Shared Services Programme
Detailed Business Case

DRAFT
Version 0.6

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Contents

1.0 Introduction

1.1 Background

The Shared Services Programme was set up to develop a business case for sharing services in HR, ICT, Finance and Revenues & Benefits in order to improve performance, increase resilience and achieve cost savings for Dacorum, Three Rivers and Watford councils. The initial detailed business case reviewed in December 2007 was not viable for Dacorum Borough Council who withdrew from the programme. Since Jan 2008, the programme team has been developing the proposal to set up shared services between Three Rivers District Council (TRDC) and Watford Borough Council (WBC).

Approval was given by both councils (Watford 21st Jan 08, Three Rivers 4th Feb 08) based on sufficient expected benefits and affordable investment, to proceed to implementation. Since then the programme team has been progressing on implementation activities and is now in a position to provide an updated version of the Detailed Business Case for consideration by management teams of both Councils and the Joint Committee.

1.2 Purpose of the Detailed Business Case

This document provides details of the benefits of sharing services in HR, ICT, Finance & Revenues & Benefits between Three Rivers District Council and Watford Borough Council and the key challenges for achieving our strategic goals. It

- Provides an overview of how shared services will work in terms of structure, governance and new ways of working
- Describes the benefits of shared services in line with the original objectives of the programme
- Outlines the approach to how the impact on staff will be managed
- Outlines an implementation plan, approach to procurement, the costs of implementation and the key risks
- Provides the financial business case as a whole and by each council and how this business case, particularly the delivery of the benefits, will be monitored. *(Please note that this version of the business case does not currently include any financial information as this is being updated pending the work on pay and grading for Shared Services).*

It should be noted that there are a number of detailed working papers which form the basis of this document but which have not been included or appended, so that this document is not too large. These documents are available by contacting the Programme Office.

These include:
- Operating Models for each of the 4 services in scope of shared services
- Joint Committee Delegation Agreement
- Draft Job Descriptions underpinning proposed structures
- Detailed assumptions underpinning the financial case and associated spreadsheets
- Equalities Impact Assessment

2 Shared Services Operating Model

2.1 Vision for shared services

The overall vision for shared services, which has been the basis of the proposal of how shared services will work is that

"Through Shared Services, Watford and Three Rivers councils will be a best in class provider of HR, Finance, ICT, Revenues & Benefits services, that is recognised by all our partners and customers in Hertfordshire as consistently delivering value for money."

It is proposed this shared services goal will be achieved by transforming the ways in which these services are delivered through:

- The introduction of improved ways of working such as self service
- Use of technology to generate efficiencies, improve processing time and improve quality of service
- Taking a common approach to the delivery of support services and statutory transactional processes
- Being more customer and performance focused

2.2 Structure

The following overall structure is proposed for Shared Services once it is fully implemented.
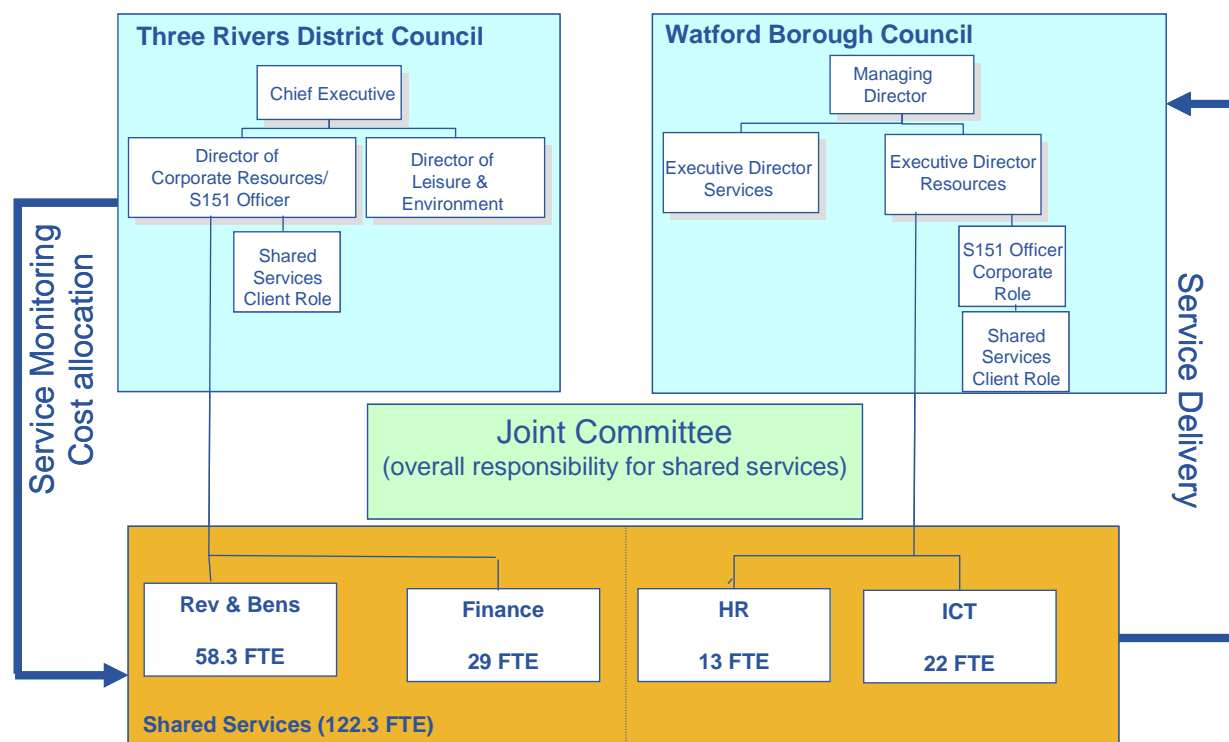
Service Delivery

The four services in scope will be delivered through joint teams for each of the services and when fully implemented will involve 122.3 FTE as shown in the diagram above.

Appendix A describes the proposed structures for the four services and the key improvement that will results in benefits of reduced costs, improved performance and increased resilience.

Each service will be led by a shared Head of Service, who will be responsible for leading a substantial programme of change to achieve the performance aspirations described in this business case and for providing services which meet the needs of both councils. It has been agreed that the senior management support to the Heads of Shared Services is shared across the two councils. Finance and Revenues & Benefits will report to the Director of Corporate Resources and Governance at Three Rivers and ICT and HR report to the Executive Director of Resources at Watford. This fits with the current organisational responsibilities and experience of the two directors. The costs in terms of the management time required from the two directors would be absorbed by the councils.

Governance

Both councils entered into a Joint Committee agreement on 24th July 2008 which provides the overall strategic management and governance framework for Shared Services. The Joint Committee, which has 3 nominated members from each council, now has responsibility and has delegated to it the ICT, HR, Finance and Revenues and Benefits functions from Watford and Three Rivers. A copy of the Delegation and Joint Committee Agreement can be found on both councils' websites or from their Committee services team.

Service Management

Shared services must meet the needs of the participating councils, as the running costs of shared services will be met by budgets agreed annually by each council. It is proposed that services received by the councils are managed via annually agreed medium term service plans and through service level agreements, both of which will be agreed by the Joint Committee. In addition, each council will monitor the quality and effectiveness of shared services, escalating any issues as appropriate to the Shared Services team or ultimately to the Joint Committee. At Three Rivers, this Shared Service monitoring role will be absorbed as part of the Performance and Scrutiny Service Plan. At Watford Borough Council this role will be fulfilled by a new post (1 FTE) and would report to its S151 officer which is part of the Strategic Head of Finance post effective from Feb 09.

Each council would retain its Section 151 officer to provide financial advice and guidance to the councils, as Members have requested.

2.3 Location

In the short term, until the future accommodation strategies of the councils and longer term development of the Shared Service is clarified, Shared Services will be located at the existing council offices, with each council providing accommodation for 2 of the 4 services in scope. Co-locating two services at each council will help create a joint service ethos and to minimise the feeling of a takeover of any service by either authority.

A post code analysis assessed that, based on staff's home to work distance; on balance it would be closer for most staff if Finance, ICT and Revenues & Benefits were located in Watford. There is a sound business case for the Revenues and Benefits 'hub' to be at Watford – the caseload and volume of enquiries being greater in Watford, and the location still accessible for Three Rivers residents.   There is not a compelling case for locating any of the support services at either location. Given the split of management responsibilities for the shared services between two directors, it is considered important that each director has a service located at each site to demonstrate that services are genuinely shared.

On this basis, Shared Services will be co-located as follows:

- ICT at Three Rivers
- Revenues & Benefits at Watford
- Finance at Three Rivers
- HR at Watford

It has been assumed that arrangements for hot desking, appropriate storage and other required facilities (such as interview rooms for benefit fraud investigations) would be available at both locations. The programme is committed to ensuring that wherever feasible it will support individuals in managing their work patterns to minimise disruption due to a change in main office location such as flexible hours, home working and mobile/outreach work in benefits.

2.4   Technology

Shared Services will require that technology is harmonised wherever possible to benefit from economies of scale, procurement savings and enable common approaches to working. There are two elements to the technology dimension of Shared Services: the overall IT infrastructure and the service specific systems, of which those in scope are dealt with immediately and all other applications being dealt with when they reach their end of life.

IT Infrastructure

It is proposed that the councils' technology infrastructure will be consolidated onto a common platform enabling seamless transfer of data and communication between the Shared Service and its customers at both councils. This will involve

- Establishing a wireless link of 100 MB triangulated with a 100MB underground cable link
- Establishing a shared active directory structure that would allow both networks to be shared whilst retaining separate identities
- Introduction of a "thin client" environment at Three Rivers that would allow staff at either council to access their desktop regardless of where they are based.

It is proposed in the short term that the telephony networks are kept separate and call re-routing set up using existing facilities. A separate business case will need to be considered to explore the options of either integrating existing telephony networks or the implementation of transmitting voice over the internet technologies. Either solution is expected to require a significant investment.

