



FINANCE & RESOURCES OVERVIEW AND SCRUTINY COMMITTEE AGENDA

Scrutiny making a positive difference: Member led and independent, Overview & Scrutiny Committees promote service improvements, influence policy development & hold Executive to account for the benefit of the Community of Dacorum.

FINANCE & RESOURCES OVERVIEW AND SCRUTINY COMMITTEE AGENDA

WEDNESDAY 04 JUNE 2014 AT 7.30 PM

BULBOURNE ROOM, CIVIC CENTRE, HEMEL HEMPSTEAD

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Adeleke	N Hollinghurst
Ayling	Marshall
Clark	Organ
B Chapman (Chairman)	Taylor
Collins	Townsend (Vice-Chairman)
Doole	W Wyatt-Lowe

(Substitute Members: Councillors Anderson, Elliot, Harris and McKay)

For further information, please contact Clare Thorley on Tel: 01442 228226, e-mail: clare.thorley@dacorum.gov.uk. Information about the Council is also to be found on our web-site: www.dacorum.gov.uk

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1. MINUTES

To confirm the minutes of 4 March 2014 as previously distributed, see link below:

<http://www.dacorum.gov.uk/docs/default-source/council-democracy/resources---14-03-04---minutes.pdf>

2. APOLOGIES FOR ABSENCE

To receive any apologies for absence

3. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter, who attends a meeting of the authority at which the matter is considered:

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and
- (ii) may not participate in any discussion or vote on the matter and must withdraw to the public seating area.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests or the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interest are defined in Part 2 of the Members' Code of Conduct.

4. PUBLIC PARTICIPATION

An opportunity for members of the public to make statements or ask questions in accordance with the rules as to public participation

5. CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN

Item 6 – Action points from previous meeting

AGENDA ITEM: 7

SUMMARY

Report for:	Resources Overview & Scrutiny Committee
Date of meeting:	4 June 2014
PART:	1
If Part II, reason:	

Title of report:	Quarter 4 Risk Management Report 2013/14
Contact:	Councillor Nick Tiley, Portfolio Holder for Finance Resources Martin Hone, Corporate Director Finance & Governance Linda Dargue, Insurance & Risk Manager
Purpose of report:	1.To provide the Quarter 4 report on the Strategic Risk Register 2. To provide the Quarter 4 update on the Operational Risk Registers
Recommendations	That the content of this report is noted and recommended to Cabinet for approval together with any associated comments.
Corporate objectives:	Dacorum Delivers – Risk management is an essential part of ensuring that the Council meets all of its objectives.
Implications: 'Value For Money Implications'	<u>Financial</u> None identified. <u>Value for Money</u> <u>Value for Money</u> Risk management is closely linked to the Council's commitment to ensure that all resources are used efficiently and forms part of effective financial planning. The Council also needs to ensure that adequate provisions are in place to address anticipated risks but that these are no greater than necessary so that maximum resources are applied to services as required. To this end the Council sets minimum target working balances for both the general fund and HRA and at the date of this report this minimum balances are secured. Budget exercises for 2012/13 have ensured that the minimum balance requirements will also be met for the next financial year.
Risk Implications	Effective risk management is an important factor in all policymaking, planning and decision making. Failure to manage risk effectively could have serious consequences for the Council leading to increased costs, wasted resources, prosecution and criticism under external assessments
Equalities Implications	Equality Impact Assessment reviewed/carried out* Not applicable

Health And Safety Implications	Not applicable
Consultees:	CMT
Background papers:	Risk Management working paper files Report to CMT 13 May 2014
Historical background <i>(please give a brief background to this report to enable it to be considered in the right context).</i>	Not applicable
Glossary of acronyms and any other abbreviations used in this report:	

BACKGROUND

1. The revised Strategic Risk register showing the position at the end of Q4 2013/14 is attached at Appendix A for ease of reference. The table below provides a comparison of the risk scores from the previous quarter.

Risk	Q3 13/14	Q4 13/14
F1 –Resource base affected by slow recovery from recession resulting in lack of funds to deliver in commitments and policies	4	4
F2 – Lack of effective procurement and contract management	6	6
F3 – Failure to achieve identified savings to ensure that the budget remains balanced	4	4
F4 Funding agreement with the Homes and Community Agency is insufficient to cover the entire cost of the Highbarns chalk mine treatment works	Completed	-
F5 Risk of collapse from chalk mine activity following subsidence at 1 Meadow Road	-	6
I2 – Failure to effectively manage health and safety	4	4
M1 – Failure to deliver required regeneration and economic growth	9	9
M2 – Failure to shape services based on robust understanding of customer’s needs	4	4
R1 – Failure to align political aspirations for service delivery with budget pressures	3	3

R2 – Failure to respond to the opportunities presented by the Localism Bill	Completed	-
R3 – Disclosure of personal data in breach of the Data Protection Act	-	8

- As requested by Members of Finance and Resources Overview and Scrutiny Committee a new strategic risk has been added in relation to disclosure of personal data in breach of the Data Protection Act.
- The following table shows those operational risks where the risk score has changed since Quarter 3.

Risk	Resp Off	Q3 13/14	Q4 13/14
PP_R04 – Lack of capacity & financial resources to transform services through ICT	SF	6	4
PP_R07 Other projects need heavy ICT resource	SF	4	2
PP_R11 – the CSGC contractor focuses attention on meeting speed of response targets & not quality of service	SF	6	9
FR_R01- Council Tax & Business Rates drop below budget	JDe	6	8

- The changes in risk scores reflect the changing risk landscape, providing an indication of the current position at a given point in time. The detail of the reasons behind the changes in risk scores can be discussed by members at the relevant scrutiny committee.

AGENDA ITEM: 8

SUMMARY

Report for:	Finance & Resources Overview & Scrutiny
Date of meeting:	4 June 2014
PART:	1
If Part II, reason:	

Title of report:	Quarter 4 Finance & Resources Performance and Risk report 2013/14
Contact:	Cllr Nicholas Tiley, Portfolio Holder for Finance & Resources James Deane, Assistant Director (Finance & Resources)
Purpose of report:	To provide Committee with analysis of quarterly performance and risk management within Finance & Resources for the quarter to 31 March 2014
Recommendations	That Committee notes the contents of the report and the performance of Finance & Resources for Quarter 4, 2013/14.
Corporate objectives:	The provision of effective financial services and the allocation of resources such as building assets and facilities management support all five of the Council's corporate objectives, with particular reference to the <i>Dacorum Delivers (internal operations)</i> and, through the Revenues, Benefits and Fraud division, <i>Building Community Capacity</i> .
Implications:	<u>Financial</u> Contained within the body of the report.
'Value For Money Implications'	<u>Value for Money</u> Contained within the body of the report.
Risk Implications	Contained within the body of the report.
Equalities Implications	None
Health And Safety Implications	There are no health and safety implications
Consultees:	Group Manager (Commercial Assets & Property Development) Group Manager (Financial Services) Group Manager (Revenues, Benefits & Fraud)
Background papers:	None

1. Introduction

1.1 The attached appendices provide comprehensive risk and performance information for Finance & Resources for Quarter 4 of 2013/14 (January - March).

Appendix A Performance Report
Appendix B Risk Report

1.2 Members' attention is drawn to the following risk, within Appendix B, which has had a change in rating since the Quarter 3 report (an explanation is provided within the appendix itself):

FR_R01 Council Tax and Business Rates collections drop below budget

Item 8 Appendix Bp1

Item 8 Appendix Bp2

Item 8 Appendix Bp3

Item 8 Appendix Bp4

Item 8 Appendix Bp5

Item 8 Appendix Bp6

Item 8 Appendix Bp7

Item 8 Appendix Bp8

AGENDA ITEM: 9

SUMMARY

Report for:	Finance and Resources Overview & Scrutiny Committee
Date of meeting:	4 June 2014
PART:	1
If Part II, reason:	

Title of report:	Quarter 4 Legal Governance, Democratic Services and People Performance and Risk report 2013/2014
Contact:	<p>Cllr Neil Harden, Portfolio Holder for Residents and Regulatory Services (in respect of Legal Governance and People) Cllr Andrew Williams, Leader of the Council (in respect of Democratic Services)</p> <p>Author/Responsible Officers:</p> <p>Steven Baker, Assistant Director (Chief Executive's Unit)</p> <p>Mark Brookes, Group Manager (Legal Governance) Jim Doyle, Group Manager (Democratic Services) Matt Rawdon, Group Manager (People)</p>
Purpose of report:	To provide Members with the performance report for quarter 4 in relation to Legal Governance, Democratic Services and People.
Recommendations	That Members note the report.
Corporate objectives:	Resources and Value For Money; Optimise Resources and Implement Best Practice.
Implications:	<u>Financial</u>
	None.
'Value For Money Implications'	<u>Value for Money</u> Monitoring Performance supports the Council in achieving Value for Money for its citizens.
Risk Implications	Risk Assessment completed for each service area as part of service planning and reviewed quarterly.
Equalities Implications	Equality Impact Assessment completed for each service area as part of service planning and reviewed quarterly.
Health And Safety Implications	None

Consultees:	Cllr Neil Harden, Portfolio Holder for Residents and Regulatory Services
Background papers:	Annex 1 : Quarter 4 Performance Report Annex 2: Quarter 4 Updated Operational Risk Register

- Members will find attached to this report the Corvu performance data for Legal Governance, Democratic Services and People, together with the Operational Risk Register, in relation to quarter 4 of 2013/14.

PEOPLE GROUP

- This report includes the performance information relating to those services which make up the People Group i.e. Human Resources, Organisation Development & Training, Communications & Consultation and Community Partnerships.

Human Resources (HR)

Corporate projects – HR Support

- HR continues to be heavily involved in many of the Council’s critical projects. In particular, support is being provided in relation to the procurement of Housing Maintenance (now referred to as the Total Asset Management contract), Dacorum Anywhere Programme, and Electronic Document Management System (EDRMS)

Mental Health First Aid Programme

- The Council now has a trained community of mental health first aiders (approx. 30). Phase two will see the leadership team trained over the summer on a two days mental health awareness course.

Communications & Consultation

Corporate projects – Communications Support

- The Communications Team are allocating resources in the team to strengthen support to services working on critical Council projects, such as Hemel Evolution, Dacorum - Look no further, and changes to bin collections

Social media

- This channel continues to successfully grow as a means of engaging some residents and stakeholders. Our messages regularly receive an audience of over 5,000 on twitter and facebook. Incoming questions are being dealt with effectively and there have been numerous examples of satisfied customers thanking ‘The Council’ for listening and responding. Social media will be strengthened even further in the coming months with Northgate now responding to posts alongside Communications, also supported by a social media training and strategy planning event organised for June.

Website

- Work to improve the navigation and transactional elements of the website continues. Recruitment is about to take place for the web content communications officer role (vacant

from 24 May 2014) – a critical role considering the customer experience, channel shift, and digital inclusion aims.

Community Partnerships

Community Sports Activation Bid

8. Sport England has indicated that the decision on which bids have been successful will be announced after the European Elections. The initial impressions and feedback has been positive and the team are continuing to progress the project on the basis that we have been successful, so that there is no slippage on the original timescales.

Volunteer Management Policy

9. The policy will be presented for adoption at Cabinet in July 2014. The policy objective is to ensure that volunteers at the Council are treated fairly and consistently. This should help with the recruitment and retention of volunteers.

Organisational Development and Training

Corporate Health and Safety Service

10. Following an audit of the current health and safety arrangements for Council staff, it was decided to change the responsibilities of the current Health and Safety officer post, which has led to a redundancy situation. The new Corporate Health and Safety Lead Officer role (currently being recruited) will be relocated from Human Resources to Regulatory Services. The wellness responsibilities of the post will remain in Human Resources. These changes will take effect from 1 June 2014.

National Graduate Development Programme (NGDP)

11. Cabinet has agreed the funding to recruit two further graduates through NGDP. Recruitment will commence in June and the graduates will start in the Autumn.

LEGAL GOVERNANCE

12. Legal Governance continues to be heavily involved in many of the Council's critical projects. In particular, significant legal support is being provided in relation to the Gade Zone Regeneration project, completion of the Total Asset Management contract and supporting the Council House New Build project by acquiring sites and dealing with associated planning agreements.

13. Other work carried out by the Legal Team includes:

- Completion of three Section 106 Agreements plus the drafting of a Section 106 agreement to facilitate more council houses
- Strong involvement in assisting Development Management and Planning Management on a wide variety of matters including enforcement action for use of the site at Runways Farm for noisy motor cycle and motor vehicle activities and storage and parking.
- Successful forfeiture of one shop lease and three maisonettes leases. Three of those premises have been successfully re-let, therefore, are generating an income for the Council.

14. The Legal Team also provides legal advice and assistance to committees. In the fourth quarter the team clerked 4 Development and Control Committees, 1 Licensing and Health & Safety Enforcement Committee, 5 Housing Appeals, 2 Employment Appeals and 3 Cabinet meetings.
15. The team completed 26 Right to Buy sales (20 houses and 6 flats) in the fourth quarter
16. The Legal Team frequently represent the Council in the courts and tribunals, leading on injunctions, prosecutions and defending employment tribunal cases. The following cases may be of particular interest to Members:
 - The team was successful in obtaining two prohibition notices against a food business, stopping the sale of raw and processed placentas on the basis that proper food hygiene standards were not being maintained. It is believed to be the first case of its kind in Europe, specific to placentas, which has received much press interest from both local and national news agencies.
 - The litigation team has finalised instructions to commence proceedings in relation to 'sham' business rate claims and the 'class' action with a number of other authorities will be launched in the next few months.
 - The team is defending a high profile housing case which is being pursued in the Supreme Court.
 - The owner of an unlicensed House in Multiple Occupation ('HMO') is currently being prosecuted.
17. The Legal Team introduced a new electronic case management system in November called IKEN which allows the team to store and reference cases electronically without the need to retain hard copy files. This system is now fully operational and has helped facilitate a paperless/light office working environment. It has also allowed the team to work more effectively and securely from home because files can be accessed without having to take home paper copies.

