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THREE RIVERS & WATFORD
SHARED SERVICES
JOINT COMMITTEE



AGENDA

Date: 16 February 2009

Time: 7.30 pm

Place: Dickinson Room, Three Rivers House

Members of the Committee:-

Councillors:-	R Laval (Chair)	Z McQuire
	A Wylie (Vice-Chair)	R Sangster
	M Bedford	I Sharpe

The Joint Committee welcomes contributions from members of the public to its discussion on Part A agenda items. Contributions will be limited to one person speaking for and one against each item for not more than three minutes. Details of the procedure and the list for registering the wish to speak will be available for a short period before the meeting

Item

Page

Part A - Open to the Public

1 APOLOGIES FOR ABSENCE / SUBSTITUTE MEMBERS

2 DISCLOSURES OF INTEREST

To receive any disclosures of interest.

3 MINUTES

To confirm as a correct record the minutes of the Joint Shared Services Committee held on 17 December 2008.

4 NOTICE OF OTHER BUSINESS

To announce items of other business notified to the Secretary of the Joint Committee, together with the special circumstances which justify their consideration as a matter of urgency. The Chairman to rule on the admission of such items. (Note: If other confidential business is approved under this item, it will also be necessary to specify the class of exempt or confidential information in the additional item(s)).

Item		Page
5	IMPLEMENTATION - PROGRESS REPORT	1 - 8
	This report provides an overview of the implementation of shared services and gives an update on progress at Watford on the Council's grading structure and pay modelling. It sets out the proposals for implementing shared services prior to the resolution of these issues.	
6	PERFORMANCE MANAGEMENT	9 - 16
	This report makes proposals for managing the performance of the shared services.	
7	EXCLUSION OF PRESS AND PUBLIC	
	The Chairman to move:- "that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) of business as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if the press or public were present during consideration of the item(s) there would be disclosure to them of exempt information as defined under the respective paragraphs of Part 1 of Schedule 12A to the Act." If approved the Chairman will ask the press and public to leave the meeting at this point.	

Part B - Closed to the Public

- 8 OTHER BUSINESS**
If approved under Item 4.

Members are reminded that meetings of the Joint Committee shall end no later than 10.30pm unless otherwise agreed by the Joint Committee.

For more information concerning this agenda please contact the Secretary to the Joint Committee, Elwyn Wilson, Democratic Services Manager, Three Rivers District Council, Northway, Rickmansworth, Herts, WD3 1RL. Telephone: 01923 727248.

E-mail: elwyn.wilson@threerivers.gov.uk

Agenda Item 5

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 16 February 2009

PART A

AGENDA ITEM

5

Title: IMPLEMENTATION – PROGRESS REPORT

Report of: Laxmi Curwen – Shared Services Programme Manager

1. **SUMMARY**

1.1 This report provides an overview of the implementation of shared services and gives an update on progress at Watford on the Council's grading structure and pay modelling. It sets out the proposals for implementing shared services prior to the resolution of these issues.

2. **RECOMMENDATIONS**

2.1 This Joint Committee is asked to note the progress made towards implementing shared services.

Contact Officer:

For further information on this report please contact:
Laxmi Curwen – Shared Services Programme Manager
telephone number: 01923 278191
email: Laxmi.Curwen@watford.gov.uk

Report approved by:

David Gardner – Director of Corporate Resources & Governance – Three Rivers D.C.
Tricia Taylor – Executive Director Resources - Watford B.C.

3. PROGRESS REPORT

3.1 **Change Management**

Proposal for Redeployment for HR, Finance and IT

At its meeting on 17 December 2008 (Minute JSS15/08 refers) the Committee resolved that the shared services restructure be progressed, but staff be employed on the existing salary schemes of the two councils until they were in a position to finalise salaries linked to the Watford pay and grading structure. Formal consultation on this proposal will begin with staff and Unison on 10 Feb 2009. In broad terms, the proposals would mean staff moving into new structures and co-locating on existing salaries; relocation arrangements and compensation are as per the Change Management strategy agreed by the Joint Committee in October 2008. Once pay modelling is complete and salaries agreed (currently expected to be July 2009), staff would be consulted again and should new salaries be higher than current ones, pay would be back dated to April. If any salaries are lower than existing salaries, agreed protection arrangements would apply from July 2009. Consultation is due to end on 22nd March 2009. Depending on feedback during consultation, redeployment could be completed and staff in post by 20th April 2009.

