



## **Shared Services – Performance Management**

### **Monitoring Report**

**Quarter 4 – 2009/10**



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## IMPLEMENTATION & OVERVIEW – HEADLINES THIS QUARTER

In Quarter 4 of 2009/10:-

- The implementation phase for sharing Human Resources, Finance, ICT and Revenues & Benefits was drawing to a close.
- Staff were successfully relocated. Human Resources and Revenues & Benefits were located in the Annex at Watford Town Hall. ICT and Finance occupied the 1<sup>st</sup> Floor of the West Wing at Three Rivers House.
- Data from the Civica revenues and benefits system, formerly used by Watford Borough Council, was successfully transferred to the Capita system. The shared service harmonised on this system which went 'live' on 11 February 2010. Billing for Council Tax was successfully completed on the new system.
- Implementation of the new financial management system enabled it to go 'live' on 1 April 2010. Plans were in hand to close the 2009/10 accounts using the legacy systems by the end of June 2010.
- ICT links between Watford, Rickmansworth and Apsley were in place. Shared services were migrated to a new Active Directory and rollout to remaining services was on-going. Transition from the Three Rivers IT Facilities Management contract and TUPE arrangements with Steria were in hand for when the contract expired on 31 March 2010.
- Transition from the Three Rivers IT Facilities Management contract and TUPE arrangements with Steria were progressed and completed. Implementation of a new Helpdesk and call management system was also completed and rolled out.

**IMPLEMENTATION & OVERVIEW - SAVINGS – OPERATING COSTS**

Code		2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
	Expenditure				
	ICT	1,837,784	1,801,885	1,795,959	(5,926)
	Finance	1,727,777	1,681,080	1,697,872	16,792
	Human Resources	737,088	823,294	844,278	20,984
	Revenues	1,434,442	1,396,117	1,336,256	(59,861)
	Benefits	1,402,374	1,385,103	1,532,621	147,518
	Sub-Total	7,139,465	7,087,479	7,206,987	119,508
	Recharge to Councils				
	Three Rivers District Council	(2,824,546)	(2,796,720)	(2,847,869)	(51,149)
	Watford Borough Council	(4,314,919)	(4,290,759)	(4,359,118)	(68,359)
	Sub-Total	(7,139,465)	(7,087,479)	(7,206,987)	(119,508)
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Operating Costs**

The Committee is asked to note that there was an overspend in 2009/10 resulting predominantly from the employment of additional benefits assessors to address an increasing workload. The additional costs to the councils have been included in their accounts.

**IMPLEMENTATION & OVERVIEW – SAVINGS – IMPLEMENTATION COSTS**

		2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
	Revenue Implementation Costs				
	Programme Management	847,312	781,573	608,026	(172,547)
	Change Management	96,557	86,670	93,746	7,076
	Transitional Employee Costs	416,474	377,010	347,903	(29,107)
	Redundancy	258,414	346,115	281,459	(64,656)
	Pension Strain	0	35,000	30,219	(4,781)
	Total	1,618,757	1,626,368	1,361,353	(265,015)
	Recharge to Councils				
	Three Rivers District Council	(501,815)	(504,174)	(422,019)	82,155
	Watford Borough Council	(1,116,942)	(1,122,194)	(939,334)	182,860
	Total	(1,618,757)	(1,626,368)	(1,361,353)	265,015
	Capital Implementation Costs				
	- Systems Implementation	588,914	1,013,618	929,638	(83,980)
	Total	588,914	1,013,618	929,638	(83,980)
	Recharge to Councils				
	Three Rivers District Council	(182,563)	(314,222)	(288,188)	26,034
	Watford Borough Council	(406,351)	(699,396)	(641,450)	57,946
	Total	(588,914)	(1,013,618)	(929,638)	83,980

## Implementation Costs

There are still costs to be incurred in respect of implementation. The table below shows both the expenditure and how it is proposed to fund it:-

	2010/11 Expenditure £	2010/11 Original Budget £	2010/11 Change Required £
Revenue Implementation Costs			
ICT			
Programme Management	60,000	15,000	45,000
Finance			
Transitional Employee Costs	275,550	149,170	126,380
HR			
Change Management			
Service Away Days	21,000	0	21,000
Consultancy	5,400	0	5,400
Transitional Employee Costs			
Travelling & Pay Protection	48,000	48,000	0
Redundancy	75,000	0	75,000
Pension Strain	410,050	452,366	(42,316)
Total	895,000	664,536	230,464
Capital Implementation Costs			
- Finance Systems Implementation	52,330	0	52,330
- HR Systems Implementation	6,000	0	6,000
Total	58,330	0	58,330

Members are asked to approve the use of under-spends in 2009/10 to meet the re-phasing of expenditure into 2010/11. £230,464 of the £265,015 under-spend on revenue implementation expenditure, and £58,330 of the £83,980 under-spend on implementation costs will be required for the items above. Additionally, the under-spend will be required to meet the implementation of the harmonised income management system, the cost of which will be reported to the next meeting.



## INFORMATION & COMMUNICATION TECHNOLOGY – HEADLINES THIS QUARTER

In Quarter 4 of 2009/10:-

- All Shared Services staff were migrated to the new Active Directory (AD).
- AD migration for non-shared services Watford staff commenced.
- Thin client (TS) testing at Three Rivers was finalised and all Shared Service staff have the ability to work using this method.
- Watford Comms links were moved to Apsley and second phase of DMZ (internet facing servers) move was completed.
- Watford went live with the new Capita Revenues & Benefits system, and release 53 was installed.
- New ICT call logging software (Touchpaper) was launched.
- Incase installation completed to enable TRDC Fraud information to be held on the same system as WBC.

## INFORMATION & COMMUNICATION TECHNOLOGY – RESILIENCE

How Resilience will be Achieved	Completed ✓ / x	Progress to Date / Evidence of Completion / Comments
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.	In progress	<ul style="list-style-type: none"> <li>• Infrastructure cross training continues and referral to Steria when gaps in documentation are identified.</li> <li>• Applications analysts continue to train each other on administration of applications for both councils.</li> <li>• Steria transition complete and refresh\update of handover documents is being discussed.</li> <li>• BACS cross training continued.</li> </ul>
Both authorities will be connected on a triangulated network to ensure availability and resilience in data traffic	✓	Completed.
The shared ICT service will benefit from accumulated learning and experience from previous projects, applications and infrastructure from the two Authorities.	In progress	This is still ongoing.
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.	✓	Contract ended on 31/03/10, TUPE transfers took place on 1 <sup>st</sup> April 2010.
Network connectivity allows either of the two council locations to be used for front-line staff in case of an emergency	✓	Complete
Continued alignment and harmonisation of systems and processes will bring further benefits and resilience to both councils.	In progress	<ul style="list-style-type: none"> <li>• Joint project for procurement of an E-petitions system has been approved by management teams of both councils and is now to be approved by Members.</li> <li>• Uniform upgrades are being planned in tandem to maximise resources.</li> </ul>

**INFORMATION & COMMUNICATION TECHNOLOGY – IMPROVED PERFORMANCE – PERFORMANCE INDICATORS**

<b>Reference ICT 1</b>	<b>Resolution of reported incidents</b>							
<b>Indicator Definition</b>	<b>To ensure the service delivers its promises of responding to pre agreed timescales to incidents that are presented.</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					99%	99%	99%	99%
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					100%	100%	100%	<b>100%</b>
Watford					N/A	N/A	N/A	
<b>Comments on Performance:</b> Watford figures are unavailable from the current call logging system. Combined figures from the new system will be reported next year.								

<b>Reference ICT 2</b>	<b>Annual Customer Satisfaction</b>							
<b>Indicator Definition</b>	<b>What is the perception of the service from the end users view point</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					5.65			
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					6.37			
Watford					2.50			
<b>Comments on Performance:</b> Figures for next year will represent satisfaction of staff at each location rather than which Council they are employed by.								

