



## Council 28 September 2010

### Approval of a Partnership Arrangement for the Delivery of the Revenues and Benefits Service

<p><b>1. Summary and Reasons for Recommendation</b></p> <p>1.1 On 28 April 2010, the Cabinet considered a report setting out the options for a partnership arrangement for the delivery of the Revenues and Benefits Service. Cabinet recommended that, following a process of due diligence, approval should be granted for the Revenues and Benefits Service to join the Anglia Revenues Partnership.</p> <p>1.2 This report sets out the findings of the due diligence process, and recommends that the Revenues and Benefits Service joins the Anglia Revenues Partnership as a full partner from 1 April 2011.</p> <p>1.3 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.</p>
<p><b>2. Recommendation</b></p> <p>2.1 <b>It is proposed that Council approves that the Borough Council's Revenues and Benefits Service joins the Anglia Revenues Partnership as a full partner from 1 April 2011.</b></p>
<p><b>3. Corporate Objectives</b></p> <p>3.1 The recommendation meets the following as contained within the Corporate Plan:-</p> <p>(a) Corporate Priority: <i>'To raise Corporate standards and efficiency'</i>.</p>

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#### **4. Background and Key Drivers for Change**

- 4.1 The financial pressures in the public sector are likely to increase. The Coalition Government has already made some significant cuts to public sector funding, although the full impact of their plans will not be known until the Comprehensive Spending Review in October 2010. However, it can safely be assumed that there will be further significant cuts.
- 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 already 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 effective 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 The Borough Council has been working closely with the Anglia Revenues Partnership (ARP) since April to develop a business plan for the Council to join ARP. The process so far is outlined below, with the key factors arising which will be of pertinence to Members when making their decision.

#### **5. The Borough Council/ARP Project**

- 5.1 A Project Board has managed the project to date, and this has consisted of the Heads of Finance from the four authorities (Borough Council, Forest Heath District Council, Breckland District Council and East Cambridgeshire District Council), the Head of ARP and the Borough Council's Revenues and Benefits Manager. The Project Board has overseen the work of a number of workstreams which have been established to consider, in detail, the following areas of work:-

- Revenues and Benefits
  - Council Tax
  - Recovery
  - Benefits
  - Fraud and Visiting
  - National Non Domestic Rates (NNDR)
  - Housing Benefit Overpayments
- Customer Services
- Training
- Systems Administration
- ICT
- Accommodation and Logistics
- Communications
- Legal and Governance
- Finance
- HR and Culture

A Chief Executives and Members' group was also established, and this has met once, received a presentation from ARP and visited the offices in Thetford.

Furthermore, all Members of the Borough Council were invited to visit the ARP offices on 15 or 16 September, in order to familiarise themselves with the Partnership.

5.2 Each workstream is still working on the detailed requirements for the Borough Council to become a full partner of ARP, and in some instances (such as ICT) this work is significantly complex and demanding. To date, it is clear that:-

- (a) there is potential to save substantial sums, as set out in Table 1 below;
- (b) there is potential to improve the services that are presently provided, using new technology and different ways of working (for example a range of electronic forms including claim forms for benefits claimants);
- (c) the process of making these changes will represent a major upheaval for 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) the majority of St Edmundsbury staff will be relocated to ARP's offices in Thetford (although the existing opportunities for home working will be maintained and expanded where appropriate);
- (e) customer service delivery will continue as currently, with Benefits customers being able to visit the offices in West Suffolk House and Haverhill and Revenues customers being able to make appointments to do so;
- (f) the relocation of all 'back office' Revenues and Benefits staff from West Suffolk House will leave a sizeable office space empty, and the savings delivered by joining ARP will be reduced unless a suitable tenant could be found (some progress has already been made in this area);

## **6. Overview of the ARP proposal**

6.1 ARP's original proposal to the Borough Council is set out at Appendix 1. (It should be noted that some of the proposals for project structures etc., have already been established). Key areas are summarised below.

### **6.2 Governance**

- (a) The Revenues and Benefits Service undertaken by the Borough Council will be delegated to the Anglia Revenues Partnership Joint Committee.
- (b) The existing ARP Joint Committee will be disbanded and a 'new' Joint Committee will be established, with representation by all four councils.
- (c) Each Council will have two members on the 'new' Joint Committee<sup>1</sup>.

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<sup>1</sup> As a point of reference, the current arrangements between Suffolk County Council and St Edmundsbury regarding West Suffolk House, and between Forest Heath and St Edmundsbury regarding the Waste Committee, are both Joint Committees.

