



Cabinet 28 April 2010

Revenues and Benefits Service Delivery: Options Appraisal (May 10/12)

1. Summary and Reasons for Recommendation

- 1.1 On 13 January 2010, the Policy Development Committee considered a report setting out the results of an 'Options Appraisal' of the Revenues and Benefits Services in four councils in Suffolk (Babergh and Mid Suffolk District Councils and Ipswich and St Edmundsbury Borough Councils). The Policy Development Committee recommended that a full business case should be undertaken for the delivery of a shared Revenues and Benefits service, either as a new, stand-alone partnership, or by joining an existing partnership.
- 1.2 This report sets out the findings of the work undertaken on the business case and developments which have taken place since January 2010. Two options are under consideration; first, a new shared service between the four councils listed above in 1.1, and second, St Edmundsbury Borough Council (SEBC) alone joining the existing Anglia Revenues Partnership (ARP), as full members of their Joint Committee (effectively becoming full partners of ARP). ARP currently consists of three authorities (Forest Heath, Breckland and East Cambridgeshire District Councils).
- 1.3 Both options will deliver significant savings for the authority, and both have different sets of risks and rewards, which are expounded in the body and annexes of this report.
- 1.4 Given that this is one of the Council's major services, which affects every council tax payer in the Borough, and many of our more vulnerable residents (in receipt of benefits), it is felt appropriate that the final decision-making body for this fundamental change in service delivery should be Full Council.

2. Recommendation

- 2.1 It is proposed that Cabinet recommends to Full Council that, following a period of implementation planning and detailed due diligence, St Edmundsbury Borough Council's Revenues and Benefits Section join the Anglia Revenues Partnership.

3. Corporate Objectives

- 3.1 The recommendation meets the following as contained within the Corporate Plan:-
- (a) Corporate Priority: *'To raise Corporate standards and efficiency'*.

Contact Details

Name
Telephone
E-mail

Portfolio Holder

Paul Farmer
(01284) 768777
paul.farmer@stedsbc.gov.uk

Lead Officer

Liz Watts
(01284) 757252
liz.watts@stedsbc.gov.uk

4. Background and Key Drivers for Change

- 4.1 The financial pressures in the public sector are likely to increase. All political parties, whether the Government or opposition, have described their outline plans for significant cuts in public sector funding, and although these cuts are not yet known in detail (and are unlikely to be known until after the General Election), what is clear is that significant savings will need to be found in every local authority's budget.
- 4.2 Local Government has consistently over-achieved in the delivery of efficiency savings compared to other areas of the public sector. Whilst good for the council tax payer, the result is that it is becoming increasingly difficult to deliver efficiency savings, as services have been reorganised internally or pared back, and income generating opportunities have all been seized. In order to prepare for the inevitable future cuts to grant, transformational change will be required. There is no more 'fat on the bone'.
- 4.3 A number of services in district councils could be run more efficiently and effectively if they could secure an economy of scale which individual districts simply cannot do alone, Revenues and Benefits is one of these services. Although districts deliver Revenues and Benefits services in different ways, with different levels of customer interface, use of technology, etc., there is empirical evidence across the country that it is more cost efficient to deliver the service by doing so in partnership. Larger teams also create significantly more resilience and robustness in terms of service delivery, and there are normally wider opportunities for career development in the longer term.
- 4.4 In Autumn 2009, three authorities in Suffolk joined together to consider whether they could deliver their Revenues and Benefits service more cost effectively if they did so jointly. The authorities were St Edmundsbury and Ipswich Borough Councils and Babergh District Council, and they were subsequently joined by Mid Suffolk District Council. The four authorities came together because they were all looking independently to change the way in which they delivered Revenues and Benefits, in order to reduce the cost of the service whilst maintaining or improving the quality of service delivery. This partnership became known as the Shared Revenues Partnership, or 'SRP'.
- 4.5 An Options Appraisal was undertaken, which was presented to the SEBC Policy Development Committee in January 2010. Although four options were set out, two were discounted ('do nothing' and 'outsource') due to their failure to deliver significant savings and in the case of outsourcing, the length of time required to procure an outsourced service provider.
- 4.6 The two options which were approved to take forward to the Business Case stage were:-
- (a) to join an existing revenues and benefits shared service; and
 - (b) to create a new revenues and benefits shared service.
- 4.7 The work on the business case has been financial supported by Improvement East, the Regional Improvement and Efficiency Partnership (RIEP) for the East of England.
- 4.8 Since approval was given to go forward with these two options, a twin tracked approach has been taken to deliver the business cases. Three existing partnerships were informally approached to ascertain whether they had any appetite to have four new members join them. These three partnerships were Anglia Revenues Partnership (ARP), CenSUS and the South Worcestershire Partnership. A short summary of these three partnerships is set out at Appendix 1.

