

Revenues and Benefits Shared Service

EXECUTIVE MEMBER: Councillor George Clements
LEAD OFFICER: Jane Salt Head of Customer Services
REPORT AUTHOR: Jane Salt Head of Customer Services

Summary and Recommendation: This report asks members to consider the draft business case for sharing revenues and benefits services agreed in principle by the project board on 29 July 2009. The proposals set out in this report will deliver savings of £175,000 per annum with estimated set up costs of £307,000 being paid back in 1.75 years.

It is recommended that Executive support in principle the preferred option for a joint revenues and benefits service delivery subject to a final report and approve the use of £11k revenue reserves as Copeland's contribution for the Programme Manager (para 4.3 refers).

1. INTRODUCTION

- 1.1 As members will be aware we entered into a shared management arrangement with Carlisle City Council in 2007. Whilst this arrangement has been a success it was recognised that more work was needed to establish a longer term solution. During the investigation of options Allerdale Borough Council approached us to request that they enter into the process.
- 1.2 As a consequence representatives from Carlisle, Allerdale and Copeland have been undertaking detailed investigations on whether there is a business case for a shared Revenues and Benefits Service encompassing the three authorities.
- 1.3 The project initiation document (PID), produced in July 2008, set out the principle drivers for merging the three councils' Revenues and Benefits Services: -
 - Increased capacity and capabilities delivering economies of scale.
 - Reduced ongoing revenue costs for the three councils.
 - Improve service performance for the councils' customers.

- Taking advantage of the fact that Carlisle and Copeland councils use Capita (Academy) / Northgate's Information@Work operating systems to administer Revenues and Benefits and Carlisle and Allerdale's joint ICT service.
 - Provide a model for future shared 'transactional' service initiatives.
- 1.4 A Project Board was set up to include the relevant Directors and Service Heads from each of the 3 authorities (supported by practitioner groups) with the terms of reference to progress the actions set out in the PID in producing a Revenues and Benefits Business Case (i.e. delivering the outcomes as set out in 1.2 above) for member consideration.
- 1.5 This report asks members to consider the draft Business case agreed in principle by the Project Board, on the 29th July 2009 (see appendix A).

2. ARGUMENT

2.1 Delivery of required outcome

The business case evidences compelling reasons why Allerdale, Copeland and Carlisle should agree a Revenues and Benefits Shared Service i.e.

- (i) Increased capacity in delivering economies of scale at a time when the three Councils, individually, are being required to make significant cuts in back office resources and expenditure
- (ii) Delivering further ongoing revenues savings to the three Councils over and above what has already been taken out of base budgets in 2009/10/11
- (iii) Improves service performance for customers by 'ring fencing' customer-facing staff at current levels and locating all front office revenues and benefits staff within the three Councils' customer contacts centre arrangements. The shared service proposals goes further to strengthen improved customer service by suggesting extensive training and the rotation of staff between front and back office. In addition the proposals set some challenging service delivery improvement targets.

2.2 Service Delivery Arrangements

- 2.2.1 Out of the 4 Service Delivery Options considered (see Appendix A Pages 17-36) Joint Service Delivering was assessed as providing the best service delivering arrangements for the 3 Councils based on Impact Assessment, Cost/Benefit Analysis, Human Resources, Governance and Risk Criteria.
- 2.2.2 In summary “a joint service” envisages a joint service across the three authorities with one being the employing Council. There will be a single management structure but staff undertaking actual Council Tax, NNDR and Housing Benefits administration and assessment work will be based at each of the 3 Councils ie. the bulk of staff below management level will continue to work in their current work locations. However staff of all 3 sites will work to identical practices and procedures and work on all three Councils work throughout. Obviously rationalisation of service delivery will happen over time as staff turnover opportunities are taken advantage of.
- 2.2.3 The proposed shared services organisational structure, i.e. management structure based on other successful shared services and work throughput based on top quartile benchmarking data, suggests a staffing establishment of 124 FTE staff. This is a reduction from the current staffing establishment, across the three Councils, of 115.51 FTE: mainly in management and support posts i.e.

	Current	Proposed
Functional Area	Total	
Managers (Heads of Service)	*1.00	1.00
Managers (Locations/Teams)	8.00	3.00
Team Leaders	14.70	12.00
Senior Officers	8.48	10.00
Officers	80.91	79.00
Assistants	22.42	19.00
	**135.51	124.00

* Only Carlisle’s Head of Service allocates more than 50% of their time to Revenues and Benefits administration.

**** Note** – Allerdale reduced their establishment by 5.39 during the preparation of the business case in taking savings of £119,500 in advance of the shared service. This has been taken into account when determining the savings apportionment.

2.3 ICT Arrangements

A measure of success for a shared Revenues and Benefits service is the requirement for all three Councils to be on the same ICT infrastructure software and operating systems. The business case reflects all three Councils operating Capita (Academy) Revenues and Benefits software (change for Allerdale) and Civica's (ex Comino) DIP/Workflow operating system (change for Carlisle and Copeland). The proposed ICT solution not only meets the proposed Revenues and Benefits shared service requirements but also provides the three Councils with greater disaster recovery resilience and the networking infrastructure between the three Councils to support future shared services initiatives.

3. ISSUES STILL TO BE CONSIDERED

The business case is robust enough to support the recommendation that the shared service case should be progressed, however there are a number of issues still to be finalised.