### 6.3 Hosting

- (a) The Joint Committee administration is currently undertaken by Breckland District Council, although this may change, as it will be subject to agreement by the four partners annually.
- (b) Borough Council staff will continue to be employed by the Borough Council, and become an integrated resource within the ARP. This is currently the model which exists in ARP.
- (c) The location of ARP headquarters will remain in Thetford, at ARP's current offices ('Breckland House').

### 6.4 Transition Date

- (a) The transition date will be 1 April 2011.
- (b) However, due to the vast amount of work required to migrate the Borough Council's Revenues and Benefits service to a different ICT platform, the ICT migration will not take place until Summer 2011. This will not restrict the transition date of 1 April 2011.

### 6.5 Savings

- (a) The tables below sets out the total savings, one-off cost and net savings to the Borough Council and the other three ARP authorities, projected over a six year period, and the resultant impact on Council Tax (for the Borough Council only). A detailed breakdown of the total savings can be found on page 5 of ARP's proposal (Appendix 1).
- (b) It should be noted that an application has been submitted to Improvement East to support the one-off costs financially. If this bid is successful, the one-off costs would reduce by approximately 50%.

**Table 1 – Savings and One-Off Costs to Borough Council**

	10/11	11/12	12/13	13/14	14/15	15/16 and onwards
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Borough Council savings</b>	0	325	365	365	365	382
<b>Borough Council share of one-off costs</b>	124	0	0	0	0	0
<b>Band D equivalent*</b>	+£3.29	-£8.56	-£9.61	-£9.61	-£9.61	-£10.06
<b>% of current Band D council tax</b>	+1.8%	-4.8%	-5.5%	-5.5%	-5.5%	-5.7%

\* These savings will contribute to the Borough Council's Dynamic Review – Innovation, Value and Enterprise (DR-IVE) savings.

**Table 2 – Savings and One-off Costs to the other 3 ARP authorities (to be split between them)**

	10/11	11/12	12/13	13/14	14/15	15/16 and onwards
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Total savings made by the other 3 ARP authorities if Borough Council joins ARP</b>	0	205	307	307	307	348
<b>ARP share of one-off costs</b>	313	0	0	0	0	0

**Table 3 – Total Savings and One-off Costs (all four authorities)**

	10/11	11/12	12/13	13/14	14/15	15/16 and onwards
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Total savings</b>	0	530	672	672	672	730
<b>One-off costs</b>	437	0	0	0	0	0

#### 6.6 Customer Service Delivery

- (a) The Borough Council will continue to have a customer service desk in West Suffolk House and the Haverhill Office. Detailed work is being undertaken on how the staff working on the front desk will be supported by back office staff based in Thetford, and it is likely that some form of visiting rota will be established to provide this support. Crucial to the Borough Council joining ARP is the proviso that customers continue to receive the same level of customer service as they do currently.

#### 6.7 Employees

- (a) There will be a reduction in employee numbers of 11.6 full time equivalents (FTE) in Year 1 and a further 6 FTE in Year 2, the latter relating to efficiencies to be delivered after the Borough Council has joined ARP. This reduction will not be restricted to the Borough Council staff, but will be the result of mapping the entire new, extended workforce on to the new structure chart and will be managed by natural wastage as far as possible. A number of vacancies are already being 'held' for this purpose. A budgetary allowance has been made for a limited number of redundancies, although every effort will be made to avoid redundancies by redeploying staff.
- (b) Formal consultation with all affected staff will commence immediately following the final approval. The process will include individual meetings, identification of 'at risk staff' and slotting of staff against the new structure. It is anticipated that this will all take place within 90 days and by the end of December 2010 all discussions and outcomes will be finalised with staff. This will allow any notice periods, as appropriate, to run in the three months from January to March 2011;

- (c) The Borough Council's staff employment will continue to be hosted by the Borough Council, but they will become an integrated resource within the Partnership.
- (d) Within the current ARP some Human Resource (HR) policies have been harmonised across the three existing ARP authorities. This work will be continued with the advent of the Borough Council as a new Partner. There will be some ongoing discrepancies in HR policies which will be aligned as soon as appropriate and practicable. There are none that prevent the Partnership timetable as envisaged.

#### 6.8 **ICT**

- (a) St Edmundsbury will migrate to ARP's software provider (Academy). The business case has incorporated the costs of this migration.

#### 6.9 **Process standardisation**

- (a) The workstreams mentioned above have already started working to standardise process, which is a pre-requisite in order to maximise the savings and efficiency gains.
- (b) This piece of work cannot be underestimated. Although a lot of the work within the Revenues and Benefits Section is legislation driven, the integration of the Borough Council work practices into the ARP workflow will require careful planning to ensure the economies of scale are achieved within a new enlarged organisation, and make sure the current good practice from both organisations is captured. All the work processes undertaken by the section will be reviewed including benefits, billing, business rates, customer service delivery (including face to face, telephony and internet access), fraud, overpayments, postal arrangements, recovery, and visiting. It is anticipated some of these changes can only be achieved once the staff are co-located and some only after the conversion of the IT platform. Once the changes to work procedures have been agreed, staff will need additional training and support on the new working practices.

