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THREE RIVERS & WATFORD
SHARED SERVICES
JOINT COMMITTEE



AGENDA

Date: 19 July 2011

Time: 7.30 pm

Place: Three Rivers District Council

Members of the Committee:-

Councillors:-	M Bedford G Derbyshire A Khan	R Sangster B White (Chair) A Wylie (Vice-Chair)
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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**
- 3 MINUTES**

To confirm as a correct record the minutes of the Joint Shared Services Committee held on 13 June 2011.

- 4 NOTICE OF OTHER BUSINESS**

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

Item		Page
5	FRAUD ANNUAL REPORT 2010/11 This report informs Members of the work of the Fraud Section for the financial year 2010/2011 and provides updates on developments for the current financial year.	1 - 10
6	HARMONISATION UPDATE AND RESULT OF UNISON BALLOT This report provides an update on the harmonisation of terms and conditions and the result of the Unison ballot at Watford on annual leave.	11 - 20
7	ICT PROJECTS This report updates the Committee on the ICT work-strands.	21 - 22
8	REVENUES AND BENEFITS - UPDATE This report gives an update on the revenues and benefits service.	23 - 24
9	STATEMENT OF ACCOUNTS AND BUDGET MONITORING The purpose of this report is to inform the Committee of the outcome of the consultation period and to seek approval to implement the proposals contained within this report.	25 - 44
10	EXCLUSION OF PRESS AND PUBLIC The Chairman to move:- “that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) of business as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if the press or public were present during consideration of the item(s) there would be disclosure to them of exempt information as defined under the respective paragraphs of Part 1 of Schedule 12A to the Act.” If approved the Chairman will ask the press and public to leave the meeting at this point.	

PART B - Closed to the Public**11 OTHER BUSINESS**

If approved under Item 4.

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

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

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Agenda Item 5

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting – 19 July 2011

PART A

AGENDA ITEM

5

Title: Fraud Annual Report 2010/2011
Report of: Garry Turner – Fraud Manager (Shared Services)

1.0 SUMMARY

1.1 This report informs Members of the work of the Fraud Section for the financial year 2010/2011 and provides updates on developments for the current financial year.

2.0 RECOMMENDATIONS

2.1 The contents of this report are noted.

Contact Officer:

For further information on this report please contact:

Garry Turner - Fraud Manager

telephone extension: 727190

email: garry.turner@watford.gov.uk/garry.turner@threerivers.gov.uk

Report approved by: Bernard Clarke, Head of Strategic Finance
David Gardner, Director of Corporate Resources & Governance

3.0 DETAILED PROPOSAL

- 3.1 Housing Benefit and Council Tax Benefit are national welfare benefits administered by the Councils' on behalf of the Department for Work and Pensions (DWP). A complex legal framework is in place to define who is entitled to benefit and to reduce fraud and error in the system.
- 3.2 The Councils' are committed to providing an Anti-Fraud Service which is supported by efficient policies, sanctions for those that offend and reflects legislative changes. Countering fraud is the responsibility of everyone working in or having responsibility for Housing Benefit (HB) and Council Tax Benefit (CTB). It is an integral part of that administration that everyone is aware of the risks. Unfortunately, however good the administration of benefits is it is always likely fraud will enter the system by deliberate acts.
- 3.3 Between them the Councils' and the DWP administer around 40 different types of benefits. The Councils' expenditure on benefits totalled circa £58m (35m Watford BC and 23m Three Rivers DC) in 2010/11.
- 3.4 The DWP sets the standards which govern the effective and secure delivery of benefits and counter fraud activities. These standards are set out in the Performance and Good Practice Guide. The purpose of the guide is to ensure that counter-fraud activities are properly managed. It is important to focus resources on fraud reduction, to identify, investigate and rectify administrative weakness and to assure Members of the integrity and quality of investigations.
- 3.5 The funding for counter-fraud activities is paid via the general administration grant we receive from the DWP.
- 3.6 As part of the Shared Services initiative, the Watford and Three Rivers Fraud teams are co-located into one office in Three Rivers House, Rickmansworth. The team also occupy an office in the annex at Watford BC which is shared with internal audit.
- 3.7 During 2010/11 the Councils' issued the following sanctions;

Action	No of Cases WBC	No of Cases TRDC	Total
Administrative Penalties	13	16	29
Cautions	6	7	13
Prosecutions	17	13	30

- 3.8 In 2010/11 a total of 396 investigations were completed. (196 for Watford BC and 200 for Three Rivers DC)
- 3.9 A total of 217 interviews under caution were completed in 2010/11 (Watford BC and Three Rivers DC). A breakdown between the two Councils is not

currently available. These interviews are tape-recorded interviews in accordance with the Police and Criminal Evidence Act 1984. The majority take place in the Council offices with the remainder being conducted in a Police station. Generally, those conducted in a Police station are where the customer has been arrested and a search of their premises has been conducted.

- 3.10 In 2010/11 a total of 861 referrals for investigation were made. Of these 85 were rejected as they failed their risk assessment. A referral breakdown is shown below;

Information Source	No of Cases WBC	No of Cases TRDC
Housing Benefit /Council Tax Section	29	38
Other internal Council Departments	9	21
External sources including Police	72	94
National Fraud Initiative	38	14
Housing Benefit Matching Service (HBMS)	201	213
Fraud Hotline and anonymous letters	39	37
Department for Works and Pensions (DWP)	24	32

- 3.11 The investigation team has raised the following overpayments in respect of fraudulent claims;

Benefit Category	Amount WBC	Amount TRDC	Total combined
Housing Benefit	£135,300	£119,131	£254,431
Council Tax Benefit	£41,611	£44,116	£85,727
Other Benefits	£74,769	£34,719	£109,488
Total	£251,680	£197,966	£449,646

- 3.12 The service continues to take part in various data matching exercises. These include the National Fraud Initiative (NFI) and Housing Benefit Matching Service (HBMS). The NFI is an Audit Commission mandatory exercise that matches data within the Council and between participating bodies to prevent and detect fraud. These matches are not confined to just benefit fraud and include for instance concessionary travel passes matched with deceased person records and taxi drivers matched to Asylum Seeker records. In January 2011 we received 2,573 matches from the Audit Commission in respect of the NFI (1,409 WBC and 1,164 TRDC). Of these matches 797 were classified as being recommended and therefore analysed (398 WBC and 399 TRDC). The exercise is continuing and to date 54 cases have been subject to a financial investigation. In

December 2011 we are due to receive matches relating to Council Tax Single Persons Discounts (SPD).

