

## 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:

The business case for RBS Shared Service has been amended to address issues raised by Meritec, staff and Trades Unions during the consultation period, including the extended timetable. This report advises members of those issues that have been addressed in the business case and those to be addressed in the action plan. The revised business case has been considered by both Allerdale Borough and Carlisle City Councils and states a very clear financial payback from the implementation of the shared service. Furthermore the ICT element of the shared service proposal will deliver financial payback to all 3 authorities and approval is therefore sought to include this in the draft 2010-11 Capital programme.

### Recommendation:

1. Members are asked to note the actions progressed as outlined in this report and those to be addressed as detailed in the Action Plan at Appendix A
2. Members are asked to approve the final Business Case for the implementation of a RBS Shared Service with Allerdale and Carlisle City Councils.
3. Members are asked to approve the recruitment of the Partnership Manager during November/December.
4. Members are asked to note the revised financial appraisal summarised in 6.2 indicating total costs of £334,000, as well as savings of £925,000 over a six year timeframe.
5. Members are asked to approve in principle the funding from the capital programme 10/11 of £215,000 to support the ICT implementation.
6. That decisions to be taken in the implementation of the shared service and associated service delivery be delegated to the Head of Customer Services in consultation with the Corporate Director, Quality of Life and the Portfolio holder.

## 1. INTRODUCTION

1.1 Executive at its meeting on 25 August 2009 considered the draft business case for Revenues and Benefits Shared Service between Allerdale, Copeland and Carlisle; together with the concerns raised by Meritec during their external verification of the business case.

1.2 This report advises members of those issues that have been addressed in the business case and those to be addressed in the action plan.

1.3 An updated financial appraisal is included in this report taking account of the changes made to the Business Case and revised costs in respect of ICT and staffing.

## **2 THE MAIN ISSUES MERITEC SUGGESTED REQUIRED ADDRESSING**

### The Ambitious 6-9 Months Timeframe

The implementation timetable has been extended to 12 months to allow additional time for the ambitious ICT programme supporting the shared service to be implemented. Also Allerdale will fund a Project Manager to oversee the ICT implementation, i.e. to draw up and progress an implementation project plan and to give early warning of potential delays in meeting timetable. The implementation of the shared service staffing structure will also now be actioned over a longer timeframe timetabling full implementation for 1 October 2010 rather than 1 April 2010 in original proposals. See amended implementation timetable, section 9.8 of Business Case.

### 2.2 A Contingency May Be Required to Fund Additional Change Management Resources in the Short-Term

The financial appraisal now includes a £73,000 contingency to fund a temporary implementation team (seconded from within the service) to undertake change management requirements which will be mainly required for the ICT conversion and training of staff to operate to new working practices and procedures, i.e. Allerdale staff on Academy and Carlisle and Copeland staff on Civica DIP/Workflow. See amended financial appraisal, section 9.6 of Business Case.

### 2.3 Proof of Concept of Slimline Management Located Locally but Managing Across Three Sites (Not Tested Nationally)

The revised Business Case has strengthened management resources by including a Deputy Manager in each location (but reducing team leader resources). The manager now being mainly responsible for Performance or Revenues or Benefits service delivery across the three locations. The Deputy Manager will be mainly responsible for line management of the teams within the location on a generic basis. This addresses Meritec's main concerns in this respect that the streamlined management structure of the manager having the dual role of Service Delivery and location management being too stretching and not tested nationally. See amended staffing structure, sections 9.2 and 9.3 of Business Case.

### 2.4 Potential Downturn in Performance

2.4.1 In managing such a fundamental change in Revenues and Benefits service delivery, particularly in respect of ICT system downtime during the software conversion process, there will be some downturn in performance.

