

## THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

**Date of meeting:** 19 November 2012

PART A

AGENDA ITEM

# 7

**Title:** SERVICE AND FINANCIAL PLANNING

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

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### 1. SUMMARY

1.1 This report considers the service plans and budgets for the shared services in the medium term.

### 2. RECOMMENDATIONS

2.1 That the Committee reviews, make such amendments as it thinks fit and approves the service plans.

2.2 That the Committee notes the budget forecast for the Joint Committee in respect of the next three financial years (as changed by any amendments made under recommendation 2.1).

2.3 That the Committee submits to each Council its funding requirements.

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### Report approved by:

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

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

### 3. DETAILED PROPOSAL

3.1 The Delegation and Joint Committee Agreement states that:-

- Each Council shall submit to the Finance Officer of the Joint Committee before the end of October in each year, their estimate of the funding likely to be available to the shared services for the next three financial years,
- The Head of each Shared Service shall prepare and submit to the Joint Committee no later than November each year an annual written service plan for the Shared Service for which he or she is responsible for the next three financial years. This shall take into account any constraints and set out inter alia the outputs to be achieved by and the resources required for the relevant Shared Service.
- On receipt of a service plan for a Shared Service, the Joint Committee shall by the end of the calendar year, review, make such amendments as it thinks fit and approve the service plan together with the relevant Service Level Agreement.
- The Finance Officer to the Joint Committee shall prepare a base budget forecast for the Joint Committee in respect of the next three financial years by reference to the resources approved within the service plans.

The Joint Committee shall, as soon as practicable, but in any event no later than 10 January of each year, submit to each Council its funding requirements.

3.2 Attached as appendices to this report are the service plans for the four shared services.

#### **Service Plans**

##### ***Finance***

3.3 The Finance Service Plan includes the further savings made since the introduction of shared services. The workforce planning section highlights the risks associated with an ageing workforce several of whom are approaching retirement. The Plan also refers to the possibility of joining the Hertfordshire Shared Internal Audit Service detailed elsewhere on this agenda.

3.4 In common with Human Resources and the ICT service, Finance provides support to front-line services that are currently being considered for out-sourcing at Watford. The shared services plans current reflect the existing service levels and will need reconsideration should those levels consequently reduce.

##### ***Human Resources***

3.5 The Human Resources Plan explains how sickness management is being approached. The service is also hoping to take on work from other Councils. Savings are identified in the event that this does not materialise or existing service levels reduce as a result of out-sourcing (see above).

##### ***ICT***

3.6 The ICT service plan is written allowing for an on-going service should the out-sourcing arrangements currently in train fail to materialise for any reason. The potential savings from out-sourcing are detailed in section 2.6.

## **Revenues & Benefits**

3.7 The Revenues & Benefits Service Plan outlines the preparation for the introduction of local support to council tax and universal credit. It details the on-going improvements to processes from e-services and assistance from the customer service centres. Growth bids are included to tackle the continuing level of benefit claims and changes in circumstance, to improve IT systems, and to reduce the impact on collection rates of the current changes.

## **4. IMPLICATIONS**

### **4.1 Policy**

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

### **4.2 Financial**

#### **Overall Financial Position**

4.2.1 Each service plan includes sections on:-

- operating budgets,
- revenue growth, service reductions and cashable efficiency gains, and
- capital investment

4.2.2 Each council has submitted their revenue estimate of the funding likely to be available to the shared services. These figures (shown below) were agreed during last year's budget setting process, with the exception of the latest budget for 2012/13, which reflects changes reported to the Joint Committee during this financial year.

