

Localisation of Revenues and Benefits Shared Service

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LEAD OFFICER: Paul Walker, Chief Executive
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WHAT BENEFITS WILL THESE PROPOSALS BRING TO COPELAND RESIDENTS?

This Report advises Members on the reasons for the proposal for operational staff within the Revenues and Benefits Shared Service being transferred back to the three separate authorities, with a target date of 1st July 2015. It is anticipated that the proposal to localise aspects of the provision of the service will lead to improvements in delivery of the service.

WHY HAS THIS REPORT COME TO THE EXECUTIVE?

Key Decision

RECOMMENDATIONS:

Members are asked to:

- i. Consider the Chief Executive's recommendation that Revenues and Benefits Operational staff within the shared service should be transferred back to the three separate authorities by the target date of 1st July 2015, following the project plan actions set out in **Appendix B**
- ii. Note that a further report will be brought back to members prior to the transfer of staff setting out the detailed implications, including proposals in respect of ICT and the Systems and Controls team.
- iii. Recommend to Council the delegation of the decision on acceptance of the Transformation Challenge Award funding to the Chief Executive and S151 Officer in consultation with the Portfolio Holder.

1. INTRODUCTION

- 1.1 In 2010 Copeland, Carlisle and Allerdale set up a Revenues and Benefits Shared Service. The shared service administers Council Tax, Business Rates, Housing Benefits and the localised Council Tax Reduction Scheme for the 3 Councils. All employees were transferred to Carlisle as the employing authority.

- 1.2 Efficiency savings were achieved by the 3 Councils, Copeland's savings equating to £160,000 per annum (13% of budget) being set out in the Tables below mainly in respect of reduced management resources and ICT savings on licences, maintenance and hardware costs. Less a one-off capital cost of £145k.

Pre-Shared Service annual cost

Copeland	Staffing Cost	£ 1.112million
	ICT Cost	£0.105 million
	TOTAL	£1.218 million

2014/15 Budget

Copeland Share	Staffing Cost	£0.978 million
	Other Costs	£0.023 million
	ICT Cost	£0.058 million
	TOTAL	£1.059 million

- 1.3 Although improvements to Revenues and Benefits administration have been delivered by the shared arrangements, in one important aspect i.e. performance, the Shared Service has never been able to consistently match required turnaround times in dealing with workloads, particularly in Benefits administration. At busy times and due to high levels of sickness and staff turnover, performance has been particularly poor and a major cause of concern of Members and Chief Executives at the 3 Councils. Other concerns have been around the slow progress with improvements to systems and processes despite a number of specific targeted initiatives, together with concerns over the management arrangements for the service. Action to address the issues had been deferred due to the pending introduction of the Government's new Universal Credit payment which will absorb Housing Benefit payments; however the introduction of Universal Credit has been continually deferred for a number of years now with progress extremely slow, and so a review of the service was commissioned.
- 1.4 The external review of the performance of the service led to a number of recommendations and the setting up of a Transformation Board led by the 3 Chief Executives. Five measures of success of the project were agreed

as set out in **Appendix A**. The terms of reference of the Board were ultimately set to come to a view of whether the performance of the Shared Service could be improved.

- 1.5 The resulting report and action plan commissioned by the 3 Chief Executives is delivering further improvements (see **Appendix A**), but the overall assessment is that it cannot guarantee the required performance levels required over the longer term. The importance of meeting targets consistently is paramount in providing a good service to the most vulnerable and in greatest need, particularly given the pending changes of the introduction of Universal Credit.

