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THREE RIVERS & WATFORD
SHARED SERVICES
JOINT COMMITTEE



AGENDA

Date: 23 September 2013

Time: 7.30 pm

Place: Three Rivers District Council

Members of the Committee:-

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

Page

Part A - Open to the Public

1 APOLOGIES FOR ABSENCE / SUBSTITUTE MEMBERS

2 DISCLOSURES OF INTEREST

To receive any disclosures of interest.

3 MINUTES

To confirm as a correct record the minutes of the Joint Shared Services Committee held on 3 June 2013.

4 NOTICE OF OTHER BUSINESS

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

Item	Page
<p>5 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE - ISA260 - (SEPTEMBER 2013) AND APPROVAL OF THE STATEMENT OF ACCOUNTS FOR 2012/13</p> <p>This report allows the Committee to ask questions of the external auditor concerning his 'Report to those charged with Governance (ISA260)' and to approve the Statement of Accounts for 2012/13.</p>	1 - 32
<p>6 MEASURES OF PERFORMANCE</p> <p>This report gives performance information for the first quarter of 2013/14.</p>	33 - 46
<p>7 ICT TRANSITION UPDATE</p> <p>This report provides an update on the ICT Service Provision.</p>	47 - 50
<p>8 REVENUES AND BENEFITS UPDATE</p> <p>This report gives an update on the Revenues and Benefits service.</p>	51 - 54
<p>9 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

10 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: 23 September 2013

PART A

AGENDA ITEM

5

Title: EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE – ISA260 – (SEPTEMBER 2013) AND APPROVAL OF THE STATEMENT OF ACCOUNTS FOR 2012/13

Report of: Dot Reynolds - Finance Manager (Shared Services)

1. **SUMMARY**

1.1 This report allows the Committee to ask questions of the external auditor concerning his 'Report to those charged with Governance (ISA260)' and to approve the Statement of Accounts for 2012/13.

2. **RECOMMENDATIONS**

2.1 That the Committee notes the external auditor's 'Report to those charged with Governance',

2.2 That the Committee seeks any clarification it needs concerning the Statement of Accounts for 2012/13,

2.3 That the Committee confirms that it is satisfied that the accounting policies adopted are the most appropriate, and,

2.4 That the Statement of Accounts for 2012/13 be approved.

Contact Officer:

For further information on this report please contact:
Dot Reynolds – Finance Manager – Shared Services
telephone number: 01923 727219
email: dot.reynolds@threerivers.gov.uk

Report approved by:

Alan Power – Head of Finance Shared Services

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' is attached at Appendix 1. It is issued in accordance with ISA260 and incorporates a conclusion on final accounts work and a value for money judgement. Grant Thornton UK LLP will attend the meeting to present the report and answer questions.
- 3.3 Attached at Appendix 2 is a draft letter of representation which should be signed at the meeting.
- 3.4 The Joint Committee's Statement of Accounts for 2012/2013 is attached at Appendix 3.
- 3.5 The accounts must be signed by the Head of Finance (Shared Services) before they are approved by the Committee and, subject to approval, the Chairman of the Committee shall sign and date them at the meeting.
- 3.6 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).
- 3.9 Individual Annual Governance Statements (AGS) have been approved for both councils. The Shared Services AGS included with the Statement of Accounts reflects the current position of both councils. The AGS has been signed by the Chairman of the Committee and the Chief Executive of Three Rivers District Council as required by proper practice.

