

Public Document Pack



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To: Members of Improvement and Scrutiny Committee - Resources

Wednesday, 24 February 2021

Dear Councillor,

Please attend a meeting of the **Improvement and Scrutiny Committee - Resources** to be held at **10.00 am** on **Thursday, 4 March 2021**. This meeting will be held virtually. As a member of the public you can view the virtual meeting via the County Council's website. The website will provide details of how to access the meeting., the agenda for which is set out below.

Yours faithfully,

A handwritten signature in black ink that reads 'Helen E. Barrington'.

Helen Barrington
Director of Legal and Democratic Services

AGENDA

PART I - NON-EXEMPT ITEMS

1. Apologies for Absence
To receive apologies for absence (if any)
2. Declarations of Interest
To receive declarations of interest (if any)

3. Minutes (Pages 1 - 6)

To confirm the non-exempt minutes of the meeting of the Improvement and Scrutiny Committee – Resources held on 10 December 2020

4. Public Questions (30 minute maximum in total) (Pages 7 - 8)

(Questions may be submitted to be answered by the Scrutiny Committee, or Council officers who are attending the meeting as witnesses, on any item that is within the scope of the Committee. Please see the procedure for the submission of questions at the end of this agenda)

5. Governance and Financial Sustainability.

6. Channel Shift Programme Progress (Pages 9 - 14)

7. Exclusion of the Public

To move that under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that in view of the nature of the business, that if members of the public were present exempt information as defined in Paragraph 4 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed to them and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

PART II - EXEMPT ITEMS

8. People Strategy Update (Pages 15 - 24)

MINUTES of a meeting of the **IMPROVEMENT AND SCRUTINY COMMITTEE – RESOURCES** held via MS Teams on 10 December 2020.

PRESENT

Councillor T A Kemp (in the Chair)

Councillors N Barker, B Bingham, J Boulton, C Moesby, C Short, J Twigg, M Wall and G Wharmby.

Also in Attendance: Councillor B Lewis

24/20 **MINUTES RESOLVED** that the minutes of the meeting of the Improvement and Scrutiny Committee – Resources held on 17 September 2020 be confirmed as a correct record.

25/20 **PUBLIC QUESTIONS** There were no public questions.

26/20 **PRODUCTION OF 2021-22 BUDGET** Peter Handford, Director of Finance and ICT attended the meeting to consult with members as part of the process towards production of the 2021-22 budget. Mr Handford gave a presentation to the committee to compliment the detailed report that had been circulated in advance of the meeting which provided members with an update of the Revenue Budget forecast outturn for 2020-21 as at 30 September 2020 (Quarter 2), a summary of the Spending Review 2020, an update on Cost Pressure Bids received in respect of the 2021-22 revenue budget and information on meetings arranged with Cabinet Members to agree expectations of Council Plan priorities within the context of budget restraint.

The forecast outturn for 2020-21 as at Quarter 2 (30 September 2020), compared to controllable budget, was detailed in the Director of Finance & ICT's report. The Covid-19 pandemic was having a significant impact on the Council's 2020-21 forecast outturn.

An overall Council underspend of £9.617m was forecast, after accounting for £45.037m of Ministry of Housing Communities & Local Government (MHCLG) Covid-19 emergency grant funding awarded and additional income of £4.853m compensation for lost sales, fees and charges income estimated to be claimable under the Government scheme announced on 2 July 2020.

A Council portfolio overspend of £11.835m was forecast, after the use of MHCLG Covid-19 grant funding for Covid-19 related costs forecast to be incurred in 2020-21

The table in the report showed the Covid-19 related costs across the portfolios as £34.023m. This was the forecast additional cost and lost income of the Council's response up to the end of March 2021, including the impact of slippage to the planned programme of savings which cannot yet be implemented as a result. This amount allowed for any specific funding to offset the gross Covid-19 related costs which had already been forecasted to be allocated to individual portfolios; these amounts were detailed in the report. Budget of £34.023m would be allocated to portfolios from the Risk Management Budget, where the emergency Covid-19 grant funding and reimbursement for lost income from sales, fees and charges received from Government had been temporarily allocated, to match these costs.