In addition, as the server room in Watford is no longer suitable for hosting Watford's servers, it is proposed that these 70 servers are relocated. A number of options including relocating the servers to Three Rivers were explored. The preferred option is to locate the Watford servers at the Herts County Council server farm at Apsley. Although this option is marginally more expensive, the benefits outweigh the costs as it does provide more resilience and a platform for future growth of the shared service. It also allows easier integration to the Herts County Council's land-based network which Shared Services could utilise in the future.

Service specific systems

We have to distinguish between in-scope and out-of-scope service specific systems. The systems of services in the scope of Shared Services will be harmonised during the Shared Services implementation. The harmonisation of systems of services which are out-of-scope of Shared Services will be considered when they reach their end of life for which a separate business case would be required. This could realise significantly more savings then identified at present.

The decision to replace/upgrade or extend Watford's IT Helpdesk system to Three Rivers will be taken as part of the consideration of the service delivery options at the end of Three Rivers' existing support contract with Steria.

For the major applications used by HR, Finance and Revenues and Benefits, a full systems evaluation is being carried out to ensure the best system is used to meet the requirements of Shared Services and to ensure value for money. The option of hosting service applications is being considered as part of the procurement process.

The status of systems procurement in HR, Finance and Revenues & Benefits is shown below:

- **HR** – A procurement exercise, using the open OJEU process including full systems evaluation has been completed and "Resourcelink", an integrated HR & Payroll system, supplied by NorthgateArinso has been selected and approved by both management boards.
- **Finance** – A procurement exercise, using the open OJEU process including full systems evaluation has been initiated for a Financial Management system that will include Sundry debt and potentially Fixed asset management functionality.
- **Revenues & Benefits** – A procurement exercise, using the Catalyst framework agreement is proposed, as both the main providers of Revenues & Benefits systems (Capital and NorthgateArinso) are included. The new Revenues & Benefits system solution will include
  - o Mobile hand-held tools to enable mobile benefits claim processing
  - o "E-Benefits Form" to simplify completion of benefits form and reduce errors
  - o Front end layer to allow direct updates from any customer contact system

It is assumed that other systems such as Cash Receipting, Anti-fraud systems would not be harmonised in the short term as they are not major systems and relevant interfaces will be built as required to ensure an integrated approach. It is our intention that the existing Document Management system, which is the same at both authorities, will be used where required across all in scope services.

2.5   Contracting out services

Some of the functions within the four services in scope are currently contracted out to 3rd party providers by one or both councils. Shared Services intends to review the provision of services by 3rd parties and consider options including jointly procuring services when contracts expire and delivering the service in-house. For the purpose of this business case, only the following 2 areas of service provision have been included.

- **Payroll**: Currently, Three Rivers' payroll is outsourced to East Herts and Watford's is delivered internally. Following a joint procurement process, which included consideration of an in-house bid, it is recommended that payroll be outsourced as a managed service along with the provision of an integrated hosted HR system. The preferred bidder is NorthgateArinso and formal approval to proceed with this is being sought separately.

- **IT Infrastructure support**: Currently, much of Three Rivers IT infrastructure support is outsourced to Steria and Watford's is delivered internally. It is proposed that a joint procurement process is followed to ensure the best value solution is identified before the contract with Steria expires. For the purpose of estimating the financial business case, it is assumed that both councils' IT will be provided in-house once the Steria contract expires but this will be reviewed once the procurement is complete and costs and quality of external provision can be compared.

Other functions, such as the Internal Audit contract at Three Rivers and smaller contracts in IT are assumed to be unchanged until they are reviewed by the services once Shared Services is implemented.

2.6 Improved ways of working

Shared Services will introduce improved and standardised ways of working across the three councils. The key changes are described below.

HR	Finance
• Increased use of self-service technology to view, update and monitor staff information and for simple and regular transactions thereby saving time for both staff, manager and HR professionals and increasing the accuracy of the data e.g. booking training on line, email reminders, all documents available electronically • First line support for general HR queries improving service responses and freeing up time from HR specialists • Simpler automated transactional processes e.g. mileage, timesheets, absence monitoring • A phased approach to harmonisation of other procedures and HR policies via consultation routes • HR officers focusing on more complex employee relations matters and workforce development	• Common Chart of Accounts • Three year rolling plan for services • Budget Holders have improved electronic access to financial data and better quality of reports thereby reducing day to day support from finance specialists • Harmonisation of policies and practices to best practice standards • More targeted use of specialist skills • Multi-skilled accountants to provide more responsive service to customers
IT	**Revenues & Benefits**
• Use of industry specified standards and processes (ITIL) • Use of common IT support software e.g. anti-virus, network monitoring • Introduction of single sign-on for all systems • Staff enabled to report and track incidents via the web • Harmonisation of ICT policies across the councils in a phased approach and with appropriate approvals e.g. Information Security, Disaster Recovery • Provision of a centralised multi-skilled application and business analyst support team to support business systems and business change	• 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 • 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. • Promote the use of electronic access and reduce face-to-face queries esp. for revenues. • Potential to reduce office space with increased levels of mobile and home working and reduction of paper through Document Image Processing.

3   Business Benefits

Shared services will deliver the strategic objectives of the programme agreed by the councils.

3.1   Improved performance

- Shared Services will improve performance indicators to top quartile or best in class across all services, as shown in the table below
- Shared Services will also aim to extend the Customer Service Excellence Standard (previously Charter Mark) to Shared Services (currently achieved at Three Rivers) within 12 months of integration
- All services will work with each authority towards service specific or relevant corporate external quality standards
    - ISO Performance Mgt and Security Standard in ICT
    - Flagship status in Revenues & Benefits
    - Level 3 in Use of Resources Assessment
- Shared Services will improve the customer experience through
    - Provision of multiple access channels including introduction of electronic self-service in the support services, doorstep service delivery for benefits, and enable customers to go into any of the CSC plus outposts for Rev/Bens queries
    - Increased resolution of queries at first point of contact through 1st line support teams in CSC for Rev/Bens.
    - More responsive service due to larger size of team and increased joint resources

Metric	Current Performance **Best**		External benchmark	Shared Services Target on full implementation
	TRDC	WBC		
ICT (using SOCITIM benchmark)				
User Satisfaction in anonymous survey (7 point scale)	5.64	Nil	5.30	5.65
Operational incidents resolved within working hours (%) Resolved within 0-4 hours	99	Nil	97%	99%
Cost per PC	£684	**£665**	£533	£525
Cost per voice connection	**£94**	£196	£125	£125
Cost per connection to the data network	£188	£172	£106	£100
Support cost per workstation	£239	**£192**	£215	£190
Network availability (excl. planned interruptions)	99%	99%	96%	99%
HR				
HR FTE(excl payroll and H&S) per Headcount (excl. casuals)	**1:72**	1:46	1:64	1:63
Cost per payslip, £ including overheads	**£13.41**	£15.85	Not known	£7.16
Days lost through sickness (0708)	**7.01**	10.75	9	WBC – 9 TRDC – 6.5
Finance				
BV76b Number of investigators	**0.39**	0.48	0.50	0.41
BV76c Number of investigations	**68.5**	84.66	65.00	60.39
BV76d Number of sanctions	7.43	**5.32**	8.00	7
BVPI 8 - Invoice paid on time	**97.99%**	96.38%	tbc	98%

Revenues & Benefits				
NI 180 Changes in Housing Benefit/ Council tax benefit new claims and change events	Not available	Not available	Not available	To be determined
N 181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	Not available	Not available	Not available	To be determined
BV78a Speed of processing - new claims	**17.13**	29.00	23.95	20 days
BV78b Speed of processing - change of circs	**5.58**	8.80	7.04	5 days
BV79a Accuracy of benefit calculation	96.59	**98.63**	99.00	99.2% accuracy
BV79bi Recoverable overpayments recovered	**101.39**	72.20	82.00	82% recovered
BV79bii Overpayments recovered	**22.73**	33.52	39.00	39% recovered
BV79biii Overpayments written off	**0.38**	4.98	3.00	3% written off
BV9 Council Tax collected	**98.49%**	96.83%	98.60%	98.7% collected
BV10 NNDR collected	**99.39%**	99.83%	99.36%	99.00%

Shared Services' Service Plans provide further details on the performance indicators and Service Level Agreements will also expand on these further.

3.2 Increased 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. Specifically, increased resilience will be achieved in the services as shown below:

Service	How resilience will be achieved
Finance	o Generic job descriptions for posts of Finance Manager, Senior Accountants who will rotate on a three-yearly cycle and be re-assigned to services, functions and reporting staff. This practice should mitigate the effects of lean staffing and provide flexibility for wider team working and to provide cover during times of absence. o Senior Accountancy Assistant and Accountancy Assistant will cover both Accounts Payable and Income when required. o Specialist skill areas such as Insurance and Treasury, shadowing will occur to widen and strengthen the knowledge base.
HR	o Multi-skilled first line enquiry service to provide cover throughout operating hours. o Transfer of common transactions to a self-service model using an integrated HR system that staff and manager can access. o Generic job description of HR Business Partner who will support the same service areas in each council, but will also rotate and cover service areas to increase resilience.

Service	How resilience will be achieved
ICT	o IT staff will cross-train each other to remove any single points of failure within the team. To this end, the Application Analyst team will be generic and will assist services on a number of different systems. o Until 2010, the existing support contract with Steria at Three Rivers will run in parallel to the existing technical support team at Watford to ensure resilience during the heavy period of Shared Services implementation. o Both authorities will be connected on a triangulated network to ensure availability and resilience in data traffic o Network connectivity allows either of the two council locations to be used for front-line staff in case of an emergency o Continued alignment and harmonisation of systems and processes will bring further benefits and resilience to both councils.
Revenues and Benefits	o Greater cover should enable leave and training to be scheduled more easily without detriment to the service. o 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. - 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 currently done by one officer in TRDC, and have been delayed when that officer is absent or busy on other matters, leading to criticism by auditors. The shared service will be adopting the WBC approach where work is done by billing officers. The test that this has achieved greater resilience will be reconciliations always being performed on time. - Recovery staff will deal with a diversity of collection – council tax, NNDR and housing benefit overpayments

3.3   Financial Savings

Sharing services will generate approximately £xxxm per annum once the new arrangements are fully operational, an overall improvement on the baseline costs used in the business case by xx%. Table to be inserted once the financial business case is completed.

