



## Meeting Agenda

**Performance Improvement Scrutiny Committee**  
**Town Hall, St Annes**  
**23 November 2006, 5:30pm**

# **PERFORMANCE IMPROVEMENT SCRUTINY COMMITTEE**

## **MEMBERSHIP**

CHAIRMAN - Councillor Keith Hyde  
VICE-CHAIRMAN – Councillor Fabian Wilson

### **Councillors**

Christine Akeroyd	Derek Lancaster
Eric Bamber	Keith Wright
Elizabeth Clarke	Hilda Wilson
John Dolan	

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## **CORPORATE OBJECTIVES**

The Council's investment and activities are focused on achieving our five key objectives which aim to :

- Conserve, protect and enhance the quality of the Fylde natural and built environment
- Work with partners to help maintain safe communities in which individuals and businesses can thrive
- Stimulate strong economic prosperity and regeneration within a diverse and vibrant economic environment
- Improve access to good quality local housing and promote the health and wellbeing and equality of opportunity of all people in the Borough
- Ensure we are an efficient and effective council.

## **CORE VALUES**

In striving to achieve these objectives we have adopted a number of key values which underpin everything we do :

- Provide equal access to services whether you live in town, village or countryside,
- Provide effective leadership for the community,
- Value our staff and create a 'can do' culture,
- Work effectively through partnerships,
- Strive to achieve 'more with less'.



## A G E N D A

### PART I - MATTERS DELEGATED TO COMMITTEE

ITEM	PAGE
1. <b>DECLARATIONS OF INTEREST:</b> <i>In accordance with the Council's Code of Conduct, members are reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000.</i>	4
2. <b>CONFIRMATION OF MINUTES:</b> <i>To confirm as a correct record the Minutes of the Performance Improvement Scrutiny Committee held on 21 September 2006.</i>	4
3. <b>SUBSTITUTE MEMBERS:</b> <i>Details of any substitute members notified in accordance with council procedure rule 25.3</i>	4
4. <b>SECOND QUARTER PERFORMANCE REPORT 2006/07</b>	5 - 12
5. <b>ANNUAL ASSET MANAGEMENT REPORT AND CAPITAL STRATEGY UPDATE</b>	13 - 43
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# REPORT



REPORT OF	MEETING	DATE	ITEM NO
POLICY & PERFORMANCE	PERFORMANCE IMPROVEMENT COMMITTEE	NOV 23 2006	4

## SECOND QUARTER PERFORMANCE REPORT 2006/07

### Public/Exempt item

This item is for consideration in the public part of the meeting.

### Summary

The report provides an update to the committee on the arrangements for monitoring performance across the council in which the committee has a primary responsibility. Details are provided of performance against the key indicators agreed by the committee highlighting both good and challenging performance.

### Recommendations

1. That the committee scrutinises the second quarter performance to date against the key indicators and makes any appropriate recommendations to officers and / or portfolio holders to ensure that all indicators are on target.
2. That the committee agrees to the revised local indicator to record all online transactions together.
3. That the committee agrees for the Chair and Vice Chair to receive the second quarter figures for BVPI's 79a, 79bi and 205 as soon as they are available and make any appropriate recommendations to the Portfolio Holder if action is required.

### Portfolio Holder

The Portfolio Holder for corporate performance is Councillor Sue Fazackerley.

### Report

1. Appendix 1 provides the second quarter (covering the period April 1<sup>st</sup> 2006 to September 30<sup>th</sup> 2006) performance figures against the key national and local

Continued....

performance indicators that the committee agreed to have presented throughout 2006/07. The performance is placed in context with the target for 2006/07, the final out turn for 2005/06 and the latest available top, bottom and average performance figures for all district councils in England.

2. The green highlight indicates that performance is on track to achieve the end of year target agreed by the committee. The red highlights indicate that performance is not on track to achieve the end of year target agreed. An explanation is provided below for those indicators that are highlighted in red, along with details of the actions to be taken to ensure that performance will be improved.
3. The committee should recognise that overall the majority of the key performance measures are on target and performing well against the top quartile for all English District Councils. The hard work and dedication of service teams across the council is reflected in the very good overall performance.
4. The figures for the benefits service key quarterly BVPI's (79a and 79bi) and the Planning best practice checklist BVPI 205 could not be produced in time for the committee reporting deadline due to the nature of the calculations and the systems used to produce the figures. The first quarter figures are reported in Appendix 1. The Chair and Vice Chair of the committee will be provided with the second quarter figures as soon as they are available and if any necessary action is required it will be arranged through the Portfolio Holder. This will allow any necessary corrective action to take place immediately. The figures will also be presented to the next meeting of this committee.
5. The duty to promote race equality (BVPI 2b) has been integrated with the wider duty to promote equality along the six key criteria of gender, sexual preference, age, ethnicity, religion and disability. The performance measures definition currently only deals with race (ethnicity). However, Fylde has bigger challenges with other dimensions of the equality agenda including age, disability and gender that resources are being dedicated to addressing. Members agreed to revise the target down to 50% from 80% when the first quarter report was presented. The measures being put in place to address all the dimensions of equality include a revised policy, impact assessments and the revision of service delivery procedures. These actions will be completed by March 2007 and the performance against the race equality standard will exceed 50%.
6. It is expected that the race equality indicator will be reviewed by the Audit Commission in 2007 to incorporate the wider equality agenda and in response to the new legislation on age and disability. Any review of national indicators will be presented to the committee.
7. BVPI 8, the payment of undisputed invoices within 30 working days is below the revised target of 97%. However, the new financial computer system has just been implemented (November 2006) that will provide greater control and management of invoice payment across the council. The accounts team is confident that the current difference of 2.13% can be recovered in the second half of the financial year.
8. BVPI 78a is currently performing below target at 44.35 days and in the bottom quartile when compared against all English District Councils. This performance was actually worse for the end of the first quarter (62.7 days) and the reasons for this were reported at the meeting of the Performance Improvement Committee on September 21<sup>st</sup> 2006

that included the implementation of two major systems that will improve performance and efficiency in the future. The service normally performs within top quartile and the service manager informed the committee in September that performance would improve throughout the rest of the year now that the new systems had been implemented. This is evidenced in the performance against BVPI 78b which is now back to top quartile and the fact that in the last three months BVPI 78a has improved by almost 20 days.

9. The percentage of household waste recycled (BVPI 82ai) is slightly below the target of 18% but it is normal to have fluctuations throughout the year and recycling figures for none garden waste do have Christmas and early spring peaks. The situation is different for the garden waste sent to compost (BVPI 82bi) which is above target because of the summer peaks. The service manager is confident that the combined national target of 40% will be achieved for 2006/07.
10. BVPI 64 the number of private sector dwellings returned to occupation is currently below target having achieved 30% of the target 50% into the year. The target was set based on the number of known private sector dwellings that are unfit for occupation. The Housing team sends out a questionnaire every month to the owners of each property that is unfit. The majority of these properties are on the market for sale in their current state or there is renovation work already under way. Therefore, at present there is limited demand although there are several currently in the system to be returned back to occupation. The situation has improved during the second quarter with 4 completions compared to 2 in the first quarter. The Housing Team will monitor the situation and consider revising the target if the demand does not increase.
11. The tonnage of waste collected is slightly above target (BVPI 84a) with the out turn forecast at 446.6kg (28.6kg above target) at the current level. There are seasonal fluctuations in the amount of waste collected and although Christmas will see an increase a great deal of additional waste is thrown out in the summer months that could be recycled. Recycling initiatives will be promoted over the Christmas period to reduce the tonnage of waste collected and at the same time increase recycling. The Streetscene team are working hard to achieve this realistic but challenging target.
12. The reporting and removal of abandoned vehicles (BVPI 218a) is slightly behind target at the second quarter (54%). The percentages only represent a small number of incidents, the indicator is new and with no previous data it is more difficult to set a target. However, the Streetscene team is confident that they will recover the performance during the year to achieve the target and do not want to look at revising the target simply because it is a new indicator.
13. Performance against the planning indicators 109a, 109b and 109c is well below target and compares with the bottom quartile performance. Senior officers in the Development Control team and the Portfolio Holder for the service have been before this committee and the Cabinet to explain the reasons for the performance and outline the actions being taken to address this. The impact of the actions outlined to address the poor performance has not been reflected in the key performance measures. The Section 151 Officer has indicated that poor end of year performance could have a detrimental impact on the planning delivery grant. The committee is advised to scrutinise closely the current performance and the trend between the first and second quarter between which there has been little or no improvement.

14. The performance of the Customer Service team has been extensively reported and a comprehensive review is currently being carried out led by the Vice Chair of this committee. Overall the performance of the team is good and getting better as more calls are answered quicker and the levels of customer satisfaction are exceptional.
15. Performance reporting is also about recognising success and there are more successes across the key indicators than challenges. The number of unique visitors to the web site has increased by over 3000 per month since January 2006. Other local authorities are citing the Fylde web site as best practice and the council has moved up 184 places in a national league table that ranks council web sites with the second highest ranking in Lancashire at present and still improving. The number of people dealing with the council by electronic means is now measured in thousands rather than hundreds.
16. The local indicator for the number of online transactions has been revised from September 2006 to provide simplification and enable comparison with other councils. The local indicator now includes all online transactions covering job applications, planning applications, building control applications, online payments, online service requests, online bookings and online consultations. Previously only applications were measured. The committee is asked to approve this revision so that all transactions can be reported in one indicator in line with agreed practice by other councils to allow comparison between authorities.
17. BVPI 12, the sickness figure is an indicator that the council has focused on over the last 12 months. The second quarter figures show that performance is on target to achieve the end of year target of 10.5 days. If levels can be kept at the current rate the end of year figure would be 9.56 days per employee. However, the winter months traditionally witness greater levels of sickness so performance will still be monitored closely.
18. Council tax and business rates collection for the quarter are in line with the same period last year and it is normal to have more than a half of the amount collected during the second period because several accounts are paid in full at the beginning of the year. The council now has 70.8% of council tax customers on direct debit arrangements, one of the highest figures in the region.

IMPLICATIONS	
Finance	In the current year the Council has received £206,700 in Planning Support Grant. It is unclear whether the grant will continue in the future but currently it is based on a number of planning indicators and therefore poor performance will effect the level of any future grant, although it is not possible to calculate the exact effect
Legal	There are no direct legal implications arising from this report.
Community Safety	There are no direct community safety implications arising from this report.



Human Rights and Equalities	There are no direct human rights and equalities implications arising from this report.
Sustainability	There are no direct sustainability implications arising from this report.
Health & Safety and Risk Management	There are no direct health & safety and/or risk management implications arising from this report.