<b>Reference ICT 3</b>	<b>Acquisition cost of workstation</b>							
<b>Indicator Definition</b>	<b>Measures the cost of purchasing the asset and if the ICT team are utilising purchasing processes effectively</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					665	665	665	665
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					564	564	564	<b>564</b>
Watford					520	520	520	<b>520</b>
<b>Comments on Performance:</b>								

<b>Reference ICT 4</b>	<b>Service Availability</b>							
<b>Indicator Definition</b>	<b>To measure the availability of the ICT service to users during core working hours</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					99%	99%	99%	99%
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					99.95%	99.90%	100.00%	<b>100.00%</b>
Watford					N/A	N/A	N/A	<b>N/A</b>
<b>Comments on Performance:</b> Watford figures are unavailable from the current call logging system.								

<b>Reference ICT 5</b>	<b>Cost per connection to voice network</b>							
<b>Indicator Definition</b>	Cost per connection to voice network							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					N/A	N/A	N/A	190
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					N/A	N/A	N/A	N/A
Watford					N/A	N/A	N/A	N/A
<b>Comments on Performance:</b> These figures are made up of the cost per voice connection, plus initial capital costs, plus costs of calls including mobile phones. They are currently unavailable.								

<b>Reference ICT 7</b>	<b>User Satisfaction</b>							
<b>Indicator Definition</b>	To measure the extent to which users are satisfied with the ICT services they receive							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					5.65	5.65	5.65	5.65
Watford					5.65	5.65	5.65	5.65
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					7	7	6	7
Watford					N/A	N/A	N/A	N/A
<b>Comments on Performance:</b> This is based on the customer surveys sent after each call has been fixed. Figures for Watford are unavailable due to the limitations in the current system. The new call logging system will allow for this to be reported from Qtr 1 of 2010/11.								

<b>Reference ICT 8</b>	<b>Project price, time, quality matrix met</b>							
<b>Indicator Definition</b>	<b>Did the service provided by the ICT resource support the customers' goals and objectives? Was the project successful (within time, budget and quality)?</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					100%	100%	100%	100%
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford								
<b>Comments on Performance:</b> This will be reported from 2010/11 with respect to projects identified within the ICT service plan.								

<b>Reference ICT 9</b>	<b>Successful recovery of key services as stated in Emergency Plan</b>							
<b>Indicator Definition</b>	<b>Did the service provided by the ICT resource support the customers' goals and objectives?</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					100%			
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					85%			
Watford					N/A			
<b>Comments on Performance:</b> Watford DR test will be conducted in the next financial year								

**ICT – IMPROVED PERFORMANCE – IMPLEMENTING INSPECTION RECOMMENDATIONS**

Three Rivers – Deloitte – Internal Audit – Data Security July 2008

<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to Date</i>	<i>Resolved</i>	<i>(Original) Implementation Date</i>
The current ICT guidelines document should be developed into a formal IT Security Policy.	High	ICT Manager – Three Rivers	The Security Policy document is in the process of being prepared in accordance with audit and national (Government Connect) guidelines.	✓	October 2008
Data residing on hard drives of all hardware disposed of or given to third parties should be made irrecoverable. e.g. shredding the hard disk or degaussing the hard disk.	High	ICT Manager – Three Rivers	Recommendation agreed. This recommendation will be followed whenever any equipment is returned to the hardware supplier for disposal.	✓	

Watford – Grant Thornton – External Audit Report 2008/09

Establish appropriate personnel to sit on an IT Steering Committee. Produce clear terms of reference. Schedule regular meetings. Communicate ongoing opportunities and risks regularly to the Heads of Service.	Medium	HoS	HoS will forward a recommendation to CMB seeking guidance whether our Corporate Management Board [CMB] wants a Steering Committee (Note: Shared Services will have an impact on this). Depending on CMB's decision it will be implemented  General Service Risks are already logged in the Corporate Service logs	✓	May 2010
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**Data Security**

*Final report issued July 2008*

Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved	Revised deadline
A data assessment and classification exercise should be performed to identify the different data sets and categories held within the Authority. This should then be used to establish a Data Management Policy indicating how data on specific types should be managed and secured.	Important	<p>Position (June 2009): The work is still expected to be completed by the proposed deadline.</p> <p>Position (August 2009): An assessment project has commenced to identify the different data sets held within the authority. Once identified, these data sets will then be classified into levels of sensitivity. The creation of a Data Management Policy will be completed once Shared Services is operational to ensure that a consistent approach is adopted at both Councils.</p> <p>Position (March 2010): Watford BC have an IT security policy that includes data assessment and classification. This is the first policy that is planned to be aligned with Three Rivers – work on this will begin in the next quarter.</p>	Head of ICT	July 2009	x	Sept 2010



## IT Legislation

Final report issued July 2009

Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved	Revised deadline
<p>Management should perform a review of the design of all data collection forms used by the Council and confirm that the forms contain an appropriate Data Protection disclosure statement.</p> <p>This statement should explain the purpose for which the data is being collected, whom the data will be shared with and other information that will help to ensure that the individual will be aware of the uses to which their data will be put when providing information to the Council.</p>	Important	<p>Agreed Service Heads are being advised of this requirement and changes to existing forms will be made where necessary by the required deadline.</p> <p>Position (March 2010): A disclaimer will be sent out to Communications and all Heads, to be incorporated onto all new paper and electronic forms.</p> <p><b>Position (June 2010): This was discussed with the councils Data Protection Officer and Communications manager and suggested wording was sent to both.</b></p>	Emma Haynes	November 2009	x	May 2010
<p>Management should provide staff with guidance regarding the use of photographic images at the Council to ensure that:</p> <p>Formal consent is obtained for publication of photographs; and Individuals are informed of the purpose for which the photographs may be used.</p> <p>In the event that the purpose for photograph's use changes, further consent should be obtained.</p>	Minor	<p>Agreed Guidelines for the correct use of photographic images have been drafted by the Communications Team and will be included in ICT usage guidelines document once agreed.</p>	Head of ICT	September 2009	x	Sept 2010

Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved	Revised deadline
<p>Management should perform a review of the Information Security policies and procedures to help ensure that these provide adequate guidance to staff regarding the security of data held and processed by the Council. We would encourage the Council to look at the requirements of ISO27001 in guidance for the completion of appropriate security policies.</p>	<p>Important</p>	<p>Agreed The existing IT Security Policy at Three Rivers will be reviewed as part of the Shared Services Implementation with a view to creating a single common policy between TRDC and Watford. Consideration will be given to the requirements of ISO27001 at this time.</p>	<p>Head of ICT</p>	<p>September 2009</p>	<p><b>x</b></p>	<p><b>Sept 2010</b></p>

## Disaster Recovery

Final report issued July 2009

Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved x or ✓	Revised Deadline
<p>The annual test of the Disaster Recovery Plan should include the following elements:</p> <p>In addition to the restore of the systems, the invocation, escalation, communication and decision making processes should also be included within the scope of the test;</p> <p>Issues encountered and any actions to taken to resolve the issue should be recorded in a formal issues log and if required, changes should be made to the DRP following a lessons learnt exercise;</p> <p>The time constraints for the DR testing should be established in such a manner that the business and ICT can gain assurances that their systems can be restored within the agreed timeframes as stated within the BCP.</p> <p>Senior Management should be updated with the overall results of the test including the scope of the testing, issues encountered and any corrective actions taken to resolve each issue.</p>	Important	<p>Agreed The Disaster Recovery Test is in the process of being booked for January 2010.</p> <p>Position (March 2010): DR Test complete with audit recommendations in mind. This will be reviewed and amended following the meeting with DR supplier and Risk Manager Will be scheduled in the next quarter.</p> <p>Position (June 2010): This is on track to be completed by the end of June 2010.</p>	Emma Haynes	January 2010	✓	June 2010