This is mainly through the

- reduction of posts from 150 FTE to 123 FTE (122 Shared Service plus 1 FTE client support at Watford) through management consolidation, sharing of specialists and economies of scale
- reduction in expenditure on purchased goods and services e.g. corporate training, corporate ICT infrastructure through joint procurement
- reduction in service systems licence costs through harmonising systems
- transfer of some functions which are currently contracted out to the shared service without increasing headcount or potential contracting out of other functions currently done in-house

The following savings have not been quantified for the business case:

- Accommodation costs: Although there will be less space required by the shared services team, the business case has not shown savings in accommodation costs as it is assumed that in the short term councils are not able to release that space to generate additional revenue savings.

3.4   Future Opportunities

In addition, there are further benefits listed below that could be achieved. These have not been included in the business case, as they will take longer to implement.

- Cost reduction once transactional services have been consolidated through further expansion by processing more work from other organisations (and benefiting from economies of scale), extending the partnership or through outsourcing transactional elements if it is cheaper and can deliver the required quality levels.
- Further cost savings in ICT from reduced business application support if the major front line service systems were harmonised (i.e. CRM, Planning, Environmental Services, GIS)
- Further ICT savings through exploring server virtualisation and hosted systems (subject to business case on a system by system basis)
- Relocating shared services to a separate central site which requires less space through smarter working and freeing up existing councils office space to generate better value through commercial means
- Increased resilience through growth and expansion of services to other organisations
- Increased partnership working with other organisations e.g. DWP, Pensions Service
- Increase income stream e.g. by using in-house bailiffs
- Improve staff morale, performance and retention through bedding in new ways of working, "growing" own staff, running apprenticeship schemes in Rev & Bens

4 Managing the impact on staff

Implementing Shared Services in HR, Finance, ICT and Revenues & Benefits will impact directly on 135 employees excluding vacant posts in these services at Three Rivers and Watford Council. For these employees, in addition to adopting new ways of working and new systems, sharing services will mean the following changes

- a new and rationalised management team operating under a Joint Committee
- new staffing structures for each service to which they will be deployed,
- new job descriptions with new pay and grading
- a reduction in the establishment, which for some employees may mean a competitive selection for posts in the Shared Services, or for other posts either within or outside of their current employer
- co-location of services which will mean that some employees will move to a new place of work.

This section sets out the proposed employment arrangements for staff, and recommends the approach to managing the transition to ensure minimal disruption to existing operations, enabling successful and timely achievement of the benefits described in the previous section.

4.1 Employment Arrangements

Under the agreed governance agreement, the Joint Committee can not directly employ staff. Therefore the following employment arrangements, which have been based on advice received from the internal legal teams at both councils and validated with external advisors, would apply:

- Staff will remain employed by their existing council
- Strategic and day to day employee management would be delegated to appropriate officers by the Joint Committee and Management Boards.
- Terms and conditions and employment policies of in-scope staff in Shared Services organisation would be harmonised to ensure fair and equitable employment practices for people working alongside each other and to support integration into the new teams and good employee relations for the future. (See Section 4.2 below)
- TUPE *(*protection of existing terms and conditions on transfer to a new employer) will not apply as there will be no change in employer. The exception to this will be for Payroll staff at Watford who will be moving to a new employer as part of the managed service
- The new Terms and Conditions for Shared Services staff will be collectively agreed between management and employees and constitute a variation of their employment contracts.
- Employment costs would be cross charged to the Shared Service from each employing council and then the total costs of the shared service apportioned out to each council.
- The Joint Committee will agree which council should be the "employer" for any vacant or new posts that arises, with a view to achieving a balance in employing councils in the long term.

4.2   Changes to Terms and Conditions & Employment Policies

The Change Management proposals, which set out the main items with respect to changes to HR & transition policies has been consulted upon and agreed with the management teams of both councils and the Joint Committee in Sep 2008. A copy of this is available from the programme team.   A summary of the key proposals are noted below for information in the following areas.

- Appointments of Heads of Service
- Mechanisms for consultation and negotiation
- Evaluation, Pay and Grading
- Redeployment of staff to new structures
- Relocation
- Areas to be harmonised later

It is recognised that there could be an industrial relations issue if staff who are not in scope feel aggrieved that the terms and conditions held by the staff in the Shared Services are perceived to be more generous (or vice versa). There is a risk that there is potentially pressure to extend the shared services harmonised policies and terms across to other areas of the councils. The financial impact of any harmonisation will be assessed and presented to the Joint Committee and councils for agreement before a change is introduced.

4.2.1   Appointments of Heads of Service

One Head of Service will be appointed for each of the 4 in scope services. These new roles provide 'suitable alternative employment opportunities' for those individuals who currently head these services in both councils, and will be offered on their current terms and conditions. The posts are not suitable alternative employment for members of staff currently in acting Head of Service positions. The appointment process for Heads of Service is currently in progress.

4.2.2   Mechanisms for consulting and negotiation

Whilst it will be the responsibility of the Joint Committee to agree a new collective agreement for shared services, the following consultation arrangements have been put in place to develop a partnership between the Joint Committee, Shared Services management, UNISON and non-union representatives that recognises their distinctive roles, and establishes a workable and effective arrangement for good industrial relations.

It was originally proposed that there be regular consultation and negotiation meetings of Shared Services management with UNISON and non-union representatives via a Management Committee and Staff Forum. UNISON have indicated that they are not prepared to negotiate with non-union representatives present, and as there has not been any interest expressed by Watford staff to nominate non-union representatives, these meetings will continue but with non-union representatives from Three Rivers / Shared Services only.

Formal negotiation of local variations to the national terms and conditions will take place between management and UNISON at a separate joint Union / Management Committee.

The items upon which consultation will be conducted include:

- The new structure including the proposed number of FTEs, job descriptions, grades and progression, location, terms and conditions
- Business rationale for the change and its impact including the reasons for any proposed redundancies, the number and description of the current establishment, the number and description of roles where there are likely to be redundancies
- The proposed method how the redeployment and redundancy process will be managed – strategies to avoid compulsory redundancy/ mitigate redundancy, method of calculation of redundancy payment and support that will be provided to the individual.

Collective consultation with the recognised trade union and employee representatives will commence no later than 42 days in advance of the first notice of any proposed redundancy/ in advance of any proposal for variation of terms and conditions

Integral to the successful implementation of shared services is ensuring that the proposals for change meet equalities standards. An Equalities Impact Assessment (EIA) has been developed and will be agreed with Unison, staff representatives and Equalities & Diversity officers at both councils. All service plans will also include an equalities action plan.

4.2.3 Evaluation, Pay & Grading

The two councils currently use different Job Evaluation systems and adopt different processes for the evaluation and moderation procedures. All shared services jobs will be evaluated and their pay and grading determined through the same process that is best aligned to local government practice. It has been agreed that

- Shared Services adopts the NJC computerised job evaluation scheme for local government, (GAUGE)
- a new pay and grading structure is applied as currently being developed at Watford Borough Council
- a Steering Group is set up to oversee the implementation of the scheme and ensure consistency and fairness
- each role that is evaluated is checked(moderated) by a Job analyst and a line manager who have not been involved in the evaluation
- there is a formal appeals process

4.2.4 Re-Deployment to new structures

The size of the shared organisation will be 122.3 FTE and there will be an additional 1 FTE client role at Watford. Although a significant part of the efficiencies will be from a reduction of the staffing structure, some redundancies can be avoided as there are already a number of agency staff in post and some posts are currently vacant. If existing staff cannot be redeployed due to mismatch of skills, there may be a short fall in

posts filled and recruitment will be required. Overall approximately 135 directly employed staff will be affected by the restructure of Shared Services across both councils.

Once the Shared Services jobs have been evaluated, pay and grading agreed, the existing services will be restructured in phases. The Joint Committee and management will ensure that the re-deployment of employees to the new structure is managed sensitively and that employees are supported during the transition. Strategies to minimise and avoid redundancies have been adopted, using the re-deployment process described in the Change Management proposals.

4.2.5 Relocation

67 employees (34 from Three Rivers and 29 from Watford) are expected to be directly impacted by the proposed location of the four shared services as shown in the table below

Service	Location	Current Headcount		Total
		TRDC	WBC	
ICT	Three Rivers	3	14	17
Finance	Three Rivers	12	15	27
HR	Watford	4	13	17
R&B	Watford	30	44	74
Total		49	86	135

☐ Staff changing offices

It has been agreed that staff are compensated for the additional travel costs and measures introduced to facilitate new travel arrangements in order to minimise the inconvenience caused due to relocation of offices. Details of proposed compensation are described in the Change Management proposals.

It is recognised that, as a result of the requirement to relocate, some staff may face increased travel time due to the additional journey and the level of traffic congestion between the two councils during peak travelling times.   Both of the councils operate flexible working policies to support employees to achieve a work life balance, such as staggered hours, compressed hours, reduced/part time hours, flexi-time and home working. All employees who are inconvenienced due to the requirement to change their place of work may request a change in their working arrangements.

Where flexible working options would provide employees with a solution, this would be discussed with individuals as part of the consultation process. In addition, where services require an on-site presence at each council or there is a need to be mobile, staff may be able to be based at a particular office where appropriate. All requests will be fully considered but approval would be dependent upon the ability to meet service demands.

4.2.6 Areas to be harmonised later

It is proposed that annual leave is not harmonised at this stage and addressed by the Head of Shared HR as a priority area once appointed. Comparisons of annual leave entitlement at each of the councils identified there is a significant substantive difference. Harmonising annual leave for the staff in scope of Shared Services would impact on out of scope staff in each council who could make comparisons with the Shared Services staff. The down side to not harmonising annual leave is that the staff in Shared Services will be working alongside colleagues whose annual leave entitlement may be more or less generous than their own. A separate analysis of the possible cost implication for councils of harmonising leave is being prepared and will be discussed with the Joint Committee separately.