GIS and Freedom of Information

18. The Team are in the midst of procuring a new Geographical Information System which will provide the means for the Council to share data internally and with the public and our partners. In sharing data more widely it will improve the quality of our own data, reduce telephone and written requests for information between departments, partners and the public as well as enhancing our decision making process. It will provide one version of accurate data to many users to ensure that the Council reports are consistently correct.
19. Freedom of Information ('FOI') and Data Protection ('DPA') requests remain steady. In the fourth quarter the Council managed to complete 94.4% of FOI requests within the target time and 100% of DPA requests. Departments which have failed to adhere to the target times have been informed and are showing signs of improvement which will hopefully be reflected in 2014-15.

Licensing

20. Key achievements from the licensing team in the last quarter include:

Hackney Carriage

- Adoption and implementation of the first revisions to maximum taxi fares since 2011. Under the Council's standard licence conditions, all hackney carriages must have a digital taximeter installed, calibrated and configured to a table of fares set periodically by the Council. The new fares were determined by Cabinet, following recommendations from the Licensing Committee after consideration of a proposal from the taxi trade. The results of the first public consultation on Dacorum's taxi fares were also considered. The process culminated in a meter-setting day held at Cupid Green depot at which local taximeter engineers were present to recalibrate as many of the meters in our 240 licensed hackney carriages as possible. A typical 2-mile weekday fare is now capped at £6.30, up from £5.88, placing Dacorum at joint 54th in the national fare league tables maintained by the National Private Hire Association.
- Agreed revisions to the vehicle specifications for consideration for licensing as taxis and private hire vehicles, to take effect from June 2014, following consultation with the licensed trade. In particular, an area of confusion around the requirement for M1 European whole vehicle type approval has been clarified. For the first time, a policy encouraging the use of newer vehicles has also been adopted, by virtue of a new requirement for any vehicle over the age of 10 years to successfully complete a second MOT and compliance test halfway through the licence period. This will provide added assurance that older vehicles are being properly maintained, as well as providing an incentive for vehicle proprietors to purchase and licence younger vehicles.

Alcohol

- Implementation of the Government's minimum alcohol pricing restrictions, which will prevent the sale of alcohol at a price below the amount of duty payable on that alcohol plus VAT. All necessary preparation work was carried out in advance of the published start date of 6th April 2014. There was a delay to the legislation coming into force and the new alcohol pricing restrictions commenced on 28th May.
- Presentation of 11 reports at 4 Licensing Committee and Sub-Committee meetings.
- An officer response to a Home Office consultation on proposals to introduce powers for the localised setting of alcohol/entertainment licence fees has also been submitted within the last quarter.

21. Numerous licensing enforcement operations have taken place within the last quarter, and a number of investigations are currently ongoing into potential offences. The following operations may be of particular interest to Members -

- Multi-agency operation involving Herts Fire & Rescue Service, DBC Anti-Fraud investigators and the UK Border Agency, assessing licence compliance, fire safety, staff immigration status and staff benefits claims at restaurants and takeaways within the Borough.
- Taxi safety and compliance spot-checks in conjunction with Herts Constabulary, stopping a total of 18 vehicles in Tring and Hemel Hempstead. Improvement notices were issued in respect of 6 vehicles. A further stop/spot-check operation was also held in March in Hemel Hempstead, which was attended by the Police and Crime Commissioner.

- Plying for hire operations across the Borough, under the authority of a RIPA authorisation for the use of covert (undercover) sources. These operations ensure that only DBC-licensed taxis accept walk-up fares – private hire vehicles and vehicles licensed in other areas commit an offence and invalidate their insurance by accepting fares which are not pre-booked. Particular issues have been reported by the Dacorum trade with regards Aylesbury-licensed vehicles plying for hire around Berkhamsted and Tring, and recent operations have borne these complaints out, with several out-of-Borough drivers currently under investigation for this offence.
- Compliance visits to all licensed betting shops in the Borough, to ensure adherence to the licence conditions and relevant codes of practice.

DEMOCRATIC SERVICES

Member Support Services

22. During Quarter 4, Member Support managed and organised the following:

- Published 31 agendas
- Completed 31 sets of minutes
- Spent 39 hours at evening meetings
- Processed 13 public speakers at Committee
- Processed 9 Portfolio Holder Decisions

Member Development

23. The target set for Member training in 2013/14 was for each Councillor to attend at least three training sessions. Following the fourth quarter, member attendance averaged 3.8 sessions per councillor.
24. The Member Development Steering Group are currently monitoring the transitional development programme which will take Councillors up to the Borough election in May next year. We will then be looking to generate full Personal Development Plans ready for the intake of Councillors elected next year.
25. As an alternative to development plans for Members this year, a questionnaire was devised which asked Members to score themselves for various tasks/skills/abilities. Included in this, was a section for Members to suggest topics they would like to see included in the Members' training programme for 2014/15. The questionnaires will remain confidential and only the Corporate Support Team Leader- Democracy and a Member Support Officer will have access to them.
26. Once the questionnaires are all received, individual training needs will be identified and relevant courses or 1 to 1's will be arranged. The MDSG will, as agreed, consider the suggestions made for the training programme and prioritise the courses to be arranged for 2014/15.

Revised Website

27. The new calendar showing the programme of the Council's meetings was launched on the website with a view to making it easier for the public to access agendas and minutes. Its effectiveness is being monitored. The Public Participation page and Portfolio Holder Decision pages have also been streamlined and the public can now register online to speak at meetings. So far, mixed feedback has been received from officers and members and further improvements and suggestions are being looked into.

Parish/Community Liaison

28. Quarter 4 has seen the following activities in this area:

- Attended 9 Community Associations Meetings
- Organised and attended 1 Town & Parish Clerks Meeting
- Attended 1 Civil Society Partnership Meeting
- Attended meetings with 3 of our Strategic Partners
- Arranged and accompanied a visit to Community Action Dacorum with the Council's Chief Executive
- Organised First Aid Training for members of the community (over 60's)

Elections / Electoral Registration

29. A casual vacancy that had arisen in Berkhamsted Town West Ward was successfully filled after an election held on 3 April 2014.

Annual Canvass

30. The Annual Canvass of properties in the Borough was completed in time to produce the new complete Electoral Register for 2014 in time for the deadline of 17th February. As directed by the Home Office the delayed canvass was carried out during December and January and the final reminder visits have been made to the homes of non-responders. The return rate was 93%.

Individual Elector Registration

31. As stated above, the annual canvass was delayed this year in line with the Home Office timetable for the introduction of Individual Elector Registration (IER) in 2015. The intention is to carry out two canvasses this year with a view to creating as accurate and complete an Electoral Register as possible for the introduction of Individual Elector Registration for the Parliamentary Election in 2015. The project plan for the implementation of IER is being followed to adapt our processes and upgrade our Elections Management System for its introduction.

32. The April and May connectivity tests have been undertaken and completed after a good deal of correspondence and traffic between our IT and those at the Home Office responsible for the implementation of the programme. Once again this quarter, due to a significant amount of effort by our colleagues in ITC, we are within schedule and on target to implement IER.

European Election

33. At the time of writing this report preparations for the European Election on 22 May and the count on 25 May are very advanced and a verbal report will be made at the meeting on how the conduct of this election went.

Operational Risk Register

34. There are no changes to the operational risk register to bring to Members' attention.

Item 9 Annex 1 p1

Item 9 Annex 1 p2

Item 9 Annex 1 p3

Item 9 Annex 1 p4

Item 9 Annex 2 p1

Item 9 Annex 2 p2

Item 9 Annex 2 p3

Item 9 Annex 2 p4

Item 9 Annex 2 p5

Item 9 Annex 2 p6

AGENDA ITEM: 10

SUMMARY

Report for:	Finance and Resources Overview & Scrutiny Committee
Date of meeting:	4 June 2014
PART:	1
If Part II, reason:	

Title of report:	Quarter 4 Performance and Projects Performance and Risk report 2013/2014
Contact:	Neil Harden, Portfolio Holder for Residents and Regulatory Services Author/Responsible Officer: Shane Flynn, Assistant Director (Performance and Projects)
Purpose of report:	To provide the Committee with analysis of performance of services and functions provided by the Performance and Projects division of the Chief Executive's Department to 31 December
Recommendations	That the Committee notes the contents of the report and the performance of the division for Quarter 4, 2013/14.
Corporate objectives:	Effective performance and project managements supports the delivery of all five of the Council's objectives with particular focus on <i>Dacorum Delivers</i> .
Implications:	<u>Financial</u> None.
'Value For Money Implications'	<u>Value for Money</u> Effective performance and project management supports the achievement of value for money in the pursuit of the Council's objectives
Risk Implications	Risk Assessment reviewed April 2014
Equalities Implications	Equality Impact Assessment reviewed on 30 September 2013. There are no direct equalities implications arising from this report.
Health And Safety	There are no direct health and safety implications arising from

Implications	this report
Consultees:	None
Background papers:	Attached: 1. Quarter 4 Operational Risk report
Historical background <i>(please give a brief background to this report to enable it to be considered in the right context).</i>	<p>This is a regular report to the committee detailing the work of the division and its performance over the past quarter and highlighting plans for the forthcoming period based on a review of operational risks.</p> <p>On 1 July 2013 a new operating structure was established and elements of the Strategy and Transformation, Community and Organisation were transferred to other divisions. The Performance and Projects division was created to bring together corporate functions supporting the Council's continuous improvement programme, specifically:</p> <ul style="list-style-type: none"> • Performance • Projects • Dacorum Anywhere • Corporate Support • Information, Communications and Technology
Glossary of acronyms and any other abbreviations used in this report:	<p>CNT: Corporate Management Team</p> <p>CSCG: Customer Service Centre and Gateway</p> <p>EDRMS: Electronic Document and Records Management System</p> <p>MFD: Multi-Functional Devices (copier/scanner/printers)</p> <p>PSN: Public Service Network</p> <p>SIP: Service Improvement Plan (for Northgate CSCG)</p>

1 Introduction

- 1.1 Performance reports are produced quarterly from the Council's performance management system, CorVu. The service performance report for quarter 4 (January-March 2014), is normally provided at Appendix A but as all targets monitored during the year relate to the performance of the Customer Service Centre and Gateway (CSCG) this have been dealt with under a separate report elsewhere on the agenda. Performance targets relating to the Performance and Projects division are being developed for 2014/15.
- 1.2 Detailed reviews of the risk registers relating to the service area were undertaken during quarter 4. Commentary on changes to risk levels is provided below. The operational risk register is attached at Appendix A. The register and detailed performance reports are available on the CorVu Portal, on the Council's Intranet.

2 Performance indicators

- 2.1 There were no specific performance indicators relating to the Performance and Projects division in 2013/14.

3 Service reports

- 3.1 During quarter 4 the operational risk register relating to Performance and projects was reviewed. Reports for the service areas for the division are given in the following sections. These reflect changes to the risk register since quarter 3 and developments against service plans.

4 Performance, Projects and Dacorum Anywhere

Customer Service Centre and Gateway project

- 4.1 Under the new structure from 1 July responsibility for contract monitoring of the CSCG falls to the Group manager Procurement and Commissioning. However, strategic matters relating to the contract, including Customer Relationship Management (CRM) and Channel Shift are reported here.
- 4.2 Since the implementation of the contract in August 2013 the focus has been on performance improvement and increasingly on the development of the CRM (including Citizen Insight) and Channel shift projects. Progress has slipped on these projects, as reported at previous committee meetings, and they continue to run behind schedule. However progress has been made in respect of the Council's own response to these initiatives:
- the Council's Web and Customer Access Strategy has been revised to reflect the partnership with Northgate and is submitted to Cabinet for approval in May 2014
 - a Digital Inclusion project has been established to consider the impact on Customers of channel shift
 - a Customer Focus project has been established to gain customer perspectives on service delivery
 - a project Initiation Document (PID) has been agreed for the delivery of the CRM project
 - telephony systems are being simplified following a procurement exercise to reduce the current three-party system down to a two-party system.
- 4.3 Nonetheless, the CSCG is facing significant pressures, primarily as a result of the imbalance of resources that has been created by the slippage on the CRM and channel shift projects. Consequently the following risk has increased to reflect the need for close contract management during the transition phase:

PP_R11 The CSGC contractor focuses attention on meeting speed of response targets and not quality of service (increased from 6 to 9)

- 4.3 In particular, the introduction of Inform 360 – the automated phone response system – has had an impact on satisfaction levels alongside a series of complaints relating to speed of response by operatives within the CSU. The risk of failure has increased and this has led to a series of actions to redress the balance of resources within the CSU:

PP_R13 The introduction of inform 360 and automated self-service options via telephone reduces access and/or satisfaction with contact (increased from 6 to 9)

4.4 Control of resources is reflected partially in risk PP_R15:

PP_R15 Redundancy costs of transferred staff borne by DBC in first year of contract (risk closed)

4.5 Following two staffing reviews, all anticipated redundancies have now been completed. The total cost of redundancies was £220,073. This compares to the anticipated costs included in the initial tender evaluation assessment of £350,000.

Dacorum Anywhere

4.6 The Council is set to undergo major internal physical and cultural changes in 2014 because of the decant arrangements needed to prepare for the move to the Public Service Quarter, schedule for 2016/17. This provides a huge opportunity to review a wide range of functions. Part of the responsibility of the division is to support this process and this is being managed through a range of projects under the Dacorum Anywhere banner. The need to control this is captured by risks PP_R02, PP_R03 and PP_R05:

PP_R02 Failure to develop a range of initiatives to contribute to the Council's improvement and efficiencies agenda (no change)

PP_R03 Services do not understand or support the need to innovate and improve (Risk reduced from 8 to 6)

PP_R05 Lack of 'buy-in' from services in terms of the culture changes needed to deliver innovative ways of working (reduced from 6 to 4)

4.7 This proposed decant, whereby staff will be moved to alternative accommodation during the PSQ development is no longer required since Morrison's withdrew their proposal to purchase the Civic Centre. To maintain momentum for change a Consolidation process has been introduced whereby staff will transfer from Unit B into the main building. The aim is to achieve this by October 2014.