3.13 In respect of the HBMS, we have experienced some disruption in receiving the matches in a timely manner. The matches are sent to ICT via a secure encryption file which is then de-encrypted and sent to Fraud. We are continuing to work with ICT to improve the process and identify the causes for the previous disruption.

3.14 The Councils' have continued to work jointly with the DWP, the Police, Immigrations and other local authorities.

3.15 Performance indicators ;

	Watford BC 2010/11 based on 60% of the service target	TRDC 2010/11 based on 40% of the service target	Target for Shared services	Outturn for shared services
Number of cases closed following investigation	196	200	320	396
Number of sanctions issued	36	36	60	72

3.16 In 2010/11 we have continued to consider the impact of the recession on the continuing risk of fraud. Economic stress can increase the incentive to commit fraud. We have assessed the effectiveness of our current arrangements and focussed on high risk areas which include where customers fail to report changes in circumstances in a timely manner. We have also worked on corporate cases to reduce fraud and the reputational damage it can cause. We have a specific Anti-Fraud and Corruption Policy, Housing and Council Tax Fraud Policy, Sanction Policy and Whistleblowing Policy. We also have a Fraud Response Plan which deals with non-benefit fraud. These policies are harmonised between the two Councils'.

3.17 In January and May 2011 the Fraud team appeared twice on BBC1 Saints and Scroungers. The cases shown were selected due to the complexity of the frauds and the quality of the investigations and resulting prosecutions. As a consequence of these shows we received a number of referrals for investigation from the general public. This publicity is integral to enhancing the reputation of the Councils' and hopefully discouraging those individuals who may consider committing fraud. Some examples of publicity are shown at **Appendix A**.

Action to Date

- 3.18 Since April 2011 we have issued a further four sanctions. We have a further five cases currently in court.
- 3.19 We have just released an E-learning training package on Fraud Awareness, Whistleblowing and Money Laundering. This training will be mandatory for all Council staff and will also be issued to Members.
- 3.20 All fraud staff from our Shared Services team now work generically on matters relating to Watford BC and Three Rivers DC, adding more resilience to our team and therefore combining expertise. In addition to investigating benefit fraud, the fraud team investigates corporate fraud which includes internal investigations and other areas within the Council affected by fraud.
- 3.21 In November 2010 we investigated and prosecuted a Watford BC housing officer after information was received from a member of the public expressing concerns regarding his conduct. Following our enquiries and intelligence checks the officer was arrested and interviewed by the fraud team. He was subsequently prosecuted for offences relating the Fraud Act 2006. The officer had provided false information on his application for employment and was found to be a director of a lettings agency company. Some of this work for his company was found to have occurred whilst he was employed by Watford BC. The officer following conviction was sentenced to a fine and Watford BC was awarded £400 in compensation. The reputational damage for the Council could have been severe had we not acted immediately.
- 3.22 In October 2010 a new Fraud and Error Strategy was published. The strategy focuses on reducing fraud and error across all the welfare benefit programmes including tax credits administered by HMRC. The report estimates that of the £190 billion the Government pays out in benefits, tax credits and child benefit, £5.2 billion is lost to fraud and error. The plan has proposals for the creation of a new single replacement benefit known as Universal Credit. The proposal is that this scheme will replace a number of different benefits currently operated by local authorities, HMRC and the DWP including housing benefit. It is proposed a new council tax rebate scheme will be developed. Additionally, the new strategy proposes the creation of a new single fraud investigation service. The time scales proposed are currently between October 2013 and 2018. A new Welfare Reform Bill is being presented to Government to consider these changes. There has been a lot of opposition to these proposals by the Local Government Association and the National Fraud Authority. The Communities Secretary, the Rt Hon Eric Pickles MP has also issued guidance to Councils on adopting a more aggressive strategy to reduce fraud generally. It is proposed a further report updating Members is presented when more information becomes available.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 None specific to this report but the successful identification of fraud will reduce expenditure of local authorities and central government.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 None specific.

Appendices

Appendix A examples of publicity.

Background Papers

No papers were used in the preparation of this report. Details were obtained from the Fraud Management system.

File Reference

None

Watford benefit cheat given community order

9:13am Wednesday 23rd June 2010

By Neil Skinner

A benefit cheat has been sentenced to a 12 month community order and ordered to pay £250 costs to [Watford Borough Council](#).

Antonietta Ferrazanno, of Woodford Road, Watford, had continued to claim housing and council tax benefit after starting work in December 2006 – when she started to receive working tax credits as well.

As a result she was overpaid to the tune of more than £7,000.

Ferrazanno appeared at Hemel Hempstead Magistrates Court this month, where she was sentenced to a 12 month community order and ordered to carry out 100 hours of unpaid work. She was also ordered to pay £250 costs.

Councillor [Andy Wylie](#), responsible for financial issues, said: “This prosecution and conviction demonstrates that [Watford Borough Council](#) will always investigate claims of benefit fraud and take a firm line on all benefit offences.”

