

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 14 January 2010
AUTHOR/S: Executive Director (Corporate Services)

SHARED SERVICE FOR DELIVERY OF THE REVENUES AND BENEFITS SERVICE

Purpose

1. To consider the introduction of a shared service for the delivery of the Council's Revenues and Benefits services with Uttlesford District Council.
2. This is a key decision because it is:
 - (a) likely to result in the Council incurring expenditure which is, or *the making of savings* which are, significant having regard to the Council's budget for the service or function to which the decision relates; and
 - (b) of such significance to a locality, the Council or *the services which it provides* that the decision-taker is of the opinion that it should be treated as a key decisionand it was first published in the October 2009 forward plan.

Background

3. Cabinet in October 2009, agreed that a shared service model be explored in more detail for the delivery of revenues and benefits services from October 2010 in partnership with Uttlesford District Council.
4. The Finance and Staffing Portfolio Holder considered the issues arising in more detail at his November Portfolio Holder meeting subsequent to which, Scrutiny and Overview considered the Outline Business Case at its meeting in December 2009.

Considerations / Options – The Outline Business Case

5. The Executive Summary to the outline business case is attached at **Appendix 1** and sets out the options and considerations. The detailed business case at **Appendix 2** contains both staffing and other commercially sensitive information and therefore has not been made publicly available. Members may find it helpful to contact the report author for further clarification to assist in their consideration of this matter.
6. The outline business case was written by Steve Knights IRRV. At the time he was employed by Breckland Council as Strategic Manager for the Anglia Revenues Partnership (ARP), a position he held for over eight years. In this role he managed the partnership between Breckland, East Cambridgeshire and Forest Heath District Councils. In addition to this role he has, over the last five years, supported other UK councils in developing partnerships and efficiency projects in the revenues and benefits field.
7. The business case has been constructed from information provided by staff at South Cambridgeshire and Uttlesford District Councils. The broad conclusion of the report is that a shared service model for the two councils will generate ongoing savings of £591,000 or 15% of the current base cost of the two councils. This conclusion is

broadly consistent with other shared service projects in this area and should be seen as a starting point for developing further efficiencies as the partnership develops.

8. The model that the business case author has proposed is the same one that exists between the members of the ARP. As such, it is one that the Executive Director Corporate Services has managed at first hand, having been the lead officer for that partnership at East Cambridgeshire DC. This model provides a strong basis for developing a partnership approach utilising the strengths of the local government legal structure while avoiding the legal and tax implications of a commercial arms-length arrangement.
9. The business case author has identified almost £300,000 of duplicated costs that a partnership between SCDC and UDC can avoid though a combined service, office accommodation and ICT support being the main areas of saving. This conclusion is shared by the Executive Director Corporate Services and was identified by his management team as the joint financial information was compared.
10. The balance of the savings identified arises from the deletion of ten posts from the existing establishment of some 77 fte of the two councils, which may include senior managers, as well as rationalising the more technical areas of the service. The balance of staffing savings will arise through more efficient working practices in the combined team. Best endeavours will be used to avoid making any staff redundant through this process. Instead, vacancies would be managed on a joint basis as the project progresses.
11. The revised proposed staffing establishment has been constructed from a bottom-up approach taking into account the current workloads of the two councils and assuming that best practice working arrangements are implemented by the new service. The Executive Director Corporate Services considers that this assumption presents the most risk to the delivery of the savings target but is reassured that the approach taken by the business case author is consistent with best practice in the revenues and benefits field.

Considerations / Options – Issues and Concerns Arising

12. The performance statistics for the two Councils are amongst the best in England for both tax collection and for the speed and accuracy of processing benefit claims. Scrutiny and Overview Committee challenged whether this would be maintained in the move to the new service. The Leader of the Council and the Executive Director made clear that it was their intention that service and performance levels would be maintained and improved where possible. The outline business case as approved by the Finance and Staffing Portfolio Holder sets out a clear vision for the project:
To provide excellence in the provision of Revenues and Benefits Services through a Shared Service that provides both improved service performance and reduced cost.
13. Given the discussions taking place within Cambridgeshire over the autumn, members at both the Scrutiny and Overview Committee and the Finance and Staffing Portfolio Holder's meeting questioned if opportunities existed within Cambridgeshire to develop such a partnership. While the Making Cambridgeshire Count project has identified four possible areas for progressing shared services, these do not include Revenues and Benefits.
14. The opportunity to join ARP has also been considered but, at this stage, it has not been recommended as there are significant additional costs to such a transition, the

service would be located remotely from the area, and future opportunities for expanding the locally based partnership would be prevented.