Report Author	Tel	Date	Doc ID
<b>ALLAN OLDFIELD</b>	<b>(01253) 658576</b>	<b>NOVEMBER 11<sup>TH</sup> 2006</b>	

List of Background Papers		
Name of document	Date	Where available for inspection
Audit commission bvpi definitions	January 2006	<a href="http://www.audit-commission.gov.uk/performance/guidance.asp">www.audit-commission.gov.uk/performance/guidance.asp</a>
Audit commission bvpi out turns	January 2006	<a href="http://www.audit-commission.gov.uk/performance/dataprovision.asp">www.audit-commission.gov.uk/performance/dataprovision.asp</a>

List of appendices

## **Appendix 1: Quarterly Performance Indicator Report.**

**KEY: Performance Context**

	Performance is <u>not</u> on target
	Performance is <u>on</u> target

National BVPI Indicator to be reported on a quarterly basis		All England Top	All England Average	All England Bottom	Actual 2005/06	2 <sup>nd</sup> Quarter Progress to Date	Target 2006/07
<b>BVPI 2 b)</b>	The duty to promote race equality.	63%	48.96%	37%	37%	37%	50%
<b>BVPI 8</b>	Percentage of undisputed invoices that were paid within 30 days of receipt or within agreed payment terms.	97%	93.28%	91.06%	92.29%	94.87%	97%
<b>BVPI 9</b>	The percentage of Council Tax collected by the Authority in the year.	98.5%	97.8%	97.31%	97.46%	58.3%	98.1%
<b>BVPI 10</b>	The percentage of Non-Domestic Rates collected by the Authority in the year.	99.2%	98.63%	98.22%	97.33%	61.2%	98.4%
<b>BVPI 12</b>	Number of working days/shifts lost to the Authority due to sickness absence (per FTE)	8.48 days	9.78 days	11.10 days	11.67 days	4.78 days	10.5 days
<b>BVPI 64</b>	The number of private sector vacant dwellings returned into occupation or demolished during the financial year as a direct result of action by authority.	25	19.83	2	8	6	20
<b>BVPI 202</b>	The number of people sleeping rough within a single night within the area of the Authority.	New PI no comparison data			5	0-5	0-5
<b>BVPI 203</b>	The % change in the average number of families placed in temporary accommodation compared with the average from the previous year.	-9.40%	12.87%	25.21%	54.55%	-35%	-5%
<b>BVPI 213</b>	The number of households who considered themselves as homeless, who approached the LHA's housing advice service and for whom housing advice casework intervention resolved their situation (No. per 1000 households).	New PI no comparison data			0	0.25	1
<b>BVPI 214</b>	The proportion of households accepted as statutorily homeless who were accepted as statutorily homeless by the same Authority within the last 2 years.	New PI no comparison data			0%	0%	0%

National BVPI Indicator to be reported on a quarterly basis		All England Top	All England Average	All England Bottom	Actual 2005/06	2 <sup>nd</sup> Quarter Progress to Date	Target 2006/07
<b>BVPI 78 a)</b>	Housing/Council Tax Benefit - Average time for processing new claim (calendar days)	28 days	35.6 days	40.6 days	43.1 days	44.35 days	35 days
<b>BVPI 78 b)</b>	Housing/Council Tax Benefit - Average time for processing notifications of changes in circumstances (calendar days)	6.8 days	10.5 days	12.4 days	7.9 days	6.91 days	7 days
<b>BVPI 79 a)</b>	Percentage of cases within a random sample for which the calculation of benefit due was correct.	99%	97.56%	96.8%	98.60%	94.4% *	98.6%
<b>BVPI 79 bi)</b>	The amount of Housing Benefit overpayments recovered during the period being reported on as a percentage of HB deemed recoverable overpayments during that period.	53.59%	44.71%	35.10%	85.81%	98.59% *	87%
<b>BVPI 82 ai)</b>	<b>The percentage</b> of household waste arisings which have been sent by the Authority for recycling	19.33%	16.08%	12.36%	15.93%	16.94%	18%
<b>BVPI 82 bi)</b>	<b>The percentage</b> of household waste arisings which have been sent by the Authority for <b>composting</b> or treatment by <b>anaerobic digestion</b> .	10.55%	6.49%	4.24%	20.46%	25.26%	22%
<b>BVPI 84 a)</b>	Kilogrammes of household waste collected per head of authority population.	380.4kg	412.3kg	442.8kg	426.1kg	223.34g	418kg
<b>BVPI 199 a)</b>	The proportion of relevant land and highways (%) that is assessed as having combined deposits of litter and detritus that fall below an acceptable level.	10%	16.3%	21.5%	8.1%	8%	8%
<b>BVPI 166 a)</b>	Score against a checklist of enforcement best practice for - Environmental Health	90%	79%	70%	98.6%	98.6%	100%
<b>BVPI 218 a)</b>	The percentage of new reports of abandoned vehicles investigated within 24 hours of notification.	New PI no comparison data			41.67%	54%	70%
<b>BVPI 218 b)</b>	The percentage of abandoned vehicles removed within 24 hours from the point at which the Authority is legally entitled to remove the vehicle	New PI no comparison data			90.91%	96%	95%
<b>BVPI 109 a)</b>	The percentage of major commercial and industrial planning applications determined within 13 weeks	71.25%	59.05%	46.87%	43.1%	29%	65%

National BVPI Indicator to be reported on a quarterly basis		All England Top	All England Average	All England Bottom	Actual 2005/06	2 <sup>nd</sup> Quarter Progress to Date	Target 2006/07
<b>BVPI 109 b)</b>	The percentage of minor commercial and industrial planning applications determined within 8 weeks	75.28%	67.56%	61%	72.00%	35%	75%
<b>BVPI 109 c)</b>	The percentage of other planning applications determined within 8 weeks	88.01%	82.79%	79.98%	83.27%	57%	90%
<b>BVPI 205</b>	The Authorities score against a 'Quality of Planning Services' checklist	88.9%	77.5%	72%	77.7%	77.7%*	90%

Local Indicator (Various)	Actual 2005/06	1st Quarter Progress to Date	Target 2006/07
The percentage of phone calls answered within 30 seconds	50%	56.9%	65%
The percentage of phone calls to 01253 658658 answered during working hours	77%	76.5%	85%
The percentage satisfaction with the service delivered by the customer service team	96%	100%	98%
The percentage of people satisfied with the length of time they had to wait when contacting the council	95%	100%	96%
The percentage of people who felt that the level of comfort and facilities in the one stop shops were 'good' or 'very good'	96%	100%	98%
The total number of online transactions made to the Council	No Data	3134	5000
The total number of unique visitors to the web site <a href="http://www.fylde.gov.uk">www.fylde.gov.uk</a>	49080	43472	62000
The number of days sickness and absence per employee that is not long term sickness	5.16 days	1.64 days	4 days
The number of missed bins per 100,000 collections	30	26	<50

\* The figure reported is the first quarter update – no second quarter data was available.

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
STRATEGIC PLANNING & DEVELOPMENT  FINANCE	PERFORMANCE IMPROVEMENT SCRUTINY COMMITTEE	23 NOVEMBER 2006	5

## ANNUAL ASSET MANAGEMENT REPORT AND CAPITAL STRATEGY UPDATE

### Public/Exempt item

This item is for consideration in the public part of the meeting.

### Summary

The report presents the annual asset management report and capital strategy update for consideration by members.

### Recommendation/s

That members comment appropriately and make any recommendations to Cabinet to include approval of the updated capital strategy.

### Cabinet Portfolio - Finance and efficiency, Councillor Paul Rigby

### Report

#### 1. Background

In January this year the council adopted two important strategic documents:

- The Asset Management Plan which is a five-year plan showing how the council will use its property and other assets to deliver services it has agreed to provide. Contained within the plan is a commitment to report annually to members on progress against the plan.

Continued....

- The Capital Strategy which is a high level summary of the Council's approach to the delivery of the priorities and objectives set out in the Corporate Plan through capital investment. This requires annual updating and adoption and an updated version of the strategy with amended appendices only is included for comment and approval.

The following report firstly looks at progress and any issues with the Asset Management Plan during the year.

## 2. Asset Management Plan assessment

In February Government Office for the North West assessed the Council's Asset Management Plan (AMP) as 'Good'. This was a major achievement given that the previous plan was 'Poor'. As a result of this there is now no requirement to submit updates to the Government Office but they encourage us to continue to fully utilise best practice in asset management.

## 3. Governance

The new Cabinet arrangements established the portfolio for Finance and efficiency, which brief includes assets. In this role Councillor Paul Rigby along with the member Champions for Asset Management and Procurement have met with officers on a four weekly basis to discuss relevant issues.

The Asset Management Group (AMG) has met on occasions during the past few months although the use of an e-mail 'virtual group' for consultation of particular issues has helped minimise the need for full organised meetings to be arranged.

Unfortunately, the council's Corporate Property Officer (CPO) has been on long term sick leave since June. Although the post of Technical Support officer (Corporate Property) has been filled, the lack of a CPO has resulted in significant slippage with some aspects of the AMP particularly with regard to local performance monitoring.

## 4. Property Maintenance

Since 2004 the council has been using the services of Wyre Borough Council to assist with property maintenance at Fylde. The benefit with this is that FBC can buy into the expertise of Wyre's property services team and procedures. However historically the resources available at Fylde to fund property maintenance have been modest by comparison. Condition surveys carried out in 2003/04 revealed the full extent of the backlog of maintenance and consequently revenue growth bids were submitted for 2005/06 and 2006/07. Earlier this year members were able to approve a significant growth in the budget to begin the programme of dealing with the backlog of work required.

This has enabled a variety of projects to be undertaken during the current year consisting of direct repair and maintenance work & tasks.

This has included: -

- An extensive programme of external decoration together with prior repairs, at properties throughout the Borough. This has included the external painting of around half of the council's property assets.
- Provision of an automatic door at the Tourist Information Office in St Annes.
- Provision of hydraulic scissor lifts at Lowther Pavilion, to facilitate improvements in operations and manual handling.
- Re-roofing to the Lifeboat Museum at Lytham in conjunction with the Civic Society.

- Various minor office improvements and relocations following the closure of the Wesham offices.
- Day/day responsive repairs of breakdown, fire & vandal damage.
- Building stock condition surveys have been undertaken to facilitate improved asset management information.
- Completion of “Type two” surveys of all remaining properties in Fylde for asbestos content.

Outstanding work targeted to be undertaken within the current year includes:-

- Attending to fire risk assessment issues
- Remedy roof leaks to Lowther Pavilion. The proposal is to utilise a material giving a ten-year guarantee.
- Redecoration of Lowther Pavilion entrance foyer.
- Upgrading of lighting to Kirkham pool.
- Repair and refurbishment of Kirkham Town End clock.
- Redecoration of the Kirkham Council Chamber above the One Stop Shop.
- Completion of a survey of the borough’s properties for disabled access.
- Identification, setting up and bringing into operation of comprehensive mechanical & electrical service contracts.
- Identification and specification of service requirements for Kirkham & St Annes swimming pools.