It is proposed that harmonisation of the other people management operational policies such as disciplinary, grievance, performance appraisals, etc are investigated once the Shared Services Management Team is established as this would ensure there is consistency in people management processes for the staff in scope of the Shared Services. The decision regarding prioritisation and harmonisation of these policies would be for the new Shared Services Management Team and Head of HR to determine. In the interim, people management policies would be as per the employing council.

4.3 Managing the Change Process

In addition to managing the employment arrangements, it is important to ensure that the transition to shared services is managed successfully by addressing the following areas

- Communications
- Training and Development
- Maintaining service performance during transition

4.3.1 Communications

The approach taken to communications has been to secure the involvement and commitment of all stakeholders in the Shared Services programme through timely and consistent communications and engagement activities. Some of the communication channels that will continue to be used are:

- Common Website accessed by all council staff and members
- Use of existing staff newsletters and members bulletins
- Use of face to face staff briefings, workshops, member seminars
- Demonstrations and visits to bring to life the ways of future working
- Involving the Joint Consultation and Negotiating Forums, described in Section 4.2.2 to reinforce communication and engagement

The communication and involvement activities are co-ordinated by a Communications Officer (to be appointed), who will have lead responsibility for ensuring that communications are issued consistently and at the right time. Once implementation is complete, and processes/systems/staffing structures are in place, it is envisaged that there will not be a need for an ongoing communications role.

Getting feedback from staff on the programme and measuring the effectiveness of communication is considered to be a key part of any effective communications. It is proposed that a variety of mechanisms be used for this purpose such as staff surveys, anonymous "have your say" feature on the website, email and telephone contact.

4.3.2 Training and Development

Training both staff within the in-scope services and other internal customers in the new ways of working will be a critical component of ensuring the shared services operations delivers the intended business benefits. The training needs for each service are incorporated into each of the 4 service plans and will be rolled out in accordance with the following principles during the implementation phase. :

- Training needs will be based on individuals' current skills and knowledge compared to future required skills and knowledge and integrated with personal development plans.
- Training events will be timetabled in accordance with the service implementation phase to ensure that information is communicated/ skills are developed in sufficient

time for service implementation, but not so early in advance that information/ skills developed are forgotten, or messages lose their impact.

- Skills and knowledge required for shared services will be developed through a variety of methods including workshop/briefings; computer-based training, class room training and visits/ work shadowing, demonstrations.
- Materials, user guides, policies and other relevant material will be available electronically to minimise use of paper; to support staff and service users.
- Training will be designed and delivered through a combination of internal and external trainers.

4.3.3 Maintaining service levels during transition

The programme will put in measures to ensure service levels are maintained during the transition to shared services, including:

- Monitoring of key indicators with specified tolerance levels, which if exceeded will trigger contingency actions. Some of these will be service specific and others will be more qualitative such as morale.
- Taking account of annual operational pressures when planning implementation
- Resourcing the proposed programme implementation team sufficiently to minimise implementation workload on staff with operational responsibilities and therefore avoid potential disruption to service performance.
- Other principles will be applied such as scheduling of training, office moves to avoid busy periods.

5   Implementation

5.1   Implementation approach

The implementation of shared services will be completed in stages:

- **Stage 1: Joint Management**: This stage is almost complete with the Joint Committee and the two Shared Services' directors in place. The process for appointing the Heads of Service is nearing completion.   The Head of Finance and the Head of Revenues and Benefits have been confirmed, the Head of HR post will be advertised in the new year and the way forward with Head of ICT position is being progressed.

- **Stage 2: Deploy staff to new structures and co-locate staff**:

  Our intention is to deploy staff to new structures (as shown in Appendix A) and co-locate at the same time, to combine the sets of changes affecting staff rather than having two separately timed changes which may cause more disruption. The consultation to start the restructure process can start as soon as the pay and grading for Shared Services jobs are agreed. HR, ICT and Finance restructures can happen independently of systems harmonisation.

  For Revenues & Benefits, given the highly system-dependent nature of the service, the restructure and relocation will take place when their system is harmonised. The key dependency for this is that Thrive Homes Ltd vacate Three Rivers offices by May 09 to allow IT and Finance shared services to be co-located there.

- **Stage 3: Process and System harmonisation**: The majority of the changes required to enable shared services benefits will require harmonisation of processes and systems which will take longer. Other implementation activities required during this time include the development of service level agreements and agreement on common policies where appropriate. Some process and policy harmonisation could be introduced even after new systems have been implemented.

- **Stage 4**: **Operational and Benefits Realisation:** For each service, when all components of the changes are in place, that service will be considered to be operational in line with the new operating model i.e. staff are working in new structures in one location, new systems are in place and the main processes harmonised and service is being delivered against SLAs. From this point, benefits should start to be realised for the whole service both in terms of financial savings, performance improvements and resilience, although in some areas benefits will be delivered sooner. During this time, services may require transitional resources to provide additional support to embed changes in the organisation.

5.2   Implementation Timetable

The current implementation timetable below shows that the implementation of the major changes should be completed by April 2010. However, due to the delay in R&B and Finance system from the original date, the full financial benefits will not be delivered until November 2010.

Service	Restructure & Co-location	Process and system harmonisation	Full benefits realised
HR	April 09	April 2009 – June 09	April 2010
Finance	April 09	Jan 2010 - April 2010	October 2010
ICT	April 09	April 2010	April 2010
Revenues & Benefits	November 09	November 09	November 2010

- In Revenues & Benefits further headcount reduction of 4 FTEs is planned one year after the system has been harmonised
- Transitional operational resources are required to assist with the close of year end following the introduction of the new finance management system
- For all 4 services, it is important that there is adequate transitional resource.
- Relocation of HR, Finance and IT is likely to be phased from April 09 subject to operational pressures and Thrive Homes vacating Three Rivers offices.

Detailed plans are being developed by each of the teams as they are resourced with input from external suppliers particularly with respect to timescales for harmonising systems.

5.3   Implementation team

The work required to implement Shared Services falls into activities that relate to each of the four services and other work which cuts across services, such as the Change Management, ICT infrastructure and co-location. Overall, the programme is organised into 5 projects as shown in the shaded boxes in the diagram below. These will be co-ordinated as one programme, although 4 of the projects will report directly to the heads of the shared services to ensure ownership and buy in from the services. As projects end, any continuing shared services implementation tasks will be handed over to the service operational teams to integrate into business as usual.

Project (project duration)	Description
Revenues & Benefits Shared Services (Now – Nov 09)	To implement the required changes in processes, systems and structure for the Revenues & Benefits service to deliver the business benefits. Including any review of tenders, contracts, etc
Finance Shared Services (Now until March 10)	To implement the required changes in processes, systems and structure for the finance service to deliver the business benefits. Including any review of tenders, contracts, etc
HR Shared Services and Change Management (Now until June 09)	To implement the required changes in processes, systems and structure for the HR service to deliver the business benefits. Including any review of tenders, contracts, etc and To ensure a smooth transition of staff to shared services by developing and implementing appropriate HR policies, consultation, and training.
ICT Shared Services & Infrastructure/Co-location Project (Now – Mar 10)	To implement the required changes in processes, systems and structure for the IT service to deliver the business benefits. Including any review of tenders, contracts, etc and To set up the IT infrastructure and connections to enable a smooth transition to the planned office moves and Ensure smooth systems implementation across the shared in scope services.
Shared Services Programme Management (Now until Oct 09)	To set up and manage the overall shared services programme, working as a fifth strand to the Shared Services operational team for the duration of the programme, including setting up the council side management, governance, service delivery and monitoring arrangements.

The resources will be sourced through seconded staff or agencies where we do not have the internal capacity. Appendix B provides more details on the roles and the overall governance arrangements for the programme.

5.4 Procurement

The Shared Services programme will need to procure a number of goods and services to harmonise ways of working and to manage the transition. These include

- Service applications/software
- Hardware and technical infrastructure
- Goods and Services to support the transition process:
- Implementation resources
- Service Delivery solutions: Payroll service provision and ICT Infrastructure support

In general the approach will be to procure with agreed contract procedure rules and EU Procurement Legislation. Existing local government framework agreements or consortia such as OGC Catalyst will be utilised where the providers are considered to provide value and represent the supply market.

One council will enter into the contract and the costs of service will be shared as per the distribution of costs agreed in the Joint Committee Agreement. The contracting authority will be determined on a case by case basis with agreement from the Shared Services directors or the Joint Committee as appropriate depending on the level for major procurement such as service delivery and service systems.

Appendix C provides further detail on the procurement strategy.

5.5 Implementation Risks

There are a number of risks that could delay the implementation, benefits realisation and could result in increased implementation costs. These include:

- Technical connectivity - delays in procurement, problems during set up that were not anticipated
- Procurement delay – delays in the procurement process for either consultancy support or other systems will delay the start
- People consultation and restructuring – delays in consultation, potential appeals processes and instances of posts not being filled will lead to delay in getting a full shared services operational team in place
- Increased cost (actual) or in terms of time (grievances) due to harmonisation being extended to out of scope services
- Delays to approval – any delay to approval of any changes to processes or policies by Cabinet/Executive Committee s or the Joint Committee
- Systems design and conversion – takes longer due to currently unknown complexities, more effort required for data cleaning and conversion
- Review of ICT infrastructure/service support. This service is currently delivered by a third party at Three Rivers, the move to a new model for this contract (whether brought back in-house or externalised) for both councils may impact the business case.
- Benefits realisation – shared services could become operational but not deliver the planned benefits, particularly in performance

These risks will be monitored, managed and contingency/mitigating plans put into place as part of managing the programme going forward and integrated into service plans of each Shared Service.

5.6   Implementation Costs

The shared services implementation is expected to cost approximately £xm. The costs below will be updated as part of the financial business case.