- 4.9 All three partnerships expressed an interest in some form of 'franchise' operation, whereby their knowledge and skills were shared with the four councils, either during the implementation phase of the project or as part of a longer term arrangement. Only ARP expressed an interest in the four councils joining their partnership as full members.
- 4.10 Given the time constraints, the option of a 'franchise' operation was put on hold, in order to focus on the two main business cases: the creation of a new shared service, or joining with ARP.
- 4.11 Two business cases were drawn up, one for the SRP to join ARP, and one for SRP to create a new, stand alone shared service. However, in the final stages of preparation of the business cases, the ARP withdrew its interest in creating a 7-way partnership.
- 4.12 This left SEBC in the difficult position of being in a 'preferred partnership' agreement with Forest Heath District Council (FHDC), but being unable to share its Revenues and Benefits service with FHDC. SEBC therefore approached ARP with a request to present a business case for SEBC alone joining ARP (thereby becoming the fourth member of this already existing partnership).
- 4.13 Two businesses cases have therefore been finalised; one for SEBC joining SRP and one for SEBC joining ARP. These business cases are set out in summary below, but share a number of salient features:-
- (a) there is potential to save substantial sums, in either model;
 - (b) there is potential to improve the services that are presently provided but this will require investment in technology and new ways of working;
 - (c) the process of making these changes would represent a major upheaval of the officers affected. The transition can be made, although the process will not be easy or straightforward. It will require effective planning with the appropriate safeguards in place to ensure that it goes well;
 - (d) both business cases have been developed using working assumptions and employing estimates. More work will be needed to draw up the implementation plan and confirm the financial case;
 - (e) each business case assumes that there would be a single Revenues and Benefits headquarters. This would leave the existing Revenues and Benefits office in West Suffolk House empty, and there is confidence that a suitable tenant could be found, thereby generating new income for the Council;
 - (f) support services in the SRP model would be provided by a single council, but this detail has not yet been finalised in the ARP model (although currently each authority operates its own support services). Savings in support services have not been factored into either business case, but, if managed carefully, could be significant; and
 - (g) the combination of service improvements and cash saving is possible because of:-
 - (i) the optimum use of the four Councils' capabilities (in either ARP or SRP);
 - (ii) the use of simplified, streamlined, standardised and automated processes that enable consistent, high quality service delivery;

(iii) the economies of scale generated by the four Councils working together as a Shared Service; and

(iv) the slimmer single management structure as opposed to four.

5. The Business Case for a new shared service (SRP)

5.1 This Business Case shows that forming a four-council Shared Service is an affordable first step on a journey that could deliver significant service improvements and costs savings. There is also the potential for growth through expansion.

5.2 Overview of the SRP proposal

5.2.1 Governance

- (a) The Revenues and Benefits Service undertaken by SEBC would be delegated to the Joint Committee;
- (b) All four councils (SEBC and Ipswich Borough Councils, and Babergh and Mid Suffolk District Councils) would have a seat on the Joint Committee;
- (c) SRP members would nominate 2 members each; and
- (d) A constitution would need to be developed and agreed.

