

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 17 December 2008

PART A

AGENDA ITEM

5

Title: IMPLEMENTATION – PROGRESS REPORT

Report of: Laxmi Curwen – Shared Services Programme Manager

1. **SUMMARY**

1.1 This report asks the Joint Committee to note the progress made towards implementing shared services.

2. **RECOMMENDATIONS**

2.1 That the report be noted.

Contact Officer:

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Report approved by:

David Gardner – Director of Corporate Resources & Governance – Three Rivers D.C.
Tricia Taylor – Director, Better Council - Watford B.C.

3. **PROGRESS REPORT**

3.1 **Delegation and Joint Committee Agreement**

At its meeting on 6 October 2008 (Minute JSS06/08 refers), the Joint Committee agreed three amendments to the Joint Committee Agreement. These have been made under delegated powers.

3.2 **Change Management**

3.2.1 ***Heads of Service***

In accordance with Minute JSS10/08, three Heads of Service have been appointed; Alan Power (Finance), Sue Townshend (Revenues & Benefits) and Lieven Hermans (ICT). The Head of HR post will be advertised in the new year and is expected to be in post by May/June 2009.

3.2.2 ***Job Evaluation, Pay and Grading***

At its meeting on 6 October 2008 (Minutes JSS07/08 and JSS08/08 refer), the Committee resolved that a report be circulated to Members of the Committee by December 2008 on the pay and grades of those jobs which form part of the shared services and on how the harmonisation of pay and leave for all staff of both councils could be achieved.

This was to avoid people in the shared services performing similar jobs being employed on different pay and grading and to avoid the potential risk of equal pay claims by non-shared services staff in both councils.

In the first instance shared services pay and grading would mirror that adopted by Watford.

A separate exercise was to be carried out to determine whether non-shared services staff at Three Rivers might have equal pay claims and the financial implications for Three Rivers if the Watford / Shared Services pay and grading was adopted in due course.

All 39 job descriptions relating to roles within Shared Services (excluding Heads of Service) have been evaluated and moderated on time and in line with the process agreed in the Change Management proposals.

Unfortunately the pay modelling required to match jobs to a 'pay spine' has not been completed because an exercise to restructure at Watford has taken longer than anticipated. There is no completion date for this work at present.

The implications for the Shared Service Detailed Business Case is that we still have only spot salaries to use, although a pay modelling exercise using the National Joint Council pay spine of thirteen grades each of four incremental points comes within the budget based on spot salaries.

3.2.3 ***Consultation***

A Joint Union/Management Committee has been set up to progress negotiation and consultation. As there were no nominations for Staff representatives from Watford, the Management/Staff forum meetings are taking place with Three Rivers staff representatives only with David Gardner, the Director of Corporate Resources & Governance from Three Rivers.

Other

A Change Manager, Lynn Sherwood has been appointed to oversee the redeployment process. Suppliers (s) have been selected for change

management training and outplacement support.

3.3 **IT Connectivity and Office Moves**

A "Radio" communication link has been set up between Watford and Three Rivers offices. The plan is to establish a secondary link between the two councils using a land line linked into the Herts County Council network. The merits of this option has been considered along side the option of locating Watford's servers at the County's data centre in Apsley which is preferable to locating the servers at Three Rivers due to increased resilience and longer term potential to extend capacity. (See Appendix 1) The plan is to have the necessary infrastructure changes in place by mid March 09 to enable office moves to take place from April 09.

The test to confirm that the Revenues & Benefits system can be operated in a "thin client" environment is due to be completed by mid December 2008.

3.4 **Procurement**

HR System and Payroll Service

NorthgateArinso has been selected as the preferred supplier for the hosted HR system and managed payroll service provision (See Appendix 2). It is anticipated that this contract will generate savings in the region of £0.5m over five years across both councils and provides better value for money than current arrangements. The system functionality also provides the feature required to support the self-service vision for HR and will enable the benefits of sharing HR to be realised.

This recommendation is due to be approved by Watford Borough Council as the contracting authority on 16th December 2008.

NorthgateArinso have advised that the implementation process will require approximately six months to allow sufficient time to set up system parameters and for data cleansing. On that basis, the implementation of the HR solution will be a phased rollout between April 09 and June 09 and taking into account the needs of both councils.

