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THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

AGENDA

Date:	21 November 2011
Time:	7.30 pm
Place:	Committee Room 2, Town Hall, Watford

Members of the Committee:-

Councillors:-	M Bedford G Derbyshire A Khan	R Sangster B White A Wylie

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   ELECTION OF CHAIR AND VICE-CHAIR

To elect a Chair and Vice-Chair of the Committee for the ensuing year in accordance with paragraphs 9 and 10 of Schedule 1 to the 'Delegation and Joint Committee Agreement': Watford members to appoint the Chair and Three Rivers members to appoint the Vice-Chair.

3   DISCLOSURES OF INTEREST

To receive any disclosures of interest.

4   MINUTES

To confirm as a correct record the minutes of the Joint Shared Services Committee held on 12 September 2011. *(All minutes are available on the Council's website.)*

**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

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 21 November 2011

PART A   AGENDA ITEM

6

Title:	**SERVICE AND FINANCIAL PANNING**
Report of:	David Gardner – Director of Corporate Resources & Governance – Three Rivers D.C. Terry Baldwin – Head of Human Resources Avni Patel – Head of ICT Alan Power – Head of Finance Phil Adlard – Head of Revenues and Benefits

1.   SUMMARY

1.1   This report considers the service plans and budgets for the shared services in the medium term.

2.   RECOMMENDATIONS

2.1   That the Committee reviews, make such amendments as it thinks fit and approves the service plans.

2.2   That the Committee approves proposals (to be tabled) to clear the backlog of benefit claims.

2.3   That the Committee notes the budget forecast for the Joint Committee in respect of the next three financial years (as changed by any amendments made under recommendations 2.1 and 2.2 above).

2.4   That the Committee submits to each Council its funding requirements.

Contact Officer:
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Report approved by:
Tricia Taylor – Executive Director – Resources – Watford Borough Council

3.   **DETAILED PROPOSAL**

       Background

3.1   The Delegation and Joint Committee Agreement states that:-

       - Each council shall submit to the Finance Officer of the Joint Committee before the end of October in each year, their estimate of the funding likely to be available to the shared services for the next three financial years,

       - The Head of each Shared Service shall prepare and submit to the Joint Committee no later than November each year an annual written service plan for the Shared Service for which he or she is responsible for the next three financial years. This shall take into account any constraints …. and set out inter alia the outputs to be achieved by and the resources required for the relevant Shared Service.

       - On receipt of a service plan for a Shared Service, the Joint Committee shall by the end of the calendar year, review, make such amendments as it thinks fit and approve the service plan together with the relevant Service Level Agreement.

       - The Finance Officer to the Joint Committee shall prepare a base budget forecast for the Joint Committee in respect of the next three financial years by reference to the resources approved within the service plans.

       - The Joint Committee shall, as soon as practicable, but in any event no later than 10th January of each year, submit to each Council its funding requirements.

3.2   Attached as appendices to this report are the service plans for the four shared services.

       Service Plans

       Finance

3.3   The Finance Service Plan reflects in both the people and revenue budget sections (2.1 and 2.5 respectively) the reductions to staffing agreed last year. The External Auditor has said that the councils should assess the capacity and deliverability of the shared service function going forward to ensure that all key deadlines are met. The aim is to retain a well paid highly qualified team which, using the updated IT systems now in place, and with a year's experience of closing three sets of accounts, can enable some staff reductions at lower levels. There are risks in this approach, not least around retention and succession planning as outlined in the workforce planning section.

       Human Resources

3.4   The Human Resources Service Plan details at Section 2.5 (Revenue Budgets) the savings achieved so far against the total required last year, and three options for achieving the balance. Rather than the deletion of an HR Partner post from 1 April 2012, which it is now felt would jeopardise the ability of the service to provide the councils' requirements, the officers recommend that:-

       a)   they explore further an opportunity of providing to another district council an HR service via a Delegated Responsibility model.
       b)   Any balance of the required savings not achieved through (a) above be delayed until April 2013 and are delivered through a review of the Organisational Development/Learning and Development section.

ICT

3.5   The ICT Service Plan includes, in the workforce planning and revenue budget sections, the reductions to staffing agreed last year. There is a report elsewhere on the agenda considering the options for future ICT service provision and until this is resolved officers will operate to current budgets. The Plan also includes in the Projects Section (3.6) an update on the ICT Infrastructure Project and those projects that will be undertaken after its completion. The budgets for these are reconciled in the Capital Expenditure section (2.7)

Revenues & Benefits

3.6   The revenues service is now demonstrating some positive results. Collection rates are improving and the section has contributed (alongside ICT and Finance staff) to the successful implementation of the new Income Management System. An exercise to verify single person discounts is about to commence and tracing defaulting taxpayers will lead to a reduced level of write-offs.

The Benefits Section continues to struggle with backlogs. Officers are reviewing the matter but in the meantime are continuing to use the SERCO contract. Details of the resources required, costs and timescales will be presented at the meeting for approval.

The service plan sets out the challenges that face the service with effect from April 2012 including changes to universal credit and council tax benefits along with the proposal to retain business rates. In section 2.5 (Revenue Budgets) the plan details the extent to which savings identified last year have been achieved. Three options are given, the third of which is favoured by the officers. This involves re-engineering the document imaging service to carry out 'triage' of benefit claims and changes in circumstances (this mirrors what is now performed by Customer Services Centre staff in the One-Stop-Shops). A vacant Document Processing Support post would be deleted and replaced with a Benefits Officer in the short term to assist with the introduction of triage. This arrangement would last until 31 March 2013 thus postponing the achievement of the £60,000 saving for one year. The capacity of benefits staff to assess claims and implement changes in circumstances will be further enhanced by:

- The introduction of e-forms and self-service
- A re-engineered telephone service using customer services centre staff to answer more basic calls (e.g. on the progress of a claim)
- Better performance management data enabling productivity to be monitored and improved where necessary.

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**

Overall Financial Position

4.2.1   Each service plan includes sections on:-

- budgets for operating and implementation costs,
- revenue growth, service reductions and cashable efficiency gains, and
- capital investment

4.2.2   Each council has submitted their revenue estimate of the funding likely to be available to the shared services. These figures (shown below) were agreed

during last year's budget setting process, with the exception of the latest budget for 2011/12, which reflects changes reported to the Joint Committee during this financial year.

Revenue Implementation Costs	2011/12 Latest Budget £	2012/13 Forecast Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £
Three Rivers	13,330	8,370	0	
Watford	29,670	18,630	0	
Total	43,000	27,000	0	

Revenue Operating Costs	2011/12 Latest Budget £	2012/13 Forecast Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £
Three Rivers	2,585,844	2,489,584	2,580,761	
Watford	3,955,906	3,804,997	3,944,356	
Total	6,541,750	6,294,581	6,525,117	

4.2.3   The costs extracted from the service plans are summarised below:

Revenue Implementation Costs	2011/12 Forecast Out-turn £	2012/13 Forecast Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £
Three Rivers	13,330	8,370	0	0
Watford	29,670	18,630	0	0
Total	43,000	27,000	0	0

Revenue Operating Costs	2011/12 Forecast Out-turn £	2012/13 Forecast Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £
Three Rivers	2,570,291	2,490,934	2,543,708	2,630,779
Watford	3,933,165	3,807,946	3,890,363	4,024,171
Total	6,503,456	6,298,880	6,434,070	6,654,950

The two councils have not discussed budgets for 2014/15, the figures for which have been newly prepared, being the third year of the medium term financial plan for 2012-5.

4.2.3   The tables below show where the costs in the service plans exceed the funding available (+) and where costs are less than those included in the two councils budgets (-).

Revenue Variations Implementation Costs	2011/12 Forecast Out-turn £	2012/13 Forecast Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £
Three Rivers	0	0	0	
Watford	0	0	0	
Total	0	0	0	

Revenue Variations Operating Costs	2011/12 Forecast Out-turn £	2012/13 Forecast Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £
Three Rivers	-15,553	+1,350	-37,053	
Watford	-22,741	+2,949	-53,993	
Total	-38,294	+4,299	-91,047	

4.3   **Legal Issues** (Monitoring Officer)

4.3.1   There are no legal implications specific to this report.

4.4   **Risk Management and Health & Safety**

4.4.1   Any risks resulting from this report will be included in the risk register and, if necessary, managed within the appropriate service plan.

4.4.2   The following table gives the risk if the recommendations are agreed, together with a scored assessment of their impact and likelihood.

	Description of Risk	Impact	Likelihood
1	That the resilience, improved performance and savings identified within each service plan are not achieved	II	E

4.4.3   The following table gives the risk that would exist if the recommendations are rejected, together with a scored assessment of their impact and likelihood:

	Description of Risk	Impact	Likelihood
2	That the shared services have no service plans to work to	III	A

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

Impact		Likelihood	
V = Catastrophic		A = ≥98%	
IV = Critical		B = 75% - 97%	
III = Significant		C = 50% - 74%	
II = Marginal		D = 25% - 49%	
I = Negligible		E = 3% - 24%	
		F = ≤2%	
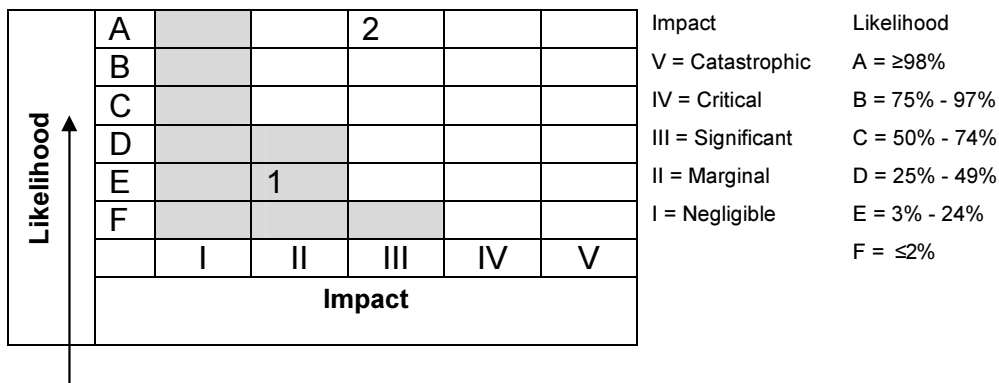
4.5   **Equalities**

4.5.1   *Relevance Test*

Has a relevance test been completed for Equality Impact?   Yes

Did the relevance test conclude a full impact assessment was   Yes
required?

4.5.2   *Impact Assessment*

This has been completed by an external specialist

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

4.6.1   Included in service plans where appropriate.

Appendices
    1   Service Plan 2012-2015 – Finance
    2   Service Plan 2012-2015 – Human Resources
    3   Service Plan 2012-2015 – ICT
    4   Service Plan 2012-2015 – Revenues & Benefits

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

THREE RIVERS DISTRICT COUNCIL

WATFORD BOROUGH COUNCIL

D R A F T
FINANCE SERVICE PLAN

2012 - 2015

Version 0.2 – Shared Services Joint Committee – 21November 2011

Shared Services Programme

CONTENTS

SECTION 1: KEY PURPOSE OF THE SERVICE

1.1	Scope of the Service

The overall objective is to provide high quality, efficient, robust and resilient services for audit, finance and fraud to the chief financial officers (s151 officers), members, budget holders, the public and employees of the two councils.

The services include the range of activities required to meet the s151 officers' responsibilities for a local authority. It consists of most of the services associated with the running of the finances of a local authority, including those aimed at servicing the corporate entity as well as those aimed at serving individual budget holders and service managers. Finance will be located in Rickmansworth although Internal Audit and Fraud will also have bases in both town halls to ensure their effectiveness and to achieve efficiencies.

The functions are grouped into 4 main areas:

Accountancy

- Budget setting and reporting
- Month end and annual closing of ledgers
- Reconciliations of financial management and subsidiary source systems
- Budget monitoring reports
- Draft annual budgets
- Service planning including service level changes, revenue growth & savings and capital investment
- Forecasting (in conjunction with budget holders)
- Preparation and publication of Financial Statements
- Whole of Government Accounts
- Preparation and completion of Government Returns for capital and revenue budgets, outturn and monitoring
- External audit liaison
- Provision of financial advice to budget holders and Members
- Financial policies and procedures
- Bank reconciliations
- Value Added Tax
- Review of the Financial Management System
- Treasury Management Policies & Investment Strategy
- Payroll Accounting including statutory deductions

Financial services

- Accounts payable
- Insurances and risk advice
- Investments

Internal Audit

- Risk based system audits
- Contract and IT audits
- Value for Money
- Advice
- Provision of assurance for effectiveness of controls and probity

Anti Fraud

- Benefit Fraud
- Corporate Fraud
- Anti-Fraud and Corruption Strategies

The Joint Committee Agreement specifies the following functions for Finance

- Making payments on behalf of the Councils;
- Maintaining the accounts of the Councils;
- Maintaining the system of purchase orders;
- The provision of an internal audit service
- Managing the operation of the Councils' insurances;
- Issuing guidance and providing advice to members and officers of the Councils on the financial procedure rules of the Councils;
- Providing training to officers working on financial matters;
- Monitoring the Councils' prudent financial management and compliance with approved accounting practices and reporting to members on these matters;
- Preparation of the Councils' annual statement of accounts;
- Maintenance of the Councils record of assets;
- Monitoring the financial administration of external partnerships and other organisations in which the Councils are involved;
- Undertaking Housing Benefit and Council Tax Benefit fraud investigations and prosecutions;
- Virement within Joint Committee Budgets

The Audit, Fraud and Accountancy services operate within a number of statutory provisions including secondary legislation and statutory codes of practice. These are outlined below:

2

Accountancy and Audit

- Local Government Act 1972 – arrangements for the proper administration of financial affairs
- Local Government Act 1988 – reports in the public interest
- Local Government Act 2000 – full Council on the recommendation of the Executive to set approve a budget. Scrutiny of the financial processes.
- Local Government Act 2003 – medium term financial planning, budgeting and prudent balances, Prudential Code for borrowing arrangements, opinion on robustness of budgets and adequacy of reserves, budget monitoring throughout the year with Member involvement.
- CIPFA Code of Practice for Internal Audit
- Accounts and Audit Regulations 2003 (as amended) – financial statements, publishing, internal audit
- Statutory Codes for financial accounting and best value accounting

Fraud

- Police and Criminal Evidence Act 1984
- Human Rights Act 1998
- Data Protection Act 1998
- Regulation of Investigatory Powers Act 2000
- Proceeds of Crime Act 2002
- Fraud Act 2006

	1.2	Contribution to Shared Services Objectives

Savings

For Finance Shared Services, savings on implementation were achieved and reported to the Joint Committee for Shared Services.

Since Implementation further saving over the Business Case have been achieved as follows –

	2009/10 £(000)	2010/11 £(000)	2011/12 £(000)
Original Budget (Shared Services Joint Committee Sep '09)	1,728	1,711	1,755
Outturn	1,698	1,611	
Latest Budget			1,544
Additional Savings (vs Business Case)	**30**	**100**	**211**

The 2010/11 *Cost Reduction* exercise requires further savings in 2012/13 (see section 2.5).

The 2012/13 budget has been set at £1,534,552. This provides an additional annul saving of £270,000 over the Business Case. To achieve these savings there will be a series of measures taken during 2011/12 that may involve reductions in staffing.

Efficiency and cash saving may arise from joint procurement of financial services, for example -

- Treasury management advice (current)
- Banking services (2013)
- A new delivery model for Internal Audit
- Shared management arrangements for Benefit Fraud
- Shared Accountancy services or shared systems

Service Level Agreements have been reviewed during 2011 including consultation with service users.

Resilience	Staff rotation at Finance Manager and Senior Accountant level continues and changes were effected after the accounts were closed in June 2011. This practice mitigates the effects of lean staffing and provides flexibility for wider team working and provides cover during times of absence. During the remainder of 2011/12 a review is being conducted to improve resilience between the remaining accountancy staff. The Finance organisation has been structured with generic job descriptions and staff will work across the various finance work streams. Reductions to staff will necessitate a detailed review of both the establishment, job content, work mix and responsibilities In specialist skill areas shadowing will occur to widen and strengthen the knowledge base. Internal Audit and Fraud teams have been designed with the emphasis on resilience and operate with a flat structure (two tiers).
Improved Services	All Finance processes continue to be scrutinised to align where possible together, taking account of both councils requirements. The Shared Service will continue membership of appropriate Benchmarking Clubs and seek other measures providing comparative information and statistics.

1.3	Contribution to the Councils' Strategic Objectives
Three Rivers District Council	
Safer Communities	We will support\enable the Council and its services to meet these objectives
Sustainable Communities	
Towards Excellence	
Watford Borough Council	
Improve the health of the town and enhance its heritage	We will support\enable the Council and its services to meet these objectives
Enhance the town's 'clean & green' environment	
Enhance the town's sustainability	
Enhance the town's economic prosperity and potential	
Supporting individuals and the community	
Securing and efficient, effective, value for money council	
Influence and partnership delivery	

1.4　　　　The Future of the Service

Currently, detailed planning is underway to achieve savings balanced with workloads and service level agreements.

Every effort will be made to secure greater efficiencies with smarter working and empowering clients with knowledge and skills to increase financial abilities. Success levels will have dependencies on the partnerships with both councils and the agreement of common procedures for example, accounting policies, financial procedures, risk management framework, budgeting and financial planning arrangements, reporting formats and the expected financial competencies of managers and budget holders.

2011 was a significant period for the accountancy function which saw the first full year of joint working with only established staff, the first year-end closing on a new FMS and the implementation of IFRS. This combination was challenging and proved a test of resources, resilience and management. Expectedly, it was not a smooth process at key times but eventual outcomes were successful.

An overall aim is for continuous improvement with more efficiencies, a reduced cost base and acceptable levels of risk to both councils and the Shared Services Joint Committee.

SECTION 2:   INPUTS

2.1	**People**

Organisation Chart

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                              │  Head of Finance │
                              └──────────────────┘
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   ┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐ ┌────────┐
   │ Audit  │ │ Fraud  │ │Finance │ │Finance │ │Finance │ │Finance │ │Finance │
   │Manager │ │Manager │ │Manager │ │Manager │ │Manager │ │Manager │ │Manager │
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Head of Finance

- Audit Manager
  - Senior Auditor (3)
  - TRDC Internal Audit Contract *
- Fraud Manager
  - Senior Fraud Investigator (5)
- Finance Manager
  - Senior Accountant (1)
    - <u>Accounts Payable</u> Senior Accountancy Assistant (1) Accountancy Assistant (2)
- Finance Manager
  - Senior Accountant (1)
    - Insurance Officer (1)
- Finance Manager
  - Senior Accountant (1)
    - Senior Accountancy Assistant (1) Accountancy Assistant (1)
- Finance Manager
  - Senior Accountant (1)
- Finance Manager
  - Senior Accountant (1)
    - Treasury & Technical Officer (2)

8

FINANCE SHARED SERVICES ESTABLISHMENT Job Title	Grade	No.	FTEs	Currently Vacant
Audit Manager	10	1	1	0
Senior Auditor	8	3	3	1
Fraud Manager	10	1	1	0
Senior Fraud Investigator	7	5	5	0
Head of Finance	MG4	1	1	0
Insurance Officer	6	2	1	0
Finance Manager	10	5	5	0
Senior Accountant	8	5	5	1
Senior Accountancy Assistant	6	1	1	0
Accountancy Assistant	5	4	4	0
Treasury And Technical Officer	6	2	2	0

INDICATIVE REDUCTIONS TO BE AGREED AUTUMN 2011 (wef 2012/13) Job Title	Grade		FTEs	Expected Vacant
Senior Auditor	8		1	1
Senior Accountant	8		1	1
To be determined			2	0

2.2	Workforce Planning		
Workload – Trends & Changes	**Staffing Implications – Impact on Service & Individuals**	**Options & Preferred Solutions**	**Outcome – Financial Implications, Resilience Implications & Implications for Improving the Service**
Age Profile	The majority of both key and senior accountancy positions are occupied by long-serving and highly experienced professionals eligible to retire in the medium term. Age profiles in Internal Audit and Benefit Fraud do not pose difficulties in this service plan.	Senior staff must be retained to ensure achievement of business objectives. Loss of several key staff may necessitate an overall FTE increase. Incentives to retain key staff should be implemented.	The risk of senior staff leaving in the same timeframe increases each year when there have been no resignations. Key staff retiring may have a substantial impact on viability and service delivery requiring both an increase in organisation size and cost.
Market Pay	Market rates of pay will need to be regularly reviewed. The economic climate is not expected to impact on the jobs market in the first year of this Service Plan. Achievement of Best in Class required investment in the best systems, procedures and staff. Procurement rules have bias to lowest system and implementation costs. Not possible to agree fundamental harmonisation requirements. Market pay is based on 62nd percentile for non-shared service organisations	Review of basis and methodology for application of market factors within a shared service environment. Evidence shows that qualified accountants in our shared services are not remunerated to the levels comparable in nearby London Boroughs and similar sized authorities.	For the lean structure (and getting leaner whilst taking on additional functions) it is essential that finance shared services staff are well above average for knowledge, skills, commitment and engagement. This will require competitive market rates for remuneration together with a premium. Market factors (reviewed annually) have been applied to Senior Auditors and Finance Managers.
Succession Planning	The significant recruitment to vacant posts (completed June 2010) has been successful in engaging younger officers with good potential.	Continued recognition of skills and age balance (within equalities requirements) for future recruitments.	Action taken has supported a sustainable workforce.

2.3 Partnerships & Contracts	
Partner / Partnership	**Expected Outcomes**
Deloitte Touché	TRDC contract expired March 2010. DT now used to provide additional audit days to meet the Plan following significant reductions in days purchased.
LA VAT	Currently use LAVAT for provision of specialist VAT advice.
Treasury Advisers –Sector	Both councils use the services of Sector – quotations for treasury advisers currently being evaluated.
Insurances	Currently use Zurich for all insurance. New contracts required from April 2013.
Banking Services	Banking contracts were agreed for both councils in 2010. New contracts required from April 2013

2.4	Assets & Technology

Equipment

30 workstations each with Personal Computer. 3 desktop HP printers and access to all central printers. Two of these workstations connected to specialist laser cheque printer.
Scanning and document management facilities.
One workstation with BACS security transmission facilities.
Remote access to network.
Cheque Printer
Phones, Fax, Copying, Scanning, Mobile Working, Home Working

Land and Property

Suitable office environment for all sections
Hot desk facilities at Watford for Finance (this is expected to be delivered within a corporate solution)
Internal Audit – office accommodation/filing/IT facilities on both sites.
Fraud – office accommodation/filing/IT facilities on both sites
Accommodation at Watford and Three Rivers for external audit

Vehicles

Vehicles required to attend meetings or off-site locations including outside normal hours and outside districts. Vehicles are also required by fraud for surveillance, house visits, statement taking, risk assessments and visiting external agencies.

IT systems

Internal Audit – IDEA (data extraction/matching)
Advanced Business Solutions (COA e-Financials)
Aptos (archive facilities)
Radius PowerSolve (archive facilities)
On-Line Banking & Treasury Management
Microsoft Office Applications
Financial Management System (new)
Fraud Module (within Benefits system)
BACs

2.5   Revenue Budgets

Operating Budget	2010/11 Actual £	2011/12 Original £	2011/12 Latest Approved £	2011/12 Profile to Period 7 £	2011/12 Spend to to Date £	2011/12 Forecast £	2012/13 Forecast £	2013/14 Forecast £	2014/15 Forecast £
Employees	1,423,131	1,452,959	1,452,959	847,559	768,727	1,369,320	1,357,250	1,409,800	1,468,710
Premises	0	0	0	0	0	0	0	0	0
Transport	18,494	22,730	22,730	13,259	8,721	17,630	17,630	17,630	17,630
Supplies and Services	175,927	149,150	149,150	87,004	83,414	156,800	156,800	150,500	150,500
Contracted and Agency Services	0	0	0	0	0	0	0	0	0
Recharges	0	0	0	0	0	0	0	0	0
Income	-6,900	0	0	0	0	0	0	0	0
Sub-Total	1,610,652	1,624,839	1,624,839	947,823	860,862	1,543,750	1,531,680	1,577,930	1,636,840
Recharges to Councils				0					
Three Rivers District Council	-644,261	-649,936	-649,936	-379,129	-344,345	-617,500	-612,672	-631,172	-654,736
Watford Borough Council	-966,391	-974,903	-974,903	-568,694	-516,517	-926,250	-919,008	-946,758	-982,104
Sub-Total	-1,610,652	-1,624,839	-1,624,839	-947,823	-860,862	-1,543,750	-1,531,680	-1,577,930	-1,636,840
Total	0	0	0	0	0	0	0	0	0

The Joint Committee recommend last year that the following cost reductions, being efficiency gains not affecting service levels, be accepted:-

Item	2011/12 £	2012/13 £	2013/14 £
Internal Audit	25,000	50,000	50,000
End Mortgage Administration Contract	0	0	6,000
Total	25,000	50,000	56,000

Members recognised that the service was still bedding in and recommended, therefore, that there be no staff reduction in 2011/12. Nevertheless, if the service was to achieve the saving of 10% being requested, it would need to reduce expenditure or increase income by £170k. The Committee recommended that any opportunities to expand the shared service, including sharing IT systems, be pursued. However

should this not result in the required savings, then, reluctantly, there would be little option but to reduce staffing levels and review the service provided. In these circumstances the councils' S151 officers' advice was accepted that the following cost reductions should be made commencing in 2012/13:-

Item	2011/12 £	2012/13 £	2013/14 £
Staff Rationalisation	0	128,580	128,580
Total	**0**	**128,580**	**128,580**

These reductions are included in the operating budget shown above and if confirmed by the Joint Committee will continue to be implemented.

| 2.6 | **Revenue Growth, Service Reductions and Cashable Efficiency Gains** |

	Description	2012/13 £	2013/14 £	2014/15 £
1	Potential Growth			
	ABS e-financials upgrade to version 4.1 in December 2012	33,000	0	0
	Redundancy Costs	30,000		
	Total	63,000	0	0
2	Service Reductions			
	Nil	0	0	0
	Total	0	0	0
3	Cashable Efficiency Gains			
	Savings in accountancy structure (intended effect 1 April 2012) – *included in Forecasts in section 2.5 (above)*	0	0	0
	Total	0	0	0

| 2.7 | **Capital Investment** |

Scheme Name	New Scheme	Capital				Revenue Implications			
		2011/12 £	2012/13 £	2013/14 £	Future Years £	2011/12 £	2012/13 £	2013/14 £	Future Years £
Nil		0	0	0	0	0	0	0	0

SECTION 3:   OUTPUTS AND OUTCOMES

3.1	**Customer insight and consultation**

I   Customer access channels

Service Area	Information Access	Service Access

II   Customer identification and segmentation data

Service provided	Customer group	Segmentation data held
Internal Audit	Statutory function. External auditors Internal – Staff, occasionally public	Individuals at all levels – job title, name, department, email address etc. Mostly systems and procedures interrogation
Anti-fraud and corruption	Benefit fraud – tip-offs and information from public (via hotlines, letters) Systems information about individuals, e.g. MOSAIC information	Tip offs – mostly anonymous As below, NI numbers, bank account details, personnel records Details of partnership agencies, e.g. DWP
Creditors payment	External – suppliers of goods and services	Address, creditor's name, VAT number, Head office/business addresses. Income Tax status for some.
Treasury	Banks, building societies, investment advice agencies	Business addresses
Insurances	External Claimants – public, internal	Claim form details, name, DOB, claimant details, incident details
Accountancy	Service level service planning, budget monitoring, financial advice	Service heads/managers – name, department, position, email address

III   Communication and consultation methods

Service provided	Inform	Consult	Engage
Internal Audit	Audit plan – public document Reports – disseminated to Services	Timeframes for consultation implementation. Audit plan is assessed by Heads of Services and this is open to review	Committees, Audit, Resources Policy Panel
Anti-fraud and corruption	Tip-off publicity – website, advertisements on TV, radio etc. (National campaigns) National fraud hotline?	Respond to National initiatives – report on satisfaction	Successful prosecutions – National press. Also serves as a deterrent.
Creditors payment	Internal, demand-led service	Internal. This is the end of a process – CP authorise payments. Contact only foreseen if customers enter into complaints process in the case of late payment.	Shared Services Join Committee
Treasury	Contact with banks is through brokers. TRDC is the customer – no direct contact with banks/building societies	Market conditions	Executive Committee – Annual, and 6 monthly review-back looking report Risk management and overall strategy
Insurances	Insurance companies have involvement and conduct investigations etc. TRDC's remit is to check policies are OK.		No formal reporting strategy but linked to budget monitoring
Accountancy	Annual report, published on website, letters	Statutory obligation to consult with commercial representatives and internally-Heads of Services, Members, etc.	Annual report published internally and made available publically

IV   Customer satisfaction measures

Service provided	Measure	Collection method	Timescale for consultation - start date and regularity	Baseline result	Target
Internal Audit	Satisfaction with service provided Quality of service	Contractor-led satisfaction survey (rolling questionnaire) Internal audit/inspection	Administered after each audit		
Anti-fraud and corruption	Satisfaction Quality of service	Service provision questionnaire Internal audit/inspection	Annual		
Creditors payment	Satisfaction with service Quality of service	Questionnaire planned Internal audit/inspection			
Treasury	Satisfaction with service Quality of service	Questionnaire planned Internal audit/inspection			
Insurances	Satisfaction Quality of service	Survey of internal and external customers Financial Management Model – collecting comments from users Internal audit/inspection	One-off survey 2006/7	CIPFA collate results and produce compliance scores on aspects of service standards	
Accountancy	Satisfaction with service Quality of service	Benchmarking across other authorities/organisations Internal audit/inspection			

V   Learning from customer consultation

Question	Answer
What key findings has customer consultation work identified in the last year for each service area? Have the needs of a specific customer group been identified?	Customer Insight and consultation new element in service plan
What has been done as a result of customer consultation?	Customer Insight and consultation new element in service plan
How have you feed back to customers that have been consulted?	Customer Insight and consultation new element in service plan
How effective were the consultation methods used? What changes are proposed?	Anti-fraud and corruption service provision questionnaire led to the creation of 12 SLAs

3.2 Service Level Agreements

Service Level Agreements are being updated to reflect additional functions since the start up of the Finance Shared Service. No services are to be deleted.

3.3 Performance Indicators

The Performance Improvement Officer has reviewed the relevance of these performance measures (not the targets) and commented on both their relevance and the role in securing meaningful and measurable improvements. This review focused on the critical elements of the service, the areas which cover statutory obligations, audit and key financial management. It was considered some of the PIs were collected did not provide useful performance information. Key performance indicators should drive service improvement. The currently agreed PIs are shown below with shading for those recommended for deletion.

For the performance indicators recommended to be retained, the targets have been reviewed and no changes are suggested.

Shared Service	Finance
Service Name	Budget setting Service Planning and Forecasting
Service Reference	FN01
Service Owner	Head Of Service

Service Level Performance Indicators

Measure 1			
Description	Budget monitoring and budget setting timetable agreed prior to commencement of the financial year		
Purpose	To measure compliance on reporting deadlines		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Month end account closure & processing
Description	Period end closure ensuring financial statements reflect a full and true view of costs incurred and control processes including reconciliations are completed
Service Reference	FN02
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Bank and system reconciliations		
Purpose	Monthly reconciliations are performed and signed off within 10 days of period end		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 2			
Description	Approved changes to budgets		
Purpose	Budget changes are uploaded to the financial management system within 2 days of approval		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 3			
Description	Third Party payments (e.g. payroll deductions)		
Purpose	Payments generated by Finance are made to statutory deadlines and for other parties, within 10 days of month end		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Monthly Budget Monitoring Reports
Description	Review and reporting of actuals against plan with value add narrative where applicable
Service Reference	FN03
Service Owner	Head Of Service
Volumes	1,000 individual budget categories

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Overall Revenue Budget Performance		
Purpose	To ensure Revenue budgets are not overspent, and that an under-spend is contained within 3% of original budget.		
Go Live	Year 1	Year 2	Year 3 (end goal)
	-3% to 0%	-3% to 0%	-3% to 0%
Measure 2			
Description	Overall Capital Budget Performance		
Purpose	To ensure Capital budgets are not overspent, and that an under-spend is contained within 3% of original budget, and that individual schemes are completed on time.		
Go Live	Year 1	Year 2	Year 3 (end goal)
	-3% to 0%	-3% to 0%	-3% to 0%
Measure 3			
Description	Agree budget monitoring and budget setting timetables are met.		
Purpose	Ensure robust control and good practice are in place		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Closure of annual accounts & production of statements
Description	Year end closure of accounts together with all relevant and necessary financial statements and returns including sign off by committee
Service Reference	FN04
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Cumulative ongoing cashable efficiency gains NI179		
Purpose	To ensure the councils are achieving required targets.		
Go Live	Year 1	Year 2	Year 3 (end goal)
Watford	£1.688m	£2.573m	TBA
Three Rivers	£1.004m	£1.530M	TBA
Measure 2			
Description	Statement of accounts approval		
Purpose	Final Accounts – The statement of accounts will be produced and approved by a respective Audit committee by June 30th. The statements will be presented with no material errors and published with an unqualified audit opinion by 30th September		
Go Live	Year 1	Year 2	Year 3 (end goal)
Watford	Confirmed	Confirmed	Confirmed
Three Rivers	Confirmed	Confirmed	Confirmed
Measure 3			
Description	Use of Resources-level 3 for Managing Finances		
Purpose	To ensure quality of financial delivery is meeting expectations.		
Go Live	Year 1	Year 2	Year 3 (end goal)
Watford	3	3	3
Three Rivers	3	3	3
Review Date	Initial 6 month review then annually		

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Shared Service	Finance
Service Name	Compilation of government returns
Description	All financial and non financial returns where financial input is required on behalf of the customers of the Shared Service
Service Reference	FN05
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Revenue Account (RA)		
Purpose	Completed form returned by government specified date		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 2			
Description	Revenue Summary (RS)		
Purpose	Completed form returned by government specified date		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 3			
Description	Capital Outturn (CO)		
Purpose	Completed form returned by government specified date		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Provision of financial advice to budget holders and Members
Description	Adhoc and standard monthly reporting delivering a value add service to support decision making across the authorities
Service Reference	FN06
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Percentage user satisfaction with Financial services.		
Purpose	To achieve improvements in and measure outputs.		
Go Live	Year 1	Year 2	Year 3 (end goal)
	85%	90%	95%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Insurance
Description	Ensuring the Authority has the relevant level of insurance cover and claims handling
Service Reference	FN07
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Customer satisfaction		
Purpose	To determine level of customer satisfaction with the service		
Go Live	Year 1	Year 2	Year 3 (end goal)
	80%	80%	85%
Measure 2			
Description	Successful defence of claims		
Purpose	To mitigate loss and reduce insurance premiums		
Go Live	Year 1	Year 2	Year 3 (end goal)
	80%	80%	80%
Measure 3			
Description	Ensure correspondence is answered within 10 working days of receipt		
Purpose	Supports Customer satisfaction with service		
Go Live	Year 1	Year 2	Year 3 (end goal)
	95%	95%	95%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Treasury , Investments and Banking Services
Description	Management of short and long term cash flow and ensuring investments are made that maximise returns in line with a secure policy
Service Reference	FN08
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Average investment interest rate to be no less 0.12% different from average base rate		
Purpose	To make best use of the Authorities financial reserves using a secure and risk managed approach		
Go Live	Year 1	Year 2	Year 3 (end goal)
	0.12%	0.12%	0.12%
Review Date	Initial 6 month review then annually		

Shared Service	Finance
Service Name	Accounts Payable
Description	Purchase and payment of suppliers for goods and services received by the Councils in line with a controlled process
Service Reference	FN09
Service Owner	Head Of Service

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Percentage of undisputed invoices paid within 30 days (formerly BV8)		
Purpose	Clarity of pre approved procurement using appropriate methods *{Note - during current economic climate, both councils are endeavouring to pay SMEs within 10 days}*		
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Measure 2			
Description	Percentage of invoices paid by BACS (currently reported by Watford only)		
Purpose	Drive best practice in procurement and remove one off or off-piste purchasing		
Go Live	Year 1	Year 2	Year 3 (end goal)
	75%	90%	90%
Measure 3			
Description	Percentage of all purchasing conducted electronically measured by emailed orders		
Purpose	Drive best practice in procurement and reduction in transaction costs/effectiveness		
Go Live	Year 1	Year 2	Year 3 (end goal)
	40%	70%	100%
Review Date	Initial 6 month review then annually.		

Shared Service	Finance
Service Name	Internal Audit (IA)
Description	Planning and delivery of audit plan to include control and process improvement recommendations and chasing action plans to completion
Service Reference	FN10
Service Owner	Audit Manager

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Achievement of annual plan, subject to approved alterations.		
Purpose	Ensures agreed plans are delivered in an effective manner. To enable provision of annual opinion of controls		
Go Live	Year 1	Year 2	Year 3 (end goal)
Combined	92%	92%	92%
Review Date	Initial 6 month review then annually.		

Shared Service	Finance
Service Name	Benefit Fraud
Description	Investigation of all benefit fraud cases including the issue of sanctions which include prosecution, financial penalties and official cautions
Service Reference	FN11
Service Owner	Head of Service
Volumes	Approximately 330 cases per year investigated

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Anti Fraud – Number of Investigations		
Purpose	To record the number of fraud investigations		
Go Live	Year 1	Year 2	Year 3 (end goal)
	310	320	330
Measure 2			
Description	Anti Fraud - Number of Investigators		
Purpose	Number of fraud investigators		
Go Live	Year 1	Year 2	Year 3 (end goal)
	5	5	5
Measure 3			
Description	Anti Fraud - Number of Sanctions		
Purpose	Number of sanctions administered		
Go Live	Year 1	Year 2	Year 3 (end goal)
	58	60	62
Review Date	Initial 6 month review then annually.		

