

Report to: Audit Committee
Date of meeting: 30th September 2010
Report of: Head of Strategic Finance
Title: Revenues and Benefits Review and Action Plan

1.0 **SUMMARY**

- 1.1 The Revenues and Benefits Service has gone through a significant amount of change during the past 18 months and includes the integration of the former Watford service with Three Rivers as part of the Shared Service Initiative. Apart from related staffing and accommodation issues, there has also been a change of software systems for Watford. The previous system, Civica, was judged to be outdated and has been replaced with an Academy system (already in use at TRDC). Any change of software systems brings initial teething problems related to transfer of data, unfamiliarity of staff with the new product etc etc. During the course of this 18 month period there has also been a change of Head of Service with Phil Adlard (formerly at Oxford District) taking over the helm in July 2010.
- 1.2 The Revenues and Benefits Service either collects or pays out over £100m a year and it is important that all under lying processes are sound. In the past, the Watford Benefits service has had problems with satisfying the external auditors that the Benefits Subsidy Claim (circa £30m) was correct and should not suffer the withholding (clawback) of subsidy. It was essential that the Shared Service would improve upon that chequered history.
- 1.3 As referred to earlier, teething problems were experienced with the move to a Shared Service/ change of software and the Head of Strategic Finance for Watford obtained the agreement of the Shared Services Joint Committee to

commission an external health check (at Watford's expense, circa £8k) to primarily examine, for Watford, whether the systems/ processes were fit for purpose going forward. Mr Simon Bailey (IRRV Hons) was commissioned to carry out this study and his Management Summary and Action Plan are attached at Appendices 1 & 2.

1.4 The Audit Committee should only concern itself with those issues relating to Watford as it has no remit (or desire) to interest itself with Three Rivers. The achievement of the Action Plan at Appendix 2 is being co-ordinated by the Head of Revenues and Benefits and regular updates are being provided to the Head of Strategic Finance.

1.5 The external auditor, Grant Thornton, within his report at Agenda Item 4 earlier has highlighted some of the issues which are now confirmed by Simon Bailey's attached report. Grant Thornton has recently carried out an audit into the NNDR Business rates return for 2009/2010 and will be auditing the Benefits Subsidy Claim for 2009/2010 in October/ November. With regard to this latter grant claim, the Head of Strategic Finance withheld certifying the claim for a two month period (it went out late) so that quality checking could take place. It is hoped that this action will avoid any 'clawback' of subsidy occurring for 2009/2010.

2.0 **RECOMMENDATIONS**

2.1 To consider the attached report and note that progress upon the Action Plan will be reported back at its next meeting.

Contact Officer:

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3.0 **IMPLICATIONS**

3.1 **Financial**

3.1.1 The Head of Strategic Finance comments that all systems and processes within Revenues and Benefits Shared Services need to be functioning effectively as it handles considerable sums of money. This Health Check will provide an invaluable checklist for the recently appointed Head of Revenues and Benefits It also provides a benchmark for future monitoring of the service provided to Watford residents.

3.2 **Legal Issues** (Monitoring Officer)

3.2.1 The Head of Legal and Property Services comments that there are no direct legal implications arising out of this report.

3.3 **Potential Risks**

3.3.1

Potential Risk Score	Likelihood	Impact	Overall
<i>Failure to implement the Action Plan Could result in substantial claw back of benefits subsidy from DWP</i>	2	4	8

Background Papers: None

File Reference: None