

# Public Document Pack

THREE RIVERS & WATFORD  
SHARED SERVICES  
JOINT COMMITTEE



## AGENDA

Date: 13 September 2010

Time: 7.30 pm

Place: Watford Town Hall

Members of the Committee:-

Councillors:-	A Wylie (Chair)	G Derbyshire
	B White (Vice-Chair)	R Sangster
	M Bedford	S Johnson

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

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Item

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### 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 28 June 2010.

**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
<p><b>5 PERFORMANCE MANAGEMENT 2010/11</b></p> <p>This report provides an update on the performance of the shared services in the current year.</p>	1 - 26
<p><b>6 REVENUES AND BENEFITS - REVIEW AND ACTION PLAN</b></p> <p>This report gives the outcome of the review carried out for revenues and benefits, and details of progress against the resulting action.</p>	27 - 42
<p><b>7 REVENUES AND BENEFITS - POLICY, QUALITY AND TRAINING TEAM LEADER</b></p> <p>The report sets out the argument for the creation of a new post of Policy, Quality and Training Team Leader with particular emphasis on fulfilling the requirements for a Systems and Subsidy expert role.</p>	43 - 48
<p><b>8 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE - SEPTEMBER 2010</b></p> <p>This report allows the Committee to ask questions of the external auditor concerning his 'Report to those charged with Governance'.</p>	49 - 66
<p><b>9 EXCLUSION OF PRESS AND PUBLIC</b></p> <p>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.</p>	

**Part B - Closed to the Public**

- 10 ICT STRUCTURE**  
This report updates members on the re-structure to the ICT service.
- 11 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.**

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# Agenda Item 5

## THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

**Date of meeting:** 13 September 2010

PART A

AGENDA ITEM

# 5

**Title:** Performance management 2010/11

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

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1. **SUMMARY**

1.1 This report provides an update on the performance of the shared services in the current year.

2. **RECOMMENDATIONS**

2.1 That the Committee notes this report.

**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 – Watford B.C.

### 3. **DETAILED PROPOSAL**

3.1 At its meeting in June, the Committee confirmed the performance indicators that it required. It also agreed the principle that data is collected just once and used many times. It was demonstrated how performance measures would be posted to the shared services website as and when they became available (rather than the reporting being dictated by the committee cycle).

3.2 Members are referred to:-

<http://www.trw-sharedservices.org.uk/ccm/portal/>

The section on performance management has been populated with performance indicators and budgetary control information for each shared service.

This will be available at the meeting when heads of service will answer members' questions and detail any remedial action that is being taken to improve any performance which is failing short of target.

3.2 In addition the following information is attached at Appendix 1:-

- The headline position of services
- The projects that are to be carried out in this financial year. The report provides commentary on progress that is being made, the capacity to achieve the projects included in service plans, and barriers to their completion.

Again, heads of service will answer members' questions at the meeting.

### 4. **IMPLICATIONS**

#### 4.1 **Policy**

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

#### 4.2 **Financial**

4.2.1 Budget monitoring carried out so far this year has not given rise to any variations on forecast out-turn.

4.2.2 In line with both councils' financial planning process, however, work has commenced to identify 10% savings on the Committee's gross expenditure. The councils' chief financial officers have submitted this estimate as being the funding likely to be available to the shared services in accordance with paragraph 4.1 of the Joint Committee Agreement.

4.2.3 Proposals will be reviewed by the Shared Services Management Team and a panel representing officers from both councils, before being presented to the Committee on 22 November 2010.

4.2.4 As the majority of costs relate to employees and ICT systems particular emphasis is being placed on ensuring accurate detailed estimates for these items from which potential savings can be taken.

#### 4.3 **Legal Issues** (Monitoring Officer)

4.3.1 None specific to this report.

#### 4.4 **Risk Management and Health & Safety**

4.4.1 There are no risks associated with the decision members are being asked to take.

#### 4.5 **Equalities**

4.5.1 *Relevance Test*

Has a relevance test been completed for Equality Impact? No  
There is no proposed change to the shared services.

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

4.6.1 None Specific

**Appendices**

1 Monitoring Report – September 2010.

**Background Papers**

No background papers were used in the preparation of this report.

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# **Shared Services – Performance Management Monitoring Report September 2010**



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## INFORMATION & COMMUNICATION TECHNOLOGY – HEADLINES

Progress in the last quarter:

- Contract alignment – re-tender of telephony contract, which is now aligned and resulted in savings of £7k for WBC and £5.5. for TRDC.
- ICT Review – amended advert put out on 11<sup>th</sup> August 2010, 35 responses were received, 16 applications complied with requirements and 8 suppliers have been short listed and asked to submit tender responses by the end of September. These will be evaluated and the outcome will be shared with Joint Committee.
- SAN Tender – 2 pronged approach was taken, a tender was run via OGC buying solutions, at the same time an advert was placed on our supplier portal asking for expressions of interest to tender. We are currently evaluating the tender returns from OGC.
- AD Migration – currently in the final stages of migration of WBC staff to the new email server and active directory structure, the aim is to migrate TRDC by end of October 2010.
- Significant projects completed in the last 3 months –
  - Phase 1 of the implementation of the asset management system for Watford
  - Enhancement of Uniform system to accommodate open spaces work for LDF for Watford

The key activities are now:

- Working alongside HR through the restructure process with a view to finalise the structure and make appointments by Christmas.
- ICT Review – tender evaluation and selection of supplier with a view to complete work by Christmas.
- SAN Tender – Supplier selection for SAN procurement and implementation
- AD Migration – Decommissioning Watford's old email server and beginning the Active Directory Migration at Three Rivers
- Server Move – Disaster recovery exercise planned at Watford at the end of September followed by server move to Apsley
- Working with both councils to prioritise new and additional ICT projects not within our service plan
- Significant Projects –
  - Implementation of new cash receipting and income management system for Three Rivers
  - Completion of implementation of cemeteries system for Three Rivers
  - Uniform upgrade planning and implementation for both Councils
  - Phase 2 of the implementation of the asset management system for Watford
  - Migration of Three Rivers Academy system to Microsoft platform (from UNIX) and upgrade to new version
- Continuing work on resilience and cross training in both teams and focussing on customer relationships.

**INFORMATION & COMMUNICATION TECHNOLOGY – IMPROVED PERFORMANCE – PROJECTS**

The ICT Service Plan includes the following projects for 2010/11:-

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
Consolidation of IT Hardware, Software and licensing														↑	This is an ongoing task as some contracts are set for up to 5 years
Rollout of a Corporate Document Management System for WBC														↑	Will be planned in discussion with ICT Strategy Group once WBC Service Prioritisation exercise is complete.
Replacement SAN and backup solution									↑						Procurement process has started.
Rollout of corporate Mobile Working system for WBC												↑			Delayed as per decision at ICT Strategy Group
Plan for the harmonisation of software used within the out of scope services:															
• Elections system replacement	↑														TRDC implementation complete but not harmonised.
• CRM system														↑	Meetings held with WBC supplier. Project not yet active.
• Planning DMS														↑	Currently in the Implementation phase.

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
<ul style="list-style-type: none"> <li>Cash receipting</li> </ul>				↑											In progress, supplier selection almost finalised.
<ul style="list-style-type: none"> <li>Uniform modules</li> </ul>														↑	<p>WBC – upgrade to version 7.7 in progress – complete by Oct 10.</p> <p>TRDC – Implementation of TLC &amp; Public access upgrade in progress. Uniform upgrade to version 8.0 planned Jan-Mar 11.</p>
<ul style="list-style-type: none"> <li>GIS Licensing</li> </ul>														↑	<p>Contract harmonisation complete, licences have to be separate until the systems sit on a single installation.</p>
Implementation of CPD module for HR Shared Service															Options being considered.

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
IP based telephony at both councils to reduce cost of calls between both councils.													↑		Not yet active.
Achieving Customer Services Excellence															Differed by both Councils until 2011.
Market and subsequently expand the ICT shared service to other Authorities													↑		Not yet active.
Plan and implement a strategy to reduce the carbon footprint of the ICT service												↑			ICT are of the working group for the carbon management for WBC and will use knowledge gained here to feed into this strategy.