Summary of Financial Position

- 3.10 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

3.11 Further analysis and the effect on recharges to both Councils is contained in the Explanatory Foreword to the Statement of Accounts shown in Appendix 3

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. Report to those charged with Governance (ISA260) – Grant Thornton – September 2013 – *circulated separately*
2. Draft Letter of Representation
3. Statement of Accounts 2012/13

Background Papers

The Accounts and Audit (England) Regulations 2011

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APPENDIX 2

THREE RIVERS & WATFORD
SHARED SERVICES
JOINT COMMITTEE



Three Rivers & Watford
Shared Services Joint Committee
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Rickmansworth
Herts WD3 1RL
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DX: 38271 Rickmansworth

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

My Ref : AP/DMAR
Your Ref :
Date : 23 September 2013
Contact : Alan Power
Tel No : 01923 727200
E-mail Add : alan.power@threerivers.gov.uk
Department :

Dear Sirs

Three Rivers and Watford Shared Services Joint Committee

Financial Statements for the Year Ended 31 March 2013

This representation letter is provided in connection with the audit of the financial statements of Three Rivers and Watford Shared Services Joint Committee for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards.

We confirm to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code") as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii We acknowledge our responsibility for the design and implementation of internal control to prevent and detect error and fraud.
- iv Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- v We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.
- vi Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- vii All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- viii The financial statements are free of material misstatements, including omissions.
- ix Except as stated in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- x We have no plans or intentions that may materially alter the carrying value of classification of assets and liabilities reflected in the financial statements.
- xi We believe that the Joint Committee's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Joint Committee's needs. We believe that no further disclosures relating to the Joint Committee's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xii We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the entity from whom you determine it necessary to obtain audit evidence.
- xiii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xiv We have communicated to you all deficiencies in internal control of which management is aware.
- xv All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvi We have disclosed to you our knowledge of fraud or suspected fraud affecting the entity involving:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xvii We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

xviii We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xix We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Other statements

xx We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Joint Committee's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Approval

The approval of this letter of representation was minuted by the Joint Committee at its meeting on 23 September 2013

Signed on behalf of Three Rivers and Watford Shared Services Joint Committee.

Signature

Brian White
Chairman,
Shared Services Joint Committee
23 September 2013

Signature

Alan Power
Head Of Finance,
Shared Services
23 September 2013

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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.	
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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	6
This statement is required by <i>The Accounts and Audit Regulations (England) 2011</i> .	
CORE FINANCIAL STATEMENTS	
Statement of Movement in Reserves	11
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 Statement	11
This statement 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 of retirement benefits earned by employees in the year.	
Balance Sheet	12
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	12
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	13
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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:

Brian White

Chairman, Three Rivers and Watford Shared Services Joint Committee

Date: 23 September 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: 23 September 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.

EXPLANATORY FOREWORD

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

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. The Joint Committee approved increased budgets during the year and the two Councils independently received government grants to meet the additional burdens placed on the revenues and benefits service. 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.

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
23 September 2013

ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

The Three Rivers and Watford Shared Services Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Joint Committee is responsible for putting in place proper arrangements for the governance of affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Three Rivers District Council and Watford Borough Council have approved and adopted codes of corporate governance, which are consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government'. Copies of both codes can be found on the websites for Three Rivers

<http://www.threerivers.gov.uk/Default.aspx/Web/CorporateGovernance>

and Watford

<http://www.watford.gov.uk/ccm/content/finance/local-code-of-corporate-governance.en>

or be obtained from the councils.

These statements explain how the Councils have complied with the Code and also meet the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance frameworks described in the reports to Audit Committees for Three Rivers and for Watford have been in place at the Councils for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

3. The Governance Framework

The key elements of the systems and processes that comprise the Joint Committee's governance arrangements are:-

- Identifying and communicating the vision of the Shared Services Joint Committee's purpose and intended outcomes for citizens and service users.
- Reviewing the councils' vision and its implications for the governance arrangements of the Shared Services Joint Committee.
- Measuring the quality of services for users and ensuring they are delivered in accordance with the Joint Committee's objectives for ensuring they represent the best use of resources.
- Defining and documenting roles and responsibilities of the Joint Committee and officer functions with clear delegation arrangements and protocols for effective communication.
- Developing, communicating and embedding codes of conduct for standards of behaviour for members and staff.
- Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes which clearly define how decisions are taken and the process and controls to manage risks.
- Undertaking the core functions of an audit committee as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Whistle-blowing and arrangements for receiving and investigating complaints from the public.
- Identifying the development needs of members and senior officers.
- Establishing clear channels of communication with all sections of the community.
- Incorporating good governance arrangements in respect of partnerships.