5.2.2 Hosting

- (a) The Joint Committee administration would be undertaken by a single nominated Council;
- (b) All staff would be employed by one Council; and
- (c) The location of the headquarters would be determined in agreement with all Councils.

5.2.3 Transition

- (a) The initial phase of the transfer of the service would take place by 1 April 2011 and effectively deliver some savings in 2011/2012 but further transition would go beyond that date. Full savings and changes would be in place by 1 April 2013.

5.2.4 Savings

- (a) The table below sets out the total savings, one-off cost and net savings to SEBC, projected over a ten year period, and the resultant impact on council tax:

	10/11	11/12	12/13	13/14	By 20/21
	£	£	£	£	£
SEBC total savings	50,260	282,300	298,710	308,160	336,660
SEBC share of one-off costs	113,410	213,630	173,340	74,860	27,110
SEBC net cost/savings*	+63,150	-68,670	-125,370	-233,300	-309,550
Band D equivalent	+£1.66	-£1.81	-£3.30	-£6.15	-£8.16
% of current Band D council tax	+0.9%	-1%	-1.9%	-3.5%	-4.6%

*Additional cost is indicated by a + sign and net savings are indicated by a – sign.

5.2.5 **Employees**

- (a) There would be a significant reduction in employee numbers which would be managed by natural wastage as far as possible over a 2 year period. Some redundancy may occur where staff are unable to work at a new location or commit to an alternative, e.g. home working;
- (b) The employees would be employed by a single employer following a Transfer of Undertakings (Protection of Employment) Regulations (TUPE) process and harmonised terms and conditions; and
- (c) An increased use of remote and home working would be adopted both to reduce pressure on office space and enable a more resilient and flexible work force.

5.2.6 **ICT**

- (a) SRP would standardise onto common ICT systems. There would need to be an increased amount of investment required beyond that allowed for in existing budgets, to secure longer term savings and service improvements.

5.2.7 **Process standardisation**

- (a) SRP would standardise as many processes and policies as possible to maximise the savings and efficiency gains.

5.2.8 **Performance**

- (a) Service improvement is to be achieved in stages following the creation of SRP but not at the expense of performance. The aim is to improve performance to the level of the best authority within the partnership, for each activity and to achieve top quartile for those authorities not already doing so.

5.2.9 **Support costs**

- (a) The business case allows for support services to be provided by an assumed host. Costs outside that allowance would be a matter for each authority to deal with and savings beyond that in the Business Case may be possible for each authority.

6. The Business Case for joining the Anglia Revenues Partnership (ARP)

6.1 ARP has presented a Business Case which sets out the opportunity for SEBC to join the ARP, effectively becoming the fourth member of that partnership. The ARP partnership has been established for 8 years, and therefore offers a range of different benefits from the SRP partnership. These are set out below.

6.2 Overview of the ARP proposal

6.2.1 Governance

- (a) The Revenues and Benefits Service undertaken by the SEBC would be delegated to the Joint Committee;
- (b) All four councils (SEBC and Forest Heath, Breckland and East Cambridgeshire District Councils) would have a seat on the Joint Committee;
- (c) ARP members nominate 2 members each; and
- (d) A constitution exists, although this has not yet been subject to detailed scrutiny by SEBC.

6.2.2 Hosting

- (a) The Joint Committee administration is currently undertaken by Breckland District Councils;
- (b) All SEBC staff would continue to be employed by SEBC, and simply 'work alongside' the other staff in the partnership. This is currently the model which exists for Forest Heath and Breckland District Councils' staff; and
- (c) The location of headquarters would be in Thetford, at ARP's current offices.

6.2.3 Transition

- (a) The initial phase of the transfer of the service would be by 1 April 2011 and ARP confirm that the majority of the savings will be delivered in 2011/2012 but further transition would go beyond that date. Full savings and changes would be in place by 1 April 2012.