Shared Service	Finance		
Service Name	Corporate Anti Fraud		
Description	Investigation of allegations of corporate fraud		
Service Reference	FN12		
Service Owner	Head of Service		
Measure 1			
Description	All referrals for investigation will be commenced within 5 days of receipt		
Purpose			
Go Live	Year 1	Year 2	Year 3 (end goal)
	100%	100%	100%
Review Date	Initial 6 month review then annually.		

3.4	Benchmarking Information

To be updated – see separate summary report from CIPFA

3.5	Outstanding Recommendations of External Inspections					
Insert here the name of the Inspectorate – the title of their report from which the recommended action has come – and the date of the report						
Action	*Priority*	*Responsibility*		*Action to Date*	*Resolved*	*(Original) Implementation Date*
Management should then implement a process to monitor any changes made to the critical financial data tables identified to ensure the changes have been appropriately authorised. The monitoring should be done by an appropriate independent individual, i.e. the individual should not have access to the data bases and should have adequate knowledge to perform an effective review	Medium	Finance Manager (AT)		The FMS system does log changes to the core system, for example changes to bank details. If log files were required for every transaction this would have a huge impact on performance. We would need to discuss with the software supplier (ABS) and perhaps Welldata (remote DBA service) as to how best to proceed with this. Still awaiting information from Welldata on how best to proceed with this.	✗	December 2011
Interfaces Management should consider obtaining interface programs from the financial package provider to ensure that there is continuous support for the interfaces that are run regularly and to prevent over reliance on one individual in the organisation A segregation should be established between the program maintenance team and the financial reporting team.	Medium	Head of Finance		Obtaining new interfaces to replace those written in-house will be costly, inefficient and impact on service delivery. It is accepted that there is less internal control and greater risk for business continuity when reliance is placed on one individual. The matter will be referred to the Shared Services Directors to find a satisfactory solution but recognising that we operate within small teams and financial constraints. The IT skills of the Finance Manager reside with an individual and are not part of the job specification.	✗	December 2011

3.6	Projects

None

3.7	Equalities

The Equalities Act 2010 includes a new public sector equality duty (both a general duty and specific duties), replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. The duty places a range of steps that are legally required by local authorities covering issues such as: assessing relevance, using and publishing equality information, engagement, equality analysis, equality objectives, commissioning and procurement and business planning and reporting.

ICT Shared Services will integrate the general equality duty into service planning and will ensure that Equality Impact Assessments are conducted wherever appropriate.

3.8	Risk Management

FINANCE RISK REGISTER

All Services Operational Risks							
Risk	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
1	Insufficient staff	Service Disruption	I	D	Uprated from Risk Classification IIF following comments form Watford SHoF and adverse publicity. Staffing in AP now *critical* function. Need to ensure full establishment and recruitment actions maintain quality to deliver.	Requires Treatment	Yes
		Financial Loss	II			Last Review Date	31/10/11
		Reputation	IV			Next Milestone Date	31/03/12
		Legal Implications	I			Next Review Date	31/03/12
		People	I			Date Closed	
2	Failure of ICT Systems	Service Disruption	I	D	Uprated from Risk Classification IIIF following comments form Watford SHoF and adverse publicity. IT for AP now *critical* function.	Requires Treatment	Yes
		Financial Loss	III			Last Review Date	31/10/11
		Reputation	IV			Next Milestone Date	31/03/12
		Legal Implications	I			Next Review Date	31/03/12
		People	I			Date Closed	
3	Loss of Accommodation	Service Disruption	II	F	Uprated from Risk Classification IIE following comments form Watford SHoF and adverse publicity. AP now *critical* function.	Requires Treatment	Yes
		Financial Loss	I			Last Review Date	31/10/11
		Reputation	IV			Next Milestone Date	31/03/12
		Legal Implications	I			Next Review Date	31/03/12
		People	I			Date Closed	

	Finance Service Operational Risks						

Risk	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
4	Fraudulent Activity	Service Disruption	III	D		Requires Treatment	Yes
		Financial Loss	IV			Last Review Date	31/10/11
		Reputation	IV			Next Milestone Date	ongoing
		Legal Implications	II			Next Review Date	31/1/12
		People	I			Date Closed	
5	Mortgagors default	Service Disruption	I	F	Loss of capital receipt and need to invoke legal procedures for restoration	Requires Treatment	No
		Financial Loss	I			Last Review Date	31/10/11
		Reputation	I			Next Milestone Date	01/04/12
		Legal Implications	I			Next Review Date	01/04/12
		People	I			Date Closed	
6	Progress against audit recommendations is not monitored, they are not implemented and internal controls are therefore weakened	Service Disruption	I	E	If internal audit recommendations are not implemented essential controls will be inadequate and the Council's governance arrangements will be weakened.	Requires Treatment	Yes
		Financial Loss	IV			Last Review Date	31/10/11
		Reputation	IV			Next Milestone Date	31/12/11
		Legal Implications	II			Next Review Date	31/12/11
		People	I			Date Closed	
7	Failure to renew banking services contract. [Banking Contract successfully renewed in 2010]	Service Disruption	II	F	Failure to ensure banking arrangements in place will have serious impacts on council cash flows and inability to meet needs of customers and suppliers with major impact on the vulnerable.	Requires Treatment	No
		Financial Loss	I			Last Review Date	1/4/12
		Reputation	I			Next Milestone Date	1/4/12
		Legal Implications	I			Next Review Date	1/4/12
		People	I			Date Closed	
8	Fail to close Accounts on time	Service Disruption	IV	F	2009/10 Accounts for Watford, Three Rivers and Shared Services closed and reported on time..	Requires Treatment	Yes
		Financial Loss	1			Last Review Date	31/10/11
		Reputation	IV			Next Milestone Date	31/12/11
		Legal Implications	I			Next Review Date	31/12/11
		People	I			Date Closed	

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Version Control

Version No.	Date	Reason for Update / Significant Changes	Made By
0.1	11/11/03	Draft for discussion of contents by Shared Services Management Team	AP
0.2	11/11/10	Draft for discussion of contents by Shared Services Joint Committee	AP

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THREE RIVERS
DISTRICT COUNCIL

WATFORD
BOROUGH COUNCIL

DRAFT HUMAN RESOURCES SERVICE PLAN

2012 - 2015

Version 0.2 – Shared Services Joint Committee – 21 November 2011

Shared Services Programme

CONTENTS

SECTION 1: KEY PURPOSE OF THE SERVICE

1.1	Scope of the Service

a) Introduction

The role of the Shared Human Resource (HR) Service is to provide a proactive and responsive advisory and support service in relation to corporate health and safety, learning and development, employment and payroll. As set out in section 1.3 of this service plan, the Shared HR service will contribute to the corporate governance and assist in the achievement of the aims and objectives of both Watford Borough and Three Rivers District Council. The shared HR service will be based in Watford Council offices.

Our internal customers include Management Board (Three Rivers), Leadership team (Watford), Service Heads, Line Managers and Staff in both authorities and Elected Members. External customers include users of the Criminal Records Bureau umbrella body service, job applicants, work placements and the organisations we work in partnership with to deliver our service. Services are provided to West Herts Crematorium on a client basis and occasionally to Parish Councils (Three Rivers DC).

Services are currently delivered face to face, over the phone, by email or via the intranet. Manager and employee self service are available via Resource Link, the HR and Payroll information system (HRIS)

Although many of the services provided by the Shared HR service are discretionary, Health and Safety has a strong compliance element and the service will need to develop policies and procedures and advise on compliance with employment law. There will also be a requirement to return employment data to the Office for National Statistics and the Department for Work and Pensions and to produce annual workforce profile reports for both Councils.

1.1 Scope of the Service (continued)

b) What services are provided?

- Advise and support to managers on a range of HR related issues including employee relations
- Advise and support with organisational change, restructuring, redundancy and redeployment
- Corporate health and safety advice and training
- Workforce development planning – workforce profiling, skills gap analysis
- Achieve and retain where applicable corporate accreditations (IiP, Customer Service Excellence, Two Ticks)
- Training and development – analysis of corporate needs from performance appraisal
- Recruitment – policy, procedural advice and support
- Services and responsibilities as a Registered and Umbrella Body for Criminal Records Bureau (CRB) checks
- Pre-employment checks – references, medical, work permits, CRB checks
- Employment contracts – casual, temporary and permanent
- Induction – Corporate induction, monitoring and review of departmental induction activities
- Job evaluation

- Pay and reward strategy
- Development and review of HR and learning and development policies and processes
- Consulting and negotiating with trade union / staff representatives
- Provision of management information including organisational health performance indicators, statistical surveys, absence reports
- Welfare services – outplacement services, counselling, mediation
- Payroll (via managed service contract)

1.2	Contribution to Shared Services Objectives
Savings	The Shared HR service will be part of a wider shared service initiative between Watford Borough and Three Rivers District Council. The overall savings of this venture were £1.6 million for 2009/10 (£400,000 for Three Rivers and £1,200,000 for Watford). Due to a reduction in time and effort spent, savings will be made in the following areas : When creating or revising employment policies or procedures in response to legislative changes, best practice or harmonisation When implementing employee benefits (i.e. childcare vouchers, home computing initiative) When bench marking, preparing for corporate service assessments (Customer Service Excellence, IiP, Two Ticks), service planning, performance monitoring. Policy harmonisation (annual leave, recruitment, grievance and disciplinary as priority areas) It is also intended to align the performance appraisal cycles in both authorities from October 2012 so that a joint approach can be taken to training needs analysis, workforce development planning and the design and delivery of training and development activities. In the case of occupational health and welfare services (i.e. outplacement, counselling, mediation), greater value of money should be realised through increased bargaining power and the consolidation of our joint needs. For example, only one subscription to an on-line employment advice website will be required, job advertisements could be consolidated and customers in both authorities would benefit from the return on investment in learning and development events and materials. Investment in one sophisticated HR and payroll information system (with one annual licence fee and one set of training requirements) will enable a reduction in time spent collecting and producing data and management reports. The new system will enable more paperless HR and payroll processes which will result in further savings. Health and Safety advice for Watford and Three Rivers will be sourced via Hertfordshire County Council, representing a saving of approximately £20,000 per annum. The annual cost of this advice will be shared between both Councils and the HCC adviser will continue to provide advice and support to both councils. Further fee paying clients will also be sought to increase income and therefore reduce overall cost to both councils.

Resilience	Combining the strengths, experience and knowledge of the officers in both HR teams will be of benefit to customers in both councils. There should be less disruption to service during periods of annual leave or sickness, particularly to Three Rivers customers who are used to a team of between 3 and 5 FTEs. The shared HR service has developed a multi-skilled first line enquiry service which will provide cover throughout operating hours and the self-service aspects of the HR and payroll information system which will provide an additional means of access to some HR and payroll services.
Improved Services	In addition to the improvements by virtue of greater resilience as described above, the shared HR service will deliver the following service improvements : The Charter Mark standard was replaced by Customer Service Excellence in 2009 and this standard was achieved by the shared HR service. This demonstrates that high standards of service are set, a customer-orientated ethos is developed and HR staff are motivated with high levels of job satisfaction resulting in excellent services to customers. Investment in one sophisticated HR and payroll information system will make a greater degree of information available to customers through its self service features. It will also make routine payroll and HR transactions more streamlined, customer orientated and paperless and enable a responsive and quality service in respect of producing HR statistics and management reports. Storing payroll and HR data held in one place will improve data quality as it is more likely to be accurate and up to date. Enabling paperless processes and improving access to up to date, accurate and meaningful HR and pay data should empower and make life easier for our customers. The shared HR service will include five HR business partners who work with dedicated service areas in the two councils to enable HR to gain a greater depth of understanding of their needs, to enable relevant and responsive HR services. Customers in both authorities should benefit from a greater choice of shared relevant, accessible learning and development resources and activities.

1.3	Contribution to the Councils' Strategic Objectives

<table>
<tr><td colspan="2" align="center">Three Rivers District Council</td></tr>
<tr><td colspan="2">The shared HR service will help service managers to ensure that the right people are in the right place at the right time in order to achieve individual, service and strategic objectives. The shared HR service will also directly contribute to Three Rivers strategic objectives as follows:</td></tr>
<tr><td>Safer Communities</td><td>Voluntary organisations in the community will continue to be able to access a free of charge Criminal Record Bureau (CRB) quality checking and countersigning service under the Three Rivers umbrella body arrangement. This helps to ensure the safety of children, vulnerable adults and other users of voluntary services and activities in the district.</td></tr>
<tr><td>Sustainable Communities</td><td>Customers - A full staff survey took place during the Autumn of 2008 the results of which helped to establish the extent to which we meet the needs and expectations of our internal customers. A customer satisfaction survey took place in September 2009. Once again this has helped to establish whether HR customer satisfaction levels increase or reduce under a shared service arrangement and help to identify areas for improvement. HR subscribe to CIPFA benchmarking data on an annual basis and this provides a good source for comparison against other Districts within Hertfordshire.</td></tr>
<tr><td>Towards Excellence</td><td>To ensure that our recruitment and development activities and employment processes promote opportunity for job applicants and existing staff with disabilities the service will maintain the standard required to achieve and maintain the Two Ticks disability symbol. The service will ensure that recruitment and selection processes continue to be fair, transparent, free of bias or discrimination of any kind and continue to spot check recruitment and selection practices.

Finance - We will consider adopting the arrangement in Watford whereby agency workers are supplied through Comensura (vendor neutral supplier) where appropriate; this should result in some savings through increased bargaining power and therefore lower hourly rates also through reduced administration and reduced risk of claims of accrued employment rights. We will seek to bench mark our service against other similar shared HR services wherever possible.

Operations – Employment procedures that exist to eliminate performance problems such as disciplinary, capability and absence management procedures have statutory or locally agreed timescales and response times. These will be adhered to and where possible, amended to ensure they continue to be thorough, fair and do not use up more time than is necessary. The performance appraisal forms and process will be improved to enable timely completion of appraisals and therefore timely design and delivery of the necessary learning and development activity. We will continue to strive to have the lowest sickness absence rates in the County to</td></tr>
</table>

<table>
<tr><td></td><td>minimise any impact on service delivery arising from illness. We will continue to develop ways to motivate and provide job satisfaction for all our employees so that outputs are high, turnover is low and recruitment costs are kept to a minimum. Performance statistics for the HR service (other than corporate health) will be established to monitor the time taken to turnaround HR activities, cost per activity and then targets for improvement will be set. See also Section 1.2 'Improved Services'.

Capacity - The service will use the Investors In People framework to ensure that our staff are properly trained, developed and motivated to deliver service and corporate objectives and provide high quality services to the public.   The service will also provide training and development opportunities for Elected Members.

Data Quality - Performance Indicators for the HR service will be reviewed to ensure that they are valid, relevant, accurate, reliable and can be produced within necessary time scales</td></tr>
</table>

Watford Borough Council	
Improve the health of the town and enhance its heritage	HR's contribution is to CP1 – an efficient, effective, value for money Council.
Enhance the town's 'clean and green' environment	**Sickness Management** – the implementation of the Nurse Contact Centre service with on-line real time sickness data for managers and quarterly review meetings with Heads of Service on analysis of trends, sickness statistics and performance of managers on conducting return to work interviews has cut sickness absence to an average of 8.5 days per employee for the year 2010/2011, which is
Enhance the town's sustainability	the lowest in Watford's recent history. This contract has been extended for 2 further years and therefore the service will continue in 2012/13 and 2013/14.
Enhance the town's economic prosperity and potential	The physiotherapy service for employees on sickness absence for musculo-skeletal conditions has cut the duration of such absences. The combined effects of these initiatives should enable greater inroads into sickness absence in the next calendar year.
Supporting individuals and the community	**Finance for Non-financial Managers training** should enhance the skills and financial awareness of managers.
Securing an efficient, effective, value for money council	**Review of Management Development Programme and Talent Management initiatives –** should make more effective use of talent in the organisation and enhance succession planning. New leadership and management development programmes have been introduced during 2011/12 with further modules being available during 2012. A pilot of sourcing of short course providers and devolvement of short course budgets to departments should enable the L&D aspects of the Shared Service to be more achievable by reducing administrative work.
Influence and partnership delivery	

	Supporting organisational change – HR will continue to support organisational change and value for money initiatives
	Equal Pay – The Watford pay and grading model coupled with the job evaluation and moderation process help to ensure there is a robust and definitive pay model in place to continue to reduce the risk of equal pay challenge
	Health and Safety – the conclusions of the review of Health and Safety approaches will be implemented and training take place on corporate manslaughter to minimise organisational risks

1.4	The Future of the Service

Priority areas for improvement and development for the next three years (2012 – 2015)

- Extend HR Shared Service approach to other Districts and Parish Council in Hertfordshire
- Extend learning and development opportunities to other councils or sectors i.e. voluntary organisations
- Develop a joint approach to recruitment advertising beyond Watford and Three Rivers
- Review job evaluation scheme and process at Three Rivers with a view to implementing National Joint Council Job Evaluation Scheme
- Align occupational health arrangements for Watford and Three Rivers and look into extending those services to other organisations and investigate use of physiotherapy service (COPE) to reduce the cost of absence caused by employees off sick with musculoskeletal conditions.
- Contribute where appropriate to the achievement of the Customer Service Excellence quality standard for Watford and Three Rivers
- Extend CRB umbrella body services to Watford to contribute to 'safer town' strategic objective
- Joint on line appraisal scheme and workforce development planning for both Councils
- Harmonisation of policies and procedures where applicable and practical.