4. Review of Effectiveness

The Joint Committee has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers who have responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

ANNUAL GOVERNANCE STATEMENT

The Councils have procedures in place to ensure the maintenance and review of the effectiveness of the governance frameworks which includes reports to and reviews by the following:-

- The Audit Committee of Three Rivers, the Audit Committee of Watford and the Standards Committee of each Council.
- Internal Audit and External Audit.
- Other review / assurance mechanisms.

5. Significant Governance Issues

5.1 Three Rivers District Council

The Council proposes over the coming year to take steps to address the following matters to further enhance its governance arrangements. It is satisfied that these steps will address the need for improvements that were identified in its review of effectiveness and will monitor their implementation and operation through regular reporting to the Audit Committee.

<i>Action</i>	<i>Priority</i>	<i>Officer Responsibility</i>	<i>Action to date / Action Required</i>	<i>Resolved</i>	<i>Original Implementation Date</i>
Monitor the performance of the out-sourced ICT service to ensure it is achieving service and budgetary targets. The disaster recovery plan should be tested.	High	Shared Director of Finance		✘	March 2014
Continue to monitor the following risks for their impact on the budget and quality of service: <ul style="list-style-type: none"> • continued reductions in central government funding • employer's pension contributions • the implications of the local scheme of support to council tax • the retention of business rates • the introduction of universal credit 	High	Management Board		✘	March 2014
The housing service should develop action plans to address significant unmitigated risks	High	Head of Community Services		✘	March 2014

ANNUAL GOVERNANCE STATEMENT

<i>Action</i>	<i>Priority</i>	<i>Officer Responsibility</i>	<i>Action to date / Action Required</i>	<i>Resolved</i>	<i>Original Implementation Date</i>
Monitor the transition to 39 councillors and a revision to a traditional committee system with effect from May 2014 to ensure sound governance arrangements are maintained	High	Management Board		✘	March 2014
The financial procedure rules and contracts procedure rules should be reviewed and updated. Specifically, they should be amended for the lessons learned from the William Penn project.	High	Shared Director of Finance		✘	March 2014
Staff should be reminded of the Council's Whistle-blowing policy.	Medium	Management Board		✘	September 2013
Reconciliations to the Financial Management System should be kept up to date	Medium	Head of Finance		✘	July 2013
Put in place compensating controls to mitigate risks arising from reduced staffing levels and separation of duties.	Medium	Heads of Service		✘	March 2014
Monitor the capacity of the shared Director of Finance	Medium	Chief Executive		✘	December 2013

5.2 **Watford Borough Council**

The following significant issues have been identified as a result of review, with target dates for correction:

No.	Issue	Action	Lead	Update
1	Continued reductions in Central Government funding will place pressures upon the delivery of services	The MTFs will be updated quarterly and planned efficiencies through the Council's Road Map will be monitored	Shared Director of Finance and Leadership Team	Quarterly updates have been planned
2	The outsourcing of ICT and waste, street cleansing, recycling, parks and open spaces can result in an unacceptable fall in levels of service.	Detailed key performance indicators have been included within contract documentation and need to be rigorously monitored	Head of Cultural and Client Services	Monthly monitoring in place Outsourced Scrutiny Panel to receive performance reports
3	Welfare Benefit changes and the preparation for Universal Credit needs to ensure no unacceptable impact upon benefit recipients	Monitoring of existing client base needs to identify where distortions occur. Testing of current ICT systems need to ensure a seamless transfer of caseloads to central government	Head of Shared Services Revenues and Benefits	Quarterly monitoring and reporting to the Shared Services Joint Committee will occur Monthly updates to be provided to Leadership Team