Impact on budget of pay and grading

The shared services budget has been based on service structures proposed in the Detailed Business case. As pay information had not been finalised the employee salary costs relate to spot salaries agreed with Heads of Service as an indicate mid point of a salary range. A comparison of existing salaries of staff within shared services to spot salaries indicates that overall existing salaries (excluding on costs) are approximately £200,000 lower across all services than we have allowed for in the business case.

It is our intention that as part of the pay modelling work, as soon as any indicative salary levels are known, the likely impact on shared services salary budget and the business case is assessed and feedback provided to the Joint Committee before salaries are finalised.

Heads of Service

The recruitment campaign for the appointment of the Head of HR has started. SOLACE is assisting us with this appointment. An advert will appear in People Management on 26th February 2009, and the interview schedule is being finalised. Lieven Hermans has been appointed to the post of Head of ICT until April 2009. The recruitment process for this post will start in March 2009.

3.2 **Office Moves**

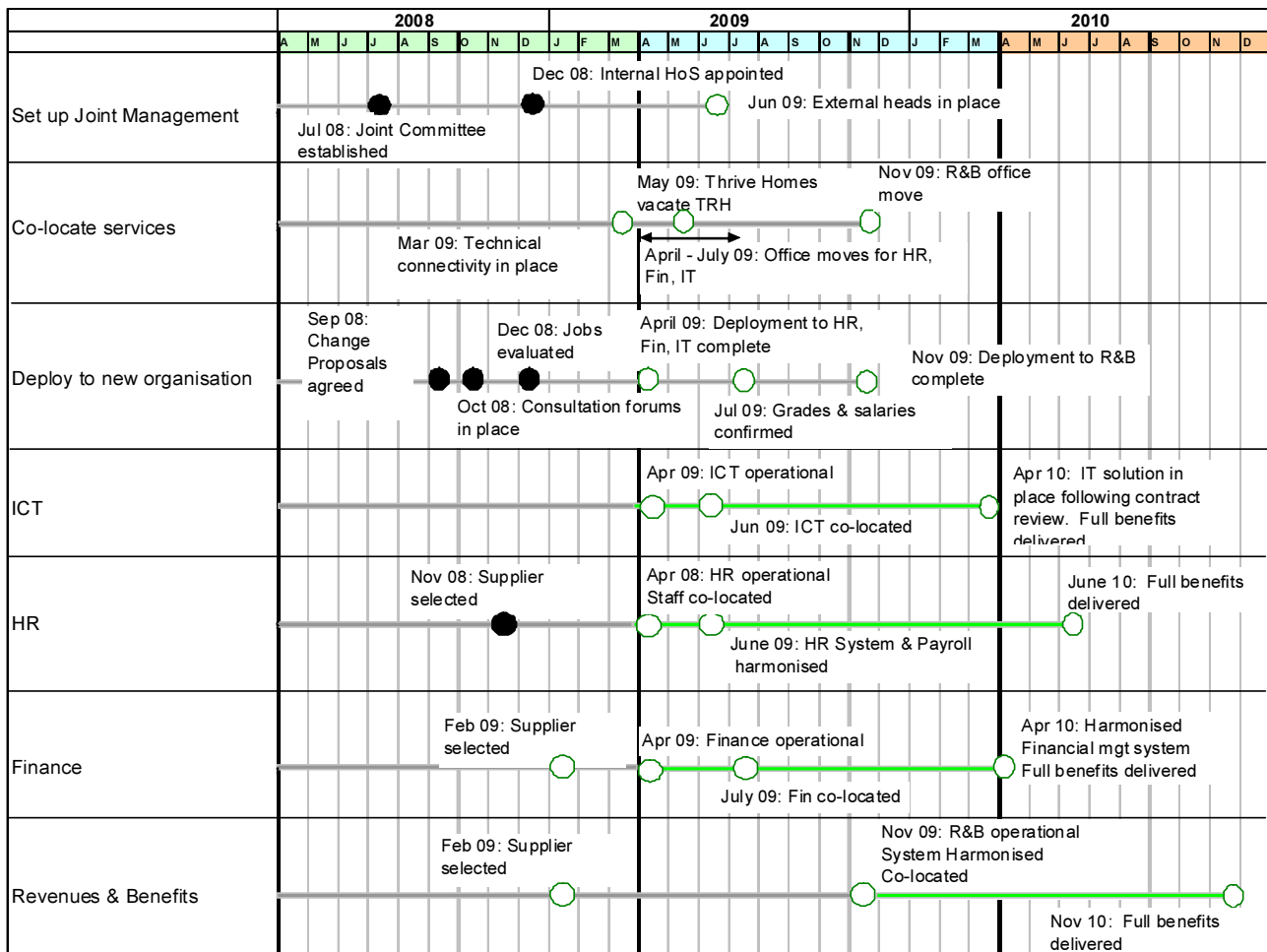
Work on enabling office moves to take place to co-locate Shared Services is progressing well. At Watford, general planned refurbishments of the New Annexe building have commenced and is incorporating requirements for Shared Services which will utilise floors 2 and 3. At Three Rivers, it is proposed that part of the 1st floor be utilised by Shared Services. The current plan, that takes into account