SECTION 2:   INPUTS

2.1	People

Organisation Chart

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                    ┌──────────────────────────┐
                    │ Head of Human Resources  │
                    └──────────────────────────┘
┌──────────────────┐
│ Managed Health and│
│  Safety Service   │
└──────────────────┘
┌──────────────────────┐        ┌──────────────┐
│ Organisational Dev.  │        │  HR Manager  │
│      Manager         │        └──────────────┘
└──────────────────────┘
      ┌─────────────────────────┐   ┌─────────────────────┐
      │ Learning and Development│   │ HR Business Partner │
      │        Officer          │   │         (4)         │
      └─────────────────────────┘   └─────────────────────┘
      ┌─────────────────────────┐   ┌─────────────────────┐
      │ Learning and Development│   │     HR Officer      │
      │      Co-ordinator       │   └─────────────────────┘
      └─────────────────────────┘   ┌─────────────────────┐
                                    │     HR Adviser      │
                                    │         (2)         │
                                    └─────────────────────┘
```

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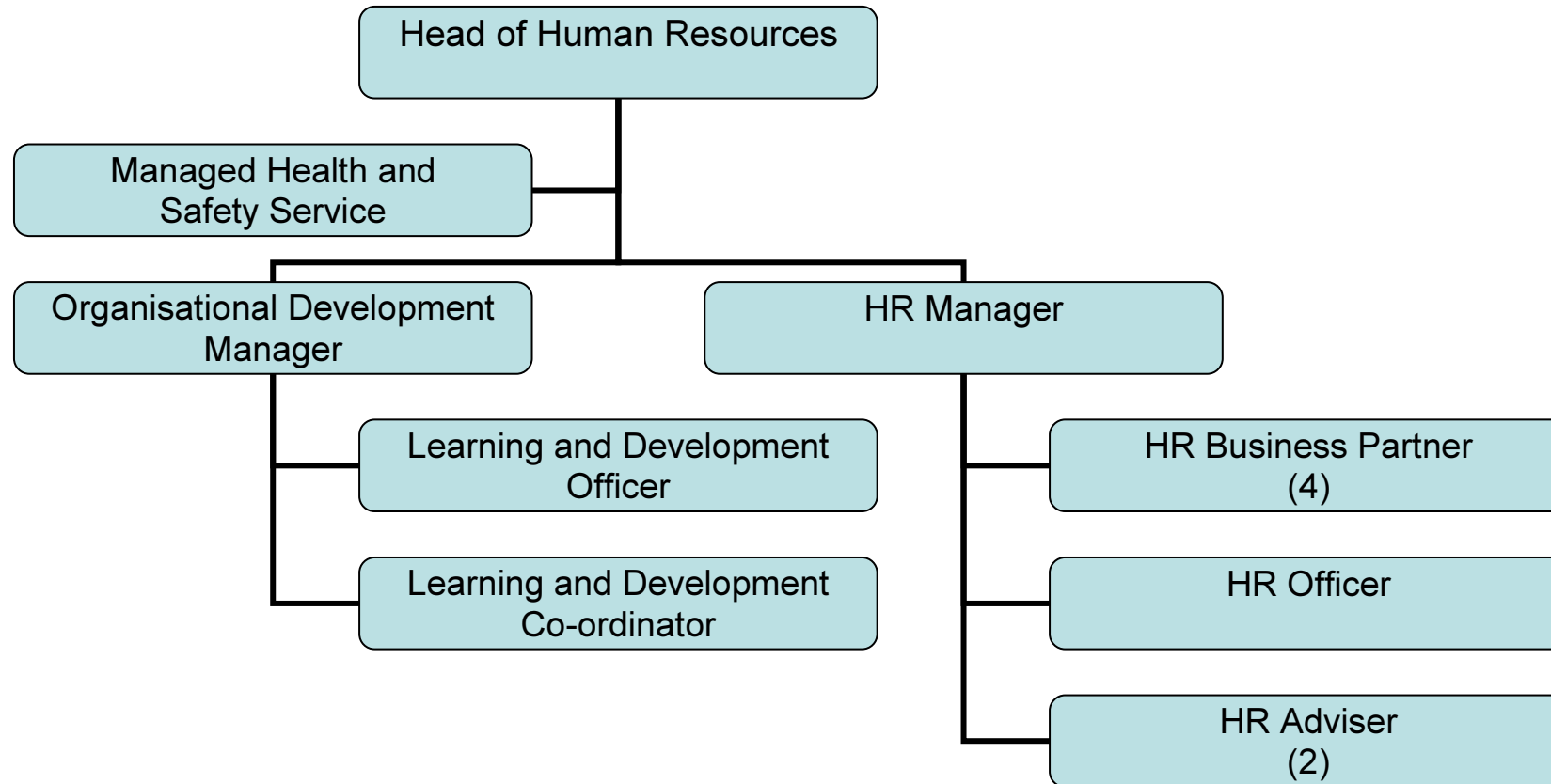
HR Shared Services: Establishment List post restructure (approved by Joint Committee)

Job Title	Grade	No.	FTEs
Head of Human Resources	Head of Service	1	1
Organisational Development Manager	9	1	1
HR Manager	10	1	1
Learning and Development Officer	7	1	1
Learning and Development Coordinator	4	1	1
Health and Safety Advisor – now provided via SLA with Herts CC	n/a		
HR Advisor	5	2	2
HR Officer	6	1	1
HR Business Partner	8	6	4

2.2	Workforce Planning		

Overview

Workload – Trends & Changes	Staffing Implications – Impact on Service & Individuals	Options & Preferred Solutions	Outcome – Financial Implications, Resilience Implications & Implications for Improving the Service
Working as Business Partners The shared HR service provides a 'business partner' approach to service delivery	HR staff work across both councils supporting specific services	Continuous review with Service Heads and users to ensure service meets requirements. Adjustments made where required	Greater resilience by having a larger team to call on in terms of urgent need. Overall cost is cheaper than previous two separate teams and HR Business Partners improve their service to users by having a greater understanding of service objectives.
GLEA Job Evaluation Scheme (Three Rivers) If a decision is taken to adopt the NJC job evaluation scheme at TRDC in the near future then training for other HR business partners will not be required. However, if this change is delayed or does not happen at all for any reason then it would be essential to have more than one GLEA trained HR Business Partner.	If there were insufficient HR business partners trained to carry out job evaluations for TRDC it will have a negative impact on the service to TRDC customers particularly at times of annual leave etc.	Ensure there are at least two HR business partners trained in the GLEA JE scheme.	A budget may be required to cover the possible need for GLEA JE training for at least one other HR Business Partner within the shared HR service. HR staff will need the necessary knowledge and skills otherwise resilience benefits will not be realised.
Employment Law Changes in employment law happen all the time	HR staff must keep up to date with developments and implications for customers in order to give sound, up to date advice.	HR manager and HR business partners attend employment law updates annually	A good spread of sound knowledge will ensure quality services to customers. A budget will be required to cover the cost of attendance of HR manager and HR business partners at annual employment law update.
HR Networking HR must be represented at Hertfordshire and regional groups (HPOG, PPMA)	Time spent attending and being involved with various groups	HR staff will need to ensure the service is represented and contributes at meetings	Profile is raised and reputation of the service is established with a view to expansion and development of the shared HR service

2.3	Partnerships & Contracts

Partner / Partnership	Expected Outcomes
West Herts Crematorium	Continue to operate an income generating contract for payroll, HR, Health and Safety and occupational health services (i.e. recruitment, disciplinary, capability, grievance, occupational health and reorganisation) to help the Crematorium to continue to provide excellent services to the public
HR system / payroll service provider	Develop effective working relationships to ensure good communication and to remedy service or system problems efficiency at all times to the benefit of our customers
Various occupational health partners (Nurse contact centre (First Care), BUPA / Corporate Health Care / Dr Zane and Partners, Counselling Contact Centre)	In the short term, continue to work with existing occupational health and welfare service providers to obtain medical advice, testing and services on behalf of our customers with a view to harmonisation. Review all contracts as they become due for renewal and explore alternative cost effective service offerings.
Criminal Records Bureau (CRB), Rickmansworth Waterways Trust, Citizens Advice Bureau, Rickmansworth Churches Housing Association and Council for Voluntary Services	The umbrella body arrangement in place at Three Rivers could be extended to Watford to widen our CRB checking services to voluntary organisations in Watford.
Employment service (Job Centre)	Advertise all job vacancies arising within Watford or Three Rivers Councils with the employment service to increase opportunities and contribute to a reduction in unemployment figures.
Working Transitions/East of England Local Government Association/Fairplace/SOLACE	Continue to provide outplacement support and careers advice to minimise the impact on staff displaced by organisational restructuring from time to time
Childcare voucher providers (Busy Bees and Accor)	Continue to provide staff with the opportunity to purchase childcare vouchers under HMRC regulations to reduce the financial burden of paying for approved childcare arrangements. The preferred supplier arrangements can be streamlined from two to one under shared services.
Comensura	Continue to use Comensura for the supply of agency workers at Watford and review this arrangement for Three Rivers, in conjunction with Management Board.
Health and Safety Executive (HSE) Local Government Body	Working with the HSE on issues which impact on health and safety regulatory functions. The body also review's the effectiveness and performance of the partnership between the enforcing authorities – Health and Safety Executive and local authorities
COPE	Provision of a prompt and accurate clinical physiotherapy diagnosis and treatment for work related musculoskeletal disorders and those disorders affecting working efficiency using

	approved local physiotherapy clinics. Providing management reports and guidance as agreed.
Leadership and Management development	To development high quality cost effective programmes via Herts CC framework agreement with Reed to design and deliver training products to meet the needs of the council.
Herts County Council	To provide Health and Safety support and advice, via a service level agreement (SLA), ensuring both Watford and Three Rivers adhere to their statutory obligations regarding Health and Safety. To provide support, guidance and advice regarding Health and safety policies, attendance at committee meetings as requested and audits of key sites.

2.4	Assets & Technology

At Watford Town Hall

Assets (requirements for accommodation and equipment)

1 x laptop and 1 x projector for corporate training courses, 2 x laptop for offsite meetings and homeworking
Minimum of one private meeting space with tables and 6 chairs
Minimum of 5 remote staff able to work remotely (or alternate means of accessing all areas when off site or at alternate sites)
Tables, desks and PC chairs(13)
PC's (13)
Telephones (13)
Photocopier (1)
Printer (1)
Scanner (1)
Secure cupboards for personal files (approx 10)
Access to flip chart stands (1 is held in the Dept)
Access to nearby confidential shredding facilities

Technology requirements

Some means of remote access and data transfer (currently we have 2 Kingson mass storage devices at Three Rivers)
HR / payroll system
Intranet and web access
MS office suite including MS outlook

At Three Rivers House
2 desks, chairs and PC's will be required at Three Rivers House for to provide a service to internal customers and external visitors to Three Rivers House.

Facilities will also be required for the Health and Safety Advisor to maintain a presence at Three Rivers House one day per week. This can be via the HR arrangements identified above.

2.5   Revenue Budgets

Operating Budget	2010/11 Actual £	2011/12 Original £	2011/12 Latest Approved £	2011/12 Profile to Period 7 £	2011/12 Spend to to Date £	2011/12 Forecast £	2012/13 Forecast £	2013/14 Forecast £	2014/15 Forecast £
Employees	646,558	586,276	586,276	341,994	340,703	586,276	558,360	583,280	607,860
Premises	0	0	0	0	0	0	0	0	0
Transport	1,950	3,000	3,000	1,750	1,531	3,000	3,000	3,000	3,000
Supplies and Services	41,978	44,440	41,440	24,173	19,173	41,240	44,240	44,240	44,240
Contracted and Agency Services	93,567	96,000	98,000	57,167	49,816	100,000	103,000	108,000	113,000
Recharges	0	0	0	0	0	0	0	0	0
Income	-5,267	-5,200	-8,000	-4,667	-31	-8,000	-10,000	-10,000	-10,000
Sub-Total	778,786	724,516	720,716	420,418	411,192	722,516	698,600	728,520	758,100
Recharges to Councils									
Three Rivers District Council	-249,211	-231,845	-230,629	-134,534	-131,581	-231,206	-223,552	-233,126	-242,592
Watford Borough Council	-529,575	-492,671	-490,087	-285,884	-279,611	-491,310	-475,048	-495,394	-515,508
Sub-Total	-778,786	-724,516	-720,716	-420,418	-411,192	-722,516	-698,600	-728,520	-758,100
Total	0	0	0	0	0	0	0	0	0

Note:
To achieve the saving of 10% that the councils were aiming to secure over a three year timescale commencing in 2010/11, the service would need to reduce expenditure or increase income by £77k. The Joint Committee accepted last year the following cost reductions, being efficiency gains not affecting service levels:-

Item	2011/12 £	2012/13 £	2013/14 £
Safety Advice	18,400	18,400	18,400
Publications	2,680	2,680	2,680
Equipment and Furniture	3,500	3,500	3,500
Casual User Mileage	1,000	1,000	1,000
Travel Allowance	1,000	1,000	1,000
Total	**26,580**	**26,580**	**26,580**

It was recognised that all support services, including HR must provide a service that is proportionate to the clients supported and that the HR service's customer base was likely to reduce if additional work could not be attracted. It was agreed that the charge to the West Hertfordshire Crematorium be reviewed and that opportunities to share services with other bodies be explored. If, however, there was still a shortfall to be met, then reluctantly there would be little option but to reduce staffing levels. In these circumstances the Committee recommended the following cost reductions commencing in 2012/13:-

Item	2011/12 £	2012/13 £	2013/14 £
Replace HR Business Partner with HR Officer	0	8,360	8,360
Delete HR Business Partner	0	43,510	43,510
Total	**0**	**51,870**	**51,870**

The operating budget figures quoted above include these savings.

Progress to date has been good. All of the efficiency gains have been achieved. Indeed the Health and Safety contract with Hertfordshire County Council was further negotiated from 2011/12 showing a further £3,000 saving.

In respect of staffing levels the replacement of 1 HR Business Partner at band 8 (current vacant post) with an HR Officer at band 6 will achieve the budgeted saving of £8,360 with effect from 1 April 2012. Additionally, it is now planned to reduce the hours of the Organisational Development Manager from 37 to 34.5 per week with effect from 1 April 2012. This will generate a saving of £3,780 per annum.

This means that the total savings achieved to date are £41,720 compared to the £78,450 deducted from the budget, leaving £36,730 still to be achieved.

The options are:

Option 1

To remove the HR Business Partner with effect from 1 April 2012 as planned last year.

Option 2

To remove the HR Business Partner but delay implementation to October 2012 at the earliest.

Option 3

Not to remove the HR Business Partner and seek alternative savings.

There is considerable work going on within Watford that will require substantial HR support over the next 2 years. This will include a review of an outsourced solution in a number of services, which if implemented, will require TUPE transfer of staff, consultation with staff/UNISON and the outsourced provider, all of which require significant HR input. There are also various restructures in both councils taking place and value for money reviews which could also result in revised structures and consultation with staff. Another factor is the push for further shared services (potentially via a Lead Authority model) which will impact on HR resources. Learning and Development are also heavily involved in the launch of Leadership and Management Development programmes, plus support for Investors in People (in Three Rivers) and a review of the appraisal process in both councils. There is a significant risk to both Councils that if the HR service goes ahead with the original plan to reduce by 1 HR Business Partner from 1 April 2012, the service will not be able to effectively support the Councils with their future plans.

Under this option, officers recommend that:

1.   they explore further an opportunity of providing to another district council an HR service via a Delegated Responsibility model, (which means no procurement is required). This would cover both HR provision and Learning and Development. Discussions are at an early stage and the next step is to determine, by the end of the calendar year at the latest, whether in principle Watford/Three Rivers HR can provide the service required at a cost considered acceptable by both parties. For information, the tentative timescales discussed at present would involve providing a full HR and L&D service by summer 2012.

2.   Any balance of the required savings not achieved through 1 above be delayed until April 2013 and are delivered through a review of the Organisational Development/Learning and Development section. If the demands for HR support from our clients reduce from April 2013 then a review of the number of HR/L&D staff employed to support those clients must be undertaken.

Further Note:
In addition to the savings above, reductions have been made to the Watford client side budget by:
Reducing BUPA fees by £19,000 per annum and undertake a further review by April 2012.
Reducing First Care cost by approximately £11,000 per annum
Potential saving on corporate training budget by engaging Reed via HCC framework, to deliver 'Step' programmes and rationalising Project Management provision. It is difficult to predict exactly how much these initiatives will save although it is estimated to be in the region of £20,000 (11%)
Total savings to Watford will be approximately £50,000 from a total budget of £282,790

Implementation Costs	2010/11 Actual	2011/12 Original	2011/12 Latest Approved	2011/12 Profile to Period 7	2011/12 Spend to to Date	2011/12 Forecast	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
	£	£	£	£	£	£	£	£	£
Programme Management	0	0	0	0	0	0	0	0	0
Change Management	19,014	0	0	0	0	0	0	0	0
Transitional Employee Costs	13,000	43,000	43,000	25,083	11,128	43,000	27,000	0	0
Redundancy	89,430	0	0	0	0	0	0	0	0
Pension Strain	353,058	0	0	0	0	0	0	0	0
Sub-Total	474,502	43,000	43,000	25,083	11,128	43,000	27,000	0	0
Recharges to Councils									
Three Rivers District Council	-147,096	-13,330	-13,330	-7,776	-3,250	-13,330	-8,640	0	0
Watford Borough Council	-327,406	-29,670	-29,670	-17,308	-7,678	-29,670	-18,360	0	0
Sub-Total	-474,502	-43,000	-43,000	-25,083	-10,928	-43,000	-27,000	0	0
Total	0	0	0	0	200	0	0	0	0

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2.6	Revenue Growth, Service Reductions and Cashable Efficiency Gains			

			Savings	
	Description	2012/13 £	2013/14 £	2014/15 £
1	Potential Growth			
	None	0	0	0
	Total	0	0	0
2	Service Reductions			
	No further service reductions proposed	0	0	0
	Total	0	0	0
3	Cashable Efficiency Gains			
	No further efficiency gains identified to those already built into the budget	0	0	0
	Total	0	0	0

2.7	Capital Investment											

Scheme Name	New Scheme	Capital				Revenue Implications				Savings	Resilience	Improvement
		2012/13 £	2013/14 £	2014/15 £	Future Years £	2012/13 £	2013/14 £	2014/15 £	Future Years £			
None												

Note:
It is proposed to carry over into 2011/12 £6,000 under-spent from the service's capital implementation budget in 2010/11. This is in respect to the HR Appraisal Module.

SECTION 3:   OUTPUTS AND OUTCOMES

3.1	Customer insight and consultation

Customer identification and segmentation data

Service provided	Customer group	Segmentation data held
Recruitment	Internal and external self-selecting customers. Staff, public, recruitment agencies	Age, ethnicity, gender, sexual orientation, religion, disability, address, qualifications, work history. (unsuccessful applicants' data is kept for a short time and then destroyed. Successful applicants' data, and additional data, such as appraisal information are kept as Staff data).
Employee relations	Internal - Staff, Unison.	Staff data as above
Consultation	Internal - Staff, Internal Services Joint Committee	Staff data as above, and policies, proposals, changes to structure, key contacts
Advice on Terms and Conditions	Internal and External - Staff, Unions, employee groups, other Local Authority groups, e.g. Herts County Council.	Staff data as above, key contacts
Outsourced services	Payroll, Bupa, counselling service, voluntary sector	Business/organisation name, key contacts, roles, software systems used, contractual agreements, tender documents, SLA agreements etc.
Organisational Development (including Learning and Development)	Internal and external – Staff, Members, associated bodies (e.g. Watersmeet)	Staff data as above, Members - name, Political Party, ward, contact details, address, e-mail address. Associated bodies – business/organisation name, address, key contact.
Health and Safety (Advisory Service)	Internal and external – Managers, Management Board, Health and Safety representatives. External – businesses/organisations (e.g. stall holders, Watersmeet), companies used for outsourcing work and for training.	Staff data as above, business/organisation name, address, key contact.

Service provided	Inform	Consult	Engage
Recruitment	Media – local and National newspapers, trade magazines, recruitment agencies, job centres, internet, intranet, e-mail.	Consultations are carried out on proposed changes, both statutory and non-statutory.	Face-to-face, ad-hoc meetings as required (e.g. with services that are recruiting)
Employee relations	Briefing sessions, e-mail, notes to all staff, intranet, All Aboard	Feedback forms, Local Liaison Committee, Management Board, Unison, legal team, Shared Services Joint Committee	Feedback forms, Local Liaison Committee, Management Board, ad-hoc meetings with legal team
Consultation	Intranet, minutes of meetings; e mail;	Regular Local liaison meetings; ad hoc meetings with non Union staff representatives; Shared Services Joint Committee; Legal team	Feedback from staff briefings; feedback from Union/non Union staff representatives; questions raised via intranet; feedback to managers on questions staff have asked them. Can be face to face; e mail or intranet
Advice on Terms and Conditions	Intranet; staff briefings; FAQ's email; notes to staff; All Aboard	Regular meetings with: Union/Non Union staff representatives; Shared Services Joint Committee; Executive Committee; Management Board; senior management; employees where individual consultation is required	Feedback from staff briefings; feedback from Union/non Union staff representatives; questions raised via intranet; feedback to managers on questions staff have asked them. Can be face to face; e mail or intranet
Outsourced services	E mail; face to face; telephone conferences;	Meetings; e mails; letters	Face to face; ad hoc meetings, feedback forms;
Organisational Development (including Learning and Development)	Intranet; email; managers cascade; Management board;	Feedback from Management Board; feedback from management; staff appraisals; workforce development plan; external bodies (Investors in People; Charter Mark; Two Ticks; Equalities)	Staff briefings; ad hoc attendance at management team meetings or Management Board to discuss specific issues; email; face to face; telephone calls; training events.

Communication and consultation methods

Service provided	Measure	Collection method	Timescale for consultation - start date and regularity	Baseline result	Target
Recruitment	% Successful recruitment to post	Recruitment statistics; feedback from managers regarding difficult to fill roles;	To start when the new HRIS is in place – likely to be from April 2011		
Employee relations	% Satisfaction; statistics on disputes; employment tribunals; strikes	Staff survey HR data; management feedback Appraisals	Annual – next survey Summer 2011		
Consultation	% Satisfaction with service statistics on disputes; employment tribunals; strikes	Staff survey HR data; management feedback Union/non Union staff reps feedback at meetings	Annual – next survey summer 2011		
Advice on Terms and Conditions	% Satisfaction with service	Staff survey HR Data on number of grievances raised regarding terms and conditions Appraisals	Annual – next survey summer 2011		

Outsourced services	% Satisfaction with service Cost	Staff survey CIPFA HR survey	Annual – next survey Autumn 2011		
Organisational Development (including Learning and Development)	% Satisfaction with service Cost against budget	Staff survey Appraisals Training Needs survey Corporate Induction feedback forms	Annual – next survey summer 2011 Quarterly – in January, May, September each year.		
Health and Safety (Advisory Service)	% Satisfaction with service	Staff survey	Annual – next survey summer 2011		

Customer satisfaction measures

Service provided	Measure	Collection method	Timescale for consultation - start date and regularity	Baseline result	Target
Recruitment	% Successful recruitment to post	Recruitment statistics; feedback from managers regarding difficult to fill roles;	To start when the new HRIS is in place – likely to be from April 2011		80%
Employee relations	% Satisfaction; statistics on disputes; employment tribunals; strikes	Staff survey HR data; management feedback Appraisals	Annual – next survey summer 2011		70%

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Consultation	% Satisfaction with service statistics on disputes; employment tribunals; strikes	Staff survey HR data; management feedback Union/non Union staff reps feedback at meetings	Annual – next survey summer 2011		70%
Advice on Terms and Conditions	% Satisfaction with service	Staff survey HR Data on number of grievances raised regarding terms and conditions Appraisals Feedback from managers	Annual – next survey summer 2011		70%
Outsourced services	% Satisfaction with service Cost	Staff survey CIPFA HR survey	Annual – next survey summer 2011		80%
Organisational Development (including Learning and Development)	% Satisfaction with service Cost against budget	Staff survey Appraisals Training Needs survey Corporate Induction feedback forms	Annual – next survey summer 2011 Cascade from April to March To be conducted following completion of Service plans Quarterly – in January, May, September each year.		80%
Health and Safety (Advisory Service)	% Satisfaction with service	Staff survey	Annual – next survey summer 2011		80%

3.1.5 Learning from customer consultation

Questions	Answers
What key findings has customer consultation work identified in the last year for each service area?	Concern at reduction of face to face contact; policies require overhaul and updating; concern at losing high level of HR support and advice if other fee paying clients are brought in; good HR experience within the team enables good advice to be provided on terms and conditions; employee relations; recruitment and general HR advice
Have the needs of a specific customer group been identified?	Via face to face discussions and customer survey
What has been done as a result of customer consultation?	Hot desk set up in Three Rivers following relocation of HR staff to Watford; HR Business Partner model embedded in services and communication to customers of who key contacts are; cross skilling HR team; team meetings instigated to improve communications amongst team members
How have you fed back to customers that have been consulted?	Results published on the intranet and feedback to customers direct from Head of HR
How effective were the consultation methods used? What changes are proposed?	Effective for the areas surveyed however, not all customer groups were covered. Changes will include expanding the survey to other areas such as third parties (West Herts. Crematorium as an example)

3.2	Service Level Agreements

SLAs between shared services and the councils
As part of the development of the operating model for the HR service, internal customers were consulted and formal Service Level Agreements (SLAs) have been agreed between the HR service and its customers at both councils as well as the Joint Committee. There is a separate document covering SLA's.
As part of the Service Level Agreements, performance standards have been identified as well as performance indicators that will be used internally by the shared service; these have been included in this service plan.

SLAs between shared service and other organisations
There are service level agreements between the HR service and its third party suppliers. These will be monitored at relevant service review meetings and updated as necessary.

3.3 Performance Indicators

Reference	HR 1 Sickness Absence
Indicator Definition	Working days lost due to sickness per member of staff
Target	7.6 days

Reference	HR 2 Percentage of top earners that are women
Indicator Definition	The percentage of top 10% of earners that are women
Target	50%

Reference	HR 3 Percentage of top earners from black and ethnic minority communities
Indicator Definition	The percentage of top 10% of earners that are from black and ethnic minority communities
Target	13.6%

Reference	HR 4 Percentage of top earners with a disability
Indicator Definition	The percentage of top 10% of earners with a disability
Target	Three Rivers = 9.2% Watford = 5%

Reference	HR 5 Disability Discrimination Act
Indicator Definition	The percentage of Local authority employees declaring that they meet the Disability Discrimination Act 1995 disability definition
Target	**9.2%**

Reference	HR 6 Minority Ethnic Communities
Indicator Definition	The percentage of local authority employees minority ethnic communities
Target	**13.6%**

Reference	HR 7 Sickness Absence – trigger points
Indicator Definition	The number of staff who hit a trigger point of either 8 days or more continuous absence or 4 spells of absence, in a 12 month period
Target	**No targets set**

Reference	HR 8 Turnover
Indicator Definition	The percentage of employee turnover
Target	**Difficult to state a target for turnover in times of very low movement of staff**

Reference	HR 9 Human Resources Staffing
Indicator Definition	The ratio of HR (FTE) per employee
Target	**1:95 (based on average in Hertfordshire)**

Reference	HR 10 Appraisals
Indicator Definition	The percentage of staff receiving an annual appraisal (of those eligible to do so) within target timescale
Target	**100%**

3.4 Benchmarking Information

Measure: Cost

Benchmark Description	Comparator Group	Result	Rank within group (x out of y)	Date Valid	Comments
HR Cost per employee	Shire Districts	HR cost per employee £363 vs average of £330	7 out of 18	May 2011	Watford was previously the most expensive District and Three Rivers was ranked 16[th]. Shared Services HR has a HR Business Partner structure which focuses on high end advice and guidance. Lower end, less costly administration is provided via self service.

Measure: Quality

Benchmark Description	Comparator Group	Result	Rank within group (x out of y)	Date Valid	Comments
Modern Practice	Shire Districts	76% vs average of 64%	2 out of 31	October 2010	More use of systems and self service have improved the ranking for 'modern practice' to 2[nd] in Hertfordshire.

Measure: Other

Benchmark Description	Comparator Group	Result	Rank within group (x out of y)	Date Valid	Comments
Number of Employees per HR Staff	Shire Districts	1:91 vs average of 1:98	10 out of 18	May 2011	Watford previously had the highest ratio of HR staff to employees at 1:50. Three Rivers was much lower ratio but had issues regarding resilience

3.5	Outstanding Recommendations of External Inspections

Customer Service Excellence

Action	Priority	Responsibility	Action to Date	Resolved	(Original) Implementation Date
CIPFA customer satisfaction survey is only completed every other year. Consider increasing frequency during commencement of Shared Services.	High	Head of HR	Survey response to be shared with larger HR team and HR Business Partner to be allocated to progressing outstanding actions regarding the customer satisfaction surveys.	✔	June 2010
TRDC staff survey only conducted every 5 years	High	Head of HR	Next survey due to be sent out in October/November 2011 for both TRDC and WBC. Utilise OD Manager to support with this task	✖	June 2010
20% of customers are not covered by CIPFA survey including external customers such as West Herts. Crem and job applicants	Medium	Head of HR	Consider extending the survey to West Herts. Crem. Identify ways of improving feedback from job applicants	✔	Sept 2010
Service has not been easily contactable during the set up of shared services.	High	Head of HR	Ensure feedback is obtained regarding the hot desk arrangement in Three Rivers and consult with managers/employees after an initial period of 6 months on how effective the service has been under the new Shared Service arrangement.	✔	May 2010
Review access to intranet and monitor effectiveness	Medium	Head of HR	Discuss with IT how to monitor the number of contacts made to the intranet and review trend It is recommended this action point is now deleted.	✖	September 2010
Undertake a review of areas rated as "adequate" in the customer satisfaction feedback survey	Medium	Head of HR	Review areas outlined and determine action plans to rectify shortfalls.	✔	March 2010

Analyse customer complaints; Publicise action taken following complaint and where appropriate identify applicable learning points	Medium	Head of HR	Ensure a system is in place to track complaints and publicise action taken	✔	ongoing
Set targets for customer satisfaction levels.	High	Head of HR	To be included in update to Service Plan	✔	December 2009
Include Local Liaison in the section of Service plan dealing with Stakeholder consultation	High	Head of HR	To be included in update to Service Plan	✔	December 2009

3.6   Projects

Project	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	2013-2014	2014-2015	Progress / Comments
Harmonisation of annual leave	→														Proposals to be agreed and implemented in April 2012 leave year
Harmonisation of policies and procedures	————————————————————————————————→														This is an on – going project and polices/procedures will be prioritised for review during the each year.
Review NJC Job evaluation across TRDC	——————————————————————————→														continue review during 2012/13 and present to Management board/LLC. Implementation date to be agreed (if applicable) and in place by April 2013
Extend CRB umbrella body services to WBC							————————————→								Lower priority, non urgent issue
Participate in and carry out CIPFA HR Customer satisfaction surveys	————————————————————————————————→														On-going requirement for HR

Task	Timeline	Notes
Create and implement workforce development plans	→→→→→→→→→→→→→→→→→→→→→	On-going requirement following completion of appraisals each year
Adopt a joint approach to recruitment advertising, selection and appointment procedures	→→→→→→→→→→→→	Undertake research into feasibility of joint approach; present findings; obtain agreement to proceed. Non urgent project due to low levels of recruitment
Align Performance appraisal and Learning and Development activities	→→→→→→→→	Introduce one appraisal system, preferably electronic, across both Councils for October 2012.
Develop ways in which work experience opportunities for disadvantaged people and school aged children are regularly provided.	→→→→→→→→→→→→→→→→→	New project that starts in April and will run through the year

Consider how to market Shared HR service to other Districts within Herts.														→				Ongoing project
Consider extending fee paying clients arrangements beyond West Herts. Crem.									→									On going project

3.7   Equalities

The Equalities Act 2010 includes a new public sector equality duty (both a general duty and specific duties), replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. The duty places a range of steps that are legally required by local authorities covering issues such as: assessing relevance, using and publishing equality information, engagement, equality analysis, equality objectives, commissioning and procurement, and business planning and reporting.

It is good practice to integrate the general equality duty into service planning processes and work has been undertaken by both council's to produce a common equalities reporting template for all services in line with the new equality duties.

For HR there is a legal duty to publish information on the effect of council policies and practices on the workforce by 31 January 2012. This will involve collecting workforce information and carrying out analysis of workforce-related policies and practice. It will also mean publishing the analysis and the information used in the analysis.

| | | 3.8 | Risk Management | | | | | |

RISK REGISTER

Risk Ref	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
	Brief Description – Title of Risk	*See Impact Table*	*See Impact Table*	*See Likelihood Table*	*Use this box to describe how the score has been derived*		
HR01	<u>Insufficient staff</u> Inability to recruit and retain good quality staff	Service Disruption	iv	E	Case work not completed; support to services unavailable; legislative requirements not adhered to; payroll information not processed	Requires Treatment	Yes
		Financial Loss	ii			Last Review Date	31/3/2011
		Reputation	iii			Next Milestone Date	01/04/2012
		Legal Implications	iii			Next Review Date	09/03/2012
		People	iv			Date Closed	
HR02	<u>Total failure of ICT systems</u> All systems unavailable	Service Disruption	iv	E	Unable to update or access: payroll information; employees electronic records; absence management data;	Requires Treatment	Yes
		Financial Loss	iv			Last Review Date	31/3/2011
		Reputation	iv			Next Milestone Date	01/04/2013
		Legal Implications	iii			Next Review Date	09/03/2012
		People	iv			Date Closed	
HR03	<u>Loss of accommodation</u> Unable to work from Watford or Three Rivers offices	Service Disruption	ii	E	No immediate access to staff	Requires Treatment	No
		Financial Loss	ii			Last Review Date	31/3/2011
		Reputation	ii			Next Milestone Date	01/04/2013
		Legal Implications	ii			Next Review Date	09/03/2013
		People	iii			Date Closed	
HR04	<u>Fraudulent activity</u>	Service Disruption	iii	F	Effect on reputation and ability of HR team to function in an environment where trust has been lost	Requires Treatment	No
		Financial Loss	Iii			Last Review Date	31/10/2011
		Reputation	Iii			Next Milestone Date	01/04/2013
		Legal implications	Iii			Next Review Date	31/03/2013
		People	iii			Date Closed	

HR05	Change Mgt Three Rivers pay not aligned resulting in equal pay claims at TRDC	Service Disruption	iv	D	Increased cost of litigation increased operational costs of alignment potential impact on timescales, mgt time	Requires Treatment	Yes
		Financial Loss	iii			Last Review Date	27/08/09
		Reputation	iv			Next Milestone Date	01/04/2011
		Legal Implications	iii			Next Review Date	09/03/2011
		People	iv			Date Closed	
HR06	HRIS failure or similar civil disaster resulting in inability to utilise HRIS system	Service Disruption	iii	E	Emergency disaster recovery plan agreed with Northgate Arinso, the external payroll provider	Requires Treatment	Yes
		Financial Loss	ii			Last Review Date	09/11/09
		Reputation	iii			Next Milestone Date	n/a
		Legal Implications	iii			Next Review Date	31/03/12
		People	iii			Date Closed	
HR07	Difficulty in recruiting key staff with necessary skills/experience	Service Disruption	iii	E	Vacancies to be filled by interim HR professional staff	Requires Treatment	Yes
		Financial Loss	ii			Last Review Date	09/11/09
		Reputation	iii			Next Milestone Date	n/a
		Legal Implications	iii			Next Review Date	31/03/12
		People	iii			Date Closed	
HR08	Legislation: Failure to deliver on existing or future employment legislation	Service Disruption	iii	F	Systems and procedures in place; trained professional HR staff; Checking regimes; service plan to deal with emerging legislation.	Requires Treatment	No
		Financial Loss	iii			Last Review Date	09/11/09
		Reputation	iii			Next Milestone Date	n/a
		Legal Implications	iii			Next Review Date	31/03/12
		People	iii			Date Closed	

HR09	Employment: Assault or injury to member of staff in the office, on-site or during a home visit, home working or 1:1 meetings with customers.	Service Disruption	ii		F	Regular assessments carried out in service. Ensure adequate staff training on health and safety at work, including lone working. Emphasise employees' responsibilities in H&S matters. Violence at work policy.	Requires Treatment	No
		Financial Loss	iii				Last Review Date	09/11/09
		Reputation	iii				Next Milestone Date	n/a
		Legal Implications	iii				Next Review Date	31/03/12
		People	iii				Date Closed	
HR10	Physical Loss of paper files on a large scale due to flood/fire or other catastrophic event in the Town Hall office accommodation	Service Disruption	iii		F	Fire/flood management procedures. Most cabinets are flame and flood resistant. Live records are on 3rd floor. Back up via Resourcelink database so many records are duplicated electronically	Requires Treatment	No
		Financial Loss	ii				Last Review Date	09/11/09
		Reputation	ii				Next Milestone Date	n/a
		Legal Implications	iii				Next Review Date	31/03/12
		People	iii				Date Closed	
HR11	Employment Strike/Dispute nationally	Service Disruption	v		E	Employee Relations protocols. National negotiation frameworks. Local Liaison Committee and Unison/management meetings	Requires Treatment	Yes
		Financial Loss	iv				Last Review Date	09/11/09
		Reputation	iv				Next Milestone Date	n/a
		Legal Implications	v				Next Review Date	31/03/12
		People	v				Date Closed	

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Likelihood	I	II	III	IV	V		Impact	Likelihood
A							V = Catastrophic	A = ≥98%
B							IV = Critical	B = 710% - 97%
C							III = Significant	C = 50% - 74%
D				HR05			II = Marginal	D = 210% - 49%
E		HR03	HR07; HR01; HR02; HR06		HR11		I = Negligible	E = 3% - 24%
F			HR08; HR 09 HR10; HR04					F = ≤2%

Impact →

RISK TREATMENT PLAN

Risk Ref:	HR01	Risk Title:	Insufficient staff		
Responsibility		*Who is managing the risk?*	Head of HR		
Consequence		*What can go wrong?* *How can it go wrong?* *Has it gone wrong before?*	The HR service that will be provided will be limited and as a result there will longer waiting times for answers to enquiries or questions. Payroll information will not be processed It can go wrong whereby there is not enough capacity to deal with customer requests.		
Cause / Trigger		*What happens to bring the risk into being?*	Long term staff absence or resignation of staff		
Existing Control		*What controls exist now to minimise the risk?*	Links with external agencies/bodies who could supply interim HR staff		
Adequacy of Control		*What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?*	HR have used agency/temporary staff to cover absence	Impact iii	Likelihood E
Further Action / Controls Required		*What gaps have been identified?* *What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?*	No further action required		
Cost / Resources		*Are there cost / resource implications in achieving the further action above?*	Not applicable	£	
Current Status		*What is the current position on introducing additional controls? What is the current Risk Rating*	Not applicable	Impact	Likelihood
Critical Success Factor		*How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?*	Trained HR staff available to cover additional workload on an interim basis	Impact ii	Likelihood D

Risk Ref:	HR02	Risk Title:	Total failure of ICT systems		
Responsibility		Who is managing the risk?	Head of HR		
Consequence		What can go wrong? How can it go wrong? Has it gone wrong before?	All systems fail resulting in HR being unable to access personal files, database, upload payroll information or provide statistics/information to external bodies		
Cause / Trigger		What happens to bring the risk into being?	Major failure of ICT or major electrical supply		
Existing Control		What controls exist now to minimise the risk?	WBC has UPS systems in place to safely shut down hardware and a switchable power supply to manage some causes of power loss; Paper files available; back up via Northgate Arinso		
Adequacy of Control		What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?	Hard copy files available; payroll information available via Northgate Arinso	Impact	Likelihood
				iv	E
Further Action / Controls Required		What gaps have been identified? What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?	No further action required		
Cost / Resources		Are there cost / resource implications in achieving the further action above?	Not applicable	£	
Current Status		What is the current position on introducing additional controls? What is the current Risk Rating	Not applicable	Impact	Likelihood
Critical Success Factor		How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?	Northgate continuity plan in operation; hard copies of files in fire proof cabinets	Impact	Likelihood
				ii	D

Risk Ref:	HR07	Risk Title:	Difficulty in recruiting key staff with necessary skills/experience		
Responsibility		Who is managing the risk?	Head of HR		
Consequence		What can go wrong? How can it go wrong? Has it gone wrong before?	The HR service that will be provided will be limited and as a result there will longer waiting times for answers to enquiries or questions. It can go wrong whereby there is not enough capacity to deal with customer requests.		
Cause / Trigger		What happens to bring the risk into being?	Long term staff absence or resignation of staff at critical times		
Existing Control		What controls exist now to minimise the risk?	Links with external agencies/bodies who could supply interim HR staff		
Adequacy of Control		What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?	HR have used agency/temporary staff to cover absence	Impact iv	Likelihood E
Further Action / Controls Required		What gaps have been identified? What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?	No further action required		
Cost / Resources		Are there cost / resource implications in achieving the further action above?	Not applicable	£	
Current Status		What is the current position on introducing additional controls? What is the current Risk Rating	Not applicable	Impact	Likelihood
Critical Success Factor		How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?	Trained HR staff available to cover additional workload on an interim basis	Impact ii	Likelihood D

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Risk Ref:	HR05		Risk Title:	Three Rivers pay not aligned resulting in equal pay claims at TRDC		
Responsibility		*Who is managing the risk?*		Head of HR		
Consequence		*What can go wrong?* *How can it go wrong?* *Has it gone wrong before?*		Equal pay claims from TRDC employees. Read across from non shared service staff on GLEA scheme to shared service staff on NJC scheme; or vice versa. No risk before set up of Shared Services		
Cause / Trigger		*What happens to bring the risk into being?*		Employees reviewing pay bands across different roles and identifying comparators on a different pay band		
Existing Control		*What controls exist now to minimise the risk?*		Partial review of pay across GLEA against NJC scheme undertaken prior to set up of Shared Services which largely identified the pay to be the same		
Adequacy of Control		*What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?*		No claims have been received	Impact	Likelihood
					iv	D
Further Action / Controls Required		*What gaps have been identified?* *What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?*		Full review to be undertaken of roles on GLEA scheme and how they compare to NJC scheme. Likely result is recommendation of NJC scheme across TRDC.		
Cost / Resources		*Are there cost / resource implications in achieving the further action above?*		Potential cost implications if a significant number of roles are evaluated upwards as a result of the review	£ unknown until review is complete	
Current Status		*What is the current position on introducing additional controls? What is the current Risk Rating*		The risk has emerged since new pay scales were announced for Shared Service staff in July 2009. The HR Service plan covers the requirement for a review of job evaluation across TRDC	Impact	Likelihood
					iv	D
Critical Success Factor		*How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?*		Introduction of new consistent scheme across TRDC reduces potential claims	Impact	Likelihood
					ii	D

Risk Ref:	HR06	Risk Title:	HRIS failure or similar civil disaster resulting in inability to utilise HRIS system		
Responsibility		*Who is managing the risk?*	Head of HR		
Consequence		*What can go wrong?* *How can it go wrong?* *Has it gone wrong before?*	System failure Localised or more widespread power failure preventing HRIS equipment from operating A variety of reasons can cause power failure, all would have the same affect on the service		
Cause / Trigger		*What happens to bring the risk into being?*	A failure of the electricity supply. This could result from a number of different causes		
Existing Control		*What controls exist now to minimise the risk?*	WBC has UPS systems in place to safely shut down hardware and a switchable power supply to manage some causes of power loss; Paper files available; back up via Northgate Arinso		
Adequacy of Control		*What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?*	Duplicate data for pay purposes available; hard copy files in fire proof cabinets	Impact iv	Likelihood E
Further Action / Controls Required		*What gaps have been identified?* *What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?*	No further controls required		
Cost / Resources		*Are there cost / resource implications in achieving the further action above?*	Not applicable	£	
Current Status		*What is the current position on introducing additional controls? What is the current Risk Rating*	Not applicable	Impact iii	Likelihood E
Critical Success Factor		*How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?*	Ability to run payroll via Northgate Arinso; employment data available via hard copy files.	Impact ii	Likelihood D

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Risk Ref:	HR011	Risk Title:	Strike/Dispute nationally		

Responsibility		*Who is managing the risk?*	Head of HR		
Consequence		*What can go wrong?* *How can it go wrong?* *Has it gone wrong before?*	Disagreement with staff/Unison regarding terms and conditions of employment. Negotiations fail. Has not happened before.		
Cause / Trigger		*What happens to bring the risk into being?*	Disagreement between staff and Unions regarding terms and conditions that cannot be resolved through consultation and/or negotiation		
