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THREE RIVERS & WATFORD
SHARED SERVICES
JOINT COMMITTEE



AGENDA

Date: 3 June 2013

Time: 7.30 pm

Place: Penn Chamber, Three Rivers District Council

Members of the Committee:-

Councillors:-	B White (Chair)	S Nelmes
	M Watkin (Vice-Chair)	N Bell
	G Derbyshire	Sansom

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

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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 18 March 2013.
- 4 RECRUITMENT OF DIRECTOR OF FINANCE AND HEAD OF HUMAN RESOURCES**
To receive an oral report on the recruitment to these two posts.
- 5 MEASURES OF PERFORMANCE**
This report gives performance information on the 4th Quarter of 2012/13.

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Item	Page
<p>6 ICT TRANSITION UPDATE</p> <p>This report gives an update on the ICT Service Provision.</p>	15 - 18
<p>7 REVENUES AND BENEFITS UPDATE</p> <p>This report gives an update on the Revenues and Benefits service.</p>	19 - 32
<p>8 FUTURE OF THE SHARED SERVICES JOINT COMMITTEE</p> <p>This report allows the Joint Committee to consider its successes and the lessons learned in order to inform the changes proposed by the two councils. It also considers the advantages and disadvantages of moving to a lead authority model.</p>	33 - 52
<p>9 DRAFT STATEMENT OF ACCOUNTS FOR 2012/13</p> <p>This report allows the Committee to consider the Draft Statement of Accounts for 2012/13.</p>	53 - 72
<p>10 EXCLUSION OF PRESS AND PUBLIC</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

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

Agenda Item 5

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 3 June 2013

PART A

AGENDA ITEM

5

Title: MEASURES OF PERFORMANCE

Report of: Cathy Watson – Head of Human Resources
Allan Caton – ICT Client Manager
Alan Power – Head of Finance
Phil Adlard – Head of Revenues and Benefits

1. **SUMMARY**

1.1 This report gives performance information for the 4th Quarter of 2012/13.

2. **RECOMMENDATIONS**

2.1 That the Committee notes this report.

Contact Officer:

For further information on this report please contact:

Alan Power – Head of Finance

Telephone number: 01923 727196 email: alan.power@threerivers.gov.uk

Allan Caton – ICT Client Manager

Telephone number: 01923 email: Allan.Caton@watford.gov.uk

Cathy Watson – Head of HR

Telephone number: 01923 278133 email: Cathy.Watson@watford.gov.uk

Phil Adlard – Head of Revenues and Benefits

Telephone number: 01923 278023 email: Phil.Adlard@watford.gov.uk

Report approved by:

Bernard Clarke – Head of Strategic Finance – Watford B.C.

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

3. **DETAILED PROPOSAL**

3.1 Measures of Performance for Quarter 4 of 2012/13 are attached at Appendix 1.

3.2 Relevant officers will attend the meeting to answer questions.

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 There are no legal issues associated with 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 (i.e. to note the report).

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

4.5.1 None specific.

Appendices

Watford and Three Rivers Shared Services – Measures of Performance, Annual, Quarterly, Monthly – 2012/13 (Quarter 4: Jan – Mar)

Background Papers








No papers were used in the preparation of this report.

WATFORD AND THREE RIVERS SHARED SERVICES – MEASURES OF PERFORMANCE







Annual, Quarterly, Monthly – 2012/13 (QUARTER 4 – JANUARY - MARCH 2012/13)

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13		Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
Finance									
SSF1	% payment made by BACS	Quarterly						Finance	
	Watford BC	90%	90.93%	87.59%		↑	↑		The target for Watford's BACS payments was exceeded in March
	Three Rivers DC [FN09 (2)]	90%	84.38%	81.31%		↑	↑		The actuals for Three Rivers moved closer to the target in the last two months of the quarter.
SSF2	Creditor payments paid within 30 days	Quarterly						Finance	
	Watford BC	100%	97.05%	92.93%		↑	↑		This is a corporate PI managed and reported by Finance. Service Departments have been reminded of their responsibilities to process invoices on time.
	Three Rivers DC [FN09 (1)]	100%	96.66%	93.67%		↑	↑		






Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSF3	Treasury , Investments and Banking Services Management of short and long term cash flow	Annual						Finance	
	Watford BC	1.3%	1.15%	1.15%		↓	↓		The performance of the council's treasury management strategy is in line with estimate.
	Three Rivers DC [FN01]	0.12% above average base rate (0.50%)	0.99%	0.99%		-	-		
SSF4	Month end account closure - reconciliations	Monthly						Finance	
	Watford BC	100% reconciliations done	Yes	Yes		↔	-		
	Three Rivers DC [FN02]	100% reconciliations done	Yes	Yes		↔	-		
SSF5	Monthly Budget Monitoring Reports – Overall Revenue Budget Performance	Annual						Finance	
	Watford BC								Available when Financial Statements are finalised
	Three Rivers DC [FN03 (1)]						-		




Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSF6	Monthly Budget Monitoring Reports – Overall Capital Budget Performance	Annual						Finance	
	Watford BC								Available when Financial Statements are finalised
	Three Rivers DC [FN03 (2)]								
SSF7	Closure of Annual Accounts and production of statements – Statement of Accounts approval	Annual						Finance	
	Watford BC								Work in Progress. Statements to be signed off by Chief Financial Officers by 30 th June 2013.
	Three Rivers DC [FN04 (1)]								
SSF8	Compilation of government returns – revenue account, revenue summary, capital outturn – (RA, RS,CO)	Annual						Finance	
	Watford BC		Yes	Yes		↔	-		
	Three Rivers DC [FN05]		Yes	Yes		↔	-		
SSF9	Benefit Fraud – number of cases investigated	Annual						Finance	
	Watford BC	330	639	639		↑			Target and actuals measured on Shared Service.
	Three Rivers DC [FN11 (1)]								







Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSF10	Benefit Fraud – Number of sanctions administered	Annual						Finance	
	Watford BC	62	93	93		↑			Target and actuals measured on Shared Service.
	Three Rivers DC [FN11 (2)]								
SSF11	The proportion of internal audit recommendations that have been implemented within their agreed timescales.	Quarterly						Finance	
	Watford BC	310	302	302 (97%)		↑	↑		
	Three Rivers DC [FN10]	92%	92%	94%		–	–		The Internal Audit Team have transferred to the Herts Audit Service.













Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
Human Resources									
SSHR1	Sickness absence (working days lost)	Quarterly						Human Resources	
	Watford BC	1.63 days	1.91 days	8.63 days	!	↑	↓		Although a reduction in Q4 (from 2.04 days in Q3), the cumulative total of 8.63 days per employee for the year is over 2 days higher than the 'stretch' target for the year of 6.5 days. Over 50% of all sickness during 2012/13 originates in two service areas where the nature of work (outdoors / manual work) predisposes them to higher sickness levels. Without these two service areas revised figures show a cumulative absence rate of 4.5 days per employee for the year.







Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
	Three Rivers DC	1.63 days	1.73 days	5.59 days		↑	↑		Sickness Performance for Three Rivers remains very low overall. Recent benchmarking information across Hertfordshire shows our sickness performance to be the lowest. TRDC shared services employees now use the FirstCare absence management system to report and monitor their sickness absence.
SSHR2	Appraisals completed on time	Quarterly						Human Resources	
	Watford BC	100%	98.76%	98.76%		↑	↑		Good performance in both Councils and the introduction of a new process will be energetically supported by training and briefing to improve the quality and completion rates for the appraisal process for 2013-14
	Three Rivers DC (HR10)	100%	91.70%	91.70%		↑	↑		







Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSHR3	Workforce monitoring report (6 monthly)	Bi-Annual						Human Resources	
	Watford BC								
HR3 (a)	% of top 10% earners who are:								
	Women	50	38.1	38.1		-	-		
	From Black and ethnic minority groups;	13.6	16.66	16.66		↓	-		
	Have a disability	5	0	0		-	-		
HR 3 (b)	% of employees declaring they have a disability	5	3.05	3.05		↑	-		
HR 3 (c)	% of employees from ethnic minority communities	13.6	21.65	21.65		↓	-		
HR 3 (d)	Ratio of HR staff to FTE's	1:90	1:84	1:85		-	-		
HR 3 (e)	Employee Turnover	No target	5.65%	11.76%	-	-	-		
	Three Rivers DC								
HR3 (a)	% of top 10% earners who are:								
	Women	50	25	25		↑	-		
	From Black and ethnic minority groups;	13.6	6.45	6.45		↓	-		
	Have a disability	9.2	12.9	12.9		-	-		





Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
HR 3 (b)	% of employees declaring they have a disability	9.2	4.91	4.91		↑	-		
HR 3 (c)	% of employees from ethnic minority communities	13.6	5.22	5.22		↑	-		
HR 3 (d)	Ratio of HR staff to FTE's	1:90	1:84	1:85		-	-		
HR 3 (e)	Employee Turnover	No target	1.3%	6.53%	-	-	-		












Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
ICT									
SS ICT1	ICT service availability to users during core working hours Watford Borough Council	Quarterly						ICT	
	Priority 1 Applications – ABS (COA) Academy (Windows) Uniform Email Internet WBC Website Lagan File and Print Server	99.5%	100%	99.69%		↔	↑		The availability of ICT systems has seen a vast improvement, largely due recent and ongoing infrastructure improvements
	Priority 2 Applications – Touchpaper EROS Gauge Resource Link Intranet	99.5%	99.50%	100%		↔	↑		
SSICT 2	ICT service availability to users during core working hours Three Rivers District Council	Quarterly						ICT	
	All Applications	99.50%	99.98%	99.93%		↑	↑		As above




Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSICT 3	Resolution of reported incidents	Quarterly						ICT	
	Watford BC Three Rivers DC (IT 01)	99%	87.40%	93.30%		↓	↓		Combined result for both authorities
SSICT 4	ICT User Satisfaction	Annual						ICT	
	Watford BC	-	-	-	-	-	-		Due to the outsourcing of the ICT service and the demands on staff, a customer satisfaction survey has not been completed this year.
	Three Rivers DC (IT02)	-	-	-	-	-	-		

Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
Revenues and Benefits									
SSRB 1	General debtors raised	Quarterly						Revenues & Benefits	
	Watford BC	£18m	-	£17.7m		↑	↓		
	Three Rivers DC	£3.5m	-	£3.75m		-	-		
SSRB 2	General debtors collected	Quarterly						Revenues & Benefits	
	Watford BC	94%	-	95.9%		↔	↑		
	Three Rivers DC	90%		91.03%		-	-		
SSRB 3	Collection rates of council tax	Quarterly						Revenues & Benefits	
	Watford BC	96%	95.40%	95.40%		↔	↓		Very slight fall from 2011/12 (95.6%).
	Three Rivers DC (RB 01)	98.90%	97.60%	97.60%		-	-		Match 2011/12 Performance. No improvement despite regular recovery action
SSRB 4	Collection rates of NNDR	Quarterly						Revenues & Benefits	
	Watford BC	97%	97.40%	97.40%		↓	↑		
	Three Rivers DC (RB 02)	99.40%	98.70%	98.70%		↓	↓		Consistent with reduction in collection rates across County

Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 4 (Jan - Mar) – 2012/13

Ref	Measure	Target for Q4 2012/13	Actual at end of Q4 2012/13	Cumulative at end of Q4 2012/13	  	Trend since last period (Q3 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSRB 5	Average time to process new claims	Quarterly						Revenues & Benefits	
	Watford BC	22 days	25.34 days	31.89 days	!	↑	↑		Figure based on position as at 30/09/12. Around 5 days less than end of 2011/12.
	Three Rivers DC (RB 03)	22 days	30.58 days	25.68 days	☹	-	-		Annual Average 2012/13
SSRB 6	Average time to process change of circumstances	Quarterly						Revenues & Benefits	
	Watford BC	8 days	13.95 days	25.36 days	😊	↑	↑		
	Three Rivers DC (RB 04)	8 days	6.46 days	28.1 days	☹	-	-		Annual average 2012/13
SSRB 7	New claims – average time to process from receipt of all information	Quarterly						Revenues & Benefits	
	Watford BC	15 days	11.34 days	13.96 days	😊	↑	↑		Good and improving performance
	Three Rivers DC	15 days	13.38 days	10.66 days	😊	N/A	N/A		

Key to performance against target

- 😊 on target or above target
- ☹ not on target but there is no cause for concern at this stage.
- ! not on target/ more than 10% variance and is a cause for concern.

Agenda Item 6

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting: 3 June 2013

PART A	AGENDA ITEM
	6

Title: ICT TRANSITION UPDATE

Report of: Allan Caton & Paul Morgan – ICT Client Managers

1. **SUMMARY**

1.1 This report provides an update on the ICT Service Provision.

2. **RECOMMENDATION**

2.1 That the report be noted.

Contact Officer:

For further information on this report please contact:

Allan Caton \ Paul Morgan

telephone number: 01923 727442 \ 01923 727458

email: allan.caton@watford.gov.uk \ paul.morgan@watford.gov.uk

Report approved by:

Bernard Clarke, Head of Strategic Finance – Watford B.C.

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

3. **DETAILED PROPOSAL**

3.1 **Managed Service Update**

3.1.1 At the Joint Shared Services Committee in March 2013 Members were updated as to the progress of the transition work being conducted by Capita Secure Information Solutions (CSIS) and council officers.

Since this time, the transition phase has been concluded and CSIS continue to maintain an on-site presence and will do so going forward.

Consultation with staff was completed within the planned timescales and council staff as well as the majority of ICT agency staff have been successfully transferred over to CSIS.

Staff Road Shows were held at both councils in April and were well received with positive feedback from attendees. In addition to this, customer awareness was increased by reference materials provided by CSIS such as leaflets, cards and mouse mats which displayed the contact details and service level agreement (SLA) for the new ICT Service.

The commencement date of Monday 20th May was adhered to and the cut over of calls from the in-house helpdesk to that of CSIS in Weybridge was a resounding success.

3.1.2 Both the Client Team and CSIS staff moved to the ground floor of Three Rivers House in mid-May and they are located in close proximity to each other in order to maintain good communication between council officers, CSIS staff and the Service Delivery Manager.

The first monthly service review meeting is scheduled for 12th June 2013 and the client team have begun the process of setting up meetings with Heads of Service and/or Section Heads at both councils.

3.2 **Audit Reports and Project Work**

3.2.1 Audit Reports have been discussed with CSIS and the latest Audit Committees were updated with the position on all outstanding recommendations.

The vulnerabilities have also been discussed with CSIS who were pleased to see that the councils are further ahead with remedial work than anticipated. The ICT team has continued to implement latest software versions and patches and a baseline position has been discussed with CSIS.

Both of these have been discussed with the Head of Assurance from the Shared Internal Audit Service and this year's Audit Plan has been agreed as follows:

1. IT Vulnerabilities – August 2013
2. Cyber Risk – September / December 2013
3. Contract Management – January / March 2013

3.2.2 A consolidated projects list has been produced which includes all of the audit recommendations, CSIS due diligence actions, transformation projects and systems implementations along with associated budgets. This has been discussed and agreed by the Joint IT Steering Group (ITSG) which consists of officers from both councils and senior staff at CSIS. The ITSG meets regularly to discuss progress with projects.

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, i.e. to note this report

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

4.5.1 None specific.

Appendices

None.

Background Papers

None.

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Agenda Item 7

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting – 3 June 2013

PART A

AGENDA ITEM

7

Title: REVENUES AND BENEFITS - UPDATE

Report of: Phil Adlard – Head of Revenues and Benefits

1.0 **SUMMARY**

1.1 This report gives an update on the Revenues and Benefits service.

2.0 **RECOMMENDATIONS**

2.1 That the contents of the report are noted.

2.2 That the Committee approves the documentation in support of soft market testing.

Contact Officer:

For further information on this report please contact:

Phil Adlard - Head of Revenues & Benefits

telephone: 01923 278023

email: phil.adlard@watford.gov.uk

Report approved by:

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

Bernard Clarke, Strategic Finance Director – Watford B.C.

3.0 **DETAILED PROPOSAL**

3.1 **Benefits Performance**

3.1.1 The number of new claims outstanding continues to be monitored on a weekly basis with the number of outstanding new claims as at 20 May 2013 being 164 for Watford and 59 for Three Rivers. Of these, 89 and 30, respectively, are awaiting further information from claimants.

Both authorities saw a peak in demand following the Annual Billing process and the total number of new claims outstanding at 8 April 2013 was 229 and 97 respectively.

3.1.2 Data from the SHBE (Department for Work & Pensions) Return showing the speed of processing in March 2013 indicates:

New Claims (Target 22 days)

Watford	25 days
Three Rivers	26 days

Changes (Target 8 days)

Watford	14 days
Three Rivers	6 days

The changes figures for March should be treated with caution as they include rent increases for Thrive Homes and the Watford Community Housing Trust that are automatically (i.e. instantly) updated to the system.

Members will recall that the Department for Work and Pensions (DWP) report was critical that the automatic notification of changes from the DWP / Tax Credits (ATLAS) had not been actioned.

In the report to Committee on 18 March 2013 it was reported that the then high statistic for Changes in Three Rivers was attributable to the fact that those cases had now been downloaded and were being addressed principally by Serco staff.

Attention has now been focussed on the backlog of ATLAS cases in Watford. Updated figures for April will be reported at the meeting and, due to the ATLAS cases, will inevitably show very high processing times for changes at both councils.

At 22 May 2013, 15,720 of 16,380 Three Rivers' ATLAS cases, dating back to July 2011, had been processed and 21,637 of 25,747 Watford cases.

As the ATLAS work is brought up to date attention will be drawn again to the changes notified to the councils. The outstanding number of these has remained constant at around 2,500 during the current quarter.

3.2 **Welfare Reforms**

3.2.1 *The Benefit Cap*

The Benefit Cap will be introduced with effect from 15 July 2013. This will limit the amount paid in out of work benefits to £500.00 per week for couples and lone parents and £350.00 per week to single claimants.

In March 2013 we were provided with details of affected claimants and have been sharing this data with internal partners, i.e. Housing and Community Partnerships, external partners such as WCHT, Thrive Homes and other Housing Associations

and colleagues in the Thriving Families' Team at Herts County Council.

There were 80 cases in Watford and 51 in Three Rivers.

Arrangements are also being made for a event to be held in partnership with JobcentrePlus.

Individuals who are affected by the Benefit Cap will have their Housing Benefit reduced by the amount that they exceed the £500.00/ £350.00 limit.

3.2.2 *Social Sector Size Criteria*

Commonly referred to as the "Bedroom Tax", we have amended Housing Benefit awards to those affected and they have been notified as part of the Annual uprating.

We continue to work closely with WCHT and Thrive Homes as appropriate.

Elements of the "Bedroom Tax" are being challenged in the courts with the judge reserving judgement in the recent hearing on 10 cases held 15-17 May 2013.

The outcome of these cases will have a bearing on a number of claimants in both Watford and Three Rivers.

3.2.3 *Discretionary Housing Payments*

The impact of the "Bedroom Tax" has resulted in an increase in requests for assistance through Discretionary Housing Payments.

Each request is considered on an individual basis and where there is a need for additional financial assistance, this is being offered. If possible, additional assistance is offered through Housing teams.

Expenditure will be monitored and reported to the individual Council's on a quarterly basis.

Initial figures show that as at 9 May 2013 £10,032 had been paid to Watford residents with the total commitment being £27,110 (37 households)

For Three Rivers the figures are £2900 paid, £12,697 committed (24 households)

3.3 **Revenues Performance**

3.3.1 The annual billing process has been completed. Collection Rates at the end of April compared to 2012/13 are as follows:

	2012/13 %	2013/14 %
Watford		
Council Tax	11.1	11.0
Business Rates	13.5	13.3
Three Rivers		
Council Tax	10.9	11.0
Business Rates	16.4	16.3

Reminders have been issued for those who have not paid the instalment due in April on time and these will be followed up with further action should they remain unpaid.