Cost Item	Costs, £, 000	Description
Programme Management		This includes the cost of all internal and external resources, any specialist advisors and other programme office running costs
Transition support in Finance		This is a new cost that reflects the transitional consultancy support required in Finance due to the delay of systems harmonisation.
Change Mgt/Office		These include one off costs relating to - selection/recruitment - training & communications - staff support (e.g. outplacement) - office move/accommodation Systems specific training is included in the systems implementation costs. The office move costs include the configuration of existing office space, as well as any costs for moving of furniture, files, disposal, etc.
Employee transition		These costs include an estimate of potential relocation allowances which staff that have to relocate may be given. It also includes potential salary protection costs that will arise where staff move to posts with a salary that is lower than their current salary.
Redundancy & Pension Strain		The redundancy costs include an estimate of redundancies arising from a reduction in posts. Pension strain costs are expected where staff may leave on early retirement and where pension costs have to be paid out as a lump sum per FTE. There is an option to spread pension strain over several years, although there would be an associated interest cost.
Technology & Systems (Capital)		These costs relate to all one off investments in harmonising technical infrastructure, the purchase and implementation costs of harmonising service systems (including any related technical consultancy and systems training). Ongoing maintenance costs are captured in the future operational costs.
Total		

The differences in the implementation costs from the approved Business Case in Feb 08 and the reasons for this are described in Section 6.4.

6   Financial Business Case

6.1   Structure of the financial business case

To be completed.

6.2   Overall Financial Summary

To be completed

6.3 Affordability for each council

6.3.1 Calculation of benefits and costs to each council

To be completed

6.3.2 Councils Specific Business Case financials

To be completed

6.4 Key Differences to the approved version of the Business Case

In January and February 2008, Watford and Three Rivers councils approved the business case and agreed to proceed to implementation.   The key changes in this updated business case are summarised below with an explanation of the reasons.

This will be inserted once the financials have been completed.

6.5 Managing the business case

The Business Case sets out the costs and benefits of shared services and the timescales within which these will be achieved for both councils. It is proposed that the progress against delivering this business case and the realisation of benefits is measured in the following way.

1. **Financial savings and costs** of shared services are incorporated into annual budgets of the four in scope services or the council's client side costs. Achievement of the savings and spend on the programme can be monitored as part of monitoring the services' budgets.

2. **Benefits of shared services** in regard to performance improvements and resilience are incorporated into the service plans for each of the in-scope services and monitored as part of the service plan monitoring process. In addition performance improvement will be managed through tracking of service levels as part of the service level agreements process.

3. **Progress against the shared services timetable** will be reported to the Joint Committee and to management boards using existing mechanisms.

The three year service plan for shared services' from FY0910 onwards incorporates the business case as shown in the table below.

Business Case component	Service plan
Summary of benefits	1.2 Contribution to shared services objectives
Financial savings	2.6 Cashable efficiency gains
Implementation costs	2.6 Revenue Implementation costs 2.7 Capital investment
Performance improvements	Performance Indicators Benchmarking information Workforce development
Programme Risks	3.8 Risk Management

Appendix D shows how the financial business case has been separated out into each service's budgets for the next 3 years.

In addition, it is recommended that an update against the overall business case for all four services is provided at every Joint Committee meeting until December 2010 that shows
- Actual expenditure compared to the agreed business case (by council and overall)
- Achievement of savings, performance improvements and progress made towards increased resilience (by council and overall)
- Explanation of any variations to the above and recommended actions

7 Next steps

7.1 Approval

The programme is seeking the following from the Joint Committee.

- Approval of the updated Detailed Business Case and the proposals on how it will be managed going forward
- Agreement to proceed with consultation on the proposed structures, subject to agreement on pay and grading

7.2 Next steps

Complete job evaluation, pay and grading: The key priority is for the programme to complete the pay and grading for shared services jobs so that it can proceed with consultation and restructure of the services.

Implementation: The programme will continue with resourcing the implementation team and proceed with the planned implementation. A detailed Programme Initiation Document for the next phase will be developed by the implementation team set up for the next phase. The Detailed Business Case as presented in this document will now be set as the baseline against which actual costs and benefits will be tracked via the service planning process and annual updates to the Joint Committee as part of the budget setting process.

Systems procurement and implementation: The programme will continue as planned to procure and implement the required technical and systems solutions as described in this Business Case.

Development of SLAs: The programme team will work with the Shared Service management team and the councils' stakeholders to develop Service Level Agreements to allow effective management of service delivery and performance.

Further development of the Shared Service: It is recommended that a longer term growth and development strategy be considered for the Shared Service while the implementation is progressing. This is to ensure that work can start now to consider sharing more of our services and potentially explore interest with other councils so that there is a pipeline of future work for Shared Services. Any implications on governance, location etc can also be considered early. This would ideally be a key task for the Shared Services Management team.

Appendices

Appendix A: Service Structures

This appendix describes the proposed structures for the four services within the scope of Shared Services.   The following assumptions and principles have been applied to all the service structures.

- Each structure chart shows the proposed final structure on the basis of which the financial benefits have been estimated following full implementation. The timing over which staffing levels will be reduced will vary by service depending on the nature and complexity of the change involved. E.g. it will take longer to reduce staffing levels where this is dependent on implementing new systems.

- Job descriptions have been developed to take into account principles that will improve resilience of the organisation e.g. multi-skilling, generic roles.

- The jobs shown in the structures are currently being evaluated and their pay and grading will be determined prior to consultation and implementation. The approach to Heads of Service salaries will be different as described in Section 4.2.1 of this document.

- The structure charts only show the permanent establishment of shared services on full implementation. Any non-permanent operational support is noted separately and any implementation resources are included under the implementation costs of the programme.

HR Shared Service

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  │ Development Manager│                        │                   │
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            │  │  Development     │                      │  │                      │
            │  │    Officer       │                      │  └──────────────────────┘
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            │  ┌──────────────────┐                      ├──│ General HR Advisor (2)│
            ├──│   Learning &     │                      │  └──────────────────────┘
            │  │  Development     │                      │  ┌──────────────────────┐
            │  │  Co-ordinator    │                      └──│ Managed payroll service│
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            └──│  Health & Safety │
               │    Advisor       │
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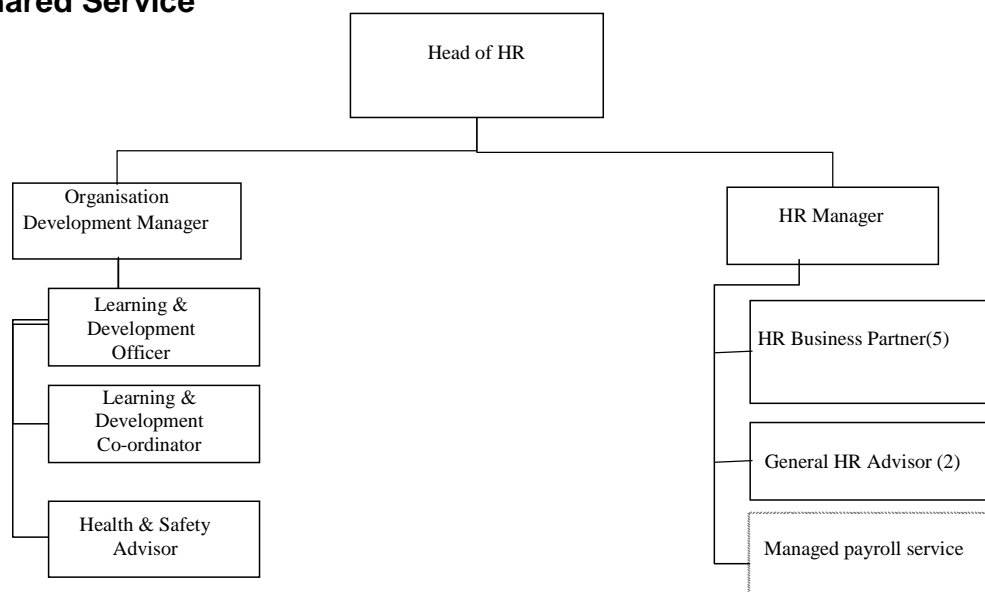
The proposed HR structure incorporates the following improvements to ways of working.

- The introduction of a philosophy of self service enabled by a new hosted integrated HR and Payroll system. This is expected to reduce the demands on the time of HR advisors. Electronic updates and reduction of paperwork will also improve the quality of information and time taken to retrieve employee information and statistics.
- The development of a business partner model where HR professionals develop better service understanding across both councils to allow them to provide HR solutions and advice in line with business needs.
- The set up of a front line HR enquiry service in the posts of General HR advisor which will provide a reliable service for frequent, simple HR queries and processing of standard HR transactions, that cannot be automated.
- The set up and delivery of a shared training programme, which allows both councils to access a full range of training and development programmes, in line with their corporate training strategies. Much of the training will be commissioned externally with some training continuing in house such as corporate induction.
- Streamlining of the recruitment process and enablement of line manager led recruitment activity and response handling for job packs managed by the CSCs (as currently done at Three Rivers)
- The delivery of HR strategy through three key roles of the HR Head of Service, Organisation Development Manager and the HR Manager. Whilst the role of the HR manager will focus on employee relations and policy issues, the Organisation Development manager will focus on workforce planning, succession planning and training.
- The transfer of both Three Rivers and Watford's payroll services to a third party
- Management of any external contracts and any interfaces to external providers (e.g. payroll administration, occupational health at Watford Borough Council) is expected to be shared amongst the HR team.

Other resources not shown

The following resources will work with shared services HR team to support the implementation of shared services.
- 1 FTE HR Implementation officer for 12 months to implement the new HR system and process changes
- Change Management team for 6 months supporting shared services including a Change Manager who has been appointed. A Job Analyst is also in post to support with the evaluation of shared services posts. The implementation costs include an additional 2 resources to support with the consultation process.