Existing Control		*What controls exist now to minimise the risk?*	Part of national framework regarding terms and conditions; Employee Relations protocols; consultation forum with Unison; discussion groups with employees; non Union staff representatives in TRDC		

Adequacy of Control		*What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?*	Management/Union meetings are conducted in an open, consultative manner. Two way dialogue and exchange of points of view	Impact v	Likelihood D
Further Action / Controls Required		*What gaps have been identified?* *What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?*	Ensure regular meetings with Union/non Union staff representatives are continued		
Cost / Resources		*Are there cost / resource implications in achieving the further action above?*	Potential cost implications of a strike could be high as well as the loss of reputation	£ unknown	
Current Status		*What is the current position on introducing additional controls? What is the current Risk Rating*	Regular meetings with Union/non Union staff representatives are scheduled in advance	Impact v	Likelihood E
Critical Success Factor		*How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?*	Continued good employee relations with Union and staff	Impact ii	Likelihood D

Version Control

Version No.	Date	Reason for Update / Significant Changes	Made By
0.1	30/10/2011	Draft for discussion of contents	TB
0.2	08/11/2011	Updated Budgets & Pagination	DAG

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THREE RIVERS DISTRICT COUNCIL

WATFORD BOROUGH COUNCIL

ICT SERVICE PLAN

2012 - 2015

Version 0.3 – Shared Services Joint Committee – 21 November 2011

Shared Services Programme

CONTENTS

SECTION 1:   KEY PURPOSE OF THE SERVICE

1.1	Scope of the Service

The ICT Shared Service underwent an independent review of the service and both councils received a final report containing findings and recommendations in May 2011.

Amongst the recommendations relating to improvements to the ICT Infrastructure, there were recommendations relating to governance, service delivery and the future strategy for the service. One recommendation was that if improvements in the service were not seen within 24 months, outsourcing of the infrastructure architecture provision should be considered.

These recommendations were presented to both councils management teams and during a meeting of the joint management team (WBC Managing Director \ TRDC Chief Executive and Directors) on 18 July 2011, it was agreed to proceed immediately with investigations into alternative models of service delivery of ICT to both councils. It was agreed that an options appraisal be conducted that would allow both councils to make an informed decision regarding delivery of all aspects of the ICT service. This approach to both these work strands was also endorsed by the Shared services Joint Committee on 19 July 2011.

The ICT services defined as being core to the Shared Service are:

1. Service Desk.
2. User Account Maintenance
3. Desktop Computing
4. Printers and peripherals
5. Corporate telephony system
6. Business Applications
7. Internet Services and Email
8. Business Analysis & Consultancy
9. Disaster Recovery
10. Resources
11. Infrastructure Support

This work has commenced and an options appraisal for the recommended delivery model for the ICT service has been conducted. The intention is to go live with the new service in October 2012.

Over the last year, the ICT team have successfully implemented the following projects:

- Income management and Cash receipting system – Shared installation for both Councils
- Electronic Licence Management – 2 separate installations for each councils
- E-petitions – joint procurement and 2 separate installations for each council
- Asset Management – WBC
- E-committee system – WBC
- Open spaces – WBC
- Total Land Charges – TRDC
- Electronic Document Management - TRDC
- Public Access Upgrade – TRDC
- In-house system to replace performance plus – TRDC

1.2	**Contribution to Shared Services Objectives**
Savings	Savings are detailed in section 2.6 and are summarised below: Savings of £18,000 have been made in this financial year (11/12) by reducing service expenditure. There are further savings that are planned with the consolidation of the Disaster Recovery Contract and the cancellation of the Thin Client Maintenance contract that will be seen in 2012/13 and the reduction of one Applications Analyst post in 2013/14. The projects to implement the new, shared income management system as well as the in-house replacement of performance plus for TRDC and the replacement of the e-committee system for WBC are expected to bring in savings and efficiencies for the services involved, these will be seen in service plans relating to those services.
Resilience	Work is progressing towards a roadmap of development and improvements to infrastructure systems such as thin client and spam filtering. Work continues on cross training the Application Analysts to ensure that the council's application systems are supported by a robust and resilient team who are multi skilled across the full complement of systems we support. It is expected that an alternative delivery model for ICT will create more resilience across the service and for both councils.
Improved Services	Improved accessibility to the ICT Service via a single point of contact, the Service Desk has been implemented, this is led by a dedicated Service Desk Manager who is responsible for oversee the support calls raised by the customer from logging through to resolution. The programme of upgrades and improvement to the IT infrastructure at both councils has commenced with the initiation of a 12 week non-essential change freeze that commenced in mid-October. This will enable the team to focus on critical work required to stabilise the ICT infrastructure and has been informed by recommendations from the independent ICT review and service desk statistics. This is being primarily delivered by the infrastructure team who now have a clear focus on technical, second and third line support issues. Annual benchmarking has been conducted to compare the ICT Shared Service with other councils, the results of this will be available in December 2011. In addition to this, in-house staff surveys have been conducted to assess service delivery and customer satisfaction.

1.3	Contribution to the Councils' Strategic Objectives
Three Rivers District Council	
Safer Communities	We will support\enable the Council and its services to meet these objectives
Sustainable Communities	
Towards Excellence	
Watford Borough Council	
Improve the health of the town and enhance its heritage	We will support\enable the Council and its services to meet these objectives
Enhance the town's 'clean & green' environment	
Enhance the town's sustainability	
Enhance the town's economic prosperity and potential	
Supporting individuals and the community	
Securing and efficient, effective, value for money council	
Influence and partnership delivery	

1.4   The Future of the Service

An options appraisal study and outline business case has been commissioned from an external consultancy to enable the Councils to select the most efficient and value for money ICT service delivery model.

The expectation of the recommended option is to enable the councils to achieve efficiency and agility, in terms of their service delivery, to enable to be more responsive to changes within the public sector.

The options that have been appraised are:
- public sector partnership, such as a third authority who would take the lead,
- multi-sourcing model, a combination of one of more of the following:
    i.   one or more services managed\hosted externally (e.g. server maintenance)
    ii.   some service areas outsourced fully (e.g. infrastructure and service desk)
    iii. some work retained to maintain a pool of business and local knowledge (e.g. applications analysis, project management, business analysis and web development)
- full private sector outsourcing of the whole service with only a client contract management function in house
- full private sector outsourcing by joining the framework agreement already in place between HCC and SERCO

The consultant appointed to assist with this work strand has also be asked to recommend a brief for the client function of the service, and there will be a recommendation of how the contract will be managed and where this responsibility will lie.

The financial and legal implications such as pension strain and issues relating to TUPE transfer of staff will also be investigated for consideration but may not be available until the preferred option has been selected.

SECTION 2:   INPUTS

2.1	People

Shared Services Organisation Chart
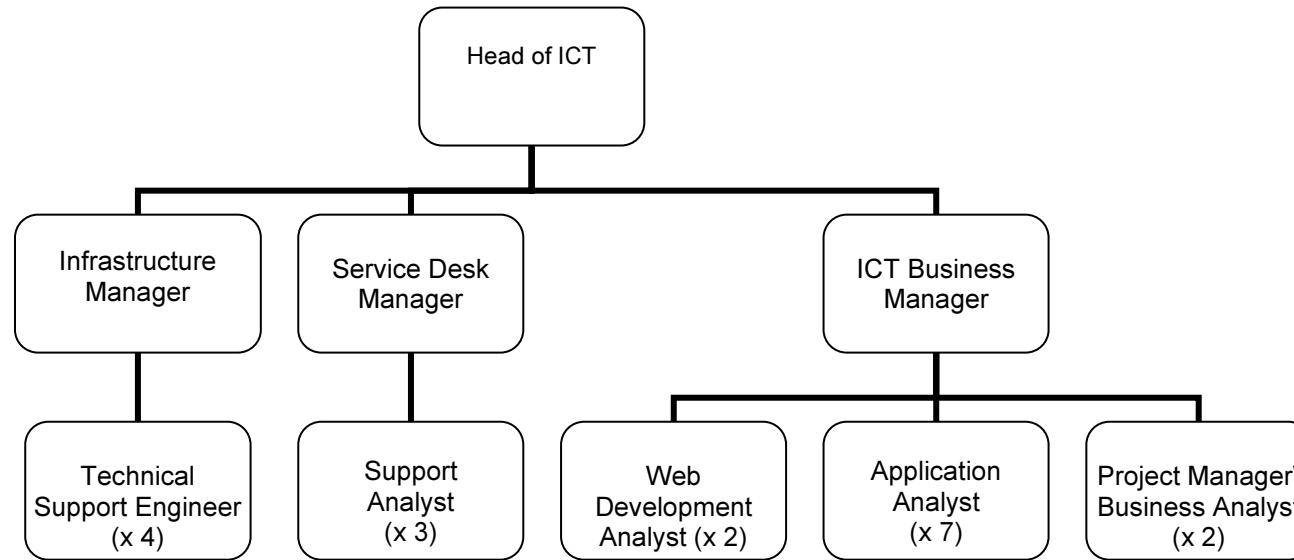
Job Title	Grade	FTEs
Head of ICT	CO3	1
Infrastructure Manager	9	1
Technical Support Engineer	7	4
Service Desk Manager	8	1
Support Analyst	6	3
ICT Business Manager	10	1
Application Analyst	7	7
Web Development Analyst	7	2
Project Manager\Business Analyst	8	2

2.2	Workforce Planning

Overview

The current establishment was designed to meet the day to day demands of departments and will continue to strive to maintain and improve upon existing service levels.

It is recognised that service departments are under increasing pressure to streamline their processes and make efficiencies; this has had a significant impact on the ICT team, particularly if the work has been unplanned and scheduled at short notice.

In order to alleviate this problem, a Joint ICT Steering Group whose role is to agree and prioritise ICT projects for both councils has been set up. This is critical for the ICT team to be able to fully understand the requirements of the services and to be able to plan the required resources. Despite having added resilience from the larger team, resources are still stretched.

Workload – Trends & Changes	Staffing Implications – Impact on Service & Individuals	Options & Preferred Solutions	Outcome – Financial Implications, Resilience Implications & Implications for Improving the Service
Projects within the councils are likely to draw upon the staff resources within ICT. The requirements could be based upon technical application\infrastructure input, project management or business analysis expertise.	External assistance could potentially be required if resourcing if several projects are required at the same time.	1) Careful planning of the projects is required to ensure that necessary resources from ICT are available to assist. 2) An alternative option would be to rely more heavily on external expertise being brought in on a project by project basis, although this would mean skills would be not be retained following the completion of the project and the Councils could therefore be in a more vulnerable position.	It will prove difficult to meet service standards in the event of there being a particularly high demand on the skills of the ICT team during major implementations.

Interface development has being conducted in house by the Finance Service. Once the associated documentation is complete, they will be handed over to ICT to support along with a structured handover.	There is currently no resource available or sufficiently skilled within the ICT structure to conduct in-house development of software. This was in order to move away from bespoke systems and therefore increase the resilience of the teams.	1) Do nothing – keep documentation and acquire external resources on an ad-hoc basis to cater for any future requirements. 2) Restructure or add a growth to the establishment to include this resource, however there would still be a resilience issue due to there only being 1 resource to do this work. 3) An alternative could be to bundle these up and approach an external supplier to provide maintenance and updates of all in-house interfaces on a yearly basis.	1) There would be no cost implications but a major risk to the councils resilience for these key system interfaces, 2) This would result in a revenue growth, however resilience would be maintained and risk would be minimised. 3) There would be a growth to the budget but resilience would be increased.
Training of ICT (especially Infrastructure) staff is critical in successfully delivering the ICT service in-house.	This will require planned training of staff and appropriate management of the application of skills acquired.	Staggered training courses so that each member of staff can come back to the office and apply the skills they have acquired immediately in order to fully embed the learning.	This will provide resilience and reduce the need reliance on external suppliers. The cost of training would be balanced by the saving of the contract and subsequent savings would be made as year on year contract renewal would not be performed.
The reduction of 1 application analyst that is planned in FY 13/14 will result in a smaller team delivering the support of council applications.	This will reduce the number of applications analysts from 7 to 6.	Staff will continue to cross train and ensure that work progresses towards harmonisation of systems as well as looking at internal processes to ensure that these are as efficient as possible. In addition to this, external help will be sourced if required.	This will result in a saving to the councils of £39,210 per annum.

2.3	Partnerships & Contracts
Partner / Partnership	Expected Outcomes
Various software supply and maintenance contracts	Both IT services at the two Councils have contracts with software suppliers to provide software applications to the service departments. Over time, it is expected that contracts of this type will be harmonised wherever possible.
Hardware maintenance contracts	Maintenance contracts exist within both ICT teams to cover the breakdown of essential computer hardware which is no longer under manufacturer warranty. It is expected that these contracts could also be harmonised to bring potential savings.

2.4	Assets & Technology

The ICT service will own all ICT assets used within the two Councils and service is responsible for managing the corporate ICT infrastructure comprising of application servers and networking hardware.

They include:

- Networking equipment and servers
- Corporate telephony systems
- Desktop PCs / terminals
- Laptop computers
- Desktop telephones
- Departmental printers
- Application and software licences
- ICT related Data

Systems used within the Councils are as follows:

	Watford Borough Council	
1	APLAWS /Magpie	Website & content management
2	BACS - Connect IP	Electronic payments
3	Atrium	Asset management
4	Ebase	E-forms
5	ELMS Part of Radius Civica	Legacy electronic licence management payments
6	EROS/Weberos/PostCode/LLPG/ICR/Adest	Electoral Services
7	Gauge	HR Job Evaluation
8	Halarose (Eros): Avantguard	Electoral Services
9	Idox DMS	Document Management
10	Lagan	CRM
11	Macfarlane	Computer Telephony Integration
12	Radius	Legacy cash receipting system
13	Aptos	Legacy financial management system
14	OMS	Legal case management system

		Three Rivers District Council	
15	Albany BACS	Electronic payments
16	Capita Housing	Housing management
17	Capita REMIT	Legacy cash receipting system
18	Northgate CRM Proactive	CRM
19	Solcase	Legal case management system
20	Northgate - M3	Environment services system
21	Confirm – Trees	Arboriculture
22	Radius – Powersolve	Legacy financial management system
23	Express	Electoral services
24	E-Shop Works	Website
		In use by both Councils but not shared	
25	ESRI – GIS	GIS
26	Planning Portal	Planning online
27	Public Access	Access to planning
28	Site Improve	Web statistics
29	Total Land Charges	Land charges
30	Total Land Charges Test	Test system for land charges
31	Uniform	WBC & TRDC (not shared): Planning, Development control, Building control, LLPG WBC only: Environmental health & Environment service, Trees, Street cleansing
		Watford and Three Rivers Shared Services Systems	
32	Capita Academy R&B	Revenues and Benefits system
33	Cedar COA	Financial management system
34	In-Case	Audit system
35	ResourceLink	HR & Payroll
36	Capita AIM & AXIS Income	Cash receipting and income management
37	Touchpaper/LANDESK DB	ICT call management system

2.5 Current Budgets

Operating Budget	2010/11 Actual £	2011/12 Original £	2011/12 Latest Approved £	2011/12 Profile to Period 7 £	2011/12 Spend to to Date £	2011/12 Forecast £	2012/13 Forecast £	2013/14 Forecast £	2014/15 Forecast £
Employees	1,034,236	1,020,940	1,100,940	642,215	685,173	1,106,940	1,005,270	958,460	994,840
Premises	0	0	0	0	0	0	0	0	0
Transport	1,666	5,000	5,000	2,917	1,689	5,000	5,000	5,000	5,000
Supplies and Services	432,372	432,900	462,900	270,025	187,973	497,900	392,110	392,110	392,110
Contracted and Agency Services	0	0	0	0	0	0	0	0	0
Recharges	0	0	0	0	0	0	0	0	0
Income	0	0	0	0	0	0	0	0	0
Sub-Total	1,468,274	1,458,840	1,568,840	915,157	874,835	1,609,840	1,402,380	1,355,570	1,391,950
Recharges to Councils									
Three Rivers District Council	-587,315	-583,536	-627,536	-366,063	-349,934	-643,936	-560,952	-542,228	-556,780
Watford Borough Council	-880,959	-875,304	-941,304	-549,094	-524,901	-965,904	-841,428	-813,342	-835,170
Sub-Total	-1,468,274	-1,458,840	-1,568,840	-915,157	-874,835	-1,609,840	-1,402,380	-1,355,570	-1,391,950
Total	0	0	0	0	0	0	0	0	0

Note:

The Joint Committee recommend last year that the following cost reductions, being efficiency gains not affecting service levels, be accepted:-

Item	2011/12 £	2012/13 £	2013/14 £
Car User Mileage	2,000	2,000	2,000
Furniture & Equipment Maintenance	13,000	13,000	13,000
Maintenance of Telephone Equipment	4,000	4,000	4,000
Subsistence	1,000	1,000	1,000
Disaster Recovery Contract	0	14,310	14,310
Thin Client Maintenance Contract	0	26,480	26,480
Total	20,000	60,790	60,790

Members were aware that staffing arrangements were being changed to address service delivery issues. As a key support service it was felt that these measures needed to be given a chance and should be implemented. If, however, there was still a shortfall to be met, then reluctantly members acknowledged that there would be little option but to reduce staffing levels. In these circumstances the following cost reductions were recommended:-

Item	2011/12 £	2012/13 £	2013/14 £
Delete Applications Analyst Post	0	0	39,210
Total	**0**	**0**	**39,210**

These savings have been incorporated into the operating budgets shown above. The efficiency gains for 2011/12 have been achieved. The savings for 2012/13 onwards depend on the outcome of the options appraisal into service delivery and until this is resolved officers will operate to the current budgets.

£31,000 has been added for on-going licence fees and maintenance in respect of Government Connect submissions to GCSx, these are revenue implications of proposed capital expenditure.

There have been variances to the original estimates for 2011/12 reported to the Joint Committee resulting in a £80,000 increase to the employee costs due to the high amount of contract staff that are covering vacancies within the service as well as an additional £30,000 in the supplies and services budgets due to the commissioning of Actica Consulting Limited to undertake the options appraisal and business case for the future service. These are included in the 'latest approved' operating budget for 2011/12 shown above. There is also a further addition of £35,000 in the supplies and services costs due to external database administration support as the ICT establishment is not provisioned to provide this service.

| 2.6 | Revenue Growth, Service Reductions and Cashable Efficiency Gains |

	Description	2011/12 £	2012/13 £	2013/14 £
1	**Potential Growth**			
	None	0	0	0
	Total	0	0	0
2	**Service Reductions**			
	No further reductions to those included in current budgets	0	0	0
		0	0	0
	Total	0	0	0
3	**Cashable Efficiency Gains**			
	No further cashable efficiency gains to those already included in current budgets	0	0	0
	Total	0	0	0

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2.7	Capital Investment

	Scheme Name	Capital				Revenue Implications				Savings	Resilience	Improvement
		2011/12 £	2012/13 £	2013/14 £	Future Years £	2011/12 £	2012/13 £	2013/14 £	Future Years £			
Shared Services	Infrastructure Review – Server Upgrades	200,000	0	0	0	Tbc	Tbc	Tbc	Tbc		✔	✔
	Hardware and Software to conform to the requirements of the GCSX auditors for the latest code of connection to the Government Connect Secure Extranet (GCSX)	80,000	0	0	0	31,000	31,000	31,000	31,000			✔
	Hardware Replacement Programme	30,000	30,000	30,000	30,000	0	0	0	0		✔	✔
	HR Appraisal Module	0	6,000	0	0	0	0	0	0		✔	✔
	Revenues and Benefits – E Services	0	Tbc	0	0	0	(21,900)	(21,900)	(21,900)	✔	✔	✔
TRDC	Replacement CRM system	30,000	239,100	0	0	0	(31,830)	(31,830)	(31,830)	✔	✔	✔
	Scanning Tree Protection Orders	0	30,000	0	0	0	0	0	0		✔	✔

SECTION 3:   OUTPUTS AND OUTCOMES

3.1	Customer insight and consultation

Who / types	Approximate numbers	Location	Consultation
All office based and remote workers	830	Office locations within the boundaries of the two authorities	User group meetings, staff satisfaction surveys, all staff e-mail, intranet, post call survey. Remote Workers include those from Charter Place, Depots and home workers.
Public	All residents and businesses within the two authority areas plus other members of the public living outside of the area	Customers living / working within the area covered by the two Authorities. Less commonly, residents elsewhere in the country who my be future users of the Authorities' services	No direct consultation unless specific input is required on public facing IT developments (i.e. redesign of website)
Councillors	84	Predominantly at home or work, within close proximity of the Councils' offices	Communication via democratic services and party secretaries, regular meetings with portfolio holders the quarterly meeting plus and update reports to joint committee and other committee where called in.
Suppliers / profit centre	100		Quarterly meetings with account managers, split into ICT meeting to discuss financials and ICT specific issues and a session involving representatives of the user community to inform about future product improvements. Monthly Account Managers meeting with Steria.
Trade Union / staff representation	5+	Council Offices	Ad hoc consultation re staffing issues and organisational change issues

3.1.1 Customer access channels

Service Area	Information Access	Service Access
Service Desk	Face to face or telephone, email and internet	Face to face or telephone, email and internet
Infrastructure Support		
Applications/ Systems admin		
Web Development		
Project Management/ Business analysis		

3.1.2 Customer identification and segmentation data

Service provided	Customer group	Segmentation data held
Helpdesk services	All Services, all staff, Members, suppliers, public	Name, Department, E-mail address, Access channel, Business address (if applicable), Technical information, Staff - place of work (TR/Watford), Home Address\ Telephone number (remote worker)
Infrastructure support		
Applications/systems admin		
Web development		
Project Management/ Business analysis		

3.1.3 Communication and consultation methods

Service provided	Inform	Consult	Engage
Helpdesk services	All-staff e-mails, intranet, 'phone, 1:1s, All Aboard, Wat's Up	Rolling feedback survey (at call close, with quarterly reports) Annual satisfaction survey	Managers and business team 1:1s, user group meetings, Ad-hoc 1:1s
Infrastructure support			
Applications/systems admin			
Web development			
Project Management/ Business analysis			

3.1.4 Customer satisfaction measures

Service provided	Measure	Collection method	Timescale for consultation - start date and regularity	Baseline result	Target
ICT Services (Service Desk, Infrastructure support, Applications/support, Web Development, Project Management & Business Analysis)	% satisfied with overall service % of SLAs met % of successful projects within parameters	Annual satisfaction survey	Annual satisfaction survey	4.38	5.75
Web development	Carried out by Communications – Performance and Scrutiny	N/A	N/A		

3.1.5 Learning from customer consultation

Questions	Answers
What key findings has customer consultation work identified in the last year for each service area? Have the needs of a specific customer group been identified?	A staff survey was conducted in March 2011 and the main areas of feedback were: • Concerns regarding stability of ICT Infrastructure • Issues with consistency of ICT Service Delivery • Lack of understanding of the different roles and responsibilities within the ICT department.
What has been done as a result of customer consultation?	ICT updates are published in staff magazines at both councils where a "spotlight" section is also included; This highlights a specific person a role within the department each month and tells staff about them and what they do. In addition to this there is a plan for the improvement work we need to make to the councils infrastructure and we have implemented a 12 week non-essential change freeze in order to enable the ICT team to focus on this critical work. An experienced ICT Service Manager has been recruited as an interim measure until the future of the ICT service is clear, This has increased customer satisfaction and provided more consistency in the our service delivery,
How have you feed back to customers that have been consulted?	Having listened to feedback we recognised the need to make clearer our current plans for improving the day to day experience of IT systems and infrastructure and the way that the ICT teams are structured to support staff and services. A document has been published on both councils intranets giving some examples of what was reported during the survey, we have summarised and responded to the key themes as well as answering specific queries raised.
How effective were the consultation methods used? What changes are proposed?	The annual survey had a response from 234 staff overall and was sent to both councils simultaneously. Customer surveys sent when each call is resolved are not proving to be very effective despite active promotion. These are still being tracked but not reported due to low response rate. An annual survey will be conducted in March 2011 for the Shared ICT Service for 2011/12.

3.2	Service Level Agreements

SLAs between shared services and the councils
As part of the development of the operating model for the ICT service, internal customers were consulted and formal Service Level Agreements (SLAs) have been agreed between the ICT service and its customers at both councils as well as the Joint Committee.
As part of the Service Level Agreements, performance standards have been identified as well as performance indicators that will be used internally by the shared service; these have been included in this service plan.

SLAs between shared service and other organisations
There are service level agreements between the ICT service and its third party suppliers. These will be monitored at relevant service review meetings and updated as necessary.

Looking forwards
Following the decision on the future of the ICT service, revised SLAs will be agreed by the councils with the new supplier.

3.3	**Performance Indicators**

Reference KPI 1	**Resolution of reported incidents**															
Indicator Definition	To ensure the service delivers its promises of responding to pre agreed timescales to incidents that are presented															
Target																
	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%
Outcome	2010/11				2011/12				2012/13				2013/14			
	n\a	n\a	n\a	n\a	n\a	n\a	n\a									

Comments on Performance:
Incidents and Service Requests are currently grouped together in a single call queue but have different SLAs. Specific reporting of Incident resolution is dependent on changes to the call management software as well as service delivery processes changes within the service desk . This has been parked due to other critical work taking precedence.

Reference KPI 2	**Annual Customer Satisfaction**			
Indicator Definition	What is the perception of the service from the end users view point?			
Target	2010/11	2011/12	2012/13	2013/14
	5.65	5.65	5.65	5.65
Outcome	2010/11	2011/12	2012/13	2013/14
	4.3			

Comments on Performance:
An Annual Satisfaction Survey was conducted in March 2011 to give an insight into the performance of the Shared Services ICT team in FY 2010/11.

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Reference KPI 3	Acquisition cost of workstation			
Indicator Definition	Measures the cost of purchasing the asset and if the ICT team are utilising purchasing processes effectively			
Target	2010/11	2011/12	2012/13	2013/14
	450	425	425	425
Outcome	2010/11	2011/12	2012/13	2013/14
TRDC	600	415		
Watford	450	415		
Comments on Performance:				

Reference KPI 4	Service Availability															
Indicator Definition	To measure the availability of the ICT service to users during core working hours															
Target	2010/11				2011/12				2012/13				2012/13			
	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50	99.50
Outcome	2010/11				2011/12				2012/13				2012/13			
TRDC	99.93	99.97	99.98	99.51	98.83	99.80										
Watford	99.16	99.73	99.59	98.21	93.98	97.71										
Comments on Performance: Work continues to address recommendations within the infrastructure review and availability statistics for September 2011 were particularly good. The dip in Q1 2011/12 for WBC was due to network issues which resulted in outages of the thin client cluster in late June which resulted in higher than usual loss of service.																

Reference KPI 5	Successful recovery of key services as stated in Emergency Plan			
Indicator Definition	Did the service provided by the ICT resource support the customers goals and objectives			
Target	2010/11	2011/12	2012/13	2012/13
TRDC	n\a			
Watford	n\a			
Outcome	2010/11	2011/12	2012/13	2012/13
TRDC	n\a			
Watford	n\a			

Comments on Performance:
Disaster Recovery Project for both councils is planned to combine the 2 contracts for both councils and a DR Test is to be conducted in FY2011/12 based on a new harmonised DR contract for both councils.

3.4	Benchmarking Information

Data from the Performance Indicators section has been shown on the table below against national benchmarking data provided by the Society of IT Management (SOCITM).

The first full year (2010/11) of the ICT Shared Service was benchmarked in May 2011. Results will be published nationally by SOCITM in December 2011 and will be updated within this section.

Measure: Cost					
Benchmark Description	Comparator Group	Result	Rank within group (x out of y)	Date Valid	Comments
Cost per data connection					
Three Rivers	SOCITM Benchmarking Group	£188	18 out of 25	Jan 2007	
Watford	SOCITM Benchmarking Group	£172		Jan 2007	
Cost per voice connection					
Three Rivers	SOCITM Benchmarking Group	£94	3 out of 25	Jan 2007	
Watford	SOCITM Benchmarking Group	£196		Jan 2007	
Acquisition cost of a PC					
Three Rivers	SOCITM Benchmarking Group	£684	18 out of 26	Jan 2007	
Watford	SOCITM Benchmarking Group	£665		Jan 2007	
Support cost per workstation					
Three Rivers	SOCITM Benchmarking Group	£239	19 out of 26	Jan 2007	
Watford	SOCITM Benchmarking Group	£192		Jan 2007	

Measure: Quality

Benchmark Description	Comparator Group	Result	Rank within group (x out of y)	Date Valid	Comments
User Satisfaction					
Three Rivers	SOCITM Benchmarking Group	5.64 out of 7	2 out of 22	Jan 2007	Note: In all cases the lower the ranking score the better is the result.
Watford	SOCITM Benchmarking Group				No benchmark testing done last year due to other service priorities
Operation Incidents resolved within agreed service level					
Three Rivers	SOCITM Benchmarking Group	99%	1 out of 14	Jan 2007	
Watford	SOCITM Benchmarking Group				No benchmark testing done last year due to other service priorities
Operational incidents resolved within 4 hours					
Three Rivers	SOCITM Benchmarking Group	87%	1 out of 21	Jan 2007	
Watford	SOCITM Benchmarking Group				No benchmark testing done last year due to other service priorities
Operational incidents resolved within 8 hours					
Three Rivers	SOCITM Benchmarking Group	93%	2 out of 21	Jan 2007	
Watford	SOCITM Benchmarking Group				No benchmark testing done last year due to other service priorities
Employee perception of the adequacy of IT training					
Three Rivers	SOCITM Benchmarking Group	5.06 out of 7	1 out of 19	Jan 2007	
Watford	SOCITM Benchmarking Group				No benchmark testing done last year due to other service priorities

3.5		Outstanding Recommendations of External Inspections				

The Annual Audit Report to those Charged with Governance dated 7 September 2011 made the following recommendation that is the responsibility of ICT.

Action	*Priority*	*Responsibility*	*Action to Date*	*Resolved*	*(Original) Implementation Date*
Network Intrusion The Council should consider implementing a network intrusion detection or prevention system. Management should agree reasonable times to follow up on the actions highlighted in the penetration tests, both internal and external, to ensure a secure network.	Medium	Head of ICT	ICT are currently analysing penetration test reports and will produce an action plan to address the weaknesses in the council's systems. <u>Nov 11</u> - An action plan is in progress and this work is planned to commence within the 12 week change freeze period that has been initiated for ICT Infrastructure changes.	× (part)	*September 2011*
Passwords The minimum length of passwords should be amended to be at least eight characters as suggested by best practice	Medium	Head of ICT	Network Passwords: The domain network group policy will be amended to require a minimum of 8 character passwords	✓	September 2011
Inactivity Lock Out A reasonable time should be agreed for the network to lock the user out after a period of inactivity	Medium	Head of ICT	This is currently a desktop level setting on the individual computers. There are plans to amend network group policy to settings to force this on all desktops.	✓	September 2011
Databases Management should consider performing a review of the	Medium	Head of ICT	A review is currently being undertaken by Welldata of all the council's databases and this will be documented by them	×	*December 2011*

Oracle databases underlying the financial applications to determine the critical financial data tables that require audit logging. The review should be documented for future reference					
System Changes Change Management policies and procedures should be implemented to ensure that a standardised process is followed for the implementing of changes to the system. All changes should be controlled at a central point to ensure that there is no duplication and that changes are tested as required before it is deployed in the live environment	High	Head of ICT	Change Management procedure has been documented and implemented within ICT and all changes requested via ICT are logged within the system	✓	December 2011

3.6 Projects

Corporate projects for 2012/13 have been discussed by the Joint ICT Steering Group and prioritised for delivery. Some of the projects have not been initiated and although high level PIDs were received by the group, ICT resource requirements are not clear therefore have been estimated.

There is an additional table which highlights projects that have been identified for delivery in 2013/14 and those that have been deferred to future years.

3.6 Projects

Below are the projects identified and prioritised for 2012/13. Priority has been assigned by the Joint ICT Steering Group for the first 5 projects to be completed; the rest will be prioritised at subsequent meetings as we progress.

Council	Project Name	Category	Priority	FY	Service Area & Lead	Business Analyst\ Project Manager (Days)	Apps Analyst \Web Analyst (Days)	Infrastructure Engineer (Days)	Support Analyst (Days)	Resource Note	Budget (£)	Revenue or Capital?
TRDC	Replacement CRM	1.3	1	12/13	CSC - Billy Hall	30	25	35	2	Possible internal BA/PM resource allocated for project support role. Full time PM to be externally sourced. Resource estimated with information as at Nov 11	239,100	Capital
TRDC	Print Review - Managed printing services	2	2	12/13	Corporate Services - Phil King	20	5	20	5	Resource estimated with information as at Nov 11	Existing budget	Corporate Services - Revenue
W&T	Revs and Bens: E-Services. Part 2	2	3	12/13	Revenues & Benefits - Phil Adlard	20	15	20	0	Resource estimated with information as at Nov 11	Tbc	Shared Services - Capital
WBC	Gov- Connect	4	4	12/13	ICT - Avni Patel	20	10	35	5	Resource estimated with information as at Nov 11	80,000	Shared Services - Capital
TRDC	Gov- Connect	4	5	12/13	ICT - Avni Patel	20	10	35	5	Resource estimated with information as at Nov 11		
TRDC	Automate/transfer online elements of customer contact (Channel Shift)	1.3		12/13	Partnerships and Performance - Gordon Glenn	10	35	5	0	Resource estimated with information as at Nov 11	15,000	Improvement East - Revenue

Council	Project Name	Category	Priority	FY	Service Area & Lead	Business Analyst\Project Manager (Days)	Apps Analyst\Web Analyst (Days)	Infrastructure Engineer (Days)	Support Analyst (Days)	Resource Note	Budget (£)	Revenue or Capital?
TRDC	Scanning TPO's (Leisure)	1.5		12/13	Partnerships and Performance - Gordon Glenn	10	5	15	0	Resource estimated with information as at Nov 11	30,000	Capital
WBC	Print & Post Review - Managed printing services	2		12/13	Customer Services - Dani Negrello	20	5	20	5	Resource estimated with information as at Nov 11	TBC	TBC
TRDC	BARTEC new module for trade waste	4		12/13	Environment Services - Alison Page	10	10	10	2	Resource estimated with information as at Nov 11	Existing Budget	Environmental Protection – Revenue
WBC	Grass Verges GIS Plotting	1		12/13	Planning & DC - Jane Custance	25	5	10	0	Resource estimated with information as at Nov 11	In year growth bid requested.	Community Services - Revenue
W&T	Appraisal Module	2		12/13	ICT – Marj Setters	25	35	10	0	Resource estimated with information as at Nov 11	6,000	Shared Services - Capital
W&T	Vine East			12/13	HR - Marj Setters	10	5	10	0	Resource estimated with information as at Nov 11	TBC	TBC
					Total Resource - Days	**220**	**165**	**225**	**24**			
					Total Resource Days Available (1st April 2012 to 31st March 2013)	**367.2**	**295.4**	**232.5**	**46.45**			

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Below are the projects identified and prioritised for 2013/14 by the Joint ICT Steering Group

Council	Project Name	Comments
WBC	Environmental Services Handhelds	Agreed at 04.10.11 steering group by AG (WBC) that this project can be deferred to 13/14. To be confirmed further pending service re-design.
WBC	Environmental Services Point & Click	Agreed at 04.10.11 steering group by AG (WBC) that this project can be deferred to 13/14. To be confirmed further pending service re-design.
WBC	Environmental Health & Licensing: Uniform Housing Module	Agreed at 04.10.11 steering group by AG (WBC) that this project can be deferred to 13/14. To be confirmed further pending service re-design.
TRDC	Development of TRDC website (website review)	Links to channel shift requirements project. Agreed at 04.10.11 ITSG to split these projects into 2 phases.
TRDC	Thin Client - Roll out	Agreed at 04.10.11 steering group that business case to complete should be submitted.

The following projects have been agreed for deferral by the Joint ICT Steering Group into 2013/14 or beyond, depending on the costs and savings identified.

Council	Project Name	Comments
WBC	Server move to Apsley	04.10.11: Budget confirmation required. This future of the SSICT service is yet to be determined, until then, it is my recommendation not to move any further servers to Apsley. If we go with the HCC contract, we will be able to make saving on this alone, but if a different bit
TRDC	Active Directory & Exchange server migration	04.10.11: Budget confirmation required. AP - Propose delaying this
WBC	Uniform Housing Module	
W&T	W&T: CHRIS5 Data Migration	Following ITSG 04.10.11 - TB contacted to provide a business case for this requirement. Currently paying approximately £3.5K per annum for read only license.
W&T	Touchpaper	This will be required if the service remains in-house and full ITIL process will need to be implemented in accordance with the ICT Review recommendations.

3.7 Equalities

The Equalities Act 2010 includes a new public sector equality duty (both a general duty and specific duties), replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. The duty places a range of steps that are legally required by local authorities covering issues such as: assessing relevance, using and publishing equality information, engagement, equality analysis, equality objectives, commissioning and procurement and business planning and reporting.

ICT Shared Services will integrate the general equality duty into service planning and will ensure that Equality Impact Assessments are conducted wherever appropriate.

3.8   Risk Management

Risk Number		Risk Description	2011-14 Service Plan			2012-15 Service Plan (draft)			Strategic Risk?	Comments
2011-14	2012-15		Impact	Likelihood	Treatment Plan?	Impact	Likelihood	Treatment Plan?		
2	1	Insufficient staff	III	D	Yes	III	D	Yes	No	
3	2	Total failure of ICT systems	II	D	No	III	E	No	Yes	
1	3	Loss of accommodation	III	F	Yes	IV	F	Yes	No	
--	4	Fraudulent activity	--	--	--	--	--	--	No	
4	5	Failure to deliver the ICT Capital Programme	III	C	Yes	III	D	Yes	Yes	
5	6	Loss of portable storage device containing sensitive data	III	D	Yes	III	D	Yes	No	
6	7	Virus introduced to the network via storage device	II	F	No	III	F	No	No	
8	8	Software being removed from the corporate network	II	E	No	II	E	No	No	
9	9	Disaster in Computer Centre	V	E	Yes	V	E	Yes	Yes	
10	10	Power Outage longer than 1 hour	III	C	Yes	III	C	Yes	No	
11	11	Slow / unreliable network communication between TRDC and WBC	V	E	Yes	IV	E	Yes	Yes	

--	12	Insufficient handover between internal SSICT & any potential outsourcing provider	--	--	--	IV	C	No		Yes	Risk assessment should be completed as part of any service delivery transition project to another provider.
--	13	Failure to deliver infrastructure priority roadmap and subsequent remedial work.	--	--	--	IV	D	No		Yes	Risk assessment should be completed as part of any decision making to re-prioritise resource on other projects or areas of Councils.

	I	II	III	IV	V
A					
B					
C					
D					
E					
F					

Impact →
Likelihood ↑

Impact	Likelihood
V = Catastrophic	A = ≥98%
IV = Critical	B = 75% - 97%
III = Significant	C = 50% - 74%
II = Marginal	D = 25% - 49%
I = Negligible	E = 3% - 24%
	F = ≤2%
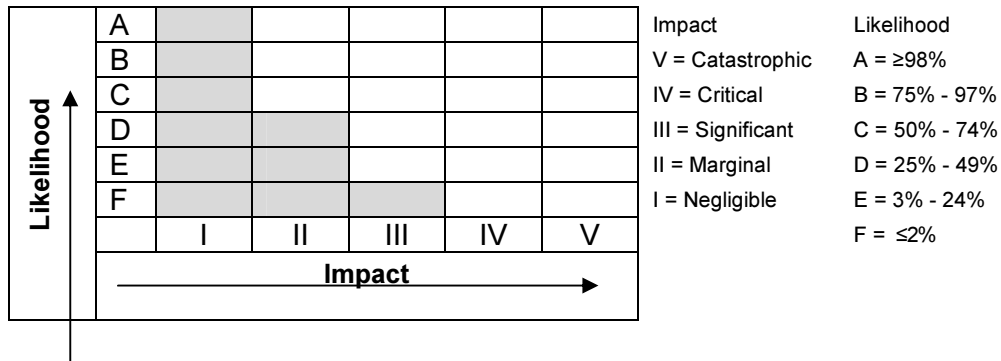
Version Control

Version No.	Date	Reason for Update / Significant Changes	Made By
0.1	01/11/11	Draft for discussion of contents	APa
0.2	09/11/11	Final version sent to Finance for budget figures to be added	APa
0.3	09/11/11	Section 2.6 (Revenue Budget) and pagination updated	DAG

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REVENUES & BENEFITS SERVICE PLAN

2012- 2015

Version 0.2 - Shared Services Joint Committee – 21 November 2011

Shared Services Programme

CONTENTS

SECTION 1: KEY PURPOSE OF THE SERVICE

1.1	**Scope of the Service**

The following activities will be the responsibility of the Revenues and Benefits Shared Service:
- Issuing of Council Tax and National Non-Domestic Rates Bills;
- Maintenance of database for billing purposes;
- Collection of payments of Council Tax and National Non-Domestic Rates Bills;
- Recovery of Council Tax and National Non-Domestic Rates Bills;
- Administration, assessment and payment of Housing Benefit and Council Tax Benefit (and its successor, Localised Scheme);
- Issuing of bills for recovering of Housing Benefit and Council Tax Benefit Overpayment;
- Recovery of arrears of repayment of Housing Benefit and Council Tax Benefit Overpayment;
- Writing off of Housing Benefit and Council Tax Benefit overpayment in accordance with the policy of the relevant local authority;
- Compilations of returns to central Government relating to Revenues & Benefits;
- Provision of administrative and support services relating to Revenues & Benefits;
- Calculation of Council Tax Base;
- Collection fund accounting;
- Recommendation for approval of Discretionary Housing Payments
- Recommendation for approval of applications for discretionary National Non-Domestic Rate Relief and National Non-Domestic Rate Hardship Relief;
- Authorisation of officers to attend court for purposes relating to prosecutions for non payment of Council Tax and National Non Domestic Rates;
- Approval of write-offs of bad debts within the scope of the policies established by each Council for the write-off of bad debts.
- Preparation of benefit subsidy claims;
- To provide Management Functions to support both Revenues and Benefits

The following will be the responsibility of the relevant councils:
- Approving and Setting of Council Tax;
- Approval of benefit subsidy claims;
- Approval of discretionary Housing Payments;
- Approval of reductions under S13A Local Government Finance Act 1992
- Approval of applications for discretionary National Non-Domestic Rate Relief;
- Approval of applications for discretionary National Non-Domestic Rate Hardship Relief;
- Determination of policy for second homes;
- Determination of policy for write off of bad debts
- Design and Approval of Localised Council Tax Rebate Scheme wef 2013 (Subject to legislation)

The service is currently provided from Watford Town Hall with a local outlet in South Oxhey and Three Rivers House. A visiting service is also provided across the two authority areas

The services provided are a statutory function.

Historically both councils have improved speed of processing new claims for benefit and changes in circumstances however, this has been affected by the move to the shared service operation

The immediate year (2011-12) has continued to see difficulty in reducing the processing times for new claims and changes although has seen improved collection rates for both Council Tax and Business Rates supported by a robust collection regime

1.2	Contribution to Shared Services Objectives
Savings	
Resilience	- Across all the service teams in shared services, the larger overall size of each team will increase the resilience of the service. This will be further enhanced through the proposal to multi skill many 1st line support staff in all the shared services so that customer service is not compromised through any one person being out of the office. - The multi-skilling approach will also provide flexibility to reallocate workload and provide cover during holiday periods and sickness absence. - Being part of a larger team will also increase the pool of knowledge and expertise that councils can access as well as providing more opportunities to train and develop staff, which will improve retention. - Flexible and remote/mobile work practices are likely to be easier to introduce with a larger sized team. - Greater cover should enable leave and training to be scheduled more easily without detriment to the service. - There will be a greater resource to meet changes. - Specific examples include: - NNDR where both councils have one officer only dealing with this and in their absence no substantial cover. Skills and knowledge in NNDR will be transferring to billing officers in anticipation of proposed changes to the retention of Business Rates with effect from 2013. - Quality and training officers will predominantly be working on benefits but will have exposure to revenues work also. - Reconciliations on council tax refunds, direct debits etc. are now performed by a number of staff within the shared service reducing the reliance on a sole individual. - Recovery staff will deal with a diversity of collection – council tax, NNDR and housing benefit overpayments.