During the next financial year the following works are planned:

- Exterior painting of the remaining properties from the 06/07 contract.
- Repair and refurbishment of the vandalised octagonal metal shelter on the Promenade.
- Lytham Crematorium:- repair/restore main gates to Crem.
- Crematorium Lodge, kitchen, bathroom & central heating refurbishment.
- Electrical and gas testing to ‘Licensed’ Premises.
- St Annes & Kirkham pools Interior decoration.
- St Annes & Kirkham pools Mechanical & Electrical maintenance and improvement.
- Interior decoration to Lytham Windmill.
- Reslate RSPB building roof.

Earlier this year Kirkham baths was closed whilst essential repairs were undertaken to the electrical installations. Surveys highlighted a number of issues due to the age of the installations that required immediate repair. These were undertaken and the facility reopened as soon as possible.

## 5. Accommodation

During the summer the Council endorsed the Cabinet’s view on the principle of retaining the Town Hall as the council’s primary office accommodation, which includes facilities for

civic meetings. An outline plan of the scheme has been subject to internal consultation between members and officers. A report is being presented to Cabinet this month on the outcome of this and to outline the process for taking the project forward. In the meantime as a result of the above resolution the offices at Derby Road, Wesham have been let to the Primary Care Trust to use for a period of up to 2 ½ years whilst they redevelop Lytham Hospital. This is bringing in much needed revenue and assisting a partner organisation with their modernisation plans.

#### 6. New legislation

The Regulatory Reform (Fire Safety) Order 2005 came into force on 1<sup>st</sup> October 2006. All premises and buildings other than dwelling houses in single occupation are required to comply with the order by providing general fire precautions to ensure that all people are safe, as far as is reasonably practical. The biggest single change is that from the above date fire certificates are no longer issued or accepted. All fire responsibility will be that of the Employer (delegated to Managers) to undertake fire risk assessments and then put in place management arrangements to ensure the safety of users. Arrangements are in place to ensure compliance with the order.

#### 7. Concessions

A number of new concession opportunities have been identified in St Annes Town Centre which make use of some of the domes and bay areas created as a result of the regeneration of The Square. Discussions are advanced with a number of local businesses that wish to take on the operation of these areas.

The rights to a number of the existing concessions operating on the Promenade expire shortly. In liaison with the Cabinet member for Culture and Tourism, these are being reviewed and will be retendered just after Christmas.

#### 8. Asset reviews

The Asset Management Group (AMG) has a key role in identifying which assets to review and to consider the different perspectives of the council (i.e. legal, financial, housing, health, planning, leisure, etc) in arriving at a recommendation. To date however this process has been somewhat adhoc and at a pace that the Corporate Property Officer can manage.

Members recently wished to see a more robust and accelerated review process in place and consequently the Policy and Service Review Scrutiny Committee has established a working group of members to help achieve this. This will require an assessment of whether particular assets could be put to better use to help achieve the council's objectives. All of the assets will be re-valued, which is required to be done every 5 years. It is anticipated that some assets will be proposed for disposal.



## 9. Performance update

There is only one national best value performance indicator for asset management and that is BVPI 156 'the percentage of authority buildings open to the public in which all public areas are suitable for, and accessible to, disabled people.

<b>All England 2004/05 Top</b>	<b>All England 2004/05 Average</b>	<b>All England 2004/05 Bottom</b>	<b>Actual for 2004/05</b>	<b>Actual for 2005/06</b>	<b>Target for 2006/07</b>	<b>Target for 2007/08</b>	<b>Target For 2008/09</b>
81.80%	60.40%	41.94%	47.1%	<b>52.9%</b>	68.7%	85%	90%

A number of local performance indicators are included in the AMP. Given the long term sickness of the CPO it has proved a challenge to properly maintain the data needed to calculate these, given there has been more pressing priorities for the service. It is envisaged however that a number of these will be updated and reported at the meeting.

IMPLICATIONS	
Finance	There are no implications
Legal	Continuing a proper maintenance regime is crucial because to do otherwise would call into question the council's commitment to prudently manage its assets. It also lessens the council's exposure to claims for damages arising from injury to persons or property
Community Safety	There are no implications
Human Rights and Equalities	There are no implications
Sustainability	There are no implications
Health & Safety and Risk Management	There are no implications

REPORT AUTHOR	TEL	DATE	DOC ID
Paul Walker/Brian White	(01253) 658431/658566	Date of report	12 <sup>th</sup> November 2006

LIST OF BACKGROUND PAPERS		
NAME OF DOCUMENT	DATE	WHERE AVAILABLE FOR INSPECTION
AMP/CS Appendices	November 2005	<a href="http://www.fylde.gov.uk/ccm/content/website/economic-wellbeing-and-regeneration/asset-management.en">http://www.fylde.gov.uk/ccm/content/website/economic-wellbeing-and-regeneration/asset-management.en</a>

## **2.0 The Capital Strategy**

### **Introduction**

The Capital Strategy is a high level summary of the Council's approach to the delivery of the priorities and objectives set out in the Corporate Plan through capital investment.

By meeting these objectives the Council will also contribute to the delivery of its obligations under the Community Plan.

The Council acknowledges that to meet the objectives will take more than a year and to ensure success have produced a Medium Term Financial Strategy (MTFS) which covers the five years ending in 2011/12.

The MTFS includes revenue, capital and treasury management implications. A copy of the MTFS is attached at Appendix 6.

The Council recognises that the MTFS must become an integral part of its operational activities and become part of the performance planning framework. The purpose is to prioritise finance through forward planning in order to achieve the stated objectives.

The Council recognises that decisions to borrow money, invest in money markets or in new assets all have an impact on revenue in terms of debt costs, investment income or maintenance costs.

The Council was debt free for a period following the transfer of the housing stock to New Fylde Housing in 2000 which realised £2.4 M in useable capital receipts. This has now been used to fund the capital programme and future capital spending will be dependent on the sale of assets, right to buy receipts, grants and prudential borrowing.

The Council recognises that the regular review of all property assets to ensure that they are being used effectively, or declared surplus, can make a significant contribution towards the capital budget. At its meeting in February the Cabinet tasked the Asset Management Group to achieve asset sales of £100,000 in 2006/07 (excluding those arising from the accommodation review).

It is also recognised that the property review process and actively seeking the contributions of service departments will lead to investment proposals.

The Capital Strategy was subject to review by the Government Office North West in 2003 and the following areas were identified as being in need of improvement.

- Performance monitoring and measurement including setting objectives and communication
- Examples of cross cutting activity, such as regeneration.

### **Corporate Structure**

Preparation of the Capital Strategy is the responsibility of the Asset Management Group (AMG). The AMG has been developed as a cross-service senior management forum and currently meets quarterly. The membership comprises a representative from each of the business units and the Executive Team together with the Asset Management Councillor Champion.

The AMG seek approval from the Executive Team which includes the leader of the Council prior to the document, including the Capital Programme, being formally submitted to Members.

## **Investment Priorities**

All schemes put forward for inclusion in the Capital Programme are considered on the basis of the contribution that they make to achieve the corporate objectives of the authority as well as priorities such as legislative requirements.

Officers putting forward bids have to complete a proforma identifying how schemes achieve corporate priorities as well as the scheme costs (capital and revenue) and the phasing of expenditure. An example of this approach is included at Appendix 8, a regeneration scheme bid that considers past successes, matched funding and future requirements and targets.

Because the total of the bids put forward this year was greater than the estimated capital resources available, each scheme was measured against these criteria reflecting the main corporate priorities as set out in the Corporate Plan. In addition schemes scored positively where they improved access to the Council, brought in external or partnership funding and resulted in revenue savings in the future.

The ranked schemes are then reported to, and agreed by, the Cabinet. A full list for 2006/07 is included at Appendix 7a.

This year a task and finish group from the Policy and Service Review Community Forum carried out the prioritisation of bids for inclusion in the Capital Programme. It is proposed that in future the Asset Management Group will take ownership of this task.

## **Framework for Monitoring & Evaluation of the Programme**

The AMG and Executive Team monitor the Capital Programme on a quarterly basis with formal reports following directly to the Executive Committee.

Revisions and additions to the programme are reported as necessary throughout the year. Additions will only be put forward if the resources are available, any revenue consequences are affordable and the scheme scores more highly against corporate criteria than previously selected schemes.

All individual schemes have a project officer who is responsible to the AMG and members for ensuring that schemes are carried out on time and within budget.

The introduction of a project management approach based upon the principles of PRINCE II to all new projects will improve the link between service aspirations and corporate objectives and put in place a thorough methodology for target setting and measuring outputs and outcomes. Whilst all of this exists at the moment this new approach will give it a robust framework. The council is using the Gateway Review process for the 'back-office' project to provide assurance that it can progress successfully to the next stage (see Case Study 8).

An example of this project management approach is included at Appendix 9 which deals with the back office accommodation. Of particular note is the establishment of objectives and risks at the outset and the requirement for evaluation after completion of the scheme.

## **Capital Programme**

To facilitate long term planning, in 2004 the Council adopted a five year rolling capital programme with full approval being given to schemes in the first two years. However for 2005 the budget was only set for the following year, 2005/06. This was because of the dependency of the future capital programme on the accommodation review. Once the outcome of this review is clear a forward capital programme will be re-established.

The five year rolling programme will be reviewed every year in order to add schemes to the programme to reflect funding opportunities and changes in priorities.

Pressures on capital spending arise from a number of areas but most notably from Best Value reviews. On housing, for example, where the council recognises the need to invest further. The Corporate Plan commits to providing a minimum of 20 additional affordable housing units per year. This will be achieved through a combination of section 106 agreements, the contribution of land or direct investment where applicable.

In addition to the Council's commitment to the Disabled Facilities Grant and the Housing Renewal Grant expenditure, investigations are currently taking place into a loan system to help bring empty properties back into use.

The poor condition of many council buildings allied to the requirements of the Disability Discrimination Act also influenced the prioritisation of schemes resulting in the inclusion of some projects within the capital programme. For example, providing disabled changing facilities at Kirkham Baths.

The Capital Strategy also has regard to the Procurement Strategy.

### **The Procurement Strategy 2003/08**

Effective procurement is seen as essential to the success of every service across the Council and as such has become a crucial strategic cross cutting corporate function.