Group <http://www.watfordobserver.co.uk>

Benefit cheat from Watford escapes jail

2:59pm Thursday 9th December 2010

By Michael Pickard

A benefit cheat who wrongly claimed housing and council tax allowance has escaped jail. Alan Grace, from Abbey View, Watford, continued to claim the benefits, alongside income support, after starting work.

Following an investigation by [Watford Borough Council](#) and the Department for Work and Pensions (DWP), Grace admitted failing to notify both agencies about his change in circumstances.

Last month he appeared at Watford Magistrates Court where he pleaded guilty to four offences. The amount of housing and council tax benefit wrongly paid to him was £5,079.40 and income support was £14,357.73.

Then at Hemel Hempstead Magistrates Court on November 29, he was sentenced to 12 weeks in prison, suspended for 12 months, with a 12 month supervision order. He also had to pay £60 costs to [Watford Borough Council](#) and £40 to the DWP.

Councillor [Andy Wylie](#), cabinet member with responsibility for financial issues at Watford Borough Council, said: “This successful prosecution highlights the close cooperation between council officers and the Department of Work and Pensions. Pooling our intelligence means that benefit cheats are more likely than ever to be found out.”

To report a fraud, telephone the council’s Freephone Fraud Hotline on 0800 4589200, email fraud@watford.gov.uk or write to the council’s Fraud Section at the Town Hall, Watford, Hertfordshire WD17 3EX.

Group <http://www.watfordobserver.co.uk>

Benefit cheat from Watford must repay £4,000

8:10am Tuesday 21st December 2010

By Michael Pickard

A benefit cheat from Watford has been handed a 12 month community order and must repay more than £4,000 after admitting fraud.

Marco Martins, 42, claimed £4,764 in housing benefit and council tax benefit between 2005 and 2009 but failed to declare his wife had been working. He had also accepted additional work.

It was during a data match exercise with the Department of Work and Pensions that [Watford Borough Council](#) discovered an “inconsistency”.

An investigation then found Martins was employed by Manpower Recruitment Agency, and had also taken extra work from Extrastaff Employment Agency.

Martin, from Cecil Street, admitted the offence in an interview under caution and then appeared at Watford Magistrates Court on December 6, where he pleaded guilty to two charges of dishonestly failing to notify the council of a change in his circumstances.

He was sentenced to a 12 month community order with a work requirement of 120 hours, ordered to pay costs of £430 to the council and repay the full amount of overpaid benefit.

Councillor [Andy Wylie](#), cabinet member responsible for financial issues, said: “The council carries out monthly data matching exercises with the Department for Work and Pensions, which helps identify potentially fraudulent claims and payments. Where a match is found it indicates there is an inconsistency that requires further investigation.”

To report a fraud, telephone the council’s freephone fraud hotline on 0800 458 9200, email fraud@watford.gov.uk or write to the council’s fraud section at the Town Hall, Watford WD17 3EX.

Group <http://www.watfordobserver.co.uk>

Bernadette O'Driscoll branded 'fantasist benefit cheat' on BBC1 Dominic Littlewood show Saints and Sinners *6:24pm*

Wednesday 12th January 2011 By Amie Mulderrig

A villager from Abbots Langley has been thrust into the limelight, after she was exposed on television as a “fantasist who swindled the state out of thousands of pounds”.

Bernadette O’Driscoll, formerly of The Retreat, but now living in Leavesden High Road, was featured in BBC 1 show Saints and Sinners.

Following a court case at [St Albans Crown Court](#), in May 2009, O’Driscoll was found guilty of obtaining money transfers by deception, making false representations to obtain benefits, and using a false instrument, and given an 18-month suspended sentence.

On Friday morning, the programme branded her a benefit cheat, after she illegally claimed more than £40,000 in benefits, over a period of 14 years.

Instead of admitting her guilt, she tried to dupe [Three Rivers District Council](#) with a forged trust document for a niece, dated before the beneficiary had been born.

According to the Dominic Littlewood-presented programme, she had applied to a literary housing charity for housing and financial assistance.

The organisation accepts applications from residents in need, who have connections to the literary world.

O'Driscoll, daughter of John Roberts, founder of Ariel Press, claimed to have no savings or assets, but that her father had literary connections.

She then applied for income support and to have her rent and council tax paid. Over six years, O'Driscoll claimed more than £40,000, leading a "privileged life courtesy of the taxpayer."

But she was caught out by fraud investigators from the council, who had received a tip off that she was being dishonest.

Annie Hickles, senior fraud investigator for the council, said on the show: "We got an anonymous phone call that Bernadette O'Driscoll owned a property in Wales.

"I looked up on a website to see if this property in Wales existed, and if it had been sold recently.

"Once this was confirmed, I sent off for a land registry check, which confirmed that Bernadette O'Driscoll purchased the property in September 2005 for £88,950, in cash.

"This would put her capital **investment** over £16,000, so she wouldn't have entitlement to housing or council tax benefit.

"On the application form, there are questions which specifically ask if the person claiming is in receipt of any property, partly-owned, than the home living in, Ms O'Driscoll said no."

The fraud team unearthed further discrepancies when O'Driscoll was summoned for questioning under caution.

She revealed she had previously sold a property in Bristol, but had used the capital for a trust set up in the name of her niece.

O'Driscoll, who has a law degree along with an impressive array of qualifications, used her legal knowledge to produce a fake Trust document in the name of her niece, but investigators easily saw through the ruse, which led to her convictions.

Newsquest Media Group. <http://www.watfordobserver.co.uk>

Woman jailed after fraud probe by Three Rivers District Council and Department for Work and Pensions Organised Crime Unit

4:30pm Wednesday 7th April 2010

By Adam Binnie

A serial benefit cheat has been found guilty of a string of fraud charges following a five day trial at Ipswich Crown Court.

