Dover District Council

**Officers:** Colin Carmichael - Chief Executive, Canterbury City Council  
Nadeem Aziz - Chief Executive, Dover District Council  
Alistair Stewart - Chief Executive, Shepway District Council  
Mark Ellender - Head of Legal and Democratic Services,  
Canterbury City Council  
Matthew Archer - Assistant Head of Democratic Services,  
Canterbury City Council

**1 APOLOGIES FOR ABSENCE**

Apologies received from Councillor Paul Carter (Kent) and Councillor Sue Chandler (Dover) and Councillor Poole (Thanet).

**2 DECLARATIONS OF INTEREST**

No declarations of interest were received.

**3 SUBSTITUTE MEMBERS**

There were no substitute members present at the meeting.

**4 MINUTES**

The minutes of the meeting held on 16 March 2011 were agreed as a correct record.

**5 REVIEW OF THE ROLE AND FUNCTION OF THE EAST KENT (JOINT SCRUTINY) COMMITTEE**

The Head of Legal and Democratic Services (Canterbury) introduced the report. He referred to the discussion at the East Kent (Joint Scrutiny) Committee (EKJSC) on 12 October 2011 on the performance monitoring arrangements for shared services.

He said the Chief Executive of Dover District Council had pointed out to the EKJSC that it would be helpful if a protocol were drawn up to divide responsibility between the scrutiny committee of each individual council and the East Kent committees. In the event the EKJSC debate had gone wider and amongst other things requested that 'Red, Amber, Green' style performance monitoring reports be submitted to the committee. The full list of recommendations were summarised in the minutes appended to the report.

The Head of Legal and Democratic Services said it fell to the Solicitor to the Council of Dover and himself to respond to the request and produce a protocol that addressed the issues raised by the committee and the division of responsibility between each authority and EKJSC.

He said the present arrangements had now been in place for over two years and perhaps a review might now be opportune. It was suggested that for the time being the protocol be commended to EKJSC and the individual authorities with a rider that a review of the arrangements generally was now appropriate.

A discussion followed during which the following points were made -

- i) A Member said he had received legal confirmation that there was no requirement for a Joint Scrutiny Committee;
- ii) East Kent Housing should be removed from the monitoring arrangements as it was an arms length body with its own separate management arrangements;
- iii) The East Kent (Joint Arrangements) Committee (EKJAC) was the appropriate body to monitor EK Services and East Kent HR Partnership shared services.
- iv) Each authority could scrutinise individual performance and there was no need for the two East Kent committees to duplicate responsibilities and hold what could be perceived to be unnecessary meetings.
- v) It would be better if the whole arrangement was now reviewed.
- vi) It was noted that EK Services had now been operating for nearly a year and it would be appropriate for EKJAC to receive an end of year performance report at the next meeting of the EKJAC in June.
- vii) It was understood that the EKJSC had been established to scrutinise performance and that EKJAC could refer matters to it to scrutinise if it so wished.
- viii) A Member noted that in the minutes of the last meeting there had been a request for performance of data for the East Kent HR Partnership, which had never been received. He said it might have saved a lot of problems if the request had been met and the data reviewed by this committee.
- ix) Without monitoring of performance there was a risk that issues may not be picked up until it was too late.
- x) A Member said he would be content to receive performance reports at EKJAC say, six monthly intervals, if that were deemed appropriate.



- xi) If it were contemplated that the Joint Scrutiny Committee be abolished then it would be the responsibility of EKJAC to create a clear link back to the Scrutiny Committee of each authority. It was important that effective scrutiny arrangements were in place to show the public that performance monitoring was transparent.
- xii) A Member supported the opportunity for each authority's scrutiny arrangements to identify areas of concern. He said there had been an opportunity missed for the scrutiny of performance of existing services.
- xiii) A Member supported the suggestion that the current arrangements be reviewed and said it was important to ensure that performance monitoring information was submitted first to EKJAC and then referred to the Scrutiny Committee of each individual authority.

The Head of Legal and Democratic Services confirmed that it was a function of EKJAC to review performance and that they should be receiving year end performance for those services delegated to it. He noted that for the East Kent HR Partnership that particular timescale had been missed. He said EKJSC was potentially stepping into what was perceived to be a gap in the monitoring arrangements. To counter-balance the case for the complete abolition of EKJSC he noted that one objective was for the committee to look at detail of proposals and provide comment. This had been useful in the early stages of developing joint arrangements but now that matters were more settled the committee appeared to be looking for a new role. This opened up the possibility of duplication with EKJSC acting outside of what its terms of reference were thought to intend. He said one of the objectives of the protocol was to narrow those terms into a more defined role. The alternative was not to have a joint scrutiny function at all.

The Chief Executive of Canterbury said that he, together with the Chief Executives of Thanet and Dover, would be conducting the performance appraisal of the Director of EK Services next week. The appraisal would include a review of performance reports to see whether the service had met its targets. He said it would be possible to bring a report to the next meeting of EKJAC, which could be referred on to the EKJSC. He said the Chief Executives were likely to receive a report twice a year and matters could then be referred to EKJAC thereafter. A similar performance monitoring arrangement would be needed for the East Kent HR Partnership as part of a package.

A Member asked whether there was scope for EKJAC to monitor the joint waste arrangements. The Head of Legal and Democratic Services confirmed that there was scope to do that. He also pointed out that technically EKJAC was an executive committee and therefore suggested that a second recommendation be added to the report that there be a review not only of the arrangements for the scrutiny, but also for the management and monitoring of shared services.

Prior to making a decision the committee then reflected on whether the draft protocol, if approved, should be referred back to each authority and the Joint Scrutiny Committee or whether it should be held in abeyance pending a review of the arrangements. They concluded that it would be better to hold the protocol in abeyance pending a review.

RECOMMENDED -

1. To note the draft protocol attached to the report and to hold it in abeyance until a review of the arrangements had been undertaken.
2. To commission a review of the arrangements for the scrutiny, management and monitoring of shared services and report back to the next meeting of the committee.

**6 ANY OTHER URGENT BUSINESS TO BE DEALT WITH IN PUBLIC**

There was no other urgent business.

There being no other business the meeting closed at 10.28 am

<b>Subject:</b>	<b>EK Services Performance Report</b>
<b>Director/Head of Service:</b>	Director of EK Services
<b>Decision Issues:</b>	These matters are within the authority of the Committee
<b>Decision type:</b>	Non-key
<b>Classification:</b>	This report is open to the public.
<b>Summary:</b>	<i>The report summarises EK Services performance for the period February 2011 to March 2012</i>
<b>To Recommend:</b>	That the report be noted.

## SUPPORTING INFORMATION

### 1. Introduction

- 1.1 This is the first annual performance report for EK Services; the aim of the report is to give an update on EK Services' (EKS) against identified performance indicators within the service level agreements and progress against budget and savings targets. The report reflects the operation from February 2011 to March 2012.
- 1.2 The pace that this project has progressed is amazing, in just over twelve months we have created a new organisation of 338 staff, carried out a major restructure which involved a recruitment programme for 70% of staff, the majority of performance has met our service level agreements and the budgeted savings have been achieved with a further £500k savings.
- 1.3 EKS has become a service that deals with;
  - ✓ 2,130 PC's across all three councils
  - ✓ 140 different software systems
  - ✓ Collects £167m of Council Tax
  - ✓ Administers £175m Benefit spend
  - ✓ Handles 600,000 telephone calls

### 2. Performance

- 2.1 TUPE transfer was completed on 1<sup>st</sup> February 2011 and performance was generally stable across all the services during the first six months. As the restructure, recruitment and redundancy process commenced individual areas began to suffer from a number of issues including; Overlaps in pre booked holidays, holding vacancies whilst awaiting the outcome of the recruitment process, managers adapting to their new environments and general concerns about the process.
- 2.2 *Customer services* - this service area has been the most problematic. As the recruitment process filtered through our organisation vacancies were appearing in customer services because some staff were either appointed

from this area or left the organisation. Carrying those vacancies was crucial in order to keep redundancies to a minimum but did lead to a dip in service.

- 2.3 Each authority has experienced performance issues to differing degrees and for a variety of reasons ranging from technical issues with equipment, long term sickness, maternity leave and the launch of new services.
- 2.4 However, the progress that we have been able to make over the last few months has meant that performance is starting to meet targets. It is now common practice across all three sites to manage resources between the contact centres, face to face and different locations, this has enabled us to maximise the use of our limited resources during this difficult time.
- 2.5 Work has also been done on sharing best practice, standardising processes and procedures. As part of our succession planning we have also commenced an apprenticeship programme which has resulted in two offers of permanent work been given.
- 2.6 *ICT* – Availability of networks and general infrastructure performance has been on average above target. A major exercise has been undertaken to establish what systems and software packages we have (140 different software systems), what support contracts are in place, are we on the right version and how long will it continue to be supported by the supplier. This will help us begin streamlining and sharing systems where possible.
- 2.7 We have also carried out a PC health check on all hardware that is over 2 years old in order to increase speed, prolong the life of the equipment and reduce service calls.
- 2.8 A centralised service desk was established early in the process - this area struggled to achieve its targets, however they are now improving month on month. There have been a number of issues; an increase in call volumes within each authority; lack of staff familiarisation of all systems and a number of accommodation moves following organisational restructures. Unfortunately, we also experienced a problem with the telephone system which did not give a good impression of the service. Staff training within this area has also been undertaken to familiarise staff with the range of systems within each authority and a focus on improving customer service.
- 2.9 An ICT customer satisfaction survey is underway and the feedback from this will enable us to improve our service delivery.
- 2.10 The draft ICT strategy “Sharing the Gain” is completed and approved at each authority, this will help develop the work plan and direct the resources over the next three years.
- 2.11 *Income & Payments* - Average time taken to process benefit claims are all better than target as is the percentage of correct HB and CTB decisions. In all authorities we have been flexing these resources to ensure that performance in these key areas is maintained. Work has been completed by District Audit regarding last years subsidy claim – each authority will be awarded the LA error bonus. Our total subsidy claim this year will be in excess of £175m.

