

REPORT OF OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE:
CALL IN – REVENUES AND BENEFITS SERVICE SHARED SERVICE

EXE100309
ITEM 6

LEAD MEMBER: Cllr P Connolly, Chair, Overview and Scrutiny Management Committee

LEAD OFFICER: Neil White, Scrutiny Support Officer

REPORT AUTHOR: Neil White, Scrutiny Support Officer

SUMMARY: Three members of the Council (Councillors A Norwood, D Moore and C Whiteside) exercised their right under Overview and Scrutiny procedure rules to call in the Executive's decision of 27 January 2009 (**EXE/08/0111**) on the Revenues and Benefits Shared Service. This report gives the findings and recommendations made by the Group that was set up to consider and recommend to the Executive on this call by the Overview and Scrutiny Management Committee. The Group consisted of Councillors Peter Connolly, Yvonne Clarkson and Margarita Docherty in respect of their enquiries.

RECOMMENDATIONS:	That the recommendations made in section 2 be accepted.
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1. INTRODUCTION

The Group met on 18 February 2009 to consider evidence.

The Group considered the following written evidence:

- Reports to the Executive on this subject matter from 27 January 2009; 12 August 2008; 11 March 2008 and 13 June 2006.
- Carlisle City Council Shared Services Policy and Allerdale Borough Council Shared Services Strategy

The Group heard three hours of oral evidence from four witnesses. The Group would like to thank all the witnesses for their helpful and well prepared evidence and for their time at short notice.

2 RECOMMENDATIONS

The Group agreed that:

(A) the Executive's decision of 27 January 2009 be confirmed and welcomed.

(B) However, some of the decisions that have been made in reaching the current position on revenue and benefits have been in reaction to circumstances and whilst understandable they were not ideal in terms of governance or clear policy making.

- (C) In light of this the group would like to see a Shared Service Policy to be drawn up as a matter of urgency and submitted to full council for approval.**

This policy statement should be a short document that clearly sets out the principles, particularly governance arrangements, by which shared services will be considered. It would also be appropriate for the document to signpost officers to more detailed documents such as the Connected Cumbria Partnership Shared Services Strategy by Aperia and the work being done by the Searching for Best Value Officer/Member group on efficiency.

Such a document would provide clarity to this subject matter and help overcome some misconceptions about shared services. It would also provide clear guidance in a non prescriptive manner to officers and members on the subject and enable the council to look at this issue in a more proactive manner.

3 KEY POINTS

During the witness session the following key points were considered:

Reasons for Call In

1. Councillor Alistair Norwood had been concerned that other authorities had developed clear policies and procedures on shared services and was worried that Copeland Council was being left behind.
2. Councillor Norwood would like to see the council develop a clear formal policy and procedures to include the governance arrangements that officers and members could refer to.

Revenue and Benefits

3. In June 2006, the Benefits section had been under performing for a number of reasons including lack of resources. The continuing under performance culminated in the service being put under special measures by Department of Work and Pensions. The performance did start to improve and due to the improved performance the sanctions were lifted on 20 June 2007, when the Parliamentary under Secretary of State congratulated the council on its improvement. The performance since that date has continued to improve.
4. The initial decision that a shared management arrangement with Carlisle City Council was the best way forward was reached in September 2007 following a meeting between the then Director of Quality of Life and the then Head of Finance and Business Development. This was then discussed informally with the Leader and members of the Executive by the Director of Quality of Life.
5. There were five options considered at that meeting which were to recruit to key posts, restructure the section, shared service, outsource or enter into a shared management agreement.
6. The shared management agreement was agreed as the best way forward as:
 - We were already working with Carlisle (since 2005 in a variety of ways)