other dependencies and operational requirements, is as follows:

- HR shared service co-located at Watford by 20 April 2009
- Thrive Homes move out of Three Rivers offices in May 2009
- IT shared service co-located at Three Rivers in June 2009
- Finance shared service co-located at Three Rivers in July 2009
- R&B shared service co-located at Watford in Nov 2009

3.3 Implementation Plan

Since the last report to the Joint Committee, we have progressed a number of issues that updated the implementation plan as shown below.



Key
 Transition/Implementation phase
 Shared Services operational/Benefits delivery starts
 Completed milestones Milestone at risk Milestone on track

Implementation Resources

Most of the appointments to assist with implementation have been made; 4 members of the R&B implementation team, IT Project Implementation Co-ordinator, HR implementation officer, Communications Officer. Other appointments are currently in progress and expected to be completed during Feb. It is proposed that the Programme Manager and Programme Management

support officer remain in post till June/July 09 to support Shared Services Heads with the implementation, after which the work on implementation will be managed by the Heads of Service, all of whom will be in post by then.

A summary of the key milestones and their current status is shown below, with the addition of 2 new milestones of Appointment of HR Head of Service and Grades & salaries confirmed - :-

Key Milestone	Forecast date	Status	Comment
Joint Committee Set up	24 July 2008	Completed	
Consultation forums set up	October 2008	Completed	Originally expected Aug 08
Heads of Service Appointed for Finance, R&B and ICT	December 2008	Completed	
Budget for SS, Service Plans and Detailed Business Case updated	December 2008	Completed	Originally Nov 08
Implementation team in place	December 2008 /January 2009	Partly completed	Remaining 2 roles are being selected and appointed in Feb 2009.
HR Head of Service appointed	July 2009	On track	New milestone
Appointments made for HR, Finance, ICT	April 2009	At risk	
Office moves complete for HR, Finance, ICT	April – July 2009	On track	
Grades and salaries confirmed	July 2009	On track	New milestone
HR system/Payroll solution in place	April – June 2009	On track	
R&B systems harmonised Appointment and office moves for R&B complete	Nov 2009	On track	
Finance systems harmonised	April 2010	On track	
ICT solution for service delivery in place	April 2010	On track	

3.4 ***Procurement of the financial management system (FMS) and the plan for implementation***

- 3.4.1 An advertisement for the financial management system was placed in the Official Journal for the European Union on 24 October resulting in thirteen suppliers completing the pre-qualification questionnaire (PQQ).
- 3.4.2 PQQs were issued on 7 November and returned on December 1. An evaluation team (Head of Finance, two Finance Managers and the Audit Manager) examined PQQ responses on 3 December, establishing a shortlist of six suppliers for the Invitation to Tender (ITT). The Procurement Officer investigated tenderers and ensured compliance with financial and insurance requirements.
- 3.4.3 Officers produced the ITT documents and the system requirements with advice from independent accounting and software consultants. The ITT was issued to six tenderers on 24 December.
- 3.4.4 Tenderers were required to submit bids by 6 February. During the tender period finance officers visited potential supplier's offices for system demonstrations clarifying the nature of the shared services governance arrangements, separate entity accounting complexities and shared reporting requirements.
- 3.4.5 Following receipt of tenders, the evaluation team will examine responses and

assess these for price and quality using a scoring assessment tool based on the system requirements defined in the ITT. This exercise will be conducted in the elapsed time between the issue of this report and the meeting of the Joint Committee. The Joint Committee will receive a verbal update at the meeting.