<b>INFORMATION &amp; COMMUNICATION TECHNOLOGY – IMPROVED PERFORMANCE – RISK MANAGEMENT</b>						
Risk No	Description	Latest Position	Impact Assessment		Likelihood Assessment	
			Original	Latest	Original	Latest
ICT1	Loss of Accommodation	Loss of accommodation would result in high impact but the likelihood of this is low and this has not happened in recent years	III	III	D	F
ICT2	Insufficient Staff	No change	III	III	D	D
ICT3	Contractor or systems failure – main ICT systems, suppliers and FM contractor	No change	II	II	D	D
ICT4	Non-compliance with Data Protection Act and Freedom of Information Act	No change	II	II	D	D
ICT5	Failure to deliver the ICT Capital Programme	No change	III	III	C	D
ICT6	Loss of portable storage device containing sensitive data	No change	III	III	D	D
ICT7	Virus introduced to the network via storage device	No change	II	II	F	F
ICT8	Software being removed from the corporate network	No change	II	II	E	E
ICT9	Sensitive e-mail being lost in e-mail / post system	No change	III	III	E	E
ICT10	Disaster in Computer Centre	No change	V	V	E	E
ICT11	Power Outage longer than 1 hour	No change	III	III	C	C
ICT12	Sickness of 50% of staff	No change	III	III	F	F
ICT13	Loss of key staff or expertise	No change	II	II	B	B
ICT14	Day to day service delivery disrupted during implementation	There is increased risk of this due to currently vacancies and staffing issues but the carry forward of implementation budget should allow us to recruit or backfill to complete the remainder of the implementations	I	III	B	C
ICT15	Slow / unreliable network	No change	III	III	F	F

	communication between TRDC and WBC					
ICT16	Unsuccessful management of IT implementations	No change	II		E	

**INFORMATION & COMMUNICATION TECHNOLOGY – OPERATING COSTS**

Code		2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
	Shared Services Operating Costs				
	Employees	988,239	1,012,664	954,613	(58,051)
	Premises	0	0	1,418	1,418
	Transport	7,656	2,870	1,003	(1,867)
	Supplies & Services	372,019	430,225	367,170	(63,055)
	Contracted & Agency Services	469,870	392,370	471,755	79,385
	Income	0	-36,244	0	36,244
	Sub-Total	1,837,784	1,801,885	1,795,959	5,926
	Recharge to Councils				
	Three Rivers District Council	(735,114)	(720,754)	(718,384)	(2,370)
	Watford Borough Council	(1,102,670)	(1,081,131)	(1,077,575)	(3,556)
	Sub-Total	(1,837,784)	(1,801,885)	(1,795,959)	(5,926)
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**INFORMATION & COMMUNICATION TECHNOLOGY – IMPLEMENTATION COSTS**

		2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
1	Revenue Implementation Costs				
	- Programme Management	115,590	142,150	92,008	(50,142)
	- Change Management	28,005	0	0	0
	Total	143,595	142,150	92,008	(50,142)
2	Capital Implementation Costs				
	- Systems Implementation	0	81,192	82,436	1,244
	Total	0	81,192	82,436	1,244

## **EXPLANATION OF VARIANCES**

### **Implementation Costs**

The variances in the ICT implementation budget are due to resource under spend. This was deliberate since the implementation phases of the HR, Finance and Revenues & Benefits systems are not fully concluded. All of these will require additional technical resource. Hence when the contract for the ICT Project co-ordinator was stopped, the position was not filled in order to save capacity for this year – 2010/11.

The Programme management budget for 2010/11 was originally set in February 2010 at £15,000 for 2010/11. By re-phasing £45,000 from 2009/10 this will give a total budget of £60,000.

## FINANCE – HEADLINES THIS QUARTER

In Quarter 4 of 2009/10:-

### **Internal Audit**

Agreement was reached with Deloitte Touché (contracted with Three Rivers) to carry out 2009/10 internal audits for Watford thus avoiding duplication, improving internal efficiencies and meeting external audit requirements more effectively.

Obtained day rates from a range of providers for bought in services for 2010/11.

Anti-Fraud and Corruption Strategy / Whistle-blowing has been examined, rewritten and approved by Watford Audit Committee on 13 January 2010 and the Three Rivers Audit Committee on 31 March 2010.

Planning for the 2010/11 audits including discussions with relevant Heads of Service for both Watford and Three Rivers was completed and reported to the Watford Audit Committee on 17 March 2010 and Three Rivers on 31 March 2010.

Internal Audit terms of reference (role and responsibilities) were reported to Watford Audit Committee on 17 March 2010 and Three Rivers on 31 March 2010.

Internal Audit relocated to Rickmansworth at the end of March and was coordinated by the Facilities Teams at both Councils.

The Audit Manager implemented a procedure for reporting outstanding recommendations to Watford Audit Committee.

### **Fraud**

Evaluation of both Councils' respective Fraud systems was completed and the chosen option was implemented.

Anti-Fraud and Corruption Strategy / Whistle-blowing was examined, rewritten and approved by Watford Audit Committee on 13 January 2010 and the Three Rivers Audit Committee on 31 March 2010. Training sessions were planned for staff in both Councils.



## Accountancy

International Financial Reporting Standards – progress continued to be made. Following the Impact Assessment, a project plan was devised and resources allocated to achieve the milestones. Liaison continued with Grant Thornton, the external auditors, and progress reports were made to both Audit Committees.

External Audit –arrangements were made for both Councils interim audit visits in March 2010. The interim visits looked at:

- documenting key financial systems
- performing walkthroughs of the systems
- carrying out the use of resource assessment

Work continued on the closing programmes for the 2009/10 accounts and the production of the Financial Statements.

Financial Management System –

Finance Managers wrote and tested interfaces

Chart of Accounts was completed and comprehensive code conversion code for Watford finalised in readiness for loading transactions from existing FMSs to COA (the new FMS)

Fixed Assets - work progressing, opening Balance Sheet loaded and reconciled for Watford

User Acceptance Testing for Account Payable and Accounts Receivable progressed well, general ledger UAT was completed

Training dates for Accounts Payable and Accounts Receivable were agreed and implemented

Financial Management System implemented (with snagging issues outstanding)

All transactions from Civica Radius (Three Rivers) and Aptos (Watford) were successfully loaded, balanced and reconciled on the new FMs

Closing of Accounts Timetable produced and agreed. User Guidance produced and training session provided.

Accountancy went into the Shared Service arrangement with 5.5 vacant posts (30% of the establishment). Advertisements were published in mid-January. Following the closing date, applicants were shortlisted. Interviews were completed for three Senior Accountants', a Treasury and Technical assistant and part-time Insurance Officer. In all cases job offers were made and accepted.

The opportunity was taken to carry out an early review of income management.

## FINANCE – RESILIENCE

How Resilience will be Achieved	Completed ✓ / x	Progress to Date / Evidence of Completion / Comments
Intensive training to address limited VAT expertise	Ongoing	This will progress following the completion of the recruitment process. Position June 2010 – Senior Accountant attending specialist four day residential course on VAT in Local Government in September 2010. Finance Manager and Senior Accountant attend LA VAT Forum.
Vacancies, Long-Term Absences and Holiday periods are closely managed	✓	Long term vacancies have been resolved following a successful recruitment campaign.
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	✓	<p>Evidence of success will be that the following critical tasks will be completed satisfactorily within timescales:</p> <ul style="list-style-type: none"> <li>• Budget estimates, budget setting, monitoring and forecasting</li> <li>• Closing accounts, preparations and publication of Financial Statements</li> <li>• Implementation of Financial Management System</li> <li>• Streamlined management of external audit process</li> </ul> <p>It is expected that staff rotation will commence before Autumn 2010</p>
Senior Accountancy Assistant and Accountancy Assistant will cover both Accounts Payable and Income when required	Ongoing	This will progress following the completion of the recruitment process. Position June 2010 – Senior Accountancy Assistants are currently training on Income and Bank Reconciliations. They are trained on Accounts Payable but need more specific knowledge on the COA system.