- They had already been giving support to our Revenue Benefits Service manager
 - They have the same IT systems
 - It gave the time and opportunity to look at the other options considered to take too long at this time.
7. Allerdale Borough Council approached Carlisle City Council and Copeland Borough Council and requested to join in the shared service review in May/June 2008. The Project Board considered this at its meeting on 13 June 2008 when it was agreed to include them.
 8. The Project Initiation Document was presented with a covering note to a informal meeting of the Executive and the G3 officers on 6 June 2008.
 9. The principal drivers for the consideration of merging the current Revenue and Benefits service are:
 - 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 Academy/Anite operating systems to administer Revenues and Benefits and Carlisle and Allerdale are well advanced in considering a joint ICT service.
 - Provide a model for future shared 'transactional' service initiatives.
 10. Carlisle and Allerdale currently had different performance standards and different levels of performance to Copeland. However these weren't too far apart to be insurmountable and the business case for the full shared service would be on the basis of improving the performance recognising our different starting points.
 11. One of the drivers is to reduce ongoing revenue costs so it is likely that there could be some job losses in a fully shared service. However the use of vacancy management and fixed term contracts would mean that these were natural losses over time rather than fixed ones on the first day of operation of the shared service.
 12. It was intended that the business case would be submitted to the Executive in September 2009. This would set out the rationale and benefits of going to a fully shared service. It was noted that the additional costs of the council going back to providing the service themselves would be at least £100,000.

Policy and Governance

13. There were a number of definitions for shared services as it covers a diverse area. In simple terms it could mean where authorities come together with a common understanding to reach a common goal. The set of rules agreed by the parties will relate to the different circumstances that relate in each case. The council was involved as a partner in a number of partnerships such as the pathways to arts or the Cumbria waste partnership that could be considered as shared services.

14. Similarly there a wide number of potential models for shared services. These could include:
- Enhanced service delivery with authorities working together for best practise
 - Straight forward outsourcing under a formal contract
 - Outsourcing to a private company
 - Setting up a Joint Venture Company to deliver the service
15. There were a number of benefits from Shared Services delivery. These were largely due to the efficiencies gained through economies of scale from reducing layers of management; procurement savings; harmonisation of policies and procedures; sharing of best practise and through having a larger staff base to provide the service.
16. The whole ethos of the new Comprehensive Area Agreements was for more partnership working and an emphasis on the outcomes of strategies and policies. Shared services would be a key part of this. However the 2003 Guidance note from the Department of Communities and Local government made it clear that there was a need for a tailored approach. One size would not fit all services, each service would need to be examined thoroughly and assessed on its own basis as there were a lot of examples of shared services working and failing.
17. The council does not have its own policy on shared services. However the Connected Cumbria Partnership had issued a draft Cumbria Shared Service Strategy produced by Aperia.
18. Such a policy would need a number of criteria. However it should not be prescriptive but should be a small document that set the principles for the beginning of the process which enabled further exploration of services. It would also be useful if it was a signpost to a more detailed document such as the Connected Cumbria Partnership document.
19. There were three main governance models for shared services being the contractual; constitutional and corporate. Each of the models had advantages and disadvantages. Whichever model was adopted by the council would need to have some member engagement in the process.
- Portfolio Holder**
20. The Executive viewed the report on 27 January 2009 as an update report. Whilst there was agreement sought for carrying forward underspends and the development of a business case the main report was expected in September when the detailed business case was due to be submitted.
21. The Executive was aware that there was a need for the council to change. One of those elements was through shared services. The loss of some senior staff in Revenue and Benefits was an opportune time to explore the possibility of sharing this service.
22. It was important that the council provided the best service that it can. This could mean different means of service delivery not just in house but on the basis that the method provided better service outcomes.

Work that was being done by the Searching for Best Value Officer/member group and the Cumbria Improvement Efficiency Partnership would provide more detailed work and benchmarking information on each of the council's services.

- 23.** A policy statement on shared services would be useful. A short mission statement would be appropriate on the principles that included a set of criteria as well as the methodology that was being worked on by the Searching for Best Value Officer/member group.