Improved Services	- Promotion of the use of electronic access and telephone, minimise face-to-face contact especially for revenues. - Cash-less, cheque-less, electronically enabled service - Increased levels of home-working - Possibility of providing a revenues and benefits service for other districts - Mobile working – taking the service to the customer – particularly vulnerable groups - Taking benefit services to the customer through the use of mobile technology which will allow benefits assessors to capture benefits claims information in the correct format, verify it and process claims quicker improving accuracy and reducing time spent on correcting errors. - The use of intelligent e-forms to improve productivity of less experienced benefits staff and enabling front line CSC staff to handle more benefits queries - Enable as much high volume, low complexity queries as possible to be resolved at first point of contact i.e. the Customer Service Centres of each council. The aim is for 80% of revenues queries and 60% of the benefits queries to be handled by CSC staff and the remainder to be passed directly to the shared service back office. It is envisaged that there will be a benefits specialist presence from the shared service located at each CSC to allow any face-to-face queries also to be resolved at first point of contact. Expert staff will be left to focus on more complex queries - Potential to reduce office space with increased levels of mobile and home working and reduction of paper through document image processing. - More responsive service due to larger size of team and increased joint resources - The introduction of a common revenues and benefits system across both councils will allow - Aim to reduce the volume of sundry invoices, particularly at Watford Borough Council and time taken to recover debt - The consolidation of all benefits processes under one manager, including any policy training and quality monitoring to ensure full accountability within one team - A centralised document processing team providing economies of scale to scan paperwork, process direct debits and provide general administrative support to the service allowing expert officers to concentrate on the areas in which they have been trained.

1.3	Contribution to the Councils' Strategic Objectives
	Three Rivers District Council
Economic Opportunities Customer Service	**3.2.1 Improve access to Benefits** – Extend the number of Benefit Surgeries to include Watford Town Hall – Implement Self Service System for Benefit Claimants **4.1.1 We will strive to improve and maintain service standards for all services** - RB03 – Speed of processing new claims - RB04 – Speed of processing changes of circumstances
	Watford Borough Council
Supporting Individuals and the Community Securing an efficient, effective, value for money Council	By providing a service that supports those residents who are more vulnerable in terms of low income. The aim of the service is to ensure those with a genuine need are able to access the support they need quickly and effectively. **CP23: Completion of Shared Service Implementation** By harmonising operating systems and associated procedures.

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1.4   The Future of the Service

First year = 2010/11
- Getting joint team established - COMPLETED
- Implementing the system and changed business processes including greater use of mobile technologies to take benefits out to customers – CONTINUING TO BE DELIVERED THROUGH 2012/13
- Greater use of CSC - ONGOING
- Harmonisation of back office/CSC split - ONGOING
- Establish a shared service performance monitoring regime against SLAs

Second year – 2011/12
- It is assumed that 2 NNDR officers' work could be absorbed by the Recovery and Billing teams after the first year of implementation.   However, there is scope to retain these roles as separate NNDR roles if additional NNDR work from other councils were processed by this team. PROPOSED CHANGES IN BUSINESS RATE RETENTION (WEF 2013) HAS CHANGED THE EMPHASIS ON THIS AREA MAKING IT MORE IMPORTANT TO RETAIN SKILLS IN THIS DISCIPLINE
- It is assumed that the improved benefits processes would be sufficiently bedded in following implementation to reduce the benefits officers from 20 FTE to 18 FTE. UNDER REVIEW
- Implementing the system and changed business processes including greater use of mobile technologies to take benefits out to customers - ONGOING
- Greater use of CSC – NOW UNDERWAY

Third year 2012/13
- Increased performance
- Cash-less, cheque-less, electronically enabled service
- Increased levels of home-working
- Fuller implementation of self-service modules enabling more queries to be moved away from "back office' staff

Fourth Year 2013/14
- The introduction of Universal Credit in October 2013 will see the start of a reduction in caseload for the Benefits Department.
- The proposed introduction of Social Find Payments being managed by Local Authorities will counter this.
- A local Council Tax Benefit scheme with inbuilt reductions will create challenges in maintaining Council Tax collection rates

Longer term
Possibility of providing a revenues and benefits service for other districts

SECTION 2:   INPUTS

2.1   People – Organisation Chart October 2011

Head of Revs & Bens (1)

Benefits Manager (1)

Band 10: SCP 50-54

Revenues Manager (1)

Band 10: SCP 50-54

Recovery Team Leader (1)
Band 7: SCP 35-39

Billing Team Leader (1)

Band 7: SCP 35-39

Income Team Leader (1)

Band 6: SCP 30-34

Benefits Team Leader (2)

Band 7: SCP 35-39

Policy Training & Quality Team Leader

Policy, Training Quality Officers (3)

Band 6: SCP 30-34

Document Processing Team Leader (1)

Band 5: SCP 25-29

Recovery Officer (9)

Band 6: SCP 30-34

Sundry Debt Officer (3.5)

Band 6: SCP 30-34

Billing Officers (7)

Band 5: SCP 25-29

Outside Inspector (2)

Band 5: SCP 25-29

NNDR Officer (2)

Band 5: SCP 25-29

Income Officer (1.8)

Band 5: SCP 25-29

Benefit Officers (15)

Band 6: SCP 30-34

Document Processing Support (5)

Band 4: SCP 20-24

Benefits Visiting Officer (1)

Band 5: SCP 25-29

Trainee Benefits Officer (2)
Band 4: SCP 20-24

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Job Title	Grade	No.	FTEs	'Vacant'
Head of Revenues & Benefits				
Revenues Manager	Band 10	1	1	
Recovery Team Leader	Band 7	1	1	
Recovery Officer	Band 6	10	9	
Sundry Debt Officer	Band 6	5	3	
Billing Team Leader	Band 7	1	1	
Billing Officer	Band 5	7	7	
NNDR Officer	Band 5	2	2	0.39
Outside Inspector	Band 5	2	2	
Income Team Leader	Band 6	1	0.8	
Income Officer	Band 5	2	2	
Benefits Manager	Band 10	1	1	
Benefits Team Leader	Band 7	2	2	
Policy Training & Quality Team Leader	Band 7	1	0	1
Appeals Officer	Band 6	1	0	1
Benefits Officer	Band 6	19	17	2
Benefits Visiting Officer	Band 5	1	1	
Trainee Benefits Officer	Band 4	2	2	1
Policy, Training & Quality Officer	Band 6	3	3	
Document Processing Team Leader	Band 5	1	1	
Document Processing Support officer	Band 4	5	5	

2.2	Workforce Planning		

Overview			
Workload – Trends & Changes	Staffing Implications – Impact on Service & Individuals	Options & Preferred Solutions	Outcome – Financial Implications, Resilience Implications & Implications for Improving the Service
Developing the staff in order to deal with external influences such as changes in legislation and increases in workload	Uncertainty and worry for individuals in those areas. Possibility that some may seek alternative employment before this. The service will need to retain experienced staff if performance is not to suffer. The current economic climate in general and volume of work seen by the service has limited opportunities in this field. Future changes to the Benefit System (Universal Credit and Council Tax Benefit) will have an impact on service delivery and will require a further review of the service	Preferred solution is to have staff sign-up to shared services and are retained. Reductions achieved through natural wastage. We need to ensure that the teams are fully staffed to meet the demands and that the appropriate systems are in place to deal with this. Future changes to Council Tax Benefit and Universal Credit may change the dynamic of the team and options should start to be considered in 2012/13	Potential outcome could be a greater emphasis on Council Tax collection if the proposed changes result in there being a greater challenge in collection. Much will depend on the outcome of the local Council Tax Benefit scheme that is scheduled to be introduced in April 2013. Corporately there will be a pressure on budgets from 2013 with a reduction in grant to support Council Tax Benefit and an anticipated reduction in Benefit Admin Grant from 2013 onwards due to an anticipated reduced caseload.
CSC Implications	The original assumption was that some elements of Revs & Bens will transfer	A trained benefits officer from the Shared Service will need to be	Investment in intelligent e-forms will allow benefit enquiries and a high level of council tax queries to be dealt with by CSC staff. This will allow the trained

	to CSC in Three Rivers and Watford – 80% revenues, 60% benefits. This will call for additional training to be given to each CSC in the areas identified	permanently based in the One Stop Shops at both councils. CSC staff will deal with council tax enquiries and non-complex benefits queries	council tax and benefits officers to concentrate on the more difficult work. There needs to be a substantial resource invested in development of the CSC during the implementation period both in terms of getting the cut-off points right and training the staff. This will provide the perfect opportunity to undertake some business process re-engineering. This has commenced in 2011 with Council Tax enquiries being dealt with by both CSC and a "triage" of benefits queries at One Stop Shops being operated. The early indicators are that this is achieving the required results and that the time take to reach a benefit decision is reducing There is the anticipation that this can be extended to other forms of customer contact, i.e. phone and post / scanning.
Home working	May be an attractive option to some members of staff for whom travel to Watford would cause difficulties.	Need to identify the number of staff that as an optimum could work from home. Staff would have to be capable of working with little direct support (i.e. staff would have to be fully trained in their role or it could be used for specific tasks). Working from home would have to meet with the service needs and fit in with corporate aims	Less office space, different ways of monitoring output, may need specific home working policy. Fewer interruptions would lead to increased productivity.

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Mobile benefit officer working	May be an attractive option to some members of staff who prefer an out of office role with more direct contact with customers. Will allow the service to be taken out to our customers.		This has been operated successfully on a basic level with home visits being made to vulnerable claimants. An enhances service will be implemented during 2012 using Mobile Technology provided by our software providers, Capita, (Academy)
Succession planning	Staff are aware of a potential career path through the organisation. Impact on service is minimised because there are no gaps for key roles in the service (even if only on an interim basis).	'Growing your own' through the new structures e.g. team members learning to be team leaders and team leaders learning to be managers Leadership development training on-going. Identify skills/knowledge transfer programme.	Need to invest in training and staff development. If recruitment can be done from within the learning period is shorter and benefits reaped more quickly. To support this staff have commenced external study for IRRV Qualifications to enhance the knowledge base
Cultural changes for the staff in Revenues & Benefits	There will be changes for staff in the way that they receive HR and Finance services which will be on a self-service basis.	Training programme.	Smarter ways of working achieving greater outputs with the same or reduced inputs.
More use of technology to improve performance and realise savings	By offering more self-service options, staff will be able to concentrate on processing work with interruptions. Technology will also enable more complete applications reducing the time involved in chasing information. (BECS) Technology will also be	Solution will be delivered during 2012. Tracing defaulting taxpayers has already commenced. A review of Single Person Discounts has begun and will continue throughout 2012.	The level of savings will be determined by the take-up of these solutions. There will be an increase in Council Tax and NNDR collection rates with fewer write offs. There will be a more accurate representation of the bad debt as more efforts are being taken to chase debtors meaning that the ones left are genuinely untraceable. A 4% reduction in Single Person Discounts will generate an increase of approx £47,000 in additional Council Tax for both districts.

	used to track defaulting taxpayers to enable more effective recovery and to ensure greater accuracy of the Council Tax database		

2.3	Partnerships & Contracts
Partner / Partnership	Expected Outcomes
Contractual arrangement with banks.	Possibility of harmonisation of banking services for the two councils.
Agencies we work with The Appeals Service Audit Commission / External Auditors Housing Associations Landlords Rent Officer External bailiffs/collection and tracing companies Internal/External solicitors Welfare agencies Valuation tribunal Valuation Office Citizens Advice Bureaux DWP DCLG Magistrates and County court	They deliver to the service standards and agreements in place

2.4	Assets & Technology

Office space for 67. Potential to reduce further depending on the success of home working.
Sufficient storage to meet statutory document retention.
67 PCs or laptops/tablet PCs
Mobile phones for 6 people
6 printers
4 scanners
1 fax machine
1 Photocopier
Facilities for communal recycling, shredding etc.
Integrated Revenues & Benefits System with interfaces to document processing systems, CSC system, main financial system, income distribution and cash receipting systems
Mobile technology software
Direct debit software
Sundry Debt System (module of Financial Management System)
Mobile technology

Operating Budget - Revenues	2011/11 Actual	2011/12 Original	2011/12 Latest Approved	2011/12 Profile to Period 7	2011/12 Spend to to Date	2011/12 Forecast	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
	£	£	£	£	£	£	£	£	£
Employees	1,128,350	1,136,710	1,136,710	663,081	646,635	1,136,705	1,184,900	1,238,250	1,284,730
Premises	0	0	0	0	0	0	0	0	
Transport	12,157	8,761	6,000	3,500	7205	6,000	8,760	8,760	8,760
Supplies and Services	239,394	188,020	200,520	116,970	179305	200,520	165,520	165,520	165,520
Contracted and Agency Services	0	0	0	0	0	0	0	0	0
Recharges	-44,994	-42,759	-42,759	-24,943	0	-40,445	-41,270	-42,520	-44,150
Income	0	0	0	0	0	0	0	0	0
Sub-Total	1,334,907	1,290,732	1,300,471	758,608	833,145	1,302,780	1,317,910	1,370,010	1,414,860
Recharges to Councils									
Three Rivers District Council	-520,614	-503,385	-507,183	-295,857	-324,927	-508,084	-513,985	-534,304	-551,795
Watford Borough Council	-814,293	-787,347	-793,288	-462,751	-508,218	-794,696	-803,925	-835,706	-863,065
Sub-Total	-1,334,907	-1,290,732	-1,300,471	-758,608	-833,145	-1,302,780	-1,317,910	-1,370,010	-1,414,860
Total	0	0	0	0	0	0	0	0	0

Operating Budget - Benefits	2011/11 Actual	2011/12 Original	2011/12 Latest Approved	2011/12 Profile to Period 7	2011/12 Spend to to Date	2011/12 Forecast	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
	£	£	£	£	£	£	£	£	£
Employees	1,586,125	1,120,365	1,120,365	653,546	785,862	1,120,365	1,176,280	1,228,760	1,278,290
Premises	0	0	0	0	0	0	0	0	
Transport	12,149	11,000	9,000	5,250	4,887	9,000	11,000	11,000	11,000
Supplies and Services	182,736	142,260	154,760	90,277	64,693	154,760	119,760	119,760	119,760
Contracted and Agency Services	0	0	0	0	0	0	0	0	0
Recharges	44,994	42,759	42,759	24,943	0	40,445	41,270	42,520	44,150
Income	0	0	0	0	0	0	0	0	0
Sub-Total	1,826,004	1,316,384	1,326,884	774,016	855,442	1,324,570	1,348,310	1,402,040	1,453,200
Recharges to Councils									
Three Rivers District Council	-739,380	-566,045	-570,560	-332,827	-367,840	-569,565	-579,773	-602,877	-624,876
Watford Borough Council	-1,086,624	-750,339	-756,324	-441,189	-487,602	-755,005	-768,537	-799,163	-828,324
Sub-Total	-1,826,004	-1,316,384	-1,326,884	-774,016	-855,442	-1,324,570	-1,348,310	-1,402,040	-1,453,200
Total	0	0	0	0	0	0	0	0	0

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Operating Budget - Revenues & Benefits	2011/11 Actual	2011/12 Original	2011/12 Latest Approved	2011/12 Profile to Period 7	2011/12 Spend to to Date	2011/12 Forecast	2012/13 Forecast	2013/14 Forecast	2014/15 Forecast
	£	£	£	£	£	£	£	£	£
Employees	2,714,475	2,257,075	2,257,075	1,316,627	1,432,497	2,257,070	2,361,180	2,467,010	2,563,020
Premises	0	0	0	0	0	0	0	0	0
Transport	24,306	19,761	15,000	8,750	12,092	15,000	19,760	19,760	19,760
Supplies and Services	422,130	330,280	355,280	207,247	243,998	355,280	285,280	285,280	285,280
Contracted and Agency Services	0	0	0	0	0	0	0	0	0
Recharges	0	0	0	0	0	0	0	0	0
Income	0	0	0	0	0	0	0	0	0
Sub-Total	3,160,911	2,607,116	2,627,355	1,532,624	1,688,587	2,627,350	2,666,220	2,772,050	2,868,060
Recharges to Councils									
Three Rivers District Council	-1,259,994	-1,069,430	-1,077,743	-628,683	-692,767	-1,077,649	-1,093,758	-1,137,181	-1,176,671
Watford Borough Council	-1,900,917	-1,537,686	-1,549,612	-903,940	-995,820	-1,549,701	-1,572,462	-1,634,869	-1,691,389
Sub-Total	-3,160,911	-2,607,116	-2,627,355	-1,532,624	-1,688,587	-2,627,350	-2,666,220	-2,772,050	-2,868,060
Total	0	0	0	0	0	0	0	0	0

Note:

The Joint Committee, last year recommend that the following cost reductions, being efficiency gains not affecting service levels, be accepted:-

Item	2011/12 £	2012/13 £	2013/14 £
Appointment of Subsidy / Control Officer (net)	5,000	5,000	5,000
Council Tax – Combined Annual Billing	21,800	31,800	31,800
Academy E-Solutions	21,900	21,900	21,900
Reduce Software Budget	0	45,000	45,000
Total	48,700	103,700	103,700

The Committee recommend that the document imaging service be reviewed with a view to taking on work from other parts of the two councils and that if savings of around £60,000 p.a. are not achieved then the activity be outsourced:-

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Item	2011/12 £	2012/13 £	2013/14 £
Document Imaging Service	0	60,000	60,000
Total	**0**	**60,000**	**60,000**

The above savings are included in the operating budgets shown above. Potential redundancy costs of approximately £40,000 are excluded from these figures.

The implementation of Academy E-Solutions still requires the completion of a Project Initiation Document (awaiting information from Academy), and the saving will not be achieved in 2011/12. Employee costs are forecast to be overspent in 2011/12.

In respect of the document imaging service, the following options are put forward for consideration:-

Option 1:
Out-source document imaging service as included last year.

Option 2:
Retain document imaging service 'in-house' and delete vacant Document Processing Support post. Document imaging is up to date. This would achieve a saving of £27,000 towards the £60,000 included in the budget.

Option 3:
Re-engineer document imaging service to carry out 'triage' of benefit claims and changes in circumstances (as now carried out by CSC staff). Delete vacant Document Processing Support post and replace with a Benefits Officer in the short term to assist with the introduction of triage. This arrangement to last until 31 March 2013 thus postponing the achievement of the £60,000 saving for one year. This option is preferred by the councils' management teams.

Under all options:
Revenues staffing levels would remain unchanged.
The capacity of benefits staff to assess claims and implement changes in circumstances will need to be enhanced by:
- The introduction of e-forms and self-service
- A re-engineered telephone service using customer services centre staff to answer more basic calls (e.g. on the progress of a claim)
- Better performance management data enabling productivity to be monitored and improved where necessary.

2.6	Revenue Growth, Service Reductions and Cashable Efficiency Gains			

			Savings	
	Description	2011/12 £	2012/13 £	2013/14 £
1	Potential Growth			
	None	0	0	0
	Total	0	0	0
2	Service Reductions			
	None	0	0	0
	Total	0	0	0
3	Cashable Efficiency Gains			
	None	0	0	0
	Total	0	0	0

2.7	Capital Investment

	Capital				Revenue Implications				Savings	Resilience	Improvement
Scheme Name	2012/13 £	2013/14 £	2014/15 £	Future Years £	2012/13 £	2013/14 £	2014/15 £	Future Years £			
None Proposed											

Note: An under-spend in 2010/11 will be carried forward into 2011/12 for the capital implementation costs of the income management system.

SECTION 3: OUTPUTS AND OUTCOMES

3.1	Customer insight and consultation

3.1.1 Customer access channels

Service Area	Information Access	Service Access
Benefits	Face to face or telephone, internet, leaflets	Face to face or telephone, internet
Taxation	Face to face or telephone, internet, leaflets	Face to face or telephone, internet

3.1.2 Customer identification and segmentation data

Service provided	Customer group	Segmentation data held
Provision of benefits	Residents	Names Addresses Income National Insurance Numbers Working status Age Ethnicity (optional to provide)
	Landlords	Names Addresses Details of tenants on benefit
Billing and collection of council tax	Residents	Names Addresses Council tax property band Discounts/exemptions awarded Payment profile (regular/bad payer etc.)
Billing and collection of business rates	Businesses	Names Addresses Rateable values Discounts/exemptions awarded Payment profile (regular/bad payer etc.)

Sundry Debt Collection	Internal service departments	

3.1.3 Communication and consultation methods

Service provided	Inform	Consult	Engage
Provision of benefits	Leaflets, e-mails, internet, face to face, telephone	Satisfaction survey Landlord Forums	Face to face Landlord Forums
Billing and collection of council tax and business rates	Bills and leaflets, e-mails, internet, some face to face	Satisfaction survey	Electronically, telephone

3.1.4 Customer satisfaction measures

Service provided	Measure	Collection method	Timescale for consultation - start date and regularity	Baseline result	Target
Provision of benefits	Percentage of satisfied customers	Survey			
Revenues services	Percentage of satisfied customers	Survey			

3.1.5 Learning from customer consultation

Questions	Answers
What key findings has customer consultation work identified in the last year for each service area?	Work in progress
Have the needs of a specific customer group been identified?	Work in progress
What has been done as a result of customer consultation?	Work in progress
How have you fed back to customers that have been consulted?	Work in progress
How effective were the consultation methods used? What changes are proposed?	Work in progress

3.2 Service Level Agreements

1. Overview

1.1 Scope

The R&B services defined as being core to the Shared Service and that are covered by this SLA are:
1. Sundry Debt
2. Council tax/NNDR
3. Administration of housing and council tax benefits
4. Cash Accounting

The Shared Service Organisation will deliver common services to both councils although the systems, form and processes may differ.

1.2 Out of scope

Some functions that might be considered part of a the Shared Service are under the scope of another Shared Service and a different SLA or will be retained by the council (s) as shown

Function	Logic	Owned by
Printing Cheques		Print Office

1.3 Access Channels

Service will be based at	Watford Town Hall plus outreach facilities at Three Rivers House and the Oxhey Area Office
Opening hours:	08.30-17.00 Monday to Friday excluding Bank Holidays
Out of office support	By exception or prior negotiation only
Telephone contact:	See staff directory for more detail
Email Contact	See staff directory for detail
Intranet Site	WBC http://wow TRDC http://intranet.threerivers.gov.uk

Shared Service	Revenues & Benefits
Service Name	Sundry Debtors
Description	Invoicing and debt collection for Council Services and other miscellaneous charges
Service Reference	RB01
Service Owner	Recovery Team Leader

Inputs/Outputs

Inputs	- Appropriate accounting support from Finance. - Implement audit recommendations within agreed timescales. - Instruction from the budget holder that a charge needs to be raised - giving us enough information to raise that charge. - Payments coming in via the cash receipting/income distribution system. - Advice from legal / outside solicitors as necessary. - Write Offs will be authorisation by Head of Services and within CIPFA guidelines.
Input Quality Measures	- Policies and procedures up to date. - Debit requests/Credit notes will be checked for accuracy and authorisation and will be processed within agreed timescales. The above will be monitored by Team Leader and Internal/external Audit.
Customer Responsibility	'Debit requests' must be completed in full with appropriate authorisation. - A 'Debit request' should be completed within appropriate time scales. Generally this is as soon as the income is identified. - Services must be in a position to provide sufficient proof of the debt i.e. signed contracts. - Pricing policies and procedures up to date
Processes	- Raise and issue invoices - Debt chasing and recovery - Write off's
Outputs	- Invoicing & recovery of sundry income - In the event of 'non payment' the service will be notified in order that they can withdraw any service. - Write offs proposed and actioned.
Output Responsibility	Recovery Team Leader

Supporting Data

Timescales	• An invoice will be raised within an appropriate timescale from receiving the request.
Outcomes	• An efficient, effective, value for money Council. • Maximise the rate of revenue collection.
Inter- dependencies	• Sufficient Resource. • Appropriate systems support from BIS. • Appropriate support from Cashiering service. • Appropriate accounting support from Finance. • Appropriate support from Legal.
Quality	• Sundry Debtors complies with CIPFA guidelines. • Equality Impact assessments have been completed, showing no adverse impact. • Sundry debtors are subject to an annual internal and external audit.
Volumes	'One Off' Invoices are raised within an appropriate timescale. Periodic invoices are raised monthly, quarterly and annually. .

Service Level Performance Indicators (how will it be measured)

Measure 1			
Description	Collection rate.		
Purpose	To monitor effective recovery. This information is used for management control and performance reporting.		
Go Live	2012/13	2013/14	2014/15
	91%	91%	92%
Measure 2			
Description	Customer satisfaction		
Purpose	To ensure that the service we deliver meets our customers' needs.		
Go Live	2012/13	2013/14	2014/15
	85%	90%	92%

Review Date	1st October 2012

Shared Service	Revenues & Benefits
Service Name	Council Tax/NNDR
Description	Administration and collection of council tax and business rates
Service Reference	RB02
Service Owner	Billing team leader and recovery team leader

Inputs/Outputs

Inputs	• Input from Valuation Office
Input Quality Measures	• Policies and procedures up to date
Customer Responsibility	• Provide details of the level of council tax and NNDR rates • Set targets for collection • Approving write-offs
Processes	• Raise and issue bills to householders and inform that we need to be told of changes, debt recovery, write off
Outputs	• Accurate data base • Achieve collection levels
Output Responsibility	• Billing team leader and recovery team leader

Supporting Data

Timescales	• Annual bills raised and issued in time to meet first instalment
Outcomes	• An efficient effective value for money service that maximises the rate of revenue collection
Inter- dependencies	• Sufficient resource • Appropriate system support from ICT • Support from cashiering service • Support from finance • Support from legal
Quality	• Complies with statutory requirements
Volumes	• 70,000 council tax accounts • 4,600 business rate accounts

Service Level Performance Indicators (how will it be measured)			
Measure 1			
Description	Collection of council tax collected in year		
Purpose	Measure efficiency of collection		
Go Live	2012/13	2013/14	2014/15
TRDC %	98.9	98.5	98.5
WBC %	97.5	97.4	97.4
Measure 2			
Description	Collection of NNDR collected in year		
Purpose	Measure efficiency of collection		
Go Live	2012/13	2013/14	2014/15
TRDC %	99.8	99.8	99.8
WBC %	99.8	99.8	99.8
Measure 3			
Description	Council tax collected by direct debit		
Purpose	Measure efficiency of collection		
Go Live	2012/13	2013/14	2014/15
TRDC %	70	70	70
WBC %	60	60	60

Measure 4			
Description	NNDR collected by direct debit		
Purpose	Measure efficiency of collection		
Go Live	2012/13	2013/14	2014/15
TRDC %	60	62	64
WBC %	50	50	52
Review Date	1st October 2012		

Shared Service	Revenues & Benefits
Service Name	Benefit Payments
Description	Administration and payment of housing and council tax benefits
Service Reference	RB03
Service Owner	Benefits team leaders

Inputs/Outputs

Inputs	• Input from DWP
Input Quality Measures	• Policies and procedures up to date • Data base up to date and accurate • Low level of error in processing • No significant backlog
Customer Responsibility	• Provide details of resource available • Set targets for processing and accuracy
Processes	• Deal with changes in circumstance and new applications for benefit • Make payments to applicants and landlords as appropriate
Outputs	• Accurate data base • Achieve performance standards
Output Responsibility	• Benefits team leaders

Supporting Data

Timescales	• Claims processed and payments made to meet statutory deadlines and performance targets
Outcomes	• An efficient effective value for money service that provides timely benefits
Inter- dependencies	• Sufficient resource • Appropriate system support from ICT • Support from cashiering service • Support from finance • Support from legal
Quality	• Complies with statutory requirements
Volumes	• 21,500/housing and council tax live claims

Service Level Performance Indicators (how will it be measured)			
Measure 1			
Description	Speed of processing new claims		
Purpose	Measure efficiency and effectiveness		
Go Live	2012/13	2013/14	2014/15
TRDC days	25	22	22
WBC days	27	25	22
Measure 2			
Description	Speed of processing changes of circumstance		
Purpose	Measure efficiency and effectiveness		
Go Live	2012/13	2013/14	2014/15
TRDC days	15	10	10
WBC days	20	15	10

Review Date	1st October 2012

Shared Service	Revenues & Benefits
Description	Receipt and posting of payments into relevant systems and updating of relevant records
Service Name	Cash Management
Service Reference	RB04
Service Owner	Income Team Leader

Inputs/Outputs

Inputs	• Appropriate accounting support from Finance. • Distribution of cash files e.g. bank imports via the cash receipting/income distribution system. • Appropriate support from the Bank.
Input Quality Measures	• Policies and procedures up to date. • Remittances received will be checked for accuracy and authorisation and will be processed within agreed timescales. • Daily reconciliations will take place.
Customer Responsibility	• 'Remittance received/receipt books' must be completed in full including General Ledger, Vat codes and description of the income. • 'Petty Cash' forms must be completed in full with appropriate authorisation and receipts. • 'Cheque listings' should be completed by the 'Strategic Team'. Ideally post should be opened in the morning each day. • 'Bank import' and 'Cash' should be loaded daily by the Radius Administrator. • 'Debit/Credit card' payments received via phone from Council Tax should be passed to the Payments Office for processing the same day they are received. • Services must be in a position to provide reason for payments received. • Pricing policies and procedures up to date.
Processes	• Receipting and Banking of income for all Services. • Accounts receivable accounts updated to reflect payments received. • Departments advised of payments received in order that a service can be carried out for the customer. • Reimbursement of expenses paid back to staff via petty cash.
Outputs	• Processing cheque and cash payments received via post/counter, 'Accounting Officers' monies and internal remittances received. • Processing debit/credit card transactions.

	• Processing Transcash payments.
	• Processing petty cash transactions.
	• Processing refer to drawer cheques.
	• Dealing with post dated cheques.
	• Bank suspense/ identifying miscellaneous income/ journaling monies between accounts.
	• Send spreadsheet to each department advising of payments received.
	• The daily banking of income received using G4S. Payments Office deals with all G4S queries and arranges collections for other sites as well as paying for the collections.
	• Deal with banking queries.
	• Deal with Streamline and charge back queries
Output Responsibility	Income Team Leader

Supporting Data

Timescales	• Payments received will be posted to cash receipting system daily. • Banking will be completed daily. Collection of banking will be arranged twice a week using G4S. • Reconciliations will be carried out daily. • Audit recommendations implemented within agreed timescales.
Outcomes	• An efficient, effective, value for money Council.
Inter- dependencies	• CSC to deliver relevant duties an agreed in managing the receipt and recording of cheques received via post • Post Room to deliver relevant duties an agreed in managing the receipt and recording of cheques received via post • Appropriate systems support from BIS. • Appropriate accounting support from Finance.
Quality	• The 'Payments Office' is subject to an annual internal and external audit.
Volumes	• Volumes are dependant on the peaks and troughs of our service users. For example if Council Tax send reminders then we will be busy for a period after.

Service Level Performance Indicators (how will it be measured)

Measure 1	
Description	No performance indicators.

Review Date	1 October 2012

3.3 Performance Indicators

Reference NI 181	Right time, right benefit.															
Indicator Definition	Time taken to process Housing Benefit/Council Tax Benefit new claims and change events.															
Target	2010/11				2011/12				2012/13				2013/14			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	20	20	20	20	30	28	27	25	25	24	23	22	21	21	21	21
Watford	40	40	40	40	30	28	27	25	25	24	23	22	21	21	21	21
Outcome	2010/11				2011/12				2012/13				2013/14			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	34.94	37.52	36.54	8.93	40.71											
Watford	30.68	30.96	35.72	21.35	40.59	41.93										
Comments on Performance Figures shown are for the final month in each quarter. Figures are gathered on a monthly basis. In quarter 4 there are a high volume of changes such as rent increases that are completed in a day therby reducing the average.																

Reference RB3	Speed of processing new claims.															
Indicator Definition	Number of days taken to process new claims for Housing and Council Tax Benefit.															
Target	2010/11				2011/12				2012/13				2013/14			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	20	20	20	20	30	28	27	25	25	24	23	22	20	18	17	16
Watford	40	40	40	40	30	30	28	27	20	20	20	25	25	23	22	20
Outcome	2010/11				2011/12				2012/13				2013/14			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	47.78	29.33	42.62	31.31	36.39											
Watford	32.6	32.04	33.7	33.18	43.70	41.78										

Comments on Performance – Figures shown are for the final month in that quarter. Figures are gathered on a monthly basis.

Reference RB 4	Speed of processing changes of circumstance.															
Indicator Definition	Number of days taken to process changes of circumstance for Housing and Council Tax Benefit.															
Target	2010/11				2011/12				2012/13				2013/14			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	10	10	10	10	15	15	15	15	10	10	10	10	10	10	10	10
Watford	20	20	20	20	20	20	20	20	15	15	15	15	10	10	10	10
Outcome	2010/11				2011/12				2012/13				2013/14			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	31.8	39.07	38.37	7.32	46.43											
Watford	30.02	31.53	31.11	17.56	39.68	41.36										

Comments on Performance - Figures shown are for the final month in each quarter. Figures are gathered on a monthly basis. In quarter 4 there are a high volume of changes such as rent increases that are completed in a day therby reducing the average.

	Benefits customer satisfaction															
Indicator Definition	Percentage of customers surveyed who are satisfied with the service provided by the Benefits teams															
Target	**2010/11**				**2011/12**				**2012/13**				**2013/14**			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	80	80	80	80	85	85	85	85	90	90	90	90	95	95	95	95
Watford	80	80	80	80	85	85	85	85	90	90	90	90	95	95	95	95
Outcome	**2010/11**				**2011/12**				**2012/13**				**2013/14**			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC																
Watford																
Comments on Performance – No action taken in 2011 – set as June 2012 activity																

	Percentage of current year council tax collected in year															
Reference RB1	Percentage of current year council tax collected in year															
Indicator Definition	Enter definition of Indicator here															
Target	**2010/11**				**2011/12**				**2012/13**				**2013/14**			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	29.8	58.0	86.9	98.8	24.9	57.1	87.7	99.0	29.8	58.0	87.0	99.0	29.8	58.0	87.0	99.25
Watford	27.7	54.7	82.4	97.3	24.9	55.0	82.0	96.0	27.7	54.7	82.4	97.8	28.0	55.3	83.2	98.3
Outcome	**2010/11**				**2011/12**				**2012/13**				**2013/14**			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	30.3	57.1	87.7	97.5	31.8	59.5										
Watford	27.2	54.1	80.4	95.1	28.5	55.0										
Comments on Performance																

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Reference RB2	Percentage of current year NNDR collected in year															
Indicator Definition	Enter definition of Indicator here															
Target	2010/11				2011/12				2012/13				2013/14			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	30.5	61.5	89.5	99.8	30.5	60.9	87.3	99.2	30.5	61.5	89.5	99.8	30.5	61.5	89.5	99.8
Watford	30.5	61.5	89.5	99.8	30.5	60	89.5	98.0	30.5	61.5	89.5	99.8	30.5	61.5	89.5	99.8
Outcome	2010/11				2011/12				2012/13				2013/14			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	35.2	60.9	87.3	98.5	34.3	61.2										
Watford	27.2	57.9	87.1	96.7	33.4	60.2										
Comments on Performance																

RB9	% of council tax collected by direct debit															
Indicator Definition	Enter definition of Indicator here															
Target	**2010/11**				**2011/12**				**2012/13**				**2013/14**			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70	70
Watford	58	58	58	58	60	60	60	60	60	60	60	60	60	60	60	60
Outcome	**2010/11**				**2011/12**				**2012/13**				**2013/14**			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	59.85	61.5	69.12	67.51	64.1	63.44										
Watford	57.4	56.11	63.7	64.05	61.1	61.05										
Comments on Performance																

	% of NNDR collected by direct debit															
Indicator Definition	Enter definition of Indicator here															
Target	**2010/11**				**2011/12**				**2012/13**				**2013/14**			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	60	60	60	60	62	62	62	62	50	50	50	50	50	50	50	50
Watford	60	60	60	60	62	62	62	62	50	50	50	50	50	50	50	50
Outcome	**2010/11**				**2011/12**				**2012/13**				**2013/14**			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	n/a	n/a	n/a	n/a	44.47	44.14										
Watford	n/a	42.5	43.1	43.57	43.32	43.12										
Comments on Performance Measure has been revised to take into account resistance to DD by businesses in current economic climate																

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3.4   Benchmarking Information

We have joined the BenX Benefits Review Group in 2011. Benchmarking data will be available in 2012.

3.5   Outstanding Recommendations of External Inspections

HB / CTB Subsidy Claim

Claim or return	Recommendation	Priority	Management response & implementation details
Housing & Council Tax Benefit Claim	Spot checks undertaken by independent officers to ensure correct information is used for the assessment of rent allowance benefits awards.	High	<This is accepted. To meet this we are appointing to a new post with specific responsibility for regular monitoring of subsidy.> <Benefit Manager> <April 2011>
Housing & Council Tax Benefit Claim	The administration and controls around un-cashed cheques should be formally documented, implemented and regularly monitored.	Medium	<This is accepted and will be met as above> <Benefit Manager> <April 2011>
Housing & Council Tax Benefit Claim	Subsidy training should be provided to designated staff to ensure that sufficient back-up arrangements are in place in the absence of the housing Benefit manager..	High	<Subsidy training was delivered to all staff in August 2010. The above post will offer added resilience> <Benefit Manager> <April 2011>

3.6	Projects

The one major project will be the migration of TRDC Academy from its UNIX platform to Windows platform.

Project	Apr 2011	May 2011	Jun 2011	Jul 2011	Aug 2011	Sep 2011	Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	2012-2013	2013-2014	Progress / Comments
Project to migrate TRDC Academy system to same Windows Platform as WBC – completed August 2011	▓	▓	▓	▓	▓	▓									Complete
Implementation of Academy Self-Service Modules – Phase 1								▓	▓	▓					
Implementation of BECS On-line claim form												▓			

	3.7			**Equalities**			

The Equalities Act 2010 includes a new public sector equality duty (both a general duty and specific duties), replacing the separate duties relating to race, disability and gender equality. The duty came into force on 6 April 2011. The duty places a range of steps that are legally required by local authorities covering issues such as: assessing relevance, using and publishing equality information, engagement, equality analysis, equality objectives, commissioning and procurement and business planning and reporting.

Revenues & Benefits Shared Services will integrate the general equality duty into service planning and will ensure that Equality Impact Assessments are conducted wherever appropriate.

3.8	**Risk Management**

RISK REGISTER

	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
Risk Ref	*Brief Description – Title of Risk*	*See Impact Table*	*See Impact Table*	*See Likelihood Table*	*Use this box to describe how the score has been derived*		
RB 1	Insufficient staff	Service Disruption	I		This impact has been assessed taking into account 'normal' circumstances. It does not assume the scenario of a flu pandemic where there would be a national shortage of staff. Under normal circumstances it is usually possible to engage agency staff easily, although this will be more expensive than budgeted payroll costs.	Requires Treatment	No
		Financial Loss	I	E		Last Review Date	26/11/09
		Reputation	I			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	dd/mm/yy

RB 2	Failure of ICT systems	Service Disruption	II	D	Although the likelihood of losing ICT Systems is considered low, in the event of it happening, the Business Continuity Plan determines timescales within which the systems should be made available in order to avoid a significant impact. For this range of services those timescales are:- Benefits - 48 hours Overpayments - 48 hours Billing & Collection of Council Tax & NNDR - 48 hours Sundry Debtors - 5 days	Requires Treatment	No
		Financial Loss	I			Last Review Date	26/11/09
		Reputation	I			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	dd/mm/yy
RB 3	Loss of accommodation	Service Disruption	II	E	Although the likelihood of losing accommodation is considered low, in the event of it happening, the Business Continuity Plan determines timescales within which accommodation should be made available in order to avoid a significant impact. For this range of services those timescales are:- Benefits - 48 hours Overpayments - 48 hours Billing & Collection of Council Tax & NNDR - 48 hours Sundry Debtors - 5 days The ability of staff to work from locations away from the office now that we have	Requires Treatment	No
		Financial Loss	II			Last Review Date	26/11/09
		Reputation	II			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	dd/mm/yy

Risk Ref	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
					an electronic data management system has considerably reduced this risk.		

Risk Ref	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
RB4	Losses incurred due to internal fraudulent activity	Service Disruption	III	e	Potential impact of any loss could be great both financially and reputationally. However, controls are in place to limit the opportunity for such action	Requires Treatment	Yes
		Financial Loss	III			Last Review Date	New
		Reputation	III			Next Milestone Date	
		Legal Implications	III			Next Review Date	01/04/12
		People	III			Date Closed	
RB 5	Recession leads to greater take-up of benefits and added pressure on service	Service Disruption	II	E	Given that we are currently in a recession there is a high probability that more people will claim benefit. It is irrelevant whether those claims are processed successfully, the additional work will lie in checking and processing.	Requires Treatment	Yo
		Financial Loss	II			Last Review Date	26/11/09
		Reputation	II			Next Milestone Date	Ongoing
		Legal Implications	II			Next Review Date	01/04/11
		People	II			Date Closed	dd/mm/yy
RB 6	Recession leads to more non-payment of council tax and business rates	Service Disruption	I	D	We are already experiencing a fall in collection rates on NNDR. The financial effect will be on cash-flow and lost interest.	Requires Treatment	No
		Financial Loss	II			Last Review Date	26/11/09
		Reputation	I			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	dd/mm/yy
RB 7	Recession means it is more difficult to collect sundry debts and HB overpayments	Service Disruption	I	D	We are already experiencing difficulty in collecting rent from some small businesses. Again a cash flow effect though lower as the sums of money involved are much smaller.	Requires Treatment	No
		Financial Loss	I			Last Review Date	26/11/09
		Reputation	I			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	dd/mm/yy

Risk Ref	Risk	Impact	Impact Classification	Likelihood Classification	Reason for Assessment		
RB 8	Breach of Data Protection etc Acts	Service Disruption	I	F	Staff are trained to know that they must not disclose personal data.	Requires Treatment	No
		Financial Loss	I			Last Review Date	26/11/09
		Reputation	III			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	dd/mm/yy
RB 9	Injury to staff or customer	Service Disruption	I	F	Safety procedures in place for lone workers and those visiting customers at home. H&S policies and training in place.	Requires Treatment	No
		Financial Loss	I			Last Review Date	26/11/09
		Reputation	I			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	III			Date Closed	dd/mm/yy
RB 10	Benefits are not realised once shared services is implemented or realised later than planned.	Service Disruption	II	E	- Councils do not achieve remaining £1.4m in savings - Service performance deteriorates/does not improve - Little or no return on investment	Requires Treatment	No
		Financial Loss	II			Last Review Date	26//11/09
		Reputation	II			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	
RB 11	Operational performance drops during the transition period and early phase of implementation.	Service Disruption	II	B	- BVPIs drop resulting in member and customer dissatisfaction - Negative feedback from Audit Commission during annual audit - Cost of additional resources to improve performance - Credibility of programme drops	Requires Treatment	Yes
		Financial Loss	II			Last Review Date	26//11/09
		Reputation	II			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	
RB 12	Harmonisation of operational policies to deliver business improvement is either not achieved to a sufficient	Service Disruption	II	E	- Benefits not achieved as per business case or at additional cost	Requires Treatment	No
		Financial Loss	I			Last Review Date	26//11/09
		Reputation	I			Next Milestone Date	Ongoing
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	