3.4 **Soft Market Test**

3.4.1 The Committee is reminded that at its meeting on 24 September 2012 (Minute JSS23/12 refers), "Members made comments that they were not in favour of outsourcing 100% of the service especially as there would be changes through universal credit introduced next year and the fact that the service should

concentrate on improving service especially in respect of change of circumstances. Members agreed however that research into outsourcing (soft market testing) should be undertaken by the Director of Corporate Resources and Governance”.

3.4.2 Attached at Appendix 1 is a document with which it is proposed to approach private sector providers. Officers will also seek to obtain information from Welwyn Hatfield Council who have outsourced their revenues and benefits service.

4.1 **Financial**

4.1.1 Included above.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 None specific.

Background Papers;

No papers were used in the preparation of this report.

Appendices:

1 Three Rivers and Watford Shared Services Joint Committee – Revenues and Benefits Service – Soft Market testing – June 2013

THREE RIVERS AND WATFORD SHARED SERVICES JOINT COMMITTEE

REVENUES AND BENEFITS SERVICE

SOFT MARKET TESTING

JUNE 2013

E-MAIL TO POTENTIAL SUPPLIERS

Dear

Three Rivers and Watford Shared Services Joint Committee – Soft Market Testing – Revenues and Benefits Service

Thank you for agreeing to participate in a soft market testing exercise to consider the above services.

The attached brochure sets out what we are seeking to achieve and details of the current service provision. It includes a questionnaire and I should be grateful if you would complete and return it to me. We may then invite a number of those who respond to have one-to-one conversations with us and the responses will be used to facilitate any subsequent conversations.

Those meetings would not be formal interviews, nor an opportunity to secure business and would not be part of any formal procurement process. It is important however for us to understand and evaluate the responses to the exercise as the outcomes will be reported to the Joint Committee and contribute to an Outline Business Case.

Thank you in anticipation for your response. It would be helpful if you could send your response within two weeks of the date of this e-mail.

Regards,

Howard Hughes B.Sc.(Hons), C.Eng., C.WEM.,M.I.C.E., F.C.I.W.E.M.
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BROCHURE

1. Introduction – Potential Service Scope

The Three Rivers and Watford Shared Services Joint Committee (the “Committee”) is currently facing challenges in processing housing and council tax benefits and revenues correspondence which it is tackling through a mixture of in-house staff with private sector support. It is also conscious that with the introduction of localised support to council tax, welfare reforms and the introduction of universal credit that its revenues and benefits service is facing considerable change.

As a consequence the Committee has agreed that research into outsourcing (soft market testing) should be undertaken. It has also resolved to seek a contract with a suitable supplier that gets the service to the position where it can pass work over to the successful contractor on a flexible ‘top-up’ basis whilst workloads increase, and allowing for changes (i.e. reductions in workload) as universal credit is introduced.

The Committee is keen to be as innovative as possible to achieve its objectives. Whilst the subject of the testing is revenues and benefits, its immediate priority is to meet the challenges in the benefits service and so it would be interested to hear of solutions that might meet this limited service scope should that be attractive to the market.

The Committee will be very interested to explore the options and ideas with potential partners as part of this soft market testing and is therefore seeking views from the market on a range of relevant issues. This is to help ensure that any future procurement will be realistic and appropriate as well as an attractive, viable and sustainable proposition for potential partners.

2. What we are seeking to achieve? – Context for soft market testing

The Shared Service aims to achieve resilience, cost savings and improved services to our residents which are measured as being in the top quartile nationally.

The Committee has confirmed that it wishes to see new benefits claims processed within 22 days, and changes in circumstance processed within 8 days. We wish to get benefit claims ‘right first time’ thus avoiding the need to go back to the claimant for further information time and again.

Revenues performance is measured by the collection rates achieved for council tax and national non-domestic rates.

Current performance levels can be obtained from our website:

3. About the Shared Service

The two councils’ revenues and benefits teams were co-located in Watford in December 2009 since when the shared service has been operating.

The Revenues and Benefits Service Plan includes permanent staffing levels which have been supplemented by temporary staff and private sector support. This has been necessary due to increases in benefits caseload above the national average, and the delay in introducing IT systems designed to enable:-

- a) the councils' customer services centres to handle more enquiries,
- b) more mobile working, and,
- c) the use of intelligent e-forms for benefit claims and more self service

External Influences on Future Service Provision

Move to Universal Credit

Existing housing benefit claimants are to transfer to Universal Credit by the end of 2017. The existing timetable states this is to be phased:-

October 2013	National Launch of Universal Credit
	New Claims – HB Claimants Out of Work
April 2014	New Claims – HB Claimants Working
October 2014	New Claims – HB Claimants of Pensioner Credit age

The issues we believe we are facing are:-

- TUPE / Redundancy
- Recruitment / Retention of Benefits Staff
- Maintaining / Improving Performance
- Recovery of Housing Benefit Overpayments
- Increase in demand for housing services – housing advice / homelessness
- The added pressure backlogs might create in October 2013
- Potential requirement for face-to-face contact with claimants

Localisation of Support to Council Tax

The two councils introduced different local schemes in support to council tax with effect from 1 April 2013. The shared service believes that, In the longer term, it will need to address its management needs if the revenues and benefits service shrinks to a 'council tax collection and discounts section'.

Assessing Market Interest in the Provision of Services

Supplier Questionnaire

This questionnaire is supplied for guidance. We would like to use it as a basis for facilitating a conversation with you on options for the delivery of the service. This will be fed back to the Joint Committee and form part of an Outline Business Case. This will consider the best options for delivering the high quality services our residents expect.

Note: Answers to these questions are not word-limited, please extend the template as required.

Company Name	
Company Address	
Contact Name	
Position	
Telephone Number	
E-mail address	

A. About your company	
A1	What are your company's main areas of business? What would you say were your key strengths. What are your plans to grow the business?
A2	What is your company's experience of providing revenues and benefits services?
A3	What is your company's track record in delivering resilience, improved services and savings in providing revenues and benefits services?
B. Service Scope	
B1	What are your views on the scope of the services that should be included or excluded from a contract? Are there any other service areas (beyond those indicated in the brochure) that, if aggregated, may make the proposals more attractive to the market?
B2	What are your views on how the changes brought about by government legislation, e.g. welfare reforms, universal credit and localising support to council tax, will impact on local authorities, and how do you think the private sector might assist local authorities to react?

B3	There is sometimes a perception that outsourced services may be less flexible than those provided in-house, what mechanisms can be put in place contractually and/or in terms of governance to ensure the services can be flexed to meet changing local demand?
C Procurement & Contract Arrangements	
C1	What are your views on the potential procurement procedures that would be attractive to the market (e.g. use of a framework agreement, full tender under EU procurement)? Which procedure is likely to provide the best outcomes for the Joint Committee and why?
C2	How would you like services such as these to be specified, to what level of detail and by reference to which standards?
C3	Please could you give us examples of contractual arrangements for these services which have, in your experience, worked well and those which have not. We are very interested in both, and particularly we wish to ensure that we avoid any pitfalls from arrangements that have not worked well. What is your preferred contract length?
C4	What are your views on our working jointly with other local authorities and enabling them to be party to this type of contract? Do you have any views on the form this could take to maximise both attractiveness to the market and achieve greater resilience, improve the service and make savings for the Joint Committee?

C5	What type of contract incentives would you like to see applied to enhance performance? Would you propose or consider sharing any savings with us?
D Delivering the Services	
D1	What different methods of service delivery are there (e.g. location, use of technologies etc)? Which would you recommend and why? What are the key cost and other drivers for each model? What is your view on your and/or the market's ability to make investment in these services early on in the contract to achieve greater resilience, improve the service and make savings? How have these contributed to performance improvements?
D2	What comments do you have on potential supply chain arrangements (e.g. sub-contractors)? Do you believe there may be opportunities to positively impact on the local social and economic environment?
D3	How could the transition from the existing to any new arrangements be managed without disruption to service delivery? What are your views on risk transfer and how this can be best achieved?
D4	How would you ensure continuous improvement is achieved throughout a potential contract?

D5	Given the ICT systems currently used by the shared service, what are your views on any enhancements or improvements required to ICT in order to achieve greater resilience, improve the service and make savings?
D6	How might Innovation or other private sector benefits be introduced to these services?
D7	What are your views on the potential cost efficiencies that might be made? Are there income generation opportunities for revenues and benefits that might be pursued?
D8	What intangible and / or non-financial benefits do you believe would typically be achieved if the services were outsourced?
D9	How could the Council make a proposed contract as attractive as possible to the market?

The Joint Committee will use these responses to help decide:

- whether and how to procure revenues and benefits services externally
- the scope and range of services to include
- how we can maximise the attractiveness of a contract to the market
- whether we need to work with, or join up with, other councils to make a contract attractive.

Your informal responses to this soft market test are very helpful in the above process and we hope the questions have covered the majority of issues your organisation, as an acknowledged player in the market, believes are pertinent.

Thank you for participating.

Agenda Item 8

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 3 June 2013

PART A

AGENDA ITEM

8

Title: FUTURE OF THE SHARED SERVICES JOINT COMMITTEE

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

1. **SUMMARY**

- 1.1 This report allows the Joint Committee to consider its successes and the lessons learned in order to inform the changes proposed by the two councils.
- 1.2 It also considers the advantages and disadvantages of moving to a lead authority model.

2. **RECOMMENDATIONS**

- 2.1 that the Joint Committee notes its successes and lessons learned, as set out in the report, and that they be conveyed to the councils to inform any proposed changes.
- 2.2 That the Joint Committee notes the two councils' proposals to abolish the Committee and move to a lead authority model, and that the advantages and disadvantages, as set out in the report, be conveyed to the councils to inform any proposed changes.