4.8 A report to CMT on 1 April 2014 set out a range of initiatives that are required to support this Consolidation and subsequent transitions. This includes commitments to:

- implement a Council-wide clear desk policy by September 2014
- implement a protocol for desk sharing by September 2014
- agree appropriate alternative ways of working for all staff.

4.9 In addition, a two day management development programme was scheduled for April 2014 which began a process of increasing Customer Focus. This, amongst other things, has led to a formal Customer Focus project which will draw on resources from all departments of the Council to identify a range of short and longer-term potential improvements.

4.10 Consequently, all service managers are increasingly aware of the need to revise working arrangements to ensure that staff are able to deliver functions effectively under the new arrangements. To support the transition, a programme of activities, badged as the 'Moving On Programme', has been developed. A timetable for rolling out the programme has been established and initial meetings with Group Managers undertaken.

4.11 To assess progress two new measures have been incorporated into the PI set for 2014/15:

- progress on a range of productivity measures included within the existing suite of PIs

- reduction in the number of desks utilised by each service.

4.12 These measures will be reported from quarter 1, 2014/15. Meanwhile, as significant progress has been made on the Dacorum Anywhere project the need for additional resources to support the transition has reduced and the related risk score has been reduced accordingly:

PP_R08 Lack of Capital or Revenue funding (reduced from 6 to 4).

5 Corporate Support

- 5.1 Corporate Support forms part of the core structure of the Council and therefore has a central role to play in the improvement programme.
- 5.2 The new corporate support structure was implemented in full from October 2013 when the new Chief Executive formally took up the post. The new structure was reported to the Committee in October and its operation was assessed in quarter 4 following the resignation of one member of the team. Positive feedback from Corporate Directors and Assistant Directors has been received regarding the new arrangements, although resources have been stretched by increased demand for meetings to be minuted. The Corporate Support team will continue to keep this situation under review.
- 5.3 A number of developments are underway which are part of the division's expanded role in supporting the PSQ transition. These include proposals for:
- a central e-document file system so that all staff who are not part of a formal EDRM team structure can receive electronic documents
 - routing all printing to a central point, thereby reducing reliance on the Ricoh Multi-Functional Devices (MFDs)
 - expanding the complaints system to automate responses for Ombudsman and MP queries.
- 5.4 The central e-document filing system has been set up and will go live once training has been completed during June 2014. This will increase the capacity of officers to work from alternative locations.
- 5.5 E-postroom and e-printing are works in progress. Capital resources are available to support these and the relevant equipment has been purchased. Software solutions are now to be implemented so that these activities can be set up in good time. However, as the decant proposal has lapsed there is more time to ensure that the procedures are tested thoroughly before they are put in place. The relevant risk will therefore be closed:

PP_R09 Suitable electronic systems for incoming and outgoing post are not established in time for decant (risk closed)

- 5.6 A specification for revising the complaints system has been drafted but there are proposals to simplify complaints systems at a national level, incorporating a two stage process, rather than a three-stage process as at present. The potential impact of this is being evaluated.

6 Information, Communication and Technology

- 6.1 During this quarter the Council received its PSN compliance certificate from the Cabinet Office. This is a tremendous achievement given the number of non-compliance issues that existed when the new Group Manager for ICT came into post in July 2013 and the wide range of other pressing technology issues that had to be dealt with during the intervening period.

- 6.1 PSN compliance has had a significant impact on the team's ability to support other activities. However, a consistent reporting process, greater stability in the service desk and a clearer alignment of staff to activities means that projects have continued to progress, particularly in relation to Dacorum anywhere. A new Team Leader has been appointed and recruitment processes are underway for an IT Project Manager and Business Analyst and an Infrastructure Engineer. Consequently the risk of under-resourcing in relation to technology developments has reduced:

PP_R04 Lack of capacity and financial resources to transform services through ICT (reduced from 6 to 4)

PP_R07 Other projects need heavy ICT resource (reduced from 4 to 2)

- 6.2 The ICT strategy was approved by Cabinet in January and adopted by the Council in February. This provides a framework for future technology development within the council and establishes eight key principles that are designed to:

:

- ensure that the ICT services effectively enable and support the Council's broader strategic vision
- ensure that ICT services are provided in line with Council's business needs and to meet the reasonable expectations of end-users
- maximise benefits from the deployment of ICT staff and from the ICT assets, including future investments
- provide a strong governance framework and sound communications between the ICT Section and users.

- 6.3 The first stage of the deployment of the strategy will be a review of systems across the Council to assess fitness for purpose and identify areas of development. A workplan will follow in due course which will reported to the committee for consideration.

Performance and Projects - Shane Flynn

PP_R01 Lack of capacity to bring together all of the strands of the information required

Category: Reputational	Corporate Priority: Dacorum Delivers	Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Tolerating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	2 Medium	6 Amber	2 Unlikely	2 Medium	4 Green
Consequences		Current Controls		Assurance	
Library not established and Council services do not have access to information to plan and monitor services. Members do not have sound information about citizens and the community to base decisions upon.		<ul style="list-style-type: none"> - Customer Insight post established to lead process. Key information systems already in place. - Monthly strategy meetings to monitor achievements and progress. - Evidence Based Decision Making project established. - Citizen Insight function incorporated into CSCG contract with Northgate. 		<ul style="list-style-type: none"> - EBDM PID - TOR of Customer Insight joint working group 	
Sign Off and Comments					
Sign Off Complete No change in risk status					

PP_R02 Failure to develop a range of initiatives to contribute to the Council's improvement and efficiencies agenda

Category: Reputational	Corporate Priority: Dacorum Delivers	Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score

3 Likely	4 Severe	12 Red	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
Books do not balance and services are at risk. Negative impact on Council Reputation.		<ul style="list-style-type: none"> - CMT support Dacorum Delivers improvement Programme - including corporate governance and 2 way communications mechanisms. - Programme and project management methodology in place to support continuous improvement. Performance Management cycle implemented to support Corporate Plan and Medium Term Financial Strategy. 		<ul style="list-style-type: none"> - Project methodology guidance document. - Performance Management approach document. - Corporate Plan. - MTFS. 	
Sign Off and Comments					
<p>Sign Off Complete</p> <p>The Moving On programme has been established but is still in development. Consolidation programme will replace Decant activities to maintain momentum for the change process.</p>					

PP_R03 Services do not understand or support the need to innovate and improve.					
Category: Reputational	Corporate Priority: Dacorum Delivers		Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	4 Severe	12 Red	2 Unlikely	3 High	6 Amber
Consequences		Current Controls		Assurance	
Initiatives are designed, but full implementation is not achieved.		<ul style="list-style-type: none"> - CMT support Dacorum Delivers improvement Programme - including corporate governance and 2 way 		<ul style="list-style-type: none"> - Performance and Improvement Team service plan 2014/15 	

communication mechanisms.
Sign Off and Comments
<p>Sign Off Complete</p> <p>Risk reduced. Moving on Programme and Mgt Team work by T3 is raising the profile of need for change to customer-orineted ways of working.</p>

PP_R04 Lack of capacity and financial resources to transform services through ICT					
Category:	Corporate Priority:	Risk Owner:	Portfolio Holder:	Tolerance:	
Reputational	Dacorum Delivers	Shane Flynn	Cllr Neil Harden	Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	4 Severe	12 Red	2 Unlikely	2 Medium	4 Green
Consequences		Current Controls		Assurance	
<p>Low levels of customer channel access shift. Lack of realisation of savings from channel shift. Customers are not able to access services in the way they wish.</p>		<ul style="list-style-type: none"> - ICT Strategy and Improvement Plan. - Fully resourced ICT staffing structure (pending appointment of designated Team Leader). - Web architecture within ICT governance. - Web Content Editor in place to support channel shift. - Channel shift project included in CSCG contract and driven by financial incentives for contractor. - Dedicated project support- agreed for specific projects. 		<ul style="list-style-type: none"> - ICT Strategy - Cabinet 21/01/14. - ICT staff structure. - TOR for joint Customer Insight working group. - Web and customer access strategy (Cabinet 13/09/11) being revised. 	
Sign Off and Comments					
<p>Sign Off Complete</p>					

Risk Reduced. New Team Leader appointed in ICT and recruitment exercises underway to increase capacity further. Stronger streamlining of processes in place and performance regime being implemented for ICT services.

PP_R05 Lack of 'buy-in' from services in terms of the culture changes needed to deliver innovative ways of working					
Category: Reputational	Corporate Priority: Dacorum Delivers		Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
2 Unlikely	4 Severe	8 Amber	2 Unlikely	2 Medium	4 Green
Consequences		Current Controls		Assurance	
Progress halted and opportunities for savings and modernisation lost. Council reputation lowers and is seen as 'old-fashioned'.		<ul style="list-style-type: none"> - Dacorum Delivers - internal improvements programme - t-3 programme working with a range of staff across the organisation in an 'activist' role to positively influence culture change. - Organisational Transformation Working Group acts as co-ordinating body to drive change - Dacorum Anywhere introducing new ways of working during roll out 		- Minutes of OT-CWG meetings	
Sign Off and Comments					
<p>Sign Off Complete</p> <p>Risk reduced due to Moving on Programme, although still in development, increased profile of MTFS and work by T3 to focus on Customer-oriented services</p>					

PP_R06 Lack of Resources				
Category:	Corporate Priority:	Risk Owner:	Portfolio Holder:	Tolerance:

Reputational	Dacorum Delivers		Shane Flynn	Cllr Neil Harden	Tolerating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	2 Medium	6 Amber	2 Unlikely	2 Medium	4 Green
Consequences		Current Controls		Assurance	
The continuous improvement programme will miss timescales and will slip		<ul style="list-style-type: none"> - Programme Plan with resources linked - Regular cycle of reporting to Performance Board - Regular reconciliation of resources required to resources provided in project reports - Project Management methodology and gateway process in place 		<ul style="list-style-type: none"> - Monthly project reports available on Corvu. - Project Management methodology document 	
Sign Off and Comments					
Sign Off Complete					
No change					

PP_R07 Other projects need heavy ICT resource					
Category:	Corporate Priority:		Risk Owner:	Portfolio Holder:	Tolerance:
Reputational	Dacorum Delivers		Shane Flynn	Cllr Neil Harden	Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	3 High	12 Red	1 Very Unlikely	2 Medium	2 Green
Consequences		Current Controls		Assurance	
The continuous improvement programme will be forced to slip or be put on hold		<ul style="list-style-type: none"> - Project Plan with resources linked - High level plan of the Council's critical projects with resources 		<ul style="list-style-type: none"> - ICT staff structure chart - ICT Strategy (draft) - Project monitoring and control document 	

- Dedicated GM, supportive staff structure and ICT project management resources in place. - weekly ICT project updates	(updated weekly)
Sign Off and Comments	
<p>Sign Off Complete</p> <p>Reducing. ICT team resources increasing alongside changes in structures means that the team has the capacity to support the change programme.</p>	

PP_R08 Lack of Capital or Revenue funding					
Category:	Corporate Priority:	Risk Owner:	Portfolio Holder:	Tolerance:	
Reputational	Dacorum Delivers	Shane Flynn	CIlr Neil Harden	Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	4 Severe	12 Red	2 Unlikely	2 Medium	4 Green
Consequences		Current Controls		Assurance	
Unable to deliver significant parts of the transformation programme.		The earmarked Management of Change Reserve and Technology Reserve are available to absorb revenue pressures if required. The Capital programme includes ongoing resources for maintaining the ICT asset base over a five year rolling programme.			
Sign Off and Comments					
<p>Sign Off Complete</p> <p>Reduced. The balance of reveue and capital funding remains the same and significant investment is still required to support transition to PSQ and beyond. However freeing up proposed Decant costs will allow resources to be shifted to PSQ project.</p>					

PP_R09 Suitable electronic systems for incoming and outgoing post are not established in time for decant					
Category: Financial	Corporate Priority: Dacorum Delivers		Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Terminating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	2 Medium	6 Amber	3 Likely	1 Low	3 Green
Consequences		Current Controls		Assurance	
Paper based systems are retained, reducing the capacity for flexible working. Change to new ways of working not achieved. Loss of information due to multiple systems in operation and increased use of mail posting to home addresses		<ul style="list-style-type: none"> - Pilot work for incoming post completed as feasibility study - EDRMS system in place and being rolled out to all departments - Repographics equipment in place but integration software needed for outgoing post 		- Report to CMT 1 October 2013.	
Sign Off and Comments					
Sign Off Complete Decant no longer required - risk closed.					

PP_R10 Insufficient capacity to support increasing number of formal meetings					
Category: Infrastructure	Corporate Priority: Dacorum Delivers		Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Tolerating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	2 Medium	6 Amber	2 Unlikely	2 Medium	4 Green
Consequences		Current Controls		Assurance	
Meetings are not adequately minuted so that		- Full staffing complement under new structure			

all decisions are recorded appropriately. Reduced support to service departments from Business Support Officers, leading to inefficiencies in business activity	in pooled arrangement - Voice recording facility in Mittel software	
Sign Off and Comments		
Sign Off Complete No change.		

PP_R11 The CSGC contractor focuses attention on meeting speed of response targets and not quality of service					
Category: Reputational	Corporate Priority: Dacorum Delivers		Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
2 Unlikely	3 High	6 Amber	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
Calls are not resolved at first point of contact. Insufficient time is dedicated to callers to ensure that call has been fully resolved in a satisfactory manner. Reputational damage to the Council.		<ul style="list-style-type: none"> - Govmetric surveys each month assess quality - Six monthly customer satisfaction survey - Quarterly quality assessment by Group Managers - Monthly meetings with back officers to assess service delivery and monthly operational Board meetings to escalate issues. 		<ul style="list-style-type: none"> - Monthly performance reports - Minutes of Operational Board meetings 	
Sign Off and Comments					
Sign Off Complete Increased. A range of activities are being introduced to reduce the impact of transition to automated call processes but in the short term the					

reputational risk to the Council is increasing.