#### 6.10 **Performance**

- (a) There is a clear commitment to maintain existing high levels of service, but to improve where possible. Although it is likely that there will be a 'transitional dip' in performance, this is not anticipated to last longer than 6 months.

#### 6.11 **Support costs**

- (a) Support services are currently provided by each authority. However, ARP has expressed interest in exploring the options to rationalise the delivery of support services between the four authorities and this piece of work will be addressed in due course. There is currently no saving for support services included in the business case numbers in Table 1.

#### 6.12 **Anglia Revenues Partnership Trading (ARPT)**

- (a) Two of the existing councils (Forest Heath and Breckland District Councils) have set up a company limited by shares, pursuant to Section 95 of the Local Government Act 2003. This trading company utilises surplus capacity within the ARP to sell consultancy services to other authorities. This company is entirely separate to the Anglia Revenues Partnership. The Borough Council has an option to buy a share in the ARPT, for a price yet to be determined. However, in order to avoid delay in the Borough Council joining the main partnership, the decision to join ARPT will be dealt

with separately at a later date.			
<b>7. Other Options considered</b>			
7.1 Three other options were considered; 'Do Nothing'; 'Outsource'; and 'Form a new partnership'. These were discounted at the options appraisal stage.			
<b>8. Community impact</b> <i>(including Section 17 of the Crime and Disorder Act 1998 and diversity issues)</i>			
8.1 <u>General</u>			
8.1.1 This will be assessed as part of the implementation.			
8.2 <u>Diversity and Equality Impact</u> <i>(including the findings of the Equality Impact Assessment)</i>			
8.2.1 A detailed Equality Impact Assessment will be undertaken as part of the implementation.			
<b>9. Sustainability Impact</b> <i>(including environmental or social impact on the local area or beyond the Borough)</i>			
9.1 A Sustainability Impact Assessment will be undertaken as part of the implementation.			
<b>10. Consultation</b>			
10.1 Revenues and Benefits staff, Corporate Management Team, Management Team, UNISON (at regional and local level), Cabinet, selected Members who have supported the process of due diligence.			
<b>11. Resource implications</b> <i>(including asset management implications)</i>			
11.1 Detailed above.			
<b>12. Risk Assessment</b> <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
12.1 A full risk assessment is included in the ARP proposal at Appendix 1.			
<b>13. Legal or policy implications</b>			
13.1 There will be significant implications in joining an existing shared service partnership and these will form part of the implementation planning.			
<b>Ward affected</b>	All	<b>Portfolio Holder</b>	Resources and Efficiency
<b>Background Papers</b>		<b>Subject Area</b>	Corporate Plans and Strategies



## St Edmundsbury Borough Council & Anglia Revenues Partnership

Revenues and Benefits services

Partners in Excellence - A case for shared services

March 2010





## Executive summary

This business case considers the introduction of a shared service for the delivery of Revenues and Benefit services for St Edmundsbury Borough Council and Forest Heath District Council, East Cambridgeshire District Council and Breckland Council working in partnership as the Anglia Revenues Partnership, (ARP).

ARP has reaped the rewards and understands the advantages of sharing services, and has undergone a process of investigation and appraisal of the options available to extend the partnership to include St Edmundsbury Borough Council. Forest Heath District Council has a strategic partnership with St Edmundsbury Borough Council and through the ARP has approached St Edmundsbury to suggest that a partnership between ARP and St Edmundsbury BC would provide better savings, resilience, and potential. A business plan to support the suggested partnership is presented in this document.

The principles of shared service delivery offer St Edmundsbury and ARP the opportunity to provide greater savings, high performance to the service user and resilience in delivery performance that would otherwise be difficult. The participating authorities will benefit from the opportunity to drive out greater and significant cost savings to enable them to meet the financial challenges which lie ahead.

The financial model provides an assessment of the level of resources required, together with the savings that may be made by the creation of the greater partnership.

Any partnership should provide a structure that reflects the strategic objectives for service delivery and should address basic needs such as:

- How to provide the best Revenues and Benefits services
- How to deliver the best service to meet the communities needs
- How to achieve objectives and implement plans in the most economic, efficient and effective manner.

The sustainability of high levels of performance is a key driver for both the ARP and St Edmundsbury Borough Council and it is recognised that such a partnership offers better performance resilience and Business Continuity. There is real opportunity to deliver high performing, cost effective and resilient service with partners taking advantage of the economies of scale that a larger business unit will undoubtedly provide.