ANNUAL GOVERNANCE STATEMENT

No.	Issue	Action	Lead	Update
4	Deletion of senior management posts may result in a breakdown in governance processes.	Transfer of responsibilities to named officers should ensure future accountability	Managing Director and Leadership Team	Quarterly monitoring through Leadership, Portfolio Holders and internal audit reports to Audit Committee Extensive work undertaken to review delegations / responsibilities where appropriate to ensure effective management of highlighted areas is identified and actioned
5	Ensuring investment partnerships at the Health Campus and Charter Place achieve planned objectives	Detailed development agreements are in place and will be monitored through Partnership Boards	Managing Director and Elected Mayor	Quarterly monitoring through the Major Projects Board should occur
6	The effect of demographic changes need to be identified at an early stage	The composition of the Council's client base is kept under continuous review. Pressures upon services such as housing and welfare entitlement will be known	Leadership Team	Quarterly monitoring will consider any implication upon existing service provision
7	The Council's Pension Fund needs to be adequately funded in order to meet current and future liabilities	In December 2013 the triennial review of the Pension Fund will be reported by the Actuary. The Council will need to respond to the main features of that report	Shared Director of Finance	The Medium Term Financial Strategy will need to factor in making additional annual provision if necessary. The use of ad hoc payments into the Fund should also be considered

We propose over the coming year to liaise with Three Rivers District Council in order to take steps to address the above matters. Subject to the necessary approvals from TRDC, we are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Date: 23 September 2013

Brian White
Chairman

Three Rivers and Watford Shared Services Joint Committee

Signed

Date: 23 September 2013

Dr Steven Halls
Chief Executive

Three Rivers District Council

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 STATEMENT

This statement 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			
1,399	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
		0		
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
Alan Power
 Head of Finance, Shared Services

Date: 23 September 2013

Signed
Brian White
 Chairman, Three Rivers and Watford Shared Services Joint Committee

Date: 23 September 2013

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	0
0	Surplus/Deficit Shared Services	0

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 23 September 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 23 September 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.

INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THREE RIVERS AND WATFORD SHARED SERVICES JOINT COMMITTEE

Opinion on the Joint Committee's financial statements

We have audited the financial statements of Three Rivers and Watford Shared Services Joint Committee for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet and the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Three Rivers and Watford Shared Services Joint Committee in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Joint Committee and the Joint Committee's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of Responsibilities, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Joint Committee's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Three Rivers and Watford Shared Services Joint Committee as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE

Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Joint Committee to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Joint Committee's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Joint Committee and the auditor

The Joint Committee is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Joint Committee has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Joint Committee has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Joint Committee's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Joint Committee has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

INDEPENDENT AUDITOR'S REPORT AND CERTIFICATE

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Joint Committee put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Joint Committee had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Three Rivers and Watford Shared Services Joint Committee put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of Three Rivers and Watford Shared Services Joint Committee in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Paul Dossett CPFA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
Grant Thornton House, Melton Street, Euston Square, London, NW1 2EP

Date

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Agenda Item 6

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 23 September 2013

PART A

AGENDA ITEM

6

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 1st Quarter of 2013/14
2. **RECOMMENDATIONS**
- 2.1 That the Committee notes this report.

Contact Officers:

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:

Joanne Wagstaffe – Shared Director of Finance
Telephone Number: 01923 727200 e-mail: Joanne.wagstaffe@watford.gov.uk

3. **DETAILED PROPOSAL**

3.1 Measures of Performance for Quarter 1 of 2013/14 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








Appendix 1 - Watford and Three Rivers Shared Services – Measures of Performance, Annual, and Quarterly & Monthly 2013/14 (Quarter 1: April - June)

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 1 – APRIL - JUNE 2013/14)