Contact Officer:

For further information on this report please contact:

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

telephone number: 01923 776611

email: david.gardner@threerivers.gov.uk

Report approved by:

Bernard Clarke – Head of Strategic Finance – Watford B.C.

3. DETAILED PROPOSAL

Background

3.1 At its meeting on 18 March 2013 (Minute JSS47/12 refers), the Joint Committee received a report which provided feedback from the two Councils on proposals for the future of the Committee. It resolved:-

that the Director of Corporate Resources and Governance, following consultation with senior managers, prepare a report for the Joint Committee meeting on 3 June 2013 on the advantages and disadvantages of a lead authority model for service management, together with other options which are considered viable. The report shall include legal aspects and appropriate case studies to inform the review of shared services by both Councils and consideration of proposed changes. The report shall be forwarded to the Resources Policy and Scrutiny Committee and the Executive Committee of Three Rivers District Council on 13 June and 24 June 2013 for comment and approval.

3.2 Members noted the decisions of the two Councils on the report put to them (Attached as Appendix 1). The Three Rivers representatives stated that their Council's decision was intended to permit their Council's Resources Policy and Scrutiny Committee and Executive Committee to have the opportunity to examine the proposals with their effects in detail and to express a view on them before they were put to both Councils for adoption.

3.3 Members recognised the issue of ensuring democratic accountability for any form of service governance and that this applied to any form of out-sourced service provision, particularly for an authority which received but did not manage the service. They wished to ensure that an alternative arrangement would be viable and requested that the report contain case studies involving district/borough authorities for any option recommended. The Chairman commented that the Joint Committee had demonstrated that joint working had been achieved. It was acknowledged that whatever model was adopted needed to provide for three essential elements, namely democratic control; value for money and service quality.

The Joint Committee

Successes

3.4 At member level, the Joint Committee has demonstrated that joint working can be a success. The four functions delegated to it were charged with achieving resilience, savings and improved service. These have been achieved with varying degrees of success as set out in the report to the Committee on 18 March 2013 (Attached as Appendix 2).

Lessons Learned

3.5 That report also highlighted some of the lessons learned. Appendix 2 details the effect that a changing economy, due diligence, and the difficulties in expanding have had on the shared services.

3.6 This report concentrates on governance issues in respect of the current joint committee arrangement and the lead authority model.

3.7 The governance arrangements have made it difficult to harmonise the terms and conditions of staff. For example, there are still staff working alongside each other with different leave entitlements.

3.8 The 'Delegation and Joint Committee Agreement' delegates the operation of the four services to the Joint Committee. This was done with the intention of producing one report for members upon which decisions could be made and action taken. In the event officers have frequently found themselves answerable to the joint committee and, separately, the two councils. This has introduced inefficiency not to say confusion as to where accountability lies.

The Lead Authority Model

Description

- 3.9 In a lead authority model, one constituent council takes responsibility for delivering one or more service to the other council(s). The Lead Authority's systems and processes are those that are usually adopted. Delivery of services between councils are managed via Service Level Agreements and an agreed cost share formula (see under Financial Implications below). The proposal is that Three Rivers leads on Revenues & Benefits and Finance, and Watford on Human Resources and ICT.

Officer Arrangements

- 3.10 In a lead authority model, it is usual for staff to be transferred from the recipient council to the lead council under the Transfer of Undertakings (Protection of Employment) Regulations. To avoid the disruption this might cause there are no plans to transfer staff initially. This could be reviewed when it becomes clearer as to what is happening with universal credit and the role (if any) for Revenues & Benefits. Vacancies will be treated as posts to be filled by the lead council. Similarly, there are currently no proposals to relocate staff to the premises of the lead authority, although if the opportunity arises this should be reconsidered.
- 3.11 The Managing Director at Watford will have direct line management responsibility for the Head of Human Resources. The Head of Corporate Strategy and Client Services at Watford will have direct line management responsibility for the Client ICT Managers. The shared Director of Finance post will have direct line management responsibility for the Heads of Revenues & Benefits and Finance and will co-ordinate collaboration between all four shared services. Both councils' scheme of delegation should reflect these officers' responsibilities for operational matters.
- 3.12 A Joint Management Board meeting of the two councils' management teams will review performance.

Democratic Accountability - Watford

- 3.13 At Watford, for Human Resources and ICT, member accountability would be to the portfolio-holder for Shared Services, Democracy & Governance and for non executive functions (Human Resources and Audit) to the relevant committee.
- 3.14 Both services will be subject to a quarterly review of performance with the Portfolio-Holder, to which the appropriate Committee Chair at Three Rivers would be invited.
- 3.15 The shared Director of Finance will act as a 'client officer' in that she will be the first point of contact and be expected to handle any day to day issues over Revenues & Benefits and Finance service delivery raised by the Portfolio-Holder.
- 3.16 All four services will be subject to the Council's scrutiny arrangements. In this respect, the shared Director of Finance will be the principal adviser to members. She will have the ability to call on further advice from the heads of Human Resources and the ICT Client Managers. The service level agreement will specify that where scrutiny advice is required on Revenues & Benefits or Finance, then the shared Director of Finance will have the ability to call upon the attendance of the Heads of Revenues & Benefits and Finance. This is to mirror similar arrangements made with private sector suppliers and reinforce the recipient council's relationship with the lead authority.

Democratic Accountability – Three Rivers

- 3.17 At Three Rivers, for Revenues & Benefits and Finance, member accountability will be to the successor of the Resources Policy & Scrutiny Committee. The Committee will still have responsibility for policy *and* scrutiny. It is anticipated that there will be no delegation to the chair of the committee. Under the Council's conventions there will be briefings for the Committee Chair and Spokespersons to which the Portfolio-Holder at Watford will be invited if shared services matters are to be discussed.
- 3.18 The shared Director of Finance will act as a 'client officer' in that she will be first point of

contact and be expected to handle any day to day issues over Human Resources and ICT service delivery raised by the Committee Chair and Spokespersons.

- 3.19 All four services can be scrutinised by the Committee. In this respect, the shared Director of Finance will be the principal adviser to members. She will have the ability to call on further advice from the heads of Revenues & Benefits and Finance. The service level agreement will specify that where scrutiny advice is required on Human Resources and ICT, then the shared Director of Finance will have the ability to call upon the attendance of the Head of Human Resources or the ICT Client Managers. This, again, is to mirror similar arrangements made with private sector suppliers and reinforce the recipient council's relationship with the lead authority.

Political Resolution

- 3.20 Should joint political resolution be needed, *ad hoc* meetings of the relevant members will be called.

Timing

- 3.21 Three factors need to be taken into account when deciding when any new arrangements should come into effect:

- Three Rivers is moving back to a traditional committee structure under the new provisions of the Localism Act with effect from May 2014. The abolition of the Joint Committee for any substantial period prior to this date will require temporary governance arrangements to be employed at Three Rivers.
- The new legal agreement between the two councils will have to be drawn up and ratified
- The service level agreements and consequential financial arrangements will have to be in place (see financial implications below)

To allow all of these matters to be concluded, officer advice is to implement the new lead authority arrangements with effect from 1 April 2014.

Advantages

- 3.22 The lead authority model, as described above, is designed to clarify accountability and introduce greater efficiency by avoiding duplication. In the longer term it could resolve differences in employment arrangements by harmonising terms and conditions.

The lead authority model also appertains to Parking and Building Control (as detailed at Appendix 1). It should be noted that, beyond the remit of the joint committee, both councils operate perfectly good arrangements over Leisure, on which subject we spend little time navel-gazing yet it is a major public-facing service.

Disadvantages

- 3.23 Members of the authority that is not leading will not be able to command officer time on a day-to-day basis at the lead authority. The relationship becomes much like one with an outsourced contractor. Formal scrutiny arrangements will need to be followed.

Case Studies

- 3.24 These are attached at Appendix 4.

Other Options

- 3.25 The table below shows the options for governance that have been considered:

Do it Ourselves			Work with the Private Sector	
Joint Committee	Lead Authority	Wholly Owned Company	Joint Venture Company	Outsource

- 3.26 Each option has been considered in the light of the Committee's concerns about democratic accountability.

- 3.27 Members are aware that the outsourcing route has been followed for ICT and that a soft-market test is proposed for the Revenues and Benefits service. Further outsourcing would result in less direct control of services and would take up to two years to achieve.

Whilst this option should not be ruled out, and a tendering exercise could be run in parallel, it is felt that a lead authority model meets the medium term necessities.

- 3.28 The wholly owned company whilst retaining control and allowing the shared services a better opportunity to grow would involve high investment, take a long time to set up and represents a higher risk than the lead authority model. The Joint Venture Company has the advantage over the wholly owned company in that risk can be shared and private sector investment can be obtained. (For example, this might have been appropriate for ICT had the two councils not had the capital funds to invest in infrastructure). Neither option is considered viable at this time.

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 The agreement for a lead authority model will need to include service level agreements linked to a charging mechanism. The deficiencies of the existing financial arrangements are detailed at Appendix 3. The introduction of the lead authority model should simplify matters considerably.
- 4.2.2 The charging mechanism will need to reflect the risk taken on by the lead authority and whether any of this can be passed back to the recipient through the charge. For example, it might be agreed that the Human Resources service (led by Watford) will charge Three Rivers a fixed fee on a per capita basis variable if the number of Three Rivers staff changes by, say, an agreed percentage. The agreement might also include (or not) a provision that Three Rivers would pick up a proportion of any under or overspend up to a specified limit. The arrangement should not be entered into with the intention of generating super profits, although consideration might be given to sharing the financial benefits of the lead authority taking on additional work from elsewhere.
- 4.2.3 Appendix 3 also describes the need to reduce shared services costs to Watford BC as a result of that council outsourcing services. The four shared services are considering how they will achieve the savings required with effect from 1 January 2014. Their proposals will be presented to a future Committee meeting.