- 2.12 Council tax collection rates have all been exceeded. Fraud sanctions have also achieved their target along with Business Rate collection.

### **3. Budget**

- 3.1 The strategic business case agreed by Chief Executives identified savings of 12% (gross) on direct budgets by the end of the financial year 2012/13 (year 2) for the services transferred; ICT, Customer Services, Revenues and Benefits. The forecast savings for 2013/14 will be an additional 5% giving a total saving of 17% (gross).
- 3.2 We are now beginning to have a greater understanding of our budgets and capacity, whilst some activity has been carried out on business re-engineering further work needs to be undertaken on defining a transformation strategy across all services – this is planned during 2012.
- 3.3 As work progressed on the business case it became apparent that we could deliver savings within the first full financial year 2011/12 (year 1) and we committed to deliver a gross saving of £1.27m (average of 10.5%). This included the containment of redundancy costs.
- 3.4 The final outturn has seen these savings realised and an extra saving of £500,000 through a combination of vacancy management and initial efficiencies. This is a one-off efficiency and I would not expect to see such a variance in the future.
- 3.5 From the time of our modelling some factors have changed which created additional financial pressures; Salary protections, a 0.75% and 1% pay award, increased redundancy multiplier, ICT increase in annual maintenance budgets and Employment Tribunal costs these have all been contained within EKS.
- 3.6 As part of TDC's pay review we have also removed incremental pay progression in 2011 in preparation for a new scheme which will be more market rate focussed – the launch will be in April 2013. This has helped contain further salary drift in future years.

### **4. Progress**

- 4.1 Building and developing our Client relationships has been very important. As a management team we have attended CMT's upon request, provided briefings on future policies etc. As per the collaboration agreement we meet the client team on a monthly basis, but additionally have regular local one to one sessions.
- 4.2 Our participation in each authorities transformation projects e.g. customer reviews, improvement forums etc., has also helped develop the strong links we now have.
- 4.3 Member involvement has varied across the three authorities e.g. shared services working party, monthly meetings with portfolio holders; scrutiny meetings etc., these are all generally carried out on an ad hoc basis.

- 4.4 Our first staff conference was held in September with the theme of “our journey”; we were able to establish our own internal brand and our guiding principles with work beginning on creating a “one team” feel. Work is now being undertaken to link our culture change programme called “Right 1<sup>st</sup> time Programme” with our values and our new competency and behaviours framework.
- 4.5 Work is continuing to join up and share policies and procedures across each authority appendix 1, highlights what has been achieved to date.
- 4.6 The annual service plan has been agreed with each client officer and is attached for information.
- 4.7 The National Audit Office carried out a health check on EKS and the preliminary findings are **“EK Services represent a very good example of what can be achieved quickly and with minimal investment”**.

**Contact Officer: Donna Reed Telephone: 01227 862073**

**Appendices**

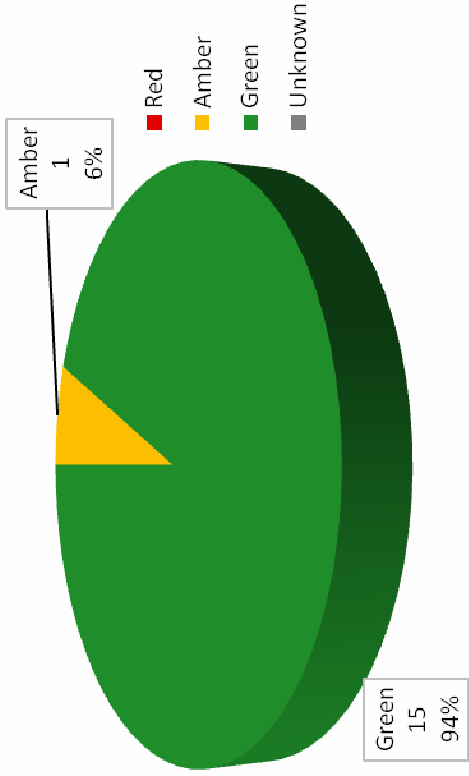
- Policies & Guidelines – appendix 1
- Performance charts – appendix 2
- Service Plan – appendix 3

Policy/Procedure Or Guidelines	Service	Author
Email usage policy	ICT	Angela Waite
Internet usage policy	ICT	Angela Waite
Web filtering guidelines	ICT	Angela Waite
Income Management Policy	Income & Payments	Andrew Stevens
Discretionary Relief Policy	Income & Payments	Andrew Stevens
Insolvency and Charging Order Policy	Income & Payments	Andrew Stevens
Local Housing Allowance Safeguard Policy	Income & Payments	Andrew Stevens
Discretionary Housing Payments Policy	Income & Payments	Andrew Stevens
Fraud Prosecution and Sanction Policy	Income & Payments	Andrew Stevens
Visiting officer code of conduct	Income & Payments	Andrew Stevens
Quality Assurance Policy	Income & Payments	Andrew Stevens

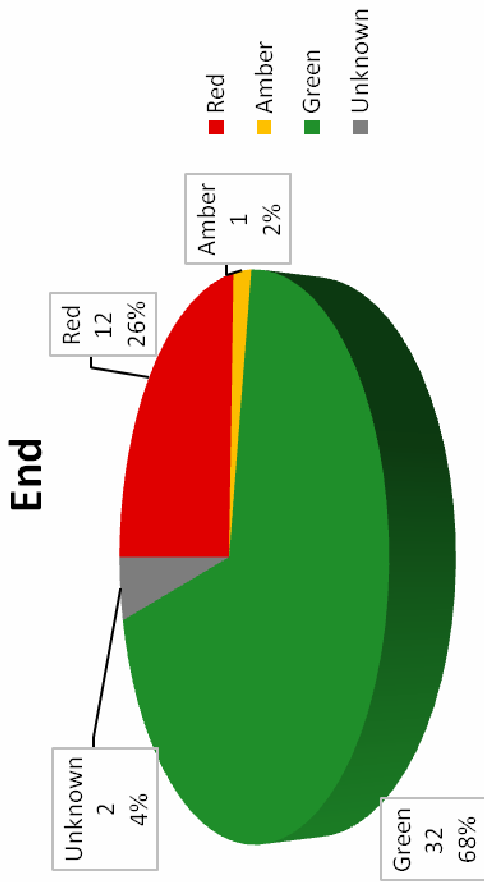


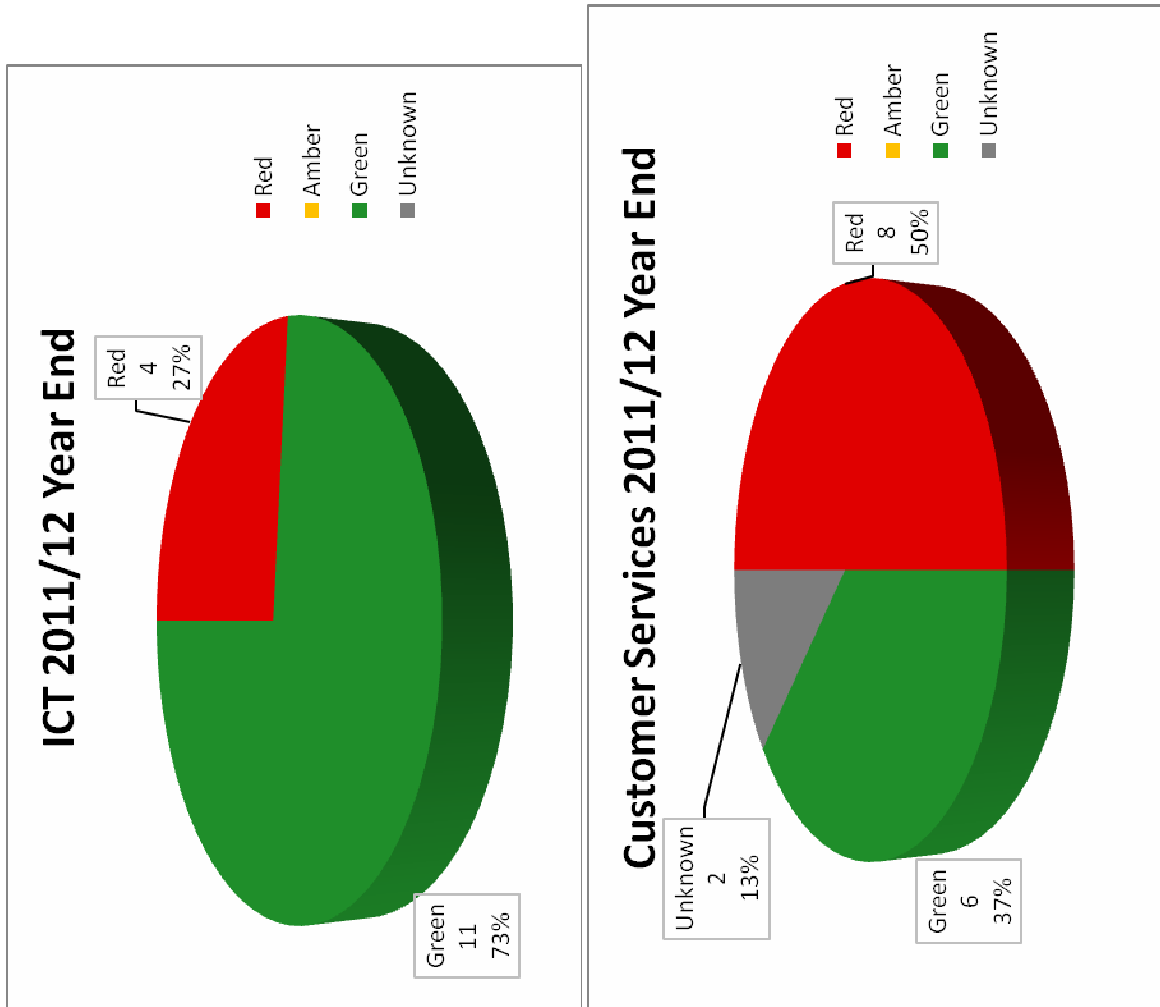


### Income & Payments 2011/12 Year End



### EK Services PI Report 2011/12 Year End





**Annual  
Service Plan  
2012 -2013**

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## 1. Introduction

1.1 This year's service plan is both a reflection on where we have come from and what we want to achieve over the coming year. The format has been left in a report style enabling authorities to copy into their service plans as required.

