

# Public Document Pack

THREE RIVERS & WATFORD  
SHARED SERVICES  
JOINT COMMITTEE



## AGENDA

Date: 18 March 2013

Time: 7.30 pm

Place: Three Rivers District Council

Members of the Committee:-

Councillors:-	M Watkin (Chair)	A Khan
	B White (Vice-Chair)	S Nelmes
	G Derbyshire	R Sangster

The Joint Committee welcomes contributions from members of the public to its discussion on Part A agenda items. Contributions will be limited to one person speaking for and one against each item for not more than three minutes. Details of the procedure and the list for registering the wish to speak will be available for a short period before the meeting

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Item

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### Part A - Open to the Public

**1 APOLOGIES FOR ABSENCE / SUBSTITUTE MEMBERS**

**2 DISCLOSURES OF INTEREST**

To receive any disclosures of interest.

**3 MINUTES**

To confirm as a correct record the minutes of the Joint Shared Services Committee held on 14 January 2013.

**4 MEASURES OF PERFORMANCE**

1 - 14

This report gives performance information for the 3<sup>rd</sup> Quarter of 2012/13.

**5 ICT TRANSITION UPDATE**

To receive an oral update on the transition to Capita of ICT services.

Item	Page
<p><b>6 REVENUES AND BENEFITS UPDATE</b></p> <p>This report gives an update on the Revenues and Benefits service.</p>	15 - 18
<p><b>7 FUTURE OF THE SHARED SERVICES JOINT COMMITTEE</b></p> <p>This report provides feedback from the two councils on proposals for the future of the Committee.</p>	19 - 30
<p><b>8 RECRUITMENT OF DIRECTOR OF FINANCE AND HEAD OF HUMAN RESOURCES</b></p> <p>To receive an oral report on the recruitment to these two posts.</p>	
<p><b>9 EXCLUSION OF PRESS AND PUBLIC</b></p> <p>The Chairman to move:-  “that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) of business as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if the press or public were present during consideration of the item(s) there would be disclosure to them of exempt information as defined under the respective paragraphs of Part 1 of Schedule 12A to the Act.”  If approved the Chairman will ask the press and public to leave the meeting at this point.</p>	

**Part B - Closed to the Public**

**10 OTHER BUSINESS**

If approved under Item 4.

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

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

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# Agenda Item 4

## THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

**Date of meeting:** 18 March 2013

### PART A

**Title:** **MEASURES OF PERFORMANCE**

**Report of:** Terry Baldwin – Head of Human Resources  
Avni Patel – Head of ICT  
Alan Power – Head of Finance  
Phil Adlard – Head of Revenues and Benefits

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#### 1. **SUMMARY**

1.1 This report gives performance information for the 3rd Quarter of 2012/13.

#### 2. **RECOMMENDATIONS**

2.1 That the Committee notes this report.

#### **Contact Officer:**

For further information on this report please contact:

Alan Power – Head of Finance  
Telephone number: 01923 727196 email: [alan.power@threerivers.gov.uk](mailto:alan.power@threerivers.gov.uk)  
Avni Patel – Head of ICT  
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Terry Baldwin – Head of HR  
Telephone number: 01923 278133 email: [Terry.Baldwin@watford.gov.uk](mailto:Terry.Baldwin@watford.gov.uk)  
Phil Adlard – Head of Revenues and Benefits  
Telephone number: 01923 278023 email: [Phil.Adlard@watford.gov.uk](mailto:Phil.Adlard@watford.gov.uk)

#### **Report approved by:**

Bernard Clarke – Head of Strategic Finance – Watford B.C.  
David Gardner – Director of Corporate Resources & Governance – Three Rivers D.C.

### 3. **DETAILED PROPOSAL**

3.1 Measures of Performance for Quarter 3 of 2012/13 are attached at Appendix 1.

3.2 Heads of service will attend the meeting to answer questions.

### 4. **IMPLICATIONS**

#### 4.1 **Policy**

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

#### 4.2 **Financial**

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

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

4.3.1 There are no legal issues associated with this report.

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

4.4.1 There are no risks associated with the decision members are being asked to take (i.e. to note the report).

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

4.5.1 None specific.

### **Appendices**

Watford and Three Rivers Shared Services – Measures of Performance, Annual, Quarterly, Monthly – 2012/13 (Quarter 3: Oct – Dec)








### **Background Papers**





No papers were used in the preparation of this report.






