

Executive Summary

South Cambridgeshire and Uttlesford District Councils Outline Business Case for the Creation of a Shared Service for the Delivery of Revenues and Benefits Services

The attached business case considers the introduction of a shared service for the delivery of Uttlesford and South Cambridgeshire's Revenues and Benefits services.

Recommendations

- The business case demonstrates that there are immediate financial gains to be achieved from working together and potentially with others. A shared service is the recommended route to efficiency as it will allow financial benefit to be delivered whilst still retaining an ability to deliver high quality and high performance.
- Based upon this business case, it is recommended that the councils formally agree to pursue a shared service model to achieve their ambitious efficiency targets for their Revenues and Benefits services.
- It is recommended that the Councils create a shared governance structure through a joint committee, with a shadow committee created early to guide the authorities through the transition process. It is strongly recommended that the proposed joint committee members and key officers from both Councils visit the existing Anglia Revenues Partnership (ARP) to meet the joint committee and officers of that existing shared service as part of the commencement of the transition programme.
- Following an agreement to proceed, the Councils would need to review the capacity of the Councils to undertake such a significant transition programme. The business case considers the additional resources that will be required to provide support throughout the transition process. Three options are provided for the Councils to consider. These options are
 - To employ individuals to provide the key resources required to support such tasks as project management, HR support and financial support;
 - To employ an appropriately qualified company to provide a complete transformation package;
 - To employ an appropriately qualified company to maintain the existing services throughout the transformation programme and provide the full transformation to shared services, (this option allows for the services to be handed back to the Councils upon completion of the transformation or to continue to a longer term relationship if desired).
- It is recommended that the preferred level of external support is agreed early and the two procurements that will be required commenced to limit the affect of procurement upon the timescales of the programme. The procurements required will be the appointment of external help to achieve the transformation and a competitive procurement to unify the existing IT systems. (It is strongly recommended that this is undertaken as a competitive process to ensure the most competitive price for the implementation and continued supply of the systems).
- It is recommended that a programme delivery structure as outlined within the business case is created and a project programme manager appointed.
- The work has highlighted that significant additional savings and future opportunities will be gained from working with the existing ARP and other partners it is recommended therefore that early negotiation is entered into with the joint committee of the ARP to agree the terms of their involvement.

Background

Both Uttlesford and South Cambridgeshire seek a reduction in the delivery cost of their own services and understand that working together to achieve this aim offers a solution that will give the Councils an efficient service model to meet the financial challenges on the horizon. Both authorities also recognise that to act decisively now will place them in the strongest

position to achieve gains, and control their destiny, within a changing service delivery environment.

The proposed shared service solution offers the opportunity to reach the highest national levels of service performance. It will demonstrate that reducing costs does not mean reducing quality, but rather provides the double benefit of lowering cost whilst at the same time increasing performance and quality. This combination of service improvements and cash saving has already been proven within the existing Anglia Revenues Partnership, who are pleased to work with the two Councils to achieve their own efficiency agenda.

Scope

The scope of the Revenues and Benefits shared service initially includes the two district authorities of Uttlesford and South Cambridgeshire, although it is anticipated that this could expand in due course to increase the efficiency of the arrangement. The services being considered within scope for this shared service include:

- Council Tax Collection;
- NNDR collection;
- Council Tax and Housing Benefit administration;
- Fraud and visiting management;
- Related support functions for the Revenues and Benefits services, including Systems Administration, Finance, Control and performance monitoring functions, General administration functions, Mail room and Training services.

Analysis of options

To achieve the Council's aims, five options have been identified and considered, one of which is a variation on another option. Additional options in each case could also include the existing ARP and these have been separately considered within the business case.

Option 1 – Retain current arrangements: no change from current working arrangements, with each council continuing to operate independently.

No impact on efficiency or performance but simple to achieve

Option 2 – Collaboration: distinct Revenues and Benefits services remain but some collaboration to share expenses. Commonly, authorities have taken a collaborative approach to the procurement of services such as printing, IT or bailiff services.

Low impact on efficiency, no impact on performance, simple to achieve. Most Revenues and Benefits services will already be undertaking some collaborative work.

Option 3 – in-house provision of shared services: this option brings together the Revenues and Benefits services to create a single in-house shared service, created from the amalgamation of the two original services under one shared management.

This would have significant impact on the two authorities in both terms of the efficiency and improvement gains but also on the resource requirement to achieve the change management programme. It is unlikely that either authority has the immediate capacity to affect such change and appropriate change / project management resource may need to be recruited or bought in.