2. PROPOSALS

- 2.1 In the circumstances the Transformation Board are recommending that operational staff be returned to the 3 Councils. Each Council would then be responsible for operational performance of the Revenues and Benefits service in dealing with their Council Tax/Business Ratepayers and Benefit Claimants.
- 2.2 The Transformational Board are keen for what has worked well in Shared Service to continue if operationally beneficial to each of the 3 Councils i.e.
 - ICT infrastructure
 - Systems and Controls shared service support
 - Active performance toolkit that allows staff to manage their performance against benchmarks
 - Atlas Automation that allows claims made to DWP to be automatically interfaced with housing benefit records
 - E-agenda online billing, applications for housing benefit, reporting and changes of circumstances electronically
 - Maintain resilience through “mutual aid agreement”

3. PROJECT PLAN

- 3.1 Noted at **Appendix B** is the detailed project plan to achieve the following:-

- Smooth transfer of operational staff to the 3 Councils by 1st July 2015
 - Retaining and improving on the “best” of the Shared Service
 - Early planning on making the decision, on an individual Council basis, on the way forward for current ICT shared infrastructure and shared Systems and Controls team
- 3.2 The plan prioritises maintaining the current Shared Service arrangements to 1st July 2015. The Shared Service operation is entering its most important phase in the annual timetable of main billing of Council Tax and Business Rates, mass Benefits recalculation of all our claimants benefit entitlement and 2014/15 year end routines.
- 3.3 The main issue covered in the project plan (Phase 1) is planning for the TUPE transfer of staff from Carlisle to Allerdale and Copeland by 1st July 2015. The work will be co-ordinated by HR Teams of each Council. They will agree:-
- TUPE transfer principles
 - Draft staff transfer lists for consultation with staff and Union representatives (45 day consultation)
 - Consultation with staff at each stage of process including producing questions and answers information for queries raised by staff
- 3.4 Once draft TUPE lists have been prepared work will be done by the 3 Councils in assessing skill gaps that will need addressing once staff have been TUPE'd to individual Councils. It should be noted that staff not subject to TUPE will remain as Carlisle employees.
- 3.5 One further aspect of the project plan which will need consideration in the near future is the award of the Transformation Challenge Award. A bid was made against the fund and we were recently notified by the Department of Communities and Local Government that we had been successful. The award of £295,000 for 2015/16 was specifically to enable the partnership to address specific customer service improvements. Whilst the work will continue to improve the customer service, part of the eligibility criteria for award of the grant is that savings must exceed the amount of grant awarded. Terms and Conditions are still awaited and at

that point an assessment will be made to determine whether all of the eligibility criteria are still met. The S151 officer for Copeland will be required to sign off acceptance of the award on behalf of the partnership as Copeland is the lead authority. In view of the timescale, the Executive are requested to recommend to Council that the decision on the acceptance of the award is delegated to the Chief Executive and S151 Officer in consultation with the Portfolio Holder.

4. ALTERNATIVE OPTIONS TO BE CONSIDERED

- 4.1 The shared service could continue however as set out in the report this is not anticipated to deliver the improvement in performance required.

5. CONCLUSIONS

- 5.1 It is concluded that each authority taking responsibility of its own service is the best option for the optimum performance of the service on a Council by Council basis.

6. STATUTORY OFFICER COMMENTS

- 6.1 The Monitoring Officer's comments are: The Monitoring Officer for Carlisle City Council has provided the following comments:

The Shared Service was formed with three key documents:-

- (i) **Administrative Agreement dated 1st June 2010:** This document provides a framework under which the three councils may work together. The detail is specified in a Service Level Agreement and Staff Transfer Agreement. The Administrative Agreement provides for termination upon any party giving twelve months' notice to the others, to expire on 31st March in any year. Although there is no provision for any other form of termination within the Agreement, it is standard contract law that a contract may be terminated on mutual agreement.
- (ii) **Service Level Agreement dated 1st June 2010:** This provides the detail for a shared services arrangement in respect of Council Tax administration; Business Rates administration; Housing and Council Tax Benefits administration including overpayment recovery and fraud; User

Technical Support and IT support (together referred to as the “Specified Functions”). The Agreement may be varied or terminated upon terms agreed by all parties and provides that, in the event of termination, any assets procured in accordance with the agreement shall become the property of one of the parties. The parties shall agree which party acquires which asset and what amount will be paid to the other parties.