<b>How Resilience will be Achieved</b>	<b>Completed ✓ / x</b>	<b>Progress to Date / Evidence of Completion / Comments</b>
Specialist skill areas such as Insurance and Treasury, shadowing will occur to widen and strengthen the knowledge base.	Ongoing	This will progress following the completion of the recruitment process. We have successfully recruited to the part-time Insurance Officer post and local government training is underway.
Internal Audit and Fraud Teams operating with flat structures	✓	Evidence of success will be that the following critical tasks will be completed satisfactorily within timescales: <ul style="list-style-type: none"> <li>• Strategic Internal Audit planning</li> <li>• Continuous internal audit</li> <li>• One internal audit team with the flexibility to buy in specialist resources</li> <li>• Common systems, procedures and harmonisation</li> </ul>
Harmonisation of Procedures	Ongoing	Evidence of success will be that the following critical tasks will be completed satisfactorily within timescales: <ul style="list-style-type: none"> <li>• Common financial procedures will be necessary for efficient use of resources</li> <li>• Review of accounting policies and procedures</li> </ul>

**FINANCE – IMPROVED PERFORMANCE – PERFORMANCE INDICATORS**

<b>Reference</b>	<b>FN01</b>									
<b>Indicator Definition</b>	<b>Budget monitoring and budget setting timetable agreed prior to commencement of financial year with full compliance on reporting deadlines.</b>									
<b>Target</b>	<b>2008/09</b>					<b>2009/10</b>				
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>
TRDC	-	-	-	-	Achieve	-	-	-	-	Achieve
Watford	-	-	-	-	Achieve	-	-	-	-	Achieve
<b>Outcome</b>	<b>2008/09</b>					<b>2009/10</b>				
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>
TRDC	-	-	-	-	Achieved	-	-	-	-	Achieved
Watford	-	-	-	-	Achieved	-	-	-	-	Achieved
<p>Comments on Performance                  This Indicator is best reported on an annual basis – the timetable was agreed for 2009/10 prior to the commencement of the year. During the later part of 2009/10 the budget monitoring and budget setting timetable was agreed for 2010/11.</p>										

<b>Reference</b>	<b>FN04</b>									
<b>Indicator Definition</b>	<b>Final Accounts – The Statement of Accounts will be produced and approved by respective Audit Committee by 30 June. The Statements will be presented with no material errors and published with an unqualified audit opinion by 30 September</b>									
<b>Target</b>	<b>2008/09</b>					<b>2009/10</b>				
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>
TRDC	-	-	-	-	Achieve	-	-	-	-	Achieve
Watford	-	-	-	-	Achieve	-	-	-	-	Achieve
<b>Outcome</b>	<b>2008/09</b>					<b>2009/10</b>				
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>
TRDC	-	-	-	-	Achieved	-	-	-	-	Achieved
Watford	-	-	-	-	Achieved	-	-	-	-	Achieved
<p>Comments on Performance                  This Indicator is best reported on an annual basis. In 2008/09 and 2009/10 the Statement of Accounts was presented to Audit Committees by 30 June in respective years and unqualified opinion was received from the external auditor and reported to the Audit Committees before 30 September.</p>										

<b>Reference</b>	FN04									
<b>Indicator Definition</b>	Use of resources – Level 3 for <i>Managing Finances</i>									
<b>Target</b>	2008/09					2009/10				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
TRDC	-	-	-	-	Level 3	-	-	-	-	Level 3
Watford	-	-	-	-	Level 3	-	-	-	-	Level 3
<b>Outcome</b>	2008/09					2009/10				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
TRDC	-	-	-	-	Level 3	-	-	-	-	n/a
Watford	-	-	-	-	Level 3	-	-	-	-	n/a
Comments on Performance The Audit Commission has announced that the Use of Resources assessments will not now be published. Future assessments have been abandoned.										

<b>Reference</b>	FN06 & FN07							
<b>Indicator Definition</b>	Percentage User Satisfaction with Financial Services							
<b>Target</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	N/A	N/A	N/A	99%	N/A	N/A	N/A	99%
Watford	N/A	N/A	N/A	99%	N/A	N/A	N/A	99%
<b>Outcome</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	N/A	N/A	N/A		N/A	N/A	N/A	<b>86%</b>
Watford	N/A	N/A	N/A	<b>N/A</b>	N/A	N/A	N/A	<b>N/A</b>
Comments on Performance To be developed – will need to implement separate surveys for audit, fraud and finance. Benchmarking clubs include customer satisfaction surveys on an annual basis. The first opportunity to conduct this on the shared services operation will be during the autumn on 2010.								

<b>Reference</b>	<b>FN08</b>							
<b>Indicator Definition</b>	<b>Average investment interest rate to be no less than 0.12% different from average base rate.</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC				3.66				0.62
Watford	5.12	4.62		3.66				0.62
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC				<b>4.59</b>				<b>1.46</b>
Watford	5.50	5.71		<b>5.14</b>				<b>2.00</b>
Comments on Performance Figures shown in Quarter 4 are for the whole of the financial year.								

<b>Reference</b>	<b>FN09</b>							
<b>Indicator Definition</b>	<b>Percentage of undisputed invoices paid within 30 days (Formerly BV8)</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC	N/A	N/A	N/A	99%	N/A	N/A	N/A	99%
Watford	100	100	100	100	100	100	100	100
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC	99.23	98.85	99.23	<b>98.82</b>	98.85	95.53	96.54	<b>96.83</b>
Watford	95.20	96.38	94.55	<b>94.79</b>	96.69	93.89	93.01	<b>92.22</b>
<b>Comments on Performance</b> Finance champion this performance indicator and is reliant upon all services to actively engage and support.								

<b>Reference</b>	FN09							
<b>Indicator Definition</b>	Percentage of invoices paid by BACS (currently reported by Watford only)							
<b>Target</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford	70	70	70	70	75	75	75	75
<b>Outcome</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Watford	Not Available	Not Available	Not Available	Not Available	Not Available	62	53	62
Comments on Performance Finance champion this performance indicator and is reliant upon all services to actively engage and support.								

<b>Reference</b>	FN09							
<b>Indicator Definition</b>	Percentage of all purchasing conducted electronically measured by emailed orders							
<b>Target</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford				0				0
<b>Outcome</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Watford	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Comments on Performance Finance champion this performance indicator and is reliant upon all services to actively engage and support. The new COA system was introduced for 2010/11 and produces electronic files to spending departments. Users have the choice to print and post or e-mail orders but software does not record these actions. Finance will continue to show users the advantages of electronic procurement. The performance indicator will be deleted.								

<b>Reference</b>	<b>FN10</b>									
<b>Indicator Definition</b>	<b>Internal Audit - achieve 90% of planned work</b>									
<b>Target</b>	<b>2008/09</b>					<b>2009/10</b>				
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>
TRDC	-	-	-	-		-	-	-	-	
Watford	-	-	-	-		-	-	-	-	
<b>Outcome</b>	<b>2008/09</b>					<b>2009/10</b>				
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Year</b>
TRDC	-	-	-	-		-	-	-	-	
Watford	-	-	-	-	90.05%	-	-	-	-	94.50%
<p>Comments on Performance</p> <p>This indicator is best reported on an annual basis. The table above includes the results for Watford. Internal Audit for Three Rivers was provided by Deloitte and Touche and all agreed audits were completed. In 2010/11 the service is entirely resourced in-house and the target agreed for planned work compared with total available audit days is 92%.</p>										

<b>Reference</b>	<b>F11</b>							
<b>Indicator Definition</b>	<b>Anti Fraud – Number of Investigations</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								124
Watford								186
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								<b>220</b>
Watford								<b>253</b>
<p>Comments on Performance</p> <p>During the whole of 2009/10 the fraud team was under unified management arrangements.</p>								



<b>Reference</b>	FN11							
<b>Indicator Definition</b>	Anti Fraud – Number of Investigators							
<b>Target</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford								
<b>Outcome</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford								
Comments on Performance During the whole of 2009/10 the fraud team was under unified management arrangements. The section was staffed at establishment of one Manager and five Senior Investigators.								

<b>Reference</b>	FN11							
<b>Indicator Definition</b>	Anti Fraud – Number of Sanctions							
<b>Target</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								23
Watford								35
<b>Outcome</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								24
Watford								40
Comments on Performance During the whole of 2009/10 the fraud team was under unified management arrangements.								