PP_R12 During the transformation of the CSCG there is a high level of requirement for DBC staff resource					
Category: Financial	Corporate Priority: Dacorum Delivers		Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	3 High	12 Red	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
The Customer Relationship Management and Channel Shift projects cannot be implemented in the timescales resulting in reduced value from the contract or increased resource impact on DBC to maintain the pace.		<ul style="list-style-type: none"> - Service Improvement Plan includes key milestones for engagement - SIP reviewed to identify resource implications for DBC - Joint Customer Insight and channel Shift working group established 		<ul style="list-style-type: none"> - Terms of Reference of Channel Shift and Citizen Insight operational Board. - Project plans for CRM and channel shift implementation. - September 2011 Cabinet report: Web and Customer Access Strategy (currently being revised) 	
Sign Off and Comments					
Sign Off Complete					
No change. Activities to implement CSCG projects continue. A planned 'task force' approach is under consideration.					

PP_R13 The introduction of inform 360 and automated self-service options via telephone reduces access and/or satisfaction with contact					
Category: Reputational	Corporate Priority: Dacorum Delivers		Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Treating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score

3 Likely	4 Severe	12 Red	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
Increase in customer dissatisfaction with the Council. Potential reduction in contact with customers and missed opportunities for citizen insight		<ul style="list-style-type: none"> - Service Improvement Plan includes key milestones for engagement and tasks to be completed, including communications - Customer Insight and Channel Shift working group established to review progress - Monthly meetings and quarterly audits with GMs to assess quality of customer contacts 		<ul style="list-style-type: none"> - Minutes of Operational and Partnership Board meetings 	
Sign Off and Comments					
Sign Off Complete					
Increasing. A range of activities are being put in place to address this risk but in the short term the risk of impact on the Council's reputation has increased.					

PP_R14 Integration of CRM systems cannot be accomplished due to technical difficulties or high cost					
Category: Infrastructure	Corporate Priority: Dacorum Delivers	Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	4 Severe	12 Red	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
The CRM project cannot be completed resulting in failure of the CSCG project and reduced impact of Citizen Insight and Evidence Based Decision Making initiatives. Resource intensive manual operations introduced as work around solutions		<ul style="list-style-type: none"> - Integration requirements included in Service Improvement Plan - Alternative options clause included in contract in the event that integration is untenable - Customer Insight and Channel Shift working 			

group set up to manage progress
Sign Off and Comments
<p>Sign Off Complete</p> <p>No change. The CRM project continues in line with expectations.</p>

PP_R15 Redundancy costs of transferred staff borne by DBC in first year of contract					
Category: Financial	Corporate Priority: Dacorum Delivers		Risk Owner: Shane Flynn	Portfolio Holder: Cllr Neil Harden	Tolerance: Terminating
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	2 Medium	8 Amber	4 Very Likely	1 Low	4 Green
Consequences		Current Controls		Assurance	
Unrecognised costs have an impact on Council reserves and reduce the value of the contract		<ul style="list-style-type: none"> - Earmarked Redundancy Reserve available to meet impact - Potential redundancy costs factored in to Value for Money assessment at tender stage 			
Sign Off and Comments					
<p>Sign Off Complete</p> <p>Risk closed. Redundancy costs in first year of contract were well within the estimate of costs completed during tender evaluations.</p>					

AGENDA ITEM: 11

SUMMARY

Report for:	Finance & Resources Overview & Scrutiny
Date of meeting:	4 June 2014
PART:	1
If Part II, reason:	

Title of report:	Quarter 4 Provisional Outturn Report 2013/2014
Contact:	Cllr Nicholas Tiley, Portfolio Holder for Finance & Resources James Deane, Assistant Director (Finance & Resources)
Purpose of report:	To provide details of the provisional outturn position for the: · General Fund · Housing Revenue Account · Capital Programme To provide details of the proposed transfers to and from earmarked reserves.
Recommendations	That Committee note the 2013/14 provisional outturn for the Council.
Corporate objectives:	This report supports all of the Council's corporate objectives.
Implications:	Financial and Value for Money implications are contained within the body of the report.
Risk Implications:	Contained within the body of the report.
Consultees:	Budget Managers
Background papers:	None

1. Introduction

1.1 The purpose of this report is to outline the Provisional Outturn for 2013/14, prior to the closure of the accounts. Outturn is reported for the following:

- General Fund
- Housing Revenue Account (HRA)
- Capital Programme

1.2 The Accounts and Audit Regulations 2011 require local authorities to have prepared their annual Statement of Accounts, complete with certification from the Section 151 Officer, by 30 June. The Statement of Accounts must be published by 30 September, following an audit to be undertaken by Ernst & Young.

1.3 The Council's outturn position is a primary source of information for the production of the Statement of Accounts. The provisional outturn position detailed in this report is subject to amendment as work continues on the preparation of the Accounts. The final outturn position, along with movements in reserves, will be reported to Cabinet at its meeting of 24 June 2014.

2. General Fund Revenue Account

2.1 The General Fund (GF) revenue account records the revenue income and expenditure associated with all Council functions except management of the Council's housing stock. This is accounted for within the Housing Revenue Account (HRA) (see Section 7).

2.3 Appendix A provides an overview of the General Fund provisional outturn position, separating expenditure into controllable and non-controllable categories in order to focus scrutiny on those areas that officers are able to influence, i.e. the controllable.

2.4 The majority of non-controllable costs result from year-end accounting adjustments, e.g. depreciation charges, which are required to show the true value of resources used to provide the Council's services, but which do not result in a cash charge to taxpayers. These provisional adjustments have now been completed and are explained in paragraph 6 of this report.

2.5 The table below provides a summary of the provisional outturn for the General Fund by Scrutiny area.

	Revised Budget £000	Provisional Outturn £000	Variance	
			£000	%
Finance & Resources	12,681	13,548	867	6.8%
Strategic Planning & Environment	6,193	6,130	(63)	-1.0%
Housing & Communities	1,978	1,977	(1)	0.0%
Total	20,852	21,655	803	3.9%

2.6 The following sections provide a subjective analysis of provisional outturn and major budget variances shown by Scrutiny area.

3. Finance and Resources

Finance & Resources	Controllable Budget £000	Provisional Outturn £000	Variance	
			£000	%
Employees	10,635	11,378	743	7.0%
Premises	2,226	2,405	179	8.0%
Transport	40	39	(1)	-2.5%
Supplies & Services	4,753	4,712	(41)	-0.9%
Third-Parties	1,404	1,574	170	12.1%
Income	(6,377)	(6,560)	(183)	2.9%
	12,681	13,548	867	6.8%

3.1 Employees - £743k over budget (7%)

In February 2014, following the triennial actuarial review of the Council's pension scheme, Full Council approved a one-off payment of £745k (General Fund element) to reduce the deficit on the pension scheme. At the time of approval it was anticipated that this payment would be made in the financial year 2014/15. However, since approval the Council received notification that payment was required in March and therefore would come from the 2013/14 budget. This payment has been funded from the Pensions Reserve, and therefore has no impact on the overall outturn position.

In addition, there is an underspend of £75k caused by the re-scheduling of the Council's internal Apprentice Scheme for which costs will now be incurred in 2014/15. Again, this will be funded from earmarked reserves, and therefore it has no impact on the overall outturn position.

3.2 Premises – £179k over budget (8%)

This principle reason for this overspend (£130k), was the responsive repairs carried out to the Council's commercial and investment properties during March caused by the adverse weather conditions experienced over the winter months.

In addition there was a £40k pressure caused by repairs and replacements undertaken to Community Centres.

3.3 Supplies and Services - £41k under budget (0.9%)

There is an underspend of £140k due to a re-phasing of the EDRMS project into 2014/15. The project is funded from earmarked reserves and therefore has no impact on the overall outturn position.

The underspend is partly off-set by the transfer of capital costs (£120k) to revenue. These costs were originally classified as capital expenditure, but, in light of the Council's decision not to decant to 39/41 The Marlowes, they must now be reclassified as revenue expenditure.

3.4 Third Parties - £170k over budget (12.1%)

This relates primarily (£205k) to one-off start-up costs following the outsourcing of Customer Services Unit to Northgate. This is funded in part from the Housing Revenue Account (c£75k), with the remainder (£133k) from earmarked reserves, and therefore has no impact on the overall outturn position.

3.5 Income – £183k over achieved (2.9%)

£120k comes from increased income from Investment Properties, due to the successful implementation of retrospective rent reviews, income from newly acquired properties e.g. The Point, and the transfer of HRA investment properties.

4. Strategic Planning and Environment

Strategic Planning and Environment	Controllable Budget £000	Provisional Outturn £000	Forecast Variance	
			£000	%
Employees	8,258	8,166	(92)	-1.1%
Premises	882	966	84	9.5%
Transport	1,450	1,457	7	0.5%
Supplies & Services	5,289	5,362	73	1.4%
Third-Parties	143	145	2	1.4%
Income	(9,829)	(9,966)	(137)	-1.4%
	6,193	6,130	(63)	-1.0%

4.1 Employees - £92k under budget (1.1%)

The underspends result primarily from staff savings in Clean, Safe & Green following the redesign and reduction of rounds for green waste collection (£30k); and, £30k in Spatial Planning due to a post being held open pending further service review. (This is offset by consultancy costs incurred to fill the post on a temporary basis, which are against the Supplies and Services budget.)

A further £40k underspend was due to the early departure of an agency member of staff from the Building Control team that was expected to be in post for the full year.

4.2 Premises - £84k over budget (9.5%)

£30k additional costs were incurred at Cupid Green Depot following a requirement by the Environment Agency to re-concrete part of the site.

A further £30k overspend was incurred through responsive repairs to car parks following the damage caused by the extreme weather conditions experienced in the first quarter of 2014.

4.3 Supplies and Services - £73k over budget (1.4%)

An overspend of £95k occurred on the Public Service Quarter due to additional consultancy and legal work required for the detailed dialogue stage of the project.

In addition, there was a £79k underspend caused by the re-phasing of the Council's external Apprentice Scheme which will now be delivered substantially in 2014/15. This budget is funded from earmarked reserves and therefore has no impact on the overall outturn position.

4.4 Income - £137k over achieved (1%)

Income exceeded budget within Pay and Display (£50k), Penalty Charge Notices (£65k), and Development Control (£80k).

This is partly off-set by lower than expected income from the County Council for the diversion of waste away from landfill (£112k). This income is a formula driven reward grant and has reduced due to an increase in forecast waste for quarter 4.

5. Housing and Community

Housing & Community	Controllable Budget £000	Provisional Outturn £000	Forecast Variance	
			£000	%
Employees	3,128	3,140	12	0.4%
Premises	393	506	113	28.8%
Transport	46	40	(6)	-13.0%
Supplies & Services	2,354	2,207	(147)	-6.2%
Third Parties	25	25	0	0.0%
Income	(3,968)	(3,941)	27	-0.7%
	1,978	1,977	(1)	-0.1%

5.1 Premises - £113k over budget (28.8%)

£50k relates to the reclassification of expenditure from capital to revenue, identified as part of the year-end process.

£35k relates to additional CCTV costs arising due to the delayed completion of the relocation to the Cupid Green site. The delay meant that extra connectivity costs were incurred from an external provider. External provision is no longer necessary now that the service is provided from Cupid Green.

5.2 Supplies & Services

£125k reduction in recharge to the HRA for the management and maintenance of garages following a review, and subsequent reduction, of officer time allocation by HRA staff. The corresponding pressure on the HRA can be seen in paragraph 7.7.

6. Non-Controllable Expenditure

6.1 Appendix A sets out the outturn for non-controllable expenditure. These are largely year-end accounting adjustments which are reversed out below the General Fund Service Expenditure line, and therefore have no impact on the overall outturn position. The major variances are set out below:

	£
Capital Charges (Reversed no impact on overall outturn)	4,602,000
Pension Adjustments (Reversed no impact on overall outturn)	(977,000)
Housing Benefits and Subsidy	82,000
Recharges (HRA / General Fund change)	(179,000)
Total	3,528,000

7. Housing Revenue Account (HRA)

7.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The provisional outturn position for the HRA is shown at Appendix B.

7.2 The provisional HRA balance at the end of 2013/14 is £2.724m. The operating position is broadly balanced, with a provisional deficit of £53k, which is £38k more than the forecast deficit within the revised budget. Significant variances are explained in the paragraphs below.

7.3 Leaseholder Charges £189k below budget (48.2%)

The income for leaseholder charges reflects the incorrect processing of an accrual (£215k) in 2012/13. This effectively means that three 'half-years' of income were recognised in 2012/13, leaving only one 'half-year' to be recognised in 2013/14. Over the two years in question, the amount of income received by the HRA has been on budget.

7.4 Contributions to Expenditure £207k above budget (45.4%)

This charge represents the amounts paid by leaseholders for work on specific improvement projects to shared areas. This variance is due to a change in accounting treatment for that element of the Contribution that applies specifically to lift replacements. The increased income is offset by the increased Contribution to Earmarked Reserves and therefore has no impact on the operating surplus of the HRA.

7.5 Repairs and Maintenance £957k over budget (8%)

The outturn for Repairs and Maintenance reflects an overspend caused primarily by an increase in demand for responsive repairs following the adverse weather conditions experienced over the winter months.

7.6 Revenue Contribution to Capital £2,222k below budget (14%)

Revenue Contribution to Capital (RCC) is that amount of surplus revenue, generated over the course of the year, which is transferred out of the Housing *Revenue* Account into the Housing *Capital* Programme in order to fund capital projects.

Because it is revenue over and above the amount that is required to operate the HRA for the year, the *actual* level of RCC will go up or down dependent on over- or under-spends elsewhere within the HRA budget. Therefore, the reduction in RCC at provisional outturn 2013/14 reflects the cumulative overspend elsewhere in the budget.