The Council has adopted a procurement strategy that will be delivered by the Management Team arising from a best value review of procurement and contract management. The Council has recognised the diversity of procurement options and at the highest level is working with partners from all sectors on establishing the options for entering into strategic partnerships across a number of services. A partnership agreement has been set up between Blackpool and Fylde to deliver the revenues and benefits services together. Several other smaller scale arrangements are in place with Blackpool and Wyre councils.

Members have recently approved further work on the possibility of establishing a leisure trust. The findings of the report have been approved by the Executive Committee and the Cultural Services Manager will be implementing all the recommendations in 2005/06 including trust status for several facilities. Partnering arrangements are also being set up to introduce a 'smartcard' facility in line with the national priority outcomes under IEG.

A copy of the Procurement Strategy is included at Appendix 10.

An e-procurement element has been included in the overall Procurement Strategy and is an important strand of the IEG delivery. There are several e-procurement systems already in place including e-pay, e-order and some simple e-tender solutions. The move to a fully procure to pay e-solution with on line catalogues, e-auctions and a paperless process is planned as part of the IEG priority outcomes. E-solutions will also be used to support more effective joint procurement working closely with the Centre of Excellence. A number of officers now use electronic purchase cards.

### **Alternative Capital Funding**

The Council has no current proposals to make use of alternative funding options, such as PPP/PFI for its capital schemes. As part of the back office project such opportunities will be incorporated in the option appraisal consideration.

### **Bidding for External Funds**

The Council recognises the importance of attracting 'new money' into the Borough and supports, wherever possible, match funding requests.

When identifying and planning new schemes the Council will try to maximise all external sources of finance without reducing the effectiveness of the scheme.

In respect of Disabled Facilities Grants the Council propose to maximise the subsidy from Government by committing extra Council resources funded from the increased right to buy receipts.

### **Case Study 1 – St Annes Town Centre Regeneration**

St Annes on Sea was developed as a garden town from 1875. During the early 20<sup>th</sup> century the shopping centre was renowned as one of the most fashionable in the north of England.

Changing patterns of tourism, out of town shopping and demographic change has lead to significant regeneration challenges. An extensive survey of businesses and residents in 1998 and a public exhibition in 1999 identified the need to improve the street scene; shop fronts and public realm as a means of improving business confidence and attracting inward investment. Of critical importance, was and remains the fact that the economy of the town centre relies heavily on tourism spend. Consequently, the quality of the resort offer, especially from the point of view of its environment and the associated attractions, is seen as critical as a means of achieving regeneration and thereafter sustaining the vitality and vitality of the resort of St. Annes on Sea.

In line with the Corporate Objectives (particularly the environment and local economy), national agendas to reverse urban decline and in partnership with the Lancashire Tourism Partnership, English Heritage, the North West Development Agency, Lancashire County Developments Limited, Heritage Lottery and local businesses, the Council embarked on a regeneration scheme.

The regeneration of the resort of St. Annes is based on an action plan prepared by the St Annes on Sea Regeneration Partnership and is mid way through a ten year programme of resort renewal. The total public sector investment is costed at c£10m and this will attract two or three times that amount in private sector investment. The St. Annes on Sea Partnership is to be re-profiled to take forward the 'Classic Resort' proposals (see Case Study 3) and public sector funding is being sought from a variety of sources to take this concept forward.

The work is being carried out in a number of phases, based on an action plan which contain specific project areas and a range of performance indicators, which are being employed to measure its success. The focus of the investment to date has been within St. Annes Square, Wood Street and through the conservation area building renovation programme. Some of the key performance measures include:-

Business confidence:	Up by 80%.
Empty shops:	Reduced from 12 to 3.
Council investment:	£600,000
Partner investment:	£3,000,000
Private investment:	£6,000,000

The Council's Urban Design and Regeneration Unit have been extremely successful in securing external funding, having demonstrated the existence of local economic problems in St Annes and through linking the need for regeneration with the regional objectives of seaside

resort renewal. The unit is now embarking on the preparation of a strategy for the town of Kirkham and for some of the rural areas of the borough. A strategy is also planned for Lytham and Ansdell as part of an on-going programme. In the case of Lytham, negotiated planning gain will result in public realm improvements within the Station Road area of the town centre.

### **Case Study 2 – Ashton Gardens**

Fylde Borough Council has applied to the Heritage Lottery Fund (HLF) under the Public Parks Initiative for financial support to restore Ashton Gardens a Grade II listed Gardens on English Heritages Register of Parks and Gardens of special Historic Interest.

The Heritage Lottery Fund is an organisation that provides funding for the restoration of historically important sites to a high standard. The HLF seek to restore the historical elements of the gardens that may have either been lost or deteriorated over the years.

The project aims to restore the fabric of the park and its structures such that the formative character and quality, still in evidence, is re established in detail and managed to sustain a high quality of restoration and maintenance.

Restoration proposals include the re-siting and restoration of the Ashton Institute as a high quality Tea Room, creation of a paved courtyard fronting Ashton Institute, exterior restoration of the entrance gate lodges on Garden Street, restoration and replacement of gates and railings on the main entrances, restoration of the war memorial, footpaths, bridges and soft landscape elements within the gardens. The project will also see the play area enlarged and revamped with a future phase to create a display glasshouse.

If the bid is successful it is envisaged that work could commence within 2 years.

### **Case Study 3 – St Annes “Classic Resort”**

The Classic Resort Concept emerged from a study commissioned by the Northwest Regional Development Agency, assessing the future prospects of the coastal resorts of the north west region. St. Annes was identified as a smaller resort, which was seen as having the potential as being a ‘regional gem’.

The concept of a ‘classic resort’ emerged from the report now formally adopted in the Coastal Resort Strategy of the NWDA. The idea – which is what it represents at the present time – is aimed at recognising certain resorts which offer very high quality standards in respect of certain ‘brand values’ including heritage, quality of environment, hotels, food and beverage, shopping and culture.

The report recognises that none of the coastal resorts of the region presently meet the envisaged standards although the precise standards have not been defined. However, on reaching the appropriate classic resort standards –whatever they turn out to be– the resort would achieve a hallmark or accolade, which would then be used as a recognised measure of resort quality standards. This ‘recognition’ would be a powerful marketing tool.

It is further suggested that this initiative could have a national or even international dimension.



The regeneration section is now pioneering the practical implementation of the Classic Resort model. It is enlisting the support of the Regional Development Agency and a bid for substantial further funding would help to achieve the classic resort vision. The Unit is also working with other funding partners and the initiative is recognised in a number of regional and sub regional strategies. The initiative has wide ranging cross-cutting implications and the Lancashire and Blackpool Tourism Board will be a major player in helping to develop some of the brand value standards. The Council is likely to partner Southport on developing the concept and is enlisting the assistance of other 'Beacon Council's' in the field of tourism development. This will offer important opportunities for information exchange on this key tourism initiative and in this regard the British Resorts Association will be invited to assist in the process.

The urban design concepts are being dealt with by the regeneration section within the framework of a soon-to-be re-formed partnership, comprising all the key stakeholders within the town centre resort area. The Local Strategic Partnership is fully supportive of the initiative and has funded a project officer to help develop the concept further.

This initiative has far reaching implications, not only in terms of a regional and national dimension but also in forming the basis of significant additional external funding. This is an important aspect of achieving the ambition of the Council and it's strategic and local partners of creating and sustaining a modern, vibrant and economically successful resort. The classic resort initiative will necessitate corporate, collaborative working within the Council and might involve new methods of service delivery, relative to the delivery of the brand value standards, as the initiative develops.

### **Working with Partners**

The Authority recognises that there are many services where joint procurement or joint delivery has scope to secure economies of scale, as well as providing users with a more seamless service.

Within the current property portfolio there exist examples of shared use with other organisations. For example Lytham Library Case Study 7. The CPO will assess additional options for shared use when undertaking the property reviews.

Partnerships are currently being explored with neighbouring authorities particularly with a view to achieving the E-Government target of ensuring the effective use of technology in the delivery of services.

#### **Case Study 4 - Market Towns Health Check**

The Market Towns Health Check is a Countryside Agency scheme funded and supported by Lancashire County Council and implemented by Fylde Borough Council.

Wide ranging consultation including the Fylde Primary Care Trust, parish council, local businesses, the Lancashire branch of the Campaign for the Protection of Rural England, local schools, local

interest groups and local people led to the establishment of the Kirkham & Rural Fylde Partnership.

A number of specific projects were identified by the Partnership including refurbishment of the town centre and the establishment of a Chamber of Trade. The Partnership has established a steering group tasked with creating action plans to drive initiatives forward. The plans will include timescales and funding opportunities.

Residents are invited to continue to make their views known and the published document will be updated and revised on an ongoing basis.

The Council is also working in partnership with Wyre for the joint commissioning of an improved refuse collection and cleansing service and as a result of a best value review successfully implemented a three stream waste collection service to minimise waste and which involved substantial investment by the Council. This partnership approach has led to the Council achieving the best recycling rate in the North West and a National Recycling Award.

In support of partnership working the Council has established the Fylde Local Strategic Partnership. A draft structure is included at Appendix 11 setting out the members, the terms of reference and their responsibilities.

The six crosscutting themes identified by the Fylde Local Strategic Partnership envisage a borough which:

- Values everyone in the Community
- Promotes enterprise and employment
- Promotes safer communities
- Promotes health and social wellbeing
- Protects and enhances the environment
- Values and promotes lifelong learning

The Council is also the lead body in the Fylde Community Safety Partnership whose primary aim is to reduce the level of crime and disorder in the area meeting a key aspect of the Councils corporate objectives and a major concern of the community.

Following the large scale voluntary transfer of the Council's housing stock in October, 2000, the Council made clear its intention "to support New Fylde Housing and other social housing providers in the Fylde Borough Council area with enough money to help build around 100 additional rented homes over the five years following the transfer". Fifty two additional homes were provided by 2003 but the Community Plan objectives now proposes to increase this provision to 20 houses per annum.

It is envisaged that recently introduced planning policies will significantly contribute to delivering affordable housing. This policy will also apply to Council owned surplus sites such as the Town Hall following the development of the new back office.

## **Consultation**

Consultation is supported and promoted throughout the authority and this is evidenced by the inclusion of a specific section within the service planning document and the establishment of the Consultation Co-ordination Group (CCG).

A schedule of the strategy documents service by service is included at Appendix 18. The schedule includes brief details of the method of consultation, its timetable, purpose and relevance to the Community and Corporate Plans.

In 2004 the Council joined with partner organisations to find out how well it communicates with “hard to reach” customers. With support from the Improvement and Development Agency the Council held a series of focus groups to find out what local residents think about Equality and Diversity. Local people including representatives of the voluntary and community sector were invited to speak about the provision of access to services and their experiences of communicating with the council.