3.4.6 It is anticipated that three suppliers will be shortlisted for user demonstrations in Watford/Rickmansworth. An evaluation team will be formed for site reference visits during March.

3.4.7 The FMS is an integrated system including modules for –

- General Ledger
- Purchasing
- Accounts Payable (Creditors)
- Accounts Receivable (Debtors)
- Fixed Assets
- Payroll Cost Accounting
- Cash Reconciliation
- Financial Reporting

3.4.8 The timetable for the award of the contract is shown in Appendix 1.

3.5 ***Procurement of the revenues and benefits system (RBS) and the plan for implementation.***

3.5.1 An OGC framework agreement was used to invite a number of companies to provide a tender for this requirement.

3.5.2 Expressions of interest were received from four companies.

3.5.3 Officers produced the ITT documents and the system requirements and these were issued to the four tenderers on 9 January 2009.

3.5.4 Tenderers were required to submit bids by 30 January. During the tender period a team of officers from Watford and Three Rivers visited user sites.

3.5.5 Following receipt of tenders, the evaluation team will examine responses and assess these for price and quality using a scoring assessment tool based on the system requirements defined in the ITT. This exercise will be conducted in the elapsed time between the preparation of this report and the meeting of the Joint Committee. The Joint Committee will receive an oral update at the meeting.

3.5.6 The evaluation will include system demonstrations at Three Rivers or Watford.

3.5.7 The timetable for the award of the contract is shown in Appendix 2.

3.6 **ICT - Technical Infrastructure Support – Market Testing**

3.6.1 At its meeting on 17 December 2008, (Minute JSS16/08 refers), the Committee noted that the ICT Service Plan assumed that the Steria contract with Three Rivers would terminate in 2010 and that legal advice was being sought on whether the technical infrastructure support part of the service required market testing.

3.6.2 The legal advice is that whilst it is not compulsory to market test the service, both

councils have to demonstrate that they are achieving Best Value within the meaning of the Local Government Act 1999. It is difficult to see how the councils can demonstrate that best value is being achieved unless there is some price and service comparison with the private sector. The provision of IT services is not the core business of local government.

3.6.3 Officers are of the view that there should be a tender exercise and that this approach would be consistent with that used for the procurement of payroll and the IT systems for human resources, finance and revenues & benefits.

3.6.4 It is recommended however that an assessment of the market is carried out before embarking on a full scale tendering exercise. This is because the services that the councils want to procure are certain to change during the life of the contract and any partnership should include advice on how the service might improve the councils' IT strategies. Any specification drawn up now should not constrict future requirements. It is felt suppliers could advise at this stage how they best perceived a specification and contract being drawn up.

3.6.5 Members are reminded that a soft market test was carried out at the outset of shared services. It is proposed to approach four IT suppliers (Serco, Steria, Northgate and Capita) that contributed to that exercise with a view to obtaining their views as to the scope of the contract and an indication of price. Both councils are named in contracts that Hertfordshire County Council have with Serco and Welwyn Hatfield District Council have with Steria, so costing information may be more readily obtained. All four companies can supply similar services through the OGCBuyingSolutions Catalist framework agreement. This would enable the procurement process to be shortened using central consortia contracts.

3.6.6 The market assessment might result in the following options:-

- a) if there is a clear indication that the private sector can provide better value for money than the in-house option, the cost of which has been factored into the detailed business case, then it is suggested that no in-house bid be prepared.
- b) If there is a clear indication that the in-house option provides better value for money and the councils feel this is plainly demonstrable, then the in-house option should be pursued and no tender exercise be carried out.
- c) If the assessment is inconclusive then a tender exercise that includes an in-house option should be pursued.

3.6.7 Officers are identifying what resources are required for each option and whether or not there are existing budgets from which the costs might be met.