4.3 **Legal Issues** (Monitoring Officer)

- 4.3.1 The current shared services arrangements are included in the 'Delegation and Joint Committee Agreement' made by the councils on 26 August 2008.
- 4.3.2 In moving to a lead authority model the councils will need to conclude a new agreement. Legal powers exist under Section 101 and 113 of the Local Government Act 1972, and the general power in Section 2 of the Local Government Act 2000.
- 4.3.3 The key contents of the new agreement will be:
- The functions to be carried out by each council detailing the delegation made and those items of policy to be retained at each council
 - Dispute resolution including the arrangements for scrutiny by the non-lead authority and the imposition of penalties in the event of service failure
 - Employment arrangements including the resolution of grievance and disciplinary matters
 - Service Level Agreements and the financial arrangements for charging
 - Length of agreement, exit and handover clauses

4.4 **Risk Management and Health & Safety**

- 4.4.1 There are no risks associated with the decision members are being asked to take, i.e. to convey the Committee's views to the constituent councils.
- 4.4.2 The financial risks to the lead authority, and how they might be mitigated, are discussed

(briefly) at paragraph 4.2.2 above.

4.4.3 The risk of a service failing should be mitigated by the review of performance at officer level and by the scrutiny arrangements in place for members. Nevertheless, the new agreement will need to allow for penalties to be imposed compensating the disadvantaged council for the costs of remedy.

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

4.5.1 None specific.

Appendices

- 1 Future of Shared Services Joint Committee – Report to Watford BC on 30 January 2013 and Three Rivers DC on 26 February 2013.
- 2 Shared Services Review – Report to the Shared Services Joint Committee on 19 November 2012
- 3 Support Service Costs & Recharges
- 4 Case Studies (To follow)

Background Papers

No papers were used in the preparation of this report.

WATFORD BOROUGH COUNCIL – 30 JANUARY 2013

THREE RIVERS DISTRICT COUNCIL – 26 FEBRUARY 2013

**16. FUTURE OF THE SHARED SERVICES JOINT COMMITTEE
(CE)**

1. Background

The SSJC was established in 2008 with the functions set out in the attached. It became as a result responsible for the four shared services. Its key role was to manage the establishment of the services and it has performed that role well. However the delivery of these services and the local government context has changed considerably since this period and it is now timely to review its role.

The key contextual changes are:

- (1) Shared services delivery is expanding rapidly but in a flexible, diverse way as a result of WBC/TRDC needing to innovate separately as well as together to deliver cost reductions and safeguard services. For example:
 - the proposal to deliver Audit through the County-wide Shared Internal Audit Service (SIAS)
 - HR bid to provide services
 - TRDC buying in WBC transport/engineering support
 - potential SW Herts collaboration on cemetery services
 - potential TRDC/WBC collaboration on economic development.

Existing shared delivery of services not covered by the Joint Committee is the Parking Service (TRDC, WBC, Dacorum) and Building Control (WBC/TRDC).

More hybrid arrangements are inevitable, making the SSJC not aligned in governance terms with these changes.

- (2) Two of the four services are impacted by fundamental changes to their delivery mode: ICT through proposed outsourcing, where the client function would be distinct and there will be a new delivery relationship with the contractor; Revenues & Benefits where the government reforms to introduce universal credit will revise the service dramatically.
- (3) As resources reduce, the capacity of both Council management teams to support the SSJC becomes increasingly limited, with pressure on officers to streamline performance reporting.
- (4) TRDC is moving back to the Committee structure under the new provisions of the Localism Act, whilst WBC is retaining the executive structure.
- (5) Both Councils' political leadership wanting to see faster service improvement in key Shared Services areas and hence seeking more direct influence through their existing Executive structures.

2. **Proposal**

In the light of the above, it is proposed to dissolve the SSJC and revert the management responsibility for each shared service with an identified authority on the following basis:

TRDC

Building Control (not currently overseen by SSJC)
Revenues & Benefits
Finance

WBC

ICT (client function)
HR
Parking (not currently overseen by SSJC)

Each responsible authority would be delegated by both Councils to manage the service based on an agreed SLA and cost share formula. There is a senior officer Joint Management Board meeting of the two management teams that reviews performance and therefrom accountability would be to the relevant Authority portfolioholder or for non executive functions (HR and Audit) to the relevant committee. The shared Director of Finance post will co-ordinate collaboration between HR, ICT, R&B and Finance. Where joint political resolution is needed, *ad hoc* meetings of the relevant members will be called.

As part of sharing the learning of the joint management arrangements, it is also proposed that the SSJC undertake a review of its successes and lessons learned to inform the above proposed changes.

3. **Legal implications**

The process to change the existing SSJC arrangement is not straightforward as existing delegations and the assets lodged with the SSJC will need to be reallocated, and the financial responsibilities for the services made clear under the remit of the relevant authority. If Council agrees the recommendations, work will then commence on these issues. It is not proposed that the contracts of employment of staff would be changed as a result.

4. **Recommendation**

- (a) that SSJC undertake a review of its successes and lessons learned to inform any proposed changes;
- (b) that SSJC is dissolved from a date to be agreed once legal and financial processes are complete. This may be in 2013 or possibly from 1 April 2014 depending on the legal and administrative processes involved;
- (c) that each authority takes the responsibility for the service identified in paragraph (2) above from the effective date determined; and
- (d) that a further report is made to each Full Council meeting once the timing is clear so that proper notice of the change is given to the SSJC.

Note:

The above recommendations were agreed un-amended by Watford Borough Council

Three Rivers District Council agreed an amendment to recommendation (b) as follows:-

- (b) that SSJC is **considered for dissolution** from a date to be agreed once legal and financial processes are complete. This may be in 2013 or possibly from 1 April 2014 depending on the legal and administrative processes involved; *but to ensure that the Resources Policy and Scrutiny Committee and Executive Committee are advised of details and implications of the proposed management arrangements a report be prepared for consideration prior to approval by this Council.*

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 19 November 2012

PART A

AGENDA ITEM

Title: SHARED SERVICES REVIEW

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

1. **SUMMARY**

1.1 This report reviews the shared services against the original objectives of improvement in services, resilience and savings, and considers the lessons learnt.

2. **RECOMMENDATIONS**

2.1 That this report be noted.

Contact Officer:

For further information on this report please contact:

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

telephone number: 01923 776611

email: david.gardner@threerivers.gov.uk

Report approved by:

Bernard Clarke – Head of Strategic Finance – Watford B.C.

3. DETAILS

3.1 The Three Rivers Resources Policy and Scrutiny Committee has agreed to investigate, from a Three Rivers perspective, whether the original shared service objectives of resilience, improved services and savings have been achieved and the lessons learned. This report is presented to the Joint Committee for its input and information.

3.2 **Finance**

3.2.1 Improvement in Service

- Accountancy closed and reported the Financial Statements for 2011/12 in advance of the statutory timetable
- Internal Audit have adopted a new service model to provide consultancy and advice
- The Fraud section have exceeded performance targets and extended their service to investigate more types of fraud.

3.2.2 Resilience

- CIPFA benchmarking reports Accountancy Section as having:-
 - Lowest overall cost
 - Lowest staffing cost
 - Fewest staff
- Internal Audit with reduced resources achieved the Audit Plan and met requirements of Grant Thornton for the managed audit service

3.2.3 Savings

- Savings are now running at more than £250k *over and above* the Shared Services business case.

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	2,156	2,156	2,156	2,156
Shared Services	1,748	1,748	1,748	1,748
Savings	408	408	408	408
Actuals / Budgets	1,698	1,611	1,533	1,496
Savings against Business Case	458	545	623	660
Additional Savings (+) / Reduced Savings (-)	50	137	215	252

3.3 **Human Resources**

3.3.1 Improvement in Service

- Accuracy rates with payroll increased to 99% and working relationship improved; self service modules introduced; increased fees from client plus tendering for further opportunities;

3.3.2 Resilience

- Harmonisation of specific terms and conditions although more to do; team working embedded with HR Business Partners working across both Councils.

3.3.3 Savings

Savings have been achieved that are greater than estimated in the original detailed business case:-

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	1,226	1,226	1,226	1,226
Shared Services	944	917	917	917
Savings	282	309	309	309
Actuals / Budgets	844	779	695	727
Savings against Business Case	382	447	531	499
Additional Savings (+) / Reduced Savings (-)	100	138	222	190

3.4 **ICT**

3.4.1 Improvement in Service

- Increased technical documentation and knowledge base within the department.

3.4.2 Resilience

- Infrastructure review and improvement plan leading to upgrade of much of the infrastructure at both councils providing increased stability and resilience of ICT Systems.

3.4.3 Savings

- The ICT service has fallen short of the savings estimated in the detailed business case, primarily through the increased costs of employing agency staff and obtaining external assurance of the outsourcing process (Actica).

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	1874	1874	1874	1874
Shared Services	1741	1415	1415	1415
Savings	133	459	459	459
Actuals / Budgets	1796	1468	1470	1523
Savings against Business Case	78	406	404	351
Additional Savings (+) / Reduced Savings (-)	-55	-53	-55	-108

3.5 **Revenues & Benefits**

3.5.1 Improvement in Service

- Improved collection rates in Council Tax, Business Rates and Sundry Debts
- Harmonised operating platform leading to further improvements in access channels, e.g. Self-Service
- More efficient processes for gathering information to support benefit claims, i.e. "triage"

3.5.2 Resilience

- Unified approach to service delivery. Workload is not allocated on authority basis but by demand.
- Greater flexibility of staff available to offer reception facilities at each site.

3.5.3 Savings

The additional costs incurred by the benefits service have been well documented. The service is spending more now than the original estimated combined costs of the two councils:-

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	2,722	2,722	2,722	2,722
Shared Services	2,505	2,176	2,176	2,176
Savings	217	546	546	546
Actuals / Budgets	2,869	3,161	2,966	2,955
Savings against Business Case	-147	-439	-244	-233
Additional Savings (+) / Reduced Savings (-)	-364	-985	-790	-779

3.6 ***What lessons have we learnt?***

3.6.1 Nothing stands still

The Economy

Increased demand for benefits has significantly affected that service.