Miss Tinuola Oladayo Oginni was originally arrested in Harrow in 2007, after allegations she was claiming unemployment, housing and Council Tax benefit, despite owning a business.

She was charged with four counts of housing benefit fraud relating to the [Three Rivers District Council](#).

Since then extensive enquiries were undertaken by fraud investigators from Three Rivers District Council, plus several other Local Authorities, as well as the Department for Work and Pensions Organised Crime Unit.

They discovered that Miss Oginni owned a number of properties both in the UK and abroad as well as a business providing her with extensive income, all of which had never been declared to the authorities.

Miss Oginni was re-arrested in Stevenage in October 2009 and, following interview, was charged with a number of further benefit fraud related offences, receiving a jail sentence of 21 months.

Newsquest Media Group <http://www.watfordobserver.co.uk>

Croxley Green parish councillor Frank Brand fined for benefit fraud

12:24pm Wednesday 26th May 2010 **By Neil Skinner**

A Croxley Green parish councillor has been fined by magistrates after pleading guilty to five counts of benefit fraud.

Councillor Frank Brand, of Baldwins Lane, admitted the offences at Watford Magistrates Court on Friday.

[Three Rivers District Council](#) had obtained evidence to show that Councillor Brand, who was claiming benefits, failed to disclose “substantial funds” held in undeclared savings accounts. He was also, the council alleged, receiving undeclared income.

Although the bench considered a custodial sentence, Councillor Brand argued that he was in poor health, suffering from a condition that necessitated the use of oxygen at night.

He was instead handed a fine of £2,000, ordered to pay £400 costs and a £15 victim surcharge.

Newsquest Media Group

<http://www.watfordobserver.co.uk>

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 19 July 2011

PART A

AGENDA ITEM

6

Title: Update on Harmonisation Proposals and the results of the UNISON ballot on Annual Leave

Report of: Head of Human Resources

1. SUMMARY

- 1.1 This report follows on from the update report submitted to the June meeting of the Shared Services Joint Committee. As a reminder, the Harmonisation (terms and conditions of employment) project was set up to deliver consistent terms and conditions of employment across Watford and Three Rivers on a cost neutral basis in order to be fair to all employees, remove inequalities and be better placed for the possible future expansion of the shared service approach.
- 1.2 A set of harmonisation proposals in line with the original project objectives and with a strong emphasis on fairness and equality among staff whilst being mindful of the current climate in terms of people, finance and public perception were reviewed by senior management teams in both Watford and Three Rivers. The proposals were agreed in principle by the Committee and put to employees in both Councils during a consultation period from December 2010 to March 2011. The proposals were also discussed with representatives from UNISON in both Councils and with staff representatives in Three Rivers. Watford employees and UNISON representatives expressed disagreement with the original proposal to harmonise annual leave to the Three Rivers scheme (starting at 28 days leave, increasing to 30 days after 5 years local government service) and requested that Watford Borough Council senior management review this aspect of the proposal. As a result, Watford BC revised the proposal on annual leave to starting at 28 days and rising to 33 days after 5 years local government service. This was submitted to UNISON who then balloted staff on the proposal.
- 1.3 The purpose of this report is to inform the Shared Services Joint Committee of the outcome of the UNISON ballot on annual leave which was announced on 01 July 2011 and to inform them of the next stage in implementation of the changes.

2. RECOMMENDATIONS

- 2.1 That Joint Committee Members note that all changes under Harmonisation are effective from 1 April 2012 and approve the contents of this report.

Contact Officer:

For further information on this report please contact:

Terry Baldwin – Head of Shared HR Service

telephone number: 01923 278133

email: *terry.baldwin@watford.gov.uk*

Report approved by:

Tricia Taylor – Executive Director Resources – Watford Borough Council

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

3.0 DETAILED PROPOSAL

The proposed changes relate to the areas within the scope of the harmonisation project as follows :

- Annual leave
- Pay protection
- Paternity
- Bank holidays for part time employees
- Honoraria
- Overtime
- Compassionate / Bereavement / Dependency / Special leave
- Dress code
- Smoking
- Disability leave
- Flexi time / TOIL

3.0.1 Please note that Three Rivers employees whose terms and conditions of employment are protected by TUPE (Transfer of Undertakings Protection of Employment) regulations i.e. Refuse, Recycling, Grounds and Environmental Maintenance are not in-scope and are therefore unaffected by any of these proposals. As a separate strand to the project is a feasibility report into the cost of harmonising these work groups with the rest of Three Rivers. This aspect of the project is on-going and a report on the findings will be submitted to Three Rivers Management Board for consideration in due course. It is likely that the report will be submitted towards the end of the summer period.

3.1 Annual leave

3.1.1 Full details of the annual leave arrangements in both Councils have been fully documented in previous reports and therefore are not repeated here. The revised proposal on annual leave for Watford employees was a starting point of 28 days rising to 33 days after 5 years service. This was presented to UNISON and who undertook a ballot of members. The results of the ballot are as follows:

Turn out 52% (139)

Agreeing to the proposed changes 88% (122)

Disagreeing to the proposed changes 12% (17)

The results of the ballot show strong support for the revised proposal and will allow Watford BC to sign a collective agreement with UNISON. The new leave arrangements will therefore be introduced with effect from 1 April 2012.

3.1.2 Annual Leave and Shared Services

The leave scheme set out in this report will go some way to reducing the differential between Watford and Three Rivers maximum leave entitlements which will benefit current and future shared service teams. All Heads of Shared Services believe this difference in annual leave entitlement for employees is manageable.

3.1.3 Employees positively impacted: **170** WBC employees will be better off initially, with a split of 130 employees better off and 40 better off initially but no change in

the long term.