**FINANCE – IMPROVED PERFORMANCE – IMPLEMENTING INSPECTION RECOMMENDATIONS**

Action	Priority	Responsibility	Action to Date	Resolved	(Original) Implementation Date
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**Watford - Annual Governance Report – Grant Thornton –September 2008**

Full review of all leases	Medium	Interim Head of Finance	Work stream allocated review has commenced. This has been completed as part of the project to implement the effects of International Reporting Standards	✓	March 2009
Salaries charged to Capital	Medium	Strategic Finance Accountant	To be incorporated into 09/10 support service allocation process - Implemented	✓	March 2009
Fixed Asset Register	High	Interim Head of Finance	Produce spreadsheet as interim solution pending implementation of new FMS - Completed	✓	March 2009
Recommend Process to review Shared Ownership dwellings	High	Interim Head of Finance	Review system for revaluations - Implemented	✓	March 2009
Journal Authorisation	Low	Interim Head of Finance	Review system for authorisation of on-line journals. Implemented as part of the internal rules on the new COA FMS.	✓	March 2009

<b>Three Rivers – Annual Governance Report – Grant Thornton –September 2008</b>					
Fixed Asset Register	Low	Accountancy Manager	Introduce regular reconciliations between asset register and general ledger	✓	March 2009
Bank Reconciliations	High	Accountancy Manager	Ensure bank reconciliations are carried out monthly	✓	March 2009

FINANCE – IMPROVED PERFORMANCE – RISK MANAGEMENT						
Risk No	Description	Latest Position	Impact Assessment		Likelihood Assessment	
			Original	Latest	Original	Latest
FIN 1	Staff resistance to change	Risk managed and now closed	II	Closed	E	Closed
FIN 2	Staffing continuity	Risk managed and now closed	III	Closed	E	Closed
FIN 3	Insufficient staff to deal with workload	Risk managed and now closed	III	Closed	E	Closed
FIN 4	Shared services doesn't go live	Risk managed and now closed	III	Closed	F	Closed
FIN 5	Terms & conditions and location adversely affect staff retention	Risk managed and now closed	II	Closed	E	Closed
FIN 6	Job evaluation adversely affects staff retention	Risk managed and now closed	III	Closed	C	Closed
FIN 7	Cannot recruit to Assistant Finance Manager by implementation day	Risk managed and now closed	IV	Closed	C	Closed
FIN 8	IT communications insufficient	Risk managed and now closed	III	Closed	F	Closed
FIN 9	Decision making time consuming – directors and committee	Risk managed and now closed	I	Closed	F	Closed
FIN 10	Unable to keep temporarily retained staff	Risk managed and now closed	II	Closed	E	Closed
FIN 11	Resistance from transitional staff – deliberate damage	Risk managed and now closed	III	Closed	E	Closed
FIN 12	Loss of VAT expertise	Risk managed and now closed	III	Closed	D	Closed
FIN 13	Cannot align policies or procedures	Risk managed and now closed	I	Closed	F	Closed
FIN 14	Resistance to change by service managers	Risk managed and now closed	I	Closed	F	Closed
FIN 15	Wrong establishment	Risk managed and now closed	II	Closed	E	Closed

Risk No	Description	Latest Position	Impact Assessment		Likelihood Assessment	
			Original	Latest	Original	Latest
FIN 16	Delay implementing IT	Risk managed and now closed	I	Closed	F	Closed
FIN 17	Fail to close 08/09 on time coupled with conflicting priorities of two councils	Risk managed and now closed	IV	Closed	E	Closed
FIN 18	UoR for finance related areas – levels fall	Risk managed and now closed	III	Closed	B	Closed
FIN 19	Intransigence – poor relationships with S151 officers	Risk managed and now closed	II	Closed	F	Closed
FIN 20	Over-management by client councils	Risk managed and now closed	II	Closed	F	Closed
FIN 21	Scope/volumes of work increases but no additional resources	Risk managed and now closed	III	Closed	D	Closed
FIN 22	SS takes on aged workforce and key officers need replacing in early years	Risk managed and now closed	III	Closed	A	Closed
FIN 23	Unable to retain expertise for 24 months (+ 09/10 closing period) [two WB IT staff]	Risk managed and now closed	III	Closed	E	Closed
FIN 24	Skewed demands from S151 officers	Risk managed and now closed	II	Closed	F	Closed
FIN 25	Additional partners during first two-three years	Risk managed and now closed	I	Closed	E	Closed
FIN 26	Training requirements for P/Q staff	Risk managed and now closed	II	Closed	E	Closed

## FINANCE – OPERATING COSTS

Code		2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
	Shared Services Operating Costs				
	Employees	1,426,375	1,367,400	1,367,391	(9)
	Transport	19,772	20,670	14,570	(6,100)
	Supplies & Services	159,130	223,510	260,196	36,686
	Contracted & Agency Services	122,500	69,500	69,861	361
	Income	0	0	(14,146)	(14,146)
	Sub-Total	1,727,777	1,681,080	1,697,872	16,792
	Recharge to Councils				
	Three Rivers District Council	691,111	672,432	679,149	(6,717)
	Watford Borough Council	1,036,666	1,008,648	1,018,723	(10,075)
	Sub-Total	1,727,777	1,681,080	1,697,872	(16,792)
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## FINANCE – IMPLEMENTATION COSTS

		2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
1	Revenue Implementation Costs				
	- Programme Management	220,230	204,430	133,698	(70,732)
	- Transitional Employee Costs	358,010	358,010	330,350	(27,660)
	Total	578,240	562,440	464,048	(98,392)
2	Capital Implementation Costs				
	- Hardware and Connectivity	309,650	302,050	252,457	(49,593)
	Total	309,650	302,050	252,457	(49,593)

## **EXPLANATION OF VARIANCES**

### **Operating Costs**

Following co-location of accountancy staff in October 2009 there was a need to continue arrangements with further temporary staff to cover for vacancies of 30% in establishment and to ensure that adequate cover and control existed over critical functions such as bank and income reconciliations.

## HUMAN RESOURCES – HEADLINES THIS QUARTER

In Quarter 4 of 2009/10:-

- Customer service and communication with Northgate was improved
- All appeals for roles in Shared Services were completed with the exception of one role in revenues and benefits (since resolved)
- Inductions days were held in both councils for staff to introduce them to their 'new' council
- The vacant HR Manager role was filled
- Third party payments were taken over by Northgate, so there is no longer a manual intervention required



## HUMAN RESOURCES – RESILIENCE

How Resilience will be Achieved	Completed ✓ / x	Progress to Date / Evidence of Completion / Comments
Multi-skilled first line enquiry service to provide cover throughout operating hours.	✓	HR staff provide a service from 8.00 am until 5.30 pm although for Three Rivers this may be via telephone or email at certain times. The two HR Advisers have undergone significant training and development so that they are able to provide a service to either Council and are not limited to one Council each.
Transfer of common transactions to a self-service model using an integrated HR system that staff and manager can access.	Ongoing	The first stage of ResourceLink involving access to online pay slip and personal details has been completed. The basic development required for the Learning and Development module has been completed. On line expense claims have been launched. The next module is on line annual leave booking and then Manager self service. The final module will be on line appraisals, which will be implemented ready for on-line appraisal to go live in 2011.
HR Business Partners to provide support across both Councils	✓	The HR Business partner job description has been agreed and the HR BP team selected. Cross training has taken place and integration of the HR Business Partner to the “new” Council has been completed. HR Business Partners from Watford have attended Departmental Team Meetings in Three Rivers (and vice versa for Three Rivers HR Business Partners) and are now actively involved in supporting managers with advice and guidance for either Council.