There was a forecast underspend on the Council's 2020-21 Risk Management Budget of £19.116m, which represented the funding the Council has received, or is expected to receive, additional to its planned requirements and forecast Covid-19 related costs for 2020-21. However, there was considerable uncertainty about the impact on the Council's finances of future waves of the pandemic and any local or national restrictions imposed in the Autumn and Winter months, therefore caution was advised when considering this figure. Should costs rise in excess of current and future funding allocations, there would be a drawdown on the General Reserve to fund the overspend.

The Debt Charges budget was projected to underspend by £2.324m. This is based on forecast interest payments, anticipated Capital Financing Requirement (CFR), a Minimum Revenue Provision (MRP) of 2.5% in keeping with the policy reported to Cabinet on 22 November 2016 and a £3.500m one-off reduction in the Council's Capital Adjustment Account Reserve. This reduction was made on the basis that the amounts set aside to repay debt over the last ten years were well in excess of what was required to ensure the Council can repay its debts.

The Council utilised a range of investments, including pooled funds, to maximise its interest and dividend income. Interest and Dividends received on balances is estimated to breakeven after the allocation of £0.552m of MHCLG Covid-19 grant funding, to address a forecast decrease in income from investments in pooled funds of £0.938m and other lost income due to Covid-19. The interest base rate had remained at an historically low rate of 0.10% since 10 March 2020. Interest also accrued to the loan advances to Buxton Crescent Ltd.

The budget savings target for 2020-21 was £18.795m, with a further £6.332m target brought forward from previous years. The savings initiatives identified to meet this target currently fell short by £8.074m, therefore further proposals would need to be brought forward to ensure the Council continued to balance its budget. Of this total target of £25.127m, £11.771m was

expected to be achieved by the end of the financial year. Therefore, there was a £13.356m forecast shortfall in achievement of budget savings. The resulting base budget overspend was offset to some extent by one-off underspends or is being met from one-off funding from earmarked reserves and additional grant funding received.

The General Reserve stood at £49.845m as at 30 September 2020. The level of General Reserve was currently 9.14% of the Council's Net Budget Requirement. Commitments are held against this General Reserve balance, which were referred to in the Council's 2020-21 Revenue Budget Report. At that time the General Reserve, in a pessimistic forecast, was predicted to decrease to 2.2% (£12.793m) of the Council's Net Budget Requirement by 2024-25. The majority of chief financial officers consider 3% to 5% of a council's net spending to be a prudent level of risk-based reserves.

On 25 November 2020, the Government announced details of the Spending Review 2020 (SR 2020).

The SR 2020 sets out public spending totals for one year only, in order to prioritise the Government's response to Covid-19 pandemic and focus on supporting jobs. It is now hoped that there will be a comprehensive multi-year Spending Review in 2021.

The Office of Budget Responsibility (OBR) forecasts that Gross Domestic Product (GDP) will fall by 11.3% in 2020, before returning to growth in 2021. However, the economy is not expected to reach pre-pandemic levels until the end of 2022. By 2025 the economy is forecast to be approximately 3% worse-off than had been predicted before Covid-19. Debt is forecast to rise to 97% of GDP by 2025-26.

The key announcements in SR 2020, relevant to local government, were detailed in the Director of finance and ICTs report.

The Society of County Treasurers (SCT) estimates a Provisional Local Government Finance Settlement date of 17 December 2020. At that point more detail will be provided on the funding the Council can expect to receive in 2021-22

At the CMT meeting on 15 September 2020 it was reported that £39.958m of ongoing and £18.259m of one-off cost pressure bids relating to 2021-22 had been received. CMT requested departmental senior management teams to consider reducing the value of their bids. Ongoing budget pressure bids were reduced by £2.002m, however, CMT were requested to further review these updated Cost Pressure Bids. An updated list was subsequently determined by CMT as affordable to recommend that Cabinet agree for inclusion on the 2021-22 budget, which includes £16.829m of ongoing pressures, a £10.000m non-departmental social care ongoing contingency and £9.759m of one-off pressures. Consideration would be given

as to whether to include a further general contingency pressure, although this may not be possible, and would depend on available funding. This still meant that a significant level of pressure bids would not be funded and if the forecast pressures did occur, they would not be covered in the Council's budget. In such cases, the funding would initially come from the Council's General Reserve in 2021-22 but thereafter any such ongoing pressures would need to be met from additional savings that would need to be allocated to departments on top of those forecast. The final Cost Pressure Bids list would be for Members to consider, in the context of the forecast available future funding based on the latest known information.