Two sessions were held after the Comprehensive Performance Assessment highlighted the need for the Council to improve the way it engages with local people. All groups spoke about the need for a more integrated approach to service provision that should break down the perceived divide between the boroughs rural and urban areas.

More recently in August 2005 the Council received judgement on its ‘Access to Services’ inspection by the Audit Commission who rated the council to be fair but with promising prospects for improvement.

### **Case Study 5 - One Stop Shop to achieving better Customer Service**

In March 2005 the first of two new “One Stop Shops” opened at the Public Offices in St Annes. The second opened in April based in the Council’s cash offices in Kirkham, which also provides accommodation for CAB.

The purpose is to improve face to face contact with customers. Each will incorporate a meet and greet area, a consultation area and meeting rooms. Several customer care specialists have been recruited and trained to equip them with the knowledge to answer a wide range of questions about the Council and the services it offers. This training is supported by IT which will allow the staff to access all council services.

Following from “The Fylde Vision” as set out in the Corporate Plan the purpose is to deal with the majority of customer enquiries at the first point of contact rather than see them passed from one department to another.

The visions and aspirations of residents of Fylde play an important part in the Councils’ investment criteria and the Council works closely with Parish Councils to achieve this aim providing financial support where necessary.

The Council holds an annual Listening Day with the primary objective being to create an awareness within the community of the Council’s role in developing and improving local services that meet their needs. The event presents an opportunity for customers to have their say on the services they pay for. One of the core principles underpinning Best Value is to meet identified customer needs and the feedback from Listening Day helps to establish what the customer wants from the services delivered and ultimately informs the corporate and community objectives. The Council also carried out the compulsory General Household Survey and the findings are being used to inform Best Value Reviews and service delivery objectives.

As part of “Local Democracy Week” in January the Council produced a questionnaire which sought to canvas the views of residents about their views on local services, areas requiring improvement, safety and engagement. This included a questionnaire which has helped to shape the opening hours of the two new One Stop Shops.

In March 2004 the results of the CPA Inspection were published and have been used to drive the agenda for improvement at the Council. The council was judged as being “weak” at the time of the inspection in November 2003. A summary of the CPA judgements can be found in the Corporate Performance Statement at Appendix 4.

Internal consultation is also seen as important and the Council has carried out an extensive employee survey that will be repeated in order to obtain valuable feedback from the employees who deliver the services.

### **Case Study 6 – Information kiosks**

During the summer the Council have installed several information kiosks at key locations across the borough. These will provide residents and visitors with free access to the internet including the Council website.

The locations include both One Stop Shops, Morrisons Kirkham and the YMCA in St Annes.

The initiative combined with the Council's on line payment facilities means you could go to the gym on a Sunday afternoon, pay your council tax and e-mail your local councillor.

## **The Future**

Traditionally, the capital programme has been influenced by the available funding sources such as credit approvals and specified capital grants e.g. Disabled Facilities Grants. Following the large scale voluntary transfer of the Council's housing stock and the proposed introduction of the new capital finance system, supported by the prudential code it is recognised that the focus for future capital investment needs to be clearly established by the Council.

The crucial starting point is the setting of corporate objectives that are supported across the authority and have been agreed in a democratic and transparent manner – the Corporate Plan.

The MTFS is the Council's aim to look beyond the immediate future with its capital programme for the financial year's 2007/08 to 2011/12 with investment being driven by a clear vision of the future of the area and a realistic strategy for getting there.

Identifying appropriate methods of financing future years' investment plans is an important part of any capital strategy. A key aim of the property review process currently being undertaken is the identification of surplus and/or under performing assets allowing disposal wherever appropriate. Receipts from any subsequent disposals will then be available to support future capital investment.

The prioritisation process and project management approach will be consistently applied across the authority to ensure that the Council remains focused on the Corporate Objectives.

### Ranking of Capital bids against Corporate Criteria

Finance Ref.		Suggested Rank	2006/07 £	2007/08 £	2008/09 £	2009/10 £	2010/11 £
<b><u>New Capital Schemes</u></b>							
A6	Disabled Facilities Grants Programme	A	490,000	490,000	490,000	490,000	490,000
A5	Private Home Improvement Grants	A	600,000	600,000	600,000	600,000	600,000
A10	St Annes Classic Resorts Programme	C	100,000	150,000	150,000	0	0
A7	Regenerate Market Square Lytham	C	66,550	100,000	0	0	0
A4	New Access Road to Burial Sites	C	30,000	0	0	0	0
<b><u>Operational Capital Schemes</u></b>							
B1	Kirkham War Memorial - Repairs	A	100,000	60,000	40,000	0	0
B5	Improvements to Cemetary and Crematorium	A				800,000	0
B6	Hot Face Reline - No.2 Cremator	A	15,000	0	0	0	0
B12	Pumping Station Refurbishment Programme	A	30,000	0	0	0	0
Parish Bid	Singleton Play Area	B	15,000	0	0	0	0
Parish Bid	Singleton Village Hall	B	50,000	0	0	0	0
Parish Bid	Newton recreational equipment	B	5,250	5,250	5,250	0	0
Parish Bid	Newton with Clifton - William Pickles Park	B	5,000	5,000	5,000	0	0
Parish Bid	Kirkham Memorial Gardens	B	50,000	0	0	0	0
Parish Bid	Elswick Village Green	B	20,000	0	0	0	0
Parish Bid	Refurish Warton Sports Pavilion	B	75,000	0	0	0	0
Parish Bid	Replacement Portakabin - Treasles R & W Parish	B	25,000	0	0	0	0
Parish Bid	Freckleton Community Centre	B	120,000	0	0	0	0
B2	Cemetary and Crematorium Footpaths and Roads	B	20,000	5,000	5,000	0	0
B11	Car Park Improvement Programme	B	70,000	70,000	70,000	0	0
B9	Repairs to Pond at Lowther Gardens	C	10,000	0	0	0	0
A1	Replacement of Triple Mower	C	25,120	0	0	0	0
A2	Replacement of Mini Tractor	C	15,000	0	0	0	0
B15	Replace playgorund fencing (Lowther & Lansdown)	C	13,120	0	0	0	0
B4	Rolling programme of footpath repairs	C	100,000	15,000	15,000	0	0
C8	St Annes Prom-lighting improvements	C	32,000	32,000	0	0	0

#### **Total Capital Bids**

2,082,040	1,532,250	1,380,250	1,890,000	1,090,000
7,974,540				

### **Current Commitments**

2005/06	Heritage Restoration of Ashton Gardens	60,000	645,100	645,100	645,100	0
2004/05	Youth Shelter Strategy	16,000	0	0	0	0

#### **Total Current Commitments**

76,000	645,100	645,100	645,100	0
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Note: Ashton Gardens is dependent on the lottery bid for 75% of the total project cost. The remaining amount has already been received from the sale of land.

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
FINANCE	CABINET	15 <sup>TH</sup> NOVEMBER	

## MEDIUM TERM FINANCIAL STRATEGY 2007/2012

### Public Item

#### Summary

This report updates the Medium Term Financial Strategy and highlights the financial pressures which the authority faces in providing quality services within the finances likely to be available over the next five years. To ensure that the finances of the Authority continue to be stable it is important that the Council ensures the effective implementation of a robust efficiency/value for money programme.

#### Recommendations

1. That members approve the Medium Term Financial Strategy, noting the financial position as outlined in the report and the way forward to ensure a sustainable financial future.

#### Cabinet Portfolio

The item falls within the following Cabinet portfolio: Finance and Efficiency : Cllr P Rigby

#### Report

#### Medium Term Financial Strategy

- 1.1 The Medium Term Financial Plan has been developed through a process involving:
  - an assessment of service priorities, based on local priorities drawn from the Community Strategy and national shared priorities, all reflected in the Councils Corporate Plan.
  - An understanding of service needs and pressures
  - The ability of the Council to fund its priorities from available resources
  - The need to maintain a focus on cost efficiency and value for money
- 1.2 The Councils approach to medium term financial planning aims to summarise the financial context within which it is working and provide a stable financial framework for the period of the plan. It also helps to identify and address new statutory requirements, known financial

pressures and new government initiatives and ensure that financial resources are made available to deliver our future strategic priorities.

- 1.3 The purpose of this medium-term financial strategy is to review the potential budget implications of current spending patterns, anticipate and plan for future budget pressures, to review the potential resources available to the Council over the next five years to meet its spending requirements, to review the policy over the level of reserves held by the Council and consider the implications of this information on the levels of Council Tax.
- 1.4 A key objective of the Medium Term Financial Plan is to make it clear how we link budgets to policies and decide how to allocate financial resources effectively to areas of most need, taking account of the priority for spending and investment, and the views of our residents and customers

## **2 Alignment to Corporate Priorities and Policies**

- 2.1 The Council has set a series of priorities and objectives within its Corporate Plan relating to:  
-

- To improve the local environment,
- To tackle crime and the fear of crime,
- To promote a strong economy and quality jobs,
- To secure the health and wellbeing of everyone, and
- Delivering high quality, value for money services.

If the Council's commitments under the approved Community Plan are to be delivered, then these corporate priorities have to be met.

- 2.2 The Council cannot however do everything it wants to, nor can it meet all of the expectations of its partners and customers as it is restricted by the amount of money it has available to spend on services. The Council must therefore prioritise its spending to best meet its overall aims and objectives, as contained in the Corporate Plan.
- 2.3 The corporate plan identifies the key activities that the Council will take to achieve the plan and identifies the budgetary implications which are built into the medium term financial strategy. The Council can demonstrate that to achieve its corporate priorities it has invested significant amounts in priority areas including recycling initiatives, with the result that it is one of the leading authorities in the country, and housing in line with the corporate plan and housing strategy.
- 2.4 Spending proposals are also closely linked to service plans, which contain details of service priorities in line with the corporate plan.
- 2.5 New schemes requiring revenue funding are considered by a member task group who rank schemes against the Councils corporate priorities and consider the financial implications. The results are then considered by the Performance Improvement Community Forum prior to being submitted to the Cabinet for overall consideration as part of the annual budget process.

## **3 Revenue Projections**

- 3.1 Overall the financial strategy is to reach a financial position where:
  - The budget supports the objectives and priorities of the Corporate Plan
  - Annual expenditure is matched by annual income
  - There is no reliance on the use of balances in the budget
  - No more than inflationary council tax increases year on year.
  - The maintenance of adequate reserves



- Income is maximised by charging market rates taking into account council policy
- Joint working opportunities are maximised
- Value for money is maximised including the achievement of Gershon efficiency savings and is used as the vehicle to improve efficiency and help balance the budget.