1.2 Our mission statement is;

*“EK Services will challenge the culture and reputation of public services. We are a “can-do” organisation; honest about what we do and how we conduct ourselves, and always proud of our services and people. We strive for excellent and cost-effective service delivery”.*

1.3 In the coming year we are rolling out a culture change programme that will closely link with our mission statement and our key objective of “Right 1<sup>st</sup> Time.” This programme will include the embedding of competencies and behaviours alongside service standards for each service.

## 2. Aims & Objectives

2.1 The aim of this service plan is to;

- ✓ explain the progress and achievements that EK Services (EKS) have made to date
- ✓ outline the savings to be achieved in 2012 - 2013
- ✓ future projects to be undertaken within each service area and the project leads
- ✓ outline next steps

## 3. Progress & Achievements

3.1 The pace of the project has been amazing; in nine months we created a new organisation of 338 staff, carried out a major restructure which involved a recruitment programme for 70% of staff and through strong vacancy management contained compulsory redundancies to 11 from a predicted 40.

3.2 EKS has become a service that is dealing with;

- ✓ 2,130 PC's
- ✓ 140 different software systems
- ✓ Collect £167m of Council Tax
- ✓ Administers £175m Benefit spend
- ✓ Handle 600,000 telephone calls

3.3 Budgets identified within the business case are all on target. The number of staff that took compulsory redundancy was lower than predicted; because of this and strong budget management we have been able to contain a range of costs including increase in the redundancy calculator (from 1 to 1.5 multiplier), the extension of 60

days to the consultation period, in year pay award, employment tribunal costs and ICT increases in annual maintenance budgets.

- 3.4 Our performance is reported to the client group on a monthly basis; within the first six months performance was generally stable across all the services. However, as the restructure, recruitment and redundancy process commenced individual areas began to see fluctuations in performance. These were caused by a number of issues including overlaps in pre booked holidays, holding vacancies whilst awaiting the outcome of the recruitment process, managers adapting to their new environments, general concerns about the process and what shared services meant to them and their position.
- 3.5 Our first staff conference was held in September; the theme was “our journey”, reflecting where we have come from and where we are going. We began to establish an internal brand and define our vision and values. Work is still ongoing to bring a more “one family” feel across the three branches, but we are now establishing our “guiding principles” which will be our way forward.
- 3.6 EK Services have their own intranet pages – these are available on each authority’s intranet sites and show our managers’ weekly whereabouts, general housekeeping pages and the Director’s Blog site.
- 3.7 The EK Services ICT strategy “Sharing the Gain” has been completed and is available on our website; contributions and input came from meetings with key managers from each authority to understand both their future strategic plans and business needs.
- 3.8 ICT service desk has been centralised; this included an update to the service call recording system
- 3.9 There is a single email solution in place. EK Services and East Kent Housing staff have transferred and other partners are being moved across in phases including replacement of GroupWise services.
- 3.10 Web filtering services are harmonised to a single solution. This has enabled staff to continue business functions without sites being blocked.
- 3.11 A single Active Directory services allows all partner laptops to log in to any site and work as normal, enabling flexible working
- 3.12 Transforming services has always been a key aim as services transferred. “One and done” training has commenced and as part of that process we have identified operational service hubs based on synergies e.g. benefits, council tax etc.
- 3.13 Our income team identified areas where they can create extra income and have been developing those. We are also developing a business case to look at the viability of sharing the collection of parking debt.
- 3.14 Payments have stabilised performance across each authority so that they are performing above target in all areas.

- 3.15 Our Business support team have carried out a number of business process re-engineering exercises; a number of efficiencies have been identified and implemented with resources being flexed between each service area to cover peaks and troughs. A key improvement has been to speed up the scanning of documents at the front of house.
- 3.16 Our risk register and business continuity plans are accessible to all via EK Services intranet pages.
- 3.17 Finance has built a budget monitoring process across each service and location. As more data has become available they have been able to refine the costing models and improve their accuracy.
- 3.18 Responding to the different needs of our Clients has been key. We have attended CMTs upon request, giving briefings on future policies etc., participated in customer reviews, improvement forums and all this has helped develop the strong links that we now have with them.
- 3.19 Member involvement has varied across each authority depending on demand e.g. shared services working parties, scrutiny meetings, monthly meetings with cabinet and opposition portfolio holders and meetings with Leaders.

#### **4. Budget & Savings to be achieved**

- 4.1 The strategic business case agreed by Chief Executives and s151's identified a savings of £857,000 net (7%) in year one, these included notice periods and redundancy costs. A further request by Chief Executives and Leaders of 12% (net) was agreed and deliverable over a 2 year period.
- 4.2 The saving assumptions are based on the services that were transferred in the initial phase – ICT, customer services, revenues and benefits, and reflected in Table A (appendix B – projected savings based on 2010/11 budgets). However, these also included the expectation that other services would be transferring and some extra economies of scale could be achieved; as we move forward these may need to be reviewed.
- 4.3 The project identified in appendix A will not only help streamline the organisation, but will also help to achieve the savings identified in year 2 and 3.
- 4.4 Future investment within each service is limited, however, a “Service Improvement Board” has been established to review any financial business cases put forward – our key focus is efficiency savings and improved service delivery.

#### **5 Future Projects**

##### Customer Delivery

- 5.2 Customer Services – The “one and done” training that has been ongoing during recent months has enabled enquiries to move from the back to the front office. A key area that has been targeted is Council Tax and so far we are seeing an improvement in the number of calls that are being handled at the first point of contact, this training is being extended to all services.



- 5.3 Contact centre technology has developed over recent years, as we are now one customer services directorate it is worth looking at the feasibility of a single contact centre with local face-to-face delivery. A feasibility study will begin in January 2012 in order to progress this.
- 5.4 Early indicators show that peaks and troughs within each contact centre are similar. Our plan is to implement a call routing system to deal with these peak activities. This is an investment that will be made during 2012 and work is underway to establish the type of product that is available and then in discussion with our clients establish what best suits their needs.
- 5.5 Payments – The full impact of Universal credit is still not clear. Central Government have already had a change of heart with regard to fraud investigations, so it is difficult to anticipate fully their intentions. However, we are already preparing for the introduction of the new localised Council Tax benefit regime and we have already modelled a number of scenarios for Finance Officers and Management Teams to evaluate.
- 5.6 Income – In order to maximise our collection rate we intend to bring together a single Bailiff contract, this will ensure that we get best value for money and a consistent approach across all three areas.
- 5.7 ICT
- 5.8 Web hosting services will be consolidated to a single supplier providing consistent managed service.
- 5.9 GIS internet services are being implemented across all partner sites enabling self service opportunities using mapping solutions. This provides a more user friendly option for services.
- 5.10 There are approximately 140 different software systems across the three authorities that we support. A key project will be to take advantage of the opportunities for joint procurement and shared solutions in order to streamline the range of systems and help reduce both maintenance and licensing costs.
- 5.11 Server and storage infrastructure will be upgraded or replaced across all partners. Increases in data storage and access require changes and improvements in order to ensure effective retrieval of information and access to services.
- 5.12 A single service for authenticated remote access for staff and suppliers which will improve security and also enable enhanced business continuity options.
- 5.13 PC Health Checks will be carried out to ensure efficient and effective workstations across all partners. Advice on upgrades and replacements will be provided to enable clients to define their own programme in line with their budgets.
- 5.14 Internet Acceptable use policy and Email use policy currently used by each partner will be consolidated into single common policy documents for use by all partners.
- 5.15 Cloud computing – there has been significant promotion of the benefits of cloud computing (offsite storage of data and delivery of services. Generally a subscription based, pay per use service). However in these early days of this service we need to understand the security issues as well as potential benefits and more investigation is

needed. We need to take a measured approach and understand which areas of data and service might be suitable for this new approach to delivery. Local implementation of an EKS cloud solution should also be considered.

## **6. Corporate**

- 6.1 The new Pay and Reward programme has begun and this will be progressed through 2012 with a revised “go live” date of April 2013. This is a major review of the current pay scheme and we cannot under estimate the impact that this could have on the organisation.
- 6.2 Our culture change programme links very closely with the new pay and reward proposals and work has already begun to develop an EKS culture. The Right 1<sup>st</sup> Time programme will help to embed the competencies and behaviours alongside service standards within each area.
- 6.3 Opportunities for further income streams must always be on our agenda. Although there are a number of organisations and authorities beginning to share services, the reality is that not many of them are buying them!
- 6.4 Policy and procedure alignment will be an ongoing piece of work for all services, our aim will be to, where possible, influence our colleagues in East Kent to align as many of their procedures and processes to enable greater shared working.
- 6.5 The transfer of further services has now been changed to reflect a more organic growth – the principle being as opportunities arise, business cases will be investigated and there is now the agreement that a single authority can transfer a service as appropriate.
- 6.6 Whilst work has been undertaken on business re-engineering within in each service in order to deliver the future savings in 2013/14 we will need to develop a transformation strategy that takes a more overarching look at areas.
- 6.7 The leadership of East Kent Human Resources will transfer to EKS; this will present a number of opportunities including alignment of processes, economies of scale and with a wider portfolio the opportunity to seek external income streams.
- 6.8 Currently a business case is being investigated as to the viability of sharing the collection of parking debt.