In summary, this means that £2.222m less than budgeted will be available to spend on HRA capital projects in future years. There remains sufficient capital funding within the HRA to ensure that the current programme can be delivered.

7.7 Supervision and Management £501k over budget (4.7%)

This overspend relates to three key areas:

- The HRA share of the one off payment for pension back-funding referred to in paragraph 3.1 (£210k), which was budgeted for 2014/15, but was brought forward to the final quarter of 2013/14.
- £75k increase in recharges from support services, primarily due to the one-off start-up costs associated with the implementation of the Northgate contract within the Customer Service Unit.

- £125k reduction in recharge income for the management and maintenance of garages following a review, and subsequent reduction, of officer time allocation by HRA staff.

7.8 Provision for Bad Debts £149k over budget (70.3%)

The increase in the bad debt provision reflects a combination of the following factors:

- Throughout 2013/14 there has been an increase in the overall arrears level of £150k. This equates to 0.3% of rental income for the year, which represents an improvement on previous years.
- There has been an increase in the element of the bad debt provision relating to the debts of former tenants. Although tenant eviction rates have not increased throughout 2013/14, the average debt of a tenant evicted for rent arrears is considerably higher than it has been in the past. This is primarily due to increasing rental charges and the protracted legal process associated with eviction.

7.9 Depreciation £444k over budget (5%)

The annual depreciation charge is a nominal amount that represents the total value of the housing stock that has been 'used' over the course of the year. For audit purposes, the DBC housing stock is said to have a 'useful economic life' of 60 years, therefore the annual depreciation charge is approximately one sixtieth of the value of the housing stock. The charge for depreciation in 2013/14 is above budget because the value of the housing stock has increased since the budget was set.

7.10 Contribution to/(from) earmarked reserves £238k (4.8%)

The increase in transfer to reserves is largely (£200k) due to the transfer of leaseholder contributions to lift repairs following a change in the accounting treatment, as explained in paragraph 7.4.

8. Provisional Capital Outturn

8.1 The provisional capital outturn position is summarised by Scrutiny area in the table below. Appendix C shows the provisional outturn by scheme.

The 'Forecast Slippage' column refers to those projects where expenditure is still expected to be incurred, but it will now be in 2014/15 rather than 2013/14.

The 'Variance' column refers to those projects which are now complete, but have come in under or over budget and those projects which are no longer required e.g. the Decant project.

	Revised Budget	Provisional Outturn	Forecast Slippage	Variance	
	£000	£000	£000	£000	%
Finance & Resources	3,021	2,746	92	(183)	-6.1%
Strategic Planning & Environment	2,202	2,030	12	(160)	-7.3%
Housing & Community	8,717	8,604	40	(73)	-0.8%
G F Total	13,940	13,380	144	(416)	-3.0%
HRA Total	29,038	26,956	1,596	(486)	-1.7%
Grand Total	42,978	40,336	1,740	(902)	-2.1%

8.2 General Fund Major Variances

The major variances on the General Fund Capital Programme are as follows:

- There have been delays to the Old Town Hall project caused by the unpredictability of undertaking works on listed buildings, which have resulted in slippage of £200k in to 2014/15.
- The work at Highbarns will be completed in 2014/15 resulting in slippage of £230k.
- There is also an underspend because the Decant project will no longer go ahead (£250k). Under these circumstances any expenditure has to be treated as Revenue.

8.3 Housing Revenue Account Major Variances

The major variances on the HRA capital programme are as follows:

- The overspend on Planned Fixed Maintenance (£1.4m) is due to the replacement of Kitchens and Bathrooms identified in void properties and the re-profiling of the Keepmoat contract, which resulted in 15 months' work being completed in 2013/14. This was agreed in anticipation of the new Total Asset Management Contract.
- There has been cost slippage to the New Build works at Berkhamsted and London Road Apsley, that will now be reflected in the 2014/15 expenditure. However, both projects remain on target for the original completion.
- The budget for the transfer of land from the General Fund at London Road Apsley shows an underspend of £1.8m. The cost to the HRA was £1.8m, as budgeted, but there was a change in the anticipated accounting treatment which meant that the funds were transferred through an adjustment to the Capital Financing Requirement rather than a standard budget purchase.

9. Balances and Reserves

9.1 The Reserves Summary at Appendix D reflects the movements previously approved by Council, together with the following recommendations:

- Pensions Reserve – draw down £745k
To part-fund the deficit on the Council's pension scheme. As explained in paragraph 3.1, this draw down is now required in 2013/14 rather than 2014/15, as previously approved by Council.
- Management of Change Reserve – draw down £130k
To fund redundancy and restructuring costs associated with efficiency initiatives across the Council's services.
- PSQ Reserve – contribution £200k
To part finance the costs associated with the development of the PSQ, including consultancy costs and supplies and services.
- Dacorum Development Reserve – contribution £100k
To part finance the costs of future regeneration projects within the borough.

9.2 In cases where reserves were to be drawn down in 2013/14 to fund budgeted expenditure which was not spent in full, only the amount required to fund actual expenditure was drawn down. The remainder is held in reserve to fund the approved expenditure as it is incurred in future years.

Item 11 appendix A

Item 11 appendix B

Item 11 appendix C p1

Item 11 appendix C p2

Item 11 appendix C p3

Item 11 appendix C p4

Item 11 appendix D

AGENDA ITEM: 12

SUMMARY

Report for:	Finance & Resources Overview & Scrutiny
Date of meeting:	4 June 2014
PART:	1
If Part II, reason:	

Title of report:	Financial Regulations Revision Report
Contact:	Cllr Nicholas Tiley, Portfolio Holder for Finance & Resources James Deane, Assistant Director (Finance & Resources)
Purpose of report:	To provide details of the proposed changes to the Council's Financial Regulations.
Recommendations	That Committee scrutinise the proposed revisions to the Financial Regulations prior to submission for Cabinet approval.
Corporate objectives:	This report supports all of the Council's corporate objectives.
Implications:	Financial and Value for Money implications are contained within the body of the report.
Risk Implications:	Contained within the body of the report.
Consultees:	Corporate Management Team
Background papers:	None

Introduction

1. The Financial Regulations provide the framework for managing the financial affairs of the Council. They are approved by the Council and they apply to every Member and employee of the Council and to anyone acting on its behalf.
2. In accordance with good practice, the Financial Regulations are reviewed periodically to ensure that they remain relevant throughout any structural or operational changes within the Council.
3. All sections of the Regulations have been reviewed, and in addition to the general updates relating to job titles and links to other documents, the following substantial amendments are proposed. (The revised version of the Regulations is included at Appendix A.)

Proposed updates

4. **Annex B, Regulation B.11, clause 3.m** has been removed from the Regulations. The clause read as follows:

'The Section 151 Officer shall include in his/her quarterly financial performance report details of virements carried out since the previous report.'

The majority of virements are effectively 'tidying up' exercises and relate to low value changes made to assist Officers in managing their budgets at a detailed level. It is proposed that the best use of Member time is to request overview only of material virements, as defined by the Schedule of Authorisations, Annex H, Item 1.

5. **Annex D, Schemes of Delegation, Regulation D.4** – pre-revision did not specify approval levels by postholder, and gave scope for differing delegation levels across the Council. In practice, this proved difficult to control, and since the last edition of the Regulations the Council has moved to a more consistent scheme of delegation, which has been maintained by Financial Services.

It is proposed that this revised edition of the Regulations includes the following Scheme of Delegations:

Postholder	Authorisation Level	
	Contract Letting	Agresso Approval
Chief Executive	£500,000	£10,000,000
Section 151 Officer	£500,000	£10,000,000
Corporate Director	£500,000	£1,000,000
Assistant Director	£250,000	£250,000
Group Manager	£50,000	£50,000
Team Leader	£10,000	£10,000

The recommended authorisation levels have been set in conjunction with the Procurement Standing Orders to ensure that the Council has an efficient purchasing process.

6. **Annex H, Schedules of Authorisations, Item 1. Virement policy – hierarchy of authorisations**

- 6.1 The November 2011 Regulations contained the following two types of transaction within the hierarchy of authorisations, which should be removed from this section of the Regulations in the revised edition.

Type	Applies to transfers between	Sanctioning Authority
1	Between General Fund and Housing Revenue Account	Council
2	Supplementary budgets funded from corporate and service-based reserves and balances	Council

'Virement' is a term that refers to the transfer of budgets *within* a currently approved total budget. The two transfer types listed above both result in *changes to* the currently approved total budget, and should therefore be managed through Financial Regulation A.12 c) Supplementary estimates:

- Type 1 – the HRA is ringfenced from the General Fund and therefore transactions between the two will always result in changes to the total budget of both accounts.
- Type 2 – a supplementary budget, by definition, refers to a change in the currently approved total budget.

6.2 Virement Type 7 in the November 2011 Regulations contained the following conditions, which, if met would require all virement types to have Cabinet approval:

Type	Applies to transfers between	Sanctioning Authority
7	For items where the amount to be vired is at least <ul style="list-style-type: none"> • £10,000 And <ul style="list-style-type: none"> • 10% of the transferring budget 	Cabinet

It is proposed that the monetary value within this condition is increased to £50,000, as below:

Type	Applies to transfers between	Sanctioning Authority
5	For items where the amount to be vired is at least <ul style="list-style-type: none"> • £50,000 And <ul style="list-style-type: none"> • 10% of the transferring budget 	Cabinet

The basis for this proposal is that the Sanctioning Authority for the first four virement types is robust, and that Members need only scrutinise virements of higher value.

7. **Annex H, Schedules of Authorisations, Item 14. Exceptions to advance payments regulations**

The list of standing exceptions has been update to include those areas that for operational reasons require the Council to make payments in advance of the receipt of goods or services. These exceptions are:

- Software Support and Maintenance
- Software Licences
- Artist/Performer Fees

8. **Annex H, Schedules of Authorisations, Item 15. De minimis level for Procurement Standing Orders**

This item has been removed on the basis that all contracts are subject to the provisions contained in the Council's Procurement Standing Orders.

For the full revised version of the Financial Regulations (Appendix A) please use the following link:

<http://www.dacorum.gov.uk/home/council-democracy/meetings-minutes-and-agendas/events/2014/06/04/finance-and-resources-overview-and-scrutiny-committee/finance-and-resources>

AGENDA ITEM: 13

SUMMARY

Report for:	Finance and Resources Overview and Scrutiny
Date of meeting:	4 June 2014
PART:	1
If Part II, reason:	

Title of report:	Community Infrastructure Levy (CIL) – The Merits of CIL
Contact:	<p>Cllr Andrew Williams, Leader of the Council and Portfolio Holder for Planning and Regeneration</p> <p>Robert Freeman – Strategic Planning and Regeneration Officer (Infrastructure Planning) (ext 2663)</p> <p>James Doe – Assistant Director, Planning, Development and Regeneration (ext 2583)</p>
Purpose of report:	To explain to members the advantages and disadvantages of Charging the CIL and provide additional information about the Council's progress on CIL.
Recommendations:	That Members note the content of this report.
Corporate objectives:	<p>Preparation and implementation of a CIL contributes to all of the corporate objectives.</p> <p><u>Affordable Housing</u> Affordable housing will be exempt from paying CIL, and the CIL revenues cannot currently be used for provision of Affordable Housing, which will continue to be provided via S106. Officers from the Strategic Housing service are involved in developing the CIL charging schedule, for which affordable housing requirements will be a key consideration. If CIL is set too high then developers may not be able to meet the affordable housing policy requirements.</p> <p><u>Safe and Clean Environment</u> The infrastructure provided through CIL monies is likely to include open space and urban realm improvements to support the development of the borough, both of which contribute to a safe and clean environment.</p>

	<p><u>Building Community Capacity</u> CIL revenues may be used to aid social enterprise and local community infrastructure which supports those in the most deprived areas.</p> <p><u>Regeneration</u> CIL will be used in combination with S106 to support the delivery of the key regeneration priorities for the Council.</p> <p><u>Dacorum Delivers</u> Developing the CIL represents Value for Money as it will become cost-neutral once it is up and running as explained below. It will lead to the delivery of infrastructure required to support new development so will improve the reputation of the Council.</p>
Implications:	<p><u>Financial</u> The cost of developing and implementing CIL is being borne by the Local Development Framework (LDF) budget, and may be repaid from future CIL receipts. Once implemented, up to 5% of CIL receipts may be used for its administration. The project is therefore expected to be cost-neutral in the long term.</p> <p>Once CIL is in place the Council will be responsible for collecting and allocating significant sums of money.</p> <p><u>Value for money</u> Where possible, technical work that supports the CIL has been jointly commissioned with adjoining authorities to ensure value for money. Also, see above regarding the project ultimately being cost neutral.</p> <p><u>Legal</u> CIL should reduce the need for involvement of the Council's planning solicitor, as it will reduce the role of s106 agreements. The Council's legal department may need to become involved in cases where liable parties do not pay CIL.</p> <p><u>Human Resources</u> An officer has been seconded to the Strategic Planning and Regeneration team to taken on the role of leading CIL development and associated infrastructure planning work. The secondment has been extended to cover the submission of CIL and its examination.</p> <p><u>Land</u> Once in place, CIL will be payable for any chargeable development on Council owned land. The opportunity exists for the Council to accumulate land for the delivery of infrastructure in lieu of payment in accordance with Regulation 73 of the CIL Regulations.</p>
Risk implications:	<p>The Project Initiation Document (PID) was updated in February 2013 and sets out full details of the risks associated with the introduction of a CIL. They include insufficient buy-in from infrastructure providers and key stakeholders, changes in</p>