3.1 External Verification

The assumptions set out in the business case are still subject to independent scrutiny and challenge by Meritec, expert consultants engaged by the Project Board for the purpose. Meritec's observations will be presented via an addendum to this report when received.

3.2 Redundancy and Protection costs

These cannot be determined accurately until staff have been assimilated into the new structure. The worse case scenario suggests redundancy costs in the region of £415,000 (up to 5 staff) for all three councils. Also, protection costs of £11,000 have been included for the 2010/11 financial year.

3.3 Employing Authority

The employing Authority has not yet been determined. Selection criteria is currently being set out based on the ICT shared service criteria but taking account of lessons learnt.

4. NEXT STEPS

4.1 Consultation

The project Board have kept staff and local union representatives informed on the progress of the shared service business case. Formal staff presentations commenced, on the draft business case, on the 31st July 2009 with responses required by the 31st August 2009 on the main issues set out within the business case. An email address has been set up for staff to provide comments. Feedback on issues like individual staff terms and conditions etc. will be part of the initial shared services implementation work (Phase 1).

4.2 Implementation

In following 'Best Practice' of other large scale shared service initiatives nationally, Phase 1 of the migration to the Carlisle/Allerdale/Copeland shared Revenues and Benefits service requires the appointment of the Programme Manager in November 2009.

During the period 1 November 2009 to 31 March 2010, the Programme Manager will be responsible for:

- (i) delivering Phase 1 actions as set out in Business Case;
- (ii) taking the 'Senior User' role on the 6-9 month Revenues and Benefits software and operating system implementation;
- (iii) finalising the work being progressed on the unification of policies, practices and procedures to be followed by shared service operation (also where policies cannot be unified, e.g. Discretionary Rate Relief, payment facilities);
- (iv) finalising and initially implementing of new structure including:-
 - production of job descriptions
 - JE process
 - assimilate terms and conditions (based on lead authorities' current terms)
 - detailed Implementation plans for assimilating staff into new structure
- (v) finalising governance arrangements;
- (vi) produce shared services direct costs budget projections for 2010/11 budget cycles within 3 authorities (urgent) including identified savings;
- (vii) co-ordinate consultation with stakeholders, including staff;

- (viii) 'draft' reports for Project Board, Senior Management Teams and Executives on progress, issues needing strategic decisions, and final report on shared services implementation (January/ February 2009);
- (ix) make all day to day operational decisions in progressing the shared service business case;
- (x) make recommendations to Project Board on strategic issues requiring Project Board sanction.

In summary, progress business case outcomes with the view of having the 3 councils' Revenues and Benefits service managed as a shared service from 1 April 2010 with new ICT software and operating systems targeted for implementation by 30 June 2010. In the circumstances the post may be subject to competitive recruitment.

The Programme Manager will be supported directly by a Project Officer and administrative support. The Programme Manager will be able to call on the assistance/expertise of Human Resources, Financial, Legal, ICT and Revenues and Benefits practitioners from the 3 Authorities in progressing Phase 1 of the business case.

4.3 Cost of delivering Phase 1 November 2009 to March 2010 (including oncosts)

	£
Programme Manager (5 days per week)	26,000
Project Support (2 days per week)	6,500
Travel and Subsistence	500
Total	<u>33,000</u>

The Phase 1 costs amounting to £11,000 per authority. Executive are asked to approve the funding of the £11,000 from reserves. Members will remember £40k was identified in the June Provisional Revenue Outturn report as a possible requirement to fund the next stage of the RBS Shared Service project. The costs of the project manager until March would form part of this requirement.

5. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

- 5.1 The Revenue and Capital costs/savings for Copeland Borough Council are set out in detail at Appendix 1 but the high level figures are overleaf

<u>Capital</u> (2009/10 & 2010/11)	£000
Cost of DIP/Workflow	
to be a bid for funds in capital programme	188

<u>Revenue</u> (non-recurring)	
Termination Costs (est)	<u>119</u>

<u>Revenue</u> (recurring)	
ICT Revenues savings	(63) p.a
Staffing savings	<u>(114)</u> p.a
Total savings	(175)
5 Year revenues savings	(875)

The IT costs of £188k will be phased over the life of the project implementation so will form part of a bid for capital if the final business case is approved.

The termination costs are currently an estimate of Copeland's share and will be subject to a bid for revenue reserves if the final business case is approved.

5.2 Pay Back

In delivering the shared service the Council will incur additional capital costs of £188,000 and termination (redundancy) and protection costs of £119,000 approx giving a payback period of approx 1.75 years. As indicated, costs of redundancy have been estimated in the business case. When costs (if any) are known these will be reported to Members and a supplementary estimate may need to be approved (to be 'repaid' from ongoing revenue savings).

6. **PROJECT AND RISK MANAGEMENT**

6.1 Addressed within the business case.

7. **IMPACT ON CORPORATE PLAN**

7.1 This project supports the shared service strategy

List of Appendices

These are available in the Member's room
Appendix A – RBS Shared Service Business Case
Appendix B – Appendices

List of Background Documents:

List of Consultees: Corporate Team, Cllr G Clements, Cllr A Norwood

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed .
This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	Ensures CBC retains revenues and benefits service
Impact on Rural Proofing	None
Health and Safety Implications	None
Project and Risk Management	Included in business case
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Monitoring Officer Comments	No Comment
Section 151 Officer Comments	The business case will be subject to external review and this will provide the opportunity to further explore the robustness of financial estimates and the payback opportunity and this will inform the report to Executive in September

Please say if this report will require the making of a Key Decision YES