## **7. Performance**

- 7.1 As we begin to obtain more detailed data and understand the overall activity, this enables us to predict the resources required to deliver the level of service required to each authority as identified within the Service Level Agreements.
- 7.2 Service Levels Agreements will be reviewed on an annual basis and performance will be reported in the monthly performance pack and discussed at the client meetings. For 2012/13 we have been able in most cases to maintain the same level of service whilst delivering the cost reductions.

## **8. Risk**

- 8.1 Key risks identified are; withdrawal of customers e.g. East Kent Housing, our mitigation plan is to ensure that we soft market test to maintain competitive costs and

service delivery. Also, as EKS services become more stable we will look to expand our offering to new customers; the transfer of EKHR will also extend our portfolio.

- 8.2 The Welfare Reform Bill will have an impact on EKS; information is slow to be released from central government and when it is realised timescales are tight. Localised Council Tax is the first reform to be introduced and we have worked closely with each area to minimise the impact. However, the details of Universal Credit are unknown and the expected release date is July 2012, until then we can only speculate about the impact – but we do recognise that it will have an effect on a large proportion of staff within EKS.

## **9. Next steps**

- 9.1 A key relationship for EK Services is with the new housing ALMO (arms length management organisation). Until 2013, the ALMO will purchase its ICT and customer services including contact centre and face to face support, from EK Services. Work is ongoing with them to establish ongoing service level agreements and costing models to ensure value for money and that we maintain their contract beyond the initial two year period.
- 9.2 Whilst EKS has not publicised its existence to date, we have been approached by a number of authorities who have been interested in our activities. Moving forward we will be looking to develop those interests and others to create an external income stream.
- 9.3 Our management team structure was originally designed to absorb further services; if these do not materialise then there may be a need to review the senior management structure to ensure that future savings targets are met.

Project	Lead Officer	Month/Year	Objective or Deliverable
<b>Customer Delivery</b>			
Feasibility of single contact centre	Andrew Stevens	Oct 2012	To look at ways to make the contact centres work closer together to maximise resource, resilience and performance.
Call routing system	Carol Gray	July 2012	To implement a "self-serve" telephone system at TDC which will deal with basic enquiries for Benefits, Council Tax, Waste & Recycling.
Business case for shared collection of parking income	James Kehoe	March 2012	To produce a business case for Parking Income to come into the shared service.
Bailiff Contract renewal	Mandie Kerry	Sept 2012	To successfully procure the services of bailiff companies for the period 1.4.13 to 31.3.17.
Review of Council Tax Benefit	Andrew Stevens	Feb 2013	To successfully implement the "Localised Council Tax support" scheme for all three partner Councils.
Universal Credit – workstreams and implementation plan	Andrew Stevens	2012/13	To successfully manage the transition to Universal Credit in terms of budgets, resources and benefit claims.
Customer Excellence training – across all EK Services staff	Carol Gray	2012	To deliver the "Customer Excellence" training to all staff who have not yet received it.
Feasibility review of e-communications	Mandie Kerry	2012	To review the options available for customers to "self-serve" and our options for communicating to our customers via electronic means.

Harmonising of system parameters	Mark Emery	Dec 2012	To totally harmonise all system parameters between the Dover & Thanet versions of Civica.
Outsourcing daily billing	Mandie Kerry	Dec 2012	To outsource the production and mailing of all daily bills and benefits notifications (to include the contract for the annual billing exercise)
<b>ICT</b>			
ICT forums within each authority.	Timo Bayford	Feb 2012	All forums set up with client representative as chair.
Deliver the projects identified in "Sharing the Gain"	Angela Waite	2012/13	Current project work plan agreed by clients and a process for adding new projects based on the strategic needs of each authority now in place.
<b>Corporate Activity</b>			
Culture change programme – Right 1 <sup>st</sup> Time.	Donna Reed	2012	To implement a programme that helps create a "one team" feel for EK Services, whilst implementing the new competency and behaviours framework.
Implementation of the new Pay and Reward package	Donna Reed	2012/13	To lead the project team to develop and implement a new pay and reward package across TDC and EKS.
Continuous improvement programme	Donna Reed	2012	To begin a review programme of all services to ensure that we are becoming efficient and effective in our service delivery.
Harmonisation of policies and procedures	Assistant Directors	2012	Where possible to align all relevant processes and procedures across the three authorities.
Transfer of East Kent Human Resources into EK Services	Donna Reed/ Juli Oliver Smith	June 2012	To maximise the opportunities for economies of scale and increased customer base.



Transfer of other service areas into EK Services	Donna Reed	2012	Work with East Kent Chief Executives to identify any services that may fit within the EK Services delivery model.
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Table A

ICT	Year 1 - 2011/12				Year 2 - 2012/13			
	Gross Saving		Net Saving		Gross Saving		Net Saving	
	£'000	%	£'000	%	£'000	%	£'000	%
Thanet	1,069	11.6%	(118)	11.0%	(142)	13.3%	(166)	15.5%
Canterbury	1,193	11.4%	(88)	7.4%	(155)	13.0%	(136)	11.4%
Dover	858	12.0%	(54)	6.3%	(121)	14.1%	(101)	11.8%
<b>Total</b>	<b>3,120</b>	<b>11.6%</b>	<b>(260)</b>	<b>8.3%</b>	<b>(418)</b>	<b>13.4%</b>	<b>(403)</b>	<b>12.9%</b>
<b>Customer Services</b>								
	Gross Saving		Net Saving		Gross Saving		Net Saving	
	£'000	%	£'000	%	£'000	%	£'000	%
Thanet	904	11.5%	(94)	10.4%	(129)	14.3%	(154)	17.0%
Canterbury	1,050	11.2%	(64)	6.1%	(143)	13.6%	(124)	11.8%
Dover	1,001	11.4%	(53)	5.3%	(138)	13.8%	(112)	11.2%
<b>Total</b>	<b>2,955</b>	<b>11.4%</b>	<b>(211)</b>	<b>7.1%</b>	<b>(410)</b>	<b>13.9%</b>	<b>(390)</b>	<b>13.2%</b>
<b>Revenues &amp; Benefits</b>								
	Gross Saving		Net Saving		Gross Saving		Net Saving	
	£'000	%	£'000	%	£'000	%	£'000	%
Thanet	2,512	9.6%	(203)	8.1%	(286)	11.4%	(311)	12.4%
Canterbury	1,981	9.4%	(112)	5.7%	(232)	11.7%	(219)	11.1%
Dover	1,596	9.3%	(71)	4.4%	(194)	12.2%	(180)	11.3%
<b>Total</b>	<b>6,089</b>	<b>9.4%</b>	<b>(386)</b>	<b>6.3%</b>	<b>(712)</b>	<b>11.7%</b>	<b>(710)</b>	<b>11.7%</b>
<b>Total</b>								
	Gross Saving		Net Saving		Gross Saving		Net Saving	
	£'000	%	£'000	%	£'000	%	£'000	%
Thanet	4,485	10.4%	(415)	9.3%	(557)	12.4%	(631)	14.1%
Canterbury	4,224	10.4%	(264)	6.3%	(530)	12.5%	(479)	11.3%
Dover	3,455	10.6%	(178)	5.2%	(453)	13.1%	(393)	11.4%
<b>Total</b>	<b>12,164</b>	<b>10.5%</b>	<b>(857)</b>	<b>7.0%</b>	<b>(1,540)</b>	<b>12.7%</b>	<b>(1,503)</b>	<b>12.4%</b>

\* Figures used from 2010/11 budgets as identified in the business case.

**Subject:** **East Kent Human Resources' Performance 2011/12**

**Director/Head of Service:** Head of the East Kent HR Partnership

**Decision Issues:** These matters are within the authority of the Committee

**Decision type:** Non-key

**Classification:** This report is open to the public.

**Summary:** *This report details the performance of EK Human Resources during the year 2011/12. This includes the end of year service plan report, operational highlights, progress against budget and savings targets and reporting of partner agreed service performance indicators.*

**To Recommend:** **That the report be noted**

## 1. Introduction

- 1.1 The aim of this report is to give you an update on the performance of EK Human Resources during the year 2011/12. This includes the end of year service plan report, operational highlights, progress against budget and savings targets and reporting of partner agreed service performance indicators.
- 1.2 During 2011/12, the EK HR supported a population of 2616 staff across the organisations; Canterbury City Council, Dover District Council, Shepway District Council, Thanet District Council (including EK Services) and East Kent Housing.
- 1.3 The EK HR team of 28 staff includes 2 qualified health and safety professionals, 2 learning and development professionals and 12 qualified members of the Chartered Institute of Personnel and Development (CIPD).
- 1.4 Over the year 2011/12, the EK HR operations team responded to 9003 emails and 4837 calls for advice or support and the HR consultants supported managers with 232 complex employee relations cases (as detailed at appendix 2).

## 2. Detail

### 2.1 Service Plan Performance

- 2.1.1 Appendix 1 lists the 2011/12 service plan items and their status at the end of 2011/12. Key achievements are:
- 2.1.2 Design, build and launch of a new online intranet based HR service for all partners. This improves staff and managers access to key HR policies, procedures, forms and guidance.