## FINANCE – HEADLINES

Since the last meeting of the Joint Committee the Finance achievements are:

- The 2009/10 Accounts for Watford, Three Rivers and Shared Services have been closed
- The 2009/10 Financial Statements for Watford, Three Rivers and Shares Services have been prepared, approved by relevant committees and audited by Grant Thornton. Accounting working papers met the standard to satisfy audit requirements with no significant issues raised.
- COA one-to-one training has continued with Heads of Service and budget managers
- *Budget Monitor II* was designed, written by a Finance Manager) and implemented – an enquiry and retrieval application to overcome the managers difficulties with eAnalyser. One to one training given to users in both councils. Product has been hugely successful and received extremely well.
- Performance Indicators collection spreadsheet set up and published monthly on the Shared Services website under the COUNT regime.
- COA – technical issues persist despite progress made. Completion of final problems near but frustrated by COA. Accounts Receivable and Accounts Payable particularly affected as is Internal Self Service (ISS)
- Payments < £500 published on the website for Three Rivers and government bodies advised
- Consultancy staff left by 13 August.
- Full establishment achieved in June 2010
- Treasury Management – Watford Borough LogoTech IT system implemented
- New budget monitoring arrangements in Watford implemented in June 2010
- Produced P3 & preparing P4 Finance Digest for Watford and P2 & 4 Budget Monitoring for Three Rivers – processes not able to harmonise therefore unplanned inefficiencies.
- Temporary staff to control income till new system in place. Currently continuing with transitional training on reconciliations to ensure resilience
- VAT claims – successful and repayments now being made
- IFRS – progressing as planned but one to watch following the loss of previously bought-in expertise
- Annual Fraud report to both audit committees – all targets met
- Internal Audit Annual Report to audit committees
- Internal Audit contract staff in place

Key activities are:

- Resolve outstanding COA implementation issues
- Determine Internal Audit arrangements from 2011
- Set revised and future year(s) budgets including growth, savings and capital investment
- Assist Service Heads with cost reduction exercise and service planning
- Internal Recharges – investigate methods of internal recharges including cross-authority costs
- Reconciliation – production of schedules for controlling reconciliations throughout both councils and all services agreeing requirements, records, responsibility, frequency and sign-off
- Further train heads of services and budget holders in budget management
- Implement Collaborative Planning for 2011
- Continue achievement of resilience
- Identify and establish resource requirements and responsibilities for unplanned tasks to secure effectiveness and efficiency
- Support training of *Finance for non-Financial Managers*
- Attainment of paying invoices within 30 days is being pursued – a report has been written to analyse departmental performance and spending departments are being supported to achieve improvement
- c.900 suppliers paid by cheque are being contacted by the Payments Team to outline the benefits of switching to BACS
- Procurement procedures for new suppliers are being developed to achieve payment by BACs from first contact
- Property maintenance budgets in Watford are being redesigned to meet the needs of budget managers.
- Continue full implementation of IFRS

**FINANCE – IMPROVED PERFORMANCE – PROJECTS**

The Finance Service Plan includes the following projects for 2010/11:-

Project	Apr 2009	May 2009	Jun 2009	Jul 2009	Aug 2009	Sep 2009	Oct 2009	Nov 2009	Dec 2009	Jan 2010	Feb 2010	Mar 2010	2010-2011	2011-2012	Progress / Comments
Implementation of Finance Shared Services														↑	
Implementation of Financial Management System														↑	

The Implementation of Finance Shared Services is the continued harmonisation of procedures, for example internal recharges and attainment of and strengthening resilience.

The Implementation of Financial Management System is completing satisfactorily a number of snagging issues and the introduction of the module for Collaborative Planning.

## HUMAN RESOURCES – HEADLINES

The key activities are now:

Harmonisation project – good progress is being made. Working group meetings have taken place and draft submissions are due to go to the steering group by the end of September.

Northgate payroll provision – building more effective working relationships and streamlining / harmonising processes have resulted in much higher accuracy rate in operational payroll delivery. Accuracy rate is now regularly at 98% plus.

Completion of the remaining Resource Link modules continues. Since the last update we have completed Managers self service; Learning and development module and relaunched on line expense claims. Annual leave recording on line is delayed until the results of the harmonisation project are known. On line recruitment – the module has been built and we are waiting for the system upgrade (due 20 September) before launch

Cross working across both councils to build resilience in HR team is progressing well. HR Business Partners have been allocated to specific Services for both Councils and have met with management teams to introduce themselves.

Shared working with Herts County Council on Health and Safety has been implemented from 1 September. This provides greater resilience, improved levels of support and a cheaper cost. The period until 31 March 2011 is a trial period and if successful a formal SLA will be in place from 1 April 2011.

Learning and Development activities for both Councils will include succession planning and reviewing the L&D programme to ensure it is focused on future needs and requirements of the workforce.

A demonstration of the on line appraisal system has been conducted and further work, including consultation with both Councils on the design of the scheme, will take place over the next 3 months, ready for use in April 2011.

**HUMAN RESOURCES – IMPROVED PERFORMANCE – PROJECTS**

The HR Service Plan includes the following projects for 2010/11:-

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
Set up shared HR Service including transition for TRDC employees to off site/kiosk HR services; develop a multi skilled HR Advisory service and use Customer Services Excellence as the framework for a high quality service.									↑						On Track Shared Services set up in November 2009. Good progress with transition to new ways of working. HR Advisers and HR Business Partners now working effectively across both Councils CSE review now on hold
Harmonisation of annual leave and other terms and conditions															On Track. HR Business Partner seconded; Project Initiation document completed; steering group and working group set up; representation by Unison and non Union representatives agreed.

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
Harmonisation of policies and procedures (starting with grievance Procedure; Job evaluation process and Recruitment)															On Track Grievance and Job Evaluation policies have been written and will be distributed to management teams in both Councils for approval. Once this has been given, they will go through the usual consultation process with Union/non Union representatives. recruitment - a draft harmonised recruitment policy has been written and all other associated recruitment policies and procedures are being reviewed. We have also devised a joint application form for both Councils to use.

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
Review NJC Job evaluation across TRDC												↑			On Track. Feasibility review being undertaken as part of harmonisation project above
TUPE transfers in Community and IT									↑						On track. IT completed. Community Services progressing in accordance with their timeframe
Introduce Resourcelink self service modules (recruitment, expense management, Learning and Development)												↑			Now back on track as outlined above.

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
Complete an Establishment List for Watford BC; link with list for TRDC; monitor workforce against Establishment						↑									Partial completion. Structure charts for Watford BC completed showing all roles and vacant posts. It is possible to run establishment lists from resource Link (HR Information System) however, at this stage these have not been checked by Services for accuracy.
Extend CRB umbrella body services to WBC								↑							On Hold until adequate resource is available to move the project forward



Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
Participate in and carry out CIPFA HR Customer satisfaction surveys														↑	On Track. Annual requirement. Next survey due in October 2010.
Align on line advisory websites and publications							↑			↑					Delayed. Work progressing as and when contracts are due for renewal, although no overall plan has been outlined as yet.
Create and implement workforce development plans														↑	On-going requirement following completion of appraisals each year
Complete Investors in People accreditation				↑											Achieved for Watford
Extend Cycle to work bike salary sacrifice scheme to TRDC							↑								Delayed due to other work commitments. Will be reviewed next year.

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
Adopt a joint approach to recruitment advertising, selection and appointment procedures					↑										Undertake research into feasibility of joint approach; present findings; obtain agreement to proceed
Align Performance appraisal and Learning and Development activities															Review once electronic system (CPD module) is installed; review appraisal scheme and outline areas to be included in electronic version (including 360); launch from April 2011
Develop ways in which work experience opportunities for disadvantaged people and school aged children are regularly provided.															No major progress due to other work priorities.

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
Develop an approach to Apprenticeships for TRDC and WBC.									↑						Partial progress. Some interest but limited due to financial constraints. Further work being undertaken by HR with Services from both Councils.
Consider how to market Shared HR service to other Districts within Herts.														↑	Ongoing project to commence from June 2010
Consider extending fee paying clients arrangements beyond West Herts. Crem.															Delayed to Autumn. To be given consideration once Shared Services has settled down

## **REVENUES & BENEFITS – HEADLINES**

Since the Committee last met there has been a considerable improvement in turn-around times for Council Tax and Housing Benefit claims.

The key activities are now:

- To implement the improvement plan included elsewhere on this agenda.