WATFORD AND THREE RIVERS SHARED SERVICES – MEASURES OF PERFORMANCE

APPENDIX 1

Annual, Quarterly, Monthly – 2012/13 (QUARTER 3 – OCTOBER – DECEMBER– 2012/13)




Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
<b>Finance</b>									
SSF1	<b>% payment made by BACS</b>	Quarterly						Finance	
	Watford BC	90%	87.85%	86.72%		↑	↑		BACS – all new suppliers are contacted to request bank details. Every 3 months the supplier database is reviewed and progress chased. After a payment run any business paid by cheque receives a letter requesting bank details
	Three Rivers DC [FN09 (2)]	90%	78.53%	81.13%		↓			Performance will dip in months when there is a large volume of refunds made to individuals.
SSF2	<b>Creditor payments paid within 30 days</b>	Quarterly						Finance	
	Watford BC	100%	94.91%	92.07%		↑	↑		
	Three Rivers DC [FN09 (1)]	100%	93.70%	92.74%		↓	↓		This is a corporate PI, managed and reported by Finance. Service departments have been















Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
									reminded of their responsibilities to process invoices on time. Payment of invoices statistics for December for Three Rivers DC. These show that 97.46% of invoices were paid within 30 days, 68.40% were paid within 10 days. 80.36% were paid by BACS.
SSF3	<b>Treasury , Investments and Banking Services Management of short and long term cash flow</b>	Annual						Finance	
	Watford BC	1.3%	1.3%	1.3%		↓	↓		<b>Annual indicator.</b> The performance of the council's treasury management strategy for the period ending 31st January 2013 shows an average annualised return on investments of 1.15% which is in line with estimate. Budgeted interest receivable for the year therefore remains unchanged at £325k.
	Three Rivers DC [FN01]								<b>Annual indicator.</b>





Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSF4	<b>Month end account closure - reconciliations</b>	Monthly						Finance	
	Watford BC	100% reconciliations done	Yes	Yes		↔	-		
	Three Rivers DC [FN02]	100% reconciliations done	Yes	Yes		↔	-		
SSF5	<b>Monthly Budget Monitoring Reports – Overall Revenue Budget Performance</b>	Annual						Finance	
	Watford BC								<b>Annual indicator</b>
	Three Rivers DC [FN03 (1)]								<b>Annual indicator</b>
SSF6	<b>Monthly Budget Monitoring Reports – Overall Capital Budget Performance</b>	Annual						Finance	
	Watford BC								<b>Annual indicator</b>
	Three Rivers DC [FN03 (2)]								<b>Annual indicator</b>
SSF7	<b>Closure of Annual Accounts and production of statements – Statement of Accounts approval</b>	Annual						Finance	
	Watford BC								<b>Annual indicator</b>
	Three Rivers DC [FN04 (1)]								<b>Annual indicator</b>

























Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
<b>Human Resources</b>									
SSHR1	<b>Sickness absence (working days lost)</b>	Quarterly						Human Resources	
	Watford BC	1.63 days	2.05 days	7.00 days	!	↑	↑		Over the target however target amended mid-year and new processes put in place during Q3 so too early to see full effect yet.
	Three Rivers DC	1.63 days	1.52 days	3.48 days	😊	↓	TBC		Remains low overall although a sharp increase in this quarter – will be monitoring closely
SSHR2	<b>Appraisals completed on time</b>	Quarterly						Human Resources	
	Watford BC	100%	97.54%	97.54%	☹️	↔️	↑		Good performance in both Councils and the introduction of a new process will be energetically supported by training and briefing to improve the quality and completion rates for the appraisal process for 2013-14
	Three Rivers DC (HR10)	100%	81.99%	81.99%	☹️	↑	TBC		










Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSHR3	<b>Workforce monitoring report (6 monthly )</b>	Bi-Annual						Human Resources	
	<b>Watford BC</b>								
HR3 (a)	% of top earners who are:								
	Women	50	38.1	38.1		↓	-		
	From Black and ethnic minority groups;	13.6	19.05	19.05		↑			
	Have a disability	5	0	0		-			
HR 3 (b)	% of employees declaring they have a disability	5	2.61	2.61		↑			
HR 3 (c)	% of employees from ethnic minority communities	13.6	23.99	23.99		↑			
HR 3 (d)	Ratio of HR staff to FTE's	1:90	1:88	1:88		-			
HR 3 (e)	Employee Turnover	No target	1.89%	4.69%					
	<b>Three Rivers DC</b>								
HR3 (a)	% of top earners who are:								
	Women	50	22.58	22.58		-			
	From Black and ethnic minority groups;	13.6	9.68	9.68		↓			
	Have a disability	9.2	12.9	12.9		-			
HR 3 (b)	% of employees declaring they have a disability	9.2	3.64	3.64		↓			
HR 3 (c)	% of employees from ethnic minority communities	13.6	2.65	2.65		↓			

Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
HR 3 (d)	Ratio of HR staff to FTE's	1:90	1:88	1:88		-			
HR 3 (e)	Employee Turnover	No target	3.27%	4.57%					




Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
<b>ICT</b>									
SS ICT1	<b>ICT service availability to users during core working hours Watford Borough Council</b>	Quarterly						ICT	
	Priority 1 Applications – ABS (COA) Academy (Windows) Uniform Email Internet WBC Website Lagan File and Print Server	99.5%	99.84%	99.74%		↑	↑		The availability of ICT systems has seen a vast improvement, largely due to recent and ongoing infrastructure improvements
	Priority 2 Applications – Touchpaper EROS Gauge Resource Link Intranet	99.5%	100.00	99.63%		↑	↑		
SSICT 2	<b>ICT service availability to users during core working hours Three Rivers District Council</b>	Quarterly						ICT	
	All Applications	99.50%	99.98%	99.93%		↑	↑		As above

Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSICT 3	<b>Resolution of reported incidents</b>	Quarterly						ICT	
	Watford BC Three Rivers DC (IT 01)	99%	97.08%	95.69%		↑	↑		Combined result for both authorities
SSICT 4	<b>ICT User Satisfaction</b>	Annual						ICT	
	Watford BC								<b>Annual indicator</b>
	Three Rivers DC (IT02)								<b>Annual indicator</b>

Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
<b>Revenues and Benefits</b>									
SSRB 1	<b>General debtors raised</b>	Quarterly						Revenues & Benefits	
	Watford BC	£13.5m	-	£13.8m					Cumulative result for Q3
	Three Rivers DC	£3.5m		£3.75m					
SSRB 2	<b>General debtors collected</b>	Quarterly						Revenues & Benefits	
	Watford BC	90%	-	87.72%					Cumulative result for Q3
	Three Rivers DC	90%		91.03%					
SSRB 3	<b>Collection rates of council tax</b>	Quarterly						Revenues & Benefits	
	Watford BC	82.4%%	-	81.7%					Cumulative result for Q3. Recovery underway to increase collection rate
	Three Rivers DC (RB 01)	88.6%	-	85.8%		-	-		Recovery underway to increase collection rate
SSRB 4	<b>Collection rates of NNDR</b>	Quarterly						Revenues & Benefits	
	Watford BC	88.8%	-	86.7%					Number of arrangements made to defer payment to March 2013
	Three Rivers DC (RB 02)	89.4%	-	88.8%		-	-		On target to meet / exceed performance for 2011/12