2.4.2 This usually manifests itself in delays in processing claims for Housing and Council Tax Benefit.

2.4.3 The shared service proposals mitigate the backlog and performance dip in two ways:

- (i) Experienced technical staff with many years experience of operating the Academy Revenues and Benefits software (within Carlisle and Copeland) will assist Allerdale in providing user technical and training support in helping their conversion from Pericles to Academy run smoothly resulting in reduced downtime and less conversion problems. Allerdale practitioners will provide similar support for Carlisle and Copeland's conversion to Civica DIP/Workflow;

(ii) The shared service arrangements will provide economies of scale, i.e. a larger number of experienced staff based at the three locations will be able to target Allerdale work backlogs allowing performance to get back to normal quicker;

However there may still be backlogs and the 3 councils have 'ringfenced' DWP benefits administration grant available earmarked by the DWP to resource benefits work including backlogs during the recession in 2008/09 and 2009/10 should it be required. Some of this ringfenced grant, say up to £300,000, will be used to buy in additional resources to help address the short-term backlog. See Section 9.1.7 in Business Case.

## 2.5 The 'Scoring' of the Outsourced Option

Meritec suggest that whilst the rationale on assessing delivery options is robust, most commentators are likely to score the outsourcing option higher. They also say that whilst it is likely to narrow the gap with the preferred joint service delivery option it will not necessarily compete with it. Meritec are prepared to lead the 'scoring' team on re-scoring this option on a consultancy basis. However this would delay consideration of the Business Case whilst as stated by Meritec not altering the result of the scoring exercise. In any event if the shared service option fails the outsourcing option will be the only real long term alternative for Revenues and Benefits service delivery albeit evidence suggests that this will be more expensive in cost terms. In the circumstances as set out, the shared services practitioner team has decided not to rescore the 4 potential service delivery options originally considered. See section 4 of Business Case.

## 2.6 How the 'Transformed Back Office' Can Reconnect with Current Front Office Practices of the 3 Councils

A team has been set up which includes front and back office representation from within the 3 councils to draft a service level agreement between the proposed shared service and the 3 customer contact centres. The service level agreement will include proposals to deliver the revised customer focused benefit KLOE's in better designing the service around customer requirements, e.g. more local provision of advice and eventually simple determinations/assessment undertaken in the customer contact centre. The team will also suggest training requirements within the 3 councils to deliver the SLA. See section 9.8 of Business Case.

## 2.7 That 'Joint Venture' Governance Arrangements should be Considered

Legal advice will be sought on the benefits of setting up the shared service as a joint venture. Such arrangements are likely to be progressed as a 'Phase II' initiative to be considered after the initial shared service is implemented. In the short-term the Governance arrangements will follow those agreed under the ICT shared service between Carlisle and Allerdale. See section 9.1.1 of Business Case.

## 2.8 To Seek Demonstrable Commitment from Key Stakeholders to Key Principles of the Business Case

Consultation is ongoing with members, staff/unions (see 3 and 4 below). A joint meeting has taken place of the relevant Portfolio Holders from the 3 councils on 25 September when we went through the changes to the Business Plan set out in this report and confirmed their commitment for the proposed shared service arrangements under consideration.

## **2.9 ICT External/Internal Costs**

Several meetings have been held with ICT managers/practitioners within the 3 councils and Capita where the costs have been clarified or amended where required. The only area of costings now still based on estimates is the cost of the networking infrastructure between Carlisle/Allerdale and Copeland to support the Revenues and Benefits shared service and other future shared services. The revised costs are set out in the financial appraisal in section 9.6.

## **2.10 Programme Plan to Include Critical Decisions, Mission Milestones and Timescales to Mitigate Risk**

A design 'action' plan has been drafted detailing area of work, responsible officer, timescale etc, covering work required to address all the issues raised by Meritec (and the Project Board) in preparing for the implementation of the shared service. Progress against the design 'action' plan will be reported to the Project Board on a two weekly basis and senior management/Portfolio Holders within the 3 councils on an exception basis, i.e. potential problems. See Appendix A to this report and Appendix 6 of the Business Case.