**REVENUES & BENEFITS – IMPROVED PERFORMANCE – PROJECTS**

The Revenues and Benefits Service Plan includes the following project for 2010/11:-

Project	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011	Feb 2011	Mar 2011	2011-2012	2012-2013	Progress / Comments
Consolidate Implementation of Shared Service									↑						

To complete the project we will:-

- Implement the recommendations resulting from the review of the service

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# Agenda Item 6

## THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 13 September 2010

PART A

AGENDA ITEM

# 6

**Title:** *REVIEW OF REVENUES & BENEFITS SERVICE – ACTION PLAN*

**Report of:** Head of Revenues & Benefits

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1. **SUMMARY**

1.1 The report is to inform members of the Action Plan that has been proposed following a review of the Revenues & Benefits Service.

2. **RECOMMENDATIONS**

2.1 That the Committee notes the contents of the Action Plan

2.2 That the Committee agrees to receive further reports at future meetings to update on progress against the Plan

**Contact Officer:**

For further information on this report please contact:

*Phil Adlard – Head of Revenues & Benefits*

telephone number: 01923 278023 *Please insert telephone number*

email: *phil.adlard@watford.gov.uk*

**Report approved by:**

*Tricia Taylor – Executive Director Resources – Watford Borough Council*

*David Gardner – Director of Corporate Resources & Governance – Three Rivers DC*

### 3. **DETAILED PROPOSAL**

- 3.1 For a two week period in July and August, Simon Bailey IRRV (Hons) of ISCAS Ltd carried out a review of the Revenues & Benefits Service at the request of Watford Borough Council. Whilst acknowledging that a lot of hard work had been put into the formation of the shared service, it was commented that improvements were still possible and Mr Bailey produced an Action Plan based on his findings.
- 3.2 The Action Plan has been considered by the Revenues & Benefits Management together with the relevant directors. This will guide the future of the shared service as it moves closer to harmonisation in service delivery.

### 4. **IMPLICATIONS**

The implications of the recommendations will be considered individually. The plan has highlighted where the recommendation is, in the opinion of the author, a high, medium or low risk. Any decision will consider how the recommendation supports the service plan and future progress.

Any recommendation implemented will have a cost-neutral impact as a minimum condition.

#### 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**

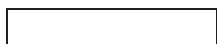
- 4.2.1 There are no changes to the budget or the efficiency gains already agreed by the Joint Committee, Three Rivers District Council or Watford Borough Council as a result of this report.

#### 4.3 **Legal Issues** (Monitoring Officer)

- 4.3.1 None specific to this report

#### 4.4 **Risk Management and Health & Safety**

- 4.4.1 There are no risks associated with the decision members are being asked to take.



## **Appendices**

Appendix I – Action Plan – Revenues & Benefits Shared Service



**WATFORD BOROUGH COUNCIL & THREE RIVERS DISTRICT COUNCIL**

**Action Plan – Revenues and Benefits Shared Service**

<b>Recommendation</b>			<b>Management Response</b>		<b>Implementation</b>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<b>Date</b>
3.6.1	The authority should liaise with their external auditors regarding the £4,000 discrepancy between Civica, Academy and the finance system, to establish their thoughts on this amount and whether it is material.	High	Yes	External auditors are scheduled to visit w/c 6 Spetember, To raise issue of whether situation is “material” then.	Revenues Manager	
3.6.2	Ongoing processes should be set up to ensure daily reconciliation of payments between Cedar and Academy is maintained and not just reconcile to the posting file.	High	Yes	Situation currently under review and part of discussions between R & B and Finance	Benefits Manager	
3.6.3	Responsibility for Statutory returns such as the NNDR2 should be made clearer	Medium	Yes	Intention to include statutory returns as duties to be performed by “Systems / Control” post	Head of Revenues & Benefits	

<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<i>Date</i>
3.6.4 and 7.1.13	Reconciliation of the Benefits system to all financial systems should be commenced immediately. Processes and procedures must be agreed with Finance.	High	Yes	To be dealt with at the same time as 3.6.2 above	Benefits Manager	
3.6.5	A review of cheque handling and control within the benefits service should be undertaken. This should include the automatic interface of cheque payments.	Medium	Yes	Will be resolved when TRDC Academy migrates to Windows platform	Benefits Manager	
3.6.6	Clarification of the procedure for emergency payments for the service as a whole is needed. A review and documentation of the reconciliation procedure for both Watford and Three Rivers payments should occur.	Medium	Yes	Existing controls are in place but formalised procedure to be drafted.	Benefits Manager	
3.6.7	The benefits overpayments brought forward from the Civica system to the Academy system should be reconciled.	Medium	Yes	Currently being dealt with by Benefits Manager	Benefits Manager	
4.4.1	Ensure subsidy administration is the responsibility of a control section that provides quality checks and training	High	Yes	Item already raised at Joint Shared Services Committee 13/09/10	Head of Revenues & Benefits	

<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<i>Date</i>
4.4.2	Provide officers with clear procedures for the inputting of data into the Academy system.	High	Yes	“ACS” Procedure Manual already purchased. To be brought up to date and circulated to staff	Revenues Manager & Benefits Manager	
4.4.3	Provide officers with an overview of Benefits subsidy and the impact on subsidy loss when poor data is inputted into the system.	Medium	Yes	Officers have been provided with overview as part of ongoing training programme	Benefits Manager	Aug 2010
4.4.4	Use checking and quality assurance throughout the year to identify recurring errors and amend procedures and processes accordingly.	High	Yes	Academy “QA Module” now in use for both WBC and TRDC claims.	Benefits Manager	Aug 2010
4.4.5	Run subsidy once a month and report to the Head of Service of likely annual subsidy loss or where subsidy gains could be obtained.	Medium	Yes	Practise has been commenced but will be incorporated into duties of “Systems / Control” post subject to approval 13/09/10	Benefits Manager	
5.3.1 And 6.7.1	Move the Academy systems on to one server as soon as possible	High	Yes	Project underway to migrate to one server. ICT resources secured	Benefits Manager / ICT	

<b>Recommendation</b>			<b>Management Response</b>		<b>Implementation</b>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<b>Date</b>
5.3.2	Review cash reconciliations working practices and bring the control function under one officers responsibility	Medium	Yes	Item already raised at Joint Shared Services Committee 13/09/10 – to be one of tasks undertaken by new post	Head of Revenues & Benefits	
5.3.3	Review the need for a dedicated support team or officer. This should include a review of succession planning for key roles	High	Yes	Item already raised at Joint Shared Services Committee 13/09/10 – to be one of tasks undertaken by new post	Head of Revenues & Benefits	
5.3.4	Review the current structure	Medium	No	Solution lies in formulating procedures, improving communications and training	Head of Revenues & Benefits	
5.3.5	Implement daily, weekly and monthly performance measures of work throughput	Medium	Yes	Underway – will be supported by 5.3.20 & 8.1.7	Revenues Manager & Benefits Manager	
5.3.6	Review levels of Council Tax and NNDR previous year's arrears as well as current year performance.	Medium	Yes	Underway. Summons run 06/09/10 has included previous years arrears	Revenues Manager	
5.3.7	Plan for single persons discount review over quarters 3 and 4	Low	Yes	Will implement in 2011/12	Revenues Manager	
5.3.8	Commence recovery action for Council Tax and NNDR immediately – (Planned)	Medium	Yes	Now underway	Revenues Manager	06/09/10

<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<i>Date</i>
5.3.9	Harmonise level of costs and recovery polices as soon as possible	Medium	Yes	Costs equalised in first issue of Summonses w/c 06/09/10	Revenues Manager	06/09/10
5.3.10	Harmonise payment dates as soon as possible	Medium	Yes	Will review as part of harmonisation of processes	Revenues Manager	
5.3.11	Harmonise working practices and polices relating to disablement relief	Medium	Yes	Will review as part of harmonisation of processes	Revenues Manager	
5.3.12	Consider reviewing bailiff performance and selecting the highest performing company	Medium	Yes	Currently operate with four bailiffs (two each). To review and only operate with two with a possible third being a "local" bailiff	Revenues Manager	
5.3.13	Either write off debts or reinstate committal proceedings unless it is uneconomic to collect the debt	Low	Yes	Issue to be covered at same time as 5.3.16	Head of Revenues & Benefits	
5.3.14	Harmonise recovery policies relating to bankruptcies.	Low	Yes	Will review as part of harmonisation of processes	Revenues Manager	
5.3.15	Review the structure for recovery and billing purposes and where responsibility for recovery is placed.	Low	Yes	Will review as part of harmonisation of processes	Revenues Manager	