	Government policy and team capacity.
Equalities implications:	An Equality Impact Assessment has been carried out for CIL in support of the PID. No significant issues have arisen, largely as any expenditure from CIL monies will need to be reflective of the need to develop infrastructure in the Borough, as set out in the Borough's Infrastructure Delivery Plan (InDP)
Health and safety implications:	None
Sustainability implications:	The CIL charging schedule is intended to enable the delivery of infrastructure required to support development planned through the Core Strategy; the Core Strategy has been subject to a Sustainability Appraisal.
Consultees:	None
Background papers:	<ul style="list-style-type: none"> • Cabinet reports – 26th November 2013 and 29th April 2014 • CIL Guidance Notes 2014 (Department for Communities and Local Government) • CIL Regulations 2010 (amended 2011, 2012 and 2013, 2014) • Community Infrastructure Levy Viability Study (BNP Paribas Real Estate) (December 2012) • Community Infrastructure Levy Viability Study Update (BNP Paribas Real Estate) (June 2013) • Dacorum Infrastructure Delivery Plan (June 2012) • Dacorum Infrastructure Delivery Plan Update (January 2014) • Dacorum Strategic Site Testing (October 2013) • Draft Regulation 123 List. • Finance and Resources Overview and Scrutiny Report – 5th November 2013 • Infrastructure Funding Gap Assessment (December 2012) • Infrastructure Funding Gap Assessment Update (January 2014) • Project Initiation Document • Strategic Planning and Environment Overview and Scrutiny report – 12th November 2013
Glossary of acronyms and any other abbreviations used in this report:	<p>CIL – Community Infrastructure Levy InDP – Infrastructure Delivery Plan LDF – Local Development Framework NPPF – National Planning Policy Framework PID – Project Initiation Document SPD – Supplementary Planning Document</p>

BACKGROUND

1.0 Introduction

- 1.1 This report focuses on the advantages and disadvantages of introducing a Community Infrastructure Levy (CIL) for Dacorum.
 - a. The Council has now reached a critical stage in the introduction of CIL. Cabinet resolved at their meeting of the 29th April 2014 to recommend that we submit a CIL Charging Schedule, associated policies and evidence to the Inspectorate for examination. This report will be considered by Council on the 9th July 2014 with a view to a CIL submission on the 16th July 2014.
 - b. The introduction of a CIL supports the delivery of infrastructure required to sustain the growth identified within the Council's Core Strategy. Policy CS35 requires developers to make contributions towards infrastructure works either through Section 106 or CIL. Officers have sought to maximise the funding of infrastructure improvements through these mechanisms.

2.0 CIL and Section 106

- 2.1 The Community Infrastructure Levy (CIL) is a new way of collecting contributions from developments towards providing the infrastructure needed to support growth within the Borough. It is a tariff that will be applied per square metre of new development which would vary by scale, use and geography. Its intention is to enable development to contribute to the cumulative impact on infrastructure, whereas Section 106 (S.106) aims to mitigate the direct impacts of individual developments.
- 2.3 S.106 agreements will continue to be used but their use will be scaled back as a result of CIL. Affordable housing and site specific requirements for new infrastructure will still be secured via S106 agreements.
- 2.4 The CIL Regulations 2010 (as amended) and the National Planning Policy Framework (2012) have tightened up the application of S106 Agreements so that they can only be used to levy financial contributions where they are:
 - Necessary to make a development acceptable in planning terms,
 - Directly related to the development; and
 - Fairly and reasonably related in scale and Kind to the development.
- 2.5 The more general nature of CIL allows for the funds to be used more flexibly towards the implementation of infrastructure projects thus facilitating the delivery of a range of infrastructure items.
- 2.6 In April 2011, the Council introduced a Planning Obligations Supplementary Planning Document (SPD). This applied S106 using a formulaic approach, similar to CIL based on the number of bedrooms within the property. This increased the number of development proposals entering into S106 agreements with an associated increase in income for both the Borough Council and County Council from around £260,000 in 09/10 to over a million pounds in 11/12 (£1,106,297) and 12/13 (£1,023,615.13)
- 2.7 The CIL Regulations 2010 (as amended) effectively remove the ability of local authorities adopt a tariff style approach to S.106 contributions like that of the Planning Obligations SPD post April 2015. Local authorities will no longer be able to pool more than five S.106 contributions towards a particular item or type of

infrastructure from the 6th April 2015 or the introduction of CIL (whichever is the earlier). Nor will the Council be able to collect money under S.106 towards those items/types of infrastructure for which five contributions have already been sought.

- 2.8 It is therefore fundamental that the Council adopts a CIL in order to continue to secure appropriate funding for infrastructure improvements with a view to supporting and encouraging the levels of development set out within the Borough's Core Strategy. It is only through the introduction of CIL that such sums may be pooled towards infrastructure projects.
- 2.9 Although Section 106 agreements will have a reduced role following the adoption of CIL they will continue to be important to secure site specific infrastructure items and to secure undertakings which are not purely financial in nature (for example the transfer and management of open space).
- 2.10 The main advantage of using a Section 106 agreement is that it allows for the delivery of specific infrastructure projects and contributions towards infrastructure items to be agreed in advance with the developer. This will be beneficial in securing site specific improvements in a timely manner where the infrastructure is required on site and as a direct result of the quantum of development (inevitably larger infrastructure items). Section 106 agreements provide greater certainty over the timely delivery of infrastructure for both the developer and the Council and will therefore be the preference on large scale developments.
- 2.11 A combination of CIL and Section 106 agreements will be appropriate for the scale and nature of development that would typically come forward within Dacorum with the exception of sites at LA3 and Spencer's Park. It will often be appropriate for CIL and S.106 arrangements to work in tandem to secure the Council's planning requirements over the majority of sites.

3.0 Pros of Adopting CIL

- 3.1 Officers have recently produced the document '*Community Infrastructure Levy (CIL) – Bridging the Infrastructure Funding Gap (April 2014)*' which sets out the potential income to be secured through CIL. It is estimated that a total of £23.47m will be raised from the residential components of CIL over the remaining plan period¹ (2015-2031) with some additional funding being secured from new retail developments within the Borough. The annual income is estimated to be £2m, but both these figures should be treated with caution as they may vary significantly.
- 3.2 This funding is crucial to the delivery of the programme of infrastructure improvements set out in the Infrastructure Delivery Plan (InDP), particularly given a decline in income under the existing Section 106 route. The Council will still be reliant on developers to implement large scale infrastructure works which are tied to the implementation of Strategic Sites and Local Allocations. Such improvements will remain tied to Section 106 agreements.
- 3.3 Under CIL, the Council will be the Charging Authority and as such will be solely responsible for the collection and spend of CIL income. The adoption of CIL therefore brings with it greater responsibility for the provision of appropriate infrastructure and an increased say over the prioritisation of infrastructure projects.

¹ Depending on changes in assumed dwelling sizes, the quantum of affordable homes and floor space deductions.

3.4 This increased involvement in determining infrastructure needs and priorities will be extended to local communities through the transfer of a meaningful proportion of CIL. The Council is required to pass 15%² of the CIL receipts received within each administrative area to the Town or Parish Council or local community³. These funds may be used to address any demands that development places upon the local community. CIL therefore empowers local communities to carry out improvements to the neighbourhoods in which they live.

4.0 Cons of Adopting CIL

4.1 There are some disadvantages to adopting a CIL, however, these are largely due to details of the CIL Regulations and do not outweigh the advantages.

4.2 There are concerns that CIL will not be a cost effective mechanism under which to secure contributions towards infrastructure due to the likely costs of implementation and administration. The Council has already invested significant time and resources to the implementation of the CIL project and it is likely to be resource intensive to set up and administer in its initial stages. However, once in place, the Council is able to use up to 5% of its CIL receipts towards these costs each year. In the longer term the CIL project is expected to be cost neutral as CIL income covers cost.

4.3 CIL is expected to provide a significant income for the Council as set out in paragraph 3.1 however such forecasts should be treated with caution. The CIL Regulations 2014 have exempted a number of developments from the payment of CIL. The following types of development are exempt from payment of CIL:

- affordable housing;
- development which replaces or reuses existing floorspace⁴;
- domestic extensions;
- granny or domestic annexes;
- self-build schemes; and
- Development to be used for charitable purposes.

These exemptions mean that a significant proportion of development may not contribute towards the cost of infrastructure provision, where they currently do so under the existing Planning Obligations SPD.

4.4 CIL is effectively a tax and as such payment is compulsory for developers. It comprises a set rate and unlike S.106 does not allow the flexibility of site specific negotiations. CIL has to be taken into account before any other further requirements are placed upon a developer (for example Affordable Housing).

4.5 It is therefore crucial that CIL is set at an appropriate level to ensure that the development of sites remains viable under a range of circumstances and reflects the policy requirements within the Core Strategy. A failure to do so could jeopardise the delivery of other planning objectives could potentially undermine the delivery of housing and other development necessary to sustain growth.

4.6 The Council has clearly reflected the requirements of the Core Strategy within its Viability Assessments⁵ and is confident that its assumptions over CIL rates are

² This increases to 25% with the approval of a Neighbourhood Plan

³ In un-parished areas, it is envisaged that the ward councillors will allocate the expenditure of the neighbourhood proportion

⁴Subject to vacancy tests.

⁵ Viability reports for CIL have been prepared by BNP Paribas Real Estate for the Borough generally and for specific sites within the Core Strategy. Separate notes on the viability of retail development have also been prepared.

robust. Appropriate CIL buffers have been provided to ensure that the CIL rates have no detrimental impact on other planning requirements; these will be monitored over time to ensure that any negative consequences of CIL are quickly addressed.

- 4.7 There are some concerns that the CIL raised within a neighbourhood will not be directly applied to the provision of new infrastructure within the area from which it is secured. Whilst this is true to an extent, the neighbourhood proportion discussed in paragraph 3.5 means that the local community can influence how a significant proportion of developer contributions are used.

5.0 Funding infrastructure via CIL and S106

- 5.1 The Council is required to clearly demonstrate that in charging a CIL and continuing to use Section 106 agreements they are not double charging developers for the same piece or type of infrastructure project.
- 5.2 The Council has therefore produced a Regulation 123 list which sets out the infrastructure items or projects which it would like to fund through CIL and crucially those items which it would like to fund through the use of a Section 106 agreement. A copy of our Draft Regulation 123 list is included at Appendix 1 of the report.
- 5.3 In the cases of land to the west of Hemel Hempstead (LA3) and Spencer's Park, there are long lists of infrastructure items which will need to be secured alongside these developments. A full list of site specific requirements and assumptions for Strategic Sites and Local Allocations is set out Appendix 2 to this report. It will be more expedient to deliver these items through the use of a Section 106 agreement and the use of this mechanism will allow the phased delivery of these improvements alongside these developments. As a result of developers providing such items directly under a S.106 agreement the Council would be prohibited from charging CIL for these items of infrastructure from these sites. The need and ability to levy a CIL would be reduced and in the cases of LA3 and Spencer's Park would be removed entirely in view of the scale and comprehensive nature of the infrastructure works proposed.
- 5.4 A failure to charge a CIL on sites at LA3 and Spencer's Park will mean that local residents will not receive the neighbourhood proportion of CIL. This would not disadvantage those local communities as money would be spent on infrastructure improvements directly related to the development of the site and necessary as a result of the development. The issues are therefore not so much about the amount of money that would be spent within any given neighbourhood more about the control over the money and the role of the community in how it is used.
- 5.5 The Council is committed to and has a proven record in involving local communities in the preparation of Development Briefs for Strategic Sites and Local Allocations. This process provides adequate opportunity for the community to inform discussions over contributions towards infrastructure works within their neighbourhood and to provide appropriate evidence as required under the CIL Regulations. It is clear from the workshops held so far, in relation to Development Briefs for Strategic sites and Local Allocations, that the Council's assessment of infrastructure needs arising from these sites closely aligns with those priorities of the local community; namely transport, education, health and sewerage infrastructure⁶. Officers are mindful of the

⁶ The Council's Infrastructure Delivery Plan does not identify any significant deficiencies in sewerage infrastructure within the Borough. Local connections are required and there are other more appropriate legislative frameworks to deal with these issues than CIL. The Council has not committed to funding improvements to utilities infrastructure under its Regulation 123 list.

need to ensure that any infrastructure benefits secured are necessary and reasonable and in all circumstances schemes remain viable.

6.0 Conclusion

- 6.1 The restrictions over the use of Section 106 agreements and the associated loss of funding for infrastructure improvements mean that it is imperative that the Council proceeds with the introduction of CIL. It is necessary in order to maximise the funding available for infrastructure improvements and to support the growth outlined in the Core Strategy. .
- 6.2 Critical to the success of the CIL is the availability of sufficient resources to implement and operate the CIL project, which may be considerable. It is also essential that the CIL has corporate support from across the Council as it will require input from a number of departments, and its benefits will be increased by a joined up approach.
- 6.3 The intention is to submit the CIL Charging Schedule to the Planning Inspectorate in July 2014 with the aim of CIL being operational by the 1st April 2015.

APPENDIX 1 – MODIFIED REGULATION 123 LIST



Dacorum Borough Council – Regulation 123 List

Under Regulation 123 of the Community Infrastructure Regulations 2010 (as amended) the Council is expected to publish a list of infrastructure projects that may benefit from CIL funding.

The purpose of the list is to differentiate between those types of infrastructure that the authority intends to fund through CIL and those areas where a planning obligation under S.106 of the Town and Country Planning Act 1990 (as amended) or another source of funding may be pursued to deliver the relevant infrastructure item.