## Recommendations

- The business case demonstrates that there are immediate financial gains to be achieved from working together. A shared service is the recommended route to efficiency as it will allow financial savings to be delivered whilst still retaining the ability to deliver high quality and high performance.
- Based upon this business case, it is recommended that St Edmundsbury Borough Council and ARP formally agree to pursue a shared service model to achieve their efficiency targets for the Revenues and Benefits service.
- It is recommended that St Edmundsbury Borough Council joins the ARP shared governance structure through a joint committee early to guide the authorities through the transition process. It is strongly recommended that key officers and Joint Committee members of the existing partnership and key officers from St Edmundsbury meet as part of the commencement of the transition programme.
- Following an agreement to proceed the Councils would need to review the capacity of the Councils to undertake such transition programme. Four options are provided for the Councils to consider. These options are:
  - To employ individuals to provide the key resources required to support such tasks as project management, HR support and financial support.
  - To employ an appropriately qualified company to provide a complete transformation package.
  - To use the resources available from within St Edmundsbury and ARP as a result of the economies immediately identified.
  - To use a combination of resources available through economies and employing individuals where a need arises.
- It is recommended that the preferred approach is agreed early and, if any procurement is required that it will be commenced to limit the effect of procurement upon the timescales of the programme.
- Agreement around which procurements may be delayed – thus allowing for the new partnership to meet its target start date, should also be agreed early on. This will allow the project team to concentrate on the ‘must haves’ required for April 2011.
- It is recommended that a programme delivery structure as outlined within the business case is created and a project programme manager appointed.
- The work highlighted that significant additional savings and future opportunities will be gained from working with the existing ARP. It is understood that St Edmundsbury Borough Council would be interested in opening discussions with the directors of ARPT Ltd with a view to considering any options of becoming a shareholder of ARPT Ltd.

## Background

Both St Edmundsbury Borough Council and ARP seek a reduction in the delivery cost of their own services and understand that working together to achieve this aim offers a solution that will give all the Councils involved an efficient service model to meet financial challenges. All the Authorities also recognise that to act decisively now will place them in the strongest position to achieve financial gains and control their destiny, within a changing service delivery environment.

The proposed shared service solution offers the opportunity to reach the highest national levels of service performance. It will demonstrate that reducing costs does not mean reducing quality but rather provide the benefits of lowering cost, providing excellent service provision whilst at the same time enabling an increasing workload to be undertaken.

The authorities already within ARP have already enjoyed the benefits of partnership and have a desire to benefit further from shared service, and will be happy to work with St Edmundsbury Borough Council to achieve greater efficiencies.

## Scope

The scope of the Revenues and Benefits shared service initially includes St Edmundsbury Borough Council and Forest Heath, Breckland and East Cambridgeshire District Councils, as part of the ARP.

The services being considered within scope for this shared service include:

- Council Tax Collection
- NNDR collection
- Council Tax and Housing Benefit administration
- Fraud and visiting management
- Related support functions for the Revenues and Benefits service, including systems administration, subsidy completion and finance control, quality assurance, general administration functions, mail room and training services.

## Governance

In the circumstances proposed by this business case it is suggested that the primary governance option would be by Joint Committee.

Any Joint Committee operates under the terms of section 101(a) of the Local Government Act and allows the authorities to delegate the delivery of the proposed service functions to the Joint Committee. The legislative framework provides that a joint committee exercising the functions of each of the partner authorities, whilst allowing each of the authorities to retain some control over the service it is required to provide.

In practice the Joint Committee will have equal representation from each authority taking responsibility for service delivery under the terms of an agreement to be negotiated between the partner authorities. This arrangement has the advantage of being relatively simple and low risk and can be easily expanded to include St Edmundsbury Borough Council. It also allows early access to St Edmundsbury Borough Council so that there is an ability to attend and understand how this arrangement works. It is recommended that St Edmundsbury Borough Council becomes an observer on the Joint Committee for a period, to be agreed, before the partnership is fully formed. This will allow Members to engage in the discussions of the Joint Committee in advance of becoming full partners.

The advantage of a Joint Committee is that each authority has an ability to put points, questions and suggestions and ultimately vote on its own service provision, whilst it also requires no procurement to create and avoids client management costs whilst providing a straightforward financial model, creating no particular tax issues contained within each authorities own financial regime.

## The Financial Case

With St Edmundsbury Borough Council working in partnership with ARP the project management and change control management will be focused. Previous knowledge, project plans etc can be adapted and as staff leave the sharing of posts before the partnership is fully formed will allow quick decisions to be made as need arises. Immediate economies provide the opportunity to reduce the costs of set up and enable procurement bargaining with immediate effect to maximise the savings to be made.