Option 3B – in-house provision of shared services, using external support to manage the change: as above, however external support could be used to manage the change. This could be through procurement of a contract for service

transformation or through an experienced interim management team. This will attract a higher initial cost but is more likely to ensure change and results.

Option 4 – procurement of shared services from a partner organisation: The shared procurement of the delivery of a shared revenues and benefits service under a single contract has advantages for both parties. Business change would be ensured and future delivery provided with reduced risk to the partner councils. The private partner would provide the change capacity but the Councils would need to provide capacity for the procurement process. Consideration would need to be given to the procurement route and care would need to be taken to advertise in such a way to allow additional partners to join the arrangement. This may require a clearer vision of the potential for future expansion and discussions with potential partners before the procurement process begins.

Having considered all options, option 3b is recommended as the option for the two authorities to pursue, the table below examines this particular option in more detail.

Option 3b – in-house provision of shared services using external support to manage the change

This option mirrors option 3 but works with, or replaces, the in-house team with an external resource. This resource would undoubtedly exceed the current Official Journal of the European Union (OJEU) procurement thresholds and would require an initial procurement for either a transformation contract or an interim managerial resource to lead and shape the project.

This option would attract greater initial cost than the in-house transformation models but it would provide the benefit of providing greater leadership and expertise to begin to achieve cost benefits earlier than within option 3.

One extended option that the authorities may wish to consider would be to procure a managed service provider to manage the services throughout the period of transformation. This would enable a short-term contract to be entered into of perhaps up to 2 years to protect the service delivery throughout the transition period but also to provide the resource and skills necessary to undertake the transformation. At the end of the transformation period and upon completion of the contract, the transformed services could then be handed back to the councils as an operating shared service.

This would of course be more expensive than the in-house option but it would protect the authority during the transition period, provide the resource required and reduce the risk of the project.

	Evaluation
Capacity	The capacity issues of this option would be absorbed by the contractor. In specifying the contract the councils could balance the requirements between the in-house team and the contractor. So the specification could define the management of the whole process or it could support the efforts of the in-house team if resource and skills are available internally.
Timescale	It is estimated that by purchasing the capacity to deliver the project that timescales would be reduced by this option. To achieve the fully operational shared service it is estimated that the transformation could be achieved in 12 to 18 months once the procurement of a transformation partner is complete. To ensure that the procurement is completed in the minimum timescales it is recommended that national procurement partner for UK public services 'Buying Solutions' is used. A range of managed service providers have framework agreements already in place for this type of work and the Councils could make an informed choice as to the best supplier for their needs.

Governance	The recommended governance structure of the partnership would be a joint committee, legal advice would be required to draft a partnership agreement that confirmed the constitution of the joint committee and confirmed the arrangements between the two parties. This would need to be confirmed by a written resolution of the two Councils in due course before the partnership went live. The delegation of the responsibility of the Councils' services will require amendment within the relevant sections of the constitutions
Management	The single management for the shared service should be agreed and responsibility for the delivery of the two partner's services delegated as appropriate by the joint committee. The manager will formally report to the joint committee acting on behalf of the two authorities. However, it will be necessary to agree appropriate mechanisms for the partnership management to participate in the executive management of the two authorities to ensure that the Revenues and Benefits service of each council is not fractured from the delivery of other services. Within this arrangement there is no need for a client so it is recommended that some form of line management with the partnership manager or general participation within management groups is continued in each authority. One advantage of option 3b is that it would enable a clear managerial recruitment path to be followed that is perhaps less confused and influenced by the transformation work being undertaken.

Governance

In the circumstances proposed by Uttlesford and South Cambridgeshire it is suggested that the primary governance option would be the joint committee, operating under the terms of section 101(a) of the Local Government Act and allowing the two local authorities to delegate the delivery of the proposed service functions to the joint committee. The legislative framework provides that a joint committee exercising the functions of two or more Councils at the same time can be established.

In practice a joint committee is formed with representatives of each authority taking the responsibility for service delivery under the terms of an agreement to be negotiated between the two Councils. This is an arrangement that has the advantage of being relatively simple and low risk to introduce. This will, as a result, allow the two authorities to introduce the shared service more easily and promptly than some of the perhaps more complex structures available.

It provides a structure that requires no procurement to create, requires no client management and provides a relatively straightforward financial model, creating no particular tax issues, that can be contained easily within the authorities own financial regime.

The financial case

Option 3 allows the economies of scale inherent within any shared service arrangement to be demonstrated.