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	Service Lead	Comments
Finance									
SSF1	% payment made by BACS	Quarterly						Finance	
	Watford BC	90%	89.65%	89.65%		↓	↑		The Accounts Payable team has been actively working to obtain bank details from all suppliers
	Three Rivers DC [FN09 (2)]	90%	82.6%	82.6%		↓	N/A		
SSF2	Creditor payments paid within 30 days	Quarterly						Finance	
	Watford BC	100%	95.94%	95.94%		↓	↑		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%	95.27%	95.27%		↓	N/A		














Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 1 (April - June) – 2013/14

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	Service Lead	Comments
SSF4	Month end account closure - reconciliations	Monthly						Finance	
	Watford BC	100% reconciliations done	Yes – 100%	Yes – 100%					
	Three Rivers DC [FN02]	100% reconciliations done	Yes – 100%	Yes – 100%					
SSF7	Closure of Annual Accounts and production of statements – Statement of Accounts approval	Annual						Finance	
	Watford BC								The result of this measure was not available at the end of Q1.
	Three Rivers DC [FN04 (1)]								Draft statements were presented to both councils audit committees in June 2013 and audited statements will be presented to audit committees in September 2013.






Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 1 (April - June) – 2013/14

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	Service Lead	Comments
Human Resources									
SSHR1	Sickness absence (working days lost)	Quarterly						Human Resources	
	Watford BC	1.63 days	1.94 days	1.94 days	!	↓	↑		Figures pre-outsourcing. New target rate of 5 days for Watford BC to take effect from 1 st July 2013.
	Three Rivers DC	1.25 days	1.47 days	1.47 days	!	↑	N/A		
SSHR2	Appraisals completed on time	Quarterly						Human Resources	
	Watford BC	100%	83.27%	83.27%	!	N/A	↑		The result for Watford BC at the end of August 2013 was 89%, with 86% for shared services staff.
	Three Rivers DC (HR10)	100%	41.10%	41.10%	!	N/A	↑		




Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 1 (April - June) – 2013/14

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	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%	54.5%	54.5%		-	↑		This result is up to the end of June 2013.
	From Black and ethnic minority groups;	13%	18%	18%		-	↑		This result is up to the end of June 2013.
	Have a disability	5%	0%	0%		-	↔		This result is up to the end of June 2013.
HR 3 (b)	% of employees declaring they have a disability	5%	3.3%	3.3%		-	↑		This result is up to the end of June 2013.
HR 3 (c)	% of employees from ethnic minority communities	13%	12.5%	12.5%		-	↓		This result is up to the end of June 2013.
HR 3 (d)	Ratio of HR staff to FTE's	1.90	1.84	1.84		-	-		Based on total headcount at both councils
HR 3 (e)	Employee Turnover	No target	35%	35%	-	-	-		146 leavers due to transfer of services to Veolia
	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%		-	-		
HR 3 (b)	% of employees declaring they have a disability	9.2%	4.91%	4.91%		↑	-		




Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 1 (April - June) – 2013/14

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	Service Lead	Comments
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	1:84		-	-		
HR 3 (e)	Employee Turnover	No target	1.3%	1.3%	-	-	-		




Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 1 (April - June) – 2013/14

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	Service Lead	Comments
ICT									
SS ICT1	Availability of application services	Quarterly						ICT	
	Watford BC Three Rivers DC	N/A	N/A	N/A	N/A	N/A	N/A		<p>This is a new indicator that was developed as part of the contract monitoring for the Capita contract. Results are not available for Q1 but will be reported from Q2.</p> <p>It is a combined indicator for both authorities.</p> <p>A target of 99.5% has been set.</p>
SSICT 2	Availability of desktop services	Quarterly						ICT	
	Watford BC Three Rivers DC	N/A	N/A	N/A	N/A	N/A	N/A		<p>This is a new indicator that was developed as part of the contract monitoring for the Capita contract.</p>










Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 1 (April - June) – 2013/14

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	Service Lead	Comments
									<p>Results are not available for Q1 but will be reported from Q2.</p> <p>It is a combined indicator for both authorities.</p> <p>A target of 99.5% has been set.</p>
SSICT 3	ICT Customer satisfaction	Quarterly						ICT	
	Watford BC Three Rivers DC	N/A	N/A	N/A	N/A	N/A	N/A		<p>This is a new indicator that was developed as part of the contract monitoring for the Capita contract. Results are not available for Q1 but will be reported from Q2.</p> <p>It is a combined indicator for both authorities.</p> <p>A target of 5.65% has been set.</p>










Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 1 (April - June) – 2013/14

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	Service Lead	Comments
SSICT 4	Helpdesk response times	Quarterly						ICT	
	Watford BC Three Rivers DC (IT 01)	N/A	N/A	N/A	N/A	N/A	N/A		<p>This is a new indicator that was developed as part of the contract monitoring for the Capita contract. Results are not available for Q1 but will be reported from Q2.</p> <p>It is a combined indicator for both authorities.</p> <p>A target of 99% has been set.</p>
SSICT 5	Helpdesk resolution	Quarterly						ICT	
	Watford BC Three Rivers DC (IT 01)	N/A	N/A	N/A	N/A	N/A	N/A		<p>This is a new indicator that was developed as part of the contract monitoring for the Capita contract. Results are not available for Q1 but will be reported from Q2.</p> <p>It is a combined indicator for both authorities.</p> <p>A target of 95% has been set.</p>




Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 1 (April - June) – 2013/14

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	Service Lead	Comments
Revenues and Benefits									
SSRB 1	General debtors raised	Quarterly						Revenues & Benefits	
	Watford BC	£4.6m	£8.6m	£8.6m		-	↑		Large invoice re Ascot Rd site
	Three Rivers DC	£1.0m	£1.2m	£1.2m					On target
SSRB 2	General debtors collected	Quarterly						Revenues & Benefits	
	Watford BC	89%	92.36%	92.36%		↓	↑		Collection of large invoice
	Three Rivers DC	89%	63.19%	63.19%					Large number of “one-off” invoices issued
SSRB 3	Collection rates of council tax	Quarterly						Revenues & Benefits	
	Watford BC	28.6%	28.5%	28.5%		-	↑		Only just below target for Q1.
	Three Rivers DC (RB 01)	24.00%	29.60%	29.60%		-	N/A		
SSRB 4	Collection rates of NNDR	Quarterly						Revenues & Benefits	
	Watford BC	33.4%	32.4%	32.4%		-	↓		
	Three Rivers DC (RB 02)	24.8%	35.90%	35.90%		-	N/A		

Watford and Three Rivers Shared Services - Measures Of Performance – Progress report as of quarter 1 (April - June) – 2013/14

Ref	Measure	Target for Q1 2013/14	Actual at end of Q1 2013/14	Cumulative at end of Q1 2013/14	  	Trend since last period (Q4 2012/13)	Trend since last year (2012/13)	Service Lead	Comments
SSRB 5	Average time to process new claims	Quarterly						Revenues & Benefits	
	Watford BC	22 days	19.49 days	19.49 days		↑	↑		Improving performance.
	Three Rivers DC (RB 03)	24 days	21 days	21 days		↑	↑		
SSRB 6	Average time to process change of circumstances	Quarterly						Revenues & Benefits	
	Watford BC	15 days	45.64 days	45.64 days		↓	↑		Remnants of ATLAS cases still impacting. Performance to 23.07 @ 33 days
	Three Rivers DC (RB 04)	10 days	19 days	19 days		N/A	N/A		
SSRB 7	New claims – average time to process from receipt of all information	Quarterly						Revenues & Benefits	
	Watford BC	15 days	11.86 days	11.86 days		↑	↑		Good and improving performance
	Three Rivers DC	15 days	10.28 days	10.28 days		↑	↑		

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.

Annual indicators (reported at different stages throughout 2013/14)

These indicators (relating to Finance) are collected annually and will, mainly, be reported at the end of quarter 4.