## HUMAN RESOURCES – IMPROVED PERFORMANCE – PERFORMANCE INDICATORS

Reference	Working days lost to sickness per FTE (in shared HR service)							
Indicator Definition								
Target	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford								
Outcome	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford								
<b>Comments on Performance:</b> Not recorded in 2008/09 or 2009/10								

Reference	Working days lost to sickness per FTE employee							
Indicator Definition								
Target	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC	1.625	1.625	1.625	1.625	1.625	1.625	1.625	1.625
Watford				11.5	2.13	4.25	6.38	8.50
Outcome	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC				<b>6.95</b>				<b>7.90</b>
Watford				<b>9.80</b>	2.00	4.54	6.46	<b>8.50</b>
<b>Comments on Performance:</b>								

<b>Reference</b>	<b>Payroll cost per payslip</b>							
<b>Indicator Definition</b>	<b>Total cost of managed payroll service divided by employee headcount</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford								
<b>Comments on Performance</b> First calculation 2010/11								

<b>Reference</b>	<b>Cost of HR per employee (headcount)</b>							
<b>Indicator Definition</b>	<b>Total budget for the shared HR service divided by employee headcount</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford								
<b>Comments on Performance</b> Not recorded until start of shared HR Service. First full year will be 2010/11.								

Reference	Ratio of HR (FTE) per employee (headcount)							
Indicator Definition								
Target	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford								
Outcome	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC					1:129	1:129	1:95	<b>1:61</b>
Watford					1:37	1:38	1:76	<b>1:61</b>
<p><b>Comments on Performance:</b>  The ratio for Three Rivers for 2009/10 is somewhat misleading. The role of Head of HR is deemed a Watford employee and therefore appears on the Watford headcount for the first 3 quarters of 2009/10. Learning and Development was being provided by Watford BC during this period also as the L&amp;D role in Three Rivers was vacant. Therefore the most accurate figure to use is that for quarter 4 which looks at the ration of HR staff across both councils.  The HR team is now in situation and serving both councils. The ration of HR staff to employees in Watford has increased to a more healthy standard as a result. The figures are slightly higher in q4 than q3 2009/10 as there is an agreement to fund a HR Business Partner to undertake the Harmonisation project. There is therefore additional resource within the team for this project, which will continue until March 2011. As much of the additional cost as possible will be absorbed within the existing HR budget.</p>								

Reference	% of staff receiving annual appraisal (of those eligible to do so) within target timescale							
Indicator Definition								
Target	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC				100%				100%
Watford				100%				100%
Outcome	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC				61.4%				8.26%
Watford				81.5%				90.19%
<p><b>Comments on Performance:</b>  Appraisal completion in 2009 was not high throughout Shared services and Watford due to restructures and the implementation of shared services. This has been documented previously.  The appraisal cycles in Watford and Three Rivers differ. Watford has completed the 2009/10 cycle and the completion rate quoted of 90.19% relates to returns as at May 2010. Three Rivers has a different reporting cycle and appraisals are not due to be completed until 31 July.</p>								

## HUMAN RESOURCES – IMPROVED PERFORMANCE – IMPLEMENTING INSPECTION RECOMMENDATIONS

<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to Date</i>	<i>Resolved</i>	<i>(Original) Implementation Date</i>
Investors In People Ltd (The Assessment Network) Post Recognition Review Report – expected February 2009					
Various in relation to learning and development activity	High	MB, Heads of Service, line managers and HR	Watford IIP re-assessment taking place in June 2010. An action plan for Three Rivers was presented to Management Board and is being followed through by Organisational Development.	✓	June 2010 Watford On-going for TRDC
SGS - Charter Mark Assessment 7 December 2006 / Year Two Health Check 18 March 2009					
Ensure that complaints, compliments and suggestions from customers of the HR service are captured, acted up (where necessary), recorded and publicised	Medium	Head of Shared HR Service	Health check achieved in November 2009 for Three Rivers HR. The assessor referred to a further visit in 12 months to review the HR operation as part of a shared service.	Yes	November 2010

## HUMAN RESOURCES – IMPROVED PERFORMANCE – RISK MANAGEMENT

Risk No	Description	Latest Position	Impact Assessment		Likelihood Assessment	
			Original	Latest	Original	Latest
HR1	Loss of Accommodation	Accommodation confirmed at Watford Town Hall, New Annex.	III	III	D	F
HR2	Insufficient Staff	HR team fully staffed	III	III	D	E
HR3	Failure of ICT systems	IT systems are operating, however, there is still a requirement for Active Directory to ensure effective use of system, with only one calendar/e-mail for shared service employees.	II	II	D	D

## HUMAN RESOURCES – OPERATING COSTS

Code		2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
	Shared Services Operating Costs				
	Employees	636,078	723,024	750,430	27,406
	Transport	8,970	5,000	3,555	(1,445)
	Supplies & Services	21,620	30,775	24,571	(6,204)
	Contracted & Agency Services	95,000	81,000	86,336	5,336
	Income	(24,580)	(16,505)	(20,614)	(4,109)
	Sub-Total	737,088	823,294	844,278	20,984
	Recharge to Councils				
	Three Rivers District Council	(235,868)	(263,454)	(270,169)	(6,715)
	Watford Borough Council	(501,220)	(559,840)	(574,109)	(14,269)
	Sub-Total	(737,088)	(823,294)	(844,278)	(20,984)
	<b>Total</b>	0	0	0	0



## HUMAN RESOURCES – IMPLEMENTATION COSTS

		2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
1	Revenue Implementation Costs				
	- Programme Management	312,546	274,026	211,834	(62,192)
	- Change Management	68,553	86,670	93,746	7,076
	- Transitional Employee Costs	58,464	19,000	17,553	(1,447)
	- Redundancy	258,414	346,115	281,459	(64,656)
	- Pension Strain	0	35,000	30,219	(4,781)
	Total	697,977	760,811	634,811	(126,000)
2	Capital Implementation Costs				
	- Hardware and Connectivity	0	120,940	80,913	(40,027)
	Total	0	120,940	80,913	(40,027)

## EXPLANATION OF VARIANCES

### Operational Costs

There was an overspend on employee costs. This resulted from having to retain payroll staff a little longer than was anticipated prior to Northgate taking over the function.

### Implementation Costs

There are still costs to be incurred in respect of implementation. The table below shows both the expenditure and how it is proposed to fund it:-

	2010/11 Expenditure £	2010/11 Original Budget £	2010/11 Change Required £
Revenue Implementation Costs			
Programme Management	0	0	0
Change Management			
Service Away Days	21,000	0	21,000
Consultancy	5,400	0	5,400
Transitional Employee Costs			
Travelling & Pay Protection	48,000	48,000	0
Redundancy	75,000	0	75,000
Pension Strain	410,050	452,366	(42,316)
Total	559,450	500,366	59,084
Capital Implementation Costs			
- Hardware and Connectivity	6,000	0	6,000
Total	6,000	0	6,000

Members are asked to approve the use of under-spends in 2009/10 to meet the re-phasing of expenditure into 2010/11.

## REVENUES AND BENEFITS – HEADLINES THIS QUARTER

In Quarter 4 of 2009/10:-

- The Capita system became operational and staff commenced working on one common system.
- Council Tax billing was successfully achieved on time for both councils using the new system.
- Staff tackled a backlog of benefits work as caseload increased due to the recession

## REVENUES & BENEFITS – RESILIENCE

How Resilience will be Achieved	Completed ✓ / x	Progress to Date / Evidence of Completion / Comments
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.	Ongoing	The team has co-located in the Annex at Watford Town Hall. Staff have been trained on the new Academy Revenues & Benefits system.
The multi-skilling approach will also provide flexibility to reallocate workload and provide cover during holiday periods and sickness absence.	Ongoing	
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.	Ongoing	
Flexible and remote/mobile work practices are likely to be easier to introduce with a larger sized team.	In progress	We now have two benefit officers who are 'mobile' and are visiting new claimants at home. We are currently recruiting to two benefit officer vacancies and one of these appointments will be as a third mobile benefits officer.
Greater cover should enable leave and training to be scheduled more easily without detriment to the service.	Ongoing	
There will be a greater resource to meet changes.	Ongoing	
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.	Ongoing	The first step in this is to ensure that billing and NNDR officers are confident using the Academy system.
Quality and training officers will predominantly be working on benefits but will have exposure to revenues work also.	Ongoing	We have three officers in this role and for the first will be able to introduce a structured quality checking regime.

