

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHORS: Senior Management Team

11 February 2010

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 report author 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.
5. At Council in January 2010 the Leader sought and obtained leave for this item to be taken back to Cabinet to allow further consideration of the concerns articulated at Scrutiny and Overview Committee and elsewhere. To support this the Executive Director, Corporate Services has been instructed to consider what level of savings might be available through reorganisation of the Revenues and Benefits Service internally.
6. The full detail of the shared service business case and the Executive Director's comments thereto can be found on the agenda and minutes of Cabinet's meeting on the 14 January 2010; Councillors may find it helpful to refer to those papers in their consideration of this report.

Considerations / Options – Savings Available Internally

7. The Executive Director, with his senior management colleagues, has reviewed the staffing structure of the current revenues and benefits teams and has identified potential savings of circa £200,000 in a full year through the deletion of 4 to 5 current, or prospective, vacant posts. Temporary arrangements for covering some of these posts are currently in place and it is not anticipated that any redundancies or termination costs would result.

8. As previously identified, in the consideration of the shared service business case, the risk of such a course of action is maintaining the current high levels of performance of the team. To deliver this level of savings the Executive Director would seek to reorganise the management structure of the team, reconsider the balance of desktop driven and externally led fraud investigations and home visits and, by delivering efficiencies, improve internal workflow systems.
9. The final level of reductions would be subject to consultation with staff and the construction and delivery of an improvement plan to improve internal processes. It has been envisaged that the resultant improvement plan could be funded through various one-off grants available to the service in 2010/11, which would otherwise be used to part fund the shared service project.

Considerations / Options – Next Steps

10. The Medium Term Financial Strategy had previously assumed that a £350,000 reduction in cost from 2011/12 onwards would result from the shared service. This was calculated by reference to a broad 2/3, 1/3 allocation of savings in favour of SCDC, in line with relative populations. This principle has been agreed with UDC and would be contractually enshrined in the resultant partnership agreement.
11. In the light of the potential savings available internally, Cabinet may wish to consider the minimum level of savings that the Council should seek from any shared service proposal. Uttlesford DC have been requested to consider guaranteeing that the first £350,000 of any savings resulting from the shared service project should come to SCDC. The corollary of such an arrangement would provide UDC with the subsequent £175,000 savings with any balance being apportioned in line with the partnership agreement on 2/3, 1/3 split in favour of SCDC.

Implications

12. Financial	The Medium Term Financial Strategy had previously assumed that a £350,000 reduction in cost from 2011/12 onwards would be forthcoming. 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. An internally focussed approach looks set to deliver £200,000 reduced cost from 2010/11 and the MTFs, elsewhere on this agenda has now been updated to reflect this assumption.
Legal	There are significant corporate governance implications arising from adopting 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	Major reorganisation of services 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 would significantly mitigate these risks. Taking an internally focussed approach would significantly reduce the quantum of these risks although at a much lower level of potential savings.
Equal Opportunities	None identified

Consultations

13. 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 direction of the project becomes clear.

Effect on Strategic Aims

14.	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. These aspirations are replicated in the draft 2010/11 Corporate Services Service Plan.
	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 would be hosted within the district and could potentially act as a catalyst for expansion in the future
	Commitment to providing a voice for rural life. None identified

Conclusions / Summary

15. 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. There is potential for further savings by widening the partnership either between the two Councils or by admitting other partners to the proposed arrangement.
16. Taking an internally focussed approach, however, would provide £200,000 of cost reductions at considerably lower upheaval to services and at a lower risk to service delivery albeit a lower level than previously assumed.

Recommendations

17. That Uttlesford District Council be requested to guarantee that the first £350,000 of any savings secured through the shared service proposal be earmarked for South Cambridgeshire DC in line with the exemplification at paragraph 11 above.
18. That, subject to that guarantee, Council be recommended to:
 - (a) Enter into partnership with Uttlesford District Council to develop a Revenues and Benefits shared service for the two Councils
 - (b) Approve the procurement of a contractor for the change management aspects of the project.
 - (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:

Report to Cabinet, including relevant appendices, dated 14th January 2010 {Note the main Business Case Appendix is an exempt item}

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