6.2.4 Savings

- (a) The table below sets out the total savings, one-off cost and net savings to SEBC, projected over a ten year period, and the resultant impact on council tax:

	10/11	11/12	12/13	13/14	By 20/21
	£	£	£	£	£
SEBC total savings	0	378,961	378,961	378,961	378,961
SEBC share of one-off costs**	230,000	300,000	50,000	25,000	25,000
SEBC net cost/savings	+230,000	-78,961	-328,961	-353,961	-353,961
Band D equivalent	+£6.06	-£2.08	-£8.67	-£9.33	-£9.33
% of current Band D council tax	+3.5%	-1.2%	-4.9%	-5.3%	-5.3%

** these are estimated, since ARP did not include a number of one-off costs in their Business Plan. This is an essential element of the 'due diligence' process.

6.2.5 Employees

- (a) There would be a significant reduction in employee numbers which would be managed by natural wastage as far as possible over a 2 year period. Some redundancy may occur where staff are unable to work at a new location or commit to an alternative, e.g. home working. ARP proposes that some staff can be utilised through its trading arm;
- (b) The employees would not be TUPE'd but would 'work alongside' the ARP staff, with only a change of office base and reporting structure;
- (c) Although some HR policies have been harmonised across the three existing ARP authorities, this is an unfinished piece of work. There would certainly be ongoing discrepancies in terms of SEBC carrying out the same or similar work as other ARP staff, but with different terms and conditions; and
- (d) ARP has 'blended' the salary scales of the existing authorities, by effectively extending the scale to encompass the lowest possible salary to the highest possible salary. Although this was completed in an almost cost neutral way, the future modelling of cost has only been projected for two years.

6.2.6 **ICT**

- (a) Although not definite, it is likely that SEBC would need to migrate onto ARP's software. There would need to be an increased amount of investment required beyond that allowed for in existing budgets, to secure longer term savings and service improvements.

6.2.7 **Process standardisation**

- (a) ARP has already standardised most processes and SEBC would need to adopt these processes in order to maximise the savings and efficiency gains.

6.2.8 **Performance**

- (a) Service improvement is likely to be achieved quickly, due to three authorities already having reached a 'steady state'.

6.2.9 **Support costs**

- (a) Support services are currently provided by each authority, and so there is little opportunity for savings in this area currently. However, ARP has expressed interest in exploring the options to rationalise the delivery of support services between the 4 authorities.

7. SEBC position

7.1 SEBC has entered into a preferred partnership agreement with FHDC. It is therefore the authority's priority to ensure that wherever possible services are shared with FHDC. If this process is not followed diligently, there is a risk that a complicated set of joint committees governing a range of different partnerships could arise.

7.2 Having reviewed the two Business Cases, the most significant difference between the two is the staffing model, which in SRP is a TUPE model and in ARP is a 'working alongside' model. Linked to this, is the salary scale and the terms and conditions, which would be harmonised under the SRP model but only 'blended' under the ARP model. Although not SEBC's preferred model, it is thought that this concern is not significant enough to be rule out the ARP option.

7.3 There are a number of areas which require further detailed exploration regarding the ARP option and these are as follows:-

- (a) The blended salary scheme in ARP has only been modelled 2 years into the future. This requires further work to ensure that the model does not eventually become more costly than was originally planned. The blended salary scheme as it is currently set up relies on a high turnover of staff to ensure that as staff increase up to higher grades, the overall pay bill does not become unaffordable;
- (b) The future expansion of ARP is not certain, although there have been discussions about possible local authorities in Norfolk joining the partnership. Further clarification needs to be gained on the likely expansion plans and the impact of these on SEBC's position (particularly with respect to staff disruption as new partners join);
- (c) Further work on the customer service operations in Haverhill (which are related to the future location and set-up of the Haverhill offices in general, and a separate piece of work is already ongoing in this area). There is no question that we will continue to maintain a Revenues and Benefits presence in Haverhill, but the detailed operational issues have not been discussed with ARP; and
- (d) The savings and one-off costs need to be subjected to further scrutiny.