<p>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.</p>	<p>Ongoing</p>	
<p>Recovery staff will deal with a diversity of collection – council tax, NNDR and housing benefit overpayments.</p>	<p>Ongoing</p>	

**REVENUES & BENEFITS – PERFORMANCE INDICATORS**

<b>Reference</b>	<b>NI 180</b>							
<b>Indicator Definition</b>	<b>Changes in Housing Benefit/Council Tax Benefit new claims and change events</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford					3,250	3,250	3,250	3,250
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford				13,831	10,117			
<b>Comments on Performance</b> New Indicator for 2009/10								

<b>Reference</b>	<b>NI 181</b>							
<b>Indicator Definition</b>	<b>Time taken to process Housing Benefit/Council Tax Benefit new claims and change events</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					30 days	30 days	30 days	30 days
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC					30.09 days	33.76 days	41.72 days	
Watford								
<b>Comments on Performance</b> New indicator for 2009/10.								

<b>Reference</b>	<b>RB 1</b>							
<b>Indicator Definition</b>	<b>The percentage of council tax collected</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC	29.87%	57.90%		98.70%	29.87%	57.90%		98.70%
Watford	27.00%	54.75%	82.50%	97.00%	27.00%	53.00%	80.00%	97.00%
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC	29.70%	58.08%			29.70%	60.03%	86.40%	<b>97.90%</b>
Watford	27.63%			<b>96.50%</b>	27.40%	54.70%	81.70%	<b>96.69%</b>
<b>Comments on Performance</b>								
Whilst the outcome for 2009/10 is below target, collection rates have held up well in light of the recession.								

<b>Reference</b>	<b>RB 2</b>							
<b>Indicator Definition</b>	<b>The percentage of NNDR collected</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC	37.89%	63.48%			37.89%	63.48%		
Watford	31.50%	60.00%	88.00%	99.85%	30.50%	61.50%	89.50%	99.80%
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC	34.90%	61.72%			35.20%	61.30%	86.50%	<b>96.80%</b>
Watford	30.55%			<b>97.80%</b>	30.50%	58.50%	87.20%	<b>95.90%</b>
<b>Comments on Performance</b>								
The reduction in collection rates for 2009/10 are not just due to the recession but result also from the government's payment deferral scheme.								

Reference	RB 3									
Indicator Definition	Speed of processing: average time for processing new benefit claims (days)- The average processing time taken for all new Housing Benefit and Council Tax Benefit (HB/CTB) claims submitted to the Local Authority, for which the date of decision is within the financial year being reported.									
Target	2008/09					2009/10				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
TRDC	20.00 days	20.00 days	20.00 days	20.00 days	20.00 days	18.00 days	18.00 days	18.00 days	18.00 days	18.00 days
Watford	30.00 days	30.00 days	27.00 days	27.00 days	28.50 days	28.00 days	28.00 days	28.00 days	28.00 days	28.00 days
Outcome	2008/09					2009/10				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
TRDC	13.93 days	15.75 days	days	days	days	19.32 days	16.96 days	24.91 days	<b>28.13 days</b>	19.62 days
Watford	28.50 days	days	days	days	days	47.80 days	60.90 days	days	days	days
Comments on Performance										

Reference	RB 4									
Indicator Definition	Speed of processing: average time for processing notifications of changes in circumstances (days) : The average processing time taken for all written notifications to the Local Authority of changes to a claimant's circumstance that require a new decision on behalf of the Authority.									
Target	2008/09					2009/10				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4		Qtr 1	Qtr 2	Qtr 3	Qtr 4	
TRDC	6.2	6.2	6.2	6.2		6.2	6.2	6.2	6.2	
Watford	11	7.25	7.0	7		8	8	8	8	
Outcome	2008/09					2009/10				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4		Qtr 1	Qtr 2	Qtr 3	Qtr 4	
TRDC	8.13	7.95								
Watford	10.08			<b>16.3 days</b>		24.2 days	31.4 days			<b>43 days</b>
Comments on Performance										



<b>Reference</b>	RB 5							
<b>Indicator Definition</b>	Accuracy of processing: Percentage of cases for which the calculation of the amount of benefit due was correct on the basis of the information available for the decision for a sample of cases checked post-decision							
<b>Target</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford								
<b>Outcome</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford								
<b>Comments on Performance</b>								
It has already been agreed at Watford that this indicator has not been reported since 1 April 2008.								

<b>Reference</b>	RB 6							
<b>Indicator Definition</b>	Amount of housing benefit overpayments (HB) recovered during the period being reported on as a percentage of HB deemed recoverable overpayments during that period							
<b>Target</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford								
<b>Outcome</b>	2008/09				2009/10			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TRDC								
Watford								
<b>Comments on Performance</b>								

<b>Reference</b>	<b>RB 7</b>							
<b>Indicator Definition</b>	<b>HB overpayments recovered during the period as a percentage of the total amount of HB overpayment debt outstanding at the start of the period plus amount of HB overpayments identified during the period.</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford								
<b>Comments on Performance</b>								
It has already been agreed at Watford that this indicator has not been reported since 1 April 2008.								

<b>Reference</b>	<b>RB 8</b>							
<b>Indicator Definition</b>	<b>Housing Benefit (HB) overpayments written off during the period as a percentage of the total amount of HB overpayment debt outstanding at the start of the period plus amount of HB overpayments identified during the period.</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford								
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC								
Watford								
<b>Comments on Performance</b>								
It has already been agreed at Watford that this indicator has not been reported since 1 April 2008.								

<b>Reference</b>	<b>RB 9</b>							
<b>Indicator Definition</b>	<b>Percentage by numbers of customers (net of full benefit and exemptions) of council tax collected by direct debit</b>							
<b>Target</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Watford	65.00%	65.00%	65.00%	65.00%	67.00%	67.00%	67.00%	67.00%
<b>Outcome</b>	<b>2008/09</b>				<b>2009/10</b>			
	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>	<b>Qtr 1</b>	<b>Qtr 2</b>	<b>Qtr 3</b>	<b>Qtr 4</b>
TRDC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Watford	64.28%			<b>66.07%</b>	64.60%	66.00%	69.00%	
<b>Comments on Performance</b>								
This has been something that Watford councillors have been keen to see in past years but has not been reported at Three Rivers								

**REVENUES & BENEFITS – IMPROVED PERFORMANCE – IMPLEMENTING INSPECTION RECOMMENDATIONS**

<b>Three Rivers - Internal Audit report on Debtors - issued April 2008</b>					
<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to Date</i>	<i>Resolved</i>	<i>(Original) Implementation Date</i>
The Council's Sundry Debtor Procedures should be subject to timely review.	Medium	Revenues Manager	<p>Position (March 2009): we have some written procedures for Sundry Debts which need updating. The Sundry Debtors function forms part of the Revenues and Benefits Shared Service project with Watford Borough Council, which goes live in November 2009. The sundry debtors function uses the Financial Management System (FMS) which is being replaced by both councils in March 2010. With this in mind, we will be adopting new processes when the system goes live next year, and standardising our procedures across this area. We will aim to update the key procedures that we have in place by September 2009, but these will need further revision as the new FMS is implemented.</p> <p>Position November 2009</p> <p>We have not been able to update our existing written procedures to date, as existing resource has been occupied with the Revenues and Benefits Shared Services project. We will be reviewing the way that we work in Sundry Debtors and mapping and documenting new processes once the new FMS goes live.</p> <p>Position (March 2010) Unchanged.</p> <p><b><i>Position (June 2010) Unchanged</i></b></p>	x	30 Sep 2008 31 Dec 2008 30 Sep 2009 30 June 2010