- 2.1.3 Consultation, design and delivery of a quarterly performance and HR activity report to strategic HR leads within the partner authorities. This has been used as a key tool and prompt for analysis and discussion of key workforce related matters between HR and the partner strategic leads.
- 2.1.4 Support to East Kent Housing for the TUPE transfer of staff and subsequent organisation-wide restructure. This work was significant in terms of the employment law complexity of managing the transition of staff under four sets of terms and conditions of employment.
- 2.1.5 Support to Thanet District Council and EK Services to review their pay and reward policies to ensure they meet future budget projections. Successful negotiations with the unions resulted in the removal of the automatic incremental advancement in 2012 as a first step towards a new pay and reward strategy.
- 2.1.6 Design by EK HR of 37 leadership development and culture change interventions to meet the partners' organisational learning and development needs as identified through facilitated workshops.
- 2.1.7 Review and re-tender of occupational health services for the partners following analysis of partner requirements
- 2.1.8 Review and restructure of HR service following notice of withdrawal from Shepway District Council. The new structure enables the HR service to meet the requisite budget reductions while maintaining resilience and continuity of a high quality service to the partners.

## **2.2. Operational Highlights and Service Performance**

- 2.2.1 Appendix 2 shows a flavour of the volumes and activities delivered by the EK HR service. Operational highlights and achievements in 2011/12 have been:
- 2.2.2 The EK HR Health and Safety team have designed and implemented a system of checklists to help managers track and remain in control of their health and safety responsibilities. This is now in place across the three authorities and is supported by ongoing review of managers guidance notes being developed by the EK HR team.
- 2.2.3 The breadth, complexity and volume of employee relations cases supported by the EK HR team. The majority of this work has focused on supporting managers managing restructures and TUPE transfers of staff, disciplinaries, grievances and sickness absence.
- 2.2.4 Continuous improvement activity to review HR operational procedures to remove waste and improve efficiency. Processes have included: management of incoming emails, administration of payroll and HR system changes, procurement on behalf of the partners, recruitment administration and the administration of changes to terms of conditions of employment for staff.
- 2.2.5 Ability to respond to a high volume of enquiries and requests for advice and support from staff and managers within a reasonable timescale.
- 2.2.6 Appendix 3 shows the EK HR actual against target service measures (as agreed to be reported by the partner strategic HR leads). These demonstrate an overall satisfactory service as measured by these performance indicators collected from regular customer satisfaction surveys and operational activity and systems logs.

**2.3 Budget**

2.3.1 The agreed budget for the EK HR service for 2011/12 was £1,449,500. The end of year position for the EK HR service is £1,394,900.

2.3.2 Through cautious management of the budget and holding of vacancies in order to mitigate redundancy costs at the end of 2011/12, the EK HR service has delivered a saving in 2011/12 of £54,000.

**Contact Officer: Juli Oliver-Smith**

**Telephone: 07917 473616**

Appendices :

Appendix 1 - End of Year (2011/120 Service Plan report

Appendix 2 - Operational activity figures

Appendix 3 - End of 2011-12 Key EK Human Resources Service Measures

## End of Year (2011/12) Service Plan Report

No.	Title	Start	End	End of Year Summary
1.1	i-Trent development and implementation of self service	Jul-11	Jun-12	<p>iTrent HR process documentation and training complete.</p> <p>Definition and documentation of the partners' business processes relevant for self-service is complete.</p> <p>Rebuild of TDCs self service annual leave management system is complete.</p> <p>Specification and build of a management sickness absence report for the partners' is complete.</p> <p>Self service organisation structure systems build work is underway.</p>
1.2	Non-iTrent self service & management tool	Jan-11	Apr-12	<p><u>EK HR Intranet Service</u></p> <p>New online HR intranet service built and launched for all customers. This provides access to all authorities' T&amp;Cs of employment, HR policies and procedures and other tools and guidance to support the management and development of staff.</p> <p><u>HR Case Management System</u></p> <p>EKS IT and HR have collaborated to design and build a bespoke and secure HR case management system. This will aid the consistency, speed, management, analysis and quality of HR case and advice management to all customers.</p>
1.3	EKHRP Performance reporting	Jun-11	Dec-11	<p>EK HR worked with the strategic HR Board member of each organisation to design and deliver a quarterly performance report to enable performance monitoring of the HR service and to support the organisations' management of workforce management risk and opportunities.</p> <p>This report was delivered quarterly throughout 2011-12 and is now an embedded process.</p>

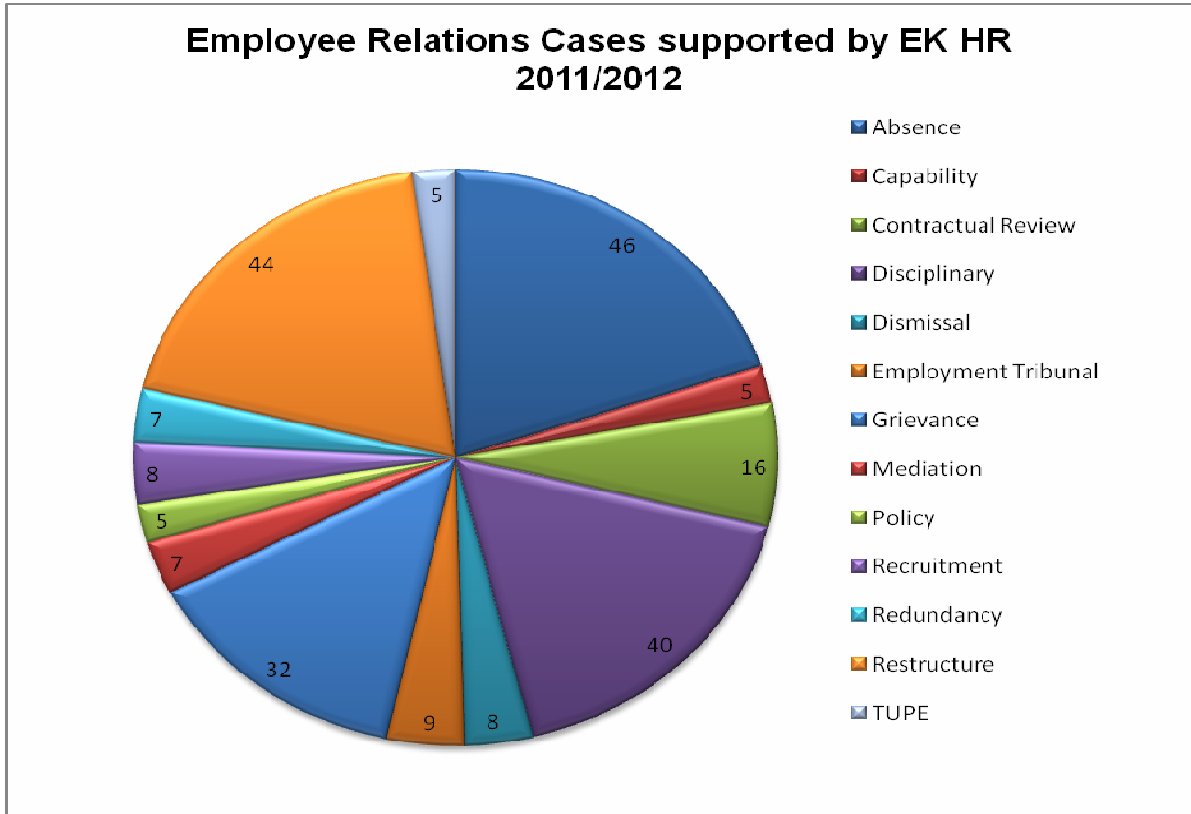
No.	Title	Start	End	End of Year Summary
2.1	EK Housing System & Payroll Implementation	Jul-11	Feb-12	EK HR supported the build and implementation by KCC of the EKH payroll system. This included the transition of all EKH staff to the new payroll system on their protected or new terms and conditions of employment.
2.2	EK Housing Restructure and Implementation of Terms and Conditions	Jul-11	Nov-11	EK HR supported EKH to conduct an organisation-wide restructure. The target of December 2011 for the transfer of all staff to their new jobs was met.
3.1	Review of pay spine and pay policy at TDC	Jul-11	Apr-12	EK HR supported TDC to review their current pay spine and policy and to consult on and implement a new policy for 2012/13.  This project continues into 2012/13 and an interim reward consultant has been recruited to research and recommend a new pay policy to meet TDCs requirements for the future.
4.2	EKHRP Internal Continuous Improvement Programme.	Apr-11	Apr-12	EK HRs continuous improvement activity has included: <ul style="list-style-type: none"> <li>- identifying inefficient or in-existent processes</li> <li>- defining an improved process (including creating efficiencies &amp; adding value where possible)</li> <li>- creating supporting documents for the new process (eg. guidance notes, checklists, forms, master letters etc.)</li> <li>- Delivering training and communications (where necessary) to support the new processes.</li> </ul> Processes completed in 2011/12: <ul style="list-style-type: none"> <li>- Buying goods and services for the EKHRP and on behalf of the partners</li> <li>- Legal update framework</li> <li>- Managing recruitment &amp; selection</li> <li>- Redundancy calculations</li> <li>- Managing restructures</li> </ul> new processes & toolkits to be launched in early 2012/13: <ul style="list-style-type: none"> <li>- Absence management</li> <li>- Attending employment tribunals</li> </ul>

No.	Title	Start	End	End of Year Summary
4.3	An agreed SLA for Health and Safety to be agreed by all four partners	Apr-11	Dec-11	Following SDCs notice of withdrawal from the EKHRP, this item was no longer required.
4.4	Legal Updates	Apr-11	Apr-12	<p>3 employment law updates published during 2011-12 covered:</p> <ul style="list-style-type: none"> <li>- Application of TUPE</li> <li>- Change in legislation on timescales for bringing claims of unfair dismissal to the employment tribunal</li> <li>- Update on H&amp;S legislation</li> <li>- Update on proposed employment tribunal reforms</li> <li>- the Equality Act 2010</li> <li>- Additional paternity leave regulations 2010</li> <li>- Withdrawal of the default retirement age</li> <li>- Changes to pay procedures &amp; benefit rates</li> <li>- Agency workers regulations 2010</li> <li>- Time off for the Olympics</li> <li>- The Bribery Act 2010</li> </ul>
5.1	Review of 5 Year Organisation Development (OD) Vision/Needs by District to inform EKHRP design, structure and required skills and capabilities.	Jun-11	Oct-11	EK HR facilitated workshops with the partners to identify their 5 year organisation development needs. Despite significant work undertaken by the partners and EK HR to determine the L&D commitment for the forthcoming 3 years this is not yet confirmed. EK HR have therefore planned their L&D resources according to shorter term partner L&D requirements and this is regularly reviewed.