The finance department has reacted well to the cost reduction exercise brought about by the government's austerity measures, other shared services have struggled to cope.

3.6.2 Governance Arrangements

Members should review the Joint Committee arrangements and consider whether a lead authority model might be better.

The governance arrangements have made it difficult to harmonise the terms and conditions of staff

3.6.3 Due Diligence

Some surprises

A better understanding of the respective ICT Infrastructures would have enabled the ICT service to start on a better footing.

3.6.4 Difficult to Expand

The shared services set out with the intention of combining with other authorities to increase resilience, improve services and achieve further savings. It has been difficult to find willing partners.

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.

4.2.2 The table below shows the combined impact of all four shared services. The saving to the two councils in the current financial year is £1.3m against the £1.6m estimated in the original detailed business case. This has to be considered in the light of:

- considerable increases in cost to meet addition demand for housing and council tax benefits
- the original detailed business case did not allow for inflation, and whilst pay awards have been pegged, employers pension costs have increased, and pay and grading arrangements have led to some salary drift. Contracts such as for payroll have inflationary increases in-built.

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	7,978	7,978	7,978	7,978
Shared Services	6,938	6,256	6,256	6,256
Savings	1,040	1,722	1,722	1,722
Actuals / Budgets	7,207	7,019	6,664	6,701
Savings against Business Case	771	959	1,314	1,277
Additional Savings (+) / Reduced Savings (-)	-269	-763	-408	-445

4.3 Legal Issues (Monitoring Officer)

4.3.1 There are no legal issues associated with 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 (i.e. to note the report).

4.5 Equalities, Staffing, Accommodation, Community Safety, Sustainability & Environment, Communications & Website and Customer Services

4.5.1 None specific.

Appendices

None

Background Papers

No papers were used in the preparation of this report.

SUPPORT SERVICE COSTS AND RECHARGES

1. Introduction

The provision of direct services for both authorities is supported by:

- administrative support from within the service areas themselves, e.g. community or environmental services administration teams
- administrative support from back office functions provided separately by each Council, e.g. Customer Service Centres
- administrative support from shared services functions such as Human Resources and Finance

At each council, the costs of administrative support, plus accommodation (i.e. Three Rivers House / Watford Town Hall / Depot costs) are collected initially in their own cost centres and then fully recharged to the direct services.

The process of recharging support costs can be highly complex but, at its heart, it is based upon a percentage allocation process (based predominantly on staff time, but also using such measures as the number of invoices paid, or PCs used). The complexity relates to the fact that some members of staff allocate their time to 'holding codes' which are subsequently recharged out to other cost centres (this often occurs with senior management time which cannot be identified to individual activities and is often related to 'corporate functions'). Another difficulty is that a support cost centre is cleared back to zero (fully recharged) only to find that another support area has recharged activities to it. As a consequence a second round of recharges is necessary to achieve a fully recharged situation. This process is called 'iteration' (or 'tail chasing' to the uninitiated!!).

Shared Services operational costs are collected at each council. This is necessary because staff are employed by both councils. By amalgamating the costs from each council, each shared service's total operational costs are arrived at and charged to each council on the basis of the proportions contained in the 'Delegation and Joint Committee Agreement'. The proportions used clearly need to be reviewed as the circumstances will almost certainly have changed since shared services inception:-

	Three Rivers %	Watford %	Basis of Apportionment
Finance	40	60	Expenditure
Human Resources	32	68	Staff numbers
ICT	40	60	No. of PCs
Revenues & Benefits			
Benefits	43	57	Caseload
Revenues	39	61	No of Properties

The apportioned operational costs are posted to what are termed 'client' accounts at each council (e.g. ICT Client Account). It should be noted that a saving of, say, £100k in ICT operating costs will only benefit Watford to the tune of £60,000, and if Watford requires a saving of £100k, then total savings of £167k would have to be achieved if the proportional method of recharge is to be used. This is considered further below.

The shared services operational cost centres are not charged with support costs. These are charged directly to the client accounts at each council. So, for example, the Watford ICT Client Account receives a charge c. £106k from other areas (e.g. customer services £20k; Human Resources £19k; Facilities Management / Accommodation £41k). Similarly, the Internal Audit Client Account receives a £40k charge from other support

services which includes £6k from HR; £8k from Finance and £16k from Facilities Management / Accommodation.

TRDC Client Accounts also receive a similar level of charge. These recharges also need to be reviewed to establish whether they are still justified. They will certainly need a total revision when the lead authority model is adopted.

2. Watford Outsourcing

From Watford's perspective, there is a far larger issue and that relates to the outsourcing of waste, street cleansing, recycling, parks and open spaces. These activities account for circa 33% (£5m) of council 'activity' and not surprisingly require quite a large back office support function. Similarly, Watford Council's Indoor Market and Charter Place service level agreements / rent portfolio are to be outsourced and this, too, will affect the level of support services required. The debt recovery / income function in particular will be potentially affected from both these events.

An analysis of Shared Services staff allocating their time against the affected cost centres is detailed below, together with an equivalent cash value:

	Full Time Equivalents	Cash Value £
Human Resources	2.27	141,000
Finance: Accountancy	0.53	29,000
Finance: Accounts Payable	0.52	28,000
ICT Recharge	0.88	56,000
Sundry Debtors	0.82	37,000

Watford wishes to achieve the required savings from 1 January 2014. It needs to be recognised that the cash value identified in the table above all relates to activities at Watford and 100% of any saving should accrue to Watford and should not be diluted through the proportional allocation included in the 'Delegation and Joint Committee Agreement'. Three Rivers needs an input into the discussion as to how the savings are to be achieved as it has an interest in the quality of service and may indeed wish to secure further savings for itself.

3. The Next Steps

Officer advice is to keep any analysis as simple as possible. Not every 'nuance' of the process will be picked up first time around—but it can be revisited and anomalies identified.

Staff have not been given the opportunity to change their recharge percentages in 2013/2014 (unless there was an over riding case). The recharge data for 2012/2013 has been used. This is because in the past staff have realised an activity might be outsourced and shifted their recharge allocation elsewhere!

Heads of shared services have been asked to identify the cash savings shown above. There is no assumption that these *must* come from reductions in staff numbers. It is appreciated that the total number of full time equivalents charging their time to any front line service can comprise a small fraction of a number of individuals. A further problem is that the cash values are derived from operational costs only and will not include an element of recharge from other support services and for accommodation, although the costs of the latter are fixed in the short term.

These savings are to be applied from 1 January 2014 for the remainder of the 2013/14 financial year.

Assuming the lead authority model will apply from 1 April 2014, there needs to be a comprehensive exercise, completed for the next budget round, that:-

- a. reviews the administrative support recharges at each authority and particularly those to the shared services it leads;
- b. reviews the method for charging the recipient authority for shared services, based on service level agreements set out in a new 'Shared Services Agreement' between the councils. The charge will include operational costs and administrative support charges incurred by the shared service.

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CASE STUDIES

1. Introduction

The following examples are offered as successful lead authority models where member accountability is not to a Joint Committee:-

Cannock Chase District Council (CCDC) and Stafford Borough Council (SBC)

Brief Overview

CCDC and SBC have shared a range of predominantly back-office services. The arrangements have been based on a lead authority model with a broadly even share of the services between the two Councils.

Services led by SBC:

- Technology – wef 1 January 2011
- Legal Services – wef 1 April 2011
- Human Resources – wef 1 April 2011

Services led by CCDC:

- Building Control – wef 1 January 2011
- Revenues & Benefits – wef 1 April 2011
- Finance – wef 1 April 2011
- Audit, Risk & Resilience and Procurement – wef 1 April 2011.

There is no shared management team as part of this approach, though Heads of Services for the services concerned attend, as appropriate, the Leadership Teams of both Councils.

Service Level Agreements are in place and client officers at each recipient council monitor performance.

As predominantly back office services, members have been content to receive monitoring reports at the appropriate scrutiny committee. The SLA allows for the head of service from the lead authority to attend the committee if necessary.

The Councils' Success

Watchdog thumbs up for shared services work

Published on Thursday 27th September 2012

A Government watchdog has praised Cannock Chase Council and Stafford Borough Council for working together to save hundreds of thousands of pounds by sharing services.

And the independent Audit Commission described it as a 'notable achievement' that despite cutting costs, performance had 'improved' in some of the shared services which Stafford Borough and Cannock District Councils deliver.

The councils now share seven services having gone into partnership in January of last year. They include Information Technology, Revenues and Benefits, Building Control and Legal Services.

The move is expected to make annual savings of £550,000 for the 2012 / 2013 budget for each council - following on from the £250,000 they each saved in the last financial year.

Cllr Dennis Dixon, Cannock Chase Council Corporate Improvement Leader, said: "Shared services is resulting in annual savings for both authorities. The Audit Commission also notes that performance in some areas has improved too. We'll be monitoring this to make sure this continues and that service quality is never affected by the sharing of services."

Cllr Ken Williamson, cabinet member for resources at Stafford, said: "We said this would not just be about making savings but maintaining, and in some cases improving, on the services to our community and protecting our workforce. And it is really pleasing that an independent body has praised us for the way we have carried out this work."

In their letter, the Audit Commission said both councils had:

- Delivered the planned savings for last year
- Ensured the economic climate did not have a detrimental effect on services
- Improved services in some cases
- Put in place a clear leadership structure

It also singled out the revenues and benefits function which had "demonstrated a marked improvement in performance for the user".

The shared service agenda was also backed by the West Midlands Regional Improvements and Efficiencies Partnership, which gave £118,000 to support the project.