## **3. STAFF CONSULTATION**

3.1 Consultation with staff members has been held throughout the project and updates have been provided through newsletters, team briefings and workpackage meetings. Formal consultation was conducted during the month of August 2009 where the draft business case, all appendices and other appropriate documents were made available to all staff for review, comment and question.

3.2 A number of questions were raised across the three authorities. These have been answered both in meetings and two Q&A papers. Quite a number of the questions received have been about the next stages within the project as staff are rightly concerned about their individual circumstances as well as the overall picture. The Q&A papers are available on the Intranet link if members want to peruse.

3.3 The main concerns centred around the following:

- (i) Do not want to lose jobs or to work at another office.
- (ii) Want to see how structures and jobs will work in practice.
- (iii) How will staff transfers be dealt with? Assimilation of staff? TUPE?
- (iv) How will savings be dealt with?
- (v) Timescale is very tight, can it all be done in time?
- (vi) Concerns over perceived reduction of fraud investigation officers.
- (vii) How may performance be affected by implementation of a shared service?
- (viii) Have all costs been taken into account – particularly if redundancies are made?
- (ix) Who will be the employing authority?

3.4 The majority of answers to the staffing concerns need to be dealt with in the next phase of the project which is to determine the employing authority (or whether the 'secondment' option considered), work out terms and conditions and draw up protocols for how staffing arrangements can be dealt with.

3.5 There are a number of actions around this which are shown in the design action plan at Appendix 6. However some changes have already been made to the Business Case to address concerns, e.g. fraud officer resources have been addressed by increasing the number from 5 to 6.5 in response to staff concerns in this respect.

## **4 UNION CONSULTATION**

4.1 Unison and GMB have staff membership within revenues and benefits at the 3 councils, so have been consulted formally. Throughout the project union members have been invited to meetings and briefings and have been updated with progress.

4.2 Unison and GMB Regional Office were invited to respond to the draft business case and also attended a meetings to discuss the up to date situation.

4.3 Their response at this time is brief. The main points being that they are supportive of a proposal for a shared service for revenues and benefits that achieves efficiency savings and provides an improved service for members of the public whilst at the same time minimising adverse impact on staff.

4.4 Unison raised a number of points:

- To consider the challenging timeframe and need to present robust reports to respective councils to ensure commitment to the shared service.
- To continue to maintain open and transparent dialogue with Unison.
- To work with Unison to look for alternatives to redundancy and maybe review need for TUPE and look at secondment instead.
- To ensure that an equality impact assessment is carried out on any proposed new structure.

4.5 Issues raised by the Unions have been either acted upon, e.g. challenging timeframe now extended or will be addressed as part of the design phase.

## **5. NEXT STEPS**

Both Allerdale and Carlisle City Council have now considered the proposal to go ahead with a RBS Shared Service.

### **5.1 Design Phase**

The design 'action' plan set out in Appendix A to this report and Appendix 6 to the business case is currently being progressed. Under the plan it is proposed to recruit the Partnership Manager during November/December 2009 initially to oversee the implementation of the shared service during the period December 2009 to September 2010. See 9.2 in Business Case detailing the longer term role of the Partnership Manager.

To reach this point of approving the business case has taken over 12 months, it is therefore important that no further unnecessary delay be built into the process. It is therefore recommended that all decision making with regard to the implementation stage be delegated in order to expedite the delivery of the Executive's decision and the introduction of the shared service.

### **5.2 ICT**

It is proposed to agree Capita's tender for providing the Revenues and Benefits ICT infrastructure to support the shared service in late October 2009. It should be noted that if the shared service does not happen for any reason the ICT proposals stack up on their own, i.e. provide increased business continuity and networking infrastructure within current costs.

### 5.3 Member Involvement

In accordance with the Governance arrangements in section 9.2 of the business case portfolio holders for each authority will be members of the joint committee and have already met to discuss the criteria for choosing the employing authority.