3.2 Looking forward, Table 1 illustrates the projected net borough budget requirement and the budget gap between income and expenditure over the next five years. The starting point for the projections is the current 2006/07 budget for which each cost centre budget is clearly identified to the high level budget manager within the budget book. This projection also takes account of the 2005/06 revenue out-turn and is based on the following main assumptions:

**Table 1 – £'000s**

	2007/08	2008/09	2009/10	2010/11	2011/12
Net Borough Budget Requirement	11,034	11,505	11,965	12,297	12,589
Less Council Tax	4,800	5,059	5,329	5,611	5,906
Less Govt Grant	5,456	5,591	5,731	5,876	6,023
<b>Budget Gap</b>	<b>778</b>	<b>855</b>	<b>905</b>	<b>810</b>	<b>660</b>

- Pay and price inflation will continue at 2.5% per annum over period 2007/08 – 2010/11.
- Council Tax annual increases of 4.9% per year
- Energy costs to rise 10%
- Income will continue to be maintained at 2006/07 levels plus an inflationary increase of 3% per annum.
- The ongoing job evaluation exercise due to be completed later this year will increase payroll costs by £300,000 (approx. 3% payroll costs).
- Repair and maintenance of Council buildings will continue to be made at 2006/07 levels.
- The Council will meet its efficiency target under the Gershon review. The year on year target is £270,000 to 2007/08 of which £135,000 must be direct cashable savings. For the purposes of these projections it is assumed that these targets remain over the term of the strategy and are achieved.
- As part of the 2006/2007 grant settlement, the Government provided details of the level of grant for 2007/08 and this figure is included in the forecast for that year. The Governments 2007 Spending Review will determine ongoing levels of support. For the purpose of this Strategy, it has been assumed that the level of formula grant for 2008/09 and 2009/10, will be equivalent to the level of grant received for 2007/08 inflated by 2.5% per annum.

3.3 This strategy is produced to be consistent with and include the impact of other significant strategies and plans in the Authority which include the following:

- Corporate Plan
- Community Plan
- Procurement Strategy
- IT Strategy
- Human Resource Strategy
- Capital Strategy
- Asset Management Plan
- Treasury Management Strategy

3.4 The deficit position indicated at table 1 was highlighted in the budget reports presented to Cabinet and the Council in February as part of the 2006/07 budget setting process. The reasons for the deficit are

- one-off actions taken to balance the 2006/07 budget.
- the capitalisation of some of the salaries of the regeneration team in 2006/07 which may only be continued after the completion of the St Annes scheme if work on the 'classic resort' starts.
- a reduction in investment income and the take on of debt costs as capital receipts are run down through expenditure on the capital programme and borrowing is used to finance the capital programme in future.
- The reduction in housing benefit administration grant paid to Fylde by the Government to deliver a benefits service. This reduces by £57,000 in 2007/08 and by a further £12,000 in following years.
- revenue growth pressures including the implementation of job evaluation in 2007/08.

### **3.5 Revenue Growth Pressures**

#### **- Job Evaluation**

Estimates of the impact of job evaluation vary greatly and it is therefore difficult to predict the likely increase in costs. For the purposes of these projections a figure of 3% of payroll costs has been included.

#### **- Employers pension contributions**

As a result of the last actuarial valuation carried out at the 31 March 2004 the Councils employer contributions, for the staff who currently work for the council, have been increased from 9.8% to 15.1%. Instead of one large increase in the current year, the regulations allow the increase to be phased in over three years resulting in an increase of approximately £90,000 in 2007/08. To be prudent it is assumed that further increases in employer contributions will be required in future years.

#### **- Concessionary Travel**

The costs associated with the implementation of free bus travel within Fylde are currently estimated to be £200,000 more than the budget. The budget was based on the figures of the consultants employed by Lancashire County Council but these have proved woefully inaccurate. The Lancashire Chief Financial Officers group is currently reviewing the situation with a view to reducing the impact of these increasing costs. While it is hoped that costs can be brought back to the current budget for future years a figure of £100,000 has been added to the budget for future years to cover any excess on the current scheme and any shortfall in government funding when the scheme goes free nationally in April 2008.

#### **- Community Projects Fund/Rural Economic Prosperity Fund**

Both of these initiatives have been highlighted by members and in the corporate plan for further action and investment from 2007/08

#### **- Coastal Defences/Young Peoples Facilities/Regional Planning Fund**

In accordance with the corporate plan budget provision has been made for these items from 2008/09 onwards.

#### **- Contingency**

In accordance with past experience a contingency for unforeseen expenditure has been included at £50,000 for 2006/07 and £100,000 for future years.

## **Options**

3.6. Put simply the options to balance the budget are to:

- produce efficiency savings.
- raise more income from fees and charges and the council tax. Council policy is to charge market rates and this will be applied during the forthcoming budget process. It is likely that council tax increases will be capped again next year at 5%.
- stop doing things which aren't a priority.
- address equitable taxation – the effect of an equitable taxation budget is being developed in tandem with the normal budget.

### **Efficiency Savings**

- 3.7 Given the significant demands and pressures on the revenue budget, the need to rigorously identify and pursue efficiency savings is essential to enable a sustainable budget to be maintained over the medium term.
- 3.8 The Councils strategy for achieving value for money and efficiency gains is outlined at appendix 1 and is expected to play the key role in helping to release the required resources to balance the budget and allow future growth and investment in services. The Council has developed a value for money, management action plan to support these aims. However many of the outcomes will not be achieved in the short term and this is addressed through the recommended creation of a budget support reserve at para 5.5

### **Risk Assessment**

- 3.9 An assessment of the risks associated with the medium term financial strategy is included at appendix 2. This includes the controls and processes in place to control and monitor them.

## **4 Capital Spending**

- 4.1 Capital expenditure is a strategic investment involving major expenditure on fixed assets that provide benefits to the Council and the services it provides for more than one year. It is therefore essential that this type of expenditure is properly planned and to this end Fylde currently has an approved capital strategy and asset management plan which provides guidance on capital investment. This includes a process whereby all proposed schemes are ranked by members on their ability to help the council meet its objectives.
- 4.2 The Council uses capital resources in accordance with the following key principles:
- Resources are directed towards achieving the Councils vision and priorities.
  - All potential sources of external grant funding will be explored in resourcing priorities.
  - Alternative approaches to procurement such as partnering will be considered.
  - Spending represents value for money and all resource implications have been taken into account to ensure that the project is both affordable and sustainable.

### **PRESSURES**

- 4.3 The pressures on capital spending arise from a number of areas but most notably from the housing strategy where the council recognises the need to invest further and also the poor condition of many council buildings and assets, allied to the requirements of the Disability Discrimination Act. Significant investment has now been made in these areas and the

Council is finalising plans to develop the current Town Hall site to provide new office accommodation for staff as well as improved civic facilities. It is intended that the revenue effect of the development will be neutral with funding coming primarily from the sale of council assets and the letting of the Wesham offices. The corporate plan also identifies a number of areas requiring capital investment in the future including coastal defence work, improved facilities for younger people and commitment to developing the classic resort concept for St Annes.

- 4.4 Essential works on the crematorium programmed for 2009/10, with a value of £800,000 will be financed by a leasing arrangement, rather than being reliant on the use of capital receipts or borrowing. Fees will be increased at that time to cover the repayment of the leasing charges. The effect of this investment is not expected to fall on the revenue budget until 2010/11 financial year.
- 4.5 In accordance with the capital strategy the council approved a 5-year rolling capital programme starting in 2006/07 which is summarised in the table below. Since then there has been a commitment in the corporate plan to develop the classic resort concept and the capital forward projections have been updated to reflect this and other commitments in the corporate plan.

#### FUNDING

	06/07	07/08	08/09	09/10	10/11
	£'000	£'000	£'000	£'000	£'000
<b>Capital Programme</b>	1,048	1213	1443	1303	1103
<b>Funding:</b>					
Right to Buy Receipts	150	100	50	0	0
Target Asset Sales	100	100	100	100	100
Govt Grant					
- Disabled Facilities Grants	285	285	285	285	285
- Housing Grant	428	428	428	428	428
- Borrowing	85	300	580	400	290

- 4.6 The funding shows that there is a requirement to borrow year on year which could be reduced if asset sales are increased. The cost of the capital programme is the cost of borrowing which falls on the revenue account and is effectively funded by the taxpayer. The costs identified have been built into the revenue projections.

#### Cost of the Capital Programme

Year	06/07	07/08	08/09	09/10	10/11
Funding:	£	£	£	£	£
Cumulative Borrowing Costs	7,650	34,650	55,350	91,350	117,450

### 5 Earmarked Reserves and General Balances

- 5.1 Reserves and balances are held for three main purposes:
- a working balance to help cushion the effect of uneven cash flows and to avoid unnecessary temporary borrowing.
  - A contingency to cushion the impact of unexpected events or emergencies
  - A means of building up funds, often referred to as earmarked reserves to meet known or predicted liabilities
- 5.2 The Council currently has a policy of using general fund balances in excess of the minimum requirement to be used if necessary to balance the budget in the short term with a view to achieving the ultimate goal of being able to produce a balanced budget without the need to use any reserves or balances. If the balance falls below the recommended level it will need to be topped up from the general fund revenue account. The current recommended

minimum level for general fund balances is £500,000 and at 31 March 2006 there was a balance of £1,097,000, an excess of £597,000.

- 5.3 The current minimum general fund balance is based on the CPA recommendation that balances should be at least equivalent to 5% of the net revenue budget plus the authority's Bellwin threshold for meeting expenditure in an emergency situation. Based upon this, the minimum level of balances to be maintained in 2007/08 is £530,000. This level is also judged to be in accordance with the risk management strategy and the corporate risks currently identified and managed through the risk management group. Against this the Council currently has challenges with the concessionary travel scheme and lower than expected income levels in planning. Action is being taken to minimise the effects but until the out-turn position for 2006/07 is known with more certainty it is recommended that the current level of balances be retained.
- 5.4 The level of earmarked reserves held by the Council at 31 March 2006 was £2,192,000 including £625,000 from developers for affordable housing. It is recommended that the total level of earmarked reserves should not exceed 20% of the Council's net budget excluding capital reserves or reserves generated from external sources and that they should not be used to support items of recurring expenditure without a plan to finance such expenditure in the long term, nor be over committed.
- 5.5 The Council currently holds £325,000 in a housing benefits reserve to cover the effect of any variation in levels of housing subsidy as a result of the new funding arrangements, the effects of which were uncertain. The audit of the Fylde subsidy claim is due to be completed by Christmas and if there are no alterations it is recommended that this reserve be redesignated as a budget support fund. This reserve could be used in the short term to support the budget position until efficiencies are delivered to balance the budget, either directly or by funding investment to save opportunities. It is further recommended that it be combined with the investment to save reserve of £50,000.
- 5.6 There are also a number of historical departmental reserves which are no longer earmarked for a specific purpose. They total £28,000 and it is recommended that they, also, be amalgamated with the new budget support reserve.
- 5.7 The organisational development reserve essentially serves the same purpose as the modernisation reserve and is adequately funded at £200,000. It is therefore recommended that the balance on the modernisation reserve of £118,450 be added to the budget support reserve. This would give a total of £521,450, subject to a clean audit bill of health on the housing subsidy claim.