	level or takes longer than anticipated.						
RB 13	Key staff from services leave before skills transfer has taken place, or unexpectedly	Service Disruption	III	F	- Delay in programme - Additional resource costs e.g. consultants, or engaging temporary staff - Potential negative impact on service performance, PIs, customer service/satisfaction - Potential snowball effect on other staff if key individuals leave	Requires Treatment	No
		Financial Loss	II			Last Review Date	26//11/09
		Reputation	I			Next Milestone Date	01/04/10
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	31/10/11
RB 14	Staff not ready for new ways of working	Service Disruption	II	E	- Performance dips and/or improvements in service not realised - Culture change not achieved - Morale dips	Requires Treatment	No
		Financial Loss	I			Last Review Date	27/11/09
		Reputation	I			Next Milestone Date	Jan10
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	31/10/11
RB 15	Contracts with systems suppliers are not robust enough	Service Disruption	I	E	- Poor performance - Increased licence/maintenance or implementation costs - Delays to implementation -	Requires Treatment	No
		Financial Loss	I			Last Review Date	27/11/09
		Reputation	I			Next Milestone Date	Jan10
		Legal Implications	I			Next Review Date	01/04/11
		People	I			Date Closed	

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Likelihood	I	II	III	IV	V
A					
B		11			
C					
D	6,	2, 6,			
E	1,3, 15	5,10, 12,	4		
F		7	8,9,		

Impact →

Impact	Likelihood
V = Catastrophic	A = ≥98%
IV = Critical	B = 75% - 97%
III = Significant	C = 50% - 74%
II = Marginal	D = 25% - 49%
I = Negligible	E = 3% - 24%
	F = ≤2%

RISK TREATMENT PLAN

Risk Ref:	4	Risk Title:	Losses incurred due to internal fraudulent activity.		
Responsibility		*Who is managing the risk?*	Phil Adlard		
Consequence		*What can go wrong?* *How can it go wrong?* *Has it gone wrong before?*	Financial (and integrity) loss to the Councils and the public purse. A breach of controls either by an individual alone or in collaboration. To date there have been no incidents of this activity.		
Cause / Trigger		*What happens to bring the risk into being?*	Identified by Audit Inspection as a potential weakness at a corporate level that needs addressing		
Existing Control		*What controls exist now to minimise the risk?*	Auditors Internal controls Effective Fraud Section Regular reconciliations Education Prevention "Whistle blowing " policy Disciplinary / Legal action against staff Regular monitoring and updating of policies and procedures and ensure staff are aware of these		
Adequacy of Control		*What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?*	There have been no reported incidents to date	Impact See Impact Table	Likelihood See Likelihood Table
Further Action / Controls Required		*What gaps have been identified?* *What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?*	The controls listed above should be sufficient		
Cost / Resources		*Are there cost / resource implications in achieving the further action above?*	No.		
Current Status		*What is the current position on introducing additional controls? What is the current*	The current rating is as identified. The potential impact could be significant if there was a determined and deliberate fraud.	Impact See Impact	Likelihood See Likelihood

		Risk Rating		Table	Table
Critical Success Factor	*How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?*	There continue to be no incidents of fraudulent activity		Impact	Likelihood
				See Impact Table	See Likelihood Table

Risk Ref:	11	Risk Title:	Operational performance drops during the transition period and early phase of implementation.		
Responsibility		*Who is managing the risk?*	Phil Adlard		
Consequence		*What can go wrong? How can it go wrong? Has it gone wrong before?*	Performance drops as staff become used to new ways of working. There has been experience of this occurring in the past.		
Cause / Trigger		*What happens to bring the risk into being?*	Change in system, changes in procedures and culture. Becoming used to working in different cultures.		
Existing Control		*What controls exist now to minimise the risk?*	Training is on-going with sufficient time for staff to practice gprior to go live. Process change workshops have been held involving all staff.		
Adequacy of Control		*What evidence is there that the existing Controls are working? What would the Risk Rating be without the existing controls?*	Existing controls not yet tested as we have not got to the point where the risk will come into being.	Impact	Likelihood
				See Impact Table	See Likelihood Table
Further Action / Controls Required		*What gaps have been identified? What can be done to reduce the likelihood of something going wrong and/or reduce the Impact if something does go wrong?*	See above. In order to reduce the risk we have identified and resourced additional agency staff well experienced in the new system to reduce/prevent problems in benefit assessment which is very high profile.		
Cost / Resources		*Are there cost / resource implications in achieving the further action above?*	Additional agency staff.	£ 50 – 75k	
Current Status		*What is the current position on introducing additional controls? What is the current Risk Rating*	Existing controls not yet tested as we have not got to the point where the risk will come into being.	Impact	Likelihood
				See Impact Table	See Likelihood Table

| Critical Success Factor | *How will you know that the action taken has worked? What will be the Risk Rating outcome with the new controls?* | The backlog reduces and processing times improve. | Impact | Likelihood |
| | | | See Impact Table | See Likelihood Table |

Version Control

Version No.	Date	Reason for Update / Significant Changes	Made By
0.1	02/11/11	Draft for discussion of contents	PA
0.2	11/11/11	Draft to Joint Committee on 21 November 2011	PA/DAG

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THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 21 November 2011

PART A   AGENDA ITEM

7

Title: ICT OPTIONS APPRAISAL UPDATE

Report of: Avni Patel – Head of ICT

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1. **SUMMARY**

1.1   The ICT Shared Service has commissioned Actica Consulting to prepare an options appraisal into the possible models of service delivery for the provision of ICT to Watford Borough and Three Rivers Councils. Attached is the report that details the ICT outsourcing options for both councils (To follow).

1.2   This report and its recommendations have been discussed and approved at the Joint Management Team meeting of 10th November 2011.

2. **RECOMMENDATIONS**

2.1   That Joint Committee notes the contents of the report and agrees to take forward the detailed business case with Serco and soft test the market with OGCBuyingSolutions suppliers in tandem once the requirements specification for both councils have been written.

Contact Officer:
For further information on this report please contact:
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email: avni.patel@watford.gov.uk

Report approved by:
Tricia Taylor – Executive Director Resources – Watford Borough Council
David Gardner – Director of Corporate Resources and Governance – Three Rivers District Council

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ICT outsourcing options for Watford Borough and Three Rivers District Councils

ACTICA/PB308D004 1.2

Keith Thomas

11 Nov 2011

Executive Summary

This document presents the findings and recommendations arising from a strategic review of the outsourcing options for Information and Communications Technology (ICT) within Watford Borough Council and Three Rivers District Council (the Councils) undertaken by Actica Consulting Ltd.

In developing this strategy the key objectives for the consultancy team were:

- to define the key business objectives for ICT particularly in relation to current and future demands, and to confirm the business needs and directions;

- to identify the current portfolio of internal and external ICT service providers and what is being delivered;

- to identify the evaluation and selection criteria for options analysis;

- to identify the outsourcing options and select the optimum solution;

- to set out the action plan for proceeding with the current Councils ICT service to move to the selected solution;

- to use detailed benchmarking data to inform the ICT outsourcing options;

- to ensure that the ICT outsourcing preferred option supports the Council's transformation agenda

This options appraisal therefore reviews where the Councils are now, where it wants to be and then assesses a number of options in terms of the requirements for the outsourcing of the Councils' ICT service.

The approach used to deliver this options appraisal consisted of three phases: information gathering; analysis and reporting. The information gathering phase involved reviewing the information about the Councils ICT services gathered during the ICT review conducted by the same team in early 2011; holding discussions with a number of key ICT managed services suppliers on an anonymous basis; and holding discussions with Serco about their framework contract with Hertfordshire County Council.

Options

The options identified for outsourcing the Councils' ICT services are:

- Option 1: Do nothing;

- Option 2: Make additional investment in internal ICT team;

- Option 3: Outsource all ICT services using HCC agreement with Serco;

- Option 4;

    1. Option 4a: Outsource all ICT services;

    2. Option 4b: Outsource a specific set of ICT services;

    3. Option 4c: Outsource all ICT services, including hardware;

- Option 5: Public sector partnership.

Based on the information gathered during the previous ICT strategy work, the following option selection criteria were identified for the ICT Sourcing Strategy:

- It must be capable of delivering improved value for money for the ICT services that the Councils use, both initially and throughout the period covered by the outsourcing agreement – does the option mean that the Councils' ICT costs will reduce?

- Satisfaction of requirements:

  1. It must be capable of providing the full range of current ICT services, as described in Section 2 – will the option deliver as a minimum a like-for-like set of ICT services?

  2. It must be capable of delivering continuous service improvements such as an improved ability for Council staff to remotely access services from remote and customer sites – will the option continue to improve the Councils ICT services and the experience of ICT customers over the life of the contract?

  3. It must be capable of delivering an improved ability for Council staff to work from home or from any Council office – will the option better enable Council staff to work remotely?

  4. It must be capable of delivering an improved ability to integrate and harmonise Line of Business applications – will the option better enable and reduce the timescales for application harmonisation?

  5. It must be capable of delivering an improved ability to work with partner organisations – will the option help ensure that the Councils' ICT service uses the same or similar standards to other Public Sector organisations to enable integrated working as needed?

  6. It must be capable of supporting increased customer access to on-line transactional services – will the option help drive channel shift?

- It must be capable of delivering improved flexibility and agility, for example:

  4. improved ability to scale the volume of services provided up or down;

  5. improved ability to introduce changes to the services provided, rapidly if needed – how quickly and easily can the ICT services change to reflect updated or new business requirements?

- It must be procured and delivered in acceptable timescales – can the option be delivered in 18 months or less?

- It must be capable of driving and delivering an improved ability to innovate and transform, i.e. to rapidly identify and introduce new technologies, new market offerings, new processes, etc. that offer efficiency or effectiveness improvements to the Councils – will the option help drive continuing ICT service improvement and implementation of best practice?

- It must be capable of transitioning to and delivering the required ICT services at an acceptable level of risk – will the option subject the Councils ICT services to unacceptable levels of risk?

Analysis

The options analysis identified costs for each option, split into ongoing costs and transition costs. These are shown in the table below.

	Option 1: Do nothing	Option 2: Internal investment	Option 3: HCC outsourcing	Option 4a: Outsource all ICT services	Option 4b: Outsource some ICT services	Option 4c: Outsource all including hardware

	Option 1: Do nothing	Option 2: Internal investment	Option 3: HCC outsourcing	Option 4a: Outsource all ICT services	Option 4b: Outsource some ICT services	Option 4c: Outsource all including hardware
Ongoing cost (annual)	£1,410,000	£1,580,000	£1,150,000	£1,440,000	£1,050,000	£1,400,000
Transition cost	£0	£0	£63,000	£193,000	£128,000	£235,000

Options cost comparison

The analysis then reviewed and scored each option against the criteria to calculate a total score for each option that shows how well it meets the criteria. These scores are shown in the table below.

	Option 1: Do nothing	Option 2: Internal investment	Option 3: HCC outsourcing	Option 4a: Outsource all ICT services	Option 4b: Outsource some ICT services	Option 4c: Outsource all including hardware
Total score	10	11	19	16	14	15

Options scoring

Conclusion and recommendation

The outcome of the options assessment in Section 4 is that Option 3: "Outsource all ICT services using HCC agreement with Serco" is the preferred option, primarily based on the value for money that it offers together with the likelihood that it will meet all of the Councils' ICT requirements.

Option 1 is concluded not to be a viable option due to the cost and likelihood that the ICT service will increasingly fall behind in its ability to meet the Councils needs, particularly around flexibility. Option 2 is discounted because it fails to reduce the Councils ICT cost, and increases the budget requirement instead.

The options assessment scores for Options 4a and 4b which covered outsourcing to a different third party were close to the score for Option 3. However, it is likely that those options will take longer to implement than Option 3 due to the more involved procurement. Option 4b is additionally unlikely to be viable due to the likely lack of interest from quality third party suppliers based on the small size of the Councils managed service requirement under that option.

Option 4c is discounted due to the increased risk to the Councils of migrating both its ICT hardware and services – this increased risk is not justified by a suitably decreased cost.

Option 5 is discounted on the basis that this option is not likely to be delivered for a minimum of 24 months to allow for appropriate identification of potential partners, negotiations and procurement activities to take place.

It is therefore recommended that the Councils further explore Option 3 by gathering their ICT requirements, producing an ICT specification and allowing Serco to conduct a Full Business Case study and produce a costed proposal for delivering ICT services to the Councils that meet their requirements.

This proposal can then be reviewed by the Councils' senior management teams and the Joint Committee in order to make a decision on outsourcing ICT services.

It is also recommended that the Councils discuss options around asset transfer with Serco if this Option is progressed. It is possible that total ICT costs to the Councils can be further reduced if the ICT supplier is able to make use of shared infrastructure and data centres to host the ICT services, and hence realise larger economies of scale for this service. It is difficult to say what impact this may have on ICT costs to the Councils as this stage as it would depend on what services Serco proposed.

It should be noted that the author has not yet had sight of the service catalogue that details the service that Serco provides to HCC, and is able to provide to the Councils. It is therefore assumed that these services are fit for purpose, this will need to be reviewed and confirmed for later versions of this report.

If this proposal fails to meet with the Councils requirements for any reason, it is recommended that the Councils proceed to implement Option 4a: Outsource all ICT services and runs a procurement through the BuyingSolutions framework in order to minimise any procurement delays. It should be noted that the relevant BuyingSolutions framework ends in August 2012 and so any procurement would need to be concluded before that date.

The figure below shows an indicative timeline for implementing ICT outsourcing and procuring ICT services to support the Councils. The timeline starts once the recommendation has been agreed by the Councils.
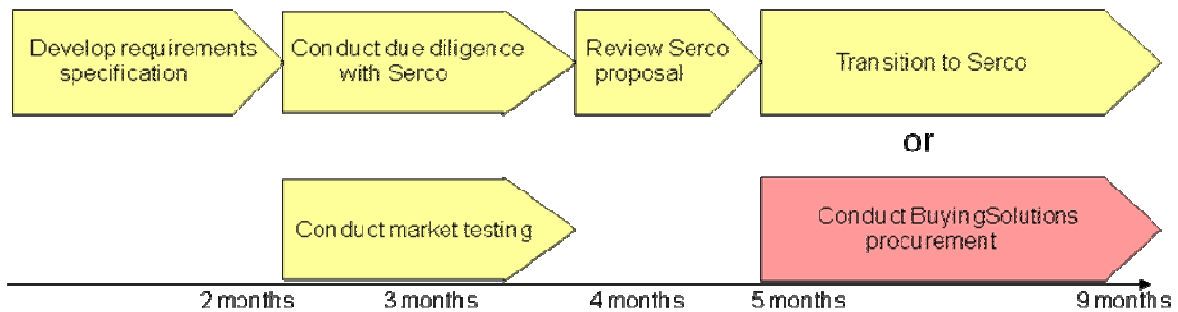
Timeline for ICT sourcing

The likely benefits of implementing this recommendation are:

- Lower total cost of ICT provision than current in-sourced service;
- Improved ICT service monitoring and reporting;
- Increased ability to innovate and improve ICT services;
- Increased visibility and transparency of ICT costs;
- Increased ICT flexibility through opportunities to make better use of hardware.
- reduced delivery timescales over other options.

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1 Introduction

1.1 General

1.1.1 This document presents the findings and recommendations arising from a strategic review of the outsourcing options for Information and Communications Technology (ICT) within Watford Borough Council and Three Rivers District Council (the Councils) undertaken by Actica Consulting Ltd.

1.2 Background

1.2.1 ICT refers to the technologies and services that enable information to be assessed, stored, processed, transformed, manipulated and disseminated, including the transmission or communication of voice, images and data.

1.2.2 WBC has always provided its own IT infrastructure and services, growing its ICT capability in line with demand. Its ICT servers are based at Watford Town Hall and the support team, originally also based in the Town Hall, is now split between there and the TRDC building, Three Rivers House.

1.2.3 TRDC has taken a different approach and has chosen to outsource its ICT requirements over the past ten years to a number of different suppliers. Most recently, the service has been provided by Steria, who took over the contract in 2005.

1.2.4 In November 2009, WBC and TRDC established a shared ICT service for both councils to provide a number of common applications. They are currently planning to continue to harmonise the ICT infrastructure and front-line applications in order to realise benefits such as:

    a.   reduced costs;

    b.   improved performance;

    c.   increased resilience.

1.2.5 This shared service is fully in-house following the end of the TRDC contract with Steria in March 2010. It is based at TRDC under a single Head of Service, and provides the following services:

    a.   operating a single helpdesk;

    b.   implementing new IT projects including business process re-engineering;

    c.   providing application administration, web development and IT implementations;

    d.   managing the separate network infrastructures of each council.

1.2.6 The ICT shared service currently provides 36 applications to both Councils.

1.3 Corporate plans

1.3.1 Both councils have published corporate plans covering the next three to four years. These plans focus on the delivery of services to the public, the green agenda, safety and the environment.

The plans also maintain that the successful delivery of these strategic objectives is underpinned by council governance, the effective and efficient management of resources and by forming effective partnerships with other public sector organisations. The specific objectives of both councils are listed below.

Watford Borough Council

1.3.2   Watford Council's stated objectives are:

a.   Improve the health of the town and enhance its heritage;

b.   Enhance the town's 'clean and green' environment;

c.   Enhance the town's sustainability;

d.   Enhance the town's economic prosperity and potential;

e.   Supporting individuals and the community;

f.   Securing an efficient, effective, value for money council;

g.   Influence and partnership delivery.

Three Rivers District Council

1.3.3   Three Rivers stated objectives are:

a.   We will work with partners to make the district a safer place;

b.   We will provide a safe and healthy environment;

c.   We want to provide equal access to services and facilities for the public within the district and surrounding area and in particular address the needs of vulnerable residents such as elderly, disabled and young people;

d.   We want to maintain a high quality local environment and reduce the eco-footprint of the district;

e.   Customers – We will deliver our services to a standard that meets the needs and expectations of all of our customers;

f.   Governance – We will manage our resources to deliver our strategic priorities and service needs.

1.4   Objectives for the development of the ICT outsourcing options

1.4.1   This ICT Sourcing Strategy lays out how the Council's ICT components are procured, managed and run. The basic objective of ICT sourcing is to deliver the best level of support for business requirements in the most cost-effective way.

1.4.2   In developing this strategy the key objectives for the consultancy team were:

a.   to define the key business objectives for ICT particularly in relation to current and future demands, and to confirm the business needs and directions;

b.   to identify the current portfolio of internal and external ICT service providers and what is being delivered;

c.   to identify the evaluation and selection criteria for options analysis;

d.   to identify the outsourcing options and select the optimum solution;

e.   to set out the action plan for proceeding with the current Councils ICT service to move to the selected solution;

f.   to use detailed benchmarking data to inform the ICT outsourcing options;

g.   to ensure that the ICT outsourcing preferred option supports the Council's transformation agenda

1.4.3   This options appraisal therefore reviews where the Council is now, where it wants to be and then assesses a number of options in terms of the requirements for the outsourcing of the Councils' ICT service.

1.5   Approach

1.5.1   The approach used to deliver this options appraisal consisted of three phases: information gathering; analysis and reporting. The information gathering phase involved reviewing the information about the Councils ICT services gathered during the ICT review conducted by the same team in early 2011; holding discussions with a number of key ICT managed services suppliers on an anonymous basis; and holding discussions with Serco about their framework contract with Hertfordshire County Council.

1.5.2   The discussions with potential suppliers (except Serco) were held without revealing which organisation the Actica consultants were working for – the information given was that a local government organisation was looking at options around outsourcing their ICT provision and rough metrics were supplied. This was done to prevent prejudicing any future procurement.

1.5.3   Benchmarking was carried out through interviews and telephone conferences with other Local Authorities, using information from previous projects in addition to this work to provide as broad an information set as possible.

1.5.4   The analysis phase involved reviewing the information previously gathered from the Council and reviewing it to identify key issues and common themes. This information was then used to generate the high level requirements and other options assessment criteria. A number of options were then developed and assessed against the criteria, using the information from the supplier discussions to inform various elements including the likely costs.

1.5.5   The final reporting phase consists of delivering a draft version of this options document and then updating that to a final version which includes any comments made on the draft version by Council staff.

1.6   Document status

1.6.1   This is the final version of this document following review and comment by Council staff. It has been updated to include all comments received.

1.7   Document Structure

1.7.1   The remainder of this report is structured as follows:

a.   Section 2 details the current position with regards to the provision of ICT in the Council;

b.   Section 3 details the market analysis and benchmarking done to support this ICT outsourcing assessment;

c. Section 4 identifies a number of possible ICT outsourcing options, assesses them against a set of criteria and identifies the preferred option;

d. Section 5 presents the conclusions and recommendations from this work;

e. Appendix A has a complete list of the assumptions used to generate the representative costs of each option;

f. Appendix B contains the complete cost model for the options;

g. Appendix C

h. Appendix D

i. Appendix E details the possible procurement options for the Councils.

2 Current Situation

2.1 Introduction

2.1.1 This section outlines the current situation for providing ICT services to the Councils.

2.2 Costs

2.2.1 The current cost for delivering ICT services to Watford and Three Rivers Councils are as follows:

a. Operating costs (revenue) are approximately £1.4m p/a. This is split approximately 60/40 between Watford and Three Rivers respectively. This has been reduced from approximately £1.8m from 2010/11 due to the in-sourcing of the Three Rivers IT service from Steria. The major portion of this cost (circa £1m) is for employees;

b. There is a capital investment of £190K in 2010 to fund the new SAN implementation, of £30K p/a for hardware replacement for the shared services and £70k p/a for hardware replacement for WBC. A budget for hardware replacement for TRDC has been requested for 2011/12 onwards.

2.3 Applications

2.3.1 The information systems that are used by both of the Councils can be split into three categories, namely:

a. desktop PCs, with standard desktop applications and network connectivity (including internet access). There is a mixture of thin and thick client used to provide applications on desktop PCs;

b. applications which are provided to both Councils as a shared service;

c. applications which are hosted centrally and used by an individual Council. These could be supported by the ICT team or one of the Council client services.

2.3.2 Currently, the majority of the applications used by both Councils are managed and supported by the ICT team. A small number of applications e.g. Three Rivers Uniform are supported on a day to day basis by staff within the business areas rather than the ICT team. ICT provide regular additional support when required. There are also some applications hosted by external suppliers e.g. Atrium Property Asset Management, E-Petitions.

2.3.3 There are plans to harmonise applications across the two councils in order to reduce duplication. A roadmap for this is currently being produced.

2.4 Project management and business analysis

2.4.1 The Councils ICT team also includes a number of project management and business analysis staff who are responsible for managing ICT projects, and the ICT element of larger business change projects and programmes.

2.4.2   There are a significant number of projects proposed and taken forward by business services each year, these need to be prioritised in order to ensure that the ICT team is capable of delivering them within current resource levels. This prioritisation process is relatively new, and is owned and managed by the Joint ICT Steering Group, chaired by the Head of ICT.

2.4.3   This team also has a capability for limited in-house application development, including web development. These capabilities are used to support the business objectives as needed, and offer a reduced cost alternative to seeking third party application development support.

2.4.4   The application development, project and business analysis staff report to the ICT Business Manager, who reports to the Head of ICT. The IT Business Manager, Infrastructure Manager and Head of ICT share the responsibility of maintaining relationships between ICT and the Council business services.

2.5   Servers

2.5.1   The Councils have approximately 150 servers in total, housed across the three server rooms. They are primarily small Windows-based servers which are either mid-cycle or reaching end of life.

2.5.2   Currently, the majority of WBC business application servers are provided and supported on the basis of dedicated servers per application.

2.5.3   The majority of TRDC business application are provided on single servers, with multiple applications per server.

2.6   Network overview

2.6.1   The main Ethernet network used by the Councils' connects Watford Town Hall, Three Rivers House, Apsley and a number of other Council buildings. The network currently has sufficient bandwidth and performance to meet user requirements and can support Quality of Service (QoS).

2.6.2   The external network (WAN) includes a mixture of physical and wireless links as described in Figure 2-1 below.
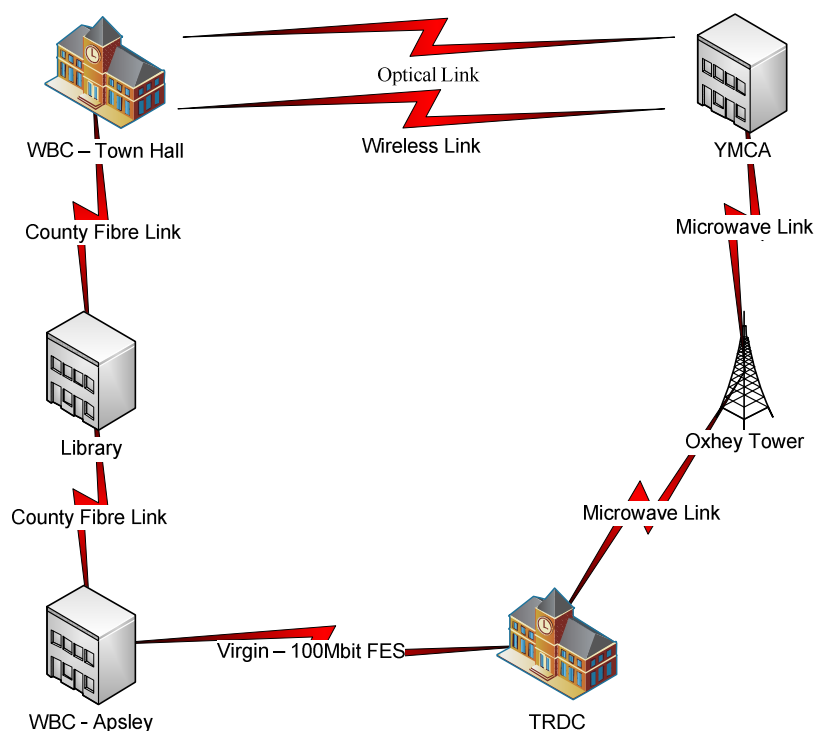
Figure 2-1: WBC and TRDC WAN connections

2.6.3   Provision is also made for wireless access to the network at a number of places in the Council building at Three Rivers.

2.6.4   There are three server rooms used by the Councils: dedicated rooms are in place at Watford Town Hall and Three Rivers House, and the Council makes use of the 3rd party data centre in Apsley for a number of the test servers and servers within the DMZ, until the Watford server room is relocated.

2.7   Desktops, laptops and printers

2.7.1   The Councils mainly use desktop PCs rather than laptops. There is no set or documented hardware refresh cycle for these, however the average age at replacement is approximately four years. There is a budget set aside for hardware replacement, but it is not currently used on a defined replacement cycle and there are no clear plans to do so. It is used on an ad-hoc needs basis, addressing issues when they arise.

2.7.2   The Councils also make use of a number of different printers, including black&white, colour and large format devices.

2.7.3   The provision of IT is underpinned by some generic Service Level Agreements (SLAs) for shared services and desktop services. The aim of these is to ensure that all client services and users get the same level of service for Desktop, and appropriate service levels for business applications.

2.8 Governance

2.8.1 The Councils' combined their IT governance as a result of the shared service initiative in 2009. An ICT strategy exists in the form of the ICT Service Plan. This is aligned to the strategic objectives of both Councils and is a detailed strategy that shows the costs and risks associated with the provision of ICT and details the projects and other improvements to be made over the strategy period.

2.8.2 ICT for both Councils is managed by a single Head of ICT who reports to the WBC Executive Director, and manages the IT teams that provide the ICT infrastructure, desktops, laptops and printers and both the shared and the individual applications.

2.8.3 The ICT structure changed in Jan 2011 such that the Head of ICT has three direct reports, an Infrastructure manager, a Service Desk manager and a Business manager. The Infrastructure manager is responsible for the day to day running and management of the ICT services provided to both Councils and to the public. The Service Desk manager is responsible for dealing with queries and problems reported by users, and for directing problems to the appropriate teams as needed. Previously the service desk role was the responsibility of the IT/Contracts Manager, with a high level of support required from the Business Team. The ICT Business manager is responsible for maintaining business systems and relationships between ICT and the Council client services, as well as for the delivery of ICT projects.

2.9 Service Provision

2.9.1 The ICT service is provided to both Councils by the ICT team that reports to the WBC Director. This team is based in Three Rivers House and has recently been restructured to include three teams – the infrastructure team, the service desk and the business team.

2.9.2 ICT service provision and performance is regularly discussed with the Heads of Service from both Councils by the Head of ICT. There are plans to formalise arrangements for these meetings and to share the responsibility between the Head of ICT, the ICT business team manager and the ICT infrastructure manager.

2.9.3 The Head of ICT reports to Leadership Team, Corporate Resource and Governance group, Shared Services Management Team, Joint Committee, Joint Management Board and on occasion TRDC Management Board.

2.9.4 The Head of ICT also chairs a regular Joint ICT Steering Group which is attended by many of the Councils' service heads and occasionally Council executives. The Joint ICT Steering Group is responsible for setting ICT technical standards, prioritising ICT projects and helping to develop Council ICT strategy.

3   What are other organisations doing?

3.1   Introduction

3.1.1   This section outlines the external situation in regards to Public Sector ICT outsourcing. Information has been gathered about Local Authorities to understand what they have been doing or are doing with regards to ICT outsourcing and from potential suppliers to understand what makes them interested in providing ICT services and how they might respond to any future procurement notices. Research was also undertaken on what other Public Sector partners were doing in terms of collaborative procurement for ICT.

3.2   Local Authorities Perspective

3.2.1   Local authorities within London employ a variety of approaches for the provision of their ICT services. For example, 23 London Boroughs recently took part in the annual SOCITM ICT Benchmarking study. This identified that 10 of the 23 participating boroughs used in-house staff to deliver their ICT services, while the remaining 13 participants outsourced all or part of the delivery of their ICT services.

3.2.2   In addition, outline details of the ICT provisioning for all of the London Boroughs shows that they all source their ICT services and applications from multiple vendors. Some elements such as Desktop provision and support are often combined and outsourced whilst others such as revenue and benefit systems are supplied by niche companies such as Northgate or SunGard.

3.2.3   As part of the development of this ICT outsourcing options study, information was gathered about a number of London Boroughs and other local authority bodies. These include the London Boroughs of Bromley, Lewisham, Greenwich, Hammersmith and Fulham, Newham and Enfield, and with Westminster City Council. The information gathered is discussed below.

Local Authority Feedback

3.2.4   All Local Authorities contacted, except for the London Borough of Newham, have outsourced ICT with all Authorities using a mix of providers for applications provision and support.

3.2.5   The desktop PC population across this group of Authorities ranges from 2500 up to 7000 units (compared to about 800 and 200 laptops across Watford and Three Rivers).

3.2.6   Internal ICT staff support numbers range from 2.5 in Hammersmith and Fulham to 80 in Hertfordshire. However, there does not seem to be a consistent way of counting ICT staff and the councils quoting the lowest numbers have not included staff spending some of their time on ICT related activities that are not within the IT department.

3.2.7   Bromley & Lewisham have recently undertaken a joint procurement with the following scope:

     a.   Core ICT services (both Councils):

         1.   Lot 1: Core IT services (Includes a prime contract/managing agent role for Lot 2);

         2.   Lot 2: Voice and Data Networks;

      b.   Data Centre services (Lewisham only);

      c.   Revenues & Benefits, Payroll & Pensions administration (Bromley only).

3.2.8   They have harmonised contract start dates and have agreed common specifications and contract documents. They have not undertaken to award joint contracts but are willing to consider shared services in the future.

3.2.9   Hammersmith and Fulham transferred all but 2.5 people from their IT department into a Joint Venture owned 80% by Agilysis and 20% by the Council five years ago. The joint venture either provides or manages all of the ICT services that the Council uses and also provides services such as application hosting and service desk provision for other public sector clients, including the London Borough of Kingston.

3.2.10   The London Borough of Enfield has awarded a five year contract to Serco to provide its ICT services, including transformation services. The Council has the option to extend the contract from 5 years to 9 years one year at a time. The contract has been developed so that other councils can use it to obtain ICT services on a framework basis, in a similar fashion to the Serco contract with Hertfordshire County Council. Several other London Boroughs are exploring the use of this framework, but they are at a relatively early stage. The contract and pricing is defined in terms of a number of detailed services to ensure cost transparency and includes a service credit regime to motivate the supplier. The definition of transformation services only relates to ICT transformation – for example the transformation services include migration from Lotus Notes to Exchange which in most other contexts would not be seen as a transformation service.

3.2.11   Westminster's current ICT services are provided by Capgemini who act as a sub contractor to Vertex who themselves run a number of the Council's services including;

      a.   Contact Centres (the main one plus a dedicated one for Social Care);

      b.   One stop shops;

      c.   Reception and transport services;

      d.   Parking services (not the on-street staff).

3.2.12   Westminster has adopted an 'end user' computing model with Capgemini, which is based on a 'cost per user per annum' and is scalable up or down. The renegotiation has reduced the support charge from £3.25k per desktop to £1.5k per desktop. Their current contract with Vertex has a break/extend option in November 2012 and they would be keen to explore shared services with other Local Authorities.

3.2.13   All Local Authorities contacted would consider shared services if the business case justified it. All interviewed felt that future investment in ICT would have to be justified and that reviews of how to make better use of ICT and how to best procure ICT would continue to be a priority.

3.3   **Other Public Sector Organisations**

3.3.1   The majority of Public Sector organisations such as the Police, NHS and MoD procure their ICT through multiple suppliers with some elements being combined into lots.

3.3.2   The MoD outsources the majority of its ICT infrastructure, desktop and core applications provision to the ATLAS consortium under a Public Private Partnership (PPP) arrangement. Line of Business applications for activities such as command and control, intelligence and logistics

are sourced from best of breed suppliers. Communications are delivered via a number of separate PPP arrangements, and consultancy support is procured via a number of MoD consultancy frameworks.

3.3.3 The NHS has been undertaking a national programme called NPfIT to consolidate and share server architecture and applications across the whole of the NHS (although this programme has now been cancelled, the aspiration still exists, and is being more fully explored at a local level by individual Health Informatics Services).

3.3.4 The Police service has generally allowed each individual police force to procure its own ICT. A number are now looking at outsourcing, with Avon & Somerset Police combining their ICT provision with that of Somerset Council with a contract with IBM known as Southwest One. More recently the National Policing Improvement Agency (NPIA) has mandated that all new procurements will have to consider the potential of sharing that contract across all forces. So if one Police force wants to procure a managed desktop service then the contract has to be written in such a way that it would be possible for others to sign up to the same service without going out to tender, thus forming a framework agreement with the supplier.

Conclusion

3.3.5 Many Public Sector organisations have put in place contractual arrangements for ICT services that can be used by other Public Sector organisations, with the majority of all new tenders stating that they are open for other organisations to use. However, there is no registry or index of all of the available contracts, which means that it is very difficult to actually identify and use such contracts.

3.4 Suppliers

3.4.1 Actica have held discussions with the following companies over the last 18 months, specifically about the Councils requirements as well as other similar projects. They are representative of suppliers working in the local authority market:

    a. Agilysis;

    b. Serco;

    c. Capgemini;

    d. Capita;

    e. Fujitsu;

    f. IBM;

    g. Logica;

    h. Northgate.

Supplier Feedback

3.4.2 It is not surprising that the general feedback from suppliers was that they preferred a standard OJEU tendering process with the opportunity to engage with the Council(s) during the pre tender phase, a well defined specification, coupled with an opportunity to refine solutions and service specifications during the procurement process. Serco advised that they would prefer to make use of their existing framework, but would be happy to respond to an OJEU should the Councils prefer to run a full procurement.

3.4.3   With the exception of Northgate, who do not have any large scale ICT outsourcing contracts, but possess a range of appropriate lines of business, the remainder preferred to act as a prime contractor with an ability to sub contract services that were not core to their own offerings. Equally, the general response was that the wider the service scope and the longer the contract length the better. The exception here was Northgate who liked the idea of bidding for individual lots/work packages with three year plus contract terms.

3.4.4   The main issue affecting the desired contract length was the amount of investment that the supplier was expected to make with regard to contract transition, transformation and ICT refresh.

3.4.5   Supplier views varied as to the volume/amount of risk that they were willing and/or expected to carry with regard to transformation programmes/projects:

a.   some suppliers expected full upfront payment for transformation projects with no indication of a success fee;

b.   one company (Logica) was willing to consider a fee refund arrangement if forecast benefits did not materialise;

c.   Northgate expressed a willingness to implement a payment profile over a period of three years as financial benefits were secured;

d.   Agilysis would be happy to adopt a benefit sharing based approach where the benefits are clearly measurable and a good baseline exists.

3.4.6   A common theme was that if Councils expected a supplier to take financial risk on the delivery of transformation benefits then they must also be prepared to accept and implement recommendations from suppliers. Capita in particular expressed a strong interest in owning the end-to-end process so that it had full control that enabled it to deliver promised benefits/savings.

3.4.7   Further details on the procurement options available to the Councils are given in Appendix C.

Supplier Conclusion

3.4.8   Contract length:

a.   Minimum quoted 3+ years;

b.   Middle ground 5+ years;

c.   Ideal 7+ years.

3.4.9   Preferred Process:

a.   OJEU (Restricted Process) or Buying Solutions;

b.   Serco would prefer to use their existing ICT framework with Herts County Council, but would be happy to bid against an OJEU if required;

c.   Agilysis believed that with a single source prime contract with a large transformation element, a Competitive Dialogue approach would be necessary (this is unlikely to be the case with the Councils' requirements);

d.   All wanted to engage pre tender;

e.   All would like the opportunity to refine requirements via the process;

f. All wanted contracts with gain share or bonus mechanisms[1] to motivate good performance, not just service credits or equivalent mechanisms to penalise poor performance.

3.4.10 It should be noted that the author has not yet had sight of the service catalogue that details the service that Serco provides to HCC, and is able to provide to the Councils. It is therefore assumed that these services are fit for purpose, this will need to be reviewed and confirmed for later versions of this report.

3.4.11 Scope:

a. The larger companies (Agilysis, Serco, Capgemini, Capita, Fujitsu, IBM & Logica):

1. would all like the contract to have the widest possible scope and the inclusion of front and back office solutions would be preferable;

2. would be happy to include business process outsourcing (BPO) as part of the contract, i.e. taking full responsibility for core processes, including taking the existing staff via TUPE;

3. would all like control of the end-to-end process, including transformation and like the idea of pre contracted days, although they would also be happy to provide consultancy on a call off basis;

4. would prefer a single contract with the ability to subcontract non-core services;

5. would not prioritise bidding for single elements such as desktop or datacentre contracts if there were alternative contracts to bid for with a wider scope;

b. Northgate:

1. are happy to bid for lots/work packages. This approach reflects their Line of Business structure and current positioning in the market;

2. are happy to bid for business case led programmes/projects.

3.4.12 Attitude to Risk:

a. The major companies expressed caution about the risk reward model where they are not controlling the end-to-end process;

b. Logica seek consultancy led projects to underpin the lower margin core ICT business and given true partnership working are prepared to offer a 'cash-back/credit' regime when promised benefits are not forthcoming;

c. Northgate appear to be prepared to take their consultancy transformation revenue over three years against delivered savings/benefits.

3.4.13 To deliver effective change programmes, there was general agreement that there should be:

a. Joint boards;

b. Joint implementation teams;

c. Joint and shared risk registers.

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[1] Gain shares and bonus mechanisms are often used to drive a suppliers approach to innovation and cost-reduction. Suppliers can be given a share of the benefits (amount of cost reduction) or an agreed bonus if a reduction in costs is achieved through work they have done or supported

3.4.14   The information obtained from the larger companies is consistent with the comment from Capgemini that they could not make their target level of margin on commodity services such as desktop support and data centre operations and therefore looked to make a higher margin on changes and transformation tasks. The Councils are likely to achieve greater flexibility and agility if one organisation provides the full set of ICT services required by the Councils (either including or excluding assets) as the relatively small size of the Councils' requirements mean that multi-sourcing is unlikely to be of interest to suppliers due to the very small margins available.

4 Options identification and assessment

4.1 Introduction

