

THREE RIVERS DISTRICT COUNCIL AND WATFORD BOROUGH COUNCIL

At a meeting of the **Three Rivers and Watford Shared Services Joint Committee** held in the Penn Chamber, Three Rivers District Council, on 19 November 2012 7.30 pm to 9.37 pm

Present: Councillors M Watkin (Chair), B White (Vice-Chair), G Derbyshire, A Khan, S Nelmes and R Sangster

Officers:	David Gardner	Director of Corporate Resources and Governance
	Bernard Clarke	Head of Strategic Finance
	Phil Adlard	Head of Revenues and Benefits
	Terry Baldwin	Head of HR
	Avni Patel	Head of ICT
	Alan Power	Head of Finance
	Chris Fagan	Committee Manager

In attendance:- Mr Robin Davis – Actica Ltd

Apology for Absence:- Howard Hughes, Procurement Manager

JSS26/12 **ELECTION OF CHAIR AND VICE-CHAIR**

RESOLVED:-

- (1) that Councillor Brian White be appointed Chairman of the Joint Committee until November 2013; and
- (2) that Councillor Mark Watkin be appointed Vice-Chairman of the Joint Committee until November 2013.

At the request of the Chairman Councillor Watkin took the Chair for the meeting.

JSS27/12 **DISCLOSURES OF INTEREST**

None received

JSS28/12 **MINUTES**

The minutes of the meeting of the Joint Shared Services Committee held on 24 September 2012 were confirmed as a correct record and signed by the Chairman.

JSS29/12 NOTICE OF OTHER BUSINESS

None received.

JSS30/12 MEASURES OF PERFORMANCE

The Joint Committee received performance information for the 2nd Quarter of 2012/13. The Heads of Service responded to questions from Members on performance measures relating to their Services.

RESOLVED: -

that the Committee notes this report.

JSS31/12 SERVICE AND FINANCIAL PLANNING 2013-2016

The Joint Committee considered the service plans and budgets for the shared services in the medium term.

The Heads of Service of Finance, Human Resources, ICT and Revenues and Benefits introduced their Service Plans and answered Members' questions.

Finance

Members noted levels of savings achieved beyond budget and resilience planning. They complimented the Department on outstanding benchmarking data on cost and value. They noted that further savings might accrue from the adoption of proposals for internal audit elsewhere on the agenda.

Human Resources

Members noted the revision of the Service budget to reflect the deferment of cost savings to allow work on extending the HR Service to other District Councils, the carrying forward into 2013/14 of £6,000 in respect of the HR Appraisal Module and the options for reducing costs within the Service. They expressed satisfaction with the improving downward trend of sickness absence in both Councils, notably Three Rivers.

ICT

The revenue budget savings figure for 2012/13 was corrected to £120,300. Members noted that projects for 2013/14 had still to be prioritised and the extent of the requirement for Capita's services was uncertain. The costing of a number of Watford ITC projects would depend on whether or not their ITC component was out-sourced.

Revenues and Benefits

Members noted:

- the improvements in performance reported despite increased caseloads arising from an increasing demand for Benefits and the uncertainties anticipated from the phased migration of Housing Benefits to Universal Credit.
- revenue growth bids for on-going external support for benefits processing and additional funding for revenues collection and systems support.

They accepted the Service Plan subject to the following amendments:

- Risk RB111 Likelihood to be stated as E and
- the reason for assessment of RB14 to read:

Key expertise could be lost

Staff decide to seek alternative career opportunities when offered and
Increased reliance on third parties.

RESOLVED:-

- (1) that the Committee approves the service plans;
- (2) that option 1 for achieving savings of £19,514 pa in Human Resources be adopted and option 2 be delayed until the 2013/14 financial year;
- (3) that the Committee notes the budget forecast for the Joint Committee in respect of the next three financial years; and
- (4) that the Committee submits to each Council its funding requirements.

JSS32/12 ICT - UPDATE ON DUE DILIGENCE

The Head of ICT reported orally on the progress of due diligence with Capita plc as follows:

Council due diligence had taken place in the form of requests for information from Capita, visits to their Head office, call centre and data centre in Wiltshire as well as visits to two reference sites - Rochford (near Southend on Sea) and the Parliamentary and Health Service Ombudsman.

These visits were both informative and reassuring that Capita would be a good partner for the councils.

Capita due diligence had taken place in the form of meetings at our council offices and have focussed on Technical & Operations, Service and Projects. In

addition to this, HR colleagues at both sides had exchanged emails and Legal teams had met.