## **6 Conclusion**

- 6.1 The Council will continue to face strong financial pressures over the next five years. The effect of these pressures is being addressed now through the efficiency/value for money programme. This process needs to be developed to continue as the cornerstone of the Council's financial strategy to enable it to move forward and meet the corporate and community plans in future. In the meantime the creation of the budget support reserve will help to alleviate budget pressures over the next few years.

Implications	
Finance	As above
Legal	
Community Safety	
Human Rights and Equalities	
Sustainability	
Health & Safety and Risk Management	A risk assessment of the financial projections is included

Report Author	Tel	Date	Doc ID
Brian White	(01253) 658566	Oct 06	MTFS

List of Background Papers		
Name of document	Date	Where available for inspection
Corporate Plan, Capital Strategy, Treasury Management Strategy, Procurement Strategy, IT Strategy, HR Strategy Revenue 5 Year detailed projections.	Oct 06	Town Hall, St Annes

#### Attached documents

## RISK ASSESSMENT

## Appendix 2

Risk	Likelihood	Impact	Control	Review	Responsibility	Reports to
The assumptions contributing to the Financial Strategy prove to be incorrect.	Low/Medium	Medium	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast	Ongoing	Accountancy Services Manager/Exec Manager-Finance	Management Team, Business Units, Cabinet and Council
Spending exceeds budget.	Low	High	Regular budgetary monitoring reports. Updates to medium term financial strategy	Monthly As needed	Business Unit budget managers, Accountancy	Management Team, Business Units, Cabinet
Income levels not achieved in material areas-eg Car parking, Planning, Land Charges	Medium	High	Regular budgetary monitoring reports. Updates to medium term financial strategy	Monthly As needed	Business Unit Managers Accountancy	Management Team, Business Units Cabinet
Net benefits expenditure significantly different from budget with new funding regime	Low	High	New benefits regime, Assess implications of final subsidy claim for 2005/06.	Bi-annually for impact of subsidy claim	Benefits Manager, Exec Manager Finance	
Unforeseen spending	Low	Medium	Budget Monitoring. Adequate contingency reserve. Updates to medium term financial strategy	Monthly As needed	Business Unit Managers, Accountancy, Exec Manager-Finance	Management Team, Business Units Cabinet
Job Evaluation/Employee Costs	Medium	High	Ongoing monitoring of implementation of scheme and monitoring of employee costs.	Monthly as needed	Exec Manager-Finance, Budget managers, Cabinet	Management Team, Business Units Cabinet
New Schemes / Initiatives	Low	Medium	Review priorities. Assess effects on budget. Updates to medium term financial strategy	As needed	Business Unit Managers, Accountancy, Exec Manager-Finance	Management Team, Cabinet
Efficiency Savings or budget savings not achieved	Medium	High	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast	Ongoing	Business Unit Managers, Accountancy	Management Team, Cabinet
Changes to existing Government funding regimes e.g. RSG, Housing Benefits	Medium	High	Review service priorities, assess other funding opportunities, update medium term financial strategy	As Needed	ExecManager (Finance) and Service Business Units	Management Team, Cabinet and Council
Changes to the local government financial system as a result of the	Medium	High	Report due in 2006. Assess implications of proposals and	As Needed	Exec Manager (Finance)	Management Team, Cabinet

Lyons review			impact on medium term financial strategy			
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## **Strategy for Achieving Efficiency Gains**

The aim of securing efficiency gains is to reinvest cash savings and direct resources towards the achievement of both corporate and service specific objectives whilst, at the same time, seeking to minimise any increase in the level of council tax.

The Council has a strong track record of reviewing its spending in order to identify administrative and efficiency savings as a key element of the budget and tax setting process. A rolling five-year financial strategy forms the basis of the authority's forward financial planning which is linked to the achievement of key strategic objectives. This includes matching and aligning resources to key priority areas. The Council will improve efficiency by examining methods of raising productivity and enhancing value for money. The Council will follow closely best practice guidance in this field and will use a range of mechanisms to deliver its efficiency savings. Fylde's efficiency framework will make use of the following strategies to help achieve its efficiency targets.

### **Making effective use of opportunities for Partnering, Joint Working and Collaboration**

- The Council recognises that it cannot work in isolation to deliver the efficiencies required. It has already fostered strong working relationships in a range of service areas with partners such as Blackpool and Wyre Council.
- The Council will maintain and develop its partnership working arrangements with stakeholders to ensure that opportunities for joint service delivery arrangements are identified and pursued. Collaborative working, either internally or externally, to delivery efficiency gains will be supported.

### **Securing Efficiencies through the Council's Procurement Strategy**

- Effective procurement strategies, practices and procedures are expected to play a key part in the Council's strategy to achieve its efficiency targets.
- The Council will build on its procurement strategy working towards the National Procurement Guidelines and the National Procurement Strategy milestones.
- We will be targeting efficiency savings in appropriate categories of spend and exploring the full range of procurement tools including e-procurement.

### **Securing Efficiencies through the Council's E Government Strategy**

- The Council aims to transform services to make them more accessible, convenient, responsive and cost-effective. Investment is being made in web-based transactional services to increase and improve the effectiveness of interactions between residents and the Council.
- A range of other initiatives including a major programme of business transformation across all service areas will be developed.

### **Making effective use of Financial, Physical and Human Resources**

- The Council's cashable efficiency savings target has already been incorporated in the Council's medium term financial plan covering the period 2007-08 to 2011-12. In future planning rounds, service and financial planning will require a sharper focus on efficiency.
- The Council has a track record in managing its financial resources effectively and will strongly pursue practices to achieve and demonstrate value for money is being secured. The Council will ensure, through its financial strategy, that resources and investment are made available in targeted areas to secure the required improvements in service delivery, efficiency and effectiveness.
- The Council's physical assets will be maintained in accordance with the asset management plan and provision made in revenues and capital budgets for maintenance and investment programmes to ensure effective and efficient use of assets. The Council has an asset disposal strategy which will provide additional resources for investment in Council services.
- A strategic approach to the Council's use of human resources will be taken via improvements being considered in workforce planning and human resources policies and strategies.

### **Undertaking Service Reviews to drive improvements and efficiencies in service delivery**

- Service Reviews are expected to play a key part in challenging existing service provision and exploring alternative models of service delivery. The Council's Value For Money service improvement plan will be aiming to improve efficiency as well as effectiveness (outcomes).

### **Strengthening Performance Management and Monitoring Arrangements**

- The Council will continue to strengthen its performance management arrangements, which is key to securing efficiency gains. Sound programme and project management arrangements will be used that will apply to the delivery of performance improvement, e-government and major procurement projects.
- The Council has integrated efficiency within the existing corporate planning cycle and monitoring activities. This is key to checking performance outcomes, ensuring quality is not jeopardised and that efficiency milestones are met.
- A proper understanding of costs and quality of services will be needed for taking focused action. Robust information on the costs of each service area, including unit cost data, alongside performance data and quality measures will be established, monitored and developed over time to track progress.

In summary, the Council regards the efficiency agenda as a positive opportunity to reshape public services and improve outcomes for citizens. It will be working closely with its partners to take advantage of initiatives to secure efficiency savings. This includes utilising the Regional Centres of Excellence and using them as a vehicle for joint working and collaboration, accessing funds to support joint projects and utilising guidance and best practice with regards to identifying and measuring efficiencies.

# REPORT



REPORT OF	MEETING	DATE	ITEM NO
T&F GROUP LEADER – CLLR FABIAN WILSON	PERFORMANCE IMPROVEMENT SCRUTINY COMMITTEE	23 NOVEMBER 2006	6

## CUSTOMER SERVICES REVIEW

### Public Item

This item is for consideration in the public part of the meeting.

### Summary

Customer services was identified in a recent IDeA training session for Cabinet and Scrutiny Members as an area of concern which needed to be addressed as a priority through an in-depth review.

A Task and Finish Group was selected by the Performance Improvement Scrutiny Committee to undertake the review, within the terms of reference identified on the scoping document. The following report summarises the investigations so far and makes interim recommendations. (The Terms of Reference for the Task & Finish Group are attached at Appendix 1.)

Throughout this review it has been recognised that customer contact centre staff are already working to near-capacity, and it is felt that further and continual improvement can only be achieved by adopting a number (or all) of the recommendations contained within this report.

## Recommendations

- 1) To consider the employment of one additional staff in the contact centre – additionally to consider whether remote working should be investigated as a possible resolution to accommodation issues
- 2) To consider the use of a wider Scale than 3-5 currently used by Fylde
- 3) To consider purchasing a messaging system for the telephone service in the contact centre
- 4) To consider the use of Skill Routing for the customer contact centre to better utilise the skills of the staff
- 5) To consider increasing the provision of service-specific training for contact centre staff to underpin (4) above – or as a necessary stand-alone option
- 6) To consider the regularisation of meetings between contact centre manager and service managers to highlight and act upon issues affecting service provision
- 7) To consider establishing processes which ensure that at least one member of back-office staff in each department is always available to take calls from contact centre staff
- 8) To consider establishing processes which ensure that every service provides at least an annual timetable of actual or potential operational activities which could impact upon customer contact centre
- 9) To consider ways of fostering a sense of co-operation and unity between all Council departments, leading to optimal service delivery to the citizens of Fylde
- 10) To consider commissioning Business Process Re-engineering

## Cabinet Portfolio

The item falls within the following Cabinet portfolio:

**Customer Relations & Partnerships:** Councillor Albert Pounder

## Report

### Background

- 1 In taking up the in-depth review of Fylde Borough Council's Customer Services, the Task and Finish Group first needed to determine the purpose of these services for customers. What was expected of them? What were the terms of reference? Was the service designed to be the first point of contact for customers, with a remit to answer only the simple questions? Or, was the service designed to be the first point of contact for customers, with a remit to answer 80% of all customer queries? The determination of this first point would reflect the direction the review took.
- 2 The Council's corporate objectives state that Customer Services will answer 80% of all inquiries at first point of contact. Customer Services has thus become the window through which Fylde Borough Council is seen, and it has an important role to play in enhancing the authority's corporate image.

- 3 Having already provided this level of service for some time, the Task and Finish Group felt that withdrawing services from the customer contact centre's sphere of operations, or otherwise reducing the number of queries answered at first point of contact would be a retrograde step, and would unnecessarily diminish the contact centre's potential to deliver a first class service. Instead it was felt that the ideal would be to find a means to make the service more efficient, and to improve the public's perception of it.

