

## 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

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### 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.

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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 10<sup>th</sup> 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.

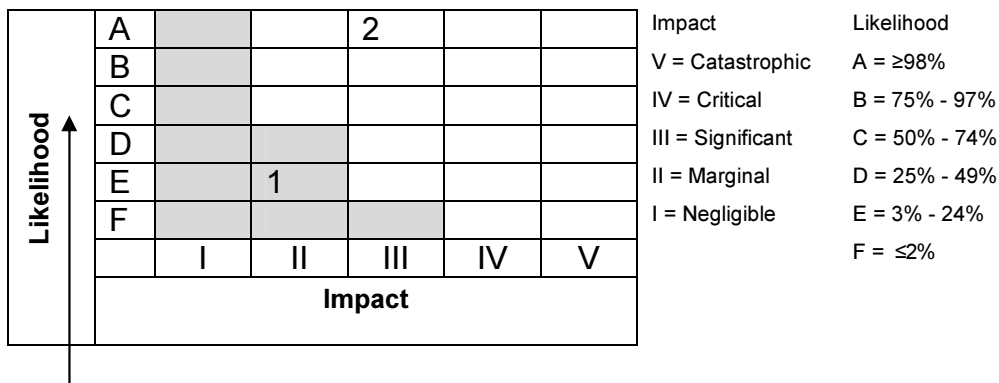
4.4.2 The following table gives the risk if the recommendations are agreed, together with a scored assessment of their impact and likelihood.

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.



## 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 required? Yes

### 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.