The cost savings will be seen in four major areas:

- Staffing
- ICT & ICT support
- Accommodation
- General Administration and support

It has been calculated within the business case that the savings shown in the table below can be anticipated from the shared service arrangement between Uttlesford and South Cambridgeshire:

Cost	Potential Saving
Staffing	£352 628
ICT & ICT support	£144 900
Accommodation	£41 740
General Administration and support services	£53 560

In addition to these savings there will be some minor savings in other areas such as procurement, current duplication, and improved processes, and there will be some ongoing minor increases in cost to enable the shared service arrangement to operate.

However the total saving that can be anticipated is demonstrated on page 66 of the business case and amounts to:

£590,728 or 15.36% of the original budget.

The initial transition costs of the project are estimated at £620,000 spread over the first 2-3 years of the project. The effect of these costs on the potential savings are demonstrated in the spreadsheet at page 73, which also demonstrates the potential saving over twelve years. This shows a total saving (without taking into account any inflationary costs) of £6,246,008 between the two authorities over the twelve-year period.

The Anglia Revenues Partnership (ARP)

In addition to the option above, the business case also explores the potential for additional saving through directly working with the existing Anglia Revenues Partnership.

The ARP will be pleased to provide support to whichever option the two authorities choose to follow for the future delivery of their services. The business case clearly outlines an opportunity for Uttlesford and South Cambridgeshire to work together to reduce the cost of their Revenues and Benefits service delivery. However an additional three ARP options are also considered that directly assist the two councils to achieve their aims.

- The external support needed to achieve the option of working together, as outlined above in option 3b.
- Delivery of the service from the existing ARP centre at Thetford.
- The creation of two hubs, one at Thetford, and one at Cambourne, with shared support services to create additional efficiencies.

The first option is explained above and offers the opportunity to support the transition programme with experienced resources from the ARP.

The second option is considered in more depth within the business case and provides a potential additional saving of £282,828 per annum to be shared between all parties participating within the larger partnership, this increases the potential total savings to £873,556 per annum.

The third option offers a longer-term opportunity to seek additional savings across the two partnership hubs through the sharing of support services to both sites. These savings are initially quite low, as greater development needs to be given to a larger shared service model beyond just the Revenues and Benefits services. In the long term however it is believed that this model offers real opportunity for the significant innovative change that may be required to ensure that the efficiency required is achieved.

Within all of these options however it is recognised that the two Councils will benefit from some significant added value by working with an established shared service.

Added value

Uttlesford and South Cambridgeshire will also benefit from the following additional non-cashable efficiencies and services and form a greater opportunity to reduce some of the risk factors considered within the business case.

- A dedicated training team to provide:
 - ARP's training expertise during the set up period;
 - Tried and tested training courses for new staff and refresher training for experienced staff;
 - Close monitoring and control of individuals training needs;
 - A more efficient usage of the training budget to purchase additional specialised training;
 - Access to procedure manuals updated regularly through an external specialist.
- Access to proven management expertise reducing the risks associated with the recruitment of staff during the set up period.
- Existing expertise, experience and knowledge from a proven work force already achieving an excellence of performance.
- Future potential for further efficiencies with additional partnership working.
- Increased resilience of performance within the larger staffing structure available to the Council. The partnership is staffed to provide continual long-term resilience rather than to just deliver the service.
- Access to national forums to ensure staff are fully conversant with current legislation and best practices.
- The partnership has negotiated excellent deals with suppliers that can effectively provide an additional income stream to the partners. For example, new software provided for new legislation is available at a 60% discount. This enables governmental set up money to be used to enhance the introduction of new legislation.
- A dedicated partnership website that provides comprehensive information for the public about their Council Tax, Benefits and NDR that is regularly updated, revised and improved. This website also provides a secure portal to the public to interrogate their own accounts.

Conclusion

The business case concludes that there are three clear models for the delivery of a shared service for the two Council's Revenues and Benefits services. All of these models provide significant savings to Uttlesford and South Cambridgeshire District Councils. But the choice will require a consideration of the long-term strategic advantages of working within a wider arrangement with other authorities, such as those within the existing ARP, against the immediate and perhaps short term requirements of just addressing the current shortfalls in funding.

In conclusion therefore, all of these models offer the immediate opportunity to reduce delivery costs of the Revenues and Benefits services. All of the models will encourage and ensure high performance and high quality services for Council residents.

The choice for the two councils to consider is the preferred long-term future and the best arrangement to maximise future opportunity. It is suggested therefore that the greater resilience, efficiency and opportunity provided by one of the two options for a wider partnership with the existing ARP authorities, and eventually others, will provide the greater opportunity to compete for the future delivery of these services.