3.6.8 A timetable is shown at Appendix 3 if a contract is to be tendered.

4. **IMPLICATIONS**

4.1 **Policy**

4.1.1 The recommendations in this report are within the policies of the Joint Committee, Three Rivers District Council and Watford Borough Council.

4.2 **Financial**

4.2.1 There are no changes to the budget or the efficiency gains already agreed by the Joint Committee, Three Rivers District Council or Watford Borough Council as a result of this report.

4.3 **Legal Issues**

4.3.1 None specific.

4.4 **Risk Management and Health & Safety**

4.4.1 All programme risks are being actively managed by the programme team and the Shared Services management team. There are no risks associated with the recommendation in this report.

4.5 **Equalities**

4.5.1 *Relevance Test*

Has a relevance test been completed for Equality Impact? No

Did the relevance test conclude a full impact assessment was required? N/A

4.5.2 *Impact Assessment*

Not required.

4.6 **Staffing**

4.6.1 Included above

4.7 **Accommodation**

4.7.1 Included above.

4.8 **Community Safety, Sustainability & Environment, Communications & Website and Customer Services**

4.8.1 None specific.

Appendices

Appendix 1 – Timetable for award of the Financial Management System contract

Appendix 2 – Timetable for award of Revenues and Benefits System contract

Appendix 3 – Timetable for the award of the Technical Infrastructure Support contract

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Financial Information System:

Invitation to Tender - Watford Borough Council & Three Rivers District Council for the Supply and Implementation of a Financial Management System.

Watford Borough Council & Three Rivers District Council Statement of Requirements

Revenues & Benefits System:

Invitation to Tender - Watford Borough Council & Three Rivers District Council for the Supply and Implementation of a Revenues and Benefits System.

Watford Borough Council & Three Rivers District Council Statement of Requirements

Appendix 1

Timetable for the award of the Financial Management System contract

Activity	Date
Dispatch of ITTs	23 December 2008
Initial viewing of systems at suppliers' offices	5 January – 23 January 2009
Return of ITTs	6 February 2009 (12 noon)
Opening Tenders	6 February (between 2 and 5 pm)
Evaluation of ITTs and shortlist selection	9 February – 13 February 2009
Notify Suppliers	16 February 2009
Hold presentations	23 February – 27 February 2009
Site visits and evaluation	2 March 2009 – 20 March 2009
Decision on supplier	23 March 2009
Finalise contract details	24 March 2009 – 30 April 2009
Commencement of the Contract	1 June 2009

Appendix 2

Timetable for the award of the Revenues and Benefits System contract

Activity	Date
Dispatch of ITTs	9 January 2009
Site visits and evaluation	22, 23, 26 or 27 January 2009
Receipt of tenders	12 noon 30 January 2009
Opening Tenders	30 January 2009 (after 12 noon)
Evaluation of ITTs and shortlist selection	30 January – 2 February 2009
Notify Suppliers	3 February 2009
System demonstration	4 February – 6 February 2009
Decision on supplier	By 18 February 2009
Finalise contract details	19 February – 28 February 2009
Commencement of the contract	1 March 2009

Appendix 3

Timetable for the award of the Technical Infrastructure Support contract

Activity	Date
Market Assessment	February 2009
Develop tender documentation	March 2009
Issue tender. Suppliers prepare bid.	April – May 2009
Tenders received.	June 2009
Evaluation of tenders and site visits	July – August 2009
Selection of supplier	September 2009
Supplier's 'due diligence'	October – November 2009
Sign contract	December 2009
Set up period	January – March 2010

Agenda Item 6

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 16 February 2009

PART A

AGENDA ITEM

6

Title: PERFORMANCE MANAGEMENT

Report of: Director of Corporate Resources & Governance – Three Rivers D.C.

1. **SUMMARY**

1.1 This report makes proposals for managing the performance of the shared services.

2. **RECOMMENDATIONS**

2.1 That the arrangements for performance management be approved.

Contact Officer:

For further information on this report please contact:

David Gardner – Director of Corporate Resources & Governance – Three Rivers D.C.

telephone number: 01923 727200

email: david.gardner@threerivers.gov.uk

Report approved by:

Tricia Taylor – Executive Director Resources – Watford B.C.