SSF3	Treasury , Investments and Banking Services Management of short and long term cash flow
SSF5	Monthly Budget Monitoring Reports – Overall Revenue Budget Performance
SSF6	Monthly Budget Monitoring Reports – Overall Capital Budget Performance
SSF8	Compilation of government returns – revenue account, revenue summary, capital outturn – (RA, RS,CO)
SSF9	Benefit Fraud – number of cases investigated
SSF10	Benefit Fraud – Number of sanctions administered
SSF11	Benefit Fraud – Number of sanctions administered

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Agenda Item 7

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting: 23 September 2013

PART A	AGENDA ITEM
	7

Title: ICT SERVICE - UPDATE
Report of: Emma Tiernan – ICT Client Manager

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:

Emma Tiernan

telephone number: 01923 727457

email: emma.tiernan@watford.gov.uk

Approved by:

Joanne Wagstaffe – Finance Director

3.0 DETAILED PROPOSAL

3.1 Managed Service Update

3.1.1 Since service commencement on 20 May there has been a 3 month period of bedding the ICT service in. This period has meant the following activities have been taking place:

- Capita training for all TUPE staff, setting performance objectives and clarity around new processes and procedures for managing the ICT service.
- Migration of Service Desk to a purpose-built Customer Service Centre, which has given users the ability to log calls 24 x 7. There is a team of dedicated agents for W3R Users and there is monitoring in place for response & call pick up to improve service.
- Change Management is in place, ensuring that any changes to the service or infrastructure are documented, risk assessed and approved
- Incident & Service Request Management processes are in place, meaning that all calls & SR's are logged and reported on. Detailed analysis is now available to ensure that any repeat incidents are passed to Problem Management and reports are available to highlight where main issues occur enabling Capita and W3R to put in suitable measures to resolve them
- Problem Management is in place, where the aim is to capture & resolve repeat incidents, identify root causes and resolutions put in place as quickly as possible. 'Problems' are dealt with by a remote Capita team, with a large variety of skills
- Infrastructure management, in order to proactively monitor servers, storage and networks with the aim of identifying issues before they impact the user. This also enables Capita to start to build patterns of use, data growth and infrastructure weaknesses, with a longer term objective of maximising system availability

3.1.2 The following meetings are currently taking place to monitor and deliver the managed service:

- Monthly service review meetings
- Monthly account management
- Fortnightly project board
- Weekly change control board
- ITSG (IT Steering Group) meet every 5 weeks

3.1.3 Meetings to initiate the development of the ICT roadmap have begun, with the development of the ICT strategy included within this.

A communications strategy is in the process of being created, however initial communications to educate users around aspects of the new ICT service have begun. E.g. Escalation procedures, service level agreements.

3.1.4 The Capita Management team consist of the following:

Service Delivery Manager:

- Dedicated to the W3R account
- Manages day to day service delivery, including the team, processes and

client management liaison

Account Manager:

- Dedicated day to day client contact for all commercial and contractual issues
- Escalation point for any service delivery issues
- Key interface to Programme & Project Managers
- Access to CSIS Senior Management

Regional Account Director:

- Support and escalation point for Account Manager
- Overall responsibility for W3R account via Account Manager
- Direct access to CSIS and CAPITA senior management

3.1.5 Emma Tiernan returned from maternity leave on 5 August 5 2013 and Paul Morgan left the Council on 13 September.

3.2 **Project Work**

3.2.1 **PSN (Public Services Network):**

This has been previously known as GSI (or GCSX) and has been in place since 2009. This is a secure and trusted network over which the Councils transfer various pieces of information and data to other trusted public sector organisations e.g. DWP.

For a number of reasons Cabinet Office has imposed a zero tolerance approach to any public sector organisation who has not met all conditions required for accreditation. In previous years local authorities have been able to evidence “works in progress” in order to meet accreditation status. This has now changed.

Cabinet Office has increased the number of conditions required of local authorities to reach accreditation. They have also increased the level of security required in certain areas of the network.