At the Cabinet/CMT meeting on 18 November 2020, it was agreed that a series of meetings would be arranged with Cabinet Members to agree expectations of Council Plan priorities within the context of budget restraint. The meetings had now been arranged to take place within the first two weeks of December

Both council tax and business rates income were collected by billing authorities and placed into a separate pot called the Collection Fund. Councils and other authorities were paid fixed amounts from the Collection Fund on the basis of the billing authorities' forecast business rates income as at the start of the financial year. The timings or amounts of these payments cannot be revised within the year according to current regulations.

This meant that, if there was under- or over-collection of local taxes in a given year against budgeted amounts, this loss hits councils' general funds in the following financial year when future drawdowns of the Collection Fund are adjusted downward or upward to reflect last year's actual collected amounts.

The district and borough councils were estimating an average 1% reduction, effectively leading to a £3m collection fund deficit. Whilst the Government had confirmed that they would cover 75% of the loss and local authorities could spread the loss over three financial years, the Council in recent years had benefited from collection fund surpluses. Council Tax income was further exacerbated by a reduction in the Council Tax Base as there has been a significant rise in the number of Council Tax benefits and reliefs.

Similarly, the district/borough councils were responsible for collecting local business rates, for which collection rates had also reduced, but rates vary between the district and borough councils. Generally, the impact may be between £1m - £2m. Details would not be confirmed by the district/borough councils until January 2021.

It was a fact of local government finance that the financial collapse of 2008 had resulted in a system which relies disproportionately on the local

ability to raise finance to a level which was unprecedented since the Government recognised significant additional duties for local government as part of the reconstruction of the country after the second world war.

At the same time the Government had also introduced some of the strictest controls on the level of rises that it is possible for an upper tier/single tier council to levy without referring the increase to local voters through a referendum.

Note that since 2016-17 there had been the ability to raise an additional amount specifically for Adult Social Care purposes. This has added 2% to the referendum limited increase in 2016-17 through to 2020-21, in 2020-21 there was no normal Council Tax increase, just the 2% ASC precept. The Comprehensive Spending Review 2020 confirmed that local authorities have the flexibility to increase Council Tax by 3% to raise additional Council Tax income ring-fenced to adult social care. This is in addition to the general referendum principle of 2%. Councils had the option of deferring some of these increases to 2022-23 although details are still awaited.

The Director of finance and ICT explained that there were a number of issues to consider when looking at the need for a Council Tax increase. And details of these were included in his report.

Councillor Lewis attended the meeting, and thanked Mr Handford for his report and outlined the challenges facing Local Authorities in these unprecedented times. He highlighted the ability of Local Authorities and their partners in working together to support local economies and the Council's continued commitment towards the Enterprising Council approach and its desire to look at efficiencies of service.

Members were given the opportunity to make comments or ask questions to both Mr Handford and Cllr Lewis which were duly noted or answered, and would be included as part of the consultation process moving forward. The key message from members centred around the need for clarity and certainty with regard to the median and long term position.

The Chairman, on behalf of the committee thanked Mr Handford for his most comprehensive and informative report.

RESOLVED to note (1) the Revenue Budget forecast outturn for 2020-21 as at 30 September 2020 (Quarter 2);

(2) the key announcements in SR 2020, relevant to local government;

(3) the quantum of Revenue Budget pressure bids received, which cannot all be funded without significant additional budget reductions across all areas;

(4) the actions taken in respect of the shortlisting and agreement of Cost Pressure Bids to support the budget production process; and

(5) the meetings arranged to agree expectations of Service Plan priorities within the context of budget restraint.

Procedure for Public Questions at Improvement and Scrutiny Committee meetings

Members of the public who are on the Derbyshire County Council register of electors or are Derbyshire County Council taxpayers or non-domestic taxpayers, may ask questions of the Improvement and Scrutiny Committees, or witnesses who are attending the meeting of the Committee. The maximum period of time allowed for questions by the public at a Committee meeting shall be 30 minutes in total.