No.	Title	Start	End	End of Year Summary
5.2	Leadership Modular Based Programme available for Commissioning/Delivery.	Jun-11	Apr-12	<p>The Leadership modular menu is designed and available for commission / delivery to all partners. The menu includes:</p> <ul style="list-style-type: none"> <li>- Understanding performance &amp; competency management to maximise performance.</li> <li>- Explore leadership, transformation and change management.</li> <li>- Challenge your assumptions on strategy &amp; the strategic process.</li> <li>- Empowering and enabling staff workout</li> <li>- Hold and manage crucial conversations</li> <li>- Income generation for Local Government</li> <li>- Consultancy skills and negotiation</li> <li>- Collaborative leadership</li> <li>- Examine how to lead beyond your organisational boundaries</li> <li>- Managing Partnership Contracts</li> <li>- Develop self-awareness of your leadership style &amp; impact on others</li> <li>- Develop mental toughness &amp; resilience</li> <li>- Develop advanced coaching for performance</li> <li>- Develop personal presence and impact</li> <li>- Prioritising, time management &amp; delegation</li> <li>- Managing discipline &amp; grievance</li> <li>- Managing &amp; motivating teams</li> <li>- Managing absence</li> <li>- Managing Budgets</li> <li>- Managing Change</li> <li>- Managing information &amp; communication</li> <li>- Managing people</li> <li>- Managing performance</li> <li>- Managing projects</li> </ul>
5.3	Culture Change Programme Modular Based Programme	Jun-11	Apr-12	<p>The Culture Change modular menu is designed and delivery to partners has commenced. The programme includes:</p> <ul style="list-style-type: none"> <li>- Redefining vision and values</li> <li>- Generating employee engagement</li> <li>- Implementing competency framework design and management</li> <li>- Event facilitation</li> <li>- Leadership development</li> <li>- Management development</li> <li>- Executive coaching</li> <li>- 360 degree feedback and psychometrics</li> <li>- Coaching and mentoring</li> <li>- Supporting yourself through change</li> <li>- Supporting others through change</li> <li>- Supporting the survivors of redundancy</li> <li>- Letting go of the past</li> <li>- Crucial conversations</li> </ul>

No.	Title	Start	End	End of Year Summary
5.4	To assist with the embedding and promotion of customer excellence within Shepway District Council			SDC decided not to pursue the scoping of this item.
6.2	Apprenticeship and work placement schemes	Jun-11	Apr-12	In collaboration with the unions and the DDC project commissioner, EK HR have developed and agreed an apprenticeship, internship and work experience policy.  This policy will be available to all partners in early 2012/13.
8.1	OH re-Tender	Aug-11	Nov-11	EK HR reviewed partner current and future OH requirements. Based on the OH expenditure a 'request for quotes' was made to a number of providers. Analysis of the providers' proposals was undertaken according to the partner requirements resulting in the decision to re-contract with Staff Care Services for 18 months.
9.1	Shepway Withdrawal	Oct-11	Mar-12	EK HR scoped the HR service and all materials required to be transferred to SDC to enable the withdrawal of SDC from the EKHRP. Handover of the service was managed between EK HR and SDC during March 2012.
9.2	EKHRP future service vision	Oct-11	Mar-12	Following feedback on the HR service and review of the HR budget following SDCs notice of withdrawal, the EK HR proposed, consulted on and selection to a new staffing structure. Transition for staff to the new structure is taking place through March, April and May 2012.

Employee Relations Activity



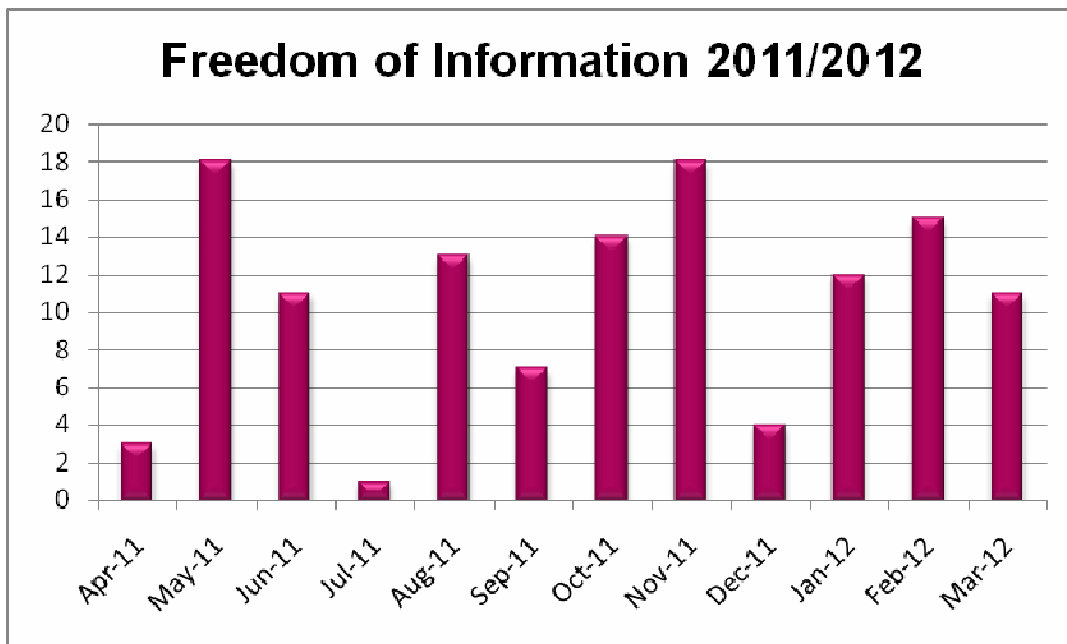
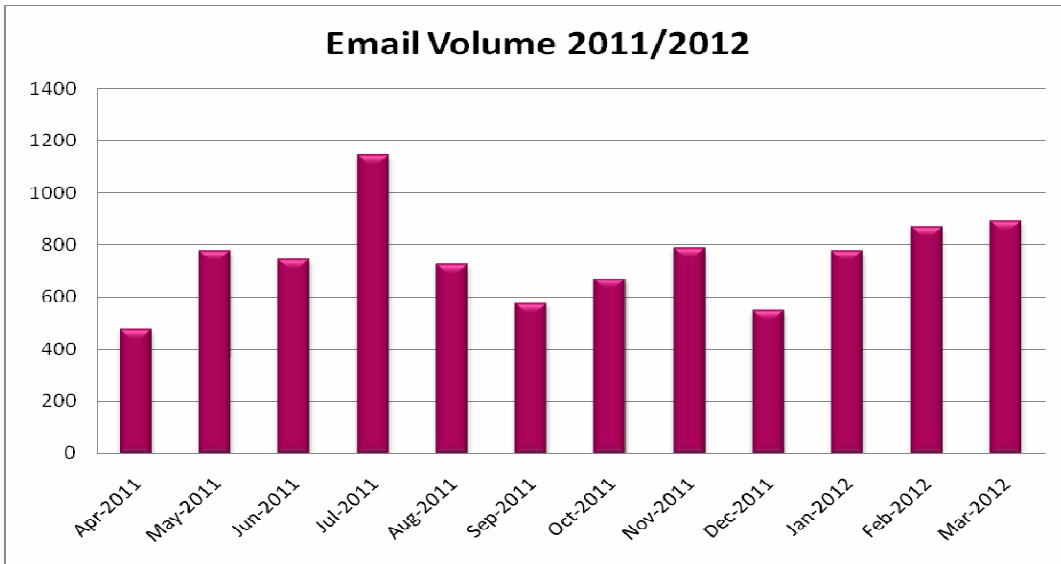
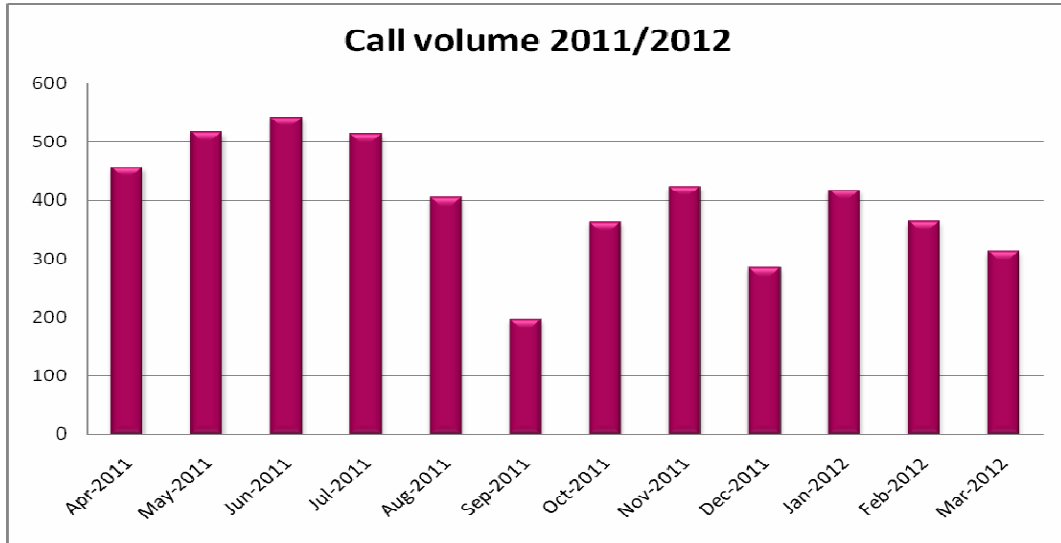
Note:

The numbers of cases is not reflective of the actual work required or the duration or complexity of a case.