## 6. **FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)**

6.1 The financial summary in 9.6 of the Business Case has been updated to reflect the changes noted in this report and re-aligned to reflect the extended implementation timetable which now runs to 30 September 2010.

6.2 Noted in table 1 below is the summary position detailing costs and savings for Copeland over the six year period indicating cumulative savings of £936,000.

Table 1

<u>Capital</u> (2009/10 & 2010/11)	<u>£000</u>
Cost of DIP/Workflow/Connectivity to be a bid for funds in capital programme	215*
<u>Revenue</u> (Non-Recurring)	
Termination and protection costs (Est)	<u>119</u>
<u>Revenue</u> (Recurring)	
ICT Revenue Savings	(56) pa
Staffing Savings	(103) pa
Total Savings	(159) pa (less for 2010/11)

\* some of the capital may be required during 09/10, this will be confirmed during the design phase of the project.

6.3 It should be noted that the split of costs, savings and termination costs is subject to final agreement. Currently the allocation is:

	<u>Allerdale</u> %	<u>Carlisle</u> %	<u>Copeland</u> %
Revenue			
- Staff Savings	35	37	28
- Staff Redundancy and Protection	35	37	28

and ICT costs (mainly capital) based on ICT Manager's view on the fairest way to split costs.

### 6.4 Pay Back

In delivering the shared service average savings of £154K pa (£925,000 over six year financial appraisal), the council will incur additional capital costs of £145,000 (£70k

would have been required for replacement servers), plus termination (redundancy) and protection costs of £119,000 approx giving a payback period of approx 1.7 years.

6.5 If the ICT implementation goes ahead in isolation of the shared service the payback time becomes 4 years.

6.6 As indicated, costs of redundancy have been estimated in the Business Case. A supplementary estimate will eventually need to be approved to fund up-front costs (to be 'repaid' from ongoing revenue savings).

## **7. PROJECT AND RISK MANAGEMENT**

7.1 Addressed within the business case.

## **8. IMPACT ON CORPORATE PLAN**

8.1 This project supports the shared service strategy

### **List of Appendices**

Appendix A – Action Plan

**List of Background Documents: RBS Shared Service Business Case (available in the Members Room)**

**List of Consultees: Corporate Team, Cllr G Clements**

### **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	Legal Services remain happy to advise on the Joint Venture arrangements referred to in 2.7 as required. otherwise no comments
Section 151 Officer Comments	The original business case has been subject to thorough external appraisal. Design phase will address outstanding details. The revised business case states that CBC's share of costs of

	implementation can be funded from CBC's share of savings. (ICT) Capital project can be separated out and ICT revenue payback would be 4 years against capital investment.
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Please say if this report will require the making of a Key Decision    YES



## **Appendix 6 - Revenues and Benefits Shared Service Action Plan Period 1st September 2009 to 31st December 2009**

### **Resources identified to progress action plan**

Peter Mason	2 days a week
Jane Salt	2 days a week
Sharon Thompson	Ad-hoc

### **Supported by:**

HR support	ad hoc support provided by Claire Dunn and Jill Chamberlin
Governance	ad hoc provided by Sharon Owen
Finance	Michael Thompson     minimum 1 day a week
Project support	Jill Chamberlin         2 days a week
Communication	ad hoc provided by Ian Curwen
Work package leads	ad hoc as required but could be up to 1 day a week for some officers
ICT implementation	resourced by Carlisle/Allerdale ICT shared service: lead officers Steven Kirkpatrick, Mark Whitworth, Michael Scott, Martin Stroud, project manager Stephen Cawley user technical support work package led by Cath Bell and Allerdale representative, procurement led by Malcolm Mark
Programme Board	Angela Brown, Peter Mason, Keith Parker, Jane Salt, Sharon Thompson, Steven Kirkpatrick