Order of Questions

Questions will be asked in the order they were received in accordance with the Notice of Questions requirements, except that the Chairman may group together similar questions.

Notice of Questions

A question may only be asked if notice has been given by delivering it in writing or by email to the Director of Legal Services no later than 12noon three working days before the Committee meeting (i.e. 12 noon on a Wednesday when the Committee meets on the following Monday). The notice must give the name and address of the questioner and the name of the person to whom the question is to be put.

Questions may be emailed to democratic.services@derbyshire.gov.uk

Number of Questions

At any meeting no person may submit more than one question, and no more than one such question may be asked on behalf of one organisation about a single topic.

Scope of Questions

The Director of Legal Services may reject a question if it:

- Exceeds 200 words in length;
- is not about a matter for which the Committee has a responsibility, or does not affect Derbyshire;
- is defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Committee in the past six months; or

- requires the disclosure of confidential or exempt information.

Submitting Questions at the Meeting

Questions received by the deadline (see **Notice of Question** section above) will be shared with the respondent with the request for a written response to be provided by 5pm on the last working day before the meeting (i.e. 5pm on Friday before the meeting on Monday).

It is at the Chairman's discretion whether the questions and responses are read out at the meeting.

Supplementary Question

Anyone who has put a question to the meeting may also put one supplementary question in writing to the person who has replied to his/her original question. A supplementary question must arise directly out of the original question or the reply. The Chairman may reject a supplementary question on any of the grounds detailed in the **Scope of Questions** section above.

Supplementary questions must be emailed to democratic.services@derbyshire.gov.uk

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Agenda item 6

Resources Information and Scrutiny Committee

4 March 2021

Report of the Director of Organisation Development & Policy

Channel Shift programme progress

1. Purpose

This paper provides an update on the council's Channel Shift programme, its current position, next steps and makes recommendations for the Committee's further involvement.

2. Channel Shift programme objectives

The Channel Shift programme began in September 2019 with the clear objectives of:

- Achieving a significant proportion of Derbyshire's residents engaging, communicating and transacting with the Council through a single online portal, significantly improving the resident experience.
- Achieving a 'single view' of the customer, improving their experience of the council and our 'one council' response.
- Delivering significant organisation efficiencies in terms of processes, feedback response, service improvement, reporting and data use.

Significant work has taken place to understand the scope of the programme, its potential impacts and benefits, the level of investment required both financially and in terms of officer time, and to create a Channel Shift strategy.

This work led to a significant broadening of the scope of the project to create a cross-council programme, delivering the above plus enabling a revised approach to complaints and resident feedback (as reported to Resources I&S in September 2020) and introducing a new booking and events system to the organisation. This expansion, also including the introduction of a Customer Relationship Management (CRM) system to the council and associated investment was approved by Cabinet in March 2020.

3. Channel Shift programme objectives

The Channel Shift programme will achieve -

Resident benefits:

- Tangible improvements in the resident experience and an increase in customer satisfaction
- Offering more services via modern communication channels, meaning the Council is genuinely 'open all hours'

- Reductions in inbound call volumes
- Reductions in complaints volumes and an increase in the number of compliments and comments, with better access to feedback from residents
- Demonstrable reductions in known cost to serve, improving value for money.

Organisational benefits:

- Process optimisation via extensive business process re-engineering
- Improvements in job satisfaction by giving colleagues tools to reduce administrative effort and focus more exclusively on 'value add' activities
- Greater consistency in service provision across Council directorates
- Improved business intelligence and reports for demand management by starting to predict service usage using analytics, rather than simply responding to incoming work
- Potential reduction in the number of ICT applications, supporting commitments outlined in the Council's five-year ICT Strategy
- The new systems could be used extensively for colleague-facing processes, as well as resident-facing processes which are the primary focus of the Channel Shift Programme. For example, HR could use and benefit from the new systems
- The new systems could be used to accelerate Council responses to FOI (Freedom of Information) and Subject Access Requests (SAR)
- Significant potential support to other council initiatives through process improvement and a single view of the customer: Future Highways Model, Thriving Communities, Better Lives, Climate Change).

4. Programme overview

The Channel Shift programme contains the following elements:

4a) Introduction of a Customer Relationship Management system.