<b>Recommendation</b>			<b>Management Response</b>		<b>Implementation</b>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<b>Date</b>
5.3.16	Review write-off policies and harmonise over the two authorities	Low	Yes	Will review as part of harmonisation of processes	Head of Revenues & Benefits	
5.3.17	Train 6 of the 9 the recovery officers to attend a magistrate's court	Medium	In part	Will review as part of harmonisation of processes	Revenues Manager	
5.3.18	Ensure refunds are made, this is corrected immediately.	High	Yes	Complete – refunds are issued where required	Revenues Manager	Aug 2010
5.3.19	Notepads from the old Civica system have not been converted into the Academy system  Either bring the information into the Academy system or import them into the Anite system using functionality within Anite	Medium	Yes	Will investigate loading to DIP	Revenues Manager	
5.3.20 And 8.1.7	Review the use of Anite to bring efficiencies to the service	High	Yes	Current Interim Revenues Manager to make use of contacts at other authorities	Revenues Manager	
5.3.21	Obtain an independent review of Academy or liaise with other authorities as to functionality available.	High	In part	Will consider once migration to one server has been completed. We have the option to have "health checks" and will take this up.	Benefits Manager	

<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<i>Date</i>
5.3.22	Review the clerical/administrative support required within the structure	Medium	Yes	Will review as part of harmonisation of processes	Revenues Manager & Benefits Manager	
5.3.23	Review printing of demand notices when Academy has been migrated to one system	Medium	Yes	Project underway to migrate to one server. ICT resources secured	Revenues Manager	
5.3.24	Configure the systems so Watford CSC have access to Academy	Medium	Yes	Project underway to migrate to one server. ICT resources secured	Revenues Manager & Benefits Manager	
5.3.25	Consider additional resources to input information relating to benefit overpayment and issue invoices	High	Yes	Completed	Recovery Team Leader	Aug 2010
5.3.26	Measure performance of benefit overpayment collection and set targets as soon as possible	High	Yes	Performance measurement of benefit overpayments is currently patchy and we are potentially losing out on income	Revenues Manager	
5.3.27	Provide training and interim support to other officers when the Revenues Manager leaves	High	Yes	Interim Revenues Manager in place and currently working with Team Leaders	Revenues Manager	

<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<i>Date</i>
6.6.1	Review benefit working practices to actively manage the workload and prepare an improvement plan to include targets based upon resources available and workload anticipated.	High	Yes	Underway. Benefit Manager has been meeting with all staff to set baseline performance.	Benefits Manager	
6.6.2	Decide upon the target for the "Right Time" indicator for the Benefits Service.	Medium	Yes	Target was set as part of Service Plan. To be reviewed	Benefits Manager	
6.6.3	Measure the actual workload within the Anite system and not just those items entered onto the Academy system.	High	Yes	Review of use of Anite to be undertaken to improve quality of information provided by reports	Revenues Manager	
6.6.4	Provide Customer Care training for all officers.	Medium	Yes	Training to be sourced. Deliver as part of staff meeting	Head of Revenues & Benefits	
6.6.5	Formalise the Complaints process within the service. Use regular reporting to manage the outstanding complaints	Medium	Yes	Clarity to be sought on dealing with complaints through multi channels / sources	Revenues Manager & Benefits Manager	
6.6.6	Undertake customer surveys to measure satisfaction with the service	Medium	Yes	To work in collaboration with both CSC	Head of Revenues & Benefits	



<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<i>Date</i>
6.6.7	Develop a measurement process of the target for customer care within the whole service.	Medium	Yes	To work in collaboration with both CSC	Head of Revenues & Benefits	
6.7.1 And 5.3.1	Review the project to migrate the Academy system and move the system on to one server as soon as possible	High	Yes	The project is now underway. ICT have devoted a resource to assist.	Benefits Manager / ICT	
6.7.2	Benchmark the service regularly with a benchmarking club	Medium	Yes	Informal approaches have already been made to the "BenX" group of which the HoS has used in the past	Head of Revenues & Benefits	
6.7.3	Based upon current resources create a benefits improvement plan on how the service will improve over the coming months	High	Yes	This plan will provide foundation of plan	Head of Revenues & Benefits	
7.1.1	Remove surname splits and have work allocated by team leaders on a daily and priority basis to officers. Ensure that new claims received are a priority followed by changes in circumstance that will create an overpayment	High	No	Has been considered but alternative approach of dividing benefits into "new" and "changes" to be explored.	Benefits Manager	
7.1.2	Fast track new (clean) claims – consider a fast track service for customers at the CSC	Medium	Yes	As 7.1.1	Benefits Manager	

<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<i>Date</i>
7.1.3	Empower the team leaders to allocate work and manage performance through their teams	High	Yes	Is being implemented currently	Benefits Manager	
7.1.4	Implement a performance framework that involves all officers. Notify all concerned of performance on a daily basis by email, intranet, whiteboards or one to ones	High	Yes	In place	Revenues Manager & Benefits Manager	
7.1.5	Commence customer feedback surveys. Consider a target for customer satisfaction	Medium	Yes	To work in collaboration with both CSC	Head of Revenues & Benefits	
7.1.6	Review all recent circulars with Benefit Manager, team leaders and the policy and development team immediately	Medium	Yes	In place – Policy Quality & Training Team staff now tasked with responsibility	Benefits Manager	Aug 2010
7.1.7	Commence team meetings immediately. Use as a basis for two way communication and ideas for service improvement	High	Yes	Communications Structure now in place	Head of Revenues & Benefits	Aug 2010
7.1.8	Use quality checking to create training needs for the service and for individual officers. Weight types of errors based upon financial and non financial impact	High	Yes	Academy “QA Module” now in use for both WBC and TRDC claims.	Benefits Manager	Aug 2010

<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<i>Date</i>
7.1.9	Within the performance framework build in individual performance levels. Agree with officers an average for performance over a period and review at one to ones or whenever appropriate	Medium	Yes	In place	Benefits Manager	Aug 2010
7.1.10	Release the written procedures, review with staff working groups to ensure they are adopted.	High	Yes	ACS Manual has been purchased. Staff to be consulted on procedures	Head of Revenues & Benefits	
7.1.11	Work with the agency contractor currently undertaking appeals to share knowledge amongst key officers such as team leaders or the policy team	High	Yes	Existing vacancy of Assessment Officer to be used to provide permanent resource of Appeals Officer.	Benefits Manager	
7.1.12	Use the policy and development team to create training plans.	Medium	Yes	In place. To use outcome of appraisals.	Revenues Manager & Benefits Manager	
7.1.13 And 3.6.4	Reconcile the benefits system to all other systems such as Council Tax and Finance	High	Yes	Item already raised at Joint Shared Services Committee 13/09/10 – to be one of tasks undertaken by new post	Head of Revenues & Benefits	

<b>Recommendation</b>			<b>Management Response</b>		<b>Implementation</b>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<b>Date</b>
7.1.14	Ensure there is a responsible officer for the system administration.	High		Item already raised at Joint Shared Services Committee 13/09/10 – to be one of tasks undertaken by new post	Head of Revenues & Benefits	
7.1.15	Review the call handling processes and either allocate officers to telephone duty or uses the CSC resource better	Medium	Yes	To work in collaboration with both CSC	Head of Revenues & Benefits	
8.1.1	Consider giving the partnership an identity	High	No	Has been considered previously but not thought of as high priority. Will be guided by members	Head of Revenues & Benefits	
8.1.2	Improve staff morale by provide training and demonstrate commitment to harmonising working practices	High	Yes	Staff event to be organised	Head of Revenues & Benefits	
8.1.3	Consider professional training such as IRRV Technician	High	Yes	In place. Benefit Manager has received bursary of £1000 towards studies.	Head of Revenues & Benefits	
8.1.4	Ensure scanners are maintained and serviced regularly	Medium	Yes	Maintenance contract under review	Benefits Manager	
8.1.5	Review the time taken by IT to respond when users are locked out of the network	High	Yes	To be discussed by HoS and Head of ICT	Head of Revenues & Benefits	