For example, a TUPE case may involve between 1 and 200 staff members and depending on the complexity of the case and the numbers of staff involved, may require HR support and advice for between 1 and 4 months.



**Operational Activity Volumes for EK Human Resources**





## End of 2011-12 Key EK Human Resources Service Measures

Description	Target	Actual	Status
Calls answered within 15 seconds	80%	87%	OK
Customer overall satisfaction (satisfied or better)	80%	99.5%	OK
Initial CC contact made within 3 days of case escalation	100%	90%	Warning
Enquiries (calls) answered at first point of contact	80%	90.5%	OK
Enquiries (emails) responded to within 3 working days	80%	94%	OK
Contract of employment sent to new starter within 4 weeks of receipt of starter form.	80%	97.5%	OK
Offer of employment sent to new starter within 2 days of a new starter form.	80%	86.5%	OK

## Other information reported by EK HR for 2011-12

	Q1 outturn	Q2 outturn	Q3 outturn	Q4 outturn
Customer Issues raised to the EKHR	36	43	17	25
Compliments received by EKHR	Not recorded	Not recorded	18	6
FOI requests made to EKHR	26	18	29	30

**To: East Kent Authorities Heads of Paid Service**

**Copy: EKJAC**

**From: Payroll Officer, Kent County Council**

**Subject: Statement to support the Annual Governance Assurance Report**

## **Summary**

It is a requirement of the KCC and East Kent Districts' Collaboration Agreement that KCC's Payroll Officer shall provide an annual statement to support the Annual Governance Assurance Report. This statement is for the Head of Paid Service for each District Authority and is to be provided to EKJAC.

## **Statement 2011-12**

1. Delegated Payroll Function – KCC's Employee Services Centre (ESC) have provided and continue to provide a fully compliant payroll function to the four East Kent Authorities that meets the terms of our Service Level Agreement (SLA).
  - 1.1. Transactional and checking processes are evidenced.
  - 1.2. Sign-off procedures are actioned and documented.
  - 1.3. Payrolls and all payments are fully reconciled on a monthly basis.
2. Monitoring – As part of the service ESC provided:
  - 2.1. Quarterly reports and Key Performance Indicators (KPI) to EKHRP.
  - 2.2. Logging and monitoring of all queries received from employees and managers.
  - 2.3. Statistics and error monitoring are incorporated into the KPI packs.
3. Communication – In line with the SLA, representatives from ESC made themselves available to attend regular and ad hoc meetings with EKHRP and members of the four authorities as appropriate.
4. Audits and Controls – ESC complies with audit requirements.
  - 4.1. ESC supported and provided access to records and information during two audits as detailed below
    - 4.1.1. the follow up audit by KCC's internal audit team which was issued in March 2012 with substantial assurance.

- 4.1.2. the audit by the East Kent Audit Partnership the final draft of which was issued in March 2012. Payroll accuracy (delivered jointly with EKHRP) was given a reasonable assurance.
- 4.2. ESC diligently implemented any recommendations applicable to the payroll.
5. System Administration function – The following services have been provided as part of the Systems Admin function:
  - 5.1. Continual maintenance of the HR / payroll platform
  - 5.2. Implementation of changes using a change control process
    - 5.2.1. This included staged testing.
  - 5.3. Kept up to date with system and statutory patches and releases in liaison with EKHRP and other relevant East Kent Partners.
  - 5.4. Liaised with the system provider in relation to iTrent systems matters and Dover IT regarding server related matters.
6. Normal charges to the East Kent Partnership were monitored on a monthly basis.
  - 6.1. A change to payslip price was agreed with the Partnership due to a significant variation in workload resulting from delays in implementation of self-service and the continued use of multiple sets of terms and conditions and local agreements. These charges have been applied as agreed from January 2012.
  - 6.2. Licence costs have been managed with Midland to ensure the fixed pricing continues to be applied for the term of the current contract
  - 6.3. All project charges were agreed in advance and no work commenced without an appropriate purchase order number.

### **Future Commitment**

The above processes, procedures, controls and strategies will continue to be applied in liaison with EKHRP and the Heads of Paid Service for the District Authorities. KCC will continue to maintain standards of delivery at least in line with the SLA and will always review performance with a view to implement continuous improvement. Many of the future improvements will be made in liaison with EKHRP and may be subject to funding.

### **Suggested Planned Improvements for the Next 12 Months**

KCC continue to strongly recommend full deployment of self-service and automated work-flows. We have provided and will continue to provide significant support and advice in these areas. This will ensure a significantly enhanced experience for staff and managers, efficiencies for resourcing in the EKHR team and the potential to reduce the payslip price.

In line with the above, KCC continues to recommend the synchronisation of the four authorities' terms and conditions, policies and procedures. As above, KCC has access to in-depth knowledge and specialist expertise and could provide additional support where requested.

Following the success by KCC of merging the payroll and HR administration roles we would recommend implementing this approach to take full advantage of the integrated HR/payroll platform. It significantly reduced over-head costs, reduced process-related risks and errors and notably increased efficiencies. We have provided information relating to this and would recommend and support the change to integrate the roles. KCC has implemented this with Shepway District Council from April 2012.

KCC would like to continue to make an important contribution at the Strategic HR Board meetings and add value by offering expert advice and support to the continual improvement process.

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### **Note from the Heads of Paid Service**

*KCC has requested that the statement to support the Annual Governance Assurance Report is distributed to EKJAC for consideration. The content of the supporting statement provides detail of information on delegated payroll function, monitoring, communication, audits and controls and system administration.*

*The statement is taken as a self assessment only. It was considered at the East Kent Chief Executives' Forum on 23 May 2012 where the content was noted with a request that the section entitled 'Suggested Planned Improvements for the next 12 months', be removed.*

<b>Subject:</b>	<b>Review of the East Kent Arrangements</b>
<b>Director/Head of Service:</b>	Head of Legal and Democratic Services (Canterbury) and Solicitor to the Council (Dover)
<b>Decision Issues:</b>	These matters are within the authority of the Committee to recommend to the respective Councils.
<b>Decision type:</b>	Non-key
<b>Classification:</b>	This report is open to the public.
<b>Summary:</b>	<i>This review examines options for the East Kent Committee Arrangements in the future and suggests a way in which they might be adjusted to align with the services being delivered.</i>
<b>To Recommend/ Resolve/Consider:</b>	<p><b>To recommend to the executives and councils of Canterbury City Council, Dover District Council, Kent County Council, Shepway District Council and Thanet District Council ('the Participating Councils') that the amendments to the East Kent Arrangements set out in this report be adopted and therefore:-</b></p> <ul style="list-style-type: none"><li><b>(a) The East Kent Joint Arrangements Committee and the East Kent Joint Scrutiny Committee be dissolved with effect from 1 October 2012.</b></li><li><b>(b) That operating arrangements for a Committee relating to functions shared by Canterbury City Council, Dover District Council and Thanet District Council ('the Continuing Councils') be drafted by the respective heads of legal and be submitted to the Continuing Councils for approval with scrutiny being undertaken by the scrutiny committees of the Continuing Councils.</b></li><li><b>(c) That any existing delegations to the Director of Shared Services, the Head of the East Kent Human Resources Partnership and the Payroll Officer for Kent County Council relating to the functions of the Continuing Councils continue.</b></li><li><b>(d) That the delegation to the Payroll officer for Kent County Council by Shepway</b></li></ul>

**District Council continue.**

- (e) **All agreements or arrangements which may need to remain in effect after 1 October 2012 be reviewed by the Heads of Legal of all the Participating councils and they be delegated the power by their respective councils that if relevant to them they agree the continuation of those matters in such form as they think appropriate.**

**Next stage in process      Reports to be submitted to the councils and executives of all participating councils.**

## **SUPPORTING INFORMATION**

### **1. Introduction**

At the last meeting of the East Kent Joint Arrangements Committee (EKJAC) on 14 March 2012 the Committee received a report from us with a proposed protocol refining the administrative arrangements for the East Kent Joint Scrutiny Committee (EKJSC) and governing its relationship with the Scrutiny Committees of individual authorities.

From that debate it was clear the EKJAC wished to get on with exercising its oversight of shared services but also that scrutiny should primarily be exercised at the local level. Problems which arose at a strategic level should be for the EKJAC to address.

This led in turn to a wish to review the Committee arrangements in the light of how they have functioned and where shared services now are both in terms of reporting to the EKJAC and which services are shared or in prospect of being shared. It was envisaged such review might entail having some other form of management arrangements.

#### **Background**

EKJAC and EKJSC were formed in June 2008 as part of a plan to develop shared working across East Kent with the participation of the four district councils and the county council. The arrangements envisaged that the EKJAC would have a strategic role in overseeing the development of ideas and then a management and monitoring role as services became shared. The EKJAC oversaw proposals for sharing revenues and benefits, information technology, customer contact centres, housing management, human resources and waste. It has been a very significant programme of projects.

A review of the arrangements was carried out by former district council Chief Executive Mr Douglas Bradbury. His report was approved by the EKJAC on 19 May 2010. The difficulty in implementing it proved to be something which has particularly concerned the EKJSC. This is the participation of authorities in debates who are not participants in a particular shared service. Legally if a Member is appointed to a Committee they have a right to fully participate in its business and only by convention could they be excluded. For whatever reason there does appear to be a reluctance



for authorities which are not engaged in a particular shared service to have an involvement in its governance.