3. DETAILED PROPOSAL

3.1 At its meeting on 17 December 2008 (Minute JSS16/08 refers), the Committee resolved that at this meeting it would consider arrangements for performance measurement and for oversight and scrutiny by the two Councils of the shared services.

3.2 Officers have prepared a detailed Performance Management Framework. The management summary from that document is attached at Appendix 1.

4. IMPLICATIONS

4.1 Policy

4.1.1 The recommendation in this report is within the policies of the Joint Committee, Three Rivers District Council and Watford Borough Council. The policy is that shared services should achieve service improvements, savings and resilience. The recommendation enables the Joint Committee and the two councils to measure whether these objectives are being achieved.

4.2 Financial

4.2.1 There are no changes to the budget or the efficiency gains already agreed by the Joint Committee, Three Rivers District Council or Watford Borough Council as a result of this report.

4.3 Legal Issues (Monitoring Officer)

4.3.1 The Solicitor to the Council (TRDC) comments that the proposals make adequate provision for the scrutiny of the shared services.

4.4 Risk Management and Health & Safety

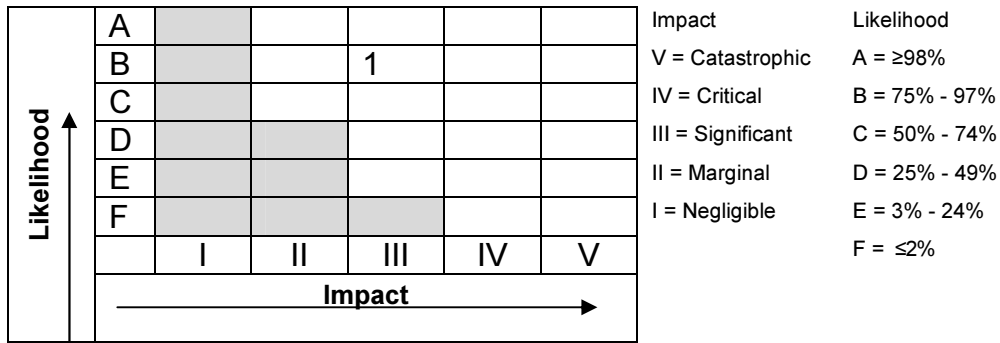
4.4.1 The subject of this report is covered by the shared services service plans. Any risks resulting from this report will be included in the risk register and, if necessary, managed within these plans.

4.4.2 There are no risks to the Joint Committee in agreeing the recommendation.

4.4.3 The following table gives the risk that would exist if the recommendation is rejected, together with a scored assessment of its impact and likelihood:

Description of Risk		Impact	Likelihood
1	There would be no framework for assessing whether the shared services were achieving their objectives	III	B

4.4.4 The above risk is plotted on the matrix below depending on the scored assessments of impact and likelihood. Risks are tolerated where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require either monitoring or managing, in which case a treatment plan is prepared.



4.5 **Equalities**

4.5.1 *Relevance Test*

Has a relevance test been completed for Equality Impact? No
 There is no proposed change to current policy / service.

4.6 **Staffing, Accommodation, Community Safety, Sustainability & Environment, Communications & Website and Customer Services**

4.6.1 None specific.

Appendices

Shared Services Programme – Performance Management Framework – Management Summary

Background Papers

The following background paper was used in the preparation of this report:-

Shared Services Programme – Performance Management Framework – Version 10.3
 11/02/09

If you wish to inspect or take copies of the background paper, please contact:
 Jon Ward SLA Co-ordinator Shared Services Project Team
 telephone: 01923 278992 e-mail: jon.ward@watford.gov.uk

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SHARED SERVICES PROGRAMME – PERFORMANCE MANAGEMENT FRAMEWORK

MANAGEMENT SUMMARY

1. Introduction

1.1 Background

Watford Borough Council and Three Rivers District Council have agreed to share Human Resources (HR), Finance, Information & Communication Technology (ICT) and Revenues and Benefits services.

The objectives of the Shared Services Programme are:

- *Improved Performance:* To achieve a step change in improved performance of these services which will be recognised by our customers and in each council's performance indicators.
- *Resilience:* To strengthen the capacity and resilience of the service teams to improve the reliability and quality of services to our customers.
- *Savings:* To achieve efficiencies and cost savings through economies of scale and moving towards common processes and systems that are more effective and efficient than those that currently exist.