8. Recommendation
8.1 On the basis of the evidence collated, it is recommended that, following a period of detailed due diligence and implementation planning, SEBC join the Anglia Revenues Partnership.
9. Other Options considered
9.1 As noted in 4.5 above, although two other options were considered, ('Do Nothing' and 'Outsource'), these were discounted at the Options Appraisal stage.
10. Community impact <i>(including Section 17 of the Crime and Disorder Act 1998 and diversity issues)</i>
10.1 General
10.1.1 This will be assessed as part of the implementation of the Business Case.
10.2 Diversity and Equality Impact <i>(including the findings of the Equality Impact Assessment)</i>
10.2.1 A detailed Equality Impact Assessment will be undertaken as part of the implementation of the Business Case.
11. Sustainability Impact <i>(including environmental or social impact on the local area or beyond the Borough)</i>
11.1 A Sustainability Impact Assessment will be undertaken as part of the implementation of the Business Case.
12. Consultation
12.1 Revenues and Benefits staff, Corporate Management Team, Management Team, UNISON (at regional and local level).
13. Resource implications <i>(including asset management implications)</i>
13.1 Noted above.
14. Risk Assessment <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>
14.1 A full risk assessment for both options is set out in Appendix 2 in respect of the SRP option and Appendix 3 in respect of the ARP option.
15. Legal or policy implications
15.1 There will be significant implications in terms either joining an existing shared service partnership or creating a new shared service and these will form part of the implementation planning.

Wards affected	All	Portfolio Holders	Resources and Efficiency
Background Papers	Report A429 Policy Development Committee 13 January 2010	Subject Area	Support Services

Short Summary of the Three Existing Partnerships Approached

The 'soft market testing' exercise

Background

In order to transform the existing Revenues and Benefits services into a combined shared service it was anticipated that it might be helpful to form a partnership with an existing shared service either through a full 'merger' or buying a support package to deliver the transformation process for any new shared service.

In order to assess the potential interest, the Project Board authorised a soft market sounding exercise. A request was sent to four existing Revenue and Benefits shared services. Two of those contacted had been visited by members of the project team (Anglia Revenue Partnership and South Worcestershire Revenue and Benefits Shared Service) and the two others (WestWey Partnership and CenSus Partnership) were Revenue and Benefits shared services have been operating for more than 2 years.

A very brief summary of the partnerships is set out below:

Anglia Revenues Partnership – a partnership of Forest Heath, Breckland and East Cambridgeshire District Councils, established in 2003. Based in Thetford

South Worcestershire Revenue and Benefits Shared Service – a partnership of 3 Worcestershire districts, established in 2007. Based in Wychavon

WestWey Partnership - a partnership of Weymouth and West Dorset councils that has been operating a Revenues and Benefits shared service for several years.

CenSus Partnership – a partnership of Adur, Horsham and Mid Sussex District Councils, established in 2004.

Responses to the soft market sounding

ARP initially indicated that it wished to explore option of joining with the four Councils, but subsequently withdrew this interest.

ARP, South Worcestershire, Census expressed interest in developing a working relationship with SRP and providing advice and support.