- 3.1.4 Employees for whom this represents no change: The new scheme represents no change for **162** WBC staff although of these 131 would be worse off in the long term. The extent of the impact on those 131 staff who would be worse off in the long term is as follows:
3 Chief Officers worse off by 7 days
128 staff worse off by 2 days
- 3.1.5 Employees adversely impacted: A total of **122** Watford employees will be adversely impacted. The extent of the impact on those 122 staff who are immediately worse off is as follows :
4 Chief Officers worse off by 7 days
2 Chief Officers worse off by 5 days
116 staff worse off by 2 days
- 3.1.6 The implementation date for these changes is 1 April 2012 meaning that employees continue to benefit from the existing leave arrangements during 2011/12.
- 3.1.7 New recruits will be recruited onto current leave schemes and moved to the new scheme with effect from 1 April 2012.
- 3.1.8 There are proposed transition arrangements for employees in either Council whose leave would reduce. These are set out below :

Current entitlement	Leave entitlement year 2012/13	Leave entitlement year 2013/14
35 days	34	33
38 days	35	33
40 days	37	33

- 3.1.9 **Extra Statutory Days** - – these will be included in the new leave entitlements for Watford employees and are already part of the Three Rivers scheme. Watford BC currently closes over the Christmas period and therefore staff will need to use 3 days on their entitlement to cover this arrangement.

Some shared services remain open during the Christmas period and if Watford staff wish to come in, they have been allowed to do so, retaining the flexibility of when to take their leave entitlement.

3.3 **Bank holidays for part time employees**

- 3.3.1 The current Three Rivers approach causes inequalities among Three Rivers part timers.
- 3.3.2 It was proposed that Three Rivers adopt the Watford approach whereby part timers only receive pro-rata of their entitlement not more by virtue of their working pattern. There was no significant feedback against this proposal and therefore the new arrangements will be adopted from 1 April 2012. The new scheme will affect approximately 40 out of 57 Three Rivers part time employees but not significantly - only by a few hours leave at most (to which they are not strictly entitled anyway).
- 3.3.3 The new scheme will achieve harmonisation with Watford, remedy inequalities within shared services and among Three Rivers part time employees.

3.4 **No smoking**

3.4.1 This proposal dealt with the minor disparities between the two approaches as a shared service / work site issue. There were no disagreements to this proposal

3.4.2 Therefore the new scheme will be introduced from 1 April 2012 and means that Three Rivers shared service employees based at Watford (Human Resources / Revenues and Benefits) and Watford shared service employees based at Three Rivers House (ICT / Finance) will be made aware of the policies in place at both sites and the need to adhere to whichever one applies to them depending on where they work.

3.5 **Dress code**

3.5.1 Watford do not currently have a 'dress code'. Three Rivers has a dress code statement which is as follows :

"Unless a uniform or clothing is provided, we expect you to dress in line with Health and Safety requirements and an office environment or in an appropriate manner to the job you have to do and the environment in which you have to do it. Inappropriate items of clothing, would be for example, jeans, shorts, trainers or any item of clothing displaying a slogan."

3.5.2 This is not prescriptive enough to be potentially discriminatory and allows for services to retain separate 'uniform' arrangements i.e. CSC, Refuse and to retain other established norms in certain areas i.e. play workers. It also allows staff to dress appropriate to the task for example when needing to carry out dirty work or work in contaminated areas.

3.5.3 UNISON raised this proposal during consultation however, they did not provide any alternative proposal to consider. Therefore Watford will adopt the Three Rivers dress code 'statement' with effect from 1 April 2012 to achieve harmonisation and remedy inequalities within shared services.

3.6 **Pay protection**

3.6.1 The current Three Rivers pay protection policy (applicable to non shared service employees only) is :

"Salary (including any market factor) is frozen at the existing level, without the addition of National pay awards, annual increments or performance related pay uplift, until the pay level for the new post catches up with pay level for the employee's old post. Therefore the length of pay protection may vary from person to person depending on the difference between the old pay grade and the new and the level of any uplifts being applied to pay scales at that time."

3.6.2 There is a risk to Three Rivers of an equal pay challenge (since Shared Services) due to there now being different pay protection arrangements for shared and non shared service Three Rivers employees.

3.6.3 There was no adverse feedback from UNISON, staff representatives or employees to this proposal and therefore Three Rivers will adopt the Watford policy of 1 year pay protection only from 1 April 2012. There is no change for Watford employees.

- 3.6.4 This revised policy achieves harmonisation between Three Rivers and Watford whilst retaining some protection to staff in future pay reduction situations. It will also eliminate any risk of any equal pay challenge and reduce Three Rivers future costs.
- 3.7 **Paternity pay and leave**
- 3.7.1 Currently Three Rivers give one week paternity leave at full pay plus a further week at statutory paternity pay rates. Watford provides two weeks paternity leave at full pay.
- 3.7.2 To achieve harmonisation it was proposed that Three Rivers adopt the Watford paternity pay policy. No adverse feedback was received from UNISON, staff representatives or employees to this proposal. Therefore Three Rivers will adopt the Watford paternity pay policy with effect from 1 April 2012.
- 3.7.3 This policy will remove inequalities within shared services and impact positively (albeit on a very limited number) of Three Rivers employees. For example, in the last financial year only one Three Rivers and one Watford employee took paternity leave.
- 3.8 **Overtime**
- 3.8.1 Watford BC and Three Rivers DC have the same overtime arrangements for part time employees (not applicable until 37 hours worked) and employees on scp 28 and below (overtime rates of x 1.5 for Mon-Sat or x 2.0 for Sun based on hourly rate)
- 3.8.2 There are different arrangements in each council for staff paid scp 29 and above. Watford gives plain time at hourly rate. Three Rivers apply overtime rates i.e. 1.5 or 2.0 times but capped at scp 28.
- 3.8.3 There was no significant feedback raised during consultation and therefore the Watford overtime scheme will be adopted from 1 April 2012 to achieve harmonisation and remove inequalities within Shared Services. It should be noted however, that the decision by Watford to revise the annual leave arrangements has led to some adverse reaction from Three Rivers employees regarding the reduction in overtime payments. UNISON and staff representatives will make this point at the next Local Liaison meeting in Three Rivers (19 July).
- 3.8.4 The new policy has no impact on any Watford employee and no impact on any Three Rivers employee paid on scp 28 or below.
- 3.8.5 The new policy represents an estimated £5K annual reduction in Three Rivers overtime costs.
- 3.9 **Honoraria**
- 3.9.1 Both Watford and Three Rivers award honoraria payments from time to time although Watford do not have a policy or any written guidance in place. As there were no adverse comments received during the consultation period, a new policy which is a revision of the current Three Rivers policy, will be introduced across both Councils from 1 April 2012.
- 4.0 **Special leave**