We would look to minimise redundancy costs whilst at the same time re-viewing current processes and procedures taking advantage of the greater economies to allow a project team, feeding into the project programme to look at further economies that can be made. This will be an opportunity for staff to meet and form a collaborative trust.

The cost savings will be seen in four major areas:

- Staffing
- Accommodation
- ICT & ICT support
- General Administration and Support

It has been calculated within the business case that the savings shown in the table below can be anticipated from the shared service arrangement between St Edmundsbury BC and ARP.

Cost	Year 1 - Potential Savings	Year 2 - Potential Savings
Staffing	£391,250	£533,102
Accommodation	£23,441	£23,441
ICT	£42,850	£42,850
Supplies & Services	£72,910	£72,910
<b>Total</b>	<b>£530,451</b>	<b>£672,303</b>

In addition to these savings there will be some minor savings in other areas for example where there is duplication and improved processes. In this model there will be no need to incur costs to enable the shared service governance arrangement to be created, these arrangements are already in place.

Further savings could become available to all partners within current support services (Finance, IT, HR) as a result of an expanded partnership and could be reviewed as part of the arrangements for an extended partnership in due course.

The initial transition costs of the project are estimated at £438,570 will cover the costs of changing IT Systems, redundancies and any outside project work that may be required. These estimates are subject to additional work with HR teams & external suppliers.

## The Anglia Revenues Partnership

The ARP will be pleased to provide support to St Edmundsbury Borough Council to enable a smooth transition as the business case clearly outlines an opportunity for St Edmundsbury Borough Council and ARP to work together to reduce the cost of their Revenues and Benefits service delivery. This will also complement and strengthen the strategic partnership between Forest Heath District Council and St Edmundsbury Borough Council.

St Edmundsbury Borough Council will benefit from the following non – cashable efficiencies and from an opportunity to significantly reduce some of the risk factors inherent within the proposals in the business case. ARP can contribute staff with:

- prior knowledge of creating partnerships
- tried and tested training courses for staff so that all work in the same manner, and the processes are interchangeable (as at first there will be two different ICT systems)
- a dedicated training team to undertake training need analysis
- Future potential for further efficiencies with additional partnership working.
- Increased resilience of performance within the larger staffing structure available to the council
- A dedicated partnership website that provides comprehensive information for the public about their Council Tax, Benefits and NDR. The website also provides a secure portal to the public to interrogate their accounts.

## Conclusion

The choice for the authority is to consider the preferred long term future for the Revenues and Benefits service and the best arrangement to maximise future opportunity. It is suggested that the greater resilience, efficiency and opportunity provided by joining ARP will best secure the future delivery of these services.

## Business case

Within the local government sector sharing service delivery across a number of like minded local authorities is rapidly rising up the agenda as a serious option for the maintenance of essential services. Local authorities have suffered greatly during the recent recession, losing essential income on one hand, but seeing demand for services increasing on the other. With little opportunity to increase income, certainly to the magnitude required to meet demand, most authorities are facing a bleak future of cutting expenditure to balance their budgets.

Cutting expenditure alone however introduces a downward spiral in the capacity of authorities' ability to deliver services; if this spiral is allowed to continue unchecked it will ultimately lead to questions about the ability of the current council structure to deliver the essential services required by their citizens. Recent structural reorganisation of two tier councils into unitary authorities, a trend that will undoubtedly continue, could lead to even greater reorganisation of local government on a regional basis.

Such reorganisations seek to unlock greater economies through the creation of larger economic units; this enables economies of scale to be introduced and reduces the duplications inherent in two tier structures.

For the existing remaining two tier authorities that perhaps wish to maintain the status quo or be involved in their own destiny, retaining a local responsibility for service delivery the obvious option is to voluntarily combine services with authorities of choice to create their own larger economic units, hence the surge in recent months in the interest in sharing services.

St Edmundsbury Borough Council have asked ARP to produce a business case to explore the options for the delivery of their own Revenues and Benefits services through a shared service through the ARP.

This business case explores the delivery of the service from within the existing ARP. To deliver the brief this document primarily focuses on St Edmundsbury BC and ARP working together as one unit to provide the Revenues and Benefits service for 4 Local Authorities. This provides all authorities with a very real and practical option and a business case that takes the considerations beyond a theoretical exercise by using a real situation and using real costs and budgets.

The proposed shared service solution offers the opportunity to reach the highest national levels of service performance. It will demonstrate that reducing costs does not mean reducing quality, but rather provides the double benefit of lowering cost whilst at the same time increasing performance and quality.