<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<i>Date</i>
8.1.6	Review the number and types of printers available to ensures they are adequate for the administration and printing requirements	High	Yes	Migration to Windows Platform should increase resource available	Revenues Manager & Benefits Manager	
8.1.7 And 5.3.20	Immediately review the use of the Anite system	High	Yes	Agreed under 6.6.3 above	Revenues Manager	
8.1.8	Provide a PC which can access all systems in the private interview room.	Medium	Yes	Benefit Manager to resolve	Benefits Manager	
8.1.9	Set up Watford income section users on the Three Rivers systems	Medium	Yes	Situation to be investigate further	Revenues Manager	
8.1.10	Review the IT issues list, prioritise and create a well managed project to remove all IT issues	Medium	Yes	HoS & Head of ICT now have regular meetings to discuss progress	Head of Revenues & Benefits	
8.1.11	Harmonise HR policies as soon as possible	High	Yes	Corporate Initiative underway	HR	

<i>Recommendation</i>			<i>Management Response</i>		<i>Implementation</i>	
Report para number	Description	Risk priority	Agreed	Comments/Action	By whom	<b>Date</b>
8.1.12	Review the web site and bring up to date, identify responsibility for maintenance of the site and web pages	Medium	Yes	"Webmasters" to be tasked with responsibility	Revenues Manager & Benefits Manager	

# Agenda Item 7

## THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 13 September 2010

PART A

AGENDA ITEM

# 7

**Title:** PROPOSED CREATION OF NEW POST – SYSTEMS & SUBSIDY

**Report of:** Head of Revenues & Benefits

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1. **SUMMARY**

- 1.1 The report sets out the argument for the creation of a new post of Policy, Quality & Training Team Leader with particular emphasis on fulfilling the requirement for a Systems & Subsidy expert role.

2. **RECOMMENDATIONS**

- 2.1 That the Joint Committee supports the creation of the post of Policy, Quality & Training Team Leader.

**Contact Officer:**

For further information on this report please contact:

*Phil Adlard – Head of Revenues & Benefits*

telephone number: 01923 278023

email: [phil.adlard@watford.gov.uk](mailto:phil.adlard@watford.gov.uk)

**Report approved by:**

*Tricia Taylor – Executive Director Resources – Watford Borough Council*

*David Gardner – Director of Corporate Resources & Governance – Three Rivers DC*

### 3. DETAILED PROPOSAL

- 3.1 Three Rivers and Watford pay out over £60,000,000 in Housing Benefit and Council Tax Benefit during a year. Much of this is reimbursed by Central Government through Housing Benefit Subsidy however, there are certain areas where the Government seeks to limit expenditure, for example overpayments due to local authority error and subsidy is paid at less than 100% for these areas and a claim is submitted by both authorities by the end of May of the following year.
- 3.2 The authorities receive this subsidy based on an Initial Estimate submitted in March of each year with adjustments being allowed for in a mid-year estimate submitted in August. The final adjustments are made after the final subsidy claim is submitted by the end of May of the following year.
- 3.3 Each subsidy claim is checked by the authorities' external auditors and a final, audited claim needs to be submitted to the Department of Work & Pensions (DWP) by 30 November.
- 3.4 As part of the inspection work, the external auditors will test the accuracy of the claim and, if errors are discovered, may qualify the claim causing the authority to incur a loss.
- 3.5 The audit of the Watford claim for 2008/2009 has caused the auditor to question the accuracy of the claim with the result that £189,000 has been claimed back by the DWP. There have been no such issues with the Three Rivers' claim.
- 3.6 Current practise involves the auditor checking the accuracy of the claim by examining a sample of claims. Where an error is discovered, rather than making a deduction to reflect the amount of incorrect benefit paid, an extrapolation is made taking a view of the level of loss overall based on that error.
- 3.6 Such actions can, however be mitigated for. In the experience of the Head of Revenues & Benefits, a resource devoted to the regular monitoring of benefit subsidy can minimise subsidy losses by ensuring the accuracy of the claim as well as identifying pressures at an early stage.
- 3.7 In addition, a robust monitoring regime will provide confidence in the accuracy of the claim and will be supported by the authorities' own internal auditors as well as satisfying a recommendation in the Review of the service which has recently been completed.
- 3.8 Allied to this is a further recommendation that a "Systems Control" function is put into place to provide the service with a much needed support role to the service.
- 3.9 Since the implementation of shared services in Revenues & Benefits, a conversion has been completed to the Capita Software System which is now used by both authorities. Further work will be needed to migrate the Three Rivers Version of Capita from a Unix platform to a Windows platform so that performance is improved and this work is underway.
- 3.10 The Capita System provides the opportunity for users to perform more administration of the system and this will relieve some of the demands that would otherwise be placed on the ICT Service.
- 3.11 In addition, best practise amongst other authorities suggests that maintenance of the system is vitally important and that new releases, batch jobs and security should be the responsibility of a "Systems Control" function as opposed to the



current arrangement where it is a task performed by the Revenues Manager to the detriment of other “day-to-day” activities.

- 3.4 As part of the inspection work, the external auditors will test the accuracy of the claim and, if errors are discovered, may qualify the claim causing the authority to incur a loss.

#### 4. **IMPLICATIONS**

There will be financial implications and these are set out in 4.2.1 below. The intention is that any costs will be met by reductions in subsidy losses however, the subsidy claim in respect of 2009/10 is in the process of being audited and it is unlikely that any improvements will be realised until 2011/12 at the earliest.

However, as stated in point 3.5 above, we have incurred a loss of £189,000 on the Watford Benefit Subsidy claim following the subsidy audit and whilst we are not in a position to predict any errors in the future to determine the savings, we can say that on initial findings there is already a potential to reduce subsidy loss by £154,000 in the claim for 2010/11. In addition, by reducing the amount of overpayment caused by Local Authority Error (or ensuring that such overpayments are correctly classified), there is the potential to save a further £34,000 in future years.

The situation for Three Rivers is not so acute but the potential for losses still remains as the DWP has the power to withhold subsidy where it determines that benefit expenditure has been incorrectly paid. The nature of determining the calculation for a deduction of subsidy by “extrapolation” is such that one claim found to be paid in error could equate to a subsidy loss running into £000’s.

Proactivity is essential in managing subsidy and by having a resource that we can devote to this will ensure a stronger, more robust subsidy claim and a greater confidence placed in it by the auditors both internal and external.

#### 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 The revenue implications are as follows:-

CASH IMPLICATION	Current Year 2010/11 £	2011/12 £	2012/13 £	Future Years per Annum £
Revenue				
Expenditure	18000	36000	36500	36500
Income / Savings	36000	50000	50000	50000
Net Commitment	(18000)	(14000)	(13500)	(13500)

### 4.3 Legal Issues (Monitoring Officer)

4.3.1 None specific to this report

### 4.4 Risk Management and Health & Safety

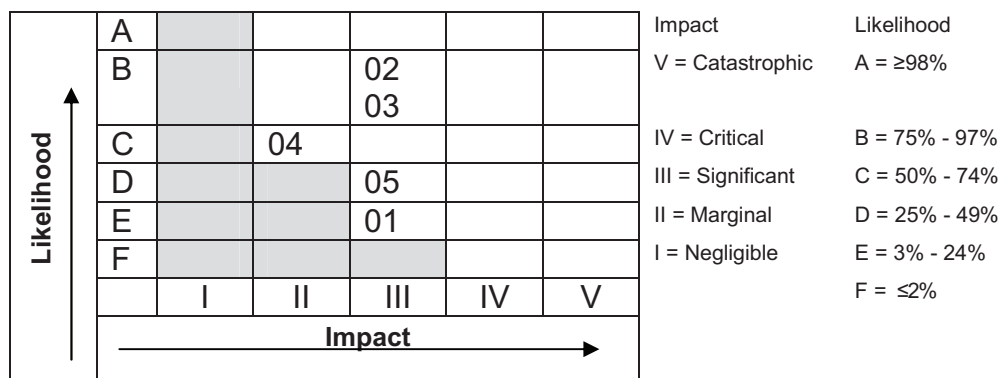
4.4.1 The following table gives the risks if the recommendation is agreed, together with a scored assessment of their impact and likelihood.