Ref	Measure	Target for Q3 2012/13	Actual at end of Q3 2012/13	Cumulative at end of Q3 2012/13	  	Trend since last period (Q2 2012/13)	Trend since last year (2011/12)	Service Lead	Comments
SSRB 5	<b>Average time to process new claims</b>	Quarterly						Revenues & Benefits	
	Watford BC	22 days	26.07 days	-					Figure based on position as at 31/12/12 Lowest performance this year and 10 days less than April 2012
	Three Rivers DC (RB 03)	22 days	25.06 days	-		-	-		Figure based on position as at 31/12/12
SSRB 6	<b>Average time to process change of circumstances</b>	Quarterly						Revenues & Benefits	
	Watford BC	8 days	19.08 days	-					
	Three Rivers DC (RB 04)	8 days	61.71 days	33.64 days		-	-		High number (589) of ATLAS cases now assessed. As old cases, PI has been inflated. When stripped out, non-Atlas changes amount to 715 @ 22.42 days
SSRB 7	<b>New claims – average time to process from receipt of all information</b>	Quarterly						Revenues & Benefits	
	Watford BC	15 days	13.46 days			N/A	N/A		Good performance
	Three Rivers DC	15 days	13.38 days			N/A	N/A		

## Key to performance against target

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



## THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting – 18 March 2013

### PART A

**Title:** REVENUES AND BENEFITS - UPDATE

**Report of:** Phil Adlard – Head of Revenues and Benefits

1.0 **SUMMARY**

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

2.0 **RECOMMENDATIONS**

2.1 That the contents of the report are noted.

2.2 That the two councils be asked to make the funding available to purchase the Efficiency Version of Capita Revenues & Benefits Software (paragraph 3.1 refers).

**Contact Officer:**

For further information on this report please contact:

Phil Adlard - Head of Revenues & Benefits

telephone: 01923 278023

email: phil.adlard@watford.gov.uk

**Report approved by:**

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

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

### 3.0 DETAILED PROPOSAL

#### 3.1 *Capita Efficiency Version*

3.1.1 The Revenues & Benefits Shared Service currently uses Capita Revenues & Benefits Software (formerly Academy) for the administration of both Revenues & Benefits. The software has been in existence in its current form for many years, Three Rivers DC having used it since 1999, and as such is beginning to show its age.

To address this, Capita have introduced a new version, Efficiency Version, which has streamlined many processes, made information from management reports more accessible and produces customer information more clearly to enable queries to be addressed more easily.

The Efficiency Version is being adopted by many of the existing customers and Capita report that 90% of their customers are operating with the Efficiency Version.

3.1.2 The fact that only 10% of Capita customers are still using the “classic” version means that Capita are reviewing the support they give to that and have indicated that it will not be too far away from the day that the “classic” version is unsupported.

3.1.3 This situation is now dictating the charging policy for future changes to the operating system caused by legislative changes. For example, changes to the system to address issues created by the abolition of Council Tax Benefit will result in a charge of £17,500 per authority. Capita have indicated that there is a strong likelihood that other changes in the future will be treated in a similar manner.

3.1.4 However, sites using the Efficiency Version will have the changes implemented at no additional cost.

3.1.5 Capita have offered the Efficiency Version to both Councils at a one-off cost of £72,500 in total. This will be in addition to the annual maintenance charges, currently at £73,000 in total.

3.1.6 One of the key features of the Efficiency Version is the shortening of processes and reduction in the number of key strokes required to complete certain tasks. This will dramatically reduce the time needed by staff and will generate the savings shown in Appendix 1, assuming the extra capacity allows council staff to pick up work currently performed by Serco.

3.1.7 The Department for Communities and Local Government has announced that, to support Local Authorities with the implementation of Local Council Tax Reduction Schemes, additional ‘new burdens’ funding is to be made available as follows:-

	2013/14	2014/15
	£	£
Three Rivers D.C.	44,183	67,712
Watford B.C.	53,964	74,781

It is suggested that the two councils be asked to use a part of this funding to cover the costs of purchasing Efficiency Version.

3.2 **Benefits Performance**

3.2.1 The Head of Revenues & Benefits and the Benefits Manager have now implemented performance targets for all Benefits staff.

These targets are based on evidence collated from the output of staff who are engaged by Serco and data obtained from other Local Authorities.

All staff are now aware of their target, allowing for time spent on activities such as customer service or phone duties that may not result in a benefit decision being made.

Results are fed back to staff on a weekly basis and the evidence will be used to determine where additional support (e.g. training) is required. As a last resort the authorities' capability procedure will be invoked.