- (iii) **Staff Transfer Agreement dated 1st June 2010:** This Agreement states that, when the individual councils take the services back in house, that is a relevant transfer for the purposes of the TUPE regulations and, accordingly, TUPE will apply. The discharging council (ie Carlisle) must provide certain staff information to the arranging councils (ie Copeland and Allerdale), and this should be done immediately. The councils must then, in good faith and following consultation with the relevant employees, attempt to agree which employees shall transfer to the arranging councils having regard to criteria which is specified at clause 7.4 of the Agreement. In the event that agreement has not been reached three months before termination (i.e. by 30th March 2015) the question shall be determined using the dispute resolution procedure.

Legally, therefore, terms need to be agreed between the Councils and a resolution must be passed for formal termination (or variation) of the Service Level Agreement and termination of the Staff Transfer Agreement.

Consultation needs to be begin immediately with a view to agreeing those staff who will transfer to Copeland and Allerdale on 1st July.

Agreement also needs to be reached between the three councils as to the other specified functions within the Service Level Agreement. Members will note from paragraph 1.8 above that the Transformation Board wishes certain functions to continue. In this case, the Service Level Agreement should be varied rather than terminated. Any variation needs the approval of the Shared Service Strategic Board.

- 6.2 The Section 151 Officer’s comments are:
The Revenues and Benefits shared service generated savings by joining the services provided by Copeland, Allerdale and Carlisle as set out in the report. With the break up and TUPE transfer of operational staff back to

each individual site, the Council will have to budget for its own staffing structure in line with its current budgetary provision.

A significant amount of work will need to take place to assess the implications of the staff and service transferring back to the Council. Any cost and service implications will be brought back to members in due course.

A decision on the acceptance of the Transformation Challenge Award of £295,000 will require to be made by the end of March and it is requested that this decision is delegated as set out in the report.

- 6.3 Other consultee comments, if any: the employees within the shared service have been informed of the proposal and are being regularly updated.

7. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 7.1 The project to re-localise the service will be managed by the Transformation Board which consists of the 3 Chief Executives (Chaired by Copeland) and the 3 members of the RBSS Operational Board.
- 7.2 An interim Revenues and Benefits Manager has been appointed for the Copeland site to look specifically at issues for Copeland in the re-localisation of the service and to continue to drive improvements. The manager will work closely with the current shared service managers. The post is funded 50% from the shared service and 50% from Revenues and Benefits grants awarded for improvement purposes.
- 7.3 Internal working groups have also been established to ensure services across the Council affected by the decision are involved in the work and implications, particularly in relation to ICT and Customer Services.

8. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

- 8.1 Relevant employees within the Revenues and Benefits Service will transfer back to the employment of Copeland Borough Council.
- 8.2 Performance of the service will be within the direct control of Copeland Borough Council.

List of Appendices

Appendix A – Revenues and Benefits Improvement Plan – Progress report

Appendix B – Project Plan - Localisation of Revenues and Benefits Service

List of Background Documents:

Shared Service agreements 2010

Service Review 2014 and improvement plan

Revs and Bens Improvement Plan
Summary of progress / outstanding actions January 2015
Purpose of report To identify the key achievements of the project to date. To summarise achievements against project Measures of success. To identify those actions that should be retained.

Overall Summary of Achievements

The key achievements of the project:

Liberata Work package

1. Segmentation of Benefits workload across the Shared Service achieved by 29th Sept 2014.
2. Implementation of Performance Toolkit in Benefits achieved by 6th Oct 2014.
3. Implementation of Performance Toolkit in Revenues achieved by 12th Nov 2014.
4. Understanding of Revenues processes at each site.
5. Analysis of Toolkit data to achieve the setting of a generic benchmark within Revenues.
6. Benchmarks within Benefits service have been set to go live 12th Jan 2015.
7. Automation of Atlas changes. Whilst Liberata scripts have not been used, input from Liberata has facilitated this work and areas of suggested automation have been used. Parameters have been set by the Shared Service. Efficiencies gained will need to be quantified.
8. Data import module purchased so that reports are visible via Comino which will generate data for performance management.