- 4.0.1 Both Watford and Three Rivers already have policies in place which cover requests for time off due for compassionate, bereavement or emergency dependency situations.
- 4.0.2 As there were no adverse comments received during the consultation period, one new policy covering all such requests will be adopted across both Councils from 1 April 2012. Until then, existing arrangements will apply.
- 4.1 **Flexible working**
- 4.1.1 Both Watford and Three Rivers already have flexible working policies in place and operate similar flexible working practices.
- 4.1.2 As there were no adverse comments received during the consultation period, one new policy covering all such requests will be adopted across both Councils from 1 April 2012. Until then, existing arrangements will apply.
- 4.2 **Disability leave**
- 4.2.1 Currently Watford operate a disability leave scheme. Three Rivers do not have anything documented to capture the approach that may be taken in such circumstances.
- 4.2.2 As there were no adverse comments received during the consultation period, one new policy covering all such requests will be adopted across both Councils from 1 April 2012.
5. **IMPLICATIONS**
- 5.1 **Policy**
- 5.1.1 The policy has been subject to consultation and any comments have been addressed. Implementation of these new policies, is in line with established policy and procedure in both Councils.
- 5.2 **Financial implications for Three Rivers DC**
- 5.2.1 The new policy for overtime would represent savings of approximately £5000 per annum as from 2012/13 and the policy for pay protection would provide savings to Three Rivers in the long term as the new policy is more cost effective than the current.
- 5.2.2 There no further financial implications for Three Rivers arising from the proposals contained within this report.
- 5.3 **Financial implications for Watford BC**
- 5.3.1 Financial costs are incurred in relation to annual leave only where backfilling or agency cover is required to cover the absence due to annual leave. This is the case for Watford Environmental Services Loaders and Drivers and Parks and Cemetery Operatives. The estimated additional agency spend to cover the additional levels of annual leave is £10k per annum. This will be built into the

budget process for 2012 onwards.

5.4 **Legal Issues** (Monitoring Officer)

5.4.1 Both Councils are under a legal duty to promote equality.

5.4.2 For Three Rivers there is concern that the current pay protection arrangement (applicable to non shared service employees) carries the risk of an equal pay challenge.

5.4.3 An annual leave scheme which awards leave according to length of service (of more than 5 years) must be kept under constant review and may leave Watford (or Three Rivers in relation to the 1981 agreement) open to a potential risk of equal pay claims or claims of indirect sex or age discrimination under the Equality Act 2010.

5.4.4 In relation to some of the non-contractual policy areas contained within this report where changes are being recommended the consultation undertaken demonstrates good practice rather than a mandatory requirement.

5.4.5 In order to ensure that any contractual changes (arising post consultation) are legally compliant and implemented in accordance with good employment practice, it is planned to make changes by a variation to the employment contract, through collective agreement with Watford UNISON for Watford employees and Local Liaison Committee for Three Rivers employees.

5.5 **Equalities**

5.5.1 Two of these new policies will have either a positive or negative effect on a particular group of staff i.e. the paternity proposal will impact positively on Three Rivers DC male employees and the bank holidays for part timers proposal will impact negatively on predominantly female Three Rivers DC employees.

5.5.2 However, all of the new policies are designed to address inequalities caused either through unfairly structured policies or through the joining of two sets of employees within shared services.

5.6 **Risk Management**

5.6.1 A significant number of Watford BC employees will be adversely affected by the changes to the annual leave scheme. This may have a negative impact on employee morale, motivation and satisfaction levels and subsequently performance levels both now and in the future when the changes are implemented and as phased reductions occur.

5.7 **Staffing implications**

5.7.1 Staff in both Watford and Three Rivers have been kept up to date regarding the progression of the Harmonisation project via intranet and staff publications.

5.7.2 Formal consultation consisted of group staff briefings in which over 200 employees attended the briefings, in addition to written information being provided on Watford and Three Rivers intranets. Collective consultation was also conducted with UNISON and staff representatives.

5.7.3 Staff one to one meetings to discuss individual issues with their manager and HR, accompanied if they wish by a staff representative (either union or Three Rivers

DC non union) or work colleague were agreed and carried out where requested.

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Agenda Item 7

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting – 19 July 2011

PART A

AGENDA ITEM

7

Title: ICT PROJECTS
Report of: Avni Patel – Head of ICT

1.0 **SUMMARY**

1.1 This report updates the Committee on the ICT work-strands.

2.0 **RECOMMENDATIONS**

2.1 That the contents of the report are noted.

Contact Officer:

For further information on this report please contact:
Avni Patel - Head of ICT Revenues & Benefits
telephone: (01923) 727441
email: avni.patel@watford.gov.uk

Report approved by:

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

3.0 **DETAILED PROPOSAL**

3.1 A verbal update will be given following a meeting of the Joint Management team on 18 July 2011, which will discuss the approach to the ICT options appraisal, the external support to deliver this workstream, the project priorities for the ICT service for 2011/12 and the additional capacity required.

4.1 **Financial**

4.1.1 None specific to this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 None specific.

Background Papers

No papers were used in the preparation of this report.

Agenda Item 8

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting – 19 July 2011

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 extension: 728023

email: phil.adlard@watford.gov.uk

Report approved by:

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

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

3.0 **DETAILED PROPOSAL**

3.1 At its meeting on 13 June 2011, the Committee received a progress report against the service's Action Plan and discussed measures being taken to improve performance.

3.2 The Committee resolved:-

- (1) that the report be noted.
- (2) that the total expenditure of up to £25,000 to engage Serco to assist with outstanding workload be approved but that this amount should not be exceeded;
- (3) from December 2011 all customers should be promised that the Council will process their benefit claim or change in circumstances within 3-5 days after receiving all necessary information.
- (4) that the new working arrangements for staff on Wednesdays (as detailed in Paragraph 3.10 of the report) for the next 4-6 weeks be noted but that if these arrangements need to be extended details to be reported back to the Committee.
- (5) that details be provided to the Committee on the levels of availability and access to Serco staff.

3.3 SERCO commenced work on Monday, 11 July 2011, and the closure of the telephones started on Wednesday, 13 July 2011. The Committee will be updated orally as to the impact.

Work is also progressing on harmonising the ICT system and e-services, and members will also be updated on this.

4.1 **Financial**

4.1.1 None specific to this report.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 None specific.

Background Papers

No papers were used in the preparation of this report.

Agenda Item 9

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 19 July 2011

PART A

AGENDA ITEM

9

Title: DRAFT STATEMENT OF ACCOUNTS 2010/11 & BUDGET MONITORING

Report of: Head of Finance (Shared Services)

1. **SUMMARY**

1.1 The purpose of this report is to provide the out-turn figures for 2010/11, seek approval to the Annual Governance Statement, and to consider the position on the current year's budget.

2. **RECOMMENDATIONS**

2.1 That the Committee notes the out-turn for 2010/11.

2.2 That the Committee approves the Annual Governance Statement for inclusion in the draft Statement of Accounts; and

2.3 That the Committee notes the position on the current year's budget.

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

3.1 The Joint Committee's draft Statement of Accounts for 2010/11 is attached at Appendix 1. Under new arrangements introduced by the Accounts and Audit (England) Regulations 2011, the Statement is subject to external audit prior to approval by members. It is intended that final approval be given at the Committee's meeting on 12 September 2011.

3.2 The Committee is asked at this stage, however, to approve the Annual Governance Statement for inclusion in the draft Statement.

3.3 Members' attention is drawn to the budget monitoring report that is due to be posted on the website on Friday, 15 July, 2011.

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

Statement of Accounts 2010/11

Background Papers

The Code of Practice on Local Authority Accounting and 2009 Statement of Recommended Practice (SORP) to



PRE AUDIT
The Three Rivers & Watford
Shared Services Joint Committee

Statement Of Accounts
2010/2011

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 2010/11.

Page	Contents
1	The Comprehensive Income and Expenditure Account 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 of retirement benefits earned by employees in the year.
1	Statement of Movement in Reserves 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.
2	The Balance Sheet The 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.
2	The Cash Flow Statement The Cash Flow Statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
3	Notes to the Core Financial Statements 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.
7	The Statement of Responsibilities for the Statement of Accounts This statement sets out the respective responsibilities of the Joint Committee and its Finance Officer for the Statement of Accounts.
8	Annual Governance Statement This statement is required by <i>The Accounts and Audit Regulations (England) 2003</i> .

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.

EXPLANATORY FOREWORD

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 2010/11.

4. Revenue Activities

Revenue Out-turn 2010/11

Revenue expenditure is the day-to-day expenditure incurred by the Councils to deliver shared services. Total revenue expenditure amounted to £7.02m. 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 revised budget with the out-turn for each of the shared services:-

	2010/11 Revised Estimate £000s	2010/11 Out-turn £000s	2010/11 Variance £000s
ICT	1,483	1,468	(15)
Finance	1,629	1,611	(18)
Human Resources	765	779	14
Revenues & Benefits	2,996	3,161	165
	6,873	7,019	146

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

	2010/11 Revised Estimate £000s	2010/11 Out-turn £000s	2010/11 Variance £000s
Employees	5,673	5,818	145
Premises	0	1	1
Transport	52	46	(6)
Supplies and Services	1,057	1,072	15
Agency and Contracted	96	94	(2)
Income	(5)	(12)	(7)
	6,873	7,019	146

EXPLANATORY FOREWORD

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

	2010/11 Revised Estimate £000s	2010/11 Out-turn £000s	2010/11 Variance £000s
Three Rivers District Council	2,684	2,741	57
Watford Borough Council	4,189	4,278	89
	<u>6,873</u>	<u>7,019</u>	<u>146</u>

The variance between the expenditure and the revised budget agreed in December 2010 results predominantly from the employment of additional benefits assessors to address an increasing workload resulting from the economic climate.

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 2010/11 through to 2013/14 to the Joint Committee in December 2010. 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.

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.

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
30 June 2011

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.