3.2.2 The number of new claims outstanding continues to be monitored with the number of outstanding new claims as at 4 March being 126 for Watford and 56 for Three Rivers. Of these, 68 and 51, respectively, are awaiting further information from claimants.

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

New Claims (Target 22 days)

Watford 26.12 days

Three Rivers 24.73 days

Changes (Target 8 days)

Watford 29.29 days

Three Rivers 72.23 days

Members will recall that the Department for Work and Pensions (DWP) report was critical that the automatic notification of changes from the DWP / Tax Credits (ATLAS) had not been actioned. The high statistic for Changes in Three Rivers is attributable to the fact that these cases have now been downloaded and are being addressed principally by Serco staff.

Removing these ATLAS changes reduces this figure to 30.46.

At 4 March 2013, 12,922 of 13,735 Three Rivers' ATLAS cases, dating back to July 2011, had been processed. 7,242 of 21,589 Watford cases had been processed. (The Watford SHBE figure is expected to show a similar increase for February).

The next SHBE return will be completed on 13 March 2013 and the results of that will be reported verbally to the Committee.

### 3.3 **Revenues Performance**

3.3.1 Collection Rates remain strong in light of difficult economic circumstances.  
In year collection rates as at 28 February 2013 are as follows:

	2011/12 %	2012/13 %
Watford		
Council Tax	93.6	93.4
Business Rates	95.0	95.6
Three Rivers		
Council Tax	96.6	96.8
Business Rates	97.8	97.2

In addition, collection of Sundry Debts remains high with £16.3m collected in respect of Watford Debts (95.45%) and £3.8m, Three Rivers (95.77%)

3.3.2 Monitoring of outstanding work is also conducted in Revenues and the efforts of the staff have reduced the number of outstanding documents in the 'Anite' system from 1,967 on 2 January 2013 to 349 on 4 March 2013.

### 4.1 **Financial**

4.1.1 Included above.

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

4.2.1 None specific.

Background Papers;

No papers were used in the preparation of this report.

Appendix 1 – Efficiency Version Business Case – Watford BC (to follow)

Appendix 2 – Efficiency Version Business Case – Three Rivers DC (to follow)

# Agenda Item 7

## THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of Meeting – 18 March 2013

### PART A

**Title:** FUTURE OF THE SHARED SERVICES JOINT COMMITTEE

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

#### 1.0 SUMMARY

1.1 This report provides feedback from the two councils on proposals for the future of the Committee.

#### 2.0 RECOMMENDATIONS

2.1 That the contents of the report are noted.

2.2 That the Committee indicates what additional information it wants in order to carry out the review required by the councils.

**Contact Officer:**

For further information on this report please contact:

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

telephone: 01923 727200

email: david.gardner@threerivers.gov.uk

**Report approved by:**

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

### 3.0 **DETAILED PROPOSAL**

3.1 Attached at Appendix 1 is a report to Watford Borough Council on 30 January 2013, and to Three Rivers District Council on 26 February 2013, concerning the future of the Shared Services Joint Committee.

3.1.2 Watford B.C. agreed the recommendations resolving:-

1. that Shared Services Joint Committee undertakes a review of its successes and lessons learned to inform any proposed changes.

2. that Shared Services Joint Committee is dissolved from a date to be agreed once legal and financial processes are complete. This may be in 2013 or possibly from 1 April 2014 depending on the legal and administrative processes involved.

3. that each authority takes the responsibility for the service identified in paragraph (2) above from the effective date determined.

4. that a further report is made if necessary to each Full Council meeting once the timing is clear so that notice of the change is given to the Shared Services Joint Committee.

3.2 Three Rivers D.C. resolved:-

(a) that SSJC undertake a review of its successes and lessons learned to inform any proposed changes;

(b) that SSJC is dissolved from a date to be agreed once legal and financial processes are complete. This may be in 2013 or possibly from 1 April 2014 depending on the legal and administrative processes involved; but to ensure that the Resources Policy and Scrutiny Committee and Executive Committee are advised of details first.