Last updated: 09/09/09

## Appendix A

Action	Responsible Officer	Start Date	Completion Date	Comments
1. Draft detailed PID/project plan/timetable including key milestones and taking account of the requirement to extend the current timetable (as suggested by Meritec)	Peter Mason, Jane Salt, Jill Chamberlin	11/09/09	15/10/09	Amended high level time scale already drafted which allows year 1 2010-11 to be mainly an implementation year, financial appraisal extended to 6 years to accommodate.
2. Criteria for transferring staff	Project Board	11/09/09	23/09/09	Paper on advantages/disadvantages of TUPE/secondment will be submitted to Project Board on 23/09/09 for vet/decision.
3. Revenues and Benefits ICT implementation hardware, software, operating system and network	Steven Kirkpatrick, Mark Whitworth, Michael Scott, Malcolm Mark user technical support co-ordinated by Cath Bell?	01/10/09	31/07/10	Although contract unlikely to be signed before end October work on procuring hardware and software conversion will commence 1st October (the risk being carried by Capita).
4. i Revisit and provide more details on staffing structures including summarising the role of different officers	Peter Mason, Jane Salt (e-mail support on the issues provided by Sharon Thompson) supported as required by work package team and finance	01/09/09	31/10/09	Draft amendments have already been considered in respect of management and fraud officer resources these changes have already been costed in the 2 <sup>nd</sup> draft of the business case.

## Appendix A

Action	Responsible Officer	Start Date	Completion Date	Comments
4. ii Produce draft job descriptions, person specs etc. — for managers — for positions with major changes in duties and responsibilities such jobs will then need to be job evaluated	Peter Mason, Jane Salt, Personnel support, Mike Thompson	15/09/09	30/11/09	To meet Carlisle/Allerdale transformational timetable partnership manager post needs to be progressed by 31/10/2009.
4.iii Draft assimilation protocol	Peter Mason, Jane Salt, Personnel support,	01/10/09	ongoing	
5. Address issues raised in consultation with staff, union representatives and Members	Peter Mason, Jane Salt, Personnel support, Mike Thompson supported by ad hoc work package leads	01/09/09	30/11/09	Amended high level time scale already drafted which allows year 1 2010-11 to be mainly an implementation year, financial appraisal extended to 6 years to accommodate. Draft amendments have already been considered in respect of management and fraud officer resources these changes have already been costed in the 2 <sup>nd</sup> draft of the business case.
6. Address issues raised by Meritec report				
i. Too narrow timeframe	Project Board	01/9/09	23/09/09	Timeframe already amended provisionally to satisfy this issue.
ii. Some financial estimates need further clarification	Michael Scott	01/9/09	23/9/09	Most work already actioned for Project Board consideration

# Appendix A

Action	Responsible Officer	Start Date	Completion Date	Comments
iii. Potential downturn in performance	Peter Mason, Jane Salt	01/10/09	ongoing	Contingencies to meet potential performance downturn already identified from ringfenced DWP grant although not included in 1 <sup>st</sup> draft of business case will be included in 2 <sup>nd</sup> draft. Potential downturn due to key staff working on shared service implementation contingencies to fund backfilling already included in business case.
iv. Management arrangements proof of concept no tested nationally and particularly demanding	Peter Mason, Jane Salt	01/09/09	23/09/09	Draft amendments have already been considered in respect of management resources these changes have already been costed in the 2 <sup>nd</sup> draft of the business case.
v. Revisit scoring of options particularly option 1 outsourcing	Peter Mason, Jane Salt	01/09/09	23/09/09	Meritec report suggests that even a rescored outsourced option is unlikely to compete with the preferred option but is likely to narrow the gap significantly.
vi. Reconsider governance arrangements Meritec suggest that a joint venture is potentially attractive	Peter Mason, Jane Salt and legal advice co-ordinated by Allerdale	01/11/09	ongoing	