Further information:-

<http://www.staffordbc.gov.uk/>

<http://www.cannockchasedc.gov.uk/>

Hertfordshire Shared Internal Audit Service (SIAS)

The Committee will be aware of the arrangements for Internal Audit. 7 districts, the County Council and the Hertfordshire Police procure audit from SIAS. The lead authority is the County Council. At officer level the service is managed by a Board consisting of the County Council's Deputy Chief Executive and the Section 151 officers of the recipient bodies. Member accountability is to the relevant committee at each council, i.e. the Audit Committee.

2. Lead Authority Models Generally

It should be remembered that shared services is still in its infancy, Three Rivers and Watford were in the vanguard. Officer research has discovered that there are diverse arrangements around the country. Some authorities, e.g. Stevenage and East Herts, for their shared revenues and benefits service, have adopted a lead authority at officer level and run a Joint Committee. In Kent a lead authority model is governed by the East Kent (Joint Arrangements) Committee and the East Kent (Joint Scrutiny) Committee, i.e. two joint committees one determining policy and the other scrutinising the services.

It should also be noted that, without exception, all of the examples of lead authority models researched by officers have TUPE'd staff to the lead authority.

Agenda Item 9

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 3 June 2013

PART A

AGENDA ITEM

9

Title: DRAFT STATEMENT OF ACCOUNTS FOR 2012/13

Report of: Head of Finance (Shared Services)

1. **SUMMARY**

1.1 This report allows the Committee to consider the Draft Statement of Accounts for 2012/13.

2. **RECOMMENDATIONS**

2.1 That the Committee seeks any clarification it needs concerning the Draft Statement of Accounts for 2012/13.

2.2 That the Committee confirms that it is satisfied that the accounting policies adopted are the most appropriate.

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 & Governance – Three Rivers D.C.

3. DETAILED PROPOSAL

Introduction

- 3.1 The Accounts and Audit (England) Regulations 2011 introduced a more sensible approach to auditing and approving the annual statement of accounts. Rather than the Committee approving the Statement subject to audit prior to 30 June, and receiving the auditor's report before the end of September, with the possibility of having to then re-approve the Statement, the regulations now state that whilst the accounts still have to be completed by 30 June, they are not approved by members before they have been audited. This allows amendments to be made and the auditor's report to be taken into account before approval.
- 3.2 The Auditor's 'Report to those charged with Governance' will be considered by the Committee on 23 September 2013.
- 3.3 The Council's Draft Statement of Accounts for 2012/2013 is attached at Appendix 1.
- 3.4 Financial Reporting Standard 18 requires the Committee to confirm that it is satisfied that the accounting policies adopted are the most appropriate.

Key Issues and Interpretation of the Accounting Statements

- 3.7 The purpose of the Statement of Accounts is to give interested parties an understanding of the Joint Committee's financial position. It also provides an opportunity to compare how the shared services performed financially against the original plan published when setting the budgets in February 2012. Members are referred to the Foreword to the Statement of Accounts.
- 3.8 The Financial Statements have been prepared under International Financial Reporting Standards (IFRS), a statutory accounting framework which has replaced the United Kingdom Generally Accepted Accounting Principles (UK GAAP).

Summary of Financial Position

- 3.9 The table below compares the original estimates for each of the four shared services with the outturn. The total variance between net expenditure and the original budget resulted predominantly from the employment of additional benefit assessors to address the increased workload resulting from the economic climate.

Service	2012/13 Original Estimate £000s	2012/13 Out-turn £000s	2012/13 Variance £000s
ICT	1,391	1,436	45
Finance	1,520	1,420	(100)
Human Resources	693	719	26
Revenues and Benefits	2,644	3,161	517
Total	6,248	6,736	488

- 3.10 Further analysis and the effect on recharges to both councils is contained in the Explanatory Foreword to the Statement of Accounts shown in Appendix 1

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 Contained in the Statement of Accounts.

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. Statement of Accounts 2012/13

Background Papers

The Accounts and Audit (England) Regulations 2011

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PRE-AUDIT
THE THREE RIVERS & WATFORD
SHARED SERVICES JOINT COMMITTEE

STATEMENT OF ACCOUNTS

2012/2013

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This statement sets out the respective responsibilities of the Joint Committee and its Finance Officer for the Statement of Accounts.	
EXPLANATORY FOREWORD	3
The foreword gives a brief explanation of what is included within the Statement of Accounts, as well as providing a summary of the main financial results for 2011/12.	
ANNUAL GOVERNANCE STATEMENT	to
This statement is required by <i>The Accounts and Audit Regulations (England) 2011</i> .	
	follow
CORE FINANCIAL STATEMENTS	
Statement of Movement in Reserves	6
Each council raises council tax on a different accounting basis to the way financial performance is measured in the Comprehensive Income and Expenditure Account. In each council's accounts, this Statement shows the movement in the year on different reserves held by the Council and which contribute to their General Fund balances. There are no adjustments needed to the shared services income and expenditure account before consolidation into the accounts of the two councils, therefore there is nothing to record in this account.	
Comprehensive Income and Expenditure Account	6
This account summarises the resources that have been generated and consumed in providing and managing the shared services during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value	
Balance Sheet	7
Balance Sheet represents the Council's overall financial position. In addition to containing the revenue balances and reserves at the Council's disposal, it shows its long-term indebtedness and the fixed and net current assets employed in its operations.	
Cash Flow Statement	7
The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.	
NOTES TO THE CORE FINANCIAL STATEMENTS	8
These include the Statement of Accounting Policies which explains the basis upon which the figures in the accounts have been prepared. Further explanatory notes explain in more detail the contents of the core financial statements.	
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STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Code of Practice on Local Authority Accounting in The United Kingdom reflects the requirements of the Accounts and Audit Regulations (England) 2011. The Authority must provide a Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the Authority and the Chief Financial Officer for the Accounts.

The Joint Committee's Responsibilities

The Joint Committee is required:

- (a) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the Shared Services Joint Committee the Finance Officer is the Head of Finance for Shared Services.
- (b) To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (c) To approve this Statement of Accounts.

Signed:

Councillor

Chairman, Three Rivers and Watford Shared Services Joint Committee

Date: XX/XX/2013

The Finance Officer's Responsibilities

The Joint Committee's Finance Officer is responsible for the preparation of the Joint Committee's Statement of Accounts in accordance with proper practices as set out in the Code of Practice.

In preparing this Statement of Accounts the Head of Finance Shared Services has:

- (a) Selected suitable accounting policies and then applied them consistently;
- (b) Made judgements and estimates that were reasonable and prudent;
- (c) Complied with the Code of Practice (except where disclosed otherwise);
- (d) Kept proper accounting records which were up to date; and
- (e) Taken reasonable steps for the prevention and detection of fraud and other irregularities.

CERTIFICATE OF THE FINANCE OFFICER

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Joint Committee at 31 March 2013 and its income and expenditure for the year ended 31 March 2013.

Signed:

Alan Power

Finance Officer

Head of Finance, Shared Services

Date: XX/XX/2013

EXPLANATORY FOREWORD

1. Introduction

The purpose of the Statement of Accounts is to give information to interested parties on how the Joint Committee has used the resources available to it to provide services to Three Rivers and Watford councils. The Shared Services arrangement commenced on the 1 April 2009 for the provision of Finance, Human Resources, ICT and Revenues & Benefits services.

This foreword gives a brief explanation of what is included within the Statement of Accounts, as well as providing a summary of the main financial results for 2012/13.

The Joint Committee is required to prepare 'group accounts' where there are significant interests in other organisations. It has carried out a review and determined that no other organisations exist that would require group accounts to be prepared.

2. Accounting Framework

The *Code of Practice on Local Authority Accounting in the United Kingdom* defines the proper accounting practices for local authorities in England. The *Code has been published by* the Chartered Institute of Public Finance and Accountancy (CIPFA) based on International Financial Reporting Standards (IFRS). The Accounts and Audit Regulations (England) 2011 define the Three Rivers and Watford Shared Services Joint Committee as a Larger Relevant Body.

3. Changes in Functions

There have been no significant changes in functions of Shared Services during 2012/13. Decisions were taken to outsource activities taking effect in 2013/14. Following a procurement process the ICT shared service has been transferred to Capita Secure Information Solutions (CSIS) from 20 May 2013. The Finance Service has transferred the Internal Audit function to the Single Internal Audit Service (SIAS) from 1 April 2013. SIAS is a partnership between the County and five District Council in Hertfordshire established in July 2011.

4. Revenue Activities

Revenue Out-turn 2012/13

Revenue expenditure is the day-to-day expenditure incurred by the Councils to deliver shared services. Total revenue expenditure amounted to £6.65m. The Three Rivers and Watford Shared Services Joint Committee is not a separate legal entity and does not have capacity to enter into contracts of employment or contracts for goods and services. The Joint Committee has no employees, assets or liabilities - these are the responsibility of the constituent councils. Shared Services costs and incomes are reported separately to the Joint Committee for management, performance and accounting purposes.

Comparison of the original budget with the out-turn for each of the shared services:-

	2012/13 Original Estimate £000s	2012/13 Out-turn £000s	2012/13 Variance £000s
ICT	1,391	1,436	45
Finance	1,520	1,420	(100)
Human Resources	693	719	26
Revenues & Benefits	2,644	3,161	517
	6,248	6,736	488

EXPLANATORY FOREWORD

Comparison of the original budget with the out-turn analysed against the CIPFA subjective classification:-

	2012/13 Original Estimate £000s	2012/13 Out-turn £000s	201/13 Variance £000s
Employees	5,179	5,709	530
Transport	45	43	(2)
Supplies and Services	931	895	(36)
Agency and Contracted	103	96	(7)
Income	(10)	(7)	3
	6,248	6,736	488

Comparison of the income from the partner councils in the original budget with the out-turn:-

	2012/13 Original Estimate £000s	2012/13 Out-turn £000s	2012/13 Variance £000s
Three Rivers District Council	2,471	2,628	157
Watford Borough Council	3,777	4,108	331
	6,248	6,736	488

In Revenues & Benefits, the variance between the expenditure and the original budget results predominantly from the employment of additional benefits assessors to address an increasing workload resulting from the economic climate. In ICT the additional expenditure was related to activities related to market testing and outsourcing.