ICT Work package

1. Single sign on for all Revs and Bens Shared Service staff resulting in a significant reduction in helpdesk calls.

Customer Services Work package

1. Council tax connect live at Copeland for staff and Members

2. Transformation Challenge award successful application
3. Benefits e-claim and e-cic (change in circs) build complete. Testing in progress.
4. Customer Services at Allerdale now taking Benefit calls.
5. Greater understanding of front office processes at each site

Revs and Bens Work package

1. Bailiff automation
2. Vacancy management process within the Shared Service has been reviewed.
3. Staff suggestion scheme set up but not live.

Summary of progress against agreed Measures of Success January 2015

Measures of Success	Achievement January 2015	Comments on issues affecting progress
1. Customer Services * Automation of services * Front and back office alignment * Consistent performance	Part achievement of service automation. Revised completion date of October 2015 was unlikely to be met.	The scope of the work needed was greater than initially assessed and the risk of not achieving aligned performance considered high.
2. ICT * Single sign on * Central helpdesk * Consistent desktop * ICT SLA to achieve consistent performance * Single email address	Single sign on achieved resulting in significant reduction of helpdesk calls.	Progress was slow and dependent on all parties agreeing solutions and prioritising this work.
3. Sharing of client costs	Not yet achieved	Sign off of recharges still to be finalised by Ops Board.
4. £300k savings	Not yet quantified	The effect of work segmentation in Benefits, roll out of Active performance toolkit and Atlas automation efficiencies is not yet known.
5. Consistent performance in Revs and Bens	Part achievement.	Lack of staff buy-in and alignment issues in Revenues impacted on the potential improvement in performance. Delay in skilling up Customer Services staff is a significant risk.

Actions to retain

1. Performance Toolkit
 - a. Retaining the Toolkit will allow ready analysis of performance within the Revs and Bens services. Staff have been trained and are using the Toolkit. This is likely to result in continued efficiencies as benchmarks are introduced. However ongoing Toolkit license costs are to be negotiated with Liberata.
2. Atlas Automation
 - a. Automation of Atlas changes could deliver efficiencies once measured.
3. E agenda
 - a. Continuing E agenda programme is dependent on local policies.
4. Customer Services
 - a. Customer Services actions to be retained will be dependent on the acceptance of the Transformation Challenge Award.

Localisation of Revs and Bens Service Jan 2015

APPENDIX B

Project objectives

Phase One

1. Smooth transfer of operational staff on 1st July
2. Retain the best of the Shared Service
 - a. Business case for shared ICT infrastructure
 - b. Business case for shared Systems and Controls team
3. Improvement plan actions to continue
 - a. Active performance toolkit
 - b. Atlas Automation
 - c. E agenda
 - d. Acceptance of Transformation Challenge Award?

Phase Two

1. Implementation of selected solution for ICT
2. Implementation of selected solution for Systems and Controls
3. Ongoing support through mutual aid agreement

Out of scope

1. Maintain current service provision and performance upto 1st July
2. Business cases for individual service delivery going forward (responsibility of individual Councils)
3. Transition of service delivery and performance from Shared Service to host site

Outline project plan

	Responsible Officer	Current status
Phase 1 Key Actions		
Governance	Project Board / Transformation Board	
Name of project Localisation of Revs and Bens service		Governance for project agreed:
Governance of project		
Role of Strategic Board - Quarterly meetings		
Scope of project / project objectives		
Outline project plan		
Project Board meetings		
Transformation Board meetings		
Outline reports for 3 Executives		
- Allerdale		
- Copeland		
- Carlisle		
Business cases for each Council - Executive and/or Full Council	s151s	
Legal implication - Discharge function		
Risk register		
HR	HR managers / Transformation Board	
Co-ordination of HR / roles and responsibilities at each Council ie. Scope of work, roles and responsibilities		Meeting held on 17th Dec HR leads from Carlisle and Allerdale / Copeland.
TUPE transfer		
- Agree TUPE principles		
- Agree 'grey' areas		
Consideration of employess which are 'grey'		
Confirmation of employees acting up Based on substantive or temp role?		