This combination of service improvements and cash saving has already been evidenced within the existing ARP and will be demonstrated to St Edmundsbury BC in the following ways.

- Sharing resources allows for economies of scale to be achieved, the sharing of management, expertise, investment, IT and accommodation will drive out significant financial benefits to all partners.
- The additional ability to share support services across a wider partnership with the existing ARP allows for a range of infrastructure savings to be accessed
- The development of uniform policies and procedures that simplify the service delivery will enable the delivery of the highest quality of service to be achieved.

The ARP is pleased to share with its prospective partner its experiences of implementing and delivering the longest established shared Revenues and Benefits service in the country.

## Shared services – an efficient delivery model

### Vision

This business case offers all partners an opportunity to meet their future vision for the services within the scope of the project.

The vision is:

To provide excellence in the provision of Revenues and Benefits services through a shared service with significant sustainable savings.

This vision is supported by the following strategy:

- o Demonstrate the benefits of efficient administration
- o Promote and enhance excellence in service delivery
- o Facilitate the delivery of excellent Revenues and Benefit services
- o Provide high quality support services
- o Develop the capability to deliver the strategy
- o Provide multi access channels to the service
- o Provide a consistency of delivery across all partners

### Scope

The scope of the Revenues and Benefits shared service initially includes St Edmundsbury Borough Council and ARP (although it is anticipated that this could expand in due course to increase the efficiency of the arrangement).

The authorities involved provide a full range of functions within scope and the geographic proximity to Bury St Edmunds offers a number of options for the combination of the services, both for relocation of staff and virtualisation of the operation through homeworking and future IT innovations. With the two centres being less than 12 miles apart there will be no major issues with staff relocation. However some further discussion will need to be had around the provision of service at Haverhill.

The services being considered within scope for this shared service include:



- o Council Tax Billing and Collection
- o NNDR Billing and Collection
- o General Housing Benefit and Council Tax administration
- o Fraud and visiting management
- o Related support functions for the Revenues and Benefits service, including systems administration, subsidy completion and financial control, quality assurance, general administration functions, mail room functions and training services for Revenues and Benefits staff.

## Why shared services?

Experience and observation suggests that a single shared Revenues and Benefits Service built upon the existing ARP model of complete integration, rather than just collaboration, will offer the best solution, this model provides:

- o A clear track record that meets the partners vision
- o Economies of scale
- o Simple governance arrangements
- o Flexibility
- o The ability to achieve consistency of performance
- o Opportunity for staff development
- o Customer focus
- o Does not disenfranchise staff

A shared service achieves efficiency gains by the following methods:

Shared resource  
 Shared expertise  
 Shared ICT  
 Shared resilience

Shared procurement  
 Shared accommodation  
 Shared savings  
 Shared processes

And offers the following outcomes:

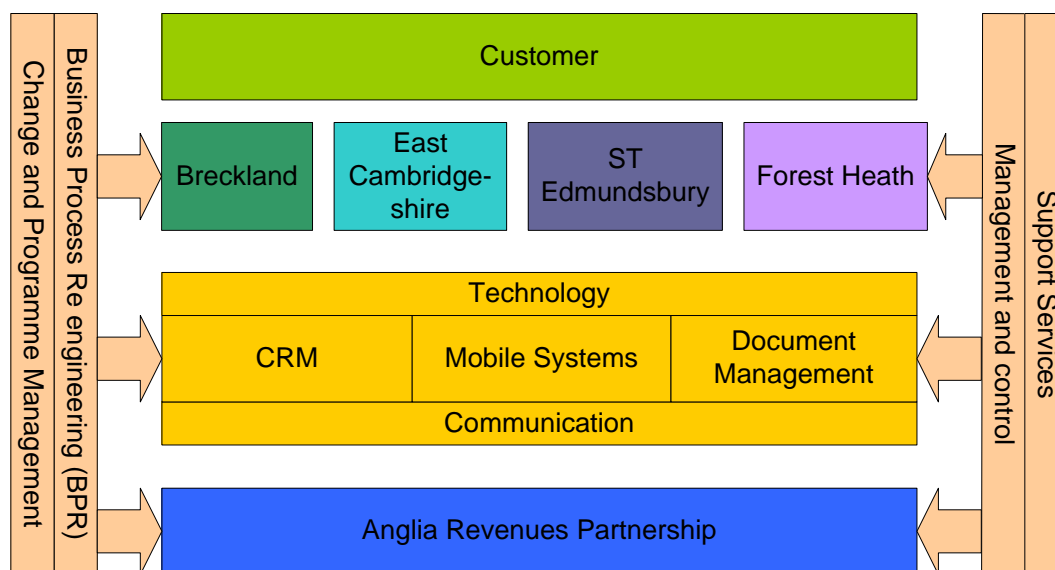
Improved performance for service users  
 Reduced base costs

Stronger more resilient services  
 Flexible and innovative culture

The partnership will operate as an integral part of the partner authorities for which it works: as a consequence it very clearly reflects the aims and aspirations of the member councils. This provides a flexibility that reflects the requirements of each authority without additional contractor costs.

