



MEETING : EXECUTIVE
VENUE : COUNCIL CHAMBER, WALLFIELDS, HERTFORD
DATE : TUESDAY 4 AUGUST 2015
TIME : 7.00 PM

MEMBERS OF THE EXECUTIVE

- | | |
|-----------------------------------|---|
| Councillor Linda Haysey | - Leader |
| Councillor Eric Buckmaster | - Executive Member for Health and Wellbeing |
| Councillor Tony Jackson | - Ambassador and Executive Member for Shared Services |
| Councillor Gary Jones | - Executive Member for Economic Development |
| Councillor Graham McAndrew | - Executive Member for Environment and the Public Space |
| Councillor Suzanne Rutland-Barsby | - Deputy Leader and Executive Member for Development Management and Council Support |
| Councillor Geoffrey Williamson | - Executive Member for Finance and Support Services |

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DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.

2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.

3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.

4. It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

Audio/Visual Recording of meetings

Everyone is welcome to record meetings of the Council and its Committees using whatever, non-disruptive, methods you think are suitable, which may include social media of any kind, such as tweeting, blogging or Facebook. However, oral reporting or commentary is prohibited. If you have any questions about this please contact Democratic Services (members of the press should contact the Press Office). Please note that the Chairman of the meeting has the discretion to halt any recording for a number of reasons, including disruption caused by the filming or the nature of the business being conducted. Anyone filming a meeting should focus only on those actively participating and be sensitive to the rights of minors, vulnerable adults and those members of the public who have not consented to being filmed.

AGENDA

1. Apologies

To receive apologies for absence.

2. Leader's Announcements

3. Minutes

To approve the Minutes of the meeting held on 7 July 2015 (previously circulated as part of the Council Agenda of 27 July 2015)

4. Declarations of Interest

To receive any Member(s) declaration(s) of interest.

5. Issues Arising from Scrutiny (Pages 5 - 8)

6. Corporate Strategic Plan 2016/17 – 2019/20 – The Process (Pages 9 - 14)

7. Financial Strategy and Medium Term Financial Plan 2015/16 - 2019/20
(Pages 15 - 38)

8. Implementing the Customer Service Strategy (Pages 39 - 62)

9. Urgent Business

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

EAST HERTS COUNCIL

EXECUTIVE – 4 AUGUST 2015

REPORT BY SCRUTINY COMMITTEE CHAIRMEN

ISSUES ARISING FROM SCRUTINY

WARD(S) AFFECTED: All

Purpose/Summary of Report

- This report details the comments and recommendations made by the Scrutiny Committees since the last meeting of the Executive and should be read in conjunction with reports of the Executive Members found elsewhere on the agenda.

<u>RECOMMENDATION FOR DECISION:</u>	
(A)	That the report be received.

1.0 Background

1.1 Scrutiny meetings have been held recently as follows:

Corporate Business Scrutiny Committee – 14 July 2015

2.0 Report

2.1 **Corporate Strategic Plan 2016/17 – 2019/20: The Process (Agenda Item 6)**

The Corporate Business Scrutiny Committee agreed that (A) the proposed redesign of the Council's finance and business planning process to support the later development of the Corporate Strategic Plan be supported;

(B) a report of the draft of the Corporate Strategic Plan 2016/17 – 2019/20 be accepted onto the Committee's Work Programme for the meeting on 24 November 2015; and

(C) the Executive be advised that the meeting of Corporate Business Scrutiny on 20 October 2015 would be cancelled in

favour of a combined budget and service planning training session which would be open to all Members.

2.2 **Financial Strategy and Medium Term Financial Plan 2016/17 – 2019/20 (Agenda Item 7)**

The Corporate Business Scrutiny Committee supported the recommendations in the report.

2.3 **Implementing the Customer Service Strategy (Agenda Item 8)**

The Corporate Business Scrutiny Committee agreed that the approach set out to implement the Council's Customer Service Strategy be supported.

3.0 **Implications/Consultations**

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATION

Contribution to the Council's Corporate Priorities/ Objectives:	This report seeks to summarise scrutiny activities, which in general terms, support all of the Council's objectives.
Consultation:	This report assists the wider consultation process in reporting issues arising from scrutiny to the Executive.
Legal:	The Constitution provides for issues arising from Scrutiny to be reported to the Executive.
Financial:	None
Human Resource:	None
Risk Management:	None
Health & Wellbeing – issues and impacts:	None

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EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 14 JULY 2015

EXECUTIVE – 4 AUGUST 2015

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE AND SUPPORT SERVICES

CORPORATE STRATEGIC PLAN 2016/17– 2019/20 – THE PROCESS

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To set out the drivers for change in reviewing the way in which the financial and business planning process will be delivered.
- To outline a new integrated process to determine council priorities and deliver a balanced budget for the next 4 years.

RECOMMENDATION FOR CORPORATE BUSINESS

SCRUTINY: That:

(A)	The proposed redesign of the council's finance and business planning process to support the later development of the Corporate Strategic Plan be noted; and
(B)	A report on the draft of Corporate Strategic Plan 2016/17 – 2019/20 be accepted onto the Committee's Work Programme for the 24 November 2015 meeting.
(C)	The Executive be advised of any recommendations.

RECOMMENDATION FOR EXECUTIVE: That:

(A)	The redesign of the council's finance and business planning process to support the development of the Corporate Strategic Plan be approved.
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1.0 Background (drivers for change)

1.1 Every year Corporate Business Scrutiny considers a refresh of the council's Corporate Strategic Plan. This sets out the strategic

priorities and key actions the council wants to deliver for that year, aligned to the overall priorities (People, Place, Prosperity) agreed by the previous administration when it was formed in 2011.

- 1.2 The development and refresh of that plan was initiated by the Executive providing officers with a clear steer on the key outcomes that need to be delivered and the direction of travel services should take for that particular year. Due to the elections and the formation of a new administration this year however there is now an opportunity for Members to consider delivery priorities for 2016/17 through to 2019/20.
- 1.3 The process of determining service priorities through the Corporate Planning Process has not always been fully aligned to discussions around setting the budget. Service planning has previously taken place on an annual basis with an annual horizon, compared to the setting of the Medium Term Financial Strategy which looked at a 4-5 year horizon. Moreover, Member engagement and approval of the annual budget (e.g. including setting of fees and charges, capital bids etc.) has tended to take place around January/ February of each year – some months after discussions around service planning (which begin in September).
- 1.4 With that in mind officers have proposed a new, integrated finance and business planning process which supports the development of a new Corporate Plan. This will set realistic service delivery objectives based on an understanding of service pressures, customer demand, workforce capacity and financial drivers.
- 1.5 This new integrated approach will enable joint discussion and alignment of the formal budget setting process with the setting of service priorities earlier in the financial year than has previously been the case. This will enable Members to agree the strategic direction of East Herts Council and the underpinning investment requirements based on needs and priorities as oppose to incrementally changing budgets on an annual basis.
- 1.6 The new process provides a unique opportunity for East Herts Council to understand how its resources and investment links to the achievement of outcomes, to anticipate and prepare for future challenges (eg. legislative change and changes in customer behaviour) and set out a 4 year Corporate Strategic Plan to deliver both Member priorities and a balanced budget.

2.0 Report

2.1 Ultimately, the aim of this integrated finance and business planning process is to deliver:

1. A comprehensive Corporate Strategic Plan, based on service outcomes
2. A clear direction of travel for the next 4 years, with the drivers and performance measures widely understood
3. A balanced budget

2.2 It is proposed that the council's finance and business planning process will be redesigned to enable:

1. A review of service areas to see how service outcomes align with financial need (ie. understanding why underspends exist)
2. An understanding of the current direction of travel and the future direction of travel for each service; based on evidence currently available including customer data.
3. An understanding of which services are statutory and which are discretionary and where services are linked; impacting each other and the levels of service provided.
4. An analysis of what would happen to a service if legislation changes, or Members redirect their priorities.
5. A review of workforce issues within each service, including role changes, skills changes, work profile, recruitment trends and succession planning.
6. Present a range of options to Members to change service provision and build resilience.

2.3 Officers will be working on stages (1-5) above throughout the summer of 2015 with a view to undertaking Member engagement (stage 6) on options and priorities during October. Over the summer however Heads of Service and Directors will be engaging with their Portfolio holders on progress and emerging issues.

2.4 To help inform discussions about priorities and financial drivers, the process of setting of the Medium Term Financial Strategy has been brought forward (being reported to Corporate Business Scrutiny July 14th and Executive 4th August). This will enable early consideration of the East Herts Council budget situation following the Chancellor's budget statement (due 8th July).

2.5 Stage (6) of this process will provide an opportunity for Members to consider a range of feasible options for the future (and the

financial implications of choosing those options). This will ensure much more robust prioritisation of council resources in a way which has not been done previously. Moreover, the outputs of stages (1-5) will also be made available to Members as reference papers to increase understanding and insight into pressures and demands on all council services.

- 2.6 In previous years an informal budget session has been run for Members during the month of October and we anticipate a similar informal session to present options. The dates and precise format of that engagement will be determined by CMT and Executive over the Summer.
- 2.7 Following member engagement on service proposals a clear steer in terms of the council's priorities will emerge and therefore the four year plan for the period 2016/17-2019/20 can be drafted. It is anticipated that an early draft can be considered by Corporate Business Scrutiny's meeting on 24 November 2015 and approval by Executive on 5 January 2016.
- 2.8 There will also be an opportunity for Joint Scrutiny to consider the Corporate Strategic Plan alongside the setting of the budget at its meeting on 19th January 2016.
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None.

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS:

<p>Contribution to the Council's Corporate Priorities/ Objectives:</p>	<p><i>People – Fair and accessible services for those that use them and opportunities for everyone to contribute</i></p> <p>This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.</p> <p><i>Place – Safe and Clean</i></p> <p>This priority focuses on sustainability, the built environment and ensuring our towns and villages are safe and clean.</p> <p><i>Prosperity – Improving the economic and social opportunities available to our communities</i></p> <p>This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic opportunities and delivering cost effective services.</p>
<p>Consultation:</p>	<p>The change in process to support the development of the Corporate Strategic Plan was shared with the senior management team.</p>
<p>Legal:</p>	<p>There are no legal implications.</p>
<p>Financial:</p>	<p>There are no financial implications at this stage, but will be considered as actions are brought forward.</p>
<p>Human Resource:</p>	<p>There are no human resources implications.</p>
<p>Risk Management:</p>	<p>Effective performance management arrangements helps to ensure that the council's priorities and objectives are met and supports greater transparency and increases local accountability. The Corporate Strategic Plan is one tool designed to help deliver this.</p> <p>Specific risk management implications relating to actions set out in the plan will be considered as part of their implementation.</p>

Health and wellbeing – issues and impacts:	There are no direct Health and Wellbeing implications in regard to this report. However one of the council’s objectives does support the health and wellbeing agenda.
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EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY – 14 JULY 2015

EXECUTIVE – 4 AUGUST 2015

REPORT BY THE EXECUTIVE MEMBER FOR FINANCE & SUPPORT SERVICES

FINANCIAL STRATEGY AND MEDIUM TERM FINANCIAL PLAN FROM 2015/16 TO 2019/20

WARD(S) AFFECTED: All

Purpose/Summary of Report

- To consider revisions to the Financial Strategy for the years 2015/16 to 2019/20. This includes the policy on reserves and the proposed planning assumptions to be used to update the Medium Term Financial Plan in preparation for annual budget setting.

<u>RECOMMENDATIONS FOR CORPORATE BUSINESS SCRUTINY:</u> that:	
(A)	Scrutiny consider The Medium Term Financial Plan from 2015/16 to 2019/20 and make recommendations to Executive on any revisions that should be considered in terms of the planning assumptions used.
<u>RECOMMENDATIONS FOR EXECUTIVE:</u> that:	
(A)	Any revisions to the Medium Term Financial Plan from 2015/16 to 2019/20 arising from Corporate Business Scrutiny be considered and the adoption of the strategy be recommended to Council.
<u>RECOMMENDATIONS FOR COUNCIL:</u> that:	
(A)	The proposed Financial Strategy be adopted;
(B)	The planning assumptions set out in this report be adopted by the Council as the basis for framing the 2016/17 budget and Medium Term Financial Plan to 2019/20.

1 Background

- 1.1 This report sets the context for the future financial position for East Herts Council. The Financial Strategy is a statement on the Council's approach to the management of its financial resources to meet its Corporate Priorities. The strategy also considers the appropriate level of reserves that the Council holds to mitigate current and longer term risks.
- 1.2 Medium term financial planning must make assumptions about the future demand profile and cost pressures on expenditure and on factors that affect income sources. The Medium Term Financial Plan (MTFP) represents a summary of these assumptions and their impact on the funding of the council.
- 1.3 The MTFP outlines the anticipated funding and expenditure each year and where there is a shortfall the MTFP highlights the amount of savings required that have not yet been identified.
- 1.4 The MTFP sets the financial envelope within which the council must fund its activities in order to set a balanced budget in each of the next 4 years. In order to begin the budget setting process for 2016/17 and beyond it is therefore prudent to revise the MTFP at the beginning of the Finance and Business Planning process. Throughout the summer and autumn services plans and budgets will be produced to deliver a balanced budget for 2016/17. In addition this process will allow the council to identify where savings may be achieved in future years and begin planning their delivery.
- 1.5 One of the outcomes of the Finance and Business planning process will be the budget report presented to Council on 17th Feb 2016 for their approval.

2 Report

- 2.1 This report considers and outlines the underlying assumptions within the Medium Term Financial Plan (MTFP) and addresses the following key areas in the following sections of this report:

Report Section	
3	Funding Changes
4	Financial Strategy
5	Review of Reserves
6	Underlying Assumptions

7	MTFP Development
8	Budget Setting Risk Management

3 Funding Changes

3.1 The last version of the MTFP was reported to Council on 18th February 2015. In revising the assumptions within the model a number of adjustments have been made to the sources of funding received by the Council. Where changes have been made these are outlined in the paragraphs that follow.

3.2 Revenue Support Grant:

3.2..1 In the 2015/16 Local Government finance settlement the allocation of Revenue Support Grant was £2.057m, a reduction of £0.759m (27%) compared to the 2014/15 allocation. This funding source is likely to continue to reduce in future years and the Council will need to consider how to mitigate this by growing business rates and other income sources.

3.2..2 The forecast income from the Revenue Support Grant from 2016/17 onwards has been revised since the February 2015 report due to a revised model being published by a consultant to the Council.

3.3 Non Domestic Rate income (NDR):

3.3..1 The income modelling has separated the income received from NDR and Section 31 reliefs provided by Central Government over the MTFP period. The 2015/16 NDR income estimate is £1.717m.

3.3..2 The government has continued to apply a 2% cap on the increase to NDR bill demands (a.k.a. Business Rates Multiplier) in 2015/16. RPI inflation from Sept 2013 to Sept 2014 was 2.3% although the loss in business rate income will be offset by a corresponding increase in Section 31 grants.

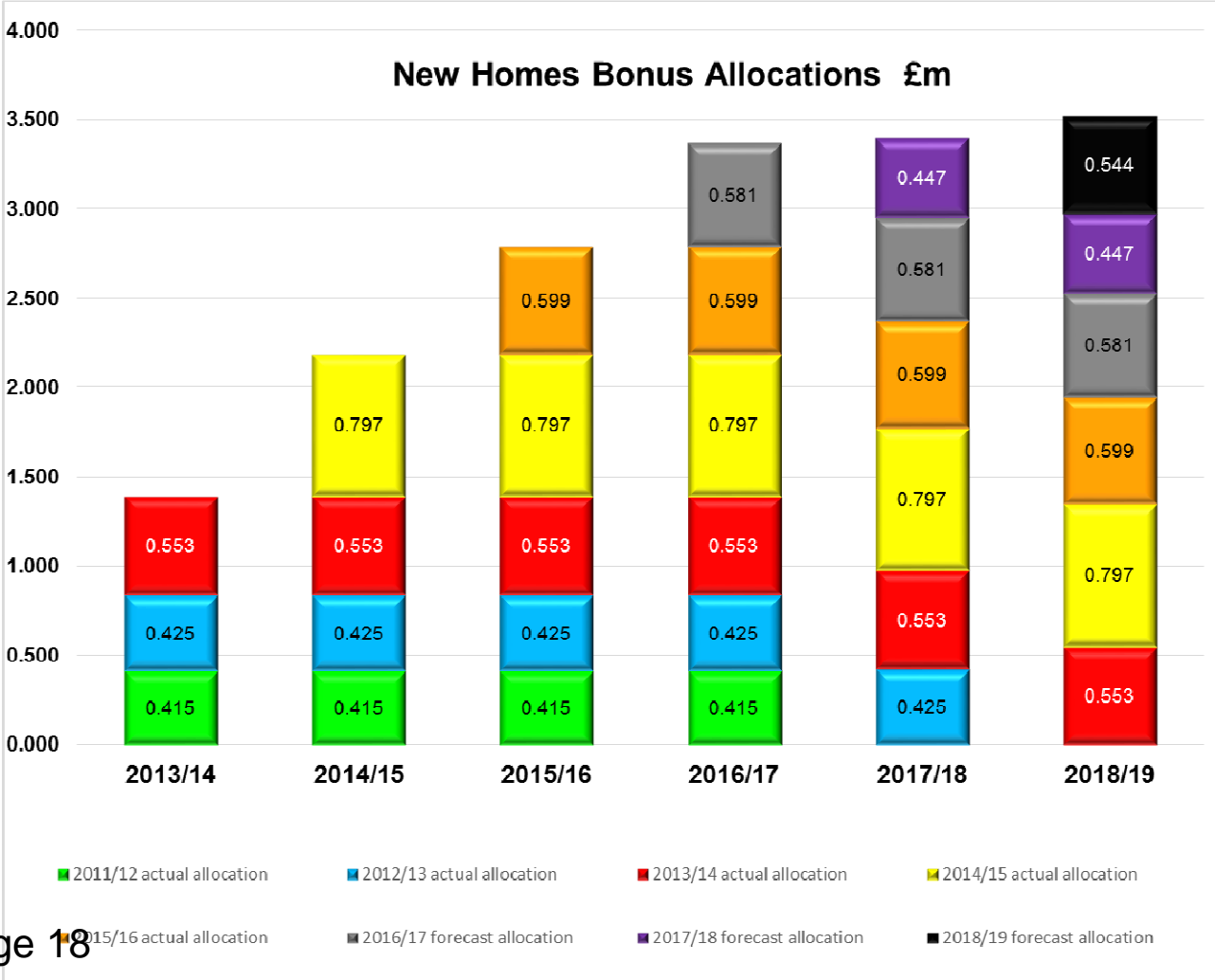
3.3..3 There continues to be a high degree of risk in modelling the future income received under the NDR scheme. This is due to the scheme being revised on a frequent basis. There is also a significant risk that the NDR scheme will be fundamentally changed in future years.

- 3.4 **Section 31 Grant:** The estimated income for 2015/16 of £1.06m is the amount of grant owed to the Council arising from government policy decisions on rate reliefs.
- 3.5 **Collection Fund:** The forecast deficit on the Collection Fund for 2015/16 is £1.244m. This is due to the Council's decision to fund NDR appeals. This forecast deficit will be funded from the Collection Fund Reserve which is earmarked to smooth the effect of NDR income volatility.
- 3.6 **Council Tax:** The MTFP assumes that the Council Tax demand made by East Herts Council will be frozen in 2016/17 followed by 1.0% rises in each subsequent year until the end of the MTFP period in 2019/20. A 1.0% rise from 2016/17 will raise an additional £90k in funding.

3.7 **New Homes Bonus:**

3.7.1 The 2015/16 allocation of New Homes Bonus from the Department for Communities and Local Government (DCLG) is £2.79m. This is made up of incremental allocations from 2011/12. This is illustrated in Chart 1 below.

Chart 1: New Homes Bonus Allocations and Forecast



- 3.7..2 This source of funding represents a large proportion of East Herts Council income. Any change to the New Homes Bonus scheme is likely to have a significant impact on the funding of council services. Our assumption remains that the scheme will continue in its current form.
- 3.7..3 The forecast income from New Homes Bonus has been revised since the February 2015 report due to a revised allocation of funds for 2015/16 increasing from £525k by £74k to £599k. The forecast amounts for allocations for future years have not been adjusted as these remain prudent.
- 3.8 **Investment interest:** The forecast income generated from investments placed on behalf of the council in 2015/16 £843k. This figure has been reduced by £24k since the last version of the MTFP due to interest rate forecasts continuing to extend the period that the Bank of England Monetary Policy Committee (MPC) hold the base rate at 0.5%. This shortfall can be funded from the Interest Equalisation Reserve should it be required.

4 **Financial Strategy**

- 4.1 The current financial strategy is included in **Essential Reference Paper D**.
- 4.2 The financial strategy and the MTFP have a 5 year focus and for the purposes of the strategy this remains sound. Strategic Finance officers will continue to model the impact of financial decisions and other scenarios that have an impact upon Council funding.
- 4.3 The Chancellor of the Exchequer has announced that he will present a revised Budget to Parliament on 8th July 2015. The Government announced as a manifesto commitment that they would seek to reduce welfare funding by a total of £12billion. The impact of these funding reductions on East Herts Council is unclear at the time of writing this report.
- 4.4 The Government has also announced that DCLG funding will be reduced by a further £230m in 2015/16. As the majority of local government funding comes from the DCLG it is possible that this reduction will be passed on to local authorities although the DCLG have stated that this will not be the case.

- 4.5 The continuation of the New Homes Bonus scheme in its current form is also uncertain. It is possible that this source of funding will be revised in the Budget on 8th July 2015.
- 4.6 As the impact of these funding changes becomes clear these will be fed into the MTFP.
- 4.7 There are other emerging issues that may have an impact on the MTFP including the sovereign debt crisis in Europe, the ongoing uncertainty around Greece's ability to service its debts and the potential impact of the UK referendum on leaving the EU in 2017. The impact on East Herts is unclear but as these issues continue to develop and their impact can be measured they will be incorporated into the MTFP.

5 Review of Reserves

- 5.1 Reserves are either usable or unusable. Unusable reserves arise from statutory accounting transactions and cannot be used to fund revenue or capital expenditure. This report only considers the Council's usable reserves. The Council's Reserves Policy is included in **Essential Reference Paper E**.
- 5.2 A review of reserves has been carried out as at 31st March 2015 and balances based on the draft final accounts are summarised in **Essential Reference Paper E**.
- 5.3 At 31st March 2015 general reserves totalled £5.167m, a reduction of £2.928m during 2014/15. These transfers have brought the general reserves balance within the maximum level of reserves set out in **Essential Reference Paper E**.
- 5.4 At 31st March 2015 earmarked reserves totalled £13.819m. Net transfers to earmarked reserves during 2014/15 totalled £5.445m including transfers from general reserves. This included the following appropriations:
- £307k Collection Fund surplus transferred into the Collection Fund Reserve to smooth the effect of income volatility in NDR funding in future years.
 - £2,767k transferred to the New Homes Bonus Priority Fund to support future priority spending plans.
 - £1,000k to create the Insurance Fund to allow the Council to self-insure in future years.
 - £1,000k to create the Pension Fund Additional Contribution Fund.

- £500k to create the Commercial Property Fund to support the development of commercial investment opportunities.

5.5 These reserves movements are summarised in the table below:

	Balance at 31 March 2014 £m	Balance at 31 March 2015 £m
General Reserves	8.095	5.167
Earmarked Reserves	8.374	13.819
Total Reserves	16.469	18.986

6 Underlying Assumptions

- 6.1 **Essential Reference Paper C** refers to the assumptions that have been made in terms of inflation and other price increases during the medium term which have been incorporated within the MTFP.
- 6.2 The MTFP model highlights that there are unidentified savings that will need to be delivered from 2017/18. The Finance and Business Planning process that is about to begin will ensure that these are fully met and a balanced budget is set.

7 MTFP Development

- 7.1 The MTFP model and assumptions will continue to be assessed and revised throughout the year with particular attention being paid to the announcements made in the Budget on 8th July 2015 and the Local Government Settlement expected in December.
- 7.2 The Council Tax base will continue to be monitored throughout the year. Any emerging increases or decreases in the tax base will be modelled and impact included in the MTFP.
- 7.3 The Finance and Business Planning process will identify future funding requirements and future savings required to deliver a balanced budget from 2016/17. This will include an assessment of historic trend patterns in order to reduce future underspends and ensure that resources are directed to reflect the priorities of the Council. Any growth or savings proposals that result from this process must be contained within the resources available to the Council as set out in the MTFP.
- 7.4 The Investment Strategy will be revised to ensure that the return on investment achieved is optimised based on market expectations and

performance. The MTFP will be updated to reflect the impact on the interest income received.

- 7.5 Reserve balances will be monitored throughout the year to ensure that the general reserves remain within the limit set out in the Council's Reserves Policy and that earmarked reserves are utilised appropriately.
- 7.6 The next MTFP will be presented to members to adopt at Council on 17th February 2016 including recommendations from Executive and Corporate Business Scrutiny.

8 Budget Setting Risk Management

- 8.1 There are a number of risks that should be considered in setting the budget for 2016/17. These are outlined in the table below:

Risk
Agreed savings for 2015/16 are not achieved resulting in overspends and budget shortfalls in future years.
Fees and Charges do not generate the expected income in 2015/16 with knock-on effects in future years.
The level of Council Tax for 2016/17 is reduced resulting in a funding shortfall.
Government funding is reduced at a faster rate than expected and/or the New Homes Bonus Scheme is revised or ended
The assumed increases in Fees and Charges for 2016/17 onwards are not agreed.
A pay award above 1.5% from April 2016 is agreed.
Interest rates rise above 0.5% earlier than expected.
Inflation rises faster than expected resulting in increasing costs.
Investments do not generate the forecast return on investment.
An unforeseen event occurs which requires significant financial resources.

9 Implications/Conclusion

- 9.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper A**.

Background Papers

None

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives (delete as appropriate):	<p>People – Fair and accessible services for those that use them and opportunities for everyone to contribute</p> <p>This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.</p> <p>Place – Safe and Clean</p> <p>This priority focuses on sustainability, the built environment and ensuring our towns and villages are safe and clean.</p> <p>Prosperity – Improving the economic and social opportunities available to our communities</p> <p>This priority focuses on safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic opportunities and delivering cost effective services.</p>
Consultation:	Discussions have taken place with Directors, Heads of Service and external partners to construct an accurate financial model.
Legal:	There are no legal implications.
Financial:	Financial implications are included in the body of the report.
Human Resource:	There are no Human Resources implications.
Risk Management:	The Medium Term Financial Plan considers emerging risks to the funding the Council receives and sets out the mitigation of those risks.
Health and wellbeing – issues and impacts:	There no Health and Wellbeing issues raised as part of this report.

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REVENUE BUDGET - MEDIUM TERM FINANCIAL PLAN

Summary Model - June 2015

2014/15 Outturn	2015/16	2016/17	2017/18	2018/19	2019/20
£'000	£'000	£'000	£'000	£'000	£'000

Net Cost of Services	15,297	14,679	14,551	15,087	15,657	16,234
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Financial Planning						
Growth Items	-	-	24	22	21	21
Efficiency Savings - Existing plans	-	-	(174)	(174)	(174)	(174)
Efficiency savings - to be identified	-	-	-	(29)	(270)	-
Fees & Charges	-	-	(105)	(231)	(359)	(487)
Likely Future Changes	-	-	76	(155)	(197)	(132)

Corporate Budgets						
New Homes Bonus Priority Spend	-	697	843	851	880	848
NHB Grants to Town & Parish Councils	551	697	843	851	880	848
Council Tax Support Scheme	127	-	-	-	-	-
Contingency Budget	-	370	136	-	-	-
Interest Payments	694	662	662	662	662	662
Interest & Investment Income	(741)	(843)	(1,130)	(1,472)	(1,915)	(2,065)
RCCO	-	25	25	25	25	25
Pension Fund Deficit Contribution	(88)	600	600	600	600	600
Net Expenditure	15,841	16,888	16,350	16,036	15,811	16,379

Reserves						
Contributions to Earmarked Reserves	3,290	243	133	134	136	42
Contributions from Earmarked Reserves	(625)	(1,831)	(503)	(213)	(34)	(1,008)
Use of General Reserve	(149)	-	-	-	-	-
Net Expenditure after reserves	18,357	15,299	15,979	15,957	15,912	15,413

Funding						
Revenue Support Grant	(2,823)	(2,057)	(1,518)	(1,059)	(630)	-
Council Tax Freeze Grant	(94)	(95)	-	-	-	-
NDR	(2,864)	(1,717)	(1,781)	(2,045)	(1,961)	(2,020)
Section 31 Grants	(1,317)	(1,060)	(718)	(534)	(552)	(569)
(Surplus)/Deficit on Collection Fund	(307)	1,244	298	149	-	-
Other general grants	(22)	(16)	-	-	-	-
New Homes Bonus	(2,190)	(2,798)	(3,371)	(3,402)	(3,521)	(3,390)
Demand on Collection Fund	8,738	8,801	8,890	9,066	9,248	9,434

Council Taxbase	55,469	56,425	56,989	57,559	58,135	58,716
Council Tax at Band D (£)	157.54	155.97	155.97	157.50	159.08	160.67

Percentage Change in Council Tax (1.00%) - 1.00% 1.00% 1.00%

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Planning assumptions for July 2015 MTFP Update:

FACTOR	NOTE	2016/17	2017/18	2018/19	2019/20
Council Tax Increase		0.00%	1.00%	1.00%	1.00%
Pay Settlement	1	2.25%	2.25%	2.25%	2.25%
Members Allowances	2	1.50%	1.50%	1.50%	1.50%
Price inflation	3	1.20%	1.70%	1.90%	2.00%
Contract inflation	4	1.20%	1.70%	1.90%	2.00%
Council Tax Base	5	1.00%	1.00%	1.00%	1.00%
Fees and Charges	6	2.50%	2.50%	2.50%	2.50%

Notes:

1. Based on continued pay restraint through the life of the MTFP period. Includes an annual 0.75% increase to allow for increments and local award.
2. Members allowances are set by an Independent Remuneration Panel but for MTFP planning purpose this is assumed to be in line with officer pay awards.
3. Price inflation is based upon OBR inflation forecasts for future years as at March 2015 (CPI).
4. Contract inflation is based upon OBR inflation forecasts for future years as at March 2015 (CPI).
5. Council Tax base increases have been calculated using trend information. Further revisions may occur once certainty around the scale and timing of future developments becomes clear.
6. Fees and Charges are assumed to increase by 2.5% year on year. This may be achieved through a combination of appropriate price increases or new sources of income being identified.

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The Financial Strategy 2016/17 – 2019/20

What is it and why is it important?

The medium term financial strategy is a statement of the objectives and principles that underpin the Council's approach to managing its resources looking ahead over a period of three years or more. It sets out the framework within which the Medium Term Financial Plan (MTFP) is developed and reviewed.

The strategy is important because the council must ensure that its plans for services are affordable and sustainable in the light of the resources it can reasonably expect to be available. This allows the Council to take decisions about prioritising the resources it has. Included in those resources is income from council tax as well as funding from Business rates, grants and other income streams from fees and charges. The future is inherently uncertain and the strategy considers that uncertainty and how the council can mitigate the risks.

Business rates retention and local council tax support were introduced from April 2013 and the risk profile of our funding changed. In the medium term the pace and strength of economic recovery, indicate a longer period of spending restraint. In this context the proposed strategy is to maximise the Council's financial resilience and consider ways to become more self-sufficient where possible.

What outcomes is the strategy designed to achieve?

The objectives of the strategy are:

- To ensure the Council is well placed to meet uncertainty about the level of funding that the government will be able to provide acknowledging that such funding will be constrained.
- To ensure that tax payers, service users, partner agencies and Council employees are aware of the funding issues faced by the council and are given the opportunity to help shape the Council's planning.
- To ensure that funding is available to meet the highest priority future revenue and capital needs of the Council as they arise.
- To maximise the effective use of resources by annual review of the Council's resources corporately and by redirecting funding to higher priority areas as identified in the Corporate Plan and service plans.
- To ensure funding is available for priority service improvements.

- To inform service planning and ensure that the immediate and future financial implications of all decisions are taken into account in a timely manner and in the context of the Council's overall financial situation.
- To minimise volatility of council tax and ensure that increases are within any limits set by the government, and at least consistent with, and ideally lower than, those of similarly placed authorities.
- To manage risks including keeping adequate reserves to ensure so far as is reasonably possible that service delivery is not disturbed by calls on funding from short term unforeseeable events.
- To achieve value for money from all spending.
- To be aware of and take up funding opportunities where these are consistent with the Council's objectives and where the obligations taken on are manageable by the council and commensurate with the sums received. In particular consider options that enable a greater self-reliance on our own funding and reduce the reliance on Central Government funding.
- To achieve efficiency in the use of resources including invest to save opportunities by taking into consideration relevant life cycle costs.
- To secure, maintain and renew a stock of physical assets consistent with the Council's corporate priorities as detailed in the Asset Management Strategy.
- To ensure the Financial Strategy and all the Council's other strategies are consistent.

What principles underpin the strategy?

The principles underlying the strategy are those of sustainability, transparency and consistency as evidenced by:

- The Council will adopt a prudent approach to assumptions and forecasts of its income and spending including assessment of:
 - the resources available to it from government and other external sources;
 - changes in input prices both generally - including pay and specific price changes where these have significant impact on individual services by means of indexation clauses in contracts;
 - interest rates and the growth of the wider economy so far as these affect the Council's ability to generate income from charges;

- the council tax base and rates of council tax collection and of other incomes;
- investment returns and other factors as advised by the scheme's actuary, such as longevity, affecting pension costs;
- its ability to generate cashable efficiency gains;
- exposure to VAT and other tax liabilities;
- exposure to uninsured risks.
- The council will establish spending plans consistent with its forecast of income other than where existing reserves are planned to be used.
- The council will not commit to ongoing spending from incomes of a one off nature without a clear exit strategy in the absence of alternative funding.
- The council will limit its borrowing by reference to CIPFA's prudential code and will make a prudent provision for repayment in accordance with that code.
- The council has adopted and will keep under review a policy on the level of reserves to ensure adequate but not excessive reserves.
- The council has adopted and will review a charging policy that is fair in terms of:
 - different service users;
 - the call on the tax payer as against the service user;
 - competition with other providers
- The council will maintain sound financial management practices set out in Financial Regulations and Financial Procedure Rules.
- The Council will maintain the accounts in accordance with relevant codes of accounting practice and in particular CIPFA's BVACOP and financial planning will be consistent with those requirements.
- The strategy will be reviewed annually.

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East Herts Council Reserves Policy

1.0 The Council's Reserves Policy

- 1.1 The current Reserves Policy was approved by Council at its meeting in February 2011.
- 1.2 The Policy sets out a maximum and minimum level of General Reserves. There is no maximum or minimum level set for Earmarked Reserves but the Policy states that they generally will be expected to be used within the period of the MTFP.
- 1.3 General reserves are a working balance to manage cash flows and limit the need for temporary borrowing and to provide a contingency for unforeseeable events and emergency spending. Earmarked reserves are set aside for a defined purpose to meet known or predicted future liabilities.
- 1.4 The minimum level of General Reserves to be held under the Policy is £3m: to be specific the sum of the General Fund and General Reserve (less any amount in the Building Control Account) should not normally be less than £3m.
- 1.5 The maximum level of general reserves is based on adding a basket of figures and proportions to give a quantum figure, as follows:

Table 1: Calculation of the maximum level of general reserves to be held

CALCULATION	POSITION AS AT 31/03/14 £m
40% of the budget requirement at start of year (2014/15: £8.738m)	3.495
2.5% of total assets in the last audited financial statements (2013/14: £130.557m)	3.264
The sum of future planned withdrawals and/or contributions to the general reserve in the last approved MTFP	0.000
Less any sum held as an insurance reserve	(1.010)
TOTAL	5.749

- 1.6 General Reserves at the end of the 2014/15 financial year stood at £5.167m, £0.582m within the Policy threshold.

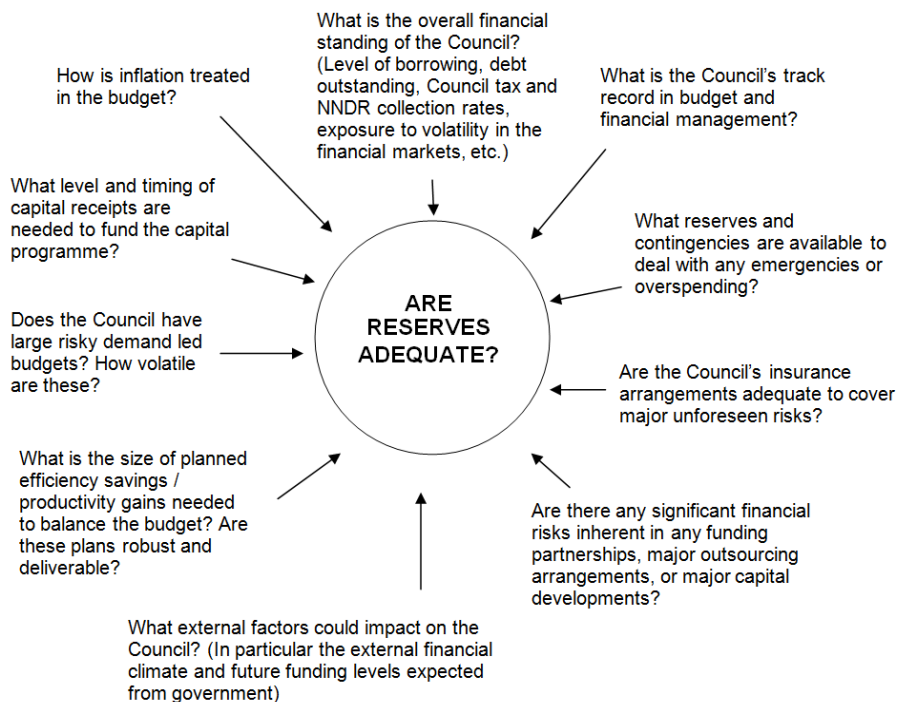
2.0 Why Councils need to hold Reserves

2.1 Reserves are an essential part of good financial management. They help Councils cope with unpredictable financial pressures, help them smooth the impact of known spending requirements over time, and help to fund any in-year overspending. The level, purpose, and planned use of reserves are important factors for elected Members and council officers to consider in developing medium-term financial plans and setting annual budgets.

2.2 There is no set formula for deciding what level of reserves is appropriate and councils are free to determine the level of reserves they hold. Where councils hold very low reserves there may be little resilience to financial shocks and sustained financial challenges. However where reserves are too high there may be opportunity costs involved in holding these reserves (for example a lack of investment in making service changes that could generate better outcomes for residents and/or increased savings or revenue generation for the Council).

2.3 The requirement for financial reserves is acknowledged in statute (Local Government Finance Act 1992). Full Council is responsible for approving the level of reserves and the Reserves Policy whilst the Section 151 Officer has a statutory duty to report publically to Council on the adequacy of reserves when calculating the annual budget requirement.

2.4 CIPFA issues guidance on reserves and the latest guidance (LAAP Bulletin 99) identifies the issues to consider in determining an appropriate level of reserves as follows:



3.0 Reporting of Reserves

3.1 As a minimum, the annual budget report and the final accounts report will set out opening balances, expected or actual transfers to and from reserves together with closing balances. The Director of Finance and Support Services as S151 officer will comment on the adequacy of reserves in those reports.

3.2 During the year the adequacy of reserves will be reviewed as part of the health check monitoring in the light of any significant budget variances. If the balance on general reserves appears likely to move outside of the minimum boundary the need for corrective action will be considered in the next planned health check report or earlier if the Council's S151 officer so requires.

4.0 Governance arrangements in respect of reserves (extracted from Financial Regulations (3.8))

4.1 In the event of a department underspend the Executive may establish an earmarked reserve and approve appropriations thereto where the purpose of that reserve is to defer expenditure included in a budget (or supplementary budget) approved by the Council where the expenditure in subsequent years will be in respect of the purpose for which the original budget (or supplementary budget) was approved.

4.2 Proposals to appropriate more than £100,000 to a single reserve or more than £500,000 in aggregate in any year beyond sums set out in the Medium Term Financial Plan shall be subject to the prior approval of the Council.

5.0 Current Reserve balances

5.1 The table below summarises the balances currently held in Earmarked Reserves:

ESSENTIAL REFERENCE PAPER E

Table 2: Statement of Earmarked Reserve Balances

	Balance 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance 31 March 2015 £000
Interest Equalisation Reserve	(2,257)	754	-	(1,503)
Insurance Fund	(10)	-	(1,000)	(1,010)
Emergency Planning Reserve	(37)	-	-	(37)
VAT Partial Exemption Reserve	(145)	145	-	-
Service Improvement Fund	(610)	610	-	-
LDF/Green Belt Reserve	(733)	214	-	(519)
Housing Condition Survey Reserve	(79)	-	(14)	(93)
Council Elections Reserve	(50)	-	(27)	(77)
LABGI Reserve	(94)	94	-	-
Sinking fund - Leisure Utilities / Pension Reserve	(282)	51	-	(231)
Restructure Fund	(33)	33	-	-
Performance Reward Grant Reserve	(30)	8	-	(22)
Waste Recycling Income Volatility Reserve	(275)	-	(25)	(300)
Footbridge Reserve	(150)	-	-	(150)
Transformation Reserve	(1,127)	-	(1,655)	(2,782)
DCLG Preventing Repossessions	(30)	-	-	(30)
Environmental Pollution	(14)	-	-	(14)
New Homes Bonus Priority Spend	(1,049)	-	(2,767)	(3,816)
Collection Fund Reserve	(1,244)	-	(307)	(1,551)
DEFRA Flood Support	(125)	32	-	(93)
Commercial Property Fund	-	-	(500)	(500)
Pension Fund Additional Contribution Reserve	-	-	(1,000)	(1,000)
Single Person Homelessness	-	-	(12)	(12)
Neighbourhood Planning	-	-	(45)	(45)
IER	-	-	(34)	(34)
Total	(8,374)	1,941	(7,386)	(13,819)

EAST HERTS COUNCIL

CORPORATE BUSINESS SCRUTINY COMMITTEE – 14 JULY 2015

EXECUTIVE – 4 AUGUST 2015

REPORT BY HEAD OF INFORMATION, CUSTOMER AND PARKING SERVICES

IMPLEMENTING THE CUSTOMER SERVICE STRATEGY

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To set out how the Council will implement the Customer Service Strategy (**Essential Reference Paper B**).
- To invite the Committee to comment on the planned approach.