Description of Risk		Impact	Likelihood
1	The forecast savings are not realised	III	E

4.4.2 The following table gives the risks that would exist if the recommendation is rejected, together with a scored assessment of their impact and likelihood:

Description of Risk		Impact	Likelihood
2	Subsidy income is not maximised	III	B
3	Further subsidy losses are incurred following audit of the subsidy claim	III	B
4	Performance is impaired due to obsolete versions of the Capita system being used	II	C
5	Continued progress of the implementation of shared services, namely the move towards "e-services" will be compromised due to the lack of a dedicated expert resource	III	D

4.4.4 The above risks are 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.



### Appendices

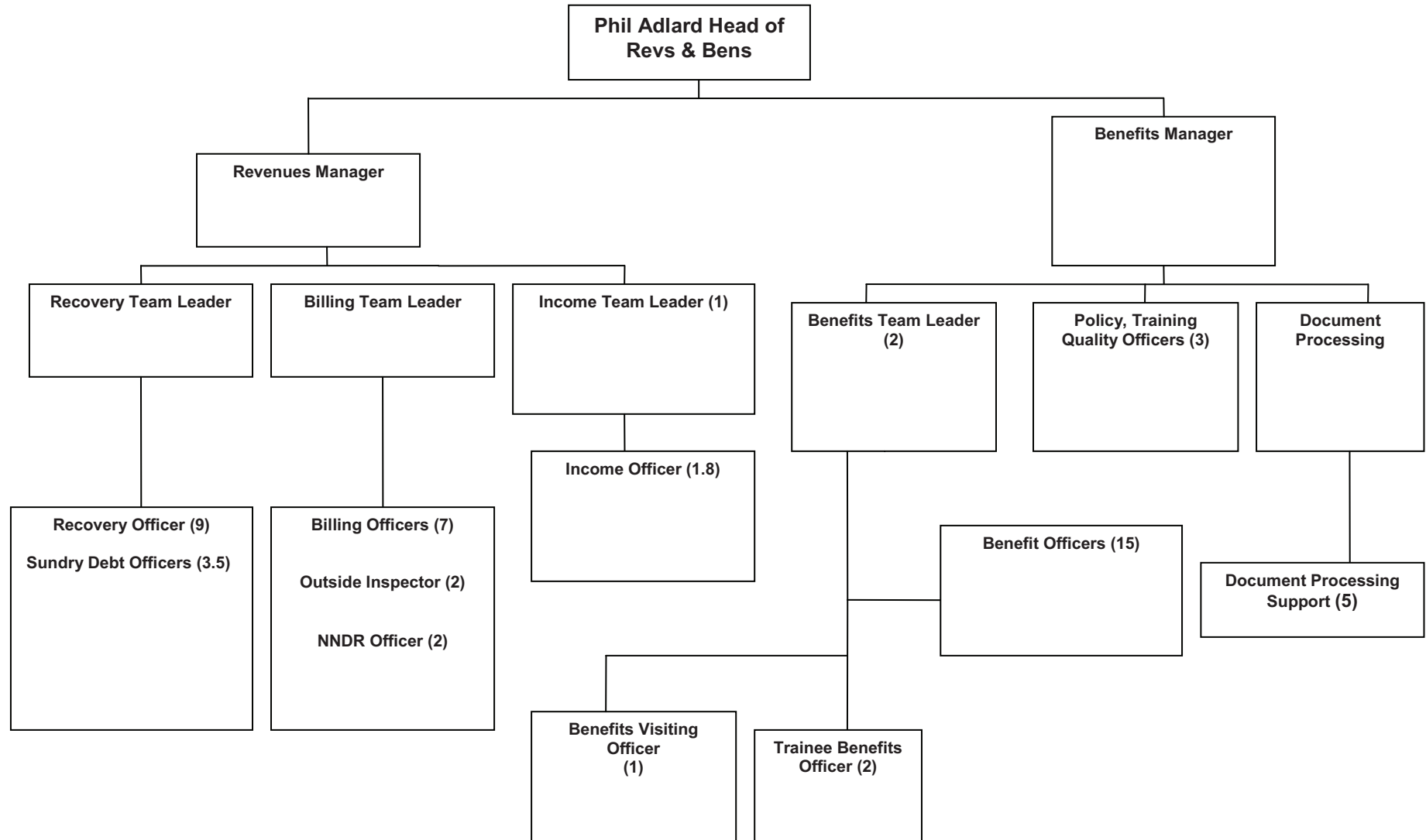
Appendix I – Existing Organisation Chart of Revenues & Benefits

Appendix II – Proposed Revised Organisation Chart of Revenues & Benefits

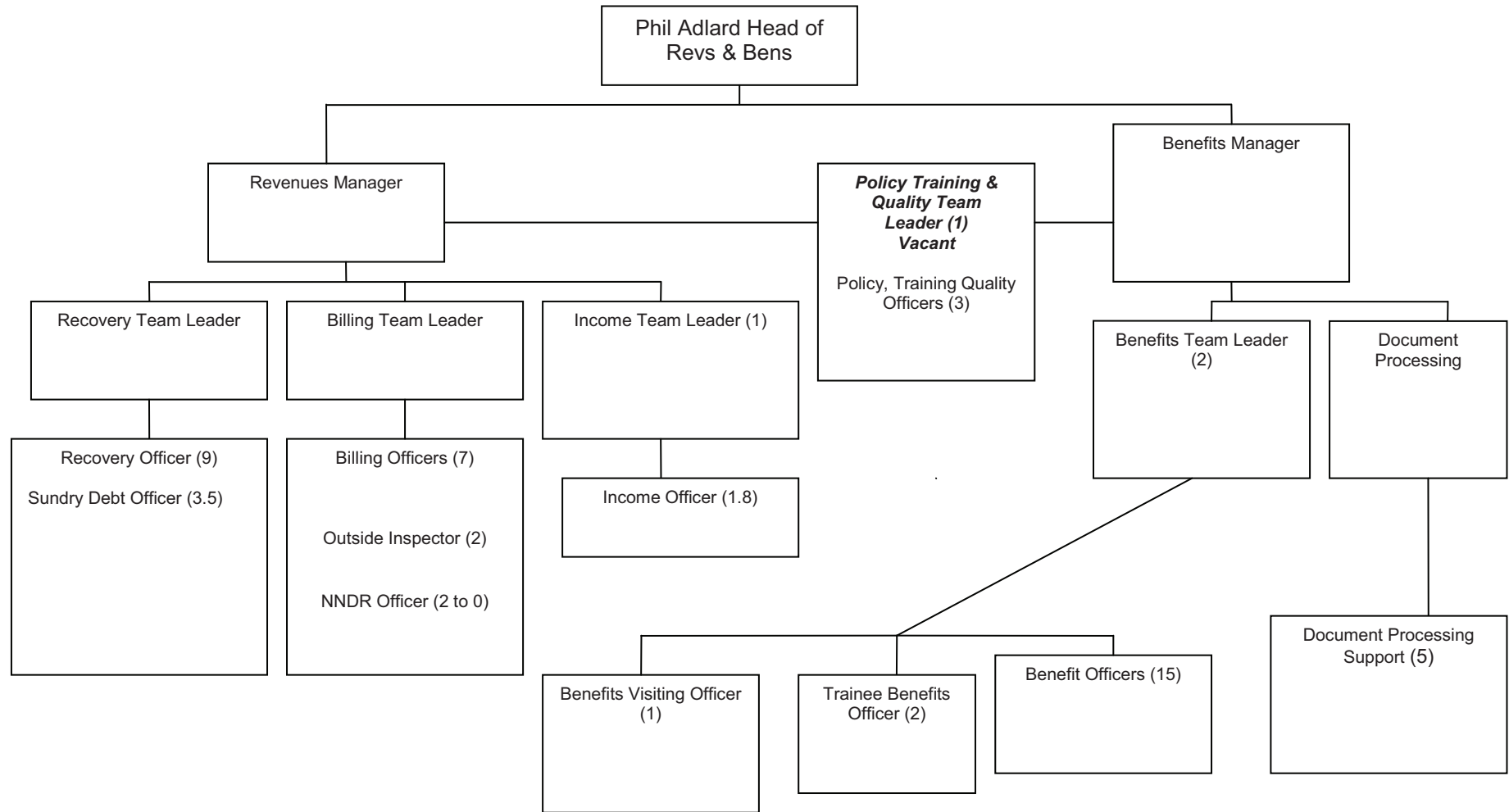
### Background Papers

No papers were used in the preparation of this report.

Appendix I – Existing Structure in Revenues & Benefits



Appendix II – Revised Structure in Revenues & Benefits (New post in ***Bold Italics***)



# Agenda Item 8

## THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 13 September 2010

PART A

AGENDA ITEM

# 8

**Title:** External Auditors Report to Those Charged with Governance

**Report of:** Head of Finance Shared Services

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1. **SUMMARY**

1.1 This report allows the Committee to ask questions of the external auditor concerning his report to those charged with governance and to approve the letter of representation.