Finance Shared Service
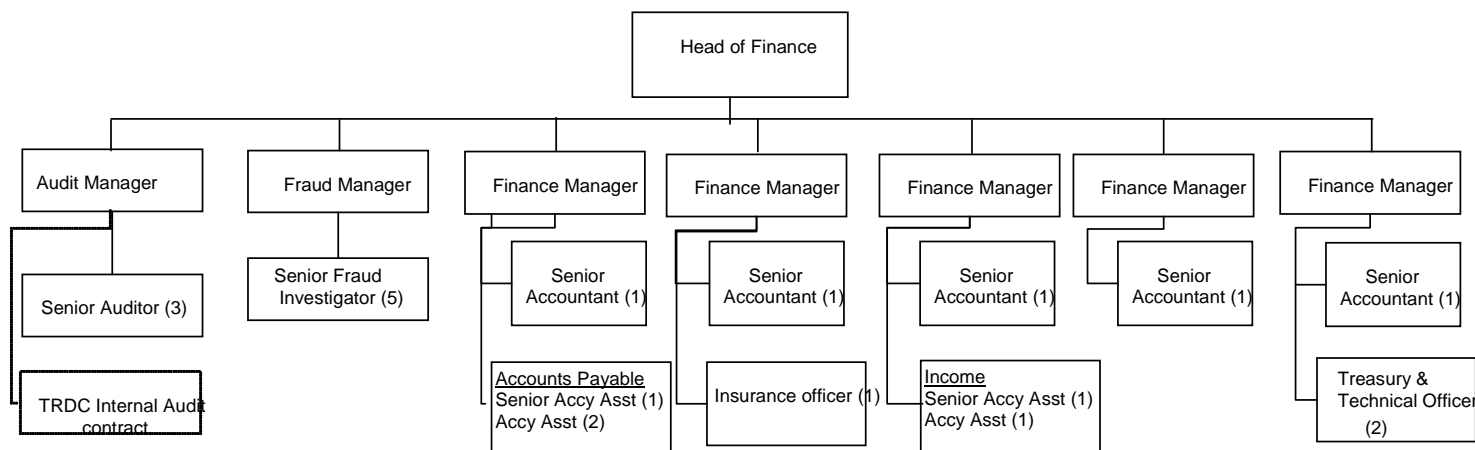
The proposed Finance structure incorporates the following improvements to ways of working.

- A single internal audit function, overseen by one manager who will also oversee the currently outsourced internal audit function at Three Rivers. Whether the TRDC internal audit function will be internalised will be reviewed post the integration of the two functions under one manager.
- A single fraud section, whose role could be extended to cover both benefit and corporate fraud.
- Retention of financial expertise across both councils through the key roles of lead accountants, who would take on either a Service or Corporate Accountancy lead across both councils, utilising service/functional knowledge to support front line services. Each lead accountant will be supported by more junior finance professionals providing back up and resilience to the authorities.
- Financial process expertise in areas of accounts payable, insurance, income and treasury management would be consolidated and managed directly by one of the lead accountants, providing them with line management experience and development opportunities.
- Use of a common finance system across both councils based on common financial planning, monitoring and reporting processes and tools, to improve the responsiveness and quality of service and meet Use of Resources standards
- It is assumed that corporate risk management and the role of the Section 151 officers are outside the scope of the shared service and will be retained by each council.
- The transfer of systems administration for the new common finance system to ICT, where more than one ICT application analyst can be trained to support the system, providing increased resilience.
- The transfer of income collection to Revenues & Benefits to maximise economies of scale and provide resilience as well as separation of income collection and management duties.

Other resources not shown

- 2 Finance managers will be seconded for approximately 12 months to work on the implementation of the Finance system and their roles will be backfilled.
- In addition, a further 2.2 agency finance managers currently at Watford will continue to provide support until the completion of year end closing in Sep 2010 to ensure a smooth transition and effective knowledge transfer to new finance staff.
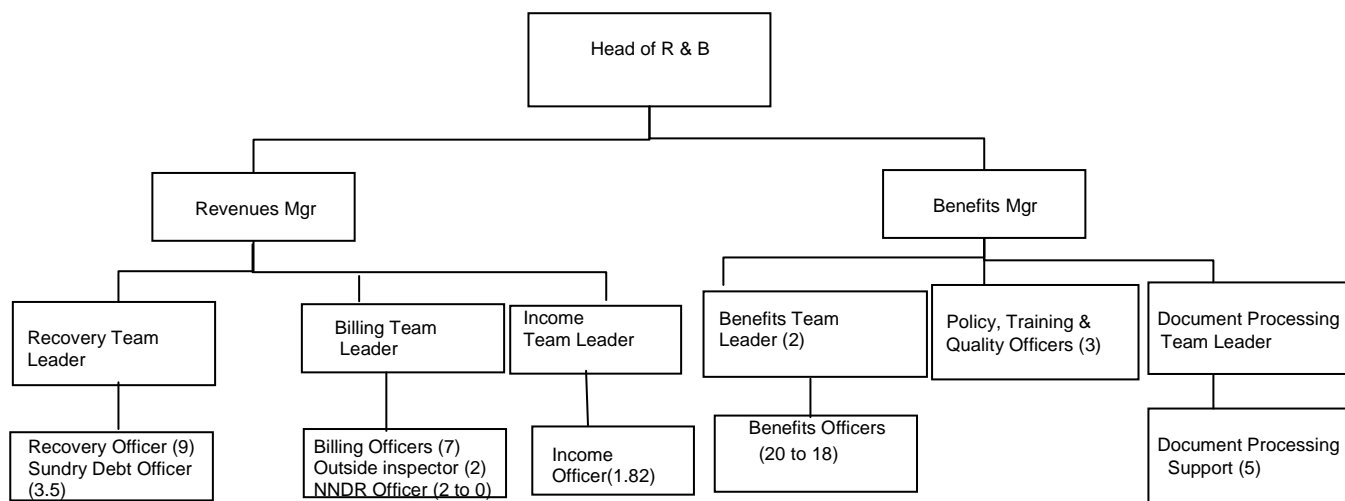

ICT Shared Service
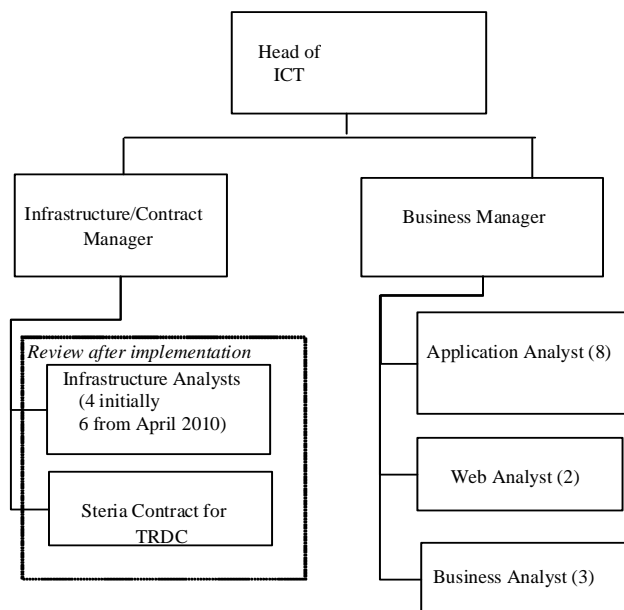
The proposed ICT structure incorporates the following improvements to ways of working:
- The introduction of communications linking the two councils and introduction of "thin client" working to Three Rivers, will allow service desk support team to be reduced to 4 FTEs to support Watford's staff, rising up to 6 FTE to support Three Rivers staff once the contract with Steria ends in March 2010.   Until the end of the Steria contract, TRDC service desk and infrastructure support will continue to be provided by Steria, whilst all the areas under the Business Manager shown above will be shared across the two councils. There is an opportunity following the implementation of ICT shared service to monitor and compare the in-house performance of the infrastructure team to the outsourced provider and consider whether an in-house or externalised solution provides the best value for money for the quality of service.
- Increased resilience and improved service provision through a central team of multi-skilled business support IT professionals that have the functional knowledge of front line services and the technical knowledge to help deliver IT led business improvements.
- The application analyst team will provide support for those service applications which are currently supported centrally by ICT and any applications used by the in scope shared services. That is,
  o GIS, CRM, Environmental services/Planning currently supported at Watford Borough Council; CRM & Rev/Bens systems currently supported at TRDC
  o Plus the centralisation of application support for Finance (including Cash Receipting and Finance systems) and Document Management support as a result of shared service, requiring two additional FTE in this team
  o It is assumed that all systems admin roles that exist in services that are outside shared services scope will remain in those services and not be part of the Application analyst team. The opportunity to centralise these to provide more resilience could be explored as a separate project.

Other resources not shown

- I IT Implementation co-ordinator for 15 months to oversee the systems and technical implementation supported by an additional 1 FTE capacity in the infrastructure team.

- **Revenues & Benefits Shared Service**

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    │   Revenues Mgr  │                            │   Benefits Mgr  │
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│Recovery  ││Billing   ││Income    │  │Benefits  ││Policy,       ││Document          │
│Team      ││Team      ││Team      │  │Team      ││Training &    ││Processing        │
│Leader    ││Leader    ││Leader    │  │Leader (2)││Quality       ││Team Leader       │
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│Recovery  ││Billing   ││Income    │  │Benefits  │              │Document          │
│Officer(9)││Officers(7)││Officer   │  │Officers  │              │Processing        │
│Sundry    ││Outside   ││(1.82)    │  │(20 to 18)│              │Support (5)       │
│Debt      ││inspector │└──────────┘  └──────────┘              └──────────────────┘
│Officer   ││(2)       │
│(3.5)     ││NNDR      │
└──────────┘│Officer   │
            │(2 to 0)  │
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The proposed Revenues & Benefits structure incorporates the following improvements to ways of working.

- The introduction of a common revenues and benefits system across both councils
- The use of mobile technologies to take benefits claims processing to the customers reducing the time taken to process claims, 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
- The transfer of simple, high volume queries from the back office to front line CSCs at both councils, so customer queries are resolved at first point of contact and expert staff are left to focus on more complex queries
- 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 and process direct debits
- 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.
- 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
- It is assumed that 1.82 of the Income team will continue to manage income for Watford only as per the current process

Other resources not shown

A R&B implementation team of approximately 4 will be involved over 10-12 months to implement the new R&B system and associated process changes.