Other systems procurement

Work is progressing well in the procurement of other systems related to the shared services implementation.

- Finance System: The procurement process is on track and a preferred supplier will be selected by Feb 09 for an implementation date of April 2010.
- Revenues & Benefits System: It is expected that the supplier will be selected by Feb 09 and implementation completed by Nov 09.

3.5 **Annual Leave Harmonisation Impact**

3.5.1 ***Legal Advice***

Legal advice has been sought regarding the harmonisation of annual leave arrangements. Two questions were raised the answers to which are shown below:

3.5.2 ***Does delay in harmonisation of leave entitlement increase equal pay risk ?***

As the law stands at present, equal pay claimants can only compare themselves to someone of the opposite gender employed by the same employer or (in exceptional circumstances) by an organisation for which decisions on pay are derived from the same source. Watford and Three Rivers are separate employers and at present, each makes its own pay decisions. A Watford employee could not therefore currently use a Three Rivers employee as a comparator or vice versa.

In the event that in due course, a common set of terms and conditions are negotiated for Shared Services Staff across the two authorities, there would then be a risk of equal pay claims between those groups and their employer's other staff groups. It is at that stage also that the risk of cross council comparators would come into focus - although as yet there is no case law on this issue. Any such claims might well include references to historic differences in holiday pay.

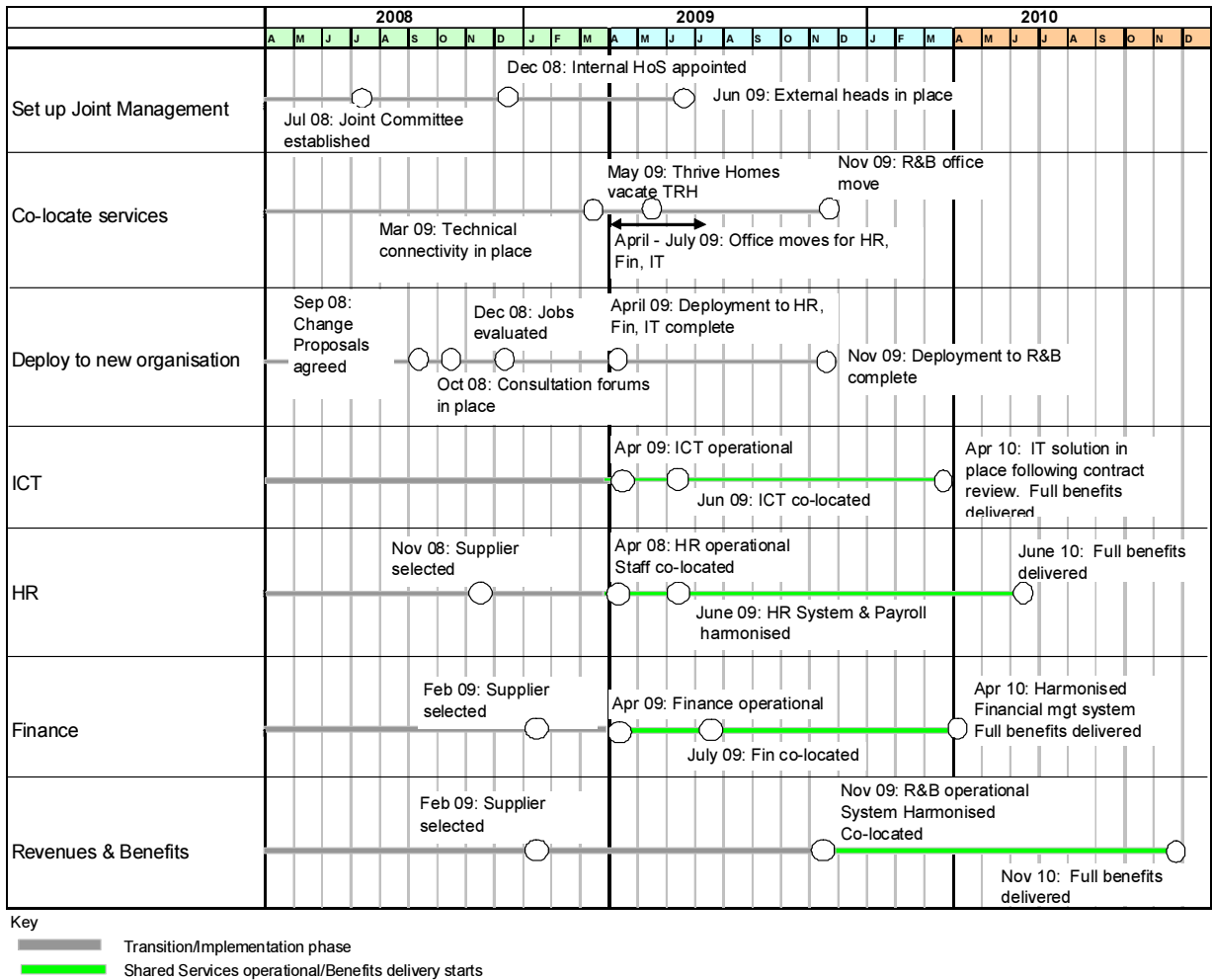
3.5.3 ***Will there be a need to backdate compensation for staff who have given up leave on harmonisation ?***