<u>RECOMMENDATIONS FOR CORPORATE BUSINESS SCRUTINY COMMITTEE:</u> That:	
(A)	The Committee notes the approach set out to implement the Council's Customer Service Strategy;
(B)	The Committee considers and makes any recommendations regarding the approach presented.
<u>RECOMMENDATIONS FOR EXECUTIVE:</u> That:	
(A)	the recommendations from Corporate Business Scrutiny Committee be noted; and
(B)	the outline plan as now submitted, be approved.

1.0 Background

- 1.1 The Executive approved the Council's updated Customer Service (CS) Strategy on 4th March 2015 set out in **Essential Reference Paper (ERP) B**.

- 1.2 The Council continues to be under pressure due to increased demand driven by demographic changes, economic challenges and major government initiatives such as Welfare Reform combined with the financial pressures of reduced government grant and the currently fixed (or reduced) Council Tax. The Council has to reduce costs and increase efficiency in order to maintain quality services in the future and prioritise the provision of services.
- 1.3 The strategy is built upon a systematic analysis of knowledge to describe our customer base, understand their broad preferences and how they access services.
- 1.4 The updated strategy commits all services to developing a deep understanding of their customers, local needs and technological innovation to offer better demand management, more efficient handling of routine transactions and share information to make services easier to access or use.
- 1.5 Corporate Business Scrutiny and the Executive requested an outline plan (**ERP C**) of how the Council intends to deliver the approved CS strategy, recognising that it was critical for the Council's continued success in delivering successful outcomes and services.

2.0 Customer Service Strategy

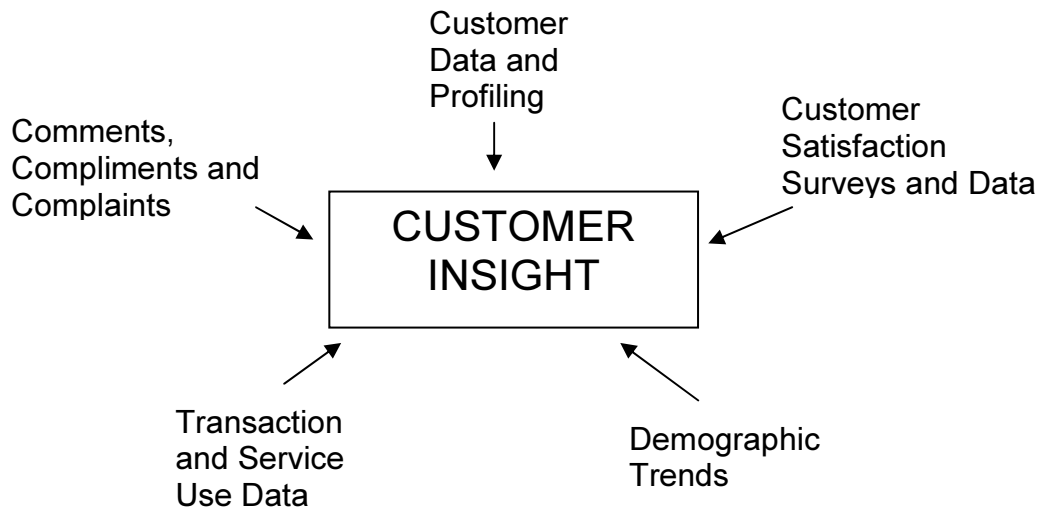
2.1 **Priority Actions**

The priority actions established in the CS strategy for all services 2015-2020 are set out in full in **ERP B**. The high level actions are:

- Embed Customer Insight in the service planning process
- Focus on Channel Shift
- Revised Service Standards – Quality and Responsiveness
- Focus on Minorities
- Maintaining Access

2.2 Embed Customer Insight

Customer Insight is made up of a range of data regarding a service:



2.2.1 Within the Financial and Business Planning (FBP) process 2015-16, as set out in the paper 'CORPORATE STRATEGIC PLAN 2016/17 – 2019/20 – THE PROCESS' a pack of evidence with all the information available to generate insight about customers will be collated for each service. This will be used with other information including financial analysis, statutory service description, workforce planning and benchmarking data.

2.2.2 The initial process will establish where gaps exist within the information that services have. Service plan actions will be based upon the evidence available and further actions will be agreed to enhance the information available in the future.

2.2.3 This embeds customer insight within service planning as one of the key dimensions upon which the Council may assess priorities, investments and demands for change.

2.3 Channel Shift

2.3.1 The CS strategy requires services to establish the current pattern channel use and/or delivery for each service, the service delivery model. The drivers for the demand from customers will also be established to understand why customers opt to use a particular method of contact.

2.3.2 The CS strategy established a current base line of expected customer use of different access channels:

- Email = 32%
- Internet = 26%
- Telephone = 34%
- Face to Face = 8%

This will be used as a baseline expectation for all services to assess themselves against. However, where more information exists about a service's customers a more accurate service delivery profile may be determined. For example Development Management customers will have a different profile to those using our Benefits services.

2.3.3 The model of current contact will be established in the FBP process and gaps will be identified between the way in which services are delivered/accessed compared to profile, services will be supported by the Business Development, Customer Service and Shared IT teams to look for opportunities to enhance the digital delivery of services and self-service opportunities.

2.3.4 A key part of understanding the level of service access/delivery by channel will be to identify failure demand and the drivers of it e.g. repeated contacts such as status updates and checking progress; caused by a failure to do something or do something right.

2.3.5 This will be challenging within the 2015-16 service planning process as the data available regarding the volume of access by channel, type and customers will be incomplete. Actions will therefore be established for each service within the FBP process to improve the information available, set more informed targets and actions to achieve the optimum delivery of a service by each channel. This may include looking at policies, procedures, processes, core Council and line of business IT applications. In each case actions proposed will be based on evidence available and the recognised reasons for change for each service.

2.4 Service Standards

2.4.1 The Council is committed to running an effective Comment Compliments and Complaints (3Cs) procedure alongside a customer satisfaction monitoring system called 'Gov Metric'. Opportunities to exploit the use of these existing systems will be progressed in 2015 and an action plan established to run from April

2016. However these provide an incomplete view of satisfaction with services and service delivery on their own.

2.4.2 A review of all customer satisfaction monitoring including the District Wide survey and ad-hoc surveys will be completed in 2015/16 to establish a co-ordinated plan. This will enable satisfaction data to be fully exploited for service development and within the FBP process from 2016/17.

2.4.3 Establishing service delivery models for each service will show the extent of channel use and enable a council wide channel model to be established with targets by service for optimal channel shift. Methods of evaluating the success and customer satisfaction with channels will be reviewed to propose revised customer driven service standards in 2016/17. The service standards may then also reflect the length of time different channels take to deliver services and responsiveness may even be managed across channels to encourage and incentivise channel shift to self-service and assisted service.

2.5 Vulnerable Customer Groups

2.5.1 Given the initial focus on evidence based customer insight to inform the service planning process detailed work to focus on alternative models for service delivery will be part of the focus within the 2016/17 service planning process.

2.5.2 This does not mean that services will not be considering this within the current 2015/16 process, but that in the first year services will necessarily be identifying their own vulnerable customer groups and how best to offer and deliver services to those groups. This knowledge can then be used within the following year to establish whether there may be opportunities and business cases for alternative ways of delivering services to vulnerable groups across East Herts.

2.6 Access

2.6.1 Throughout all our plans to optimise service delivery suited to customer preferences and the Council's priorities all service actions and projects will continue to require Equality Impact Assessments.

- 2.6.2 An annual impact assessment of access channels will be undertaken to ensure no customer groups are disadvantaged by the implementation of service plan actions arising from the CS strategy.
- 2.6.3 Specific work to enhance the delivery of self-service and assisted service will be undertaken with the Council's Customer Service Centres in Herford and Bishop's Stortford to develop the shape of these facilities over the life of the strategy.
- 2.6.4 Customer profiling will also be utilised to assess the needs of any vulnerable service users and linked to the minorities work theme will ensure services tailored to best meet the needs and demands of vulnerable groups are developed where required.

2.7 Resources

- 2.7.1 The implementation of an evidence based FBP process requires the evidence to be available. Members supported the establishment of an Information Analyst to support the development of the CS strategy and other business case led projects for a period of 2 years.
- 2.7.2 In order to achieve the change to the customer led elements of the FBP process it will be necessary to divert the resources of the Customer Services Manager and more significantly the Digital Media and Information Manager for the next three months. During this accelerated period it will become apparent if a further level of transitional resources is required over the next 2-3 years to support the establishment of systems and process to maintain the revised FBP process. However, it is important to note that the implementation of a customer management platform, customer self-service platform and enhanced website and intranet services will place demands upon the same resource over the same time period.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS:

Contribution to the Council's Corporate Priorities/ Objectives (delete as appropriate):	People – Fair and accessible services for those that use them and opportunities for everyone to contribute This priority focuses on delivering strong services and seeking to enhance the quality of life, health and wellbeing, particularly for those who are vulnerable.
Consultation:	All services are aware and engaged in the approach to implementing the Customer Service Strategy as it is part of the Business and Financial Planning process for 2015/16.
Legal:	None.
Financial:	Please see 2.7 resources in the report Actions arising from the business and financial planning process will need to be developed following the Council's project management toolkit and will be progressed subject to a successful business case and any required senior officer and member approval.
Human Resource:	Please see 2.7 of the report.
Risk Management:	None, by embedding the process within service planning the achievement of the strategy becomes part of what the Council does on an on-going basis.
Health and wellbeing – issues and impacts:	None.

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Understanding Customers Better,
Developing Digitally Driven and
More Efficient Services
2015-2020
A Customer Service
Strategy

Foreword

The council has a range of roles across the district. One of its key roles is providing residents with services and appropriate access to those services. Like most councils, East Herts has been continually seeking ways of improving its services and the way in which they might be accessed. 9 in 10 (90%) residents were satisfied with their local area as a place to live, whilst 70% of residents were satisfied with the way East Herts Council runs things. Just over two fifths (42%) of residents agreed that East Herts Council provides value for money (District Wide Survey 2013).

Alongside those developments and mindful of the financial challenges, we have introduced more automated and self-service opportunities for our customers, enabling them to access more services by doing things for themselves at times that are convenient to them. While this has had some success, it has for the large part meant publishing information, email addresses and developing electronic forms as a digital front end on to an existing system or process, so while it may have opened accessibility, efficiencies have been limited by existing processes.

The financial pressures look ever greater going forward and the need for ever greater efficiency in how we deliver and provide access to our services is forecast to grow almost exponentially in the foreseeable future. As an organisation we will need to undertake a more fundamental and more sophisticated approach to the challenges. While we need to continue to encourage customers that are able to, to use digital access and self-service, the Council must fundamentally design our services digitally, around our customers.

We have undertaken systematic analysis and amassed considerable knowledge to describe our customer base. Understanding how they access services now and what their preferences are. Putting the customer at the heart of what we do, we need to reconsider and possibly reshape services using that information and understanding on a service by service basis.

The purpose must be to consider each service provided and establish the optimal way of offering and delivering the service, which is itself digitally enabled. Where needed, we must redesign our processes for simplicity and efficiency, prioritising how services should be delivered and managing available choices with actions to influencing demand.

This strategy sets out the principle actions for our journey. The Council is here to help. By understanding our customers better we must deliver digitally enabled and efficient services for now and the future.

Contents

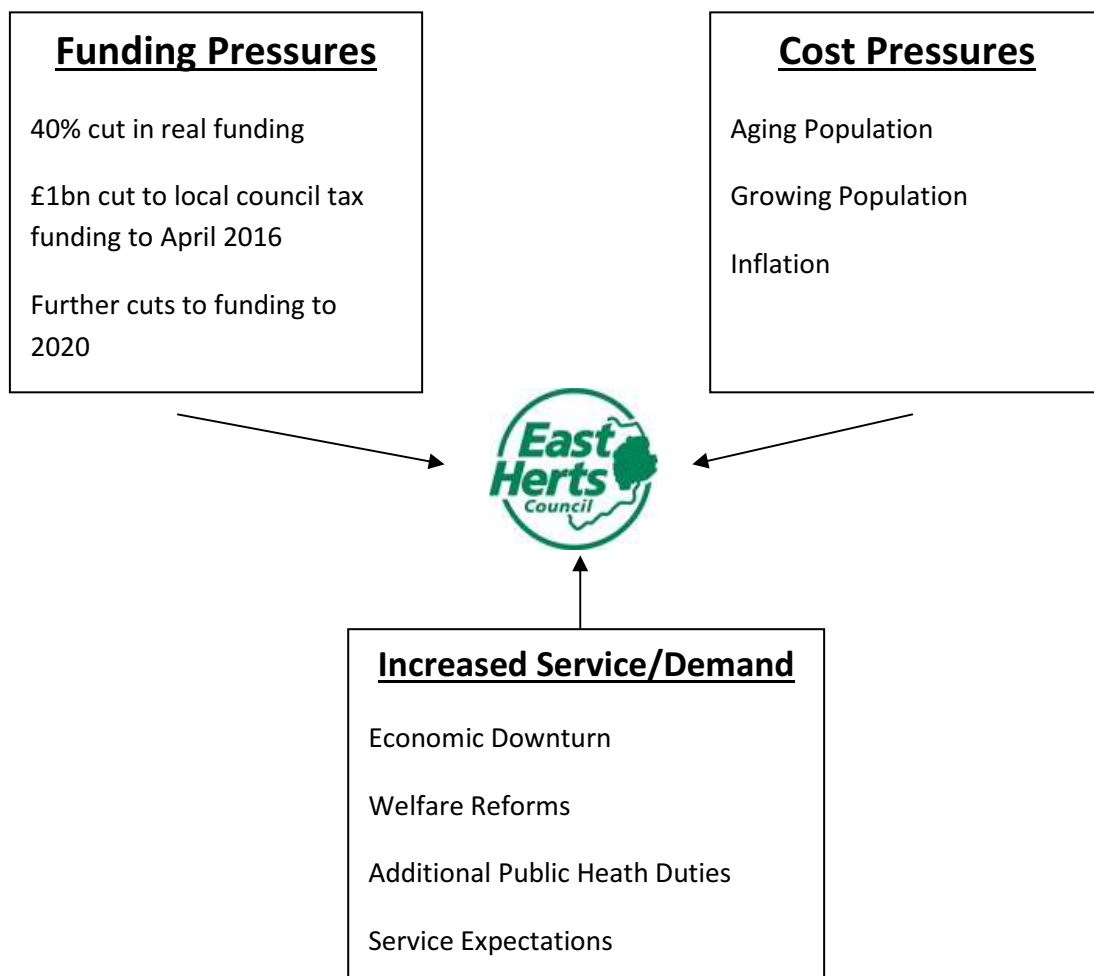
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The Need for a Customer Service Strategy

At a time of increasing demand driven by an economic downturn, demographic change and major government initiatives (such as Universal Credit and Troubled Families and new public health responsibilities) local authorities need to reduce costs even more, and maintain quality of services.

Meeting these demands requires service transformation rather than incremental change and different approaches will be appropriate for different services. Customer Service Strategy Evidence, 'Setting the Scene – Nation Picture' presents the key trends impacting local authorities.

As a district council our strength is our closeness to the residents and customers we provide services for and to. We need to be here to help, using a deep understanding of local needs and technological innovation to offer better demand management, more efficient handling of routine transactions and share data more to make services easier to get or use. This activity must be focused on providing improved outcomes for our residents and customers and financial efficiency.



Context

The Council adopted a Customer Service Strategy in 2008. This established key principles which are no less important now than they were then:

- Efficiency in dealing with simple enquiries and transactions, releasing professional staff from administration to focus on service.
- More cost effective ways of delivering service and moving those customers that can move, to the least costly methods of service delivery.
- To gain customer insight by capturing, recording and evaluating customer contact, service use and satisfaction.
- To gain knowledge of our customers and their future needs to enhance service delivery and ensure equality of access.

The Council also embarked on a major change programme, 'Changing the Way We Work' which delivered a step change in how Council Services were accommodated and provisioned. This included streamlining service delivery and operating costs.

However, the challenge remains to fuse expert service knowledge, insight into local needs, technological innovation and customer service management techniques to deliver services of good quality and low cost which are fit for the future.

Links to Our Organisational Strategy

East Herts Council's message to residents and businesses is that we are here to help. The Council is committed to ensuring the delivery of good quality services that reflect local priorities and resources, stated in our strategic priorities:

- People
Providing fair and accessible services for those that use them and opportunities for everyone to contribute - deliver strong and relevant services.
- Prosperity
Safeguarding and enhancing our unique mix of rural and urban communities, promoting sustainable, economic opportunities and delivering cost effective services - deliver value for money.
- Place
Safe and Clean; a focus on sustainability, the built environment and ensuring our towns and villages are safe and clean.

We must deliver the outcomes that local residents and communities want by:

- Providing efficient and joined up services, easily accessible to the customer
- Being a gateway for access. If you don't know who to ask, we will try to help or connect you with someone who can.
- Providing excellent service, ensuring our customers get the services or support they need whether provided directly through us or our partners

We want to understand local issues by:

- Meeting customer and service needs and continuing to develop the skills to deliver them
- Being flexible and resilient in response to change

SOURCE: Corporate Strategic Plan 2013/14 – 2016/17

An increased level of demand for services has been identified as a key strategic risk (Annual Governance Statement Action Plan 2014/15). Service plans, driven by the insight delivered by the Customer Service Strategy need to demonstrate the ability to adequately manage increased volume of contact from the public as well as improvements, removal of barriers to access and increased capacity within services where required.

The Council is committed to a culture of being 'Here to Help'. Everyone is engaged in a Council-wide effort to increase effectiveness to deliver a high quality customer experience every time. This defined the core values and behaviours of:

- Here to help
 - We are helpful and understanding
 - We listen and explain
 - We are knowledgeable and informative
 - We make time for our customers
 - We take ownership of an issue and we try to get it right first time
- We work together
 - We respect and value colleagues
 - We work together as one team
 - We recognise each other's skills and utilise them
 - We offer help and support to each other
 - We support colleagues to be flexible and resilient, able to respond to service changes and developments
- We aim high to make a difference
 - We go the extra mile
 - We take a pride in what we do
 - We continually look to improve our performance
 - We are flexible in our approach
 - We pride ourselves on providing excellent customer service

Understanding East Hertfordshire

Given the demands faced by the Council and the need to plan for sustainable services that meet the needs of our residents and customers now and in the future the Council and its services need to understand who are residents are, where different types of household are and understand how demographic changes may impact the demand and need for services.

This strategy therefore requires the application of key evidence bases to the design of services and how they are accessed now and in the future:

- Key Demographic trends in the District
- The Population Profile of East Hertfordshire
- Customer Preferences

These are presented in Customer Service Strategy Evidence, 'Setting the Scene – District Picture'.

Service Planning

The key themes arising from the current and future demographic trends and the profile of our residents influences the types and volumes of services needed now and in the future. These themes also influence the way in which we should plan to deliver services, as well as the external pressures impacting the Council. The themes need to be considered at a service level, using insight to inform the shape and priorities of service delivery.

Whilst district wide trends give an overall context for priorities, future plans and investments; it is essential to recognise that customers of individual services differ. For example a customer using the development management service in planning for an extension is likely to be different, having a different profile, to a customer in need of benefits support. An insight into each service's customers is needed to enable a customer focussed strategy, including their reasons for contact and the reasons for using the methods of accessing services that they do.

Accessing Services and Channel Shift

The profile of our residents impacts their likelihood to use different ways of accessing services.

Given our current demographic profile and overall social affluence the use of modern technology, digital based services and methods of contact outside normal working hours will be expected to be high. A take up of digital services would be expected, showing that there will be opportunities for efficiency and highly rated services as a result.

By applying the district profile to method of access for government services (utilising Ofcom data for access channel use) it would be expected, now, that:

- 32% should access service via email
- 25% should access by the internet
- 34% should access by telephone

However, the district wide survey assessed our customer's current preferences for the future as:

- 48% telephone
- 29% email
- 7% website

This would indicate a potential for shifting to digital channels and that customers may need to be made aware of and encouraged to shift channel. Developing a strong website based service would be reasonably expected to deliver a shift.

The preference for using email has increased by 7% 2009 to 2013, with telephone falling by the same amount. The preference for website use has remained constant. This may reflect factors such as:

- A higher demand for services leading to difficulties in using the telephone to access services.
- An increase in the use of email for its convenience as a record and audit trail of service.
- An inability to use the website to directly access the service desired.

By applying service level insight, understanding the customers of each service, specific expectations of channel use may be established and evaluated against actual use. This may include developing and enhancing face to face service for customers where it is needed, particularly recognising that the district includes pockets of minority groupings who will naturally need and access the Council's service differently.

Newer, more immediate, web chat and social media based channels of accessing Council services must also be planned and prepared for the future. Whilst take up of these services is slow and low for district council services their use for connected service delivery is inevitable.

Residents and customers expect access channels to be connected, linked together. For example, frustrated customers who are unable to access the information or service they desire by telephone will use other channels of access, expecting their enquiry to be enabled across whatever method they choose as right for them at that time. The Council will be expected to match up communication and service delivery across these channels. The Council may take the opportunity to proactively promote particular channels, by making service responsiveness better, as these channels may be more effective and efficient for the Council.

Customer Service Strategy

Principles

The key strategic principles remain apposite and unchanged.

- Efficiency in dealing with simple enquiries and transactions, releasing professional staff from administration to focus on service.
- More cost effective ways of delivering service and moving customers that can move, to the least costly methods of service delivery.
- To gain customer insight by capturing, recording and evaluating customer contact, service use and satisfaction.
- To proactively maintain knowledge of our customers and their future needs to inform continuous development of better service delivery and ensure equality of access.

Priorities for Action

The Customer Service Strategy builds on the outcomes already achieved through the Council's 'Changing the Way We Work' programme and the work already underway to streamline and web enable services. The Council must embed customer insight at both district and service levels within the service planning process.

By reviewing the key demographic trends, the population profile of East Hertfordshire and customer preferences, clear issues for East Herts emerged.

These issues were considered within workshops by members, staff and managers who all contributed to identifying the key priorities based on this evidence base and their own experience. (See Setting the Scene – Workshop Outputs).

The key priorities for action to deliver change for 2014–19 are therefore for:

1) Embed Customer Insight in the Service Planning Process

- Each service to develop evidence based plans using insight about its customers, understand their current methods of accessing services and the reasons why.
- Each service must use insight to anticipate and mitigate changes in demand.

2) Focus on Channel Shift

- The scope for change must be established using demographic trends and customer profiles with targets and actions being set to develop even more digitally delivered services (including self-service) and encourage more customers to use them where they are able to.
- Growing and promoting the connected digital delivery of services for each service across website, webchat, email, electronic forms and social media.
- Develop entirely digital service (across all access channels) wherever possible and cost-efficient; based on efficient and lean digital business processes to deliver high speed, always available, high quality services.
- Develop support to transition customers to digital self-service or enable their supported use, as customers in need will still visit us and we will still need to visit them.

3) Revised Service Standards – Quality and Responsiveness

- Digital Service delivery is ever growing and important. Standards of quality and responsiveness need to be set out and monitored for all digital channels including email, social media and web chat.
- Encouraging customers to use digital self-service and digital access channels with different service standards to promote take up and use.

4) Focus on Minorities

- The minority groups within East Herts need to be more understood by each service and the most effective methods to provide services to those more vulnerable and in need be identified.
- Alternative models of service delivery, suited to those in minority and high need groups, must be developed.

5) Maintaining Access

- All customer groups must be able to access our services; no-one should be disadvantaged by any actions we take. Equality and Diversity service impact assessments must include a review of the equality of access to services and evaluate any impact of planned changes.

Implementing the Customer Service Strategy

How Will the Approach Work?

Each service produces an annual service plan and actions for the year ahead according to the defined strategies and priorities of the Council. These are approved by Council every year and monitored throughout the year.

Service plans currently contain a section on customer insight and consultation which requires the presentation of any consultation undertaken, the knowledge that resulted and any resulting service improvements made. This section also allows for future consultation to be detailed and the reason for the consultation.

The council will enhance this considerably so that it becomes part of the formulation of plans and priorities, projects and investments; using knowledge of the location, key demographic trends and profiles of the customers of each service. This will be required to be used to formulate plans for service development, set access channel targets and actions to digitize service delivery processes.

In addition to adding to the knowledge and evidence based actions there will also be a requirement to determine the shape of the customer contact that is currently on offer and to identify the potential expectation to shift towards digitally based services, with actions specified to pro-actively influence the current customer contact model for each service. These actions will be linked to the Council's IT strategy and investments in future service delivery.

How will it be measured?

The existing service plan monitoring processes will enable individual services to log outcomes.

The achievements in terms of customer contact and outcomes in terms of establishing new methods of service delivery, achievement against targets will also be part of the individual service plans.

The service level actions will be aggregated to identify the Council's overall approach and action plan for the Customer Service Strategy to be established.

Service level plans for managing customer contact effectively and efficiently, actions for channel shift and targets will also be aggregated so that achievements towards the Customer Service Strategy and channel shift may be monitored and evaluated.

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