### The Services

It may be helpful to review in relation to each service where it now stands in relation to the joint committees and the individual authorities.

### **East Kent Services**

This is a joint service hosted by Thanet with, in effect, a brand name. It provides revenues and benefits, information technology and customer contact services to Canterbury City and Dover and Thanet District Councils. It reports directly to EKJAC and the EKJAC has delegated the relevant powers to the Director of Shared Services who heads the organisation.

### East Kent Human Resources

This is a separate shared service which up to 31 March 2012 provided shared services to Canterbury City, Dover, Shepway and Thanet District Councils. Shepway withdrew with effect from 31 March. The Head of the East Kent Human Resources Partnership is also delegated powers through the EKJAC although on the basis of a different form of agreement.

### East Kent Housing

This is an arms length management organisation providing housing management services to Canterbury City, Dover, Shepway and Thanet District Councils. Having been developed under the auspices of the Joint Committee Arrangements it now has its own management arrangements. East Kent Housing is a separate company with its own employees. The four authorities are represented on an Owner's Committee which is charged with making the key management decisions. The East Kent Joint Arrangements Committee having overseen its establishment now has no role in relation to it.

### Waste

The EKJAC has overseen the development of arrangements across east Kent. All the participants in the East Kent arrangements have signed a five way waste agreement intended to set the strategic direction for waste across east Kent and in particular committed us all to the method of collections known as the "NOM". Whilst the aspiration is to move towards a single contract our respective contractual timetables meant that Shepway, Dover and Kent have tendered and secured a contract, Canterbury is in the process of doing so and Thanet has its in-house operation. In relation to the existing and proposed contractual arrangements the EKJAC has no management role. It remains the place where strategic matters, should they arise, can be debated.

### **The role of EKJAC**

The EKJAC's Terms of Reference are attached as Appendix 1 to this report. It clearly has a role in relation to those services where delegations have been made to it and where it in turn has delegated to an officer acting on its behalf. However that now concerns three of the five authorities.

As noted above it could have a strategic role in relation to waste but given the decisions that have been made and the contracts which have been entered into or will be entered into that strategic role will probably not revive until perhaps 2017 when decisions will need to be made on an east Kent contract.

Ashford Borough Council is also an east Kent authority. It was for some time associated with the housing project but withdrew. It has expressed an interest in exploring some form of formal connection with the other east Kent districts which if it arises is likely to mean an alignment of certain of policies and perhaps the sharing of services associated with them.

Drawing these threads together then the questions which arise are:

- should the east Kent arrangements be refashioned to facilitate a wider grouping?
- alternatively using the precedent of East Kent Housing should it be refashioned to become a management body for East Kent Services consisting solely of the three participating districts, or
- should the arrangements be abolished altogether and the authorities simply have an agency arrangement with Thanet.

### Discussion

The fundamental question is whether the original vision held in 2008 still holds true.

In our view Shepway's decision not to participate in East Kent Services and then to withdraw from East Kent HR is significant. Further the strategic oversight of waste does not appear to be a live issue at least in relation to decision making and East Kent Housing has its own separate arrangements. If there are to be future shared arrangements it appears this may on a broader east Kent scale including Ashford or alternatively the three participating authorities in East Kent Services may add further to the functions performed by that organisation.

Therefore there are quite persuasive arguments for suggesting that the joint arrangements in their current form might usefully be changed.

This suggests one of two alternatives as things presently stand. First that the arrangements are refashioned simply to cover those participating authorities in East Kent Services or alternatively the Committee is abolished altogether and there is simply an agency arrangement with Thanet.

### The pros and cons

The difficulty with an agency arrangement is one of accountability. The agent at any time (subject to the details of the agency) may divest themselves of the responsibility. In times of stability what is a relatively short term arrangement may extend over several years. However in times of economic uncertainty ultimately the interests of the agent must always come first unless there is some positive incentive to carry on the agency the authorities delegating the function must appreciate they have little real control in how it is performed although they always have the option of withdrawing the delegation.

A joint committee addresses the question of accountability. The respective authorities delegate functions to the joint committee which in turn delegates them to a single officer of one of the participating authorities. That officer is answerable to the joint

committee for those functions and not to the authority by whom they are employed. This means that every participating authority has a say in the management of the functions and whilst they may be outvoted in the joint committee they have the right to influence the management and performance of the service.

Thus whilst for a simple or straight forward service or, as in the case of waste, where it bears a direct relationship to an external contract into which all the parties are bound, an agency arrangement has its place, it is not to be recommended for a range of services involving a substantial number of staff.

### **Wider east Kent collaboration**

It's important to emphasize that what is being discussed solely relates to the formal Committee arrangements. The discussions between all east Kent Chief Executives and county representatives at the East Kent Forum, the East Kent Leaders and Chief Executives meetings, the East Kent Regeneration Board and discussions on some possible east Kent district arrangement would be entirely undisturbed. This solely relates to the formal Committee structure.

### **The need for EKJSC**

As described in the report to the Committee concerning the proposed protocol the East Kent Joint Scrutiny Committee has been considering its future role and indeed behind that question was whether it does have a future role. In the context of refashioning the Committee simply to exercise oversight of the existing east Kent arrangements or the putting of additional services into them by the three participating authorities there seems rather less need for a Joint Scrutiny Committee.

It is worth remembering that at the time the joint committees were established there was no statutory foundation for establishing a joint scrutiny committee across different authorities and different local government tiers. However, consultants engaged at the time recommended that a committee be established exercising a scrutiny role. Accordingly, EKJSC was established as a joint committee under the Local Government Act 1972. It is not a statutory scrutiny committee within the meaning of the Local Government Act 2000 but exercises functions which may broadly be described as scrutiny like functions and, were it exercises powers (e.g. call-in) it does so by convention rather than as a matter of law.

Importantly, there has been primary legislation (most recently) the Local Democracy, Economic Development and Construction Act 2009 to enable joint scrutiny committees between tiers of local government but the necessary regulations to give effect to that legislation have not been made.

The Joint Scrutiny Committee was created and has done its most valuable work when the proposals for shared services were being fashioned. With three remaining participants actively pursuing shared arrangements scrutiny can be performed at the point where services are delivered by the individual authorities and management issues can be referred to the Joint Committee for consideration. East Kent Housing is a precedent. Further, without effective statutory underpinning the question may reasonable be asked whether a scrutiny committee operating by convention is satisfactory.

If by contrast the 2008 vision still holds good then, with the addition of the protocol put to the EKJAC at its last meeting the EKJSC may have a future role providing

strategic scrutiny in the future but it is clear that scrutiny of services should primarily be the function of the individual recipient authorities.

**Consequences of dissolution**

For the three participating councils in East Kent Services they will clearly need to form a new committee to oversee and to be held to account for the continuing shared service. Payroll is shared separately from Human Resources and includes Shepway but that is a service which is readily addressed by means of adjustment in the delegation documents to be approved and drafted by the Heads of Legal. To ensure a smooth transition a date has been recommended sufficiently in advance for the necessary decisions to be taken, scrutiny comments received and any reservations dealt with to avoid disruption. As we have existing arrangements in place they will need to be dissolved on a mutually acceptable basis and timescale.

From a practical point of view it is suggested that the meeting of EKJAC on 14 June and the EKJSC that follows it be the last meetings of these committees and that any subsequent scheduled meetings be cancelled.

**2. Relevant Documents**

The East Kent Joint arrangements.

**3. Consultation planned or undertaken**

None, save as indicated below under legal implications.

**4. Options available with reasons for suitability**

Refashioning the Committee arrangements to reflect the services which are actively being shared whilst retaining the other bodies to facilitate collaboration in other areas appears the best way of deploying resources effectively.

**5. Reasons for supporting option recommended, with risk assessment**

The reasons for the proposal are set out in the report. There is little risk in rejecting them and maintaining the status quo if that is required.

**6. Implications**

(a) Financial Implications

None.

(b) Legal Implications

See the body of the report. All heads of legal of all the participating councils have been consulted upon it.

**7. Conclusions**

We argue that the participating authorities should revisit the 2008 vision for the East Kent arrangements and decide whether they still hold good. In our view the informal arrangements certainly do and are gaining in importance. So far as the formal Committee arrangements are concerned they could be more usefully confined to

those authorities who are actively participating in shared services through the mechanism of a refashioned EKJAC with the participating authorities of Canterbury, Dover and Thanet. There would be no need for a joint scrutiny committee with scrutiny being carried out the district level.

We suggest the arrangements are refashioned along those lines.

**Contact Officer: Mark Ellender Telephone: 01227 862 011**

EKJAC300312  
Version 5  
Date 08/06/2012  
Time 3pm

## The Schedule

### TERMS OF REFERENCE of the EAST KENT (JOINT ARRANGEMENTS) COMMITTEE

1. To exercise the executive and non-executive functions of the parties in order to commission, co-ordinate, provide, procure and/or manage any shared services as are agreed from time to time by two or more of the Parties
2. To provide strategic direction to the officers advising the EKJAC
3. To exercise any of the functions or services that are determined to be a shared service in accordance with these arrangements
4. To develop work programmes and projects in relation to the functions which the parties are minded to be delegated to the EKJAC by the Parties
5. To regularly report to each of the Parties on its activities
6. To respond to reports and recommendations made by the East Kent Joint Scrutiny Committee
7. To monitor the operation of the EKJAC and of any shared service
8. To propose a budget for a shared service to the Parties and to monitor and manage any such budget once approved by them
9. To review these arrangements from time to time and make recommendations to the Parties for improvement and change and to propose (as appropriate) the creation of special purpose vehicles for the achievement of the Objectives, including companies, formal partnerships or consortia, the expansion of these arrangements to include other local authorities, the conclusion of contracts with other persons and the provision of services, supplies and works to other persons