1.2 Purpose

This document recommends the approach to be taken to managing the performance of the shared services in order to ensure the objectives are achieved.

2. Performance Management Framework

The approach to Performance Management is based on three key elements:-

Service expectations that are clearly understood

These expectations are set out in:

- **Service Plans**
The Detailed Business Case spelt out how performance will be improved (including key performance indicators), how resilience will be achieved, and the savings anticipated from sharing services. These were cascaded into four service plans and enhanced by other performance indicators and benchmarking information where available.
- **Service Level Agreements (SLA)**
These define the roles and responsibilities for the shared service and customers alike. Service delivery is based on clear and defined requirements. The SLAs embed a reliable and responsive approach to dealing with customers and their changing needs.

Defined roles and responsibilities

The following 'stakeholders' have an interest in performance management:-

	Constituent Councils		Shared Services
Members	Cabinet / Executive Committee Scrutiny Committees Portfolio Holders	Members	Joint Committee
Officers	Leadership / Management Team Performance Management/Client Officer Service Users	Officers	Management Team Comprising: Directors Heads of Service

The aim is to plan, monitor and manage service performance collaboratively and avoid duplication of effort.

- The two constituent councils have delegated to the Joint Committee their human resources, ICT, finance, and revenues & benefits functions and determined that the Joint Committee shall be responsible for reviewing actual performance against service plans.

Performance management information will be prepared quarterly by the Shared Heads of Service for approval by the Shared Services Management Team. A composite report will be published and made available to all 'stakeholders'.

The quarterly report will be presented to the Joint Committee at which explanations may be sought from the shared services directors and heads of service. Representations may also be heard from the councils' performance monitoring / client officers representing the views of the councils' management teams and service users.

- Different arrangements will exist at each council for monitoring the shared services performance:-

At Watford the shared heads of service will meet monthly with the portfolio holder for finance and shared services.

At Three Rivers performance will be considered by the Resources Policy and Scrutiny Committee half yearly (in line with the arrangements for other services).

- The two constituent councils have the ability to 'call in' a decision of the Joint Committee for scrutiny and hence question performance. This would be on the basis that a performance monitoring report to the Joint Committee reported an increase in budget or matters not within existing policy, i.e. the policy that services should improve.
- At officer level the Shared Services Management Team will meet monthly with the councils' performance management / client officer who is expected to be the link between shared services and the councils' leadership / management teams and service users. Ad hoc meetings will be arranged as appropriate.

Sound processes

This means that there are arrangements for:-

- Including performance measures in service plans
- Reviewing Service Level Agreements
- Capturing data and ensuring its Quality
- Feedback and Improvement (complaints and remedial actions)
- Controlling changes, and
- Communicating performance issues

3. Performance Management Timetable

The proposed calendar of events is shown below:-

Performance Management Timetable

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Service Planning <i>Heads of Service submit to Joint Committee three-year medium-term plan.</i> <i>Joint Committee approves service plan including service level agreements</i>								X	X			
Budget Setting & Approval <i>Councils submit to Joint Committee estimates of funding likely to be available.</i> <i>Three-Year Medium-Term Financial Plan for Shared Services prepared for Joint Committee</i> <i>Joint Committee submits to councils its funding requirements (deadline 10 Jan).</i> <i>Councils approve budgets</i>							X	X	X	X	X	
Joint Committee Reports <i>Quarterly Performance Management Reports considered by the Joint Committee circulated to all stakeholders</i>	X			X			X			X		
Portfolio Holder Meeting at Watford <i>Shared heads of service meet with portfolio holder</i>	X	X	X	X	X	X	X	X	X	X	X	X
Resources Policy & Scrutiny Committee at Three Rivers <i>Considers most recent performance monitoring report</i>	X						X					
Shared Services Management Team Reviews <i>Shared Services performance considered monthly to ensure plans are being delivered and future activity is in keeping with the Service Plan</i>	X	X	X	X	X	X	X	X	X	X	X	X
Customer Satisfaction Review <i>Annual survey utilising benchmarked services in order to not only measure own services but also identify how the services compare to the peer group.</i>	X											