(c) that a further report is made to each Full Council meeting once the timing is clear so that proper notice of the change is given to the SSJC.

3.3 Both councils agreed that further discussion should take place on ensuring political accountability of the new arrangements.

3.4 The next meeting of the Resources Policy and Scrutiny Committee at Three Rivers takes place on 13 June 2013 followed by an Executive Committee meeting on 24 June 2013. In view of this it is suggested that the Joint Committee undertakes its review of the successes and lessons learned at its next meeting on 3 June 2013.

3.5 Members will recall that at its meeting on 19 November 2012, officers presented a report entitled 'Shared Services Review', which looked at the achievements of the shared services against the criteria of resilience, savings and service improvement, and considered the lessons learned since implementation. The report is reproduced as Appendix 2. Members are asked to indicate what additional information they require in order to carry out the review required by the councils.

## 4. **IMPLICATIONS**

### 4.1 **Policy**

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

### 4.2 **Financial**

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

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

4.3.1 See appendix 1 to this report.

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

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

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

4.5.1 None specific at this stage.

Background Papers;

No papers were used in the preparation of this report.

Appendix 1 – Future of the Shared Services Joint Committee – Report to Watford Borough Council on 30 January 2013 and Three Rivers District Council on 26 February 2013.

Appendix 2 – Shared Services Review – Report to the Shared services Joint Committee on 19 November 2013.

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## WATFORD BOROUGH COUNCIL – 30 JANUARY 2013

## THREE RIVERS DISTRICT COUNCIL – 26 FEBRUARY 2013

**FUTURE OF THE SHARED SERVICES JOINT COMMITTEE  
(MD/CE)****1. Background**

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

The key contextual changes are:

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

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

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

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

## 2. **Proposal**

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

### TRDC

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

### WBC

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

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

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

## 3. **Legal implications**

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

## 4. **Recommendation**

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

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 19 November 2012

PART A

**Title:** SHARED SERVICES REVIEW

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

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1. **SUMMARY**

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

2. **RECOMMENDATIONS**

2.1 That this report be noted.

**Contact Officer:**

For further information on this report please contact:

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**Report approved by:**

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

### 3. DETAILS

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

#### 3.2 **Finance**

##### 3.2.1 Improvement in Service

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

##### 3.2.2 Resilience

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

##### 3.2.3 Savings

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

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

#### 3.3 **Human Resources**

##### 3.3.1 Improvement in Service

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

##### 3.3.2 Resilience

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

## Councils.

### 3.3.3 Savings

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

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

## 3.4 **ICT**

### 3.4.1 Improvement in Service

- Increased technical documentation and knowledge base within the department.

### 3.4.2 Resilience

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

### 3.4.3 Savings

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

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

## 3.5 **Revenues & Benefits**

### 3.5.1 Improvement in Service

- Improved collection rates in Council Tax, Business Rates and Sundry Debts
- Harmonised operating platform leading to further improvements in access

channels, e.g. Self-Service

- More efficient processes for gathering information to support benefit claims, i.e. “triage”

### 3.5.2 Resilience

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

### 3.5.3 Savings

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

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

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

### 3.6.1 Nothing stands still

#### The Economy

Increased demand for benefits has significantly affected that service. The finance department has reacted well to the cost reduction exercise brought about by the government’s austerity measures, other shared services have struggled to cope.

### 3.6.2 Governance Arrangements

Members should review the Joint Committee arrangements and consider whether a lead authority model might be better. The governance arrangements have made it difficult to harmonise the terms and conditions of staff

### 3.6.3 Due Diligence

#### Some surprises

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

### 3.6.4 Difficult to Expand

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

## 4. IMPLICATIONS

### 4.1 Policy

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

### 4.2 Financial

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

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

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

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

### 4.3 Legal Issues (Monitoring Officer)

4.3.1 There are no legal issues associated with this report.

### 4.4 Risk Management and Health & Safety

4.4.1 There are no risks associated with the decision members are being asked to take (i.e. to note the report).

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

4.5.1 None specific.

## Appendices

None

## Background Papers

No papers were used in the preparation of this report.

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