

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 6 October 2008

PART A

AGENDA ITEM

8

Title: **DETAILED BUSINESS CASE, SERVICE AND FINANCIAL PLANNING**

Report of: Director of Corporate Resources & Governance – Three Rivers

1. **SUMMARY**

1.1 The purpose of this report is to seek agreement to the process for updating the Detailed Business Case and preparing service plans and budgets for the medium term.

2. **RECOMMENDATIONS**

2.1 That the process for considering the Detailed Business Case, service plans and budgets outlined in this report be agreed.

Contact Officer:

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Report approved by:

Janice Maule – Director of Finance – Watford B.C.

3. DETAILED PROPOSAL

3.1 *Timetable*

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 *Detailed Business Case*

Members will be aware that the decision to proceed to implementation taken by the two councils in January / February 2008 was based on a business case summary. The Shared Service Programme Board is currently updating the Detailed Business Case. A more accurate picture will emerge as the timetable for implementation becomes clearer and staffing costs become more certain when job descriptions and job evaluations are completed. An update of the Detailed Business Case will be presented to the Joint Committee in November. It will contain:

- Shared Services Operating Model – The proposal
- Business Benefits
- Managing the Impact on Staff
- Implementation Plan and Costs
- Financial Business Case
- Service Structures

3.3 *Service Plans*

Heads of service are preparing service plans for the November meeting. The service plans compliment and expand on the Detailed Business Case. They will contain:-

- Key Purpose of the Service

- Scope of the service
- Contribution to Shared Services Objectives
- Contribution to the Councils' Strategic Objectives
- Three Year Overview of the Service
- Inputs
 - People
 - Workforce Planning
 - Assets & Technology
 - Current Budgets
 - Revenue Growth, Service Reductions & Cashable Efficiency Gains
 - Capital Investment
- Outputs & Outcomes
 - Stakeholder Consultation
 - Service Level Agreements
 - Performance Indicators
 - Benchmarking Information
 - Outstanding Recommendations of External Inspectors
 - Projects
 - Equalities
 - Risk Management

3.2 **Financial Planning**

Watford Borough Council's Cabinet was informed on 21 January 2008 of implementation costs totalling £3.1m and savings, when fully operational, of £1.8m per annum. The Executive Committee at Three Rivers on 4 February 2008, noted that following further work by the officers, the on-going savings were reduced to £1.6m per annum. These figures were included in forward budgets. The capital and revenue costs of implementing shared services and the lower on-going savings are shown below:-

Three Rivers District Council	Current Year 2008/09 £000s	2009/10 £000s	2010/11 £000s	Future Years per Annum £000s
Implementation Costs				
Capital Expenditure	155	48	0	0
Revenue Expenditure	464	276	6	0
Sub-Total	619	324	6	0
On-Going Revenue Savings(-)	224	-111	-397	-397
Total	843	213	-391	-397

Watford Borough Council	Current Year 2008/09 £000s	2009/10 £000s	2010/11 £000s	Future Years per Annum £000s
Implementation Costs				
Capital Expenditure	344	106	0	0
Revenue Expenditure	1,034	616	14	0
Sub-Total	1,378	722	14	0
On-Going Revenue Savings(-)	-253	-837	-1,233	-1,233
	1,125	-115	-1,219	-1,233

Total	Current Year 2008/09 £000s	2009/10 £000s	2010/11 £000s	Future Years per Annum £000s
Implementation Costs				
Capital Expenditure	499	154	0	0
Revenue Expenditure	1,498	892	20	0
Sub-Total	1,997	1,046	20	0
On-Going Revenue Savings(-)	-29	-948	-1,630	-1,630
Total	1,968	98	-1,610	-1,630

The councils' chief financial officers have indicated that the estimates of the funding likely to be available to the shared services for the next three financial years will be based on these projections and that there is a clear expectation that the implementation costs will not be exceeded and that the on-going savings will be achieved. It is acknowledged however that some re-phasing of the costs and benefits is inevitable and that certainty as to the budgets will not exist until such time as the detailed business case has been updated. Figures will be presented to the Joint Committee's November meeting.

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 Three Rivers District Council or Watford Borough Council as a result of this report. However, it should be noted that as a result of delays in implementation, both the implementation costs and the on-going savings will materialise later than anticipated in the budgets agreed by the two councils, and that this will become apparent when the detailed business case and the associated service plans are approved in November.

4.3 **Legal Issues** (Monitoring Officer)

4.3.1 The councils must set their budgets before 11 March 2009 in accordance with Section 32 (10) of the Local Government Finance Act 1992.

4.3.2 The councils' chief financial officers have a statutory duty to report to their Council if it is likely to incur expenditure that is unlawful or likely to exceed its resources.

4.3.3 The Joint Committee should note that Watford Borough Council's Constitution requires the Executive to put budget proposals to Council before 8th February as it is a mayoral authority.

4.4 **Risk Management and Health & Safety**

4.4.1 The subject of this report is covered by the Finance service plan. Any risks resulting from this report will be included in the risk register and, if necessary, managed within this plan.

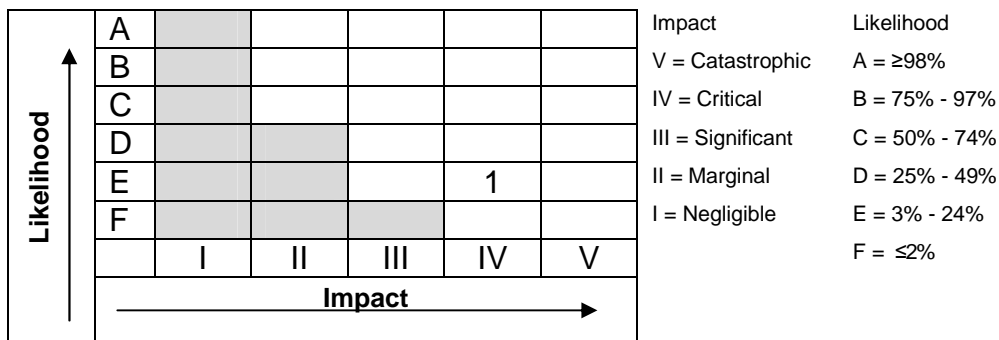
4.4.2 There are no risks to the Joint Committee in agreeing the recommendation.

4.4.3 The following table gives the risk that would exist if the recommendation is

rejected, together with a scored assessment of its impact and likelihood:

Description of Risk		Impact	Likelihood
1	Failure to agree the Service Plans for implementation from 1 April 2009 and failure to meet statutory deadline for setting a legal budget	IV	E

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

4.5.1 None specific.

Appendices

None

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Delegation and Joint Committee Agreement