Howard Hughes (Corporate Procurement Manager – WBC) and Robin David (Actica Consulting) had been involved at all stages, Howard from an advisory point of view, and Robin providing the external assurance of the process.

Due diligence was on target to complete at the end of November and a meeting had been set in early December in order for both sides to feed back.

As part of Due Diligence, Capita had been asked to plan two road shows at each council to take place in January 2013 should they be awarded a contract with the councils. This would be to enable staff at both councils to find out how the change in service provider will impact on them and the benefits that they can expect to see as a result.

She had asked for this to be done in three sections as follows:

1. Council presents our view, staff not happy with ICT, ICT service unable to keep up with service demands, we listened to feedback, looked at the market and Capita have been selected.
2. Capita presents their offering, what this means to staff on a day basis, helpdesk arrangements, how to log a call, etc
3. Capita presents their transformation plans, delivery of council projects and also what we can expect in the future.

Officers would come back to the Joint Committee on 14 January with the final proposal from Capita along with financial implications, and Members would have an opportunity to meet some of Capita's management team as well as have a preview of the staff road show.

In the meantime, officers had continued to keep staff up to date and would meet them again on the next day, 20 November.

Members considered it essential to have a face-to-face meeting with Capita representatives to assist them to assess the ability of the company to fulfil the Councils' present requirements for an outsourced ITC service and to develop that service to meet future needs. In particular they wished to assess Capita's capacity to provide the required levels of support whenever these might be needed. They also recognised the essential contribution which a strong client-side function would make in establishing a close working relationship between client and contractor.

Robin Davis as the councils' adviser was requested to provide a checklist of key questions for the Joint Committee to raise at their meeting with Capita on 14 January.

RESOLVED:-

- (1) that senior managers of Capita PLC be invited to meet the Joint Committee on 14 January to enable Members to see a preview of their presentation to the Councils' staff, to question them on the details of their offer, including ongoing service support and its costs;
- (2) that the officers prepare a checklist of key questions for the Joint Committee to put to Capita, to ensure that all relevant issues are explored prior to the Joint Committee considering a decision on the Capita offer; and
- (3) that following the meeting with Capita, the Joint Committee consider its decision on the offer in Part 2.

JSS33/12 **ICT - CLIENT FUNCTION**

The Committee considered a report on the structure and responsibility of the ICT Client function to be retained by the councils if the service was to be outsourced by Capita.

The Head of ITC advised that the remuneration for the client manager posts was expected to fall at NJC scale point 9/10, subject to moderation and evaluation of the job descriptions for these roles.

RESOLVED:-

- (1) that the Joint Shared Services Committee notes the activities which will be the responsibility of the councils;
- (2) that the Joint Shared Services Committee approves the recommended structure of the Client team; and
- (3) that the Joint Shared Services Committee approves that the Client team is put in place as soon as transition begins and that it is reviewed 12 months after the commencement of the managed service contract.

JSS34/12 **INTERNAL AUDIT**

This report sought approval to enter into an agreement with the Hertfordshire Shared Internal Audit Service (SIAS) to provide internal audit services.

In considering this report, Members acknowledged and paid tribute to the service given by the former Head of Internal Audit, Mark Allen.

In response to questions the Director of Corporate Resources and Governance advised that the agreement would result in cost savings and enhanced resilience. Internal Audit staff had been consulted and kept fully informed. They

would have scope for personal career development within the arrangement. Senior SIAS staff would carry out agreed work for the councils and attend the Joint Committee and audit meetings.

RESOLVED:-

that internal audit services be provided by the Hertfordshire Shared Internal Audit Service and the Head of Strategic Finance (Watford) and the Director of Corporate Resources and Governance (Three Rivers) be delegated in consultation with the Chairman and Vice-Chairman of the Committee to enter into an appropriate agreement.

JSS35/12 **SHARED SERVICES REVIEW**

This report reviewed the shared services against the original objectives of improvement in services, resilience and savings, and considered the lessons learnt.

Councillor Ralph Sangster stated that he had requested that a report be made to the Resources Policy and Scrutiny Committee of Three Rivers District Council to establish the extent to which that Council's expectations and objectives for the shared services had been met. The report had also been placed before the Joint Committee.

The Director of Corporate Resources and Governance advised that the report was intended to encourage debate and to raise a number of issues.

Members considered that the issues raised by the report were significant and that further consideration should be given to them at a later date.

RESOLVED:-

that the report be noted and that further consideration be given to the issues it raised at a later date.

CHAIRMAN