However harmonisation is eventually achieved, there will be a need to negotiate compensation for any lost benefits, or run the risk of breach of contract / unlawful deduction of wages claims. This would include compensation for any loss of holiday and the level of compensation likely to be sought can be assessed by reference to the 4 Options set out in Appendix B to the Annual Leave Harmonisation paper.

3.6 **Implementation Plan**

Timetable

Since the last report to the Joint Committee, we have addressed the issues that were delaying the implementation and updated the implementation plan as shown below.



Implementation Resources:

We have started resourcing the implementation team. We expect to have made appointments to the roles of IT Project Implementation Co-ordinator, HR implementation Officer and Revenues & Benefits Implementation Managers by the end of the year. Other appointments are planned in January 2009.

Developing Service Level Agreements:

The SLA Co-ordinator has been appointed who is working with the Shared Service Management team and the councils' front line service representatives to develop Service Level Agreements by March 2009.

Progress on change management:

We have established the consultation forums and evaluated Shared Services Jobs. However, one key aspect that still requires confirmation is the salary levels for these roles. Until there is agreement to a common pay and grading structure at Watford and for Shared Services, we cannot confirm pay for shared services staff. There is a risk that if the determination of pay at Watford is further delayed then this will impact the implementation of the restructure(s) for Shared Services, particularly in HR, Finance and IT which is currently due to be completed by April 2009.

Key Milestones

A summary of the key milestones and their current status is shown below:-

Key Milestone	Forecast date	Status	Comment
Joint Committee Set up	24 July 2008	Completed	
Consultation forums set up	October 2008	Completed	Originally expected Aug 08
Heads of Service Appointed	December 2008	Partially completed	2 Heads of Service appointed.
Budget for SS, Service Plans and Detailed Business Case updated	December 2008	Delayed	Originally Nov 08
Implementation team in place	December 2008 /January 2009	On track	
Appointments made for HR, Finance, ICT	April 2009	At risk	At risk due to dependency on agreeing pay and grading with Watford
Office moves complete for HR, Finance, ICT	April – July 2009	On track	Dependency with Thrive Homes
HR system/Payroll solution in place	April – June 2009	Delayed	Changed from Feb 09
R&B systems harmonised Appointment and office moves for R&B complete	Nov 2009	Delayed	Changed from Aug 09
Finance systems harmonised	April 2010	On track	
ICT solution for service delivery in place	April 2010	On track	

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 changes to the budgets already agreed by Three Rivers District Council and Watford Borough Council. These are reported at Agenda Item 6.

4.3 **Legal Issues**

4.3.1 The Head of Legal and Democratic Services draws members attention to the advice on harmonising leave arrangements, outlined in paragraph 3.4 above.

4.4 **Risk Management and Health & Safety**

4.4.1 There are no risks associated with the decision members are being asked to take in this report.

4.5 **Equalities**

4.5.1 *Relevance Test*

Has a relevance test been completed for Equality Impact? No

Did the relevance test conclude a full impact assessment was required? N/A

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

4.6.1 None specific.

Appendices

Appendix 1: Brief on location of Watford servers

Appendix 2: HR System and Payroll Recommendation

Background Papers

No papers were used in the preparation of this report.