2. **RECOMMENDATIONS**

2.1 That the External Auditor Report to those charged with governance – September 2010 be noted; and

2.2 That the letter of representation be approved.

**Contact Officer:**

For further information on this report please contact:

Alan Power – Head of Finance Shared Services

telephone number: 01923 727196

email: alan.power@threerivers.gov.uk

**Report approved by:**

David Gardner – Director of Corporate Resources and Governance – Three Rivers District Council

### 3. **DETAILED PROPOSAL**

3.1 This report has been prepared for the benefit of discussion between Grant Thornton UK LLP and the Three Rivers and Watford Shared Services Joint Committee (the Joint Committee). The purpose of this report is to highlight the key issues arising from the audit of the Joint Committee's financial statements for the year ending 31 March 2010.

3.2 This report meets the mandatory requirements of International Standard on Auditing 260 (ISA 260) to report the outcome of the audit to 'those charged with governance', designated as the Joint Committee.

3.3 The Joint Committee is responsible for the preparation of financial statements which record its financial position as at 31 March 2010, and its income and expenditure for the year then ended. The Auditors are responsible for undertaking an audit and reporting whether, in their opinion, the Joint Committee's financial statements present a true and fair view of the financial position.

### 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** (Monitoring Officer)

4.3.1 None specific to this report

#### 4.4 **Risk Management and Health & Safety**

4.4.1 There are no risks associated with the decision members are being asked to take.

#### 4.5 **Equalities\***

##### 4.5.1 *Relevance Test*

Has a relevance test been completed for Equality Impact?

No

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

4.6.1 None specific.

### **Appendices**

External Auditors Report to Those Charged with Governance  
Letter of Representation

### **Background Papers**

No papers were used in the preparation of this report.

# **The Three Rivers and Watford Shared Services Joint Committee**

Audit of Accounts 2009-10

Annual Report to those Charged with Governance

8 September 2010

# Contents

1	Executive Summary	1
2	Detailed Findings	3

## Appendices

A	Reporting requirements of ISA 260	6
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# 1 Executive Summary

## Purpose of the report

SAUK 260 requires communication of:

- relationships that have a bearing on the independence of the audit firm and the objectivity of the engagement team
- nature and scope of the audit work
- the form of reports expected.

- 1.1 This report has been prepared for the benefit of discussion between Grant Thornton UK LLP and the Three Rivers and Watford Shared Services Joint Committee (the Joint Committee). The purpose of this report is to highlight the key issues arising from the audit of the Joint Committee's financial statements for the year ending 31 March 2010.
- 1.2 This report meets the mandatory requirements of International Standard on Auditing 260 (ISA 260) to report the outcome of the audit to 'those charged with governance', designated as the Joint Committee. The requirements of ISA260, and how we have discharged them, are set out in more detail at Appendix A.
- 1.3 The Joint Committee is responsible for the preparation of financial statements which record its financial position as at 31 March 2010, and its income and expenditure for the year then ended. We are responsible for undertaking an audit and reporting whether, in our opinion, the Joint Committee's financial statements present a true and fair view of the financial position.
- 1.4 Under the Audit Commission's Code of Audit Practice we are also required to reach a formal conclusion on whether the Joint Committee has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## Audit conclusions

### Financial Statements Opinion

- 1.5 The Joint Committee produced its draft 2009/10 accounts, two days in advance of the 30 June 2010 deadline and presented them to the Joint Committee on 28 June 2010. The working papers were of a satisfactory standard and the provision of working papers in advance of the audit would reduce the overall audit time.
- 1.6 The key highlights from the audit are:
- 1.7 The shared service commenced operation on 1 April 2009, providing a combined Revenues, Benefits, Finance, IT and Human Resources services to the both Watford BC and Three Rivers DC. The financial results reflect that the Shared Service recorded neither a surplus nor deficit in the income and expenditure account. This is primarily due to the costs being recharged to the respective Council based upon the percentage split between the Councils before the commencement of the shared service.
- 1.8 Our review of the requirements for the production of the shared service accounts demonstrates that the shared service has correctly applied the new SORP regulation effective from 1 April 2009.
- 1.9 We anticipate providing an unqualified opinion on the Joint Committee's financial statements to be reported at the Committee on 13 September 2010.

- 1.10 Further details of the outcome of our financial statements audit are given in Section Two.

### **Value for Money Conclusion**

- 1.11 In providing our opinion on the financial statements, we are required to reach a conclusion on the adequacy of the Joint Committee's arrangements for ensuring economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).
- 1.12 Our Value for Money conclusion is informed by our work on our Use of Resources assessment. In order for us to provide an unqualified conclusion, the Joint Committee needs to have adequate arrangements in place for each of the Code of Practice criteria. We are pleased to report that the Joint Committee has met the requirements for the Code criteria and we therefore propose to give a unqualified conclusion.
- 1.13 Further information on the outcome of our Value for Money audit is contained in Section Two.

### **The way forward**

- 1.14 Matters arising from the financial statements and Value for Money audit have been discussed with the Head of Finance Shared Services. This has been discussed and agreed with the Head of Finance and his senior finance team.

### **Use of this report**

- 1.15 This report has been prepared solely for use by the Joint Committee to discharge our responsibilities under ISA260, and should not be used for any other purpose. We assume no responsibility to any other person. This report should be read in conjunction with the Statement of Responsibilities and the Joint Committee's Letter of Representation.

### **Acknowledgements**

- 1.16 We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the councils' staff.

**Grant Thornton UK LLP**

9 September 2010

## 2 Detailed Findings

### Introduction

- 2.1 This section provides a summary of findings arising from our audit of the financial statements and Value for Money (VFM) audit.

### Status of the audit

- 2.2 Our audit is substantially complete, subject to the following finalisation procedures:
- update the Shared Services accounts for the amendments to Three Rivers DC and Watford BC updates to their financial statements, where applicable.
  - obtaining and reviewing the Joint Committee's Letter of Representation.
  - updating our post balance sheet events review, to the date of signing the accounts.

### Key risks

- 2.3 Our 2009/10 Annual fee letter set out the key risk relating to the audit of the financial statements. As part of our final accounts audit, we review the key risk areas and have set out in Exhibit One, the outcome of work completed.

#### Exhibit One: 2009/10 Key audit risks

Key audit risk	Conclusion
<b>Risk 1 - Reporting timetable</b>	
Un-audited accounts and summarisation schedules have to be submitted to the auditor by 30 June 2010. Audited annual reports, accounts and summarisation schedules have to be signed off by 30 September 2010.	The Joint Committee produced the accounts in draft format and presented them to the auditors on 30 June 2010, 2 days after they were approved at the Joint committee on 28 June 2010.

### Matters arising from the financial statements audit

- 2.4 We were presented with the draft financial statements on 30 June 2010, two days after they were presented at the Joint Shared Service committee on the 28 June, which met the statutory deadline of 30 June 2010. The supporting working papers were also provided in accordance with the agreed timetable for audit.
- 2.5 Regular liaison meetings were held between the audit team and key finance officers prior to the preparation of the draft accounts, and throughout the audit fieldwork. This enabled early resolution of emerging issues. We would like to place on record our appreciation to those officers involved in this process.

- 2.6 There were no significant matters arising from the financial statements audit to impact on our opinion or our value for money conclusion .

### **Adjusted misstatements**

- 2.7 Our audit did not identify any amendments or disclosure adjustments.

### **Miscellaneous Disclosures**

- 2.8 Our audit did not identify any amendments or disclosure adjustments.

### **Unadjusted misstatements**

- 2.9 Our audit did not identify any amendments or disclosure adjustments.

### **Financial Statements Opinion**

- 2.10 We anticipate providing an unqualified opinion on the Joint Committee's financial statements after the outstanding items listing has been cleared.

### **Financial performance**

- 2.11 The Joint Committee has reported a break even position on the Income and Expenditure account in its first year of operation. Comparison of the outturn position against the revised budget found that there had been a £120,000 overspend, which was primarily due to the employment of extra Benefits assessors on a temporary basis to clear the backlog of Benefit assessments that had accumulated since the merger of Benefit services.
- 2.12 The revised budget is in line with the revised medium term financial plan. In 2010/11 the budget has been forecast to be reduced by £682,000, which is in line with expectation as the staffing of the service reaches its optimum levels but will prove challenging going forward. The implementation costs of the shared service to be incurred in 2010/11 include a £265,000 (revenue) and £84,000 (capital) carry forward from 2009/10 budget, to increase implementation costs to £1,014,000. The shared service budget going forward should be monitored closely to ensure the service maintains budget.