Risk Assessment for SRP

No	Risk	Impact	Mitigation
Governance related			
1.	A “No-Go” decision by any of the individual councils.	<ul style="list-style-type: none"> • Potential delays to implementation. • Reduced benefits for other authorities. 	<ul style="list-style-type: none"> • Continuous and effective dialogue with the Councils to keep them on board.
2.	Delay in decisions – a delay in individual councils making a decision	<ul style="list-style-type: none"> • Delay in start date and thus delay in benefits. • Potential partners may walk away from the partnership. • Further uncertainty for Revenues & Benefits staff • Individual authorities may progress individual plans in terms of service and ICT developments. 	<ul style="list-style-type: none"> • Clear plan for getting approval with dates of all councils. • Establish the Joint Committee or an interim joint leadership arrangement as soon as possible
3.	Individual authorities continue to work in isolation and make financial or other decisions, for example ICT investment decisions, that will adversely affect future opportunities for the SRP	<ul style="list-style-type: none"> • Increased cost to achieving benefits. 	<ul style="list-style-type: none"> • Establish the Joint Committee or an interim joint leadership arrangement as soon as possible. • Clear and effective decision making processes and escalation procedures. Overall responsibility for the SRP to be delegated to the Joint Committee and robust programme management applied.
4.	Lack of ownership across and within partner authorities and different levels of commitment to the SRP	<ul style="list-style-type: none"> • Ineffective decision making, risk and issue management. • Individual authorities may progress individual plans. 	<ul style="list-style-type: none"> • The project to be jointly owned by all authorities. • The Joint Committee or an interim joint leadership arrangement to be established as soon as possible. • Members to be adequately engaged in governance. • Secure sufficient funding for the initiative.
5.	Failure or delay to agree on host authority arrangements	<ul style="list-style-type: none"> • Delay in start date and thus delay in benefits. • Individual authorities may progress individual plans in terms of service and ICT developments. 	<ul style="list-style-type: none"> • Establish the Joint Committee or an interim joint leadership arrangement as soon as possible. • Clear and effective decision making procedures. • Transparent selection process.
6.	Poor relationship between Joint Committee and operational management.	<ul style="list-style-type: none"> • Poor overall management. 	<ul style="list-style-type: none"> • Introduce an officer/ governing body protocol for effective working. • Ensure early appointment of HOSS.

No	Risk	Impact	Mitigation
HR related			
7.	Short circuiting the (statutory) consultation process and subsequent industrial relations problems.	<ul style="list-style-type: none"> Staffing efficiencies may not be achieved in the current planned timescale. Service standards may not be improved in line with the current plan. 	<ul style="list-style-type: none"> Ensure robust consultation process is agreed and implemented across all participating authorities. Open, transparent and timely process of communication/consultation.
8.	Industrial unrest	<ul style="list-style-type: none"> Knock-on effect on other parts of the organisation. Jeopardising the potential success of the project. 	<ul style="list-style-type: none"> Appropriate Trade Union and staff consultation and involvement. Effective communications strategy and plan.
9.	Equal pay claims issue.	<ul style="list-style-type: none"> Increased cost of the SRP operation including fines and penalties. 	<ul style="list-style-type: none"> Take and act upon HR/legal advice.
10.	Absence of a robust recruitment policy.	<ul style="list-style-type: none"> Leads to delays in appointment of key staff and the final pay structure. 	<ul style="list-style-type: none"> Develop and seek to agree with trade unions and participating authorities a single recruitment policy.
11.	Unions challenge the transitional processes.	<ul style="list-style-type: none"> Delay in benefits realisation and increase in implementation cost. 	<ul style="list-style-type: none"> Seek Union agreement to consultation, communication and transition plans and ensure effective implementation of these plans.
12.	Delay in appointment of the right calibre of individual to the senior management post (and further management posts) in the right timeframe.	<ul style="list-style-type: none"> Delay in start, leading to a potential delay in benefits being achieved. Lack of clear leadership. Performance “dip” may occur. 	<ul style="list-style-type: none"> Ensure appointment is positioned well in the market place. Advertise nationally. Robust and challenging assessment and selection process.
14.	The changes give rise to more redundancy requests than expected.	<ul style="list-style-type: none"> Added front end costs more than expected. Loss of experienced staff 	<ul style="list-style-type: none"> Estimated costs built into provisional model.
15.	The anticipated staff turnover is less than estimated in the Business Case.	<ul style="list-style-type: none"> More staff employed than required for the delivery of the service. The savings in the Business Case are lower than expected. 	<ul style="list-style-type: none"> The council could take action to secure greater staff turnover, or introduce voluntary redundancy schemes.