This involves -

- Working with the IT system supplier.
- Working with directorates to move services onto the system and background system mapping.
- Working with Call Derbyshire and web team to manage changes to resident's contact with the council.

4b) Creation of a new complaints and resident feedback approach, as reported to this Committee in September 2020.

This involves -

- Working with the IT system supplier.
- Working with directorates – to move services on to system and background system mapping.
- Working with Call Derbyshire and web team to manage changes to resident's contact with the council.
- Ensuring statutory compliance.

- Wider project aspects – training, finance etc.
- Planning future phases – feedback and FOI / SARs.

4c) Introduction of a new booking and events system.

This involves –

- Working with the IT system supplier.
- Working with directorates – to move services on to system and background system mapping.
- Working with Property, ICT and internal comms to ensure smooth transfer.

The programme is governed by the Corporate Management Team, a Channel Shift Governance Board, Delivery Groups and this Committee.

Programme management is carried out through a number of established project management approaches including Prince 2, Agile and Lean Six Sigma and, in brief, involves:

- Stakeholder engagement and communication
- Contract negotiation and management
- Programme phase planning and implementation
- System implementation ensuring appropriate data management compliance
- Privacy and equality impact assessments
- Hearing the resident voice and modelling the new approaches to meet resident expectations
- Financial management and benefit release.

5. Recent progress

The programme has gone through a significant procurement process, one of the largest the council has undertaken, and has established a preferred supplier for the required software systems. Contract negotiations are currently underway.

Customer relationship management system

The programme phases have been established with 71 officers having been involved in preparing services to be made available to residents through the new systems and 25 services either currently being reviewed or having recently completed their reviews.

Whilst there will inevitably be changes to the planned programme as new opportunities arise, currently it is planned to make 208 council services available through the CRM system in the three phases of the programme, with this being complete by December 2022. Past this date, the CRM system will be embedded in the council's 'business as usual' approach and will continue to develop and offer new opportunities to residents.

Complaints and resident feedback

Work is currently underway to:

- Implement the new software system (subject to contract negotiations, as the system is part of the wider CRM)
- Understand the council's 'as is' processes in detail
- Ensure statutory compliance of new system and processes
- Establish new reporting processes, focusing on statutory compliance and Local Government Ombudsman best practice initially
- Work with staff to develop the new approach and ensure they fully trained to use the new system
- Introduce continuous improvement processes to ensure complaints and feedback and learnt from and changes are made to the way the council operates where needed.

Following the above, which is aimed to be in place in the summer 2021, integration with Freedom of Information and Subject Access Requests will be explored.

Booking and events system

This system will improve how the council arranges events and how residents book on to them, will enable online payments for event attendance and will significantly improve how both staff and residents book rooms in county council properties.

Work is currently underway to:

- Implement the new software system (subject to contract negotiations, as the system is part of the wider CRM)
- Train staff and communicate the changes internally and externally.

6. Next steps for the Channel Shift programme

As mentioned above, final contract negotiations are currently underway with the preferred supplier. Whilst these take place, significant work is underway with colleagues across departments to prepare services to go on to the new systems.

Once a contract is agreed there is a significant period of working with the supplier to develop the system to our requirements, to train staff and to make the services available to residents through the Derbyshire County Council website. This stage will also involve detailed analysis of the benefit opportunities on a service by service basis to ensure the council achieves return on its investment.

7. Role of Resources Information and Scrutiny Committee

The Committee is asked to provide ongoing challenge and support through:

- Receiving regular progress reports on the Channel Shift programme
- Supporting the 'resident voice' work, ensuring that the needs and voice of Derbyshire's people are truly embedded in the project as it develops

- Paying particular attention to the development and implementation of the complaints and resident feedback approach, ensuring that improvements are delivered and receiving regular updates.

8. Recommendations

- That Resources Information & Scrutiny Committee notes the progress of the Channel Shift programme.
- That the Committee receives regular reports on the programme's progress, paying particular attention to the complaints and resident feedback approach.
- That the Committee supports the 'resident voice' work, noting progress and recommending ways in which the needs of Derbyshire's residents can be truly represented.

Emma Crapper

Director of Organisation Development and Policy

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