Appendix B: Implementation team

This appendix describes how the shared services implementation team will be structured and the governance arrangements for the implementation phase. It is structured in 3 parts.

- Shared Services Programme Team structure, resourcing approach and roles
- Shared Services Programme Governance arrangements and links with other out of scope areas
- Next Steps for establishing the implementation team and governance arrangements

1.   Shared Services Programme Team Structure and Resourcing

The work required to implement Shared Services falls into activities that relate to each of the four services and other work which cuts across services, such as the Change Management, ICT infrastructure, co-location of staff and governance arrangements.

Feedback from the service leads was that the best way to maintain ownership and ensure that the programme is sufficiently resourced to deliver the change was to
   a) define clear projects/work strands for implementing shared services and
   b) give the ownership of these work strands to the relevant service heads

The programme has identified 4 service specific work strands to transform each service to the new shared services model plus 3 cross service strands for
- ICT, covering infrastructure and co-location of staff
- Change Management, covering all HR aspects of transitioning to shared services
- Programme Management, covering overall co-ordination of the work strands, business case management, development of SLAs and setting up of the joint committee, performance and cost monitoring framework for shared services

The ICT and Change Management strands report into the ICT and HR heads of service, whilst the programme management strand will report directly to the Directors of shared service. The programme manager will work closely with the projects that sit with the Heads of Service, as illustrated in the diagram below.

☐	Shared Services Programme
┄┄┄┄	Co-ordinated as part of Shared Services Programme
────	Formal reporting and accountability
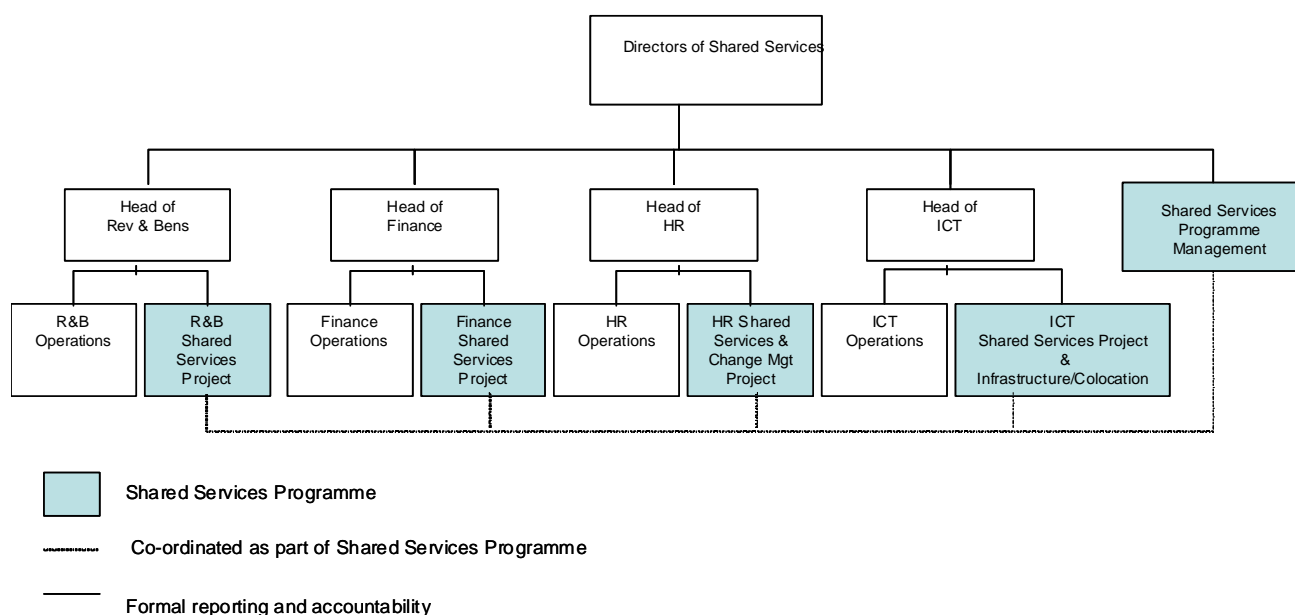
Overall, the programme will be organised into the following 5 projects. These will be co-ordinated as one programme, although 4 of the projects will report directly to the heads of the

shared services to ensure ownership and buy in from the services. As projects end, any continuing shared services implementation tasks will be handed over to the service operational teams to integrate into business as usual.

Project (project duration)	Description
Revenues & Benefits Shared Services (Now – Nov 09)	To implement the required changes in processes, systems and structure for the Revenues & Benefits service to deliver the business benefits including any review of tenders, contracts, etc.
Finance Shared Services (Now until March 10)	To implement the required changes in processes, systems and structure for the finance service to deliver the business benefits including any review of tenders, contracts, etc
HR Shared Services and Change Management (Now until June 09)	To implement the required changes in processes, systems and structure for the HR service to deliver the business benefits including any review of tenders, contracts, etc. To ensure a smooth transition of staff to shared services by developing and implementing appropriate HR policies, consultation, and training.
ICT Shared Services & Infrastructure/Co-location Project (Now – Mar 10)	To implement the required changes in processes, systems and structure for the IT service to deliver the business benefits including any review of tenders, contracts, etc. To set up the IT infrastructure and connections to enable a smooth transition to the planned office moves. To ensure smooth systems implementation across the shared in scope services.
Shared Services Programme Management (Now until Oct 09)	To set up and manage the overall shared services programme, working as a fifth strand to the Shared Services operational team for the duration of the programme, including setting up the council side management, governance, service delivery and monitoring arrangements.

The resources will be sourced through the following routes, on the assumption that resources would be fully committed to the programme and not involved in any other operational or project work:
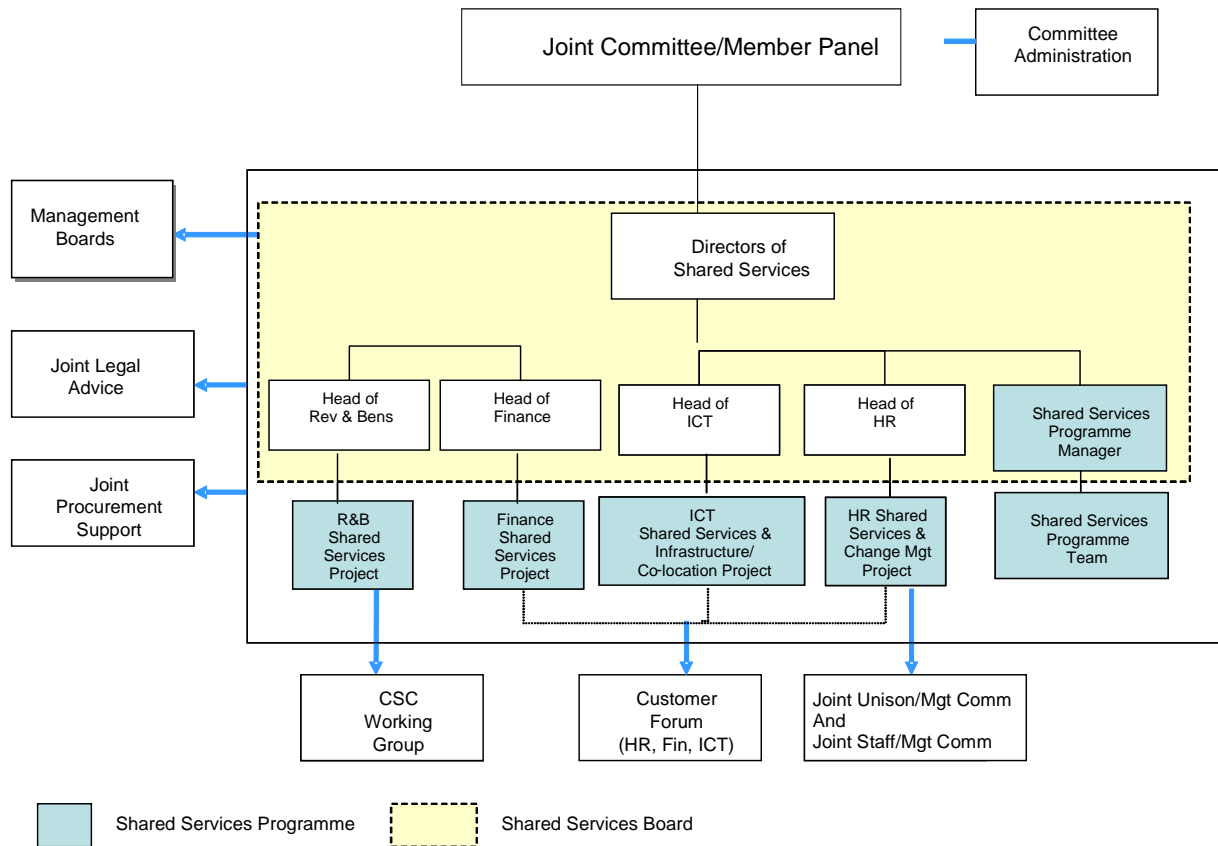
1. **Seconded staff**: Existing staff will be deployed to the posts based on existing skills and capacity and their substantive posts backfilled through bringing in agency or contract staff.

2. **Agency/Contractors**: Where we do not have the internal capacity, we will recruit agency staff or contractors on a fixed term basis to support the implementation. Each service/project area will source agency/contract staff using their existing contacts and following existing procedures at either council.

3. **Consultancy**: Currently it is thought that this will not be required as all the service areas expressed a preference to source individual contractors/agency staff directly rather than procuring a consultancy service to manage any of the implementation.

The table provides a summary of the expected roles for the implementation phase.