## The delivery principles

The following diagrams show how it is envisaged that the shared service will operate to provide the best service to the customer whilst offering the maximum opportunity for efficient operations. This model also offers a relatively simplistic model for future expansion that could utilise the existing infrastructure to introduce new partners.



The significance of using this model is that the interface with customers remains local for face to face contacts; however contacts will feed through the appropriate communications channel to reach the shared service back office that could operate remotely from the customer.

Maintaining a local presence in this way ensures a seamless service to the customer both in terms of the existing arrangement but also with other Council services. In this way the identity of the individual authority is retained and no fracture in customer delivery occurs.

A consideration will need to be made as to how the customer contact is achieved and this element of the service has not been included in the business case. A consistency of approach for customer contact would maximise the gains achieved by the standardisation of process, but the utilisation of a common document management system as a minimum would allow the gateway process to be standardised.

Web access and telephone access can equally gain from a consistency of approach and it has been assumed that this will be the intention within this business case.

## Conclusions

The major advantage that the partner authorities will benefit from in seeking to develop a shared service is the ability to further develop the model so that it will satisfy the vision for efficient and excellent service delivery. Whilst this business case supports the vision and offers an option that is certainly achievable, the putative partners should also be mindful that the path to shared service delivery is littered with those who have fallen along the way.

## Why is sharing so difficult?

The observation of a number of embryonic partnerships does give a few clues:

- It is political
- It needs a different skill set to those required for service delivery
- It requires trust and reduces control
- It confuses commissioning with service delivery
- It introduces higher complexity
- Its about people who have a vested interest

The difficulties should not be underestimated: research undertaken within the private sector also reveals that what at first seems a logical approach does need careful handling if success is to be achieved.

Dr Fritz Kroeger, vice president of A.T.Kearney undertook a study of 250 merging companies and found that less than one third increased their profitability or share-holder value and 60% experienced a drop in profits in a rising market. As part of his conclusions Dr Kroeger indentified “6 deadly sins” associated with post-merger integration.

### **Superficial vision of what partners want to achieve**

“Fit” is enough to launch a successful partnership but never enough to ensure one

### **Lack of strong leadership**

Allows simmering conflict, unresolved decisions and anxiety

### **Focus on cuts, closings and other cost-cutting moves as “early wins”**

Rather than improvement

### **Imposition of a different corporate culture**

Needs sensitive management

### **Failure to communicate**

With employees, shareholders and customers

### **Lack of risk management**

No focus on how to mitigate the risk of things going wrong

This gives some key messages but St Edmundsbury would mitigate some of these issues by drawing on the experience of the ARP team. The ARP is mature and competitive and it is strongly recommended that the expertise offered by a partnership that has actually achieved a shared service should be embraced.

## Caseload and performance

### Case load

The table below shows the current caseloads in each authority, this is a simplistic measure of the size of the workload of the authorities. Caseload is usually a relatively static measure that takes no account of activity; however it does give a reasonable basis when considering the sharing of costs that gives a consistent long term methodology for a shared service arrangement. However, this assumes the demographic of the 4 authorities produces a reasonably consistent pattern of activity.

March 2010				
Authority	Population	Council Tax accounts	Non Domestic Rate accounts	Total Benefits
Breckland	130,500	56,831	4,054	11,335
East Cambridgeshire	81,000	35,334	2,127	5,294
Forest Heath	63,200	27,456	2,058	4,519
St Edmundsbury	103,400	46,473	3,609	7,760

### Performance

The following table shows performance by authority, the table shows the performance against three national indicators for these services up to and including February 2010, so not the full year which will be available early April.

The advantage of the shared service model is perceived to be two fold with regard to performance, firstly it drives performance up to a level that would be difficult to achieve as a single authority, but it then delivers a consistency of performance that would be equally difficult to achieve.

Authority	Performance indicators as at March 2010		
	Council Tax Collection	NDR Collection	Benefits N181
Breckland	98.34	99.03	6.42
East Cambridgeshire	98.79	99.07	5.99
Forest Heath	97.51	98.69	5.4
St Edmundsbury	99.1	98.3	12.00

### Service issues

Some variation in approach is evident in service delivery that will need an early consideration of responsibilities and costs to maximise the savings achievable from the shared service. For the sake of this exercise it has been assumed that there will be a standardisation of delivery, and the cheapest available option is used. One issue to remember is that if the recommended governance model is chosen, then the joint committee (or partnership) is not a legal body and cannot therefore enter into contracts itself. This means that the host authorities will need to decide which of the authorities will take the responsibility of procurement services from third parties.