No	Risk	Impact	Mitigation
Performance/Change/Implementation related			
16.	Fraud/inadvertent release of confidential data.	<ul style="list-style-type: none"> • Identity theft. • Financial information is used fraudulently. • Data is leaked and escapes into the public arena. 	<ul style="list-style-type: none"> • Staff are security checked. • Data protection training. • Fraud awareness and whistle-blowing procedures in place. • Secure transfer of data.
17.	Ineffective management and delivery of the change.	<ul style="list-style-type: none"> • Staff and other stakeholders not engaged. • Confusion. • Performance “dip” during the transition. • Benefits not realised. 	<ul style="list-style-type: none"> • Business case includes provision for resources to support implementation and transition. These resources to be given clear leadership and be put in place at the earliest opportunity. • Effective communications strategy and plan.
18.	ICT implementations delayed.	<ul style="list-style-type: none"> • Delay staff/other savings. • Could lead to cost overrun on ICT implementations. 	<ul style="list-style-type: none"> • Strong programme manager in charge of the overall programme for change. • Careful implementation planning and early discussions with suppliers for new ICT solutions.
19.	Poor management by each of the authorities during the transitional period including reputation management.	<ul style="list-style-type: none"> • Performance “dips” during the transition period. 	<ul style="list-style-type: none"> • Resources to be put in place at the earliest opportunity. • Communication with all stakeholders.
Finance/resources related			
20.	Insufficient funding to support implementation.	<ul style="list-style-type: none"> • Implementation does not go ahead properly 	<ul style="list-style-type: none"> • Resource adequately from day 1.
21.	Failure by individual authorities to reduce their residual support service costs.	<ul style="list-style-type: none"> • Each authority does not get the full financial benefits of this project. 	<ul style="list-style-type: none"> • Clear ownership from senior management in each council to understand the cost and realise savings. • Authorities to consider other shared service opportunities, e.g. ICT and HR.
22.	SRP makes an operating loss.	<ul style="list-style-type: none"> • Additional costs to the councils unless this can be met from accumulated surpluses 	<ul style="list-style-type: none"> • Strong financial management. • Sound budgeting. • Regular timely and appropriate management reporting and action there upon. • Effective leadership by HOSS.
23.	Pensions advice from administrations authority has not been received	<ul style="list-style-type: none"> • Financial case not complete 	<ul style="list-style-type: none"> • Assume pension issues have a neutral impact. • Review before final decision.
Environmental change related			
24.	Change of political control within the partner councils leads to reduced support to SRP.	<ul style="list-style-type: none"> • Less support for the solution by individual authorities. 	<ul style="list-style-type: none"> • Members sign up to governance arrangements. • Members involved in implementation process. •
25.	DWP significantly changes requirements for Housing Benefits and/or	<ul style="list-style-type: none"> • Leads to changes required in current operating model 	<ul style="list-style-type: none"> • Ensure current risk management procedures are consistent and effective across

No	Risk	Impact	Mitigation
	DCLG for Council Tax/NNDR.	including potential abortive costs.	<p>authorities because all authorities face this risk regardless of the Shared Services agenda.</p> <ul style="list-style-type: none"> • Keep track of changing DWP/DCLG agendas. • Take on board changes asap. • Remain close to professional groups for insight.
Performance related			
26.	Performance variance during transition or afterwards.	<ul style="list-style-type: none"> • Potential loss of Housing Benefit subsidy and reduced Council Tax and NNDR collection. • Negative impact on reputation through reduction in service quality. • Failure to achieve performance targets as key benefits of the project. 	<ul style="list-style-type: none"> • Provide adequate back filling and effective transition management.
27.	Planned performance levels are not reached.	<ul style="list-style-type: none"> • As above. 	<ul style="list-style-type: none"> • Ensure appropriate management of the change including effective benefits realisation.
28.	Data quality.	<ul style="list-style-type: none"> • As above. 	<ul style="list-style-type: none"> • Ensure appropriate quality assurance checks. • Ensure management controls are in place.
29.	Operational structure reflects economic and legislation issues at March 2010.	<ul style="list-style-type: none"> • External influences; legislation, local or national economy may require adjustment. Financial model changes as a result, 	<ul style="list-style-type: none"> • Effectice forward planning.
Legal/Contract			
30.	Contract related issues arise in relation to the CSD contract with Mid Suffolk	<ul style="list-style-type: none"> • Contractual issues cause delays and financial barriers to Mid Suffolk joining the partnership. 	<ul style="list-style-type: none"> • Mid Suffolk to provide indemnities to each of the other councils for possible losses.