The list below sets out those projects or types of infrastructure that Dacorum Borough Council intend will be, or may be, wholly or partially funded by CIL. In accordance with Regulation 123, developer contributions to the projects listed will not be sought through planning obligations under S.106 of the Town and Country Planning Act 1990 (as amended)

Infrastructure Project or Type (to be secured through CIL)	Exclusions (to be secured through S.106 or alternative measures)
Early Years Education and Childcare facilities	Except where Early Years Education and Childcare Facilities are provided alongside new schools secured under S.106
Primary Education Facilities	<p>Primary Education facilities associated with the development of land at West Hemel Hempstead (LA3) and Spencers Park</p> <p>The provision of a school on the Hemel Hempstead Hospital site.</p> <p>Any new primary education facilities arising from developments of 500 new homes or more.</p>
Secondary Education Facilities	
Further Education	

<p>Health Facilities including,</p> <ul style="list-style-type: none"> - the provision of replacement hospital facilities on the hospital zone site - new GP facilities - mental healthcare 	<p>GP facilities associated with the development of land at West Hemel Hempstead (LA3) and Spencers Park</p>
<p>Other Social and Community Facilities including,</p> <ul style="list-style-type: none"> - community halls, - youth facilities - libraries, - Indoor Sports and Leisure Facilities 	<p>Except the provision of community space and facilities directly associated with the development of Strategic and Local Allocations. (Reference is made in the CS to contributions towards community facilities)</p>
<p>Strategic and Local Transport Proposals</p>	<p>Any works necessary to directly access any site identified in the Site Allocations Development Plan Document (these may be secured through S.278 agreements, S.106 agreements or planning conditions)</p> <p>Transport proposals directly resulting from any site requiring a Transport Assessment⁷.</p> <p>The provision of junction improvements relating to the junctions of Kings Road/Shootersway/Kingshill Way, Berkhamsted and Durrants Lane/High Street, Berkhamsted (SS1 and LA4)</p> <p>The provision of Sustainable Transport measures associated with the development of land at West Hemel Hempstead (LA3) and Spencers Park</p>
<p>Green Infrastructure and Open Space</p> <ul style="list-style-type: none"> - Including outdoor sports pitches 	<p>The provision and maintenance of public open space, Local Area of Play (LAP), Local Equipped Areas of Play (LEAP) and Neighbourhood Equipped Areas of Play (NEAP) on Strategic and Local Allocations</p> <p>The extension of Shrubhill Common Nature Reserve (LA3)</p> <p>The provision of allotments at LA4 (Hanbury's)</p>
<p>Burial Space</p>	

⁷ As set out within the County Council publication 'Roads in Hertfordshire'

Waste Services	Sustainability Off-setting Measures (CS30)
Public Realm Improvements	Public Realm improvements within the East Hemel Area Action Plan and Maylands Masterplan area.

The inclusion of a project or type of infrastructure in the list does not signify a commitment from the Council to fund (either in whole or part) the listed project or type of infrastructure through CIL. Nor does the order of the table imply any order of preference for CIL funding. The Council may seek to secure contributions towards other projects not recorded in the list of exclusions where it is satisfied that the need is appropriate and not subject to CIL.

The Council will review the list to ensure that it accurately reflects the need for infrastructure as part of its annual review of CIL and will make any necessary alterations to the Regulation 123 list.

The Council considers that in most cases the preferred route for securing infrastructure improvements associated with large sites, particularly the development of Strategic and Local Allocations, will be through the use of S.106 agreements. Where such S.106 agreements would exceed the CIL Liability of the site it may be possible to gain relief from CIL through use of the Exceptional Circumstances Relief policy.

APPENDIX 2 – S.106 ASSUMPTIONS FOR STRATEGIC AND LOCAL ALLOCATIONS

SS1 – Land at Durrants Lane and Shootersway Lane

- Affordable Housing
- Community facilities
- Improvements to Berkhamsted Station
- Junction improvements at Durrants Lane/High Street
- Junction improvements at Shootersway Lane/Kings Road and Kingshill Way
- Junction improvements at Kings Road/High Street
- Northchurch and Kingshill Way Gateway Improvements
- Play facilities
- Safer Route to School
- Speed Management – Kings Road

LA1 – Marchmont Farm, Hemel Hempstead

- Access to the site and junction improvements
- Affordable Housing
- Community facilities
- Play provision and open space

LA2 – Old Town, Hemel Hempstead

- Access the site
- Affordable Housing
- Community facilities

LA3 – Land to the west of Hemel Hempstead

- Affordable housing
- Localised highway works
- New doctors surgery
- New primary school
- Play Space
- Strategic Open Space
- Sustainable transport measures

LA4 – Hanbury's, Berkhamsted

- Affordable Housing
- Allotments
- Community facilities
- Improvements to Berkhamsted Station
- Junction improvement at Shootersway Lane/Kings Road and Kingshill Way
- Junction improvement at Kings Road/High Street
- Safer Route to School
- Site Access
- Speed Management – Kings Road

LA5 – Land off Icknield Way, Tring

- Affordable housing
- Community facilities
- Localised Highway works
- Play provision and open space
- Speed Management – Icknield Way
- Safer Route to School

LA6 – Land off Chesham Road/Molyneaux Avenue, Bovingdon

- Access works
- Affordable Housing
- Community facilities
- Play Space and open space

EXTRACT FROM SITE SPECIFIC VIABILITY STUDY

Strategic Site	1 bed	2 bed	3 bed	4 bed	Total Units	Residual S.106 Cost	Additional Specific Site 106 (Transport, Play Space etc)	School (£7.64M)	GP Provision	Care Home Provision	Total Cost	£per unit
Marchmont Farm		75	150	75	300	£375,000	£550,000	£0	£0	£0	£925,000	3,083
Old Town	20	32	16	12	80	£81,600	£0	£0	£0	£0	£81,600	1,020
West Hemel		270	360	270	900	£1,116,000	£2,050,000	£7,640,000	£792,000	£0	£11,598,000	12,887
Hanbury's		18	24	18	60	£74,400	£143,500	£0	£0	£0	£217,900	3,632
Icknield Way		45	60	45	150	£186,000	£474,000	£0	£0	£0	£660,000	4,400
Chesham Rd		18	24	18	60	£74,400	£0	£0	£0	£0	£74,400	1,240
Spencer's Park		150	240	210	600	£762,000	£50,000	£7,640,000	£0	£0	£8,452,000	14,087
Egerton	10	31	76	63	180	£228,200	£895,500	£0	£0	£0	£1,123,700	6,243
Hicks Road	36	43	53	18	150	£159,800	£0	£0	£0	£48,000	£207,800	1,385

AGENDA ITEM: 14

SUMMARY

Report for:	Finance & Resources Overview & Scrutiny Committee
Date of meeting:	4 June 2014
PART:	1
If Part II, reason:	

Title of report:	Shared and Outsourced Services Update – Customer Service Centre and Gateway Contract (CSCG)
Contact:	<p>Cllr Neil Harden, Portfolio Holder for Residents & Regulatory Services</p> <p>Cllr Brian Ayling, Cabinet Support Member</p> <p>Responsible Officers: Shane Flynn – Assistant Director (Performance and Projects) Ben Hosier – Group Manager (Procurement) Mark Housden - Commercial Contracts Lead Officer</p>
Purpose of report:	To update Members on progress with the Customer Service Centre and Gateway project.
Recommendations	That Members note progress and comment on the Customer Service Centre and Gateway project.
Corporate objectives:	Supporting the ‘Dacorum Delivers’ strategic change programme
Implications: ‘Value For Money Implications’	<p><u>Financial:</u> Efficiency savings have been identified as part of the overall project and will be monitored through the Performance Management Frameworks, which form part of the contract documentation.</p> <p><u>Value for Money:</u> Current central government legislation has identified that local authorities should seek to provide value for money for citizens by exploring partnership arrangements to deliver services. The Northgate proposal was tested against a public sector comparator to demonstrate that the contract will provide value for money.</p>
Risk Implications	A risk assessment of the CSCG project has been undertaken and reported to the Overview and Scrutiny Committee. An ongoing risk log was developed to cover all aspects of the transfer. Post contract completion a new project plan has been introduced and a revised risk register, focused on delivery, has

	been developed.
Equalities Implications	Equality Impact Assessment carried out This was included in the report to Cabinet on 26 th March 2013. Further impact assessments will be required to assess the impact of the Customer Relationship Management and Channel Shift projects.
Health And Safety Implications	There are no immediate health and safety issues. During the period March to July 2013 additional security arrangements were in place in the reception area to help manage the transition to Council Tax Support. The transition is now complete and therefore the additional security has been withdrawn. Normal security levels for staff are now in place.
Consultees:	<p>A corporate multi-disciplinary project team has been developing the CSCG project. In addition Customer Services staff have been engaged through regular staff meetings and the Staff Reference Group. Unison has also been consulted regularly.</p> <p>Approval for contract signature and transfer of service was delegated by Cabinet to the Portfolio Holder for Residents and Regulatory Services and the Corporate Director (Finance and Governance).</p>
Background papers:	<ul style="list-style-type: none"> • Cabinet report, 26 March 2013 – Customer Service Centre and Gateway Tender Exercise (Part 2) • Cabinet report, 25 June 2013 – Customer Service Centre and Gateway Contract (Part 2) • Cabinet report, 23 July 2013 – Customer Service Unit Drawdown from Reserves
Historical background <i>(please give a brief background to this report to enable it to be considered in the right context).</i>	<p>In May 2011 Cabinet approved a Shared and Outsourced Services project. The project's objective was to explore shared service options for a number of Council services, including a 'strategic partnering' approach for Customer Services.</p> <p>The approved procurement process resulted in the Customer Service Centre and Gateway Invitation to Tender (ITT) being released to the market on 30th October 2012. On 26 March 2013 Cabinet approved the award of a four year contract to Northgate Information Solutions Ltd.</p> <p>On 25 June 2013, Cabinet delegated authority to the Portfolio Holder for Residents and Regulatory Services on the advice of the Corporate Director (Finance & Governance) to bring forward the forward the contract signature date (the Effective Date) and Operational Service Commencement Date, subject to completion of agreed tasks.</p> <p>The Finance & Resources Overview & Scrutiny Committee has continued to receive updates on progress on the contract since September 2012.</p>

Glossary of acronyms and any other abbreviations used in this report:	<p>CSCG - Customer Service Centre and Gateway</p> <p>CSU - Customer Service Unit</p> <p>ITT - Invitation to Tender</p> <p>CRM - Customer Relationship Management System</p> <p>OLA - Operating Level Agreements</p> <p>PMF - Performance Management Framework</p>
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1. Background

- 1.1. The contract for the delivery of the Customer Service Centre and Gateway (CSCG) to Northgate Information Solutions UK Ltd (Northgate) was signed on 12 July and the service was transferred to Northgate on 5 August 2013.
- 1.2. This report provides an update on the performance of the contract.

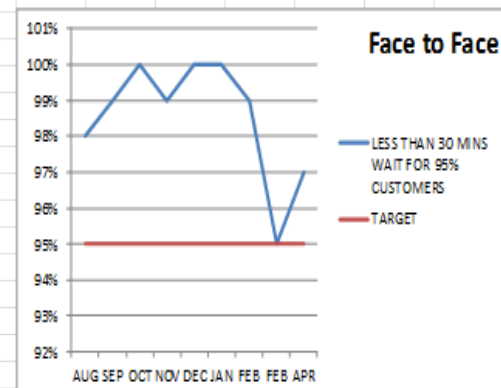
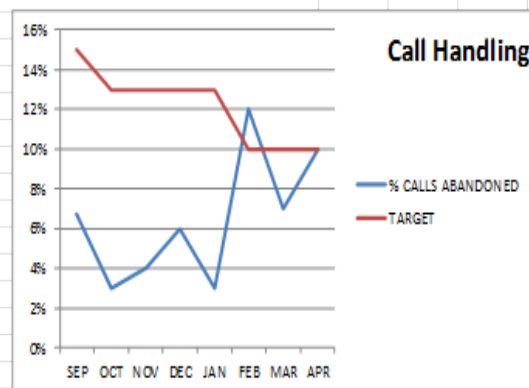
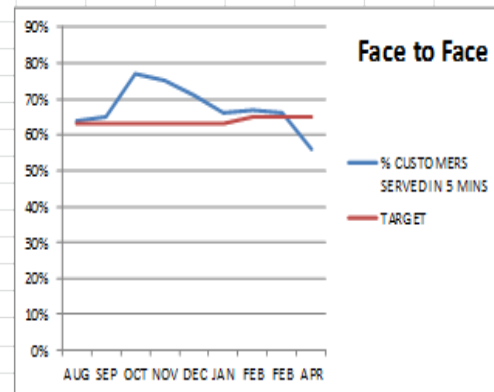
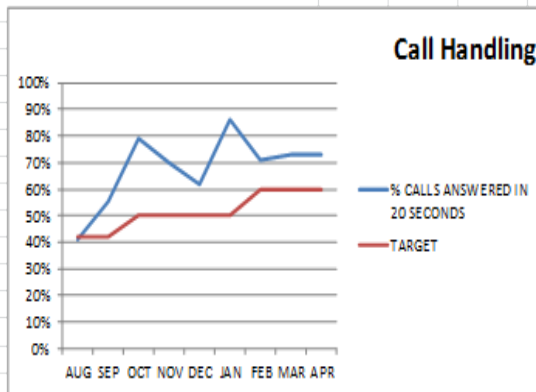
2. Financial monitoring

See separate presentation

3. Performance monitoring

- 3.1. Mark Housden has been appointed as the Commercial Contracts Lead Officer to manage the contract on a day to day operational basis with a focus on client side monitoring, assessment and management of the contract.
- 3.2. Performance of the contract is managed in partnership with Northgate through an Operations Board which meets monthly to consider:
 - Achievement against Key Performance Indicators (KPIs) for the preceding month and any service credits due
 - Management issues
 - Progress against the two core projects in the transformation programme: Customer Relationship Management (CRM) and channel shift
 - Risk associated with the contract and delivery of the transformation programme.
- 3.3. A marked deterioration in performance during March and April was coupled with a large number of complaints from residents. Over a 100 formal complaints have been received and 340 negative comments passed to officers directly or through social media.
- 3.4. An extraordinary meeting of the CSU Strategic Board was held on the 15th May 2014 to review the exceptional number of complaints and review actions to improve the situation.
- 3.5. The KPI results for the contract are shown in the tables below. The percentage of calls abandoned missed the current target of 10% in February, reaching 12%, triggering a right to remedy

CALL HANDLING	TARGET Oct 13	TARGET Feb 14	TARGET Apr 14	AUG ACTUAL	SEP ACTUAL	OCT ACTUAL	NOV ACTUAL	DEC ACTUAL	JAN ACTUAL	FEB ACTUAL	MAR ACTUAL	APR ACTUAL
% CALLS ABANDONED	13%	10%	10.0%	14%	7%	3%	4%	6%	3%	12%	7%	10%
% CALLS ANSWERED IN 20 SECONDS	50%	60%	60%	41%	55%	79%	70%	62%	86%	71%	73%	73%
OPENING HOURS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
FACE TO FACE	TARGET Oct 13	TARGET Feb 14	TARGET Apr 14	AUG ACTUAL	SEP ACTUAL	OCT ACTUAL	NOV ACTUAL	DEC ACTUAL	JAN ACTUAL	FEB ACTUAL	MAR ACTUAL	APR ACTUAL
% CUSTOMERS SERVED IN 5 MINS	63%	65%	65%	64%	65%	77%	75%	71%	66%	67%	66%	56%
LESS THAN 30 MINS WAIT FOR 95% CUSTOMERS	95%	95%	95%	98%	99%	100%	99%	100%	100%	99%	95%	97%
OPENING HOURS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



3.6. One of the KPIs within the contract is face to face waiting times. There are two indicators:

- Average wait time: The current target increased to 65% in February 2014 and to 70% in May. This target was missed in April achieving only 56% triggering another right to remedy
- Longest wait time: the current target is that no more than 5% of customers have to wait longer than 30 minutes to be seen. This indicator exists to ensure that where increased volumes of customers come into the Council, the contractor commits additional resources to reduce the impact on waiting times. The indicator remains at 95% throughout the transition period and beyond.