### Drivers for change

Both St Edmundsbury and ARP have the following drivers for change for their Revenues and Benefits functions:

- Requirement to cut budgets from 2011
- Efficiency gains
- Improved service provision
- Optimum use of existing and emerging technology
- Reduction in operating costs
- improved use of resources, skills and knowledge

## The potential operating model

Based on the drivers for change, the discussions held between the parties and the aspirations of the authorities for their Revenues and Benefits service, a share service model has been defined and can be summarised as follows:

### Structural

- One organisation with a single management structure
- Integration of workloads and resources
- Use of common IT systems
- Structure expandable to allow for additional partners (savings) in due course
- Staff resources to remain employees of host authorities

### Governance

- Governed by a joint committee consisting of two members from each authority
- Joint committee expandable to allow additional partners
- Common policies
- Local identity to be retained by each partner

### Operational

- Uniform top quartile performance targets
- Common procedures and processes
- Maximum use of flexible working arrangement including home working
- Face to face customer contact to remain local
- Maximum use of electronic service delivery

This proposal brings together the Revenues and Benefits services to create a single in-house shared service, created from the amalgamation of the original services under one shared management. Joining with an already formed partnership will provide resilience during the transition and knowledge and expertise around the forming of such a partnership, and with no barriers to the largest saving areas, Staff, Accommodation and ICT.

This would have significant impact on the partners in terms of efficiency and improvement gains and on the resource requirement to achieve the change management programme, and low risk to St Edmundsbury Borough Council as the partnership is robust and stable so that there is a solid business base to join.

Issue	Evaluation
Capacity	<p>ARP have experience of creating partnerships not only within ARP but also within its sister company ARPT Ltd. There is an expertise that has taken on the work of creating partnerships within this environment but also provided consultation for other partnerships that followed ARP's lead.</p> <p>Although ARP is now very lean, and from a staffing perspective works as one entity, it will match any staff provided by St Edmundsbury during this period and will be able to pull on additional staff, should there be a requirement, from the ARPT Ltd.</p> <p>ARP is committed to make further savings for each of the partner authorities, including any new partner. A consequence of this philosophy is that there are only two requirements and these are to keep performance to target and reduce costs. This means that all decisions made around the formation of a larger partnership will be based on these two principals only, with no issues within any individual partner authority being solved at the expense of any other within the partnership.</p>
Timescale	<p>The ARP has a history of delivering on partnership creation, as such project plans and expertise can immediately provide impetus when working with St Edmundsbury to bring the project to a place it needs to be for 'go live' in April 2011.</p> <p>A project manager will need to be appointed and a project team will report to that person. Groups looking at procedures, ICT and procurement, general procurement, HR, communication and training will be agreed on top of those already in place. However the immediate must agree fundamentals – such as what will the partnership look like in April 2011 from the perspective of staffing, accommodation and ICT.</p> <p>This will then inform the team and give a focus to the goal. It will allow knowledge of what is to be introduced by April 2011, what savings can be achieved from that date and what parts of the project will be introduced during 2011. There is no reason why savings cant be made immediately by not only sharing of some staff but consolidation of some areas of work (NDR, system admin, creation of a QA team etc)</p>

Governance	<p>The governance of this arrangement becomes a simple matter of altering the current agreement with St Edmundsbury included in the document. However voting rights cannot be provided until the new partner is added, which, providing there are no major changes (i.e. no introduction of different voting ratios) could be instigated swiftly.</p> <p>The agreement can be re-visited should the members sitting on the joint committee vote for this at a later date.</p> <p>St Edmundsbury BC councillors will be able to attend and debate with ARP councillors at a partnership board, in effect an extension of the current Joint Committee where St Edmundsbury BC will be able to attend but not vote, until full agreement has been signed and agreed.</p>
Management	<p>The single management for the shared service should be agreed and that appointment (which would be a project manager before go live) would have responsibility for the delivery of the transformation to a single team, delegated to the joint committee to whom s/he will formally report to.</p>
ICT	<p>It is strongly recommended that early thought is given to the preferred IT system, and the necessity of procurement. Early joint procurement of new systems could result in the best price as it throws open the supply of the service to full competition.</p> <p>The councils should have a decision on whether to remain with either (or both) existing suppliers or whether there is a case for moving everything to a new supplier. The sooner the work is undertaken the sooner decisions, implementation, uniform processes and savings will be achieