

THREE RIVERS & WATFORD SHARED SERVICES JOINT COMMITTEE

Date of meeting: 19 November 2012

PART A

Title: SHARED SERVICES REVIEW

Report of: Director Of Corporate Resources & Governance - Three Rivers D.C.

1. **SUMMARY**

1.1 This report reviews the shared services against the original objectives of improvement in services, resilience and savings, and considers the lessons learnt.

2. **RECOMMENDATIONS**

2.1 That this report be noted.

Contact Officer:

For further information on this report please contact:

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Report approved by:

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

3. DETAILS

3.1 The Three Rivers Resources Policy and Scrutiny Committee has agreed to investigate, from a Three Rivers perspective, whether the original shared service objectives of resilience, improved services and savings have been achieved and the lessons learned. This report is presented to the Joint Committee for its input and information.

3.2 **Finance**

3.2.1 Improvement in Service

- Accountancy closed and reported the Financial Statements for 2011/12 in advance of the statutory timetable
- Internal Audit have adopted a new service model to provide consultancy and advice
- The Fraud section have exceeded performance targets and extended their service to investigate more types of fraud.

3.2.2 Resilience

- CIPFA benchmarking reports Accountancy Section as having:-
 - Lowest overall cost
 - Lowest staffing cost
 - Fewest staff
- Internal Audit with reduced resources achieved the Audit Plan and met requirements of Grant Thornton for the managed audit service

3.2.3 Savings

- Savings are now running at more than £250k *over and above* the Shared Services business case.

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	2,156	2,156	2,156	2,156
Shared Services	1,748	1,748	1,748	1,748
Savings	408	408	408	408
Actuals / Budgets	1,698	1,611	1,533	1,496
Savings against Business Case	458	545	623	660
Additional Savings (+) / Reduced Savings (-)	50	137	215	252

3.3 **Human Resources**

3.3.1 Improvement in Service

- Accuracy rates with payroll increased to 99% and working relationship improved; self service modules introduced; increased fees from client plus tendering for further opportunities;

3.3.2 Resilience

- Harmonisation of specific terms and conditions although more to do; team working embedded with HR Business Partners working across both

Councils.

3.3.3 Savings

Savings have been achieved that are greater than estimated in the original detailed business case:-

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	1,226	1,226	1,226	1,226
Shared Services	944	917	917	917
Savings	282	309	309	309
Actuals / Budgets	844	779	695	727
Savings against Business Case	382	447	531	499
Additional Savings (+) / Reduced Savings (-)	100	138	222	190

3.4 **ICT**

3.4.1 Improvement in Service

- Increased technical documentation and knowledge base within the department.

3.4.2 Resilience

- Infrastructure review and improvement plan leading to upgrade of much of the infrastructure at both councils providing increased stability and resilience of ICT Systems.

3.4.3 Savings

- The ICT service has fallen short of the savings estimated in the detailed business case, primarily through the increased costs of employing agency staff and obtaining external assurance of the outsourcing process (Actica).

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	1874	1874	1874	1874
Shared Services	1741	1415	1415	1415
Savings	133	459	459	459
Actuals / Budgets	1796	1468	1470	1523
Savings against Business Case	78	406	404	351
Additional Savings (+) / Reduced Savings (-)	-55	-53	-55	-108

3.5 **Revenues & Benefits**

3.5.1 Improvement in Service

- Improved collection rates in Council Tax, Business Rates and Sundry Debts
- Harmonised operating platform leading to further improvements in access

channels, e.g. Self-Service

- More efficient processes for gathering information to support benefit claims, i.e. “triage”

3.5.2 Resilience

- Unified approach to service delivery. Workload is not allocated on authority basis but by demand.
- Greater flexibility of staff available to offer reception facilities at each site.

3.5.3 Savings

The additional costs incurred by the benefits service have been well documented. The service is spending more now than the original estimated combined costs of the two councils:-

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	2,722	2,722	2,722	2,722
Shared Services	2,505	2,176	2,176	2,176
Savings	217	546	546	546
Actuals / Budgets	2,869	3,161	2,966	2,955
Savings against Business Case	-147	-439	-244	-233
Additional Savings (+) / Reduced Savings (-)	-364	-985	-790	-779

3.6 ***What lessons have we learnt?***

3.6.1 Nothing stands still

The Economy

Increased demand for benefits has significantly affected that service. The finance department has reacted well to the cost reduction exercise brought about by the government’s austerity measures, other shared services have struggled to cope.

3.6.2 Governance Arrangements

Members should review the Joint Committee arrangements and consider whether a lead authority model might be better. The governance arrangements have made it difficult to harmonise the terms and conditions of staff

3.6.3 Due Diligence

Some surprises

A better understanding of the respective ICT Infrastructures would have enabled the ICT service to start on a better footing.

3.6.4 Difficult to Expand

The shared services set out with the intention of combining with other authorities to increase resilience, improve services and achieve further savings. It has been difficult to find willing partners.

4. IMPLICATIONS

4.1 Policy

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

4.2 Financial

4.2.1 There are no changes to the budget or the efficiency gains already agreed by the Joint Committee, Three Rivers District Council or Watford Borough Council as a result of this report.

4.2.2 The table below shows the combined impact of all four shared services. The saving to the two councils in the current financial year is £1.3m against the £1.6m estimated in the original detailed business case. This has to be considered in the light of:

- considerable increases in cost to meet addition demand for housing and council tax benefits
- the original detailed business case did not allow for inflation, and whilst pay awards have been pegged, employers pension costs have increased, and pay and grading arrangements have led to some salary drift. Contracts such as for payroll have inflationary increases in-built.

	2009/10	2010/11	2011/12	2012/13
	£000s	£000s	£000s	£000s
Detailed Business Case				
Combined Costs	7,978	7,978	7,978	7,978
Shared Services	6,938	6,256	6,256	6,256
Savings	1,040	1,722	1,722	1,722
Actuals / Budgets	7,207	7,019	6,664	6,701
Savings against Business Case	771	959	1,314	1,277
Additional Savings (+) / Reduced Savings (-)	-269	-763	-408	-445

4.3 Legal Issues (Monitoring Officer)

4.3.1 There are no legal issues associated with this report.

4.4 Risk Management and Health & Safety

4.4.1 There are no risks associated with the decision members are being asked to take (i.e. to note the report).

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

4.5.1 None specific.

Appendices

None

Background Papers

No papers were used in the preparation of this report.