4.1.1 This section provides details on the individual options being considered for providing ICT services to Watford and Three Rivers Councils. It describes the assessment criteria for the options and then gives overview information on how well each option meets these criteria.

4.2 Options assessment criteria

4.2.1 Criteria

4.2.1.1 Based on the information gathered during the previous ICT strategy work, the following option selection criteria were identified for the ICT Sourcing Strategy:

a.   It must be capable of delivering improved value for money for the ICT services that the Councils use, both initially and throughout the period covered by the outsourcing agreement – does the option mean that the Councils' ICT costs will reduce?

b.   Satisfaction of requirements:

   1.   It must be capable of providing the full range of current ICT services, as described in Section 2 – will the option deliver as a minimum an improved set of ICT services?

   2.   It must be capable of delivering continuous service improvements such as an improved ability for Council staff to remotely access services from remote and customer sites – will the option continue to improve the Councils ICT services and customer experience over the life of the contract?

   3.   It must be capable of delivering an improved ability for Council staff to work from home or from any Council office – will the option better enable Council staff to work remotely?

   4.   It must be capable of delivering an improved ability to integrate and harmonise Line of Business applications – will the option better enable and reduce the timescales for application harmonisation?

   5.   It must be capable of delivering an improved ability to work with partner organisations – will the option help ensure that the Councils' ICT service uses the same or similar standards to other Public Sector organisations to enable integrated working as needed?

   6.   It must be capable of supporting increased customer access to on-line transactional services – will the option help drive channel shift?

c.   It must be capable of delivering improved flexibility and agility, for example:

   1.   improved ability to scale the volume of services provided up or down;

   2.   improved ability to introduce changes to the services provided, rapidly if needed – how quickly and easily can the ICT services change to reflect updated or new business requirements?

     d.   It must be procured and delivered in acceptable timescales – can the option be delivered in 18 months or less?

     e.   It must be capable of driving and delivering an improved ability to innovate and transform, i.e. to rapidly identify and introduce new technologies, new market offerings, new processes, etc. that offer efficiency or effectiveness improvements to the Councils – will the option help drive continuing ICT service improvement and implementation of best practice?

     f.   It must be capable of transitioning to and delivering the required ICT services at an acceptable level of risk – will the option subject the Councils ICT services to unacceptable levels of risk?

4.2.1.2   While it is critical that any ICT outsourcing strategy delivers savings when compared on a like for like basis with the existing ICT arrangements, it should be noted that ICT is a key enabler to achieving value for money and effectiveness improvements across all Council services. For example, enabling Council staff to work while on the move offers the potential for significant productivity improvements in areas where Council staff engage with citizens and businesses in the community, such as Housing and Planning.

4.2.2   Option scoring

4.2.2.1   In order to identify a preferred option, the options presented below are individually scored against the assessment criteria so that their suitability can be quantified. The scores given for each element range between 0 and 3 where:

     a.   0 means that the option does not meet the criterion;

     b.   1 means that the option slightly meets the criterion;

     c.   2 means that the option mostly meets the criterion; and,

     d.   3 means that the option fully meets the criterion.

4.2.2.2   Generally, the higher the score the better that element meets the assessment criteria.

4.2.2.3   Table 4-2 consolidates the individual scores given to all of the options in order to total them and to identify the preferred option.

4.3   Identified options

4.3.1   The options identified for outsourcing the Councils' ICT services are:

     a.   Option 1: Do nothing;

     b.   Option 2: Make additional investment in internal ICT team;

     c.   Option 3: Outsource all ICT services using HCC agreement with Serco;

     d.   Option 4;

          1.   Option 4a: Outsource all ICT services;

          2.   Option 4b: Outsource a specific set of ICT services;

          3.   Option 4c: Outsource all ICT services, including hardware;

     e.   Option 5: Public sector partnership.

4.3.2   These options are further discussed and assessed in the remainder of this section.

4.4   Option 1: Do nothing

4.4.1   Summary

4.4.1.1   This option involves making no changes to the current arrangements for providing ICT services to both Councils. ICT will continue to be provided wholly by the ICT team based in TRDC, with support from 3rd parties bought in as needed.

4.4.2   Overall impact on the Councils

4.4.2.1   Option 1 would mean that the Councils continue to use their existing internal ICT team to deliver all ICT services to the Councils. This team would continue to implement the existing ICT change programme (focusing on back-ups, thin client hardware improvements and SAN implementations across both Councils).

4.4.2.2   The team would then need to continue implementing the recommendations made in the recent ICT review, including:

a.   Continuing to address the infrastructure risks;

b.   Improving relationships with the business;

c.   Implementing new ICT processes;

d.   Developing standards and guidelines for the ICT architecture and applications.

4.4.2.3   Users across both Councils would be likely to see gradual improvements to the current ICT services, such as speed and reliability improvements. It is also likely that ICT resources would continue to be stretched, particularly where changes to ICT services are required. The recently implemented Joint ICT Steering Group will continue to help manage the use of ICT and to prioritise ICT projects and this will need to be supported by improved ICT processes and improved ways of working between the Council ICT team and the Council business services and management teams. The current working relationships between ICT and the Council management will need some initial focus in order to ensure that they remain mutually supportive and focus on successful delivery of ICT services to the Council and to the public.

4.4.3   Benefits

4.4.3.1   There are few benefits of this option, the main benefit being that there is no cost or risk of transition to a new ICT arrangement. Additionally, existing ICT staff will not be affected by change and the Councils will not have to deal with any negative impacts of this.

4.4.3.2   This option would also mean that currently vacant posts in the Councils ICT team will be filled.

4.4.4   Requirements

4.4.4.1   This option is likely to meet some of the Councils' high-level requirements as listed above, in that it is already in place and delivering services to Council staff and other users. However, it is clear that the current arrangements struggle to meet the expectations of users around service and project delivery, for a variety of reasons.

4.4.4.2   This is likely to mean that the existing ICT service will continue to struggle to meet expectations, without a large investment in process change and hardware as proposed in the recent ICT review. It is likely that the gap between the requirements of the Council business services and the ability of ICT to deliver will widen over time.

4.4.4.3   Score = 1 due to low likelihood of being able to deliver change on a par with business requirements

4.4.5   Timescales

4.4.5.1   There are no timescales associated with the implementation of this option, as no changes are being made.

4.4.5.2   Score = 3 as this option is already in place so needs no time for delivery

4.4.6   Flexibility

4.4.6.1   This option will not significantly improve the flexibility of the current ICT arrangements as their management would not be fundamentally changed. However, it is noted that the ICT team is currently progressing a number of changes to the infrastructure that will have an impact on flexibility, and it is also expected that the Council will continue to implement the additional recommendations made in the recent ICT review under this option.

4.4.6.2   Score = 1 as the changes currently being implemented, together with the ongoing impact of the Joint ICT steering group will go some way towards helping improve flexibility.

4.4.7   Innovation

4.4.7.1   This option will not significantly improve the Councils' ability to innovate and make best use of ICT. It is noted that the current ICT team has capabilities in this area, and that the Council's now have governance in place to enable innovation to be discussed. These are reflected in the scoring.

4.4.7.2   Score = 1 due to the current technical competency of the ICT team and ongoing low level of engagement with the business areas to help discuss objectives.

4.4.8   Risks

4.4.8.1   The likely risks associated with this option are:

Ongoing risk

a.   The risk that the Council ICT team will not have the full support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;

b.   The risk that Council ICT services will not keep pace with new technologies and public expectations due to the lack of resource available to support developments;

c.   The risk that the ICT budget has to rise in order to ensure that the ICT team is able to deliver and support a disparate set of ICT services;

Transition risk

d.   There is no transition risk associated with this option, as no step change occurs.

4.4.8.2   Score = 1 for ongoing risk as this option relies on the current levels of resource in the ICT team to identify issues and address them. It is likely that recruitment would be conducted to replace current temporary staff with permanent staff which would give more consistency and stability to the service, however the low levels of resource will continue to conflict with project requirements. There is therefore likely to be a continued risk to the ICT service.

4.4.8.3   Score = 3 for transition risk as no change is being made and hence no risk.

4.4.9 Costs

4.4.9.1   The costs for this option are based on the current ICT budget for the ICT shared service. These costs are detailed in Table 4-1.

4.5 Option 2: Make additional investment in internal ICT team

4.5.1 Summary

4.5.1.1   This option is similar to Option 1 in that the Councils' existing ICT team is retained to provide all ICT services. In this option, additional investment is made in the ICT team and the ICT infrastructure in order to ensure that resource levels in ICT are able to meet the demand for change from Council business services, and to invest in ICT hardware to ensure it is fit for purpose, flexible and scalable to meet any future requirements, including the provision of services to other public sector organisations.

4.5.1.2   It is recommended that the level of additional resources required under this option is:

    a.   3 more staff at level 7/8: 2 technical support and 1 project manager;

    b.   An additional £50,000 per year investment in hardware.

4.5.2 Overall impact on the Councils

4.5.2.1   Implementation of this option would allow the Council to make best use of the existing human and technological resources whilst improving the areas that need attention to ensure that effective and efficient ICT services are delivered to all Council business services and to the public.

4.5.2.2   The Councils would see improvements in the way that ICT worked with the business services, leading to improved relationships and a more supportive partnership as a result of the improved processes and of the extra resource provision. The Councils would also see improvements to the quality of the ICT services delivered, in terms of access speeds, availability and potentially ease of use. These would result from the focus and spend on improvements to ICT hardware.

4.5.2.3   The Councils would also be likely to find it easier to request changes to existing ICT services and to implement new ICT services as a result of the improved relationships and improved ICT hardware which combine to bring greater flexibility to the ICT service provision.

4.5.2.4   One of the further advantages of this option is that the Councils would directly retain the existing ICT team and so staff would not need to get used to new ICT staff or have to spend time ensuring that a new ICT team fully understand their services and requirements.

4.5.2.5   Implementing this option would involve increasing the current ICT budget to support the increased resources – this is discussed further in the costs section below.

4.5.3 Benefits

4.5.3.1 The likely benefits of implementing this option are:

    a.   Improved ICT service monitoring and reporting;

    b.   Increased ability to innovate and improve ICT services;

    c.   Potential for increased visibility and transparency of ICT costs;

    d.   Increased ICT flexibility through opportunities to make better use of hardware.

    e.   No significant contract management requirement;

4.5.4 Requirements

4.5.4.1 This option is likely to meet all of the Councils' high level requirements as identified in Section 4.2. These requirements depend on the ICT service being able to make use of best practice technologies and ICT processes and the increased ICT budget will enable the existing ICT team to procure and implement better technologies and spend time and resource on implementing best practice ICT management processes, possibly based on ITIL standards.

4.5.4.2 These changes, combined with the current ICT teams existing knowledge of the Councils business services and ICT infrastructure are likely to mean that the ICT service is able to meet the requirements of Council staff, members and the public.

4.5.4.3 Score = 2 as the improvements made to ICT services as a result of spend on the ICT hardware and resources will allow the ICT team to improve both relationships with the business and the adequacy of the ICT hardware and hence meet the majority of the Councils requirements. The score is reduced as the internal ICT team will not be able to take advantage of the experience and resources available to large ICT managed services vendors in order to identify and drive opportunities for innovation and change to improve services and reduce ICT cost.

4.5.5 Timescales

4.5.5.1 The timescales for this option are also based on the timescales detailed in the ICT review document. It is likely that this option will take up to 24 months to fully implement – driven mainly by the timescales for implementation of new processes and for developing and implementing a robust architecture framework. It is noted that some of the architecture framework design has already begun to support the SAN implementations, but it is also understood that no work has started on new ICT management processes for valid resource reasons.

4.5.5.2 Score = 1 as it is likely that a large proportion of the improvements could be delivered in reduced timescales on the basis that investment in the ICT services is made quickly, enabling the ICT team to start planning and implementing changes well in advance of any of the other options as no procurement is required. However, it is still anticipated that it will take 24 months until the ICT services delivered are on a par with an externally sourced option, which is outside the 18 month expectation.

4.5.6 Flexibility

4.5.6.1 This option will potentially provided increased flexibility and agility for the Councils' ICT systems, however this is dependent on the skills within the ICT team being appropriately used and managed in order to ensure that the architecture framework is fit for purpose and that the

hardware chosen is implemented and configured correctly – this may involve further training and or recruitment to ensure that the team has those skills.

4.5.6.2 The flexibility will also be dependent on successful relationships being created between the ICT team and both Councils' business service teams to ensure that they operate in partnership and that ICT is able to drive and advise business services use of ICT as well as align themselves with the business objectives.

4.5.6.3 Score = 2 as the improved ICT infrastructure and processes are likely to enable the Council teams to work closely together to make ICT plans, and improved architecture standards are likely to enable quicker and easier changes. The score is only marked down as the Council will not be able to take advantage of large scale ICT infrastructures in order to further improve flexibility through access to enterprise level hardware and infrastructure services.

4.5.7 Innovation

4.5.7.1 This option may improve the Councils' ability to innovate and make best use of ICT depending on what skills the new ICT resources have and how the new processes enable those to be used. It is likely that the ability to innovate and help improve services and lower costs will be higher than Option 1 due to the reduced pressure on resources.

4.5.7.2 Score = 2 due to the increased technical competency of the ICT team based on access to additional resources and likely improved level of engagement with the business areas to help discuss objectives.

4.5.8 Risks

4.5.8.1 The likely risks associated with this option are:

Ongoing risk

    a. The risk that the Council ICT team will not have the full support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;

    b. The risk that Council ICT services will not keep pace with new technologies and public expectations due to the lack of resource available to support developments;

    c. The risk that increased ICT spend is not sustainable and that budgets and quality reduce over time;

Transition risk

    d. The risk that the changes to ICT hardware affect service due to migration issues;

    e. The risk that staff do not support improved ICT processes.

4.5.8.2 Score = 2 for ongoing risk as this option provides improved hardware and processes to enable support for ICT services to be better managed, including improved service monitoring and planning. The score is reduced due to the potential that the lack of ICT management change may mean that buy-in from all Council management stakeholders is not achieved and hence impacts ICT planning and management.

4.5.8.3 Score = 2 for transition risk as the ICT team is experienced in migrating services and no ICT management change is required.

4.5.9 Costs

4.5.9.1 The costs for this option are based on the recommendations made in the recent ICT review, with allowances made for work that is already been undertaken by the Council ICT team. These costs are detailed in Table 4-1.

4.6 Option 3: Outsource all ICT services using HCC agreement with Serco

4.6.1 Summary

4.6.1.1 This option involves Watford entering into a contract with Serco to make use of the framework contract already in place with Hertfordshire County Council for the provision of ICT support and management services. The Council would need to keep a small, retained layer of ICT staff in order to ensure that the ICT provider was easily able to liaise with the different council services, to manage the supplier and to help manage the Council services use of ICT. The Councils would also remain responsible for the provision of hardware.

4.6.2 Overall impact on the Councils

4.6.2.1 Implementation of this option would mean transferring responsibility for the management of the ICT infrastructure and applications to Serco. Ownership of the hardware would remain with the Councils and as such the infrastructure would remain in the Councils datacentres.

4.6.2.2 The Councils would need to retain some level of ICT team internally in order to manage the relationship with Serco, and to help manage the relationship between ICT and the Councils business services. The internal element would ensure that the ICT services retain a good understanding of the Councils business drivers and objectives, and would help to coordinate ICT requirements across all Council areas. It is anticipated that this retained layer would consist of three staff at management level. Further details on this are provided in Section 4.11 below.

4.6.2.3 The rest of the existing ICT would be given the opportunity to move into Serco under TUPE regulations, or may be offered redundancy or alternative positions within the Council if appropriate. The costs for this are factored in to this option.

4.6.2.4 The day-to-day management of ICT would then become the responsibility of Serco and they would expect their ICT service management staff to be invited to relevant Council meetings in order to ensure that ICT was properly engaged and to advise on ICT issues or possible changes as needed.

4.6.2.5 The Councils would need to continue to invest in desktop and server hardware to ensure supportability and to ensure that the hardware remained fit for purpose. The refresh cycle and investment required would be advised by Serco, and this would include support for the recommendations made in the recent ICT review.

4.6.2.6 It is likely that users would see quicker responses to ICT problems under this option, and also likely that the Council would be able to implement existing ICT strategy, such as application harmonisation, more quickly due to the increased resource that Serco would be able to provide to support these aims.

4.6.2.7 However, the Council would also need to recognise that implementation of this option would lead to a step change in ICT management processes, and that the Council management and business service heads would need to get used to a new way of working with ICT.

4.6.3 Benefits

4.6.3.1 The likely benefits of this option are:

    a. Lower total cost of ICT provison than current in-sourced service;

    b. Improved ICT service monitoring and reporting;

    c. Increased ability to innovate and improve ICT services;

    d. Increased visibility and transparency of ICT costs;

    e. Increased ICT flexibility through opportunities to make better use of hardware.

    f. reduced delivery timescales.

4.6.4 Requirements

4.6.4.1 This option is likely to meet the majority of the Councils' high-level requirements as identified in Section 4.2, based on the ability of Serco to deliver best-practice ICT services and experience in providing ICT services to local government. Serco have delivered similar services to HCC and to the London Borough of Enfield and, although both of these contracts are in their early stages, the indications are that the Councils are happy with the services to date. It is also clear that Serco has access to a wide range of experience in implementing technologies to support services such as remote working, and they have stated that they would look to use these to support the Councils requirements.

4.6.4.2 This adherence to the Councils ICT needs will need to be confirmed by clearly documenting the requirements and conducting a due-diligence exercise to confirm that the proposed ICT services will meet these detailed requirements.

4.6.4.3 This alignment between the ICT services and the Councils' requirements will need to be maintained through establishing a close partnership between the ICT supplier and Council management at all levels, and closely managing the relationship with regular meetings at management and executive levels.

4.6.4.4 Score = 3 based on Serco's documented abilities to deliver ICT services and specific references to meeting the Councils existing and future requirements in the current outline business case.

4.6.5 Timescales

4.6.5.1 The delivery timescales for this option are likely to be lower than those for an externally procured option as the Council is likely to be able to conduct a single supplier tender using the existing framework with HCC. This process would involve generating a requirements specification for the Councils ICT services and asking Serco to produce a full business case based on this specification – this would include detailed costs as a firm offer. If this offer is acceptable to the Councils contracts could be produced using the existing service catalogue and implementation could begin relatively quickly.

4.6.5.2 It is anticipated that this option could be delivered in 6 to 12 months from the start of the procurement.

4.6.5.3 Score = 3 on the basis that this option is likely to be quick to implement, well within the 18 month expectations.

4.6.6 Flexibility

4.6.6.1 This option is likely to improve the ICT flexibility through improved ICT management processes and improved relationships with the business services, leading to a better understanding of ICT and potentially better ICT planning. However, the existing ICT infrastructure will not change under this option, and this may still be a barrier to flexibility due to the legacy nature of the existing systems. There are ways in which the flexibility can be improved such as increasing the use of virtualisation and harmonising operating systems, but the infrastructure will always be a limiting factor.

4.6.6.2 Score = 2 as the flexibility of ICT will be improved, but not to the levels that could be attained if new hardware was implemented.

4.6.7 Innovation

4.6.7.1 This option is likely to improve the Councils access to innovations in ICT and improvements that can deliver better services to the public (directly or indirectly). This may also lead to future cost reductions.

4.6.7.2 The combination of Council knowledge from the retained layer, and knowledge and experience of ICT best practice provided by Serco should enable the Council to make good use of future developments in ICT if the relationship between ICT and Council business services is able to support that. This may still be impacted by the existing infrastructure in its ability to deliver quickly, but this option is likely to give greater access to skills and knowledge to support change in comparison to previous options.

4.6.7.3 Score = 3 based on ease of access to ICT best practice and Council business knowledge.

4.6.8 Risks

4.6.8.1 The likely risks associated with this option are:

Ongoing risk

a. The risk that the Council retained ICT layer will not have the support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;

b. The risk that the Councils and ICT services provider do not work in partnership, resulting in ICT services not meeting requirements, being poor value for money, or leading to long delivery timescales;

c. The risk that the contract value for money will decrease over time;

d. The risk that effective change management is not conducted and that ICT customer expectations are not managed;

e. The risk that the ICT outsourcing partner spends a disproportionate amount of time working with one of the Councils;

f. The risk that ICT change may take longer due to different supplier change processes;

g. The risk that the ICT management processes do not provide the correct level of engagement to easily support the Council as business requirements change;

Transition risk

h. The risk of other potential suppliers questioning a single supplier tender, leading to difficulties in finalising the contract;

i. The risk that the Councils do not know enough about their IT infrastructure or requirements to allow the supplier to accurately price the contract, resulting in unplanned increases or a reduction in service;

j. The risk that important information about the current ICT services is not transferred to Serco on a timely basis, leading to problems during migration;

k. The risk that transition takes longer than planned, leading to increased costs to the Council;

l. The risk that Council staff leave rather than TUPE to the new provider, meaning that knowledge about the Councils applications and business services is lost.

4.6.8.2 Score = 3 for ongoing risk as Serco are likely to drive improvements to the ICT management processes, and are likely to manage the ICT services according to a risk-based industry best practice approach.

4.6.8.3 Score = 2 for transition risk as the change in ICT management and staff movement may lead to information gaps that lead to ICT service problems. It is not anticipated that the likelihood of this is high and so the score is still close to the maximum possible.

4.6.9 Costs

4.6.9.1 Costs for this option have been provided by Serco in a business case presentation, and have been discussed further with Serco to confirm their feasibility. These costs are presented in Table 4-1.

4.6.2 It should be noted that the author has not yet had sight of the service catalogue that details the service that Serco provides to HCC, and is able to provide to the Councils. It is therefore assumed that these services are fit for purpose, this will need to be reviewed and confirmed for later versions of this report.

4.7 Option 4: Outsource ICT services to a 3rd party

4.7.1 Summary

4.7.1.1 This option involves outsourcing ICT services to a 3rd party through an open procurement such as an OJEU or using the government BuyingSolutions frameworks. This option is divided into three sub-options: Option 4a looks at outsourcing all of the current ICT support services to 3rd parties; Option 4b looks at outsourcing some of the current ICT services to 3rd parties and Option 4c looks at outsourcing all ICT services, including hardware provision.

4.7.2 Option 4a: Outsource all ICT services

4.7.3 Summary

4.7.3.1 This option involves outsourcing all of the Councils ICT support services to a single provider. This is a similar option to Option 3, however the ICT provider would be procured through the normal procurement process rather than making use of the existing HCC framework.

4.7.3.2   These ICT support services could be procured through the existing BuyingSolutions IT Managed Services framework or could be procured via an OJEU should the Councils choose to involve more suppliers than those on the framework.

4.7.4   Overall impact on the Councils

4.7.4.1   Implementation of this option will have a very similar impact on the Councils to that of Option 3. The only differences are that the Councils will need to conduct a procurement process before a supplier can be selected – this is likely to involve setting up a procurement project and may impact on the already stretched ICT team, and the chosen supplier may have a different approach to TUPE costs to Serco and hence the transition team may need to spend time on these.

4.7.4.2   This option will also have the same requirement for a retained Council ICT team, as described in Section 4.11, and for continuing to invest in ICT hardware.

4.7.4.3   Once a supplier is selected, the transition and subsequent ongoing running of ICT services is likely to be very similar to that described in Option 3, except that the ICT managed service provider may be different.

4.7.5   Benefits

4.7.5.1   The likely benefits of this option are:

a.   Lower total cost of ICT provision than current in-sourced service;

b.   Improved ICT service monitoring and reporting;

c.   Increased ability to innovate and improve ICT services, including improved access to leading edge ICT services and technologies;

d.   Increased visibility and transparency of ICT costs;

e.   Increased infrastructure flexibility.

4.7.6   Requirements

4.7.6.1   This option is almost identical to Option 3, except for the procurement process, hence the end implementation is also likely to meet the majority of the Councils' high-level requirements as identified in Section 4.2, based on the ability of the chosen supplier to deliver best-practice ICT services and their documented adherence to the ICT specification developed for the procurement.

4.7.6.2   This alignment between the ICT services and the Councils' requirements will need to be maintained through establishing a close partnership between the ICT supplier and Council management at all levels, and closely managing the relationship with regular meetings at management and executive levels.

4.7.6.3   Score = 3 based on the chosen suppliers likely close match to the detailed requirements as presented in the ICT specification used for the procurement.

4.7.7   Timescales

4.7.7.1   The delivery timescales for this option include procurement and transition. The Councils are able to procure via the BuyingSolutions framework or via an OJEU.

4.7.7.2   The likely timescale for a procurement via the BuyingSolutions framework is 3 to 6 months, and transition is likely to be 6 to 9 months.

4.7.7.3   The likely timescale for an OJEU procurement is 6 to 12 months, and the likely transition is also 6 to 9 months. Therefore the total timescale for implementation of this option is 9 to 21 months, based on the chosen procurement method.

4.7.7.4   Score = 2 as it is possible for the Council to procure and implement this option in relatively quick timescales, dependent on the procurement route chosen.

4.7.8   Flexibility

4.7.8.1   In common with Option 3, this option is likely to improve the ICT flexibility through improved ICT management processes and improved relationships with the business services, leading to a better understanding of ICT and potentially better ICT planning. However, the existing ICT infrastructure will not change under this option, and this may still be a barrier to flexibility due to the legacy nature of the existing systems. There are ways in which the flexibility can be improved such as increasing the use of virtualisation and harmonising operating systems, but the infrastructure will always be a limiting factor.

4.7.8.2   Score = 2 as the flexibility of ICT will be improved, but not to the levels that could be attained if new hardware was implemented.

4.7.9   Innovation

4.7.9.1   In common with Option 3, this option is likely to improve the Councils access to innovations in ICT and improvements that can deliver better services to the public (directly or indirectly). This may also lead to future cost reductions.

4.7.9.2   The combination of Council knowledge from the retained layer, and knowledge and experience of ICT best practice provided by the chosen supplier should enable the Council to make good use of future developments in ICT if the relationship between ICT and Council business services is able to support that. This may still be impacted by the existing infrastructure in its ability to deliver quickly, but this option is likely to give greater access to skills and knowledge to support change in comparison to previous options.

4.7.9.3   Score = 3 based on ease of access to ICT best practice and Council business knowledge.

4.7.10   Risks

4.7.10.1   The likely risks associated with this option are:

Ongoing risk

   a.   The risk that the Council retained ICT layer will not have the support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;

   b.   The risk that the contract value for money will decrease over time;

   c.   The risk that the Councils and ICT services provider do not work in partnership, resulting in ICT services not meeting requirements, being poor value for money, or leading to long delivery timescales;

d. The risk that the ICT outsourcing partner spends a disproportionate amount of time working with one of the Councils;

e. The risk that effective change management is not conducted and that ICT customer expectations are not managed;

f. The risk that ICT change may take longer due to different supplier change processes;

Transition risk

g. The risk that a limited number of suppliers bid for the contract given its relatively small size;

h. The risk that the Councils do not know enough about their IT infrastructure or requirements to allow the supplier to accurately price the contract, resulting in unplanned increases or a reduction in service;

i. The risk that important information about the current ICT services is not transferred to the new supplier on a timely basis, leading to problems during migration;

j. The risk that transition takes longer than planned, leading to increased costs to the Council;

k. The risk that Council staff leave rather than TUPE to the new provider, meaning that knowledge about the Councils applications and business services is lost.

4.7.10.2 Score = 3 for ongoing risk as the new supplier is likely to drive improvements to the ICT management processes, and are likely to manage the ICT services according to a risk-based industry best practice approach.

4.7.10.3 Score = 2 for transition risk as the change in ICT management and staff movement may lead to information gaps that lead to ICT service problems. It is not anticipated that the likelihood of this is high and so the score is still close to the maximum possible.

4.7.11 Costs

4.7.11.1 The costs for this option are based on publically available information on ICT providers commercial rates, BuyingSolutions rates and the authors' database of benchmarking information. These likely costs are presented in Table 4-1.

4.8 Option 4b: Outsource a specific set of ICT services

4.8.1 Summary

4.8.1.1 This option involves outsourcing some of the Councils' ICT services and retaining a number for continued delivery in-house. The outsourced ICT services would be split into elements, and some of these elements would then remain in-house rather than all of them going to tender.

4.8.1.2 The likelihood is that the Councils' would want to retain the in-house support for elements that are core to Council services, such as line of business applications. It is therefore assumed that, for this option, the Council would retain responsibility for:

a. Line of business applications;

b. First line helpdesk;

c. 50% of project management requirement, acknowledging that the ICT outsourcing partner will also need to manage some of the ICT infrastructure elements;

d.   Desktop support.

4.8.1.3   This option would be likely to be procured in the same way as Options 3a and 3c. However, it is also possible that the Councils' would be able to source a smaller service set from Serco using the HCC framework – this would need to be explored directly with Serco.

4.8.2   Overall impact on the Councils

4.8.2.1   The likely impact on the Councils of implementing this option is broadly similar to that of Options 3 and 4a. However, because of the services retained in the Councils ICT team the user impression would be closer to that of an in-house service rather than an outsourced capability. Users would contact Council staff to report issues rather than a third party helpdesk, and business service heads would speak mostly to Council ICT staff about ICT service and projects, rather than third party staff.

4.8.2.2   The Council would also retain responsibility for supporting applications, further removing the ICT managed service supplier from contact with the Council staff and other users.

4.8.2.3   This could be seen as a best of both worlds option, in that the ICT infrastructure would be supported externally and would benefit from best practice IT management processes but the ICT plans and strategies, as well as day to day management would remain the responsibility of the Council. This would mean that current relationships between ICT and the business would remain largely unchanged, and that the ICT management would have to take on different responsibilities around managing an outsourcing partner instead of managing hardware.

4.8.2.4   The Councils would need to continue to invest in desktop and server hardware to ensure supportability and to ensure that the hardware remained fit for purpose. The refresh cycle and investment required would be advised by the ICT outsourcing partner for servers and the internal ICT team for desktops. This would include support for the recommendations made in the recent ICT review.

4.8.2.5   The Council would have to retain their current ICT management team, and would also need to retain the majority of the application support staff and helpdesk staff in order to deliver this option. This would be likely to mean splitting the ICT team in order that some staff stayed with the Councils to deliver application support whilst others were given the option of transferring to the ICT outsourcing partner to help support the ICT infrastructure.

4.8.2.6   There would also be occasions where the third party supplier would need to attend Council management meetings, as in other options, in order to help deliver some key areas of the contract such as innovation.

4.8.3   Benefits

4.8.3.1   The likely benefits of this option are:

a.   Lower total cost of ICT provison than current in-sourced service;

b.   Increased helpdesk understanding of Council services and requirements;

c.   Increased visibility and transparency of ICT costs;

d.   Increased infrastructure flexibility.

4.8.4 Requirements

4.8.4.1 This option is likely to meet a number of the high level requirements identified above through making good use of the existing knowledge and skills of the Councils ICT team. These will help deliver continuity of service and help make sure that the ICT services are delivered according to the Council expectations.

4.8.4.2 However, the scale of the Councils ICT operations does not lend itself easily to a multi-supplier ICT service as described by this option, and there are likely to be a number of issues around managing the delivery of ICT, allocating actions and issues and project management responsibility. There may also be areas where projects cannot be delivered on time or to budget due to difficulties scoping the involvement of the Council and third party supplier.

4.8.4.3 It is likely that the Council ICT team will be able to forge a good working relationship with any supplier and so the likelihood of these problems occurring will reduce during the length of the contract, but this does mean that the option is less likely to meet requirements than a fully outsourced ICT managed service.

4.8.4.4 Score = 2 based on the likelihood that gaps in knowledge, skills or project scope may impact the delivery of ICT services.

4.8.5 Timescales

4.8.5.1 The delivery timescales for this option include procurement and transition. The Councils are able to procure via the BuyingSolutions framework or via an OJEU.

4.8.5.2 The likely timescale for a procurement via the BuyingSolutions framework is 3 to 6 months, and transition is likely to be 6 to 9 months.

4.8.5.3 The likely timescale for an OJEU procurement is 6 to 12 months, and the likely transition is also 6 to 9 months. Therefore the total timescale for implementation of this option is 9 to 21 months, based on the chosen procurement method.

4.8.5.4 Score = 2 as it is possible for the Council to procure and implement this option in relatively quick timescales, dependent on the procurement route chosen.

4.8.6 Flexibility

4.8.6.1 This option is likely to improve the ICT flexibility through improved ICT management processes due to the third party provision, but may not lead to improved relationships with the business services as the existing user-facing support services will stay in place. Additionally, the existing ICT infrastructure will not change under this option, and this may still be a barrier to flexibility due to the legacy nature of the existing systems as with the options above.

4.8.6.2 Score = 1 as the flexibility of ICT will be unlikely to be improved over the levels currently expected.

4.8.7 Innovation

4.8.7.1 In common with Option 3, this option is likely to improve the Councils access to infrastructure innovations in ICT which may lead to improved infrastructure provision and reduced costs.

4.8.7.2   It may prove difficult to implement any identified changes due to the disconnect between the ICT managed service supplier and the Councils executives, however this situation can be avoided if a good relationship is built between the third party management and Council executive teams with the support of the Councils ICT team.

4.8.7.3   It is likely that the Council will be able to benefit from changes to ICT management best practice, but will remain reliant on the internal ICT team and their resources to make best use of ICT infrastructure changes to deliver applications. This dual responsibility will need to be well managed to ensure that innovation can be utilised as effectively as in the previous options.

4.8.7.4   Score = 2 based on ease of access to ICT best practice and Council business knowledge, but potential implementation difficulties.

4.8.8   Risks

4.8.8.1   The risks associated with this option are:

Ongoing risk

a.   The risk that the Council retained ICT layer will not have the support of the Council business staff resulting in ICT services not meeting requirements, or being poor value for money;

b.   The risk that the Council staff will not be able to work effectively with the third party staff, or that processes do not integrate effectively;

c.   The risk that the Councils and ICT services provider do not work in partnership at a management level, resulting in ICT services not meeting requirements, being poor value for money, or leading to long delivery timescales;

d.   The risk that effective change management is not conducted and that ICT customer expectations are not managed;

e.   The risk that the ICT outsourcing partner spends a disproportionate amount of time working with one of the Councils;

f.   The risk that ICT change may take longer due to different supplier change processes;

Transition risk

g.   The risk that the Councils do not know enough about their IT infrastructure or requirements to allow the supplier to accurately price the contract, resulting in unplanned increases or a reduction in service;

h.   The risk that transition takes longer than planned, leading to increased costs to the Council;

i.   The risk that relevant Council staff leave rather than TUPE to the new provider, meaning that knowledge about the Councils applications and business services is lost.

4.8.8.2   Score = 2 for ongoing risk on the basis that it is more difficult to integrate ICT services provided by two separate organisations. This presents a more risky service than a single, integrated provision.

4.8.8.3   Score = 3 for transition risk as the risk is lower than the other sub-options here as less of the ICT service is being migrated.

4.8.9 Costs

4.8.9.1 The costs for this option are based on publicly available information on ICT providers commercial rates, BuyingSolutions rates, information from the authors' benchmarking database, and on the current Councils ICT services costs. These likely costs are presented in Table 4-1.

4.9 Option 4c: Outsource all ICT services, including hardware

4.9.1 Summary

4.9.1.1 This option involves outsourcing all of the Councils ICT support and hardware provision services to a single provider. This would mean transferring the assets to the ICT provider and allowing them to fully support and manage all aspects of ICT provision to the Councils.

4.9.1.2 These ICT support services could be procured through the existing BuyingSolutions IT Managed Services framework or could be procured via an OJEU should the Councils choose to involve more suppliers than those on the framework.

4.9.2 Overall impact on the Councils

4.9.2.1 Implementation of this option would mean transferring responsibility for the management and provision of the ICT infrastructure and applications to a third party through a procurement. Ownership of the hardware would be transferred away from the Councils and as such the infrastructure is likely to eventually be transferred to the third party's datacentres.