## Appendix A

Action	Responsible Officer	Start Date	Completion Date	Comments
<p>vii. Wider benefits of shared service not spelt out strongly in the business case in the areas of:</p> <ul style="list-style-type: none"> <li>— Future proofing</li> <li>— Resilience</li> <li>— Further potential processing savings</li> <li>— Procurement</li> <li>— Potential wider application</li> </ul>	Peter Mason, Jane Salt, Steven Kirkpatrick	01/09/09	30/09/09	Final business case will be updated to include better arguments for the wider benefits of the shared service.
<p>viii. Key risks, summary risk register needs updating to cover the above risks and risk reduction measures plus other risks identified in the report in respect of :</p> <ul style="list-style-type: none"> <li>— Full commitment from senior management and Members to the shared service.</li> <li>— Effective communication with the staff and their union representatives in explaining the joint service delivery option.</li> <li>— Availability of key staff resources to implement the project.</li> </ul>	<p>Peter Mason, Jane Salt plus ad hoc support</p> <p>Peter Mason, Jane Salt plus ad hoc support</p> <p>See resources identified to progress action plan.</p>	<p>01/09/09</p> <p>01/09/09</p> <p>01/09/09</p>	<p>ongoing</p> <p>ongoing</p> <p>ongoing</p>	<p>Joint service delivery concept already agreed in principal by Members at the 3 councils, further reports to committees/Councils Sept/Oct 2009.</p> <p>Full response to queries raised by staff already provided. Queries mainly on staffing issues rather than the joint service delivery concept.</p> <p>Shortage in HR resources identified.</p>

## Appendix A

Action	Responsible Officer	Start Date	Completion Date	Comments
— Delays in implementation timetable particularly ICT issues.	See resources identified to progress action plan	01/09/09	ongoing	Software supplier is confident that the revised implementation timetable is achievable.
— Current transformation process at Carlisle and Allerdale if key members of the project team lost.	Project team will be revamped if key staff leave under the transformational process	01/12/09	ongoing	Work has commenced on a SLA between the shared service and the Customer Contact Centre.
— Reduction in quality of service.	Peter Mason, Jane Salt	01/04/10	ongoing	Contingencies identified in revised business case.
— Potential conflict between shared service strategy and individual customer service plans of partners.	Peter Mason, Jane Salt	01/10/09	ongoing	
— Financial resources required by the shared service do not enable partners to enjoy the anticipated returns on investment.	Mike Thompson	01/09/09	ongoing	Financial appraisal is provided /updated on a worse case scenario.
7. Produce detailed governance arrangements for administering the shared service	Peter Mason, Jane Salt and Legal representative	01/10/09	31/12/09	Also to consider joint venture as suggested by Meritec.
8. Other issues to be added to action plan as they arise i. Consider whether each council's central recharges need revisiting due to shared service arrangements	Mike Thompson	01/10/09	31/12/09	

# Appendix A

Action	Responsible Officer	Start Date	Completion Date	Comments
ii. Revisit progress on introducing identical practices and procedures across the 3 authorities where appropriate.	Peter Mason, Jane Salt and work package leads	15/09/09	31/10/09	Urgent due to requirement to sign contract with Capita in late October.
iii. Work needs to be done on allocation of resources to district (visiting) work.	Peter Mason, Jane Salt and work package leads	15/09/09	31/10/09	
iv. Early decision needed on which fraud software to use.	Peter Mason, Jane Salt and work package leads	15/09/09	15/10/09	
9. Updating the Business Case	Peter Mason, Jane Salt, Mike Thompson	01/09/09	28/09/09	Business case updated after any changes proposed and agreed by Project Board and supported by Executive.
10. Reporting progress report submitted to fortnightly project boards including recommendations in progressing business case issues and service design.	Peter Mason, Jane Salt	01/09/09	ongoing	Next progress report to be submitted to project board 23/09/09
11. Produce implementation action plan	Peter Mason, Jane Salt and work package leads	01/12/09	ongoing	
12. Agree Employing Authority	Peter Mason, Jane Salt and Sharon Thompson	01/09/09	31.10.09	Agreement with portfolio holders who should be the employing authority.