Risk Assessment for ARP

Reference	Risk description	Impact	Mitigation
Governance			
1.	Delay in decision making process	Delay in start of change programme delaying programme benefits.	Clear programme plan for approval route through all participating authorities.
2.	Each partner continues to operate in isolation with no regard for affect of decisions upon the shared service	Increased difficulty, cost, time to achieve programme benefits	Project management of this project start immediately, with partnership board/joint committee as soon as possible. Develop an agreed, effective decision making process that requires joint operation. Develop robust programme plan and project management.
3.	Lack of commitment to the shared service project.	Reduces efficiency of decision making, increases risk of failure and leads to divergence of plans.	Ensure joint ownership, joint committee and joint management as soon as possible. Ensure council members have full backing of council and are fully engaged in process. Ensure sufficient funding is agreed to allow implementation.
4.	Members and officers retain overall loyalty to their own organisation rather than shared service	Lack of representation and ownership of the joint arrangement and joint issues	Ensure effective joint working arrangements and monitor as part of performance management and scrutiny.
5.	Poor relationship between Joint committee and operational management	Poor overall management and control	Introduce officer/member protocol for effective working and ensure that regular joint meetings are held particularly throughout implementation stage.

Staff resources			
6.	Lack of consultation and involvement	Efficiencies may not be achieved, work force may work against the programme	Ensure regular, open and honest consultation throughout process. Ensure message is identical throughout partnership.
7.	Industrial unrest	Failure of service delivery. Knock on into other parts of the organisations	Involve Trade unions throughout process. Ensure regular communications to all staff.
8.	Variations in pay, and terms and conditions	Increased unrest within staff body. Increased cost of addressing individual claims could include fines and penalties.	Take regular HR advice and act upon it.
9.	No clear staff policies	Leads to confusion, distrust and delay	Develop clear shared policies or clear instructions for the operation of existing policies within shared arrangement.
10.	Union challenge to change programme	Delay in implementation leading to delay in benefits realisation	Involve union from start of process and seek agreement from union for transition plans throughout.
11.	Delay in the appointment of the shared service management team	Delay in start of programme leading to delay in benefits realisation Lack of leadership. Performance risk.	Ensure appointments are made promptly, may require recruitment process if no obvious internal candidates. Ensure robust selection process.
Implementation			
12.	Ineffective programme management	Lack of engagement Confusion of purpose Performance failure Benefits not realised	Follow business case recommendations, ensure full funding available. Appoint programme manager at the earliest opportunity, empower them to act. Issue clear communication plan
13.	Delay in ICT implementation	Delays to savings	Strong project management involving suppliers from the start of the process.
14.	Poor service management during change process	Performance failure during transition	Ensure implementation plan is sufficiently resourced and funded

Finance			
15.	Insufficient funding to support transition	Implementation failures	Ensure resources and funding are in place.
16.	Failure to reduce residual support costs as efficiency gain increases in shared service	Full benefits not realised	Clear understanding of opportunity within each authority
17.	Benefits not realised	Additional costs possible to councils	Strong financial management Sound budgeting Regular management reporting and monitoring
External factors			
18.	Change of political control in partner councils changes agenda	Reduction in support for arrangement	Ensure cross party support is engendered early; include members in publicity and communications
19.	LGR changes structure of councils	Uncertainty and changed demand	Flexibility of shared service allows for changing partners
20.	Change in service legislation	Could lead to service no longer being required	Flexibility of shared service to adapt.
Performance			
21.	Performance failure during transition	Financial penalties, loss of reputation.	Ensure adequate resourcing and funding of project
22.	Performance targets not reached in live running	Financial penalties, loss of reputation.	Ensure adequate management and monitoring functions are in place.