3.7. The contract allows for the Council to alter targets to drive improved performance over time. The first stage for reviewing the operation of the targets is at the end of the transition phase in July 2014.

3.8. Other performance monitoring information is available under the terms of the contract but it is for monitoring purposes only. Average data for the period February 2014 to April 2014 is shown in the table below

Non-KPI Data, February 2014 – April 2014

Average wait time	54 seconds
Longest wait time	52 minutes
Average call length	3 minutes, 30 seconds
Enquiries resolved at first point of contact	92%
Staff utilisation	73%

4. Factors affecting performance

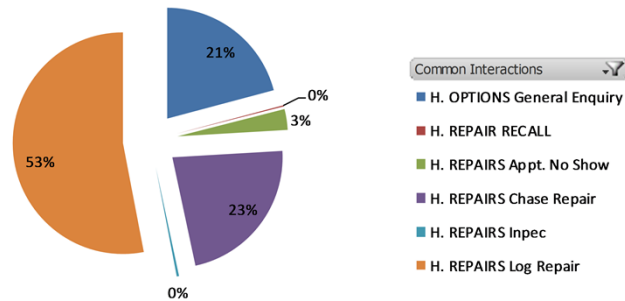
- 4.1. Over the period February to April performance deteriorated, reversing the previous improving trends. Customers are complaining about extended wait times, unable to get through to an adviser and being cut off. There have been approximately 100 official complaints and 340 comments made by customers received through staff. They are also complaining that some forms and information are not easy to find or not available online. Some are having difficulties making payments through the automated systems, preferring to speak to an adviser. An extraordinary meeting of the CSU Strategic Board was held on the 15th May 2014 to review the exceptional number of complaints and review actions to improve the situation.
- 4.2. There have been technical issues with the telephony system being unable to cope with the amount of traffic between DBCs telephony and Inform 360. Action was taken to introduce addition capacity in the system and into the call centre by putting a trunk line in place and switching capacity in the internal exchange so that lines into the call centre. In addition a replacement for the Braxtel system has been ordered and this provides live management information and additional functions and flexibility for the CSU operation.
- 4.3. All areas except for Planning have scripts on inform360 and in light of the complaints a review of Inform 360 scripts has been undertaken to reduce the length of time callers are in the system from the 8-9 minutes the was being experienced to 3- 4 minutes that was expected. Actions taken include
 - Reduction of complexity and the number of options offered to customers.
 - Additional options to speak to an adviser
 - The addition of Hot Keys also allows customers to navigate quickly through Inform 360 and these are now being included in communications to customers.
- 4.4. The impact of the staff reduction process with 5 staff being made redundant in mid February as per the agreed programme that took place prior to the technology and systems being proven
- 4.5. The difficulties with systems and staffing coincided with annual billing, benefits uplift and rent statements being issued in March. Incomplete reference numbers on some rent statements compounded the call levels
- 4.6. There has been a marked increase in the number of calls and face to face visits being recorded. A demand analysis of calls was undertaken during April to understand the nature of the demand and identifying whether it is value demand (e.g. a request for service) or failure demand (e.g. chasing up a previous request, or

querying the meaning of a communication received). This was to understand why customer contact is exceeding forecasted levels. The results are illustrated below.

Row Labels	Count of Common Interactions
H. OPTIONS General Enquiry	124
H. REPAIR RECALL	1
H. REPAIRS Appt. No Show	18
H. REPAIRS Chase Repair	134
H. REPAIRS Inpec	2
H. REPAIRS Log Repair	315
Grand Total	594
Failure Demand	
No show	3%
Chase repair	23%
Total Housing failure calls	26%

Count of Common Interactions

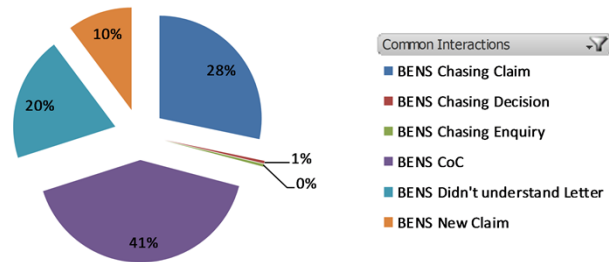
Housing



Row Labels	Count of Common Interactions
BENS Chasing Claim	69
BENS Chasing Decision	1
BENS Chasing Enquiry	1
BENS CoC	100
Letter	48
BENS New Claim	25
Grand Total	244
Failure Demand	
Chasing claim	28%
Not understanding letter	20%
Total Benefits failure calls	48%

Count of Common Interactions

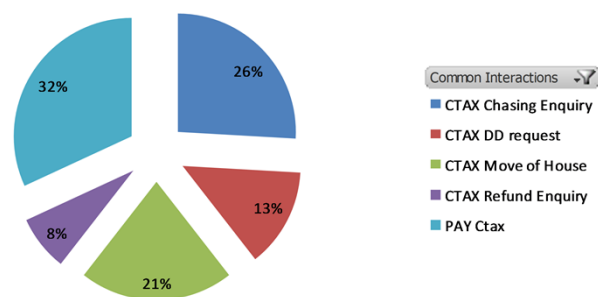
Benefits



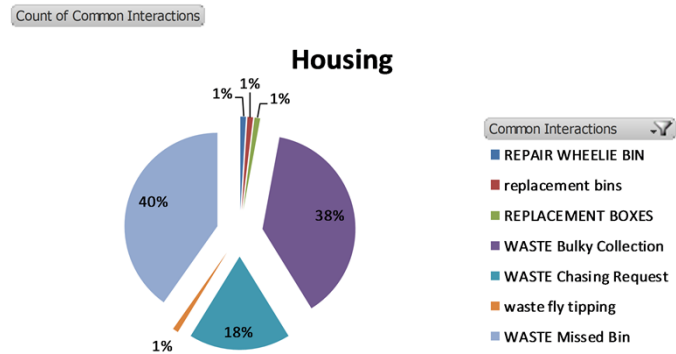
Row Labels	Count of Common Interactions
CTAX Chasing Enquiry	65
CTAX DD request	34
CTAX Move of House	53
CTAX Refund Enquiry	19
PAY Ctax	80
Grand Total	251
Failure Demand	
Chasing enquiry	26%
Total Revenues failure calls	26%

Count of Common Interactions

Revenues



Row Labels	Count of Common Interactions
REPAIR WHEELIE BIN	1
replacement bins	1
REPLACEMENT BOXES	1
WASTE Bulky Collection	39
WASTE Chasing Request	18
waste fly tipping	1
WASTE Missed Bin	41
Grand Total	102
Failure Demand	
Chasing request	18%
Missed bin	40%
Total Environment failure	58%



4.7. The analysis shows that the level of failure demand in service areas is extremely high, which is undoubtedly impacting on the level of customer demand.

4.8. In view of this increased call and face to face volumes and the current pressure on service levels, Northgate have increased the staffing levels by appointing an additional 3 staff. This will be reviewed in July once the Housing repair calls are transferred to Osborne Property Services.

4.9. A cross organisation Customer Focus project has been established to gain customer perspectives on service delivery and to deliver internal changes in support of channel shift and to reduce failure demand.

4.10. The key service developments during February to April were as follows:

- A restructured management team has been put in place with clear responsibilities to develop and deliver an enhanced service. A new Customer Services Manager has been appointed by Northgate.
- Significant management development and ongoing coaching has taken place to enable effective change and performance management to take place
- The implementation of multi-skilling across face to face and telephony enabling the management of resources effectively.
- Staff at Berkhamsted and Tring are now fully utilised supporting the wider contact centre team.
- The introduction of real time performance management, despite the limitations of the current QMATIC and telephony systems.
- The introduction of Inform 360 to assist in channel shift migration and reduce the cost envelope for the Council.
- Customer insight activity to review /position channel access strategies
- The recruitment of Modern apprentices to enable ongoing skills refresh and to promote access to employment for the 16-24 age group.
- Significant work in developing the CRM has taken place and although not able to be implemented at present
- Management of CSC related enquiries through social media has gone live with support from the Communications team.

5. Service Improvement Plan

5.1. The SIP is a key document that forms part of Northgate's contractual obligations. It sets out a timetable for implementing key stages of the service development, including two specific projects relating to the transformation:

- The introduction of a Customer Relationship Management (CRM) system, including Citizen Insight
- Channel shift from face-to-face and call contact to web-based interaction where this improves access to services and promotes efficiency.

CRM

5.2. The Customer Relationship Management System was due to be introduced during November but a variety of technical issues have delayed implementation. These relate to ICT matters primarily concerning the suitability of firewall arrangements. The implementation date for this is now set for mid June.

5.3. The CRM system operates by drawing information from back office systems into one system to provide a 'single view of the customer'. This means that when customers contact the council all their details and transactions can be accessed quickly and easily by CSCG staff. The impact of the delays in CRM is minimal as staff continue to have access to back office systems with which they are familiar. The CRM system will bring benefits over time in terms of:

- improving the quality of interactions with customers
- reducing training for new staff who will only have to view one system which brings in data from back office systems.

5.4. However, the introduction of CRM is a key item within the agreed Service Improvement Plan and we will continue to monitor progress to ensure that the Council realises the full benefits of the contract once the system goes live.

Channel shift

5.5. This has been a significant area of activity for some time and has led to a number of outputs to date that are designed to increase the extent that services are shaped around customers needs and to increase access to services through increased use of the Council's website and other media:

- Web and Customer Access Strategy, November 2012 (2nd edition due May 2014)
- Re-launch of the website in April 2013
- The Customer Promise published in June 2013 and reproduced at: <http://www.dacorum.gov.uk/home/customer-promise>
- The inclusion in the CSCG contract with Northgate of Customer Relationship Management and Citizen Insight projects
- The development of a database of indicators of wellbeing and the Evidence Based Decision Making project
- The Digital Inclusion project
- Two-day leadership team development programme with customer focus as the central theme

5.6. Each component of this shift to digital access has to date been managed separately. The inclusion of related projects within the Northgate contract was designed to move things forward through a partnership approach. However, the contract has limited objectives which relate to the impact of CRM and Channel Shift on the function of the Customer Services Centre rather than on the Council as a whole

5.7. A wider need has been recognised to engage all services and functions in the pursuit of increased customer focus. Therefore it is necessary to bring all of these strands together in a co-ordinated way and to establish the Customer Focus theme as central to departmental strategies and operational plans.

5.8. A cross organisation Customer Focus project has been established to gain customer perspectives on service delivery and to deliver internal changes in support of channel shift and to reduce failure demand.

6. Risk management

6.1. Risk registers relating to the delivery aspect of the CSCG project are reviewed monthly by the Operational Board. An ongoing log of issues is also being maintained with action points to be agreed at the Board meetings. The following issues were logged at the May Operational Board meeting.

CSCG issues and actions as at January 2014

Issue	Action taken
SLA IT Support and SLA for service	Discussion over service levels is still taking place. A draft OLA has been developed and has been shared with Ben Trueman.
CRM Unable to establish the connection between Dacorum	A decision has been taken to replace the Firewall and procurement has commenced. A meeting took place between Ben Trueman and a Northgate technical expert, which has addressed Dacorum's concerns. The CRM implementation is likely to commence during June 2014. Discussions have been ongoing between Council IT and Northgate technical teams. Latest version of connect software is being installed.
Telephony	Business case agreed in January for replacement of the Braxtel system with integrated telephony system with improved functionality. Planned to be introduced in June 2014
Quematic	Proposal submitted to upgrade quematic system to improve customer access and reporting agreed and is due to be installed during May

7. Conclusion

7.1. This period has been a very difficult one with many changes being implemented and a significant rise in call levels beyond those expected resulting in the unprecedented levels of complaints. The stresses this has put on the organisation has highlighted many points of failure and these are now being addressed both by Northgate and within Dacorum through the Customer Focus project.

7.2. The immediate actions taken to improve the situation is already showing results and this will be monitored closely to ensure that this continues.

15. EXCLUSION OF PUBLIC

To consider passing a resolution in the following terms:

That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1, as amended by the Local Government (Access to Information) (Variation) Order 2006, the public be excluded during the items in Part II of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that if members of the public were present during these items there would be disclosure to them of exempt information relating to: the financial and business affairs of a number of private companies. (Agenda item 16).