### **Evaluation of key controls**

- 2.13 We have placed reliance on the work undertaken on key financial controls at Watford Borough Council and Three Rivers District Council ('the Councils') for the purpose of designing our programme of work for the financial statements audit.
- 2.14 The audit of the key controls of the councils' financial systems found the controls in place to be robust and there was no amendment of the programme of work for the financial statements audit.

### **Annual Governance Statement**

- 2.15 We have examined the Joint Committee's arrangements and processes for compiling the Annual Governance Statement (AGS). In addition, we read the AGS to consider whether the statement is in accordance with our knowledge of the Joint Committee.
- 2.16 We have concluded that the Joint Committee places reliance on the arrangements in place at Watford BC and Three Rivers DC. Both were reported to have satisfactory arrangements in

place to produce robust Annual Governance Statements and provide a strong audit trail for the Chief Executive and Leader to sign the statement.

- 2.17 The Audit Commission's Code of Audit Practice requires us to assess whether the Joint Committee has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In discharging this responsibility, we are required to review and, where appropriate, examine evidence that is relevant to the Joint Committee's corporate performance management and financial management arrangements.
- 2.18 Our 2010 Value for Money conclusion has been informed by work carried out on the code of audit practice - Vfm conclusion criteria. This was referred to as Use of Resources up until the abolition of Comprehensive Area Assessment, and other local risk based work carried out in accordance with our 2009/10 Audit Plan for Three Rivers DC and Watford BC.
- 2.19 The Joint Committee has met all the requirements of the Code of Practice and the Joint Committee has further improved its arrangements in the last 12 months.

### **Next steps**

- 2.20 The Joint Committee is required to approve the financial statements for the year ended 2009/10.
- 2.21 Finally, we would again like to draw to the attention of those charged with governance further significant changes to the basis on which the statement of accounts will be prepared in future years. We have noted some of the arrangements that are in place for the full implementation of International Financial Reporting Standards ("IFRS") into the 2010/11 accounts. It is important that the Joint Committee continues to develop these arrangements as there will be significant changes to the accounts under IFRS. Our experience in other sectors shows that audited bodies that are well prepared for the transition to IFRS have fewer amendments to their accounts than those who are not. We would be happy to share our experiences of working with CIPFA in this area, as well as involving our Financial Reporting Advisory Group who are specialists in planning for IFRS.
- 2.22 The Joint Committee will need to ensure that its current progress in addressing the challenges of IFRS are supported by robust assurance over a set of 2009/10 accounts restated under IFRS.
- 2.23 The outcome of our Use of Resources audit will be reported in full in our Annual Audit Letter to be presented to the Joint Committee at its next meeting. This will include guidance on the new value for money framework for 2010/11.

## A Reporting requirements of ISA 260

The principal purpose of the ISA 260 report is:

- To reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and those charged with governance.
- To share information to assist both the auditor and those charged with governance to fulfil their respective responsibilities.
- To provide to those charged with governance constructive observations arising from the audit process.

ISA260 reporting requirement	Key messages
<span style="writing-mode: vertical-rl; transform: rotate(180deg); font-size: small;">Page 58</span> <p><b>Independence</b></p>	<p>We are able to confirm our independence and objectivity as auditors and draw attention to the following points:</p> <ul style="list-style-type: none"> <li>• We are independently appointed by the Audit Commission.</li> <li>• The firm has been assessed by the Audit Commission as complying with its required quality standards.</li> <li>• The appointed auditor and client service manager are subject to rotation in line with the Audit Commission's requirements.</li> <li>• We comply with the Auditing Practices Board's Ethical Standards.</li> </ul>
<p><b>Audit Approach</b></p>	<p>We have planned our audit in accordance with auditing standards and the Audit Commission's Code of Audit Practice. Other key factors to highlight include:</p> <ul style="list-style-type: none"> <li>• We consider the materiality of items in the financial statements in determining the audit approach and in determining the impact of any errors.</li> <li>• We have been able to place appropriate reliance on the key accounting systems operating at the Joint Committee for financial statement audit purposes.</li> <li>• In 2009-10 we have been able to take assurance from the work of internal audit in respect of the key accounting systems.</li> </ul>

ISA260 reporting requirement	Key messages
<b>Accounting Policies</b>	<p>The Joint Committee has adopted appropriate accounting policies in the areas covered by our testing. Accounting policies are in accordance with the SORP 2009.</p> <p>The Joint Committee should confirm that it is satisfied that the accounting policies adopted are the most appropriate, as required by IAS 8.</p> <p>We have considered the Joint Committee’s financial plans and consider it appropriate for the Joint Committee to continue to account on a going concern basis.</p>
<b>Material Risks</b>	<p>The Joint Committee should confirm that it is not aware of any additional material risk areas facing the Joint Committee, including significant fraud risks.</p> <p>We have requested from the Joint Committee a Letter of Representation, to state that there are no additional material risks and exposures as at September 2010, which should be reflected in the financial statements.</p> <p>We will also perform our own audit procedures to ensure that all significant risks and exposures to the Joint Committee have been recognised in the accounts as at September 2010. We will focus on accounting provisions and cash flow forecasting over the next 12 months.</p>
<b>Audit Adjustments</b>	No audit adjustments were required to be processed.
<b>Unadjusted Errors</b>	From the audit results mentioned previously we have identified no unadjusted errors.
<b>Other Matters</b>	No other matters have been noted.







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Grant Thornton UK LLP  
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London  
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My Ref : DCRG/AP  
Your Ref :  
Date : 13 September 2010  
Contact : Alan Power  
Tel No : 01923 727196  
Email Add : [alan.power@threerivers.gov.uk](mailto:alan.power@threerivers.gov.uk)  
Department : Shared Services Finance

Dear Sirs,

### **Financial Statements for the Year Ended 31 March 2010**

We confirm to the best of our knowledge and belief that the following representations are made on the basis of appropriate enquiries of other officers and members with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you in respect of your audit of the above financial statements.

- i We acknowledge our responsibilities for ensuring that financial statements are prepared which give a true and fair view of the financial position of the Joint Committee in accordance with the SoRP and for making accurate representations to you.
- ii As far as we are aware:
  - a there is no relevant audit information of which you are unaware
  - b we have taken all steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that you are aware of that information.
- iii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iv All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Joint Committee have been properly recorded in the accounting records and reflected in the financial statements.
- v All other records and related information, including minutes of all Joint Committee and Committee meetings, have been made available to you.
- vi We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Where it was necessary to choose between estimation techniques that comply with the 2009 SoRP, we selected the estimation technique considered to be the most appropriate to the Joint Committee's particular circumstances for the purpose of giving a true and fair view. Those estimates reflect our judgment based on our knowledge and experience about past and current events

and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.

- vii The financial statements are free of material misstatements, including omissions.
- viii We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.
- ix We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- x We are not aware of any irregularities, including fraud, involving management or employees of the Joint Committee. We are not aware of any instances of actual or possible non-compliance with laws, regulations, contracts, agreements or the Joint Committee's constitution that might result in the Joint Committee suffering significant penalties, other loss or affecting the financial statements. No allegations of such irregularities, including fraud, or such non-compliance have come to our notice.
- xi We have disclosed to you all related parties and there were no transactions with officers, members or other related parties which should be disclosed in the financial statements except as disclosed in note 2.
- xii Except as stated in the accounts:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the Joint Committee has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- xiii There are no claims, legal proceedings or other matters which may lead to a loss falling on the Joint Committee or which could result in the creation of an unrecorded asset that should be disclosed in the financial statements.
- xiv The Joint Committee has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- xv We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements, other than as required by the restatement of accounts under International Financial Reporting Standards in accordance with the 2010 Code.
- xvi No significant events having an effect on the financial position of the Joint Committee have taken place since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto.
- xvii We believe that the Joint Committee's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Joint Committee's needs. We believe that no further disclosures relating to the Joint Committee's ability to continue as a going concern need to be made in the financial statements.

## Approval

The approval of this letter of representation was minuted by the Joint Committee at its meeting on 13 September 2010.

Signed on behalf of The Three Rivers and Watford Joint Committee.

Name: Tricia Taylor

Position: Executive Director – Resources  
Watford Borough Council

Date: .....

Name: David Gardner

Position: Director of Corporate  
Resources and Governance  
Three Rivers District Council

Date: .....

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