<b>Watford - Internal Audit report on Benefits Administration (Watford)</b>					
<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to Date</i>	<i>Resolved</i>	<i>(Original) Implementation Date</i>
The final reconciliation between the CIVICA Benefits system and the ORCHARD Housing Rents system should be located or re-performed to demonstrate that the two systems were in agreement prior to the transfer of the housing stock to the Watford Community Housing Trust.	High	Performance & Training Manager	This reconciliation will be re-performed by the Performance & Training Manager and filed accordingly.		April 2008
The issues relating to the reconciliation of the amounts on the subsidy claim and the amounts shown on APTOS should continue to be addressed as recommended in the Subsidy Claim 2006/2007 report.	High	Senior Management Accountant (Finance)	The Senior Management Accountant in Finance will be liaising with the Performance & Training Manager to implement the recommendations relating to reconciliations.		April 2008

<b>Watford - Internal Audit report on Benefits Subsidy Claim</b>					
<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to Date</i>	<i>Resolved</i>	<i>(Original) Implementation Date</i>
Following the departure of the Principle Accountant (Housing and Capital), the Head of Finance should formally nominate one of the remaining accountants to be responsible for reconciling the subsidy claim to APTOS. The nominated accountant must then liaise with the Performance & Training Manager (Revenues & Benefits) as soon as possible to develop the necessary processes, timetables and CIVICA reports required to produce the subsidy claim and undertake the reconciliations effectively.	High	Head of Finance  Senior Management Accountant	Agreed.  The Head of Finance will talk to the Senior Management Accountant who will be taking over full responsibility for Revenues & Benefits accounting work to ensure that the appropriate handover takes place.  The Senior Management Accountant has initiated discussions with the Performance & Training Manager within Revenues & Benefits to develop appropriate reconciliation processes.		January 2008
The format for producing the year end APTOS/ Subsidy reconciliations must be reviewed and agreed between Finance and Revenues & Benefits to provide clarity regarding the factors to be included and excluded. The agreed process must then be documented to ensure that there is consistency in the	High	Senior Management Accountant	This will be worked on by the Senior Management Accountant, in liaison with the Performance & Training Manager.		March 2008

<b>Watford - Internal Audit report on Benefits Subsidy Claim</b>					
<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to Date</i>	<i>Resolved</i>	<i>(Original) Implementation Date</i>
approach for future years. The documentation should include details of when the reconciliations should be produced, what information is required to produce them, who will supply the information and when it is required.					
Variances between the final subsidy claim figures and those shown on APTOS must be properly investigated and documented as part of the annual reconciliation process to a standard that meets external audit requirements.	High	Senior Management Accountant	This will be worked on by the Senior Management Accountant, in liaison with the Performance & Training Manager.		May 2008 (next subsidy claim)

<b>Watford - Internal Audit report on NNDR</b>					
<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to Date</i>	<i>Resolved</i>	<i>(Original) Implementation Date</i>
<p>The Court Officer should draw up procedure notes for:</p> <p>Recovery process followed by him which should be in accordance with the recovery timetable which may change on a year on year basis depending on the dates set by the court.</p> <p>The process followed for referrals to the bailiff's. The process should ensure that the cases are distributed evenly to both bailiff's, according to the nature of the case.</p> <p>Process followed by him when cheques are received from the bailiff's.</p> <p>All procedure notes should be reviewed on an annual basis and dated when the review has been carried out.</p>	High				



<b>Watford - Internal Audit report on Sundry Debtors</b>					
<i>Action</i>	<i>Priority</i>	<i>Responsibility</i>	<i>Action to Date</i>	<i>Resolved</i>	<i>(Original) Implementation Date</i>
<p>The Service should review the arrangements concerning the Senior Income Officer working in the cashiers' office. This will minimise the risk of financial impropriety (theft or falsification of records) and protect Officers from such accusations.</p> <p>*Additional recommendation following discussion with Head of Revenues and Benefits:</p> <p>Additional support should be sought to provide the necessary cover from within the Revenues and Benefits Service.</p>					

<b>REVENUES &amp; BENEFITS – IMPROVED PERFORMANCE – RISK MANAGEMENT</b>						
Risk No	Description	Latest Position	Impact Assessment		Likelihood Assessment	
			Original	Latest	Original	Latest
RB1	Insufficient staff	Temporary staff have been taken on to tackle the backlog of benefits work. Agency staff have been relatively easy to engage. No change to risk assessment	I	I	E	E
RB2	Failure of ICT systems	System downtime has hindered progress on occasion and log-on difficulties have had to be addressed. Overall, however, there is no change to the risk assessment.	II	II	D	D
RB3	Loss of accommodation	Business / Service Continuity plan needs review.	II	II	D	D
RB4	Problems with system implementation	New system implemented. Risk Closed	II	Closed	E	Closed
RB5	Service performance drops during the transition period and early phase of implementation	Performance has suffered during the implementation of shared services and the new system, particularly in respect of benefits processing. The backlog is now being tackled and is reducing. Assessment has been changed accordingly	II	III	D	C
RB6	Key staff from services and/or project leave	New Head of Revenues & Benefits successfully recruited. Implementation project will be completed by established staff. Risk reduced.	II	II	D	E
RB7	Staff not ready for new ways of working	Some staff still getting used to new system. More training will be provided where necessary. No change to risk assessment	II	II	D	D
RB8	Recession leads to greater take-up of benefits and added pressure on service	This has contributed to the backlog of benefits work. Risk increased.	I	II	D	C
RB9	Recession leads to more non-payment of council tax and business rates	Council tax collection has held up remarkably well. Some evidence of recession affecting business rates but this has been clouded by the government's payment deferral scheme which in itself may lead to greater write-offs. Likelihood assessment increased	II	II	D	C
RB10	Recession means it is more difficult to collect sundry debts and HB overpayments	Likelihood assessment increased.	I	I	D	C

RB11	Risk of staff not wanting to move to Watford	Co-location completed. Risk closed.	II	Closed	E	Closed
RB12	Breach of Data Protection etc Acts	Assessment unaltered	III	III	F	F
RB13	Injury to staff or customer	Assessment unaltered	III	III	F	F

**REVENUES & BENEFITS – OPERATING COSTS**

Code	Revenues	2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
	Shared Services Operating Costs				
	Employees	1,170,571	1,150,914	1,060,101	(90,813)
	Transport	8,761	8,761	8,237	(524)
	Supplies & Services	192,490	236,442	267,918	(31,476)
	Contracted & Agency Services	82,420	0	0	0
	Income	(19,800)	0	0	0
	Sub-Total	1,434,442	1,396,117	1,336,256	(59,861)
	Recharge to Councils				
	Three Rivers District Council	559,432	544,486	(521,140)	23,346
	Watford Borough Council	875,010	851,631	(815,116)	36,515
	Sub-Total	1,434,442	1,396,117	(1,336,256)	59,861
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Code	Benefits	2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
	Shared Services Operating Costs				
	Employees	1,276,164	1,293,680	1,431,367	137,687
	Transport	14,330	14,330	308	(14,022)
	Supplies & Services	110,930	245,035	254,661	9,626
	Contracted & Agency Services	950	0	0	0
	Income	0	(167,942)	(153,715)	14,227
	Sub-Total	1,402,374	1,385,103	1,532,621	147,518
	Recharge to Councils				
	Three Rivers District Council	(603,021)	(595,594)	(659,027)	(63,433)
	Watford Borough Council	(799,353)	(789,509)	(873,594)	(84,085)
	Sub-Total	(1,402,374)	(1,385,103)	(1,532,621)	(147,518)
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### REVENUES & BENEFITS – IMPLEMENTATION COSTS

		2009/10 Original £	2009/10 Revised £	2009/10 Out-turn £	2009/10 Variance £
1	Revenue Implementation Costs				
	- Programme Management	198,946	160,967	170,486	9,519
	Total	198,946	160,967	170,486	9,519
2	Capital Implementation Costs				
	- Systems Implementation	279,264	509,436	513,832	4,396
	Total	279,264	509,436	513,832	4,396

## **EXPLANATION OF VARIANCES**

### **Operational Costs**

Revenue activities showed a saving.

Benefit employee costs exceeded the budget. Additional staff were employed to tackle the backlog of benefit claims.

### **Implementation Costs**

There was a small overspend on implementation costs. These have now come to an end.