5. Future Revenue Expenditure & Its Funding

Expenditure on the services is under the control of the partner councils. The four shared services reported their estimated latest budgeted net expenditure for the four financial years from 2012/13 through to 2015/16 to the Joint Committee in November 2012. These estimates were agreed and incorporated into the partner councils medium term financial plans. The Joint Committee receives quarterly financial and performance monitoring reports. Arrangements are in place to refer variances to the councils. Since approval of financial plans in November 2012 and as part of the continuing financial savings plans, shared services will be required to meet further targets from January 2014.

6. Governance

This Statement of Accounts is one way in which the Three Rivers and Watford Shared Services Joint Committee tries to demonstrate that it is making good use of public funds and providing value for money. The Councils are constantly looking to improve financial management and internal control within the Shared Services arrangement. The External Auditor carries out value for money reviews in partner councils as part of their reporting. During 2013/14, the Councils will be reviewing the governance arrangements of the Shared Services Joint Committee. A report will be made to each Full Council.

EXPLANATORY FOREWORD

7. Further Information

Further information on the joint service accounts is available from the Head of Finance (Shared Services) based at Three Rivers Council Offices, Northway, Rickmansworth, Herts., WD3 1RL. Information on both councils policies, their Medium Term Financial Plans and Statements of Accounts can be found on their websites or in hard copy by request. Please visit www.threerivers.gov.uk and www.watford.gov.uk

Alan Power
Head of Finance
Shared Services
22 May 2013

STATEMENT OF MOVEMENT IN RESERVES

The Comprehensive Income and Expenditure Account (I&E) shows the Joint Committee's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. Each Council is required to raise Council Tax on a different accounting basis.

There are no adjustments required to the Shared Service Income and Expenditure Account before consolidation into the accounts of each Council's General Fund Balances.

COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

This account summarises the resources that have been generated and consumed in providing services and managing the Shared Service during the last year. It includes all day-to-day expenses and related income on an accruals basis.

2011/2012		2012/2013		
Net Expenditure /Income £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure /(Income) £000s
	Expenditure on Continuing Services			
1,339	Local Tax Collection	1,436	0	1,436
1,567	Housing Benefits	1,724	0	1,724
3,698	Central Support Services (HR, Finance & ICT)	3,583	(7)	3,576
6,664	Cost of Services/Operating Expenditure	6,743	(7)	6,736
(2,597)	Income from Three Rivers District Council			(2,623)
(4,067)	Income from Watford Borough Council			(4,113)
0	(Surplus)/Deficit For The Year			0

BALANCE SHEET AS AT 31 MARCH 2012

31 March 2011 £000s		Note	31 March 2013 £000s	
			£000s	£000s
	Current Assets			
178	Debtors	5	31	
22	Cash & Bank (Three Rivers DC)		19	
39	Cash & Bank (Watford BC)		77	127
239				
	Current Liabilities			
(239)	Creditors	6	(127)	(127)
0	Total Assets Less Liabilities			0
	Financed By			
0	Revenue Fund Balance			0

Signed

Date: 00 XXXX 2013

Alan Power
Head of Finance, Shared Services

Signed

Date: 00 XXXX 2013

Councillor
Chairman, Three Rivers and Watford Shared Services Joint Committee

CASH FLOW STATEMENT

This statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

2011/2012 £000s		2012/2013 £000s
	Revenue Activities	
	Cash Outflows	
6,550	Operating Cash Payments	6,855
	Cash Inflows	
(6,527)	Cash Received for Goods And Services	(6,890)
23	(Increase)/Decrease In Cash	(35)

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Statement Of Accounting Policies

The Statement of Accounting Policies explains the basis for the recognition, measurement and disclosure of transactions and other events in the Accounts.

1.1 General Principles

The Statement of Accounts summarises the Joint Committee's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Joint Committee is required to prepare an annual Statement of Accounts by The Accounts and Audit (England) Regulations 2011, which require these to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice 2012/13, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Debtors and Creditors, Income and Expenditure

The accounts of the Council are shown on an accruals basis in accordance with the Code of Practice. That is to say, actual expenditure and income incurred during the year is recorded in the accounts, rather than the cash sums paid or received. Where actual costs are not available, accruals are made on a best estimate basis.

1.3 Support Services

The policies adopted for Shared Services by Three Rivers and Watford Councils is to charge costs directly to partner councils.

1.4 Basis of Preparation

No separate accounting records are kept by the Shared Services Joint Committee. As a result the accounts have been prepared from the records maintained by Three Rivers District Council and Watford Borough Council.

1.5 Value Added Tax

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from them.

VAT has been included in the income and expenditure accounts only to the extent that it is irrecoverable.

NOTES TO THE CORE FINANCIAL STATEMENTS

2. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However decisions about resource allocation are taken by the Joint Committee on the basis of budget reports analysed across services, as below:

2011/12 £000s	SERVICE AREA	2012/13 £000s
1,470	Information Technology	(1,436)
1,533	Finance	(1,420)
695	Human Resources	(719)
2,966	Revenues & Benefits	(3,161)
6,664	Net Shared Services	(6,736)
	FUNDING	
(2,597)	Three Rivers District Council Contribution	(2,623)
(4,067)	Watford Borough Council Contribution	(4,113)
(6,664)	Total Funding	(6,736)
0	Net Expenditure Less Funding	(13,472)
0	Surplus/Deficit Shared Services	(13,472)

Reconciliation of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

As the shared service accounts do not include any adjustments under Statute, the figures presented to the Joint Committee agree to those shown on the face of the Comprehensive Income and Expenditure Account, so no reconciliation of the figures is required.

3. Local Authorities Goods and Services Act 1970

The Shared Service provides HR support to the West Herts Crematorium Joint Committee.

NOTES TO THE CORE FINANCIAL STATEMENTS

4. Related Parties

The Shared Service is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions in this Statement of Accounts allows the readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party irrespective of whether a charge is made.

Related parties to the Joint Committee would include:

- ◆ central government;
- ◆ local authorities and other bodies precepting or levying demands on the council tax;
- ◆ its councillors;
- ◆ its chief officers; and
- ◆ its pension fund.

The Three Rivers and Watford Shared Services Joint Committee has been established under the Local Government Act 1972 and the Local Government Act 2000. The Agreement between the two councils was to establish and facilitate the joint delivery of certain functions in accordance with the terms of the Agreement. The Joint Committee is empowered to arrange for the discharge of these functions. Three Rivers and Watford councils have each nominated three Members with full voting rights to the Joint Committee.

5. Debtors

Balance at 31 March 12 £000s		Balance at 31 March 13 £000s
178	Sundry Debtors	31
178		31

There is no provision for bad debts, as all of the debts are less than a year old.

The Shared Service considers that the carrying amount of trade and other debtors approximates to their fair value.

NOTES TO THE CORE FINANCIAL STATEMENTS

6. Creditors

Balance at 31 March 12 £000s		Balance at 31 March 13 £000s
239	Sundry and Other Creditors	127
239		127

Sundry and Other Creditors are the Shared Service's trade creditors and payments in advance.

7. Disclosure of Audit Costs

In 2011/12 the Joint Committee incurred the following Audit Commission fees relating to external audit

2011/12 £000s		2012/13 £000s
10	Audit Fees	10
10		10

8. Authorisation Of The Accounts For Issue

The Statement of Accounts was authorised for issue by Alan Power, the Shared Services Finance Officer, on **00 XXXX** 2013.

9. Events After The Balance Sheet Date

There are no post balance sheet events requiring disclosure. In determining if an event requires disclosure consideration has been given to events occurring up to **00 XXXX** 2013.

GLOSSARY

Accounting Period

The period of time covered by an authority's accounts, normally twelve months, beginning on 1 April. Also known as the Financial Year.

Accounting Policies

The principles, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are reflected in the financial statements.

Accrual

A sum included in the final accounts attributable to that accounting period but for which an actual payment is yet to be made or income received. Accruals are made for revenue and capital expenditure and income.

Asset

An item having measurable value in monetary terms. Assets can be defined as fixed or current. A fixed asset has use and value for more than one year where current assets can be readily converted into cash.

Audit Commission

The body responsible for appointing external auditors to local authorities and for setting the standards that those auditors are required to follow. The Commission will also carry out studies designed to promote the effective and efficient provision of local authority services.

Council Tax

A local tax set by local authorities in order to meet their budget requirements. There are eight Council Tax bands (Band A to Band H); the amount of Council Tax each household pays depends on the value of their homes.

Creditors

Amounts owed by an authority for works done, goods received or services rendered before the end of an accounting period, but for which actual payments had not been made by the end of that accounting period.

Debtors

Amounts due to an authority for works done, goods supplied or service rendered before the end of an accounting period, but for which actual payments had not been received by the end of that accounting period.

Exceptional Items

Material items that derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence.

External Audit

The auditor is appointed by the Audit Commission and is required to verify that all statutory and regulatory requirements have been met during the production of the authority's accounts. There is also a requirement to review the arrangements in place to ensure the economic and effective use of resources.

Extraordinary Items

Material items that derive from events or transactions that fall outside the ordinary activities of the authority.

GLOSSARY

FRS

A statement of accounting practice issued by the Accounting Standards Board in the UK.

General Fund

The common name for the account which accumulates balances for all services.

IFRS

International Financial Reporting Standards.

Liability

An amount owed by an authority that will be paid at some time in the future.

Outturn

Actual income and expenditure in an accounting period.

Reserves

This is the accumulated surplus income (in excess of expenditure), which can be used to finance future spending.

Revenue Expenditure

Expenditure on day-to-day running costs such as salaries, heating, printing and stationery and debt charges. Revenue items will either be expended immediately, like salaries, or within one year of purchase.

Support Services

These are functions that provide support to service departments. They include accountancy, internal audit, information technology, human resources, general administration and office accommodation.

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