## Interviews

- 4 The Task and Finish Group interviewed Officers and Staff of the two One Stop Shops in St. Annes and Kirkham, as well as sitting in on customer contact centre telephone calls.
- 5 They spoke with other departments of the Council (Planning, IT, Revenues and Benefits) to see how they integrated with Customer Services, and noted the issues expressed by the managers of these services.
- 6 Further, they visited the West Lancs Customer Service Centre, interviewing staff and the Customer Services Manager. They also interviewed by telephone Customer Service Managers at other authorities which are the statistical neighbours of Fylde Borough Council.
- 7 (The detail of these interviews was contained in the Appendices to the previous progress report to Performance Improvement Scrutiny Committee.)
- 8 Armed with this information, the Task and Finish Group formulated a series of recommendations, designed to help the Customer Service Centre in its goal of providing an excellent service for the residents of Fylde.

## Issues

### Resources (see recommendations 1 & 2)

- 9 It has become apparent that there are resource issues to be considered as regards Customer Services. **West Lancs** has a Call Centre staff of 16; **Arun** has a current Call Centre staff of 11.5, but this is increasing as they take on additional services; **Canterbury** has a Call Centre staff of 20, with an option of up to 30 for busier times (the extra 10 are part-time staff who work from home and can be called upon to absorb extra pressure at busy times).
- 10 **Fylde's** full staff is 15, but that includes the manager, supervisors and counter staff, including 3 full-time counter staff who are situated remotely from the call centre, at Kirkham.
- 11 Although all can answer phones, they are not always available because of other duties, including walk-in customers to Fylde Direct, the One Stop Shops. The upshot is that often there are only 4 staff actually dealing with phone calls, and less at lunch-times. Even with additional upgraded software systems, staff numbers may still be inadequate.

- 12 Employee scales are graded from Scale 3 to Scale 5, but Scale 5 is limited to supervisory staff; so advancement levels are primarily stalled at Scale 4, which could lead to loss of staff. The residual effect of staff loss is the need to train further staff, which takes time; the employment of further staff; and the loss of a pool of talent to other authorities. Each of the authorities that the Task and Finish Group interviewed had different Scales, with more opportunity for advancement.
- 13 FBC has recently purchased a piece of software which will allow the core system "Team Knowledge" to integrate with Streetscene's "Flare" software. The impact that this has will be monitored, but there seems little doubt that it will save time for the customer service advisors.

#### Abandoned Calls (see recommendation 3)

- 14 Abandoned calls at FBC are seen as a potential problem. Currently, only calls abandoned after one minute receive a return call from Customer Services staff. Targets are being met, but the question remains - do our customers feel that they have received the service they need and expect?
- 15 In speaking with other authorities, it is apparent that the abandoned call issue is dealt with in different ways. **West Lancs** has minimal abandoned calls, because they are only answering the simplest inquiries, and passing all other questions to back office Staff. Consequently the call handling time is significantly less than at FBC, and call centre staff are able to deal with more calls. Additionally, any caller in the queue is given the opportunity (up to 3 times) to leave a message, which receives a call-back within a few minutes.
- 16 **Canterbury**'s full complement of Call Centre staff means very few abandoned calls. They have a software system whereby part time staff can answer calls from home, during peak times.
- 17 **Arun** has a telephone system that accepts messages. They do not generally have abandoned calls, because their callers are able to leave a message after 20 seconds. All messages receive a return call.
- 18 There is no doubt that providing an option to the customer either to continue to hold or to leave a message after a short interval can dispense with the problem of abandoned calls. The software exists to make this a feature of Fylde's telephony system.

#### Skill Routing (see recommendations 4 & 5)

- 19 Both Arun and Canterbury use a method of Skill Routing to help them answer calls efficiently. Because Planning and Benefits can be quite complicated, it is not easy for Staff to have all the knowledge needed to answer questions. Two possible solutions are:
  - i) do not include Planning and/or Benefits within the Call Centre remit; or
  - ii) have specialist staff who understand Planning and/or Benefits and can receive those calls through Skill Routing.

- 20 Skill routing generally involves the purchase of software which enables the caller to indicate which service they require, and to be routed automatically to an available and appropriately skilled customer service assistant. This would achieve consistency of information given to customers, particularly in the more technically complex services. Clearly there would also be training issues to address.

Relationships (see recommendations 6, 7, 8 & 9)

- 21 The Task and Finish Group have found that it is most important that all departments of the Council feel that they are one team, working together for the benefit of the residents of Fylde. The customer contact centre can be an important component in helping to deliver an excellent service in Fylde. It is not a separate entity, but a useful tool for core services; one that can allow staff in those departments the freedom to do their job, without the constant interruptions that everyday public inquiries can bring.
- 22 It is the “hand-over” point between front and back office staff that can be key to whether the contact centre processes actually work to the benefit of the customer. If the process breaks down at this point then customers, who hate to be passed around an organisation, repeating their enquiry, will quickly come to a poor opinion of the service. It is these opinions which can be very hard to reverse.
- 23 Consequently it is vitally important that front and back office services should develop a shared understanding of priorities, and that adequate staffing is available to handle calls transferred to back office service specialists when call centre staff cannot answer an enquiry.
- 24 Some authorities have established regular meetings where the partners to the processes meet to discuss these issues. Some arrange that back office staff spend time in the call centre and customer service staff shadow back office staff for a day. Others use secondments
- 25 The officers and staff at Fylde Borough Council do a tremendous job. The Council works with a much smaller staff than almost any other authority, yet that staff accomplishes great results. The Customer Service Review seeks to find solutions that will facilitate an even smoother and more efficient running of Council services.

Business process reengineering (BPR) (see recommendation 10)

- 26 Other Councils that the Task & Finish Group interviewed have used BPR (also known as Business Transformation, or Process Change Management) as a tool both for setting up and improving their call centres. West Lancs have a continuous process of BPR, where they revisit back office service operations on a cyclical basis to identify where changes are necessary to improve the call centre experience for their customers.
- 27 Essentially, BPR is an approach that examines aspects of a business (or service) and its interactions, and attempts to streamline and improve the efficiency of the underlying processes. It is a fundamental and radical approach which can modify or eliminate activities which add no value to the process, and thereby create



efficiencies. It may be that FBC's customer contact centre can benefit from such an examination of its processes, in terms of its interaction with back office services

Implications	
Finance	None arising directly from this report
Legal	None arising directly from this report
Community Safety	None arising directly from this report
Human Rights and Equalities	None arising directly from this report
Sustainability	None arising directly from this report
Health & Safety and Risk Management	None arising directly from this report

Report Author	Tel	Date	Doc ID
Cllr Fabian Wilson	(01253) 658423	8 November 2006	Report – CS Review – November 06

List of Background Papers		
Name of document	Date	Where available for inspection

#### Attached documents

1. Appendix 1 - Terms of Reference

## Scoping Document – July 2006

<b>Review Topic</b> (name of Review)	Review of Customer Services - Call Centre and One Stop Shops
<b>Lead Member Review Group</b> (Cllrs involved)	Cllr Keith Hyde Task & Finish Group to be appointed
<b>Officer Support</b> (Scrutiny Review Officer lead)	Annie Womack (Senior Overview & Scrutiny Officer) Tracy Scholes (Overview and Scrutiny Manager) Paul Norris (Executive Manager Community & Cultural Services)
<b>Rationale</b> (key issues and/ or reason for doing the Review)	<p>This issue was highlighted as an area for concern and as a subject for in-depth scrutiny during a workshop run by the IDeA for Cabinet Members and Scrutiny Chairs and Vice-Chairs. Although customer satisfaction overall appears to be good, there are some performance problems which lead to service user complaints.</p> <p>This review will focus on the performance of customer services and in particular the call centre and one stop shops. It will look at the dynamics and processes between front and back office, customer service staff training needs, access problems for service users, resourcing and accommodation issues, and ways in which performance overall can be improved to reduce complaints and to ensure that residents of Fylde BC receive the best possible service.</p>
<b>Purpose of Review/Objective</b> (specify exactly what the Review should achieve)	<p>To consider the customer service strategies and how these link with services across the Council, including planning for cover in peak user periods</p> <p>To consider Key Performance Indicators and improvement targets, and the plans that are currently in place to achieve them</p> <p>To understand how customer services impacts our residents</p> <p>To consider how customer services can be improved, and in particular how the concerns raised by Members and the public can be addressed</p> <p>To consider how the relationship and communication between front-line and back office services can be improved</p> <p>To consider what role back office services should play in customer service functions</p>
<b>Indicators of Success</b> (what factors would tell you what a good Review should look like)	<p>Measurable improvement in the performance of customer service</p> <p>Increased customer satisfaction/fewer complaints</p> <p>Provision of better services overall to customers</p> <p>Improved communication and processes between customer services and back office services</p>

<b>Methodology/ Approach</b> (what types of enquiry will be used to gather evidence and why)	Mystery shopping Survey of public who have recently used call centre/one stop shop Survey of Members & other stakeholders' views of CS Follow-up in-depth interview with selected responders Benchmarking with/ visits to selected "CiPFA family" LAs Members to sit with call centre staff Detailed officer reports on key performance issues  <i>Any other method which may help the Task and Finish Group to achieve the Review's aims.</i>
<b>Specify Witnesses/ Experts</b> (who to see and when)	To be confirmed by Task & Finish Group, but to include customer services staff and managers, both here and in selected other Local Authorities
<b>Specify Evidence Sources for Documents</b> (which to look at)	Customer Services Strategy Customer Services Workplan Customer Services targets and PI's Customer Services working practices and procedures Customer Services Training Needs Analysis Results of recent surveys
<b>Specify Site Visits</b> (where and when)	To be selected as appropriate from neighbouring and CiPFA Family Group authorities, by Task and Finish Group
<b>Specify Evidence Sources for Views of Stakeholders</b> (consultation/ workshops/ focus groups/ public meetings)	To be confirmed
<b>Publicity requirements</b> (what is needed – fliers, leaflets, radio broadcast, press-release, etc.)	None at this stage – need for any such requirements will be addressed during the course of the review
<b>Resource requirements</b> • Person-days • Expenditure	Significant Scrutiny Officer support for Task & Finish Group, but not directly quantifiable Expenditure – related principally to site visits. Other potential expenditure will be brought to the attention of the budget holder before any commitment is made.
<b>Barriers/ dangers/ risks</b> (identify any weaknesses and potential pitfalls)	

<b>Projected start date</b>	24 July 2006	<b>Draft Report to Cabinet</b>	15 November 2006
<b>Meeting Frequency</b>	Every 2 months	<b>Projected completion date</b>	17 January 2007

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