15. It is a truism of course, but to develop a partnership there must be at least two willing partners. Uttlesford DC has been looking for partnership opportunities for a wide range of services for an extended period. UDC has a strong appreciation of what makes a good partnership and is committed to developing a strong relationship with SCDC in this area. The full Council at Uttlesford unanimously approved the proposal to develop the partnership with SCDC at its meeting in October 2009.
16. Concerns have been raised over the loss of control that the Council will suffer by entering the partnership. The Executive Director considers that the management arrangements proposed will ensure this Council's interests are protected as far as possible while acknowledging the partnership nature of the arrangement. It should be noted that:
 - (a) the service will operate primarily from South Cambridgeshire premises, but with some presence at Saffron Walden;
 - (b) the service manager will have a reporting line directly to the Executive Director;
 - (c) the service will utilise primarily SCDC ICT infrastructure; and that
 - (d) as envisaged in the business case, a shared governance structure will be established through a joint committee, with a shadow committee created early to guide the councils through the transition process.

Considerations / Options – Next Steps

17. Should the two Councils agree to set up the partnership, significant resources will be required to manage the change process. At the same time, a critical success factor will be to ensure that existing service delivery standards are maintained in both Councils. It is, therefore, anticipated that the Councils will seek to appoint suitably qualified individuals or companies to deliver the change management process. Due to the level of anticipated cost of such an arrangement the Councils will need to follow an EU-compliant tender process. The earliest appointment date following such a route would be April 2010, but to achieve this the Finance and Staffing Portfolio Holder has resolved that the procurement process begin as soon as possible, subject to Council's decision in January.
18. The two Councils currently use two different software platforms for the delivery of their revenues and benefits services. To achieve the anticipated efficiencies it has been assumed that the two councils will use a common platform. To secure best value the two councils would be required to procure a new system through an EU-compliant tender process. Of course, the current provider to either Council may be successful in that process. Given the same timelines identified above, therefore, the Finance and Staffing Portfolio Holder has approved the immediate commencement of this procurement process, although this is also subject to Council's decision in January.
19. Improvement East, the Regional Improvement and Efficiency Partnership, have set up a "shared services fund" to assist Councils meet the costs of implementing shared services across the region. The Executive Director has had informal discussions with Improvement East and has ascertained that, in principle, this project would meet their criteria for funding. The Finance and Staffing Portfolio Holder has, therefore, approved the submission of a joint bid to Improvement East to secure that funding opportunity. The Executive Director subsequently submitted a bid to Improvement East in November; this will be considered in mid-January 2010.

Implications

20. Financial	The Medium Term Financial Strategy has assumed a £350,000 reduction in cost from 2011/12 onwards. Implicit within this assumption is that any set up costs will be met from savings arising in 2010/11 together with any grant funding the Councils can secure from Improvement East.
Legal	There are significant corporate governance implications arising from adopting such a service delivery model principal among which are, the creation of a new Joint Committee and a robust Partnership Agreement.
Staffing	There are significant staffing implications arising. Informal consultations and briefings have already taken place; the detailed staffing implications will be considered as firmer proposals are put together.
Risk Management	Combining services in this way elevates the potential for service failure. The adoption of appropriate project management methodology to manage the change and robust performance management to manage the ongoing service delivery will significantly mitigate these risks.
Equal Opportunities	None identified, but an Equalities Impact assessment will be undertaken as part of the process.

Consultations

21. Staff employed by both Councils and the trade unions (GMB and Unison) have been informally briefed on the proposals to date. More formal consultations will take place as the project progresses.

Effect on Strategic Aims

22.	Commitment to being a listening council, providing first class services accessible to all.
	The shared service vision is to provide service excellence and to deliver improved services with wider access points.
	Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.
	None identified
	Commitment to making South Cambridgeshire a place in which residents can feel proud to live.
	None identified
	Commitment to assisting provision for local jobs for all.
	The shared service will be hosted within the district and will potentially act as a catalyst for expansion in the future
	Commitment to providing a voice for rural life.

None identified

Conclusions / Summary

23. The outline business case highlights that there are clear financial and operational advantages to the Council in progressing with a shared service model for the delivery of the Council's Revenues and Benefits Services. A successful implementation will not only secure significant financial savings but also deliver key service improvements and strengthen service resilience.

Recommendations

24. To recommend to Council that South Cambridgeshire District Council:
- (a) enter into partnership with Uttlesford District Council to develop a Revenues and Benefits shared service for the two Councils, including the establishment of a shadow joint committee;
 - (b) approve the procurement of a contractor for the change management aspects of the project; and
 - (c) approve the procurement of a supplier for a common software platform.

Background Papers: The following background papers were used in preparation of this report: None

Contact Officer: Alex Colyer – Executive Director (Corporate Services)
Telephone: (01954) 713023