Role	Description	Indicative Duration (mths)
Programme Manager	To plan, direct, resource and manage the implementation of shared services in order to deliver the business case benefit. To provide general challenge, advice and expertise to the Shared Services Board and Shared Services Management team	12 -15
Programme office support	To provide administrative, logistical and project management support.	12-15
Communication Officer	To develop and implement a communication strategy and plan that engages and involves stakeholders across the councils in a consistent and timely way.	12
SLA Co-ordinator	To work with the heads of service and customers to develop and agree SLAs and KPIs and performance management framework	4-6
Change Manager	To implement the change management strategy, ensuring a smooth transition to shared services in line with agreed councils' policies and within legislative guidelines and planned timescales.	6
Job Analyst	To evaluate shared services roles and help establish pay and grading	3
HR Restructure Officer	To support the process of transition into new structures for the Shared Service meeting agreed objectives for each phase within planned timescales.	3-4
HR Administrative Support	To provide project, logistical and administrative support to the HR Project team, meeting agreed objectives for each phase within planned timescales.	3-4
ICT Implementation Project Co-ordinator	To manage all aspects of the Shared Services IT infrastructure implementation, including the project management of system implementations, and managing software and service suppliers through the transition process.	15
Technical Support	One agency infrastructure engineer will be recruited to provide additional capacity to this team for 18 months during the implementation of shared services.	15
HR implementation officer	To implement the HR system and processes.	12
R&B Implementation Manager *2 FTE	To manage all aspects of the Revenues and Benefits (R&B) Shared Services Programme.	12
R&B Implementation Officer * 2 FTE	To work with Revenues & Benefits managers once the system supplier is selected	10
Finance Implementation managers Backfill * 2 FTE	Seconded managers who will be backfilled for 12 months to lead the finance system implementation.	12

2. Shared Services Programme Governance

The programme will fit into the overall management and governance of the Shared Service as shown below.

Joint Committee	The Joint Committee will oversee the running of the shared service. The directors sharing operational responsibility for Shared Services will report progress on the implementation to the Joint Committee.
Shared Services Board	The Shared Services Programme Board will continue to provide the overall strategic stewardship of the programme and monitor progress of the programme and related projects. However the membership of it will be extended so that it will include • Directors sharing operational responsibility for the Shared Services • Heads of Shared Service (once appointed) • Programme Manager There will be a nominated chair within the Board, whose role is to agree the board meeting agenda, run the meeting and follow up on any minutes/actions arising. Meetings will continue on a bi-weekly basis as currently using similar reporting processes.
Council Management Teams	Established management forums at each council used for input and approval, to which the Directors responsible for Shared services will provide updates on the programme.
Customer Forum	The programme will continue to use a joint service and customer group to get input from internal customers in the implementation of the shared services. It is envisaged that as the programme develops this group will also evolve into potentially one that provides feedback and monitors quality of the shared services operations once it is set up. The membership of this forum and how it will work with shared services is

	yet to be defined.
CSC Working Group	It is proposed that a CSC Working group be set up to work closely with the Revenues & Benefits team to develop the detail of new processes that will impact the CSC and be involved in its implementation. There may also be some input required from other services where process changes involve the CSC. The CSC working group will have representatives from both councils' CSCs, the programme team and relevant service representatives from R&B from each council.
Management Committee and Staff Forum	It was originally proposed that there be regular consultation and negotiation meetings of shared services management with UNISON and non-union representatives via a Management Committee and Staff Forum. UNISON have indicated that they are not prepared to negotiate with non-union representatives present, and as there has not been any interest expressed by Watford staff to nominate non-union representatives, these meetings will continue but with non-union representatives from Three Rivers / Shared Services only.
Union / Management Committee	Formal negotiation of local variations to the national terms and conditions will take place between management and UNISON at a separate joint Union / Management Committee.
Joint Procurement Support	The Shared Services team will continue to work closely on procurement matters with the procurement leads at both councils.
Joint Legal Advice	The Shared Services team will continue to work closely on legal matters with the Legal leads at both councils.

Members of the Programme Team will also liaise with relevant people from both councils in a number of areas such as HR, Communications, and Accommodation.

Appendix C: Procurement Strategy

The Shared Services programme will need to procure a number of goods and services to harmonise ways of working and to manage the transition. This section describes the procurement needs of the programme, the underlying principles and assumptions made in the business case and the recommended approach.

Procurement Needs

The procurement needs of Shared Services can be grouped into 5 areas:

1. **Service applications/software**: Each service will harmonise its systems to enable a common approach described in Section 2.4. This will require procurement of service specific applications and any other software.

2. **Hardware and technical infrastructure:** Shared Services systems will be accessed from multiple office bases. Information networks will also be integrated and Watford's servers relocated as described in Section 2.4.

3. **Goods and Services to support the transition process**: To manage the transition to shared services, councils will need to engage with specialist providers in a number of areas where we do not have sufficient skills or capacity internally. There are also benefits in bringing in independent support which can verify and challenge the programme. These include training, outplacement support, legal and financial advice.

4. **Implementation resources**: Additional resources are required to implement the proposed changes in the timescales set out in the business case, as described in Section 5.3

5. **Service Delivery solutions**: There are two main areas which are within the scope of the Shared Services where there are existing outsourcing arrangements which will need to be considered. It is proposed that any future arrangements apply to both councils.

   - Payroll service provision: Currently Three Rivers outsource the service and the contract is due to expire in Feb 2009.

   - ICT Infrastructure: Currently Three Rivers outsource the provision of the majority of ICT support functions, including infrastructure/networking support. The contract is due to expire in March 2010.

   - In any other areas, e.g. Internal Audit, where there are external contracts there are currently no definite plans to harmonise arrangements and these will be considered by each service once it is established.

Procurement Principles and assumptions

The following principles and assumptions form the basis of the procurement strategy for Shared Services:

- All procurement will be in line with agreed contract procedure rules and EU Procurement Legislation.
- Existing local government framework agreements or consortia such as OGC Catalyst will be utilised where the providers are considered to provide value and represent the supply market. This will be part of our supply market evaluation process. This will also save time and comply with our Contract Procedure rules.
- Both the software and the implementation support for service applications will be procured jointly from the same supplier.   Based on their prior experience, the Shared Services team considers it more effective to work with a single supplier.
- A fair, transparent and competitive tender process will be used if provision under a consortia framework agreement is not possible or does not provide best value.
- One council will enter into the contract and the costs of service will be shared in line with the distribution of costs agreed in the Joint Committee Agreement.   The contracting authority will be determined on a case by case basis with agreement from the Shared Services directors or the Joint Committee as appropriate depending on the level for major procurement such as service delivery and service systems.
- Any major procurement items such as procurement of systems will be approved by the Joint Committee.
- Procurement support and advice will be provided by the Corporate Procurement officers at Watford or Three Rivers and the distribution of this work has already been agreed.
- All tenders will be evaluated and agreed jointly by representatives from both councils against evaluation criteria agreed jointly for each specific requirement.

The Procurement officers at both councils have proposed new contract procedures rules which will align both councils' approaches to procurement. This needs to be approved by Three Rivers to allow shared services to apply the same process to all its procurement activity.

Procurement Approach

Based on the above principles and assumptions, the procurement approach for all items that will be jointly procured is shown below.

Procurement item (s) and indicative spend	Procuring authority	Approach
Managed Payroll service and integrated HR system (£580K over 5 years)	Watford	Tender process in line with OJEU guidelines. The procurement includes the software/service and the implementation. This has been completed and a preferred bidder selected.
Financial Management system (£500K+ over 5 years)	Three Rivers	Tender process in line with OJEU guidelines. The procurement includes the software/service and the implementation.
Revenues & Benefits system (£500K+ over 5 years)	Three Rivers	Catalyst framework as there is only a limited number of market leaders. The procurement includes the software/service and the implementation. Currently there are 3 (Tribal Consortia expressed an interest) suppliers who have expressed an interest.
IT Infrastructure service provision (£500K+ over 5 years)	Watford	Tender process in line with OJEU guidelines. Three Rivers currently has a contract with Steria which ends in Mar10.
Radio link (£87K)	Watford	Utilise an OGC framework agreement according to the rules stipulated by EU procurement regulations.
Land link (£58K)	Watford	Utilise an OGC framework agreement according to the rules stipulated by EU procurement regulations.
Shared Active Directory (£38K)	Watford	Utilise an OGC framework agreement according to the rules stipulated by EU procurement regulations.
Security Review (£18K)	Watford	Utilise an OGC framework agreement according to the rules stipulated by EU procurement regulations.
Hosting of Watford servers (£140K for 3 year contract)	Watford	Preferred option to host with Herts County Council (procurement process to be confirmed)
Implementation resources	Either depending on roles	Resource these internally as secondments or via agencies
Specialist advice (Up to £30K)	Either depending on advisors	Utilise an OGC framework agreement according to the rules stipulated by EU procurement regulations.
Outplacement support/change training (£40K)	Watford	3 quotes from suppliers known to both councils. This has been completed and suppliers selected.
Other training and communications support (£102K total)	To be confirmed	3 quotes from suppliers known to both councils where item is less than £50K. If the particular requirement is above £50K, advertise.
Support for office moves (£50K but will be divided up)	Watford	3 quotes from suppliers known to both councils where item is less than £50K. If the particular requirement is above £50K, advertise. WBC has a supplier that could be used.

Appendix D: Business Case by Service

The table below apportions out the cashable benefits by service and allocates the implementation costs to each service as it will be reflected in the Shared Services' Service plans. This table will be inserted once financials are confirmed.

Document Version Control

Version No	Dated	Status	Comments/Key changes since last version
0.1	12 Nov 2008	Draft	Issued for comments to Shared services management team without financials.
0.2	19 Nov 2008	Draft	Updated comments from Tricia and metrics table updated in part. Financials have been excluded until the pay and grading information is available.
0.3	20 Nov 2008	Draft	Updated comments from David and feedback on metrics from Heads of Service. Financials excluded. Version to be issued to management teams.
0.4	2nd Dec 2008	Draft	Version without Financials issued to Watford CMB.
0.5	5th Dec 2008	Draft	Version without Financials to be issued to Joint Committee
0.6	9th Dec 2008	Draft	Version without Financials issued to Joint Committee. Incorporating final comments from TRDC management board.