	Responsible Officer	Current status
Principles of staff carrying out ABC/CBC work but based at Carlisle		
- Confirmation and agree final staff lists for transfer		
Identify skill gaps / knowledge transfer / training		
Liaison with Unions		
- Liaison about principles of TUPE		
- Issue letter of confirmation and timeline to Unions		
Qs and As		
Dovetail TUPE transfer outcomes with finance		
Formal consultation		
- Team Meeting: Start of Consultation		
- CX/ S151/ CCC HR/ ABC/CBC HR to brief employees on transfer. Explain means of selection for TUPE		
- Carlisle HR to produce Letters to all affected employees to identify direct transfer		
- Measures letter from ABC/CBC / request to consult with CCC employees on measures		
Performance team - implications if ICT infrastructure is not shared		
Right of appeal to TUPE - Timescales and who will make up the Appeal panel		
Due Diligence and ELI info Date required from CCC HR 28 days in advance of transfer		
ICT	Corporate Director Allerdale / Transformation Board	
Costs benefit analysis of sharing infrastructure and systems		High level options with costings are being developed for TB 13th Feb.
Costs - one off and ongoing costs for each Council		
Business case for sharing ICT infrastructure		
Timescales for Phase 1 and Phase 2		
Disaster recovery options		
Systems and Controls Team	Ops Board / Transformation Board	
Interim team structure		Shared Systems and Controls team is
Business case for sharing Systems and Controls team	Corporate Director Allerdale	
- pros and cons		
- finance implications		
- who will employ and manage staff		
- issues eg. Year End		
- options		
Finance	Project Board	
Pension deficit implications		
RBSS budget 1st Apr - 30th June 2015		
Residual budget requirements 1st July onwards (ICT and Systems and Controls team) funding arrangements		
E Agenda	Project Board	
Benefits e-claim and e-cic at 3 sites		Delay in implementation of Benefits e-claim.
Ownership and individual solutions going forward (scope to include e-billing and marketing)		
Transformation Challenge Award	Project Board	
Review Terms and Conditions of offer - Able to accept Award?		
Governance arrangements for administering initiative		
Liberata	Emma New / Project Board	
Active Performance Toolkit actions to continue		Partnership performance benchmark for Benefits is being proposed, to go live mid Jan. Revenues data is being analysed with view to

	Responsible Officer	Current status
When is next mail switched off?		
Benchmarking - when site specific?		
Performance Toolkit - one instance or 3? Costs?		
Discussion of programme going forward		
Atlas Automation	Reg Bascombe	
Efficiencies from Atlas		
Future maintenance of parameters within Systems and Controls team		
Communication	Project Board / Transformation Board	
Comms with staff and PHs after each TB meeting		
Comms with TUs		
Comms with 3rd parties - DWP, DCLG?		
Out of scope Actions to monitor	s151s / Individual CEs / Portfolio Holders	
Service delivery plans for each Council post 1st July Transition of service delivery on 1st July Costs of site specific structures Structures at each site / addressing gaps in resources and skills Location Managers - interim arrangements / responsibilities post 1st July Copeland location of Revs and Bens staff		What information is required from the Shared
Phase 2 Key Actions		
ICT infrastructure	Project Board	
Implementation plan for ICT arrangements		
Systems and Controls Team	Project Board	
Implementation plan for new arrangements		
Ongoing support	Project Board	
Mutual aid agreement		Dependent on shared ICT infrastructure