4.9.2.2 The Councils would also need to retain some level of ICT team internally in order to manage the relationship with the third party, and to help manage the relationship between ICT and the Councils business services. The internal element would ensure that the ICT services retain a good understanding of the Councils business drivers and objectives, and would help to coordinate ICT requirements across all Council areas. It is anticipated that the retained layer for this option would also consist of three staff at management level. This team is described further in Section 4.11.

4.9.2.3 The rest of the existing ICT would be given the opportunity to move into the third party under TUPE regulations, or may be offered redundancy or alternative positions within the Councils if appropriate. The costs for this are factored in to this option.

4.9.2.4 The day-to-day management of ICT, including hardware, networks, platforms, desktops and laptops and applications would then become the responsibility of the selected third party and in common with other options they would expect their ICT service management staff to be invited to relevant Council meetings in order to ensure that ICT was properly engaged and to advise on ICT issues or possible changes as needed.

4.9.2.5 The Councils would not need to continue to invest in desktop and server hardware to ensure supportability and to ensure that the hardware remained fit for purpose as this would be included in the ICT outsourcing contract. However, some investment to support the recommendations made in the recent ICT review may be required during the transition period.

4.9.2.6 It is likely that users would see quicker responses to ICT problems under this option, and also likely that the Councils would be able to implement existing ICT strategy, such as application harmonisation, more quickly due to the increased resource that the third party would be able to

provide to support these aims. This may be improved further due to the agility that will be available on the new infrastructure.

4.9.2.7 The Councils will also be likely to see a changed approach to ICT projects driven by the new ICT hardware arrangements. This will provide additional opportunities to Council business services due to the increased flexibility and agility of the infrastructure, but may also mean that costs of provision are more transparent and thus business services may find that their ICT costs associated with projects change.

4.9.2.8 This option would mean that the Councils no longer have any direct responsibility for ICT, just to manage the contract with the third party and to work with them to drive and support the best practice use of ICT across the Councils. However, the Councils would also need to recognise that implementation of this option would lead to a step change in ICT management processes, and that the Councils management and business service heads would need to get used to a new way of working with ICT.

4.9.2.9 It is likely that the ICT assets would be transferred over a longer period than the initial transition. The third party is likely to take over management and ownership of the Councils current ICT infrastructure initially, and move ICT services across to its own ICT infrastructure and datacentres as opportunities present themselves due to service change or hardware going end of life.

4.9.3   Benefits

4.9.3.1 The likely benefits of this option are:

     a.   Lower total cost of ICT provision than current in-sourced service;

     b.   Improved ICT service monitoring and reporting;

     c.   Increased ability to innovate and improve ICT services, including improved access to leading edge ICT services and technologies;

     d.   Increased visibility and transparency of ICT costs;

     e.   Increased infrastructure flexibility and agility;

     f.   Increased resilience.

4.9.4   Requirements

4.9.4.1 This option is similar to Options 3 and 4a, except that the service provided also includes supply of all ICT hardware such as servers, storage, printers, desktops and laptops. This means that the end implementation is also likely to meet all of the Councils' high-level requirements as identified in Section 4.2, based on the ability of the chosen supplier to deliver best-practice ICT services and their documented adherence to the ICT specification developed for the procurement. The additional provision of hardware will give the Councils more scope to provision ICT services according to individual business service requirements, and to change quickly as needed.

4.9.4.2 This alignment between the ICT services and the Councils' requirements will still need to be maintained through establishing a close partnership between the ICT supplier and Council management at all levels, and closely managing the relationship with regular meetings at management and executive levels.

4.9.4.3   Score = 3 based on the chosen suppliers likely close match to the detailed requirements as presented in the ICT specification used for the procurement.

4.9.5   **Timescales**

4.9.5.1   The delivery timescales for this option include procurement and transition. The Councils are able to procure via the BuyingSolutions framework or via an OJEU.

4.9.5.2   The likely timescale for a procurement via the BuyingSolutions framework is 3 to 6 months, and transition is likely to be 6 to 12 months.

4.9.5.3   The likely timescale for an OJEU procurement is 6 to 12 months, and the likely transition is also 6 to 12 months. Therefore the total timescale for implementation of this option is 9 to 24 months, based on the chosen procurement method.

4.9.5.4   Score = 1 as it is possible for the Councils to procure this option in relatively quick timescales, dependent on the procurement route chosen, however the implementation is likely to take longer than other options because the ICT hardware is also being changed.

4.9.6   **Flexibility**

4.9.6.1   In common with Options 3 and 4a, this option is likely to improve the ICT flexibility through improved ICT management processes and improved relationships with the business services, leading to a better understanding of ICT and potentially better ICT planning. However, this option will also provide access to a larger infrastructure, most likely provided from a shared datacentre with access to a large number and variety of enterprise ICT hardware solutions.

4.9.6.2   This will allow the Councils to take advantage of ICT infrastructure and platforms being delivered as a service, and the flexibility and agility that this provides.

4.9.6.3   Score = 3 as the flexibility of ICT will be improved, allowing the Councils to make use of flexible and agile ICT infrastructure and application services.

4.9.7   **Innovation**

4.9.7.1   This option is also likely to improve the Councils access to innovations in ICT and improvements that can deliver better services to the public (directly or indirectly). This may also lead to future cost reductions.

4.9.7.2   The combination of Council knowledge from the retained layer, and knowledge and experience of ICT best practice provided by the chosen supplier should enable the Councils to make good use of future developments in ICT if the relationship between ICT and Council business services is able to support that.

4.9.7.3   Score = 3 based on ease of access to ICT best practice and Council business knowledge.

4.9.8   **Risks**

4.9.8.1   The likely risks associated with this option are:

Ongoing risk

a. The risk that the Councils retained ICT layer will not have the support of the Councils business staff resulting in ICT services not meeting requirements, or being poor value for money;

b. The risk that the contract value for money will decrease over time if infrastructure provision costs decrease but this saving is not passed on to the Councils;

c. The risk that costs increase as the Councils business services look to make more changes or use additional functionality available on the new infrastructure;

d. The risk that the ICT outsourcing partner spends a disproportionate amount of time working with one of the Councils;

e. The risk that effective change management is not conducted and that ICT customer expectations are not managed;

f. The risk that the Councils and ICT services provider do not work in partnership, resulting in ICT services not meeting requirements, being poor value for money, or leading to long delivery timescales;

g. The risk that ICT changes may take longer due to different supplier change processes;

h. The risk that the new infrastructure does not provide to be suitable for all Council applications, increasing costs;

i. The risk that the Councils have to continue paying for their existing datacentre facilities for some time, adding to the total cost of ICT;

Transition risk

j. The risk that the Councils do not know enough about their IT infrastructure or requirements to allow the supplier to accurately price the contract, resulting in unplanned increases or a reduction in service;

k. The risk that important information about the current ICT services is not transferred to the new supplier on a timely basis, leading to problems during migration;

l. The risk that transition takes longer than planned, leading to increased costs to the Councils;

m. The risk that Council staff leave rather than TUPE to the new provider, meaning that knowledge about the Councils applications and business services is lost.

n. The risk that existing services do not port easily on to the new infrastructure, increasing timescales and potentially affecting the delivery of ICT services.

4.9.8.2 Score = 3 for ongoing risk as this option means that the entire ICT services will be provided by a third party under clear service targets, and operating best practice ICT management processes.

4.9.8.3 Score = 1 for transition risk as this option requires the largest amount of change to the Councils existing ICT infrastructure and services. A large change such as this is likely to lead to higher risk than the previous options.

4.9.9 Costs

4.9.9.1 The costs for this option are based on publicly available information on ICT providers commercial rates, BuyingSolutions rates and information from the authors' benchmarking database. These likely costs are presented in Table 4-1.

4.10   Option 5: Public sector partnership

4.10.1   Summary

4.10.1.1   This option involves the Councils looking for other Public Sector organisations to partner with for the procurement or delivery of ICT services. This would either involve the Councils joining with the other Public Sector Organisation to undertake a joint procurement for ICT services, or agreeing with another Public Sector Organisation or Organisations that they will form a customer / supplier relationship and one will provide ICT services to the other(s).

4.10.2   Requirements

4.10.2.1   This option is likely to meet the Councils' requirements for ICT services as the delivery will be very similar to either Option 4a or Option 4c. However, this option is not likely to meet the requirements for delivery timescales as discussed below.

4.10.3   Timescales

4.10.3.1   This option is likely to take the longest to deliver as the Councils will need to identify and hold discussions with other Public Sector Organisations and form an agreement with any identified partners before proceeding to procurement. This procurement is then likely to follow the timescales identified in Option 4.

4.10.3.2   The total timescale for this option is therefore likely to be 18 to 33 months if the Councils allow 6 to 12 months to identify and form an agreement with other Public Sector Organisations.

4.10.4   Conclusion for Option 5

4.10.4.1   On the basis that this option is not likely to be delivered for a minimum of 24 months to allow for appropriate identification of potential partners, negotiations and procurement activities to take place, it is excluded from further analysis.

4.11   Retained layer

4.11.1   The Councils are likely to require an ICT retained layer (client function) for all of the outsourcing options in order to effectively manage the relationship with the supplier, and the ICT relationship with the Councils business services. The inclusion of this team is in line with current outsourcing best practice, in both the public and private sectors.

4.11.2   It is anticipated that this team will consist of three management-level staff – a Chief Information Officer (CIO) and two ICT relationship managers. This is based on the current ICT team structure where there are three managers who are responsible for managing the overall relationship with the business services. This number also allows the team to be split easily between the two Councils, with one relationship manager allocated to each Council and the CIO reporting to both management teams equally.

4.11.3   The CIO is broadly equivalent to the existing Head of ICT but ideally would be at an executive level. The CIO would have overall responsibility for setting ICT strategy for the Councils, for managing the relationship with the ICT outsourcing partner and for procurement of ICT hardware (as needed depending on the outsourcing option chosen). Responsibilities would include influencing executives and heads of service to help harmonise ICT requirements,

liaising with the ICT outsourcing partner to ensure that they understand and are aligned with Council business strategy and continuing to review the ICT outsourcing value for money.

4.11.4   The two ICT relationship managers would be responsible for managing relationships with the Council heads of service on a day to day basis, for ICT project management activities and for managing ICT service improvements in conjunction with the ICT outsourcing partner.

4.11.5   The cost for this team is based on the current pay scale for two band 10 employees and one executive level, including on costs.

4.11.6   The proposed team structure is shown in Figure 4-1 below.

Figure 4-1: Retained layer structure

4.11.7   Example job descriptions for the CIO and ICT relationship managers are given in Appendices C and D respectively.

4.11.8   If the Councils do not put this team in place, reducing the Councils ICT team to either one resource to manage the ICT contract or no resources, then the likelihood is that the ICT requirements of the Councils and the ICT services as delivered by the ICT outsourcing partner will start to diverge, and costs start to increase. This will be due to the suppliers level of knowledge of Council operations and requirements reducing over time through a lack of drive to engage regularly and positively with Council service teams, and potentially due to a lack of resource.

4.12   Cost comparison

4.12.1   Table 4-1 below presents detail on the likely costs of all options. These costs are based on publically available information such as BuyingSolutions frameworks, on information provided by Serco to WBC and TRDC and on costs of other similar procurements conducted by the authors of this document. At this stage these costs are likely to be accurate to +/- 50% on the basis that a detailed specification has not been provided to any potential suppliers and hence the costs are theoretical based on available information. More accurate costs will be generated through conducting procurement and/or market testing with suppliers based on a detailed specification.

4.12.2   Detailed information on the assumptions used to generate these costs is given in Annex A.

4.12.3   The costs are split into transition costs and ongoing costs in order to easily compare the likely initial investment requirement and the ongoing cost separately.

	Option 1: Do nothing	Option 2: Internal investment	Option 3: HCC outsourcing	Option 4a: Outsource all ICT services	Option 4b: Outsource some ICT services	Option 4c: Outsource all including hardware
Ongoing cost (annual)	£1,410,000	£1,580,000	£1,150,000	£1,440,000	£1,050,000	£1,400,000

| | Transition cost | £0 | £0 | £63,000 | £193,000 | £128,000 | £235,000 |

Table 4-1: Options cost comparison

4.13 Options assessment

4.13.1 Table 4-2 below presents a consolidated view of the scores assigned to the assessment criteria for each option. These are then totalled to present an overall view of the quality of each option, and hence identify a preferred option.

	Option 1: Do nothing	Option 2: Internal investment	Option 3: HCC outsourcing	Option 4a: Outsource all ICT services	Option 4b: Outsource some ICT services	Option 4c: Outsource all including hardware
Ability to meet requirements	1	2	3	3	2	3
Timescales	3	1	3	2	2	1
Improves flexibility	1	2	2	2	1	3
Innovation	1	2	3	3	2	3
Ongoing risk	1	2	3	3	2	3
Transition Risk	3	2	2	2	3	1
Cost reduction (value for money)	0	0	3	1	2	1
Total score	**10**	**11**	**19**	**16**	**14**	**15**

Table 4-2: Options scoring

4.13.2 It can be seen from Table 4-2 that the highest scoring option is Option 3: Outsource all ICT services using HCC agreement with Serco.

4.13.3 It should be noted that this model awards equal weighing to each identified criterion – this is recommended as the most suitable model for ensuring that a balanced assessment is made where business requirements are given equal priority over cost.

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5 Conclusion and Recommendation

5.1 Introduction

5.1.1 This section details the conclusion reached through the analysis in the previous sections, and the recommendation made to the Councils. The recommendation includes a preferred option for outsourcing the Councils' ICT, a recommended action plan for implementing the preferred option and the likely benefits of implementation. This section also includes a number of further recommendations aimed at allowing the Councils to make best use of the ICT services included in the preferred option.

5.2 Conclusion

5.2.1 The outcome of the options assessment in Section 4 is that Option 3: "Outsource all ICT services using HCC agreement with Serco" is the preferred option, primarily based on the value for money that it offers together with the likelihood that it will meet all of the Councils' ICT requirements.

5.2.2 Option 1 is concluded not to be a viable option due to the cost and likelihood that the ICT service will increasingly fall behind in its ability to meet the Councils needs, particularly around flexibility. Option 2 is discounted because it fails to reduce the Councils ICT cost, and increases the budget requirement instead.

5.2.3 The options assessment scores for Options 4a and 4b which covered outsourcing to a different third party were close to the score for Option 3. However, it is likely that those options will take longer to implement than Option 3 due to the more involved procurement. Option 4b is additionally unlikely to be viable due to the likely lack of interest from quality third party suppliers based on the small size of the Councils managed service requirement under that option.

5.2.4 Option 4c is discounted due to the increased risk to the Councils of migrating both its ICT hardware and services – this increased risk is not justified by a suitably decreased cost.

5.3 Recommendation

5.3.1 It is recommended that the Councils further explore Option 3 by gathering their ICT requirements, producing an ICT specification and allowing Serco to conduct a Full Business Case study and produce a costed proposal for delivering ICT services to the Councils that meet their requirements. This should be conducted in parallel with a market testing exercise to ensure that the price offered by Serco is consistent or lower than equivalent providers. This would be done by sending the specification to all suppliers on the BuyingSolutions IT managed services framework and asking them to provide a guide figure for the price they would be likely to charge.

5.3.2 This proposal can then be reviewed by the Councils' senior management teams and the Joint Committee in order to make a decision on outsourcing ICT services.

5.3.3   It is also recommended that the Councils discuss options around asset transfer with Serco if this Option is progressed. It is possible that total ICT costs to the Councils can be further reduced if the ICT supplier is able to make use of shared infrastructure and data centres to host the ICT services, and hence realise larger economies of scale for this service. It is difficult to say what impact this may have on ICT costs to the Councils as this stage as it would depend on what services Serco proposed.

5.3.4   It should be noted that the author has not yet had sight of the service catalogue that details the service that Serco provides to HCC, and is able to provide to the Councils. It is therefore assumed that these services are fit for purpose, this will need to be reviewed and confirmed for later versions of this report.

5.3.5   If this proposal fails to meet with the Councils requirements for any reason, it is recommended that the Councils proceed to implement Option 4a: Outsource all ICT services and runs a procurement through the BuyingSolutions framework in order to minimise any procurement delays. It should be noted that the relevant BuyingSolutions framework ends in August 2012 and so any procurement would need to be concluded before that date.

5.4   Action Plan

5.4.1   Overview

5.4.1.1   A widely used approach to ICT outsourcing involves treating it as a lifecycle, accepting that the ICT outsourcing approach is likely to change on a periodic basis. There are four phases in the lifecycle:

    a.   Phase 1: Build the case for change;

    b.   Phase 2: Agree the outsourcing strategy;

    c.   Phase 3: Undertake procurement;

    d.   Phase 4: Transition and manage.

5.4.1.2   The progress to date and next steps for the Councils have been aligned to these phases in the following sections.

5.4.2   Phase 1: Build the case for change

5.4.2.1   The case for change needs to be based on showing whether the current ICT sourcing arrangements meet the future needs of the business. The ICT review report delivered in mid-2011 shows that the current ICT provision is not always meeting the needs of the Councils' departments in terms of cost, innovation, timeliness and partnership working. This is largely due to issues around available resource, governance and business relationships. Section 4 of this report outlines a number of benefits that may be realised through changing the approach to ICT sourcing and moving to an outsourced ICT provision.

5.4.2.2   A financial business case is also needed to support any change in ICT sourcing strategy, and a high level appraisal of the likely cost savings is presented later in this section. Further work, in the form of a due diligence exercise with Serco and some external market testing will be needed to confirm the financial case. These should be done as part of Phase 2.

5.4.3 **Phase 2: Agree the outsourcing strategy**

5.4.3.1 The procurement strategy for the preferred option is relatively simple as the Councils are able to take advantage of an existing framework contract. It is recommended that the Councils confirm that their procurement departments are happy that they can pursue a single supplier tender on this occasion.

5.4.3.2 The recommended next steps for completing the business case and agreeing the outsourcing strategy are:

a. Complete detailed requirements gathering for each ICT service, across all services;

b. Develop a detailed output-based specification for the ICT service;

c. Complete a Full Business Case (due diligence) study with the proposed outsourcing partner (Serco);

d. Complete market testing with other potential suppliers, based on the detailed specification.

5.4.3.3 This information will then be used to confirm whether the preferred option represents value for money and to ensure that the services offered by Serco meet the requirements of the Councils.

5.4.3.4 It is understood that the Councils are likely to require some support for the procurement phase of this work to ensure that any procurement or due diligence is conducted appropriately and that it meets the Councils requirements.

Requirements specification approach

5.4.3.5 The requirements specification for the ICT managed service will be constructed based on the information gathered during the recent ICT review and through conducting new interviews with agreed Council executives and heads of service. These interviews will be based on an agreed questionnaire and will focus on elucidating the specific requirements for the Councils ICT service including:

a. Governance arrangements;

b. Managed desktop requirements;

c. Managed application requirements;

d. Support service requirements;

e. Non-functional requirements.

Due Dilligence process

5.4.3.6 The aim of the due diligence process with Serco will be to ensure that Serco fully understands the Councils current ICT infrastructure, management processes and ongoing service requirements. This will be achieved through sharing Council ICT documentation with Serco and through Serco holding a number of interviews and workshops with Council staff to ensure they have all relevant information. Serco will also have been provided with the ICT requirements specification. The output from this process will be a Full Business Case written by Serco that details their ICT managed service proposal for the Councils, including accurate costs.

5.4.4   **Phase 3: Undertake procurement**

5.4.4.1   The Councils will need to undertake the procurement of their ICT services once the sourcing strategy has been agreed.

5.4.4.2   It is anticipated that the next steps required to manage and undertake this procurement are:

       a.   Undertake contract discussions based on the outcome of the Full Business Case study, including agreement of:

             1.   Transition timescales and costs;

             2.   Business as usual costs and SLAs;

             3.   TUPE arrangements;

             4.   Council ICT staff roles and responsibilities;

             5.   Support for innovation;

             6.   Project roles and responsibilities;

             7.   Project costs;

             8.   Reporting arrangements;

             9.   ICT hardware ownership.

5.4.5   **Phase 4: Transition and manage**

5.4.5.1   Once a contract for ICT services has been agreed the Councils will need to undertake a transition of ICT services to the new supplier. This is likely to involve:

       a.   Transition planning including Council processes and possible structure change and TUPE;

       b.   Setting in place ongoing operation and supplier/contract support processes;

       c.   Maintaining awareness of technologies and local and national initiatives and projects that could impact the Council's ICT provision, such as the PSN.

5.5   **Indicative timeline**

5.5.1   Figure 5-1 below shows an indicative timeline for implementing ICT outsourcing and procuring ICT services to support the Councils. The timeline starts once the recommendation has been agreed by the Councils.

Figure 5-1: Timeline for ICT sourcing

5.6 Benefits

5.6.1 The likely benefits of implementing this recommendation are:

    a. Lower total cost of ICT provison than current in-sourced service;

    b. Improved ICT service monitoring and reporting;

    c. Increased ability to innovate and improve ICT services;

    d. Increased visibility and transparency of ICT costs;

    e. Increased ICT flexibility through opportunities to make better use of hardware.

    f. reduced delivery timescales over other options.

5.7 Costs

5.7.1 The likely costs associated with implementing the recommendations above are (to an accuracy of +/- 50% based on the current information available):

    a. Transition costs of £63,000;

    b. A potential cost of approximately £10,000 for Serco to produce the Full Business Case – this is only payable of the Councils do not proceed with the implementation;

    c. Ongoing ICT costs of £1.15m per annum.

5.8 Other recommendations

5.8.1 Exploiting outsourced contract to support and drive business change

5.8.1.1 Any outsourcing contract needs to be managed as a partnership in order to fully realise the benefits and ensure that the supplier is able to support the customers' business goals using their expertise. It is recommended that the opportunities that should be explored in the new ICT outsourcing process include:

    a. User access to authorised applications/functions from home and/or in-borough locations e.g. area offices, depots, etc;

    b. The development of mobile applications to integrate with applications used by front-line services;

    c. The integration of back end systems that facilitates single point of entry for mobile workers e.g. single sign-on;

    d. A secure communications infrastructure that allows professional users to access and update client records from remote locations;

    e. A secure communications infrastructure that allows application transactions to take place remotely;

    f. Extended help desk support both in time and the ability to support Council staff outside of the normal office environment.

5.8.1.2 These opportunities are likely to involve use of Council and IT outsourcing partner project resource to scope and deliver the changes, and hence are likely to be at additional cost to the base contract (subject to any inclusion of project days as discussed below).

5.8.2 Project days

5.8.2.1 It is recommended that the Councils look to procure a fixed amount of project days per year as part of the contract, reducing the cost of individual days against the published rates. The level of days required needs further discussion, but it is anticipated that a level of around 250 days per year will deliver a reasonable discount and also be low enough to ensure that they are used. This figure also assumes that the retained layer will conduct some of the project work currently done by the Councils ICT team.

5.8.3 Contracts

5.8.3.1 The majority of the ICT hardware support contracts held by the Councils have either already expired (and the hardware is supported on an ad-hoc basis) or will expire before the end of Q3, 2012. This aligns well with the likely timescales for procurement and implementation of an outsourcing solution, meaning that the Councils are unlikely to encounter difficulties with terminating or novating contracts.

5.8.3.2 It is recommended that the Councils do not enter into any further contracts or renewals until a decision regarding ICT outsourcing is made.

A   Cost assumptions

A.1   Introduction

A.1.1   This annex details the information used to generate the costs associated with each option.

A.2   Assumptions

A.2.1   The scope of the ICT managed service provided in each option includes:

    a.   800 desktop and laptop PCs

    b.   150 resilient servers to host applications and databases

    c.   20Tb resilient data storage provided in a SAN environment

    d.   Provision of a resilient WAN to link all relevant Council sites and the data centres, which will be an upgrade to the existing provision

    e.   Provision of all helpdesk services

    f.   Back-up services

    g.   Disaster recovery provision

    h.   Project support and delivery services

A.2.2   The retained layer for outsourced options includes 3 management level staff, 2 at band 10 and 1 at an executive level.

A.2.3   Existing ICT staff who are not part of the retained layer either TUPE across to outsourced provider, are found other positions in the Councils or are made redundant.

A.2.4   WBC and TRDC require a total of 250 project management days and 150 TDA/business analysis days per year from the outsourcing supplier. It is expected that the retained layer will undertake some of the project work currently undertaken by the ICT project and business analysis resources.

A.2.5   Pension strain or transfer costs are not included in the cost comparison as no numbers are currently available.

A.2.6   An equivalent of 4 FTE will be needed to support applications for Option 4a and 4c

A.2.7   The TUPE costs for Options 4a and 4c are based on an allowance of approximately 15% of total annual ICT salary bill for all staff below manager level (including on-costs of 30% of basic salary). This covers pay protection for staff moving to lower salary jobs (either in Council or TUPE to outsourced provider) and / or staff taking redundancy of 2.2 x statutory. This also assumes an average of 5 years service.

A.2.8   The TUPE costs for Option 4b are half those for Options 4a and 4b on the basis that 50% of the ICT staff will need some TUPE consideration and half are retained in the Councils.

A.2.9   Project management costs based on the support for transition provided by Council staff are not included in the transition figures.

A.2.10   Transition for Option 3 will take approximately 50 days of supplier time and includes an allowance of 10% of the server cost to cover any upgrade requirements.

A.2.11   Transition for Option 4a will take approximately 60 days of supplier time and includes an allowance of 10% of the server cost to cover any upgrade requirements.

A.2.12   Transition for Option 4b will take approximately 30 days of supplier time and includes an allowance of 10% of the server cost to cover any upgrade requirements.

A.2.13   Transition for Option 4c will take approximately 120 days of supplier time and includes an allowance of 10% of the server cost to cover any upgrade requirements resulting from the ICT review recommendations.

A.2.14   The infrastructure support cost for Options 4a and 4b based on 1 FTE per 40 servers for the platform and 4 FTE for applications = total of 8 FTE, at a rate of £50k p/a.

A.2.15   Desktop support costs are calculated on a cost per call basis – industry average = approx £40 per call. Assume 800 users x average of 8 calls p/a (based on industry stats for non-expert users).

A.2.16   The additional Council resource retained for Option 4b consists of 4 band 7 application support staff and 3 band 3 desktop support staff.

A.2.17   Infrastructure platform costs for Options 3, 4a and 4b are based on the following refresh cycles:

a.   Servers replaced every 5 years

b.   Desktops replaced every 4 years

c.   SAN hardware replaced every 7 years – also includes a provison for disk replacement

B   Detailed cost matrix

B.1   Attached below is a detailed cost matrix that shows how the costs in Section 4 were derived.

	Option 1: Do nothing	Option 2: Additional internal investment	Option 3: Outsource using HCC agreement	Option 4a: Outsource all ICT support services	Option 4b: Outsource some support ICT services	Option 4c: Outsource all ICT incl hardware
Ongoing						
Staff costs	£ 1,010,000	£ 1,130,000	£ 190,000	£ 190,000	£ 290,000	£ 190,000
Infrastructure						
Support (maintenance of hardware)	included	Included in platform	£ 130,000	£ 200,000	£ 200,000	included below
Platform (hardware)	£ 400,000 (currently supplies & services budget)	£ 450,000 As option 1 plus £50k investment	£ 180,000	£ 180,000	£ 180,000	£ 60,000
Storage	included	Included in platform	included	included	included	£ 30,000
Helpdesk	included	Included in staff costs	included	included in desktop	included	included in desktop
Network	Included above	Included in platform	£ 25,000	£ 40,000	£ 35,000	£ 40,000
Software						

Licences	Included above	Included in platform	£ 50,000	£ 50,000	£ 50,000	£ 50,000
Support	Included above	Included in staff costs	Included above	£ 200,000	£ 50,000	£ 200,000
Desktop						£ 600,000
Support	Included above	Included in staff costs	£ 270,000	£ 260,000	included	
Hardware	Included above	Included in platform	£ 90,000	£ 90,000	£ 90,000	Included above
Projects						
Project mgmt	Included above	Included in staff costs	£ 138,500	£ 150,000	£ 75,000	£ 150,000
TDA / BA	Included above	Included in staff costs	£ 73,650	£ 78,750	£ 78,750	£ 78,750
Total Ongoing (yr 1)	£ 1,410,000	£ 1,580,000	£ 1,147,150	£ 1,438,750	£ 1,048,750	£ 1,398,750
Transition						
Project management	£ -	£ -	£ 25,000	£ 30,000	£ 15,000	£ 60,000
TUPE (excluding pension transfer?)	£ -	£ -	£ -	£ 100,000	£ 50,000	£ 100,000
Hardware	£ -	£ -	£ 13,000	£ 13,000	£ 13,000	£ 15,000
External support for procurement	£ -	£ -	£ 25,000	£ 50,000	£ 50,000	£ 60,000
Total Transition	£ -	£ -	£ 63,000	£ 193,000	£ 128,000	£ 235,000

C Job Description for Chief Information Officer

C.1 Summary of Role

C.1.1 Implement and maintain ICT strategies, policies, programmes and schedules for ICT shared service including managed desktop provision, business application provision and data storage, computer services, network communications, and management information services to accomplish the Council's strategic aims and objectives.

C.1.2 Responsible for the relationship between the Councils and their ICT outsourcing partner(s).

C.2 Key Responsibilities

C.2.1 The key responsibilities of the role are:

a. Ownership of the ICT strategy for the Councils, ensuring continued alignment with business needs and corporate strategy;

b. Chairmanship of the Joint ICT Steering Committee;

c. Responsible for managing the outsourcing partner that provides all ICT support infrastructure and data;

d. Liaise with all Business Services across both Councils to deliver the ICT strategy;

e. Responsible for development and delivery of ICT service plans which fully satisfy stakeholder needs with the Business Services;

f. Overall responsibility for prioritising and delivering ICT projects, and ICT elements of larger Council projects;

g. Engagement in Business Planning & Budget Forecasting;

h. Manage the procurement of all ICT desktop and server infrastructure for the Councils;

i. Management of the Councils retained ICT services team.

C.3 Key skills required

a. Degree level qualification, ideally at Masters Level, and significant relevant work experience of developing and managing implementation of ICT strategies, preferably with Local Government;

b. Significant operational responsibility within a technology environment;

c. Significant experience of working on large scale projects in a senior project and programme management role;

d. Programme and Project Management industry qualifications to Practitioner level (e.g. MSP, PRINCE 2, PMP);

e. Liaising and influencing at board level.

C.4 Core Competencies:

a. Changing with pace;

b. Collaboration;

c. Delivering in partnership;

d. Making effective decisions;

e. Making things happen;

f. Leading and Influencing;

C.5   Role Specific Competencies

a. Developing high performance;

b. Thinking with vision;

c. Delivering value for money;

C.6   Desirable skills of candidate

a. ITIL service management principles;

b. Ability to manage, communicate and develop working relationships with internal and external stakeholders;

c. Experience of delivering business enabling processes in Local Government.

C.7   Reporting

a. The Chief Information Officer will report to the boards and the Chief Executive / Manager Director of both Councils.

D   Job Description for ICT Relationship Manager

D.1   Summary of Role

D.1.1   To manage and support the alignment between ICT and the council business services, including advising on the best use of current ICT services, the development of new ICT services.

D.1.2   To support the development and maintenance of a consolidated ICT strategy and service improvement plan for both councils.

D.2   Key Responsibilities

D.2.1   The key responsibilities of the role are:

     a.   Day to day responsibility for the delivery and maintenance of the councils ICT applications to customer satisfaction, working with the ICT outsourcing partner;

     b.   Liaison with business services across both councils to support the delivery and use of current ICT application capability;

     c.   Liaison with business services across both councils to support the development of and planning for future ICT application capability;

     d.   To support the development, maintenance and communication of a consolidated ICT strategy;

     e.   Identification of opportunities for business process improvement utilising the ICT applications, including the provision of relevant management information;

     f.   Management and delivery of approved ICT improvement projects;

     g.   Engagement in ICT planning and budget forecasting for the business services;

     h.   Support the Chief Information Officer in other roles, as required.

D.3   Key skills required

     a.   Degree level qualification and a notable track-record of relevant work experience in consolidation and management of business information systems, preferably within the Local Government sector;

     b.   Significant operational responsibility within a technology environment;

     c.   Significant experience of working on large scale projects in a senior project and programme management role;

     d.   Programme and Project Management industry qualifications to Practitioner level (e.g. MSP, PRINCE 2, and PMP).

D.4   Core Competencies:

     a.   Changing with pace;

     b.   Collaboration;

     c.   Delivering in partnership;

d. Making effective decisions;

e. Making things happen;

f. Leading and Influencing.

D.5   Role Specific Competencies

a. Developing high performance;

b. Thinking with vision;

c. Delivering value for money.

D.6   Desirable skills of candidate

a. ITIL service management principles;

b. Ability to manage, communicate and develop working relationships with internal and external stakeholders;

c. Experience of delivering business enabling processes in Local Government.

D.7   Reporting

a. The ICT relationship managers will report to the Chief Information Officer, with dotted lines to the Chief Executive / Managing Director of both councils.

E Possible procurement mechanisms

E.1 Introduction

E.1.1 This section details the different procurement mechanisms that have been considered in this report. They cover all of the procurement routes available to Public Sector organisations for large contracts.

E.2 OJEU procurement options

E.2.1 It is a requirement of the EU Procurement Directive that all tenders for contracts for supplies and services in the Public Sector which are valued above a defined threshold must be published in the Official Journal (except where procured via an established framework). It is further required that the contracting authority should invite sufficient tenderers from the responders expressing interest in bidding to ensure adequate competition. For example the minimum number of candidate organisations to be invited to tender is three in the Competitive Dialogue Procedure and five in the Restricted Procedure.

E.2.2 **Procurement timescales**: Using the Buying Solutions contracting process, no statutory or other timescale obligations are imposed. Hence procurement timescales are defined only by practical considerations such as the time reasonably required for bidders to compose and submit a proper offer. Pursuing the OJEU route there are four award procedures as follows:

    a. **Open Procedure** – where a notice is placed in the Official Journal inviting applications which meet minimum criteria. All of those who meet these criteria must be sent an invitation to tender.

    b. **Restricted Procedure** – where the contracting authority may reduce the number of applicants selected to tender according to the procedures set out in the Directives.

    c. **Competitive Dialogue** – where, following an OJEU Contract Notice and a selection process, the authority enters into dialogue with potential bidders, to develop one or more suitable solutions for its requirements and on which chosen bidders will be invited to tender. This approach is generally considered to be ideal if the Contracting Authority does not have a clearly defined view of some aspect of the services to be provided and/or how they will be provided. Alternatively, it may be seeking to garner the best ideas from a number of bidders and thereafter capturing these in a common specification. This option can have a high cost for suppliers and for the customers if the areas to be negotiated are extensive. This approach can be made more cost effective if the areas of negotiation are tightly controlled.

    d. **Negotiated Procedure** – where the contracting authority may negotiate with one or more applicants, either via a tender or directly. In certain instances, the negotiated procedure is available without publishing a call for competition. However, its use is only available in very strictly defined and limited circumstances.

E.2.3 The legislation imposes minimum timescales as set out below to ensure that applicants are given a reasonable chance of making known their interest and of being able to submit a proper offer. It is important to remember that these are minimum periods. Generally speaking, where a requirement is complex or where there is a need for site visits or detailed negotiation of contract documents then additional time should be allowed. Note that the figures in brackets denote the

time allowed under the so-called 'accelerated procedure' whereby the contracting authority must make a valid case for the need to follow a fast track process.

Procedure	Date of Despatch Notice	Tendering Period
Open	52 (22) days	-
Restricted	37 (15) days	40 (10) days
Negotiated	37 (15) days	Not specified
Competitive	37 (15) days	Not specified

Table C-1: OJEU Procurement timescales

E.2.4   The stages that make up these procedures include:

    a.   OJEU notice;

    b.   Pre-qualification questionnaire (PQQ);

    c.   Select participants;

    d.   Invitation to participate in dialogue;

    e.   Dialogue phase (including number of solutions and bidders);

    f.   Final tenders;

    g.   Evaluation of tenders (including clarification, specification and fine tuning);

    h.   Selection of preferred bidder and notification to PB and other bidders (commence 10 day standstill);

    i.   PB clarification and confirmation of commitment;

    j.   Award of contract;

    k.   Desired receipt of services – phased as required.

E.3   Use of Framework contracts

E.3.1   Buying Solutions frameworks

E.3.1.1   Buying Solutions is the national procurement partner for UK public services and works collaboratively with other Professional Buying Organisations on a regional basis; it was formerly known as OGCbuying.solutions. Buying Solutions has now withdrawn the Catalist and Managed Services sub brands although it continues to be an Executive Agency of the Office of Government Commerce. It has established procurement framework agreements based on standard contractual terms and conditions. Framework agreements are therefore a set of pre-tendered contracts established with a range of suppliers in a variety of categories from which Public Sector customers can purchase goods and services in a relatively straightforward manner. These agreements comply with the EC Procurement Directives and contracting authorities are legitimately entitled to apply them by contracting directly as an alternative to following the full tendering and contracting requirements defined by the EC Directive.

E.3.1.2   The BuyingSolutions framework that could be used by the Council for its procurement is the IT Managed Services framework (RM717).

E.3.1.3   Suppliers on this framework are:

a. 2e2 UK Ltd;

b. Bull Information Systems Ltd;

c. Capita Secure Information Systems;

d. Centerprise International Ltd;

e. Civica UK Ltd;

f. Computacenter (UK) Ltd;

g. Getronics UK Ltd;

h. ICM;

i. Logica UK Ltd;

j. Northgate Information Systems UK Ltd;

k. Specialist Computer Centres (SCC) plc;

l. Steria Ltd.

E.3.2 HCC framework

E.3.2.1 The Hampshire County Council framework for ICT services was implemented in early 2011 and is currently delivering an ICT managed service to HCC making use of their existing hardware and datacentres.

E.3.2.2 The procurement of this ICT managed service included discussions with other public sector organisations, including WBC and TRDC to ensure that their high level requirements for ICT were understood and included in the specification for the framework.

E.3.2.3 The result of this work is that WBC and TRDC are able to take advantage of the HCC framework to procure and deliver an ICT managed service that meets their requirement, potentially with reduced procurement timescales based on a single supplier tender.

E.3.2.4 The author of this report has not had sight of the service catalogue that details the ICT services available through this framework and as such is not able to comment further on its specifics.