2009/10 Net Expenditure /Income £000s		2010/2011		
		Gross Expenditure £000s	Gross Income £000s	Net Expenditure /(Income) £000s
	Services			
1,336	Local Tax Collection	1,381	(46)	1,335
1,533	Housing Benefits	1,826	0	1,826
4,338	Central Support Services (HR, Finance & ICT)	3,870	(12)	3,858
7,207	NET COST OF SERVICES/ NET OPERATING EXPENDITURE	7,077	(58)	7,019
(2,848)	Income from Three Rivers District Council			(2,741)
(4,359)	Income from Watford Borough Council			(4,278)
0	(SURPLUS)/DEFICIT FOR THE YEAR			0

STATEMENT OF MOVEMENT IN RESERVES

The 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.

BALANCE SHEET AS AT 31 MARCH 2011

31 March 2010 £000s		Note	31 March 2011 £000s	
			£000s	£000s
	Current Assets			
77	Debtors	5	463	
47	Cash & Bank (Three Rivers DC)		113	
0	Cash & Bank (Watford BC)		68	644
124				
	Current Liabilities			
(94)	Creditors	6	(644)	
(30)	Bank Overdrawn (Watford BC)		0	(644)
0	Total Assets Less Liabilities			0
	Financed By			
0	Revenue Fund Balance			0

Brian White
 Chairman
 Three Rivers and Watford
 Shared Services Joint Committee
 12 September 2011

Alan Power
 Head of Finance
 Shared Services
 12 September 2011

CASH FLOW STATEMENT

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

2009/2010 £000s		2009/2010 £000s
	Revenue Activities	
	Cash Outflows	
7,302	Operating Cash Payments	6,527
	Cash Inflows	
(7,319)	Cash Received for Goods And Services	(6,691)
(17)	(Increase)/Decrease In Cash	(164)

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 Authority's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Authority 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 2010/11 and the Best Value Accounting Code of Practice 2010/11, 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:

SERVICE AREA	2010/11 £000
Information Technology	1,468
Finance	1,611
Human Resources	779
Revenues & Benefits	3,161
Net Shared Services	7,019
FUNDING	
Three Rivers District Council Contribution	(2,741)
Watford Borough Council Contribution	(4,278)
Total Funding	(7,019)
Net Expenditure Less Funding	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. The income received in 2010/11 was £5,200.

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 10 £000s		Balance at 31 March 11 £000s
77	Sundry Debtors	463
77		463

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 10 £000s		Balance at 31 March 11 £000s
94	Sundry and Other Creditors	644
94		644

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

7. Disclosure of Audit Costs

In 2010/11 the Joint Committee incurred the following Audit Commission fees relating to external audit

2009/10 £000s		2010/11 £000s
11	Audit Fees	11
11		11

8. Authorisation Of The Accounts For Issue

The Statement of Accounts will be authorised for issue by Alan Power, the Shared Services Finance Officer in June 2011

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 until 30 June 2011.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The CIPFA/LASAAC Code of Practice on Local Authority Accounting in The United Kingdom reflects the requirements of the Accounts and Audit Regulations 2003 and 2005. 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.

Councillor Brian White
Chairman
Three Rivers and Watford Shared Services Joint Committee
12 September 2011

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 2011 and its income and expenditure for the year ended 31 March 2011.

Alan Power
Finance Officer
Head of Finance
Shared Services
12 September 2011

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 framework 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 2011 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>Responsibility</i>	<i>Action to date / Action Required</i>	<i>Resolved</i>	<i>Original Implementation Date</i>
Members should consider reintroducing an Annual Report	Medium	Management Board		x	March 2012
The Business Continuity Plan should be regularly tested and in include shared services	Medium	Emergency Planning & Risk Manager		x	March 2012
Members should review building control procedures in the light of new shared service arrangements	Medium	Chief Building Control Surveyor		x	March 2012
The Audit Committee should continue to receive progress reports from officers on the implementation of internal audit recommendations	High	Heads of Service		x	March 2012
Members should monitor the progress towards achieving the future cost reductions included in the budget	High	Management Board		x	March 2012
Members should monitor the major changes brought about by the introduction of shared services and seek assurance that the weaknesses identified in revenues and benefits procedures, reconciliations, ICT provision and income management are addressed	High	Director of Corporate Resources & Governance		x	March 2012

ANNUAL GOVERNANCE STATEMENT

5.2 Watford Borough Council

The Council proposes 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

No	Issue	Action	Lead	Update
1	Revenues and Benefits reconciliations within Academy and between Academy and the Cedar Finance Management System urgently need to be addressed both for 2010/2011 and going forward	Staff resource needs to be dedicated to carrying out these reconciliations if the Council is to close its accounts on time and using actual outturn figures. BY: Immediate	Head of Revenues and Benefits Shared Services.	Issues that were identified at an early date were not progressed until too late in the financial year. This is a major concern both reputationally and financially.
2	Revenues and Benefits received a detailed Health Check report in Summer 2010. A number of the recommendations have still to be achieved.	Staff resource (or external agency help) needs to be dedicated to achieving the majority of recommendations (it is accepted that some recommendations are of a longer duration). BY: Immediate	Head of Revenue and Benefits Shared Services	Progress is slow and results in an 'average' service at too high a cost.
3	The procedures for changing supplier bank account details need to be urgently reviewed to minimise the risk of external fraud.	The recording of all supplier details for public scrutiny (as required by the Secretary of State for local government) has significantly increased the chances of external fraud. BY: 31/5/11	Head of Finance Shared Services	This has been achieved but may have the consequence of slowing down the payment of invoices as supplier details are double checked.
4	The ICT Operating platforms need to be more robust.	The infrastructure is unreliable and has caused considerable downtime. BY: Immediate	Head of ICT Shared Services	An external review/report has been received and an Action Plan is being developed.

Signed _____
Brian White

Chairman of the Three Rivers and Watford
Shared Services Joint Committee

Signed _____
Dr Steven Halls

Chief Executive
Three Rivers District Council

Date 19 September 2011

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 except Housing Revenue.

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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