Revenue Operating Costs	2012/13 Latest Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £	2015/16 Forecast Budget £
Finance	1,531,680	1,577,930	1,636,840	
Human Resources	698,600	728,520	758,100	
ICT	1,402,380	1,355,570	1,391,950	
Revenues & Benefits	2,666,220	2,772,050	2,868,060	
Total	6,298,880	6,434,070	6,654,950	

4.2.3 The costs extracted from the service plans are summarised below:

Revenue Operating Costs	2012/13 Latest Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £	2015/16 Forecast Budget £
Finance	1,495,970	1,556,050	1,579,070	1,597,400
Human Resources	727,430	743,840	760,550	766,560
ICT	1,522,680	1,411,000	1,394,280	1,413,920
Revenues & Benefits	2,955,320	2,947,430	2,742,280	2,766,180
Total	6,701,400	6,658,320	6,476,180	6,544,060

The costs in the table above include a growth bid of £250,000 for revenues and benefits in 2013/14. This is to secure for one year external support for benefits processing (£200,000), and an additional budget (£50,000) to avoid the potential detrimental effect on collection rates of the current changes to council tax support, and for systems support. The figures exclude the potential saving from outsourcing ICT.

The two Councils have not discussed budgets for 2015/16, the figures for which

have been newly prepared, being the third year of the medium term financial plan for 2013-6.

- 4.2.4 The tables below show where the costs in the service plans exceed the funding notified to the councils last year (+) and where costs are less than those included in the two councils budgets last year (-).

Revenue Operating Costs	2012/13 Latest Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £	2015/16 Forecast Budget £
Finance	- 35,710	- 21,880	- 57,770	
Human Resources	28,830	15,320	2,450	
ICT	120,300	55,430	2,330	
Revenues & Benefits	289,100	175,380	-125,780	
Total	402,520	224,250	- 178,770	

4.3 **Legal Issues** (Monitoring Officer)

- 4.3.1 There are no legal implications specific to this report.

4.4 **Risk Management and Health & Safety**

- 4.4.1 Any risks resulting from this report will be included in the risk register and, if necessary, managed within the appropriate service plan.

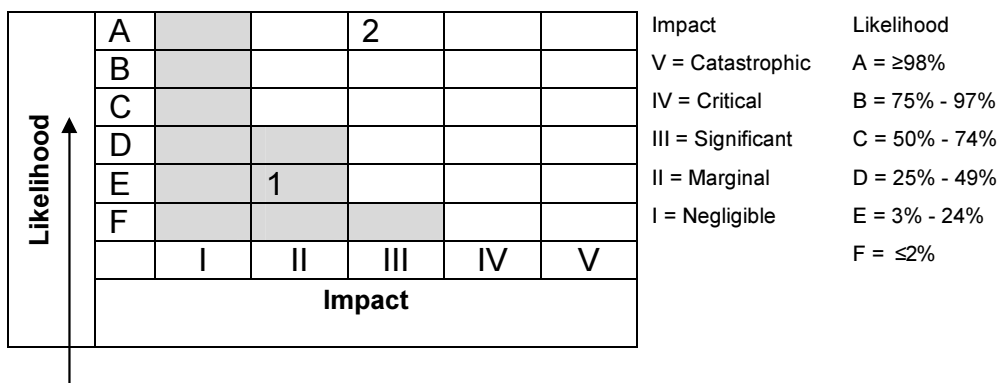
- 4.4.2 The following table gives the risk if the recommendations are agreed, together with a scored assessment of their impact and likelihood.

Description of Risk		Impact	Likelihood
1	That the resilience, improved performance and savings identified within each service plan are not achieved	II	E

- 4.4.3 The following table gives the risk that would exist if the recommendations are rejected, together with a scored assessment of their impact and likelihood:

Description of Risk		Impact	Likelihood
2	That the shared services have no service plans to work to	III	A

- 4.4.4 The above risks are plotted on the matrix below depending on the scored assessments of impact and likelihood. Risks are tolerated where the combination of impact and likelihood are plotted in the shaded area of the matrix. The remaining risks require either monitoring or managing, in which case a treatment plan is prepared.



## 4.5 **Equalities**

### 4.5.1 *Relevance Test*

Has a relevance test been completed for Equality Impact? Yes

Did the relevance test conclude a full impact assessment was required? Yes

### 4.5.2 *Impact Assessment*

This has been completed by an external specialist

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

4.6.1 Included in service plans where appropriate.

## **Appendices**

- 1 Service Plan 2013-2016 – Finance
- 2 Service Plan 2013-2016 – Human Resources
- 3 Service Plan 2013-2016 – ICT
- 4 Service Plan 2013-2016 – Revenues & Benefits

## **Background Papers**

No background papers were used in the preparation of this report.