We are working on a network redesign to meet the new requirements from the Cabinet Office. Policies and procedures are being created and updated. The impact to all users will be communicated in due course and the short term timeframe to meet accreditation is end of Oct 2013.

3.2.3 **Data Centre:**

Planning and design works to move the W3R estates to the Capita data centre are underway. Timeframes are currently being negotiated with Capita and an additional third party, BT, who are providing wide area network links. Currently the timeframe is early to mid Q4.

All disaster recovery and business continuity plans will be risk assessed and revised in parallel to the data centre planning and migration.

3.3 **Audit Reports**

3.3.1 The September Audit Committee reports have been updated with the position on all outstanding recommendations. These recommendations have been built into the consolidated projects list under review by ITSG.

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.

Agenda Item 8

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting – 23 September 2013

PART A

AGENDA ITEM

8

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.

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:

Joanne Wagstaffe, Shared Director of Finance Three Rivers D.C. / 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. The number outstanding as at 2 September 2013 was 103 for Watford BC and 31 for Three Rivers DC.

It is anticipated that there will be an increase in these numbers over the next weeks due to annual leave.

Changes in Circumstances outstanding have also reduced. At the last meeting, 2572 changes were outstanding. This had reduced as at 2 September to 1603.

Again there will be an expected increase in the number outstanding due to a reduction in resource available.

3.1.2 Data from the SHBE (Department for Work & Pensions) Return showing the speed of processing in quarter 1 is reported separately.

The latest figures as at 31 August are:

Watford	31/07/2013	31/08/2013
New (HB Claims - SHBE)	14.47	14.15
Number of Cases	187	196
New (ALL - Academy Report)	21.45	19.51
Number of Cases	376	386
Changes in Circumstances (ALL)	29.28	25.52
Number of Cases	2684	2139
Three Rivers		
New (HB Claims - SHBE)	17.32	20.31
Number of Cases	84	97
New (ALL - Academy Report)	22.06	22.12
Number of Cases	198	209
Changes in Circumstances (ALL)	22.55	22
Number of Cases	1441	1165

3.2 **Welfare Reforms**

3.2.1 The Benefit Cap was introduced with effect from 15 July 2013.

As at 10 September 2013, we had received notification to cap 45 claims in Watford and 30 in Three Rivers and have reduced the Housing Benefit accordingly. This is significantly less than the predicted numbers based on scans sent to us in May and can be contributed to individuals moving into work or other grounds for exemption being identified by the Department of Work and Pensions.

We continue to work closely with the local Jobcentreplus office to refer individuals to them so that they can be supported into work and therefore exempt from the cap.

3.2.2 Discretionary Housing Payments

The impact of the "Bedroom Tax" and Benefit Cap 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 either the relevant Housing team or through Jobcentreplus if a Benefit Cap is applied.

If there is no need for additional financial assistance, an award is not made and we have declined requests for 22 Watford cases and 21 in Three Rivers.

To ensure the budget is effectively managed, awards are, in the main, short-term in nature and supported by an element of conditionality, i.e. requiring a commitment to engage with the landlord or Jobcentreplus to overcome the need for a DHP.

The latest amounts committed as at 10 September are:

Watford - £57,899 (98 cases) remaining budget £195,684

Three Rivers - £40,106 (74 cases) remaining budget £115,308

3.3 **Revenues Performance**

3.3.1 Collection Rates at the end of quarter 1 / 2013 are reported separately. The monthly collection rates since then are:

	31/07/13 %	31/08/13 %
Watford		
Council Tax	37.4	46.2
Business Rates	42.3	51.4
Three Rivers		
Council Tax	38.8	48.2
Business Rates	43.5	51.8

We have commenced legal action for recovery of debts and have issued 2847 summons (Watford) 1780 (Three Rivers) to date for unpaid Council Tax

4.1 **Financial**

4.1.1 None specific.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 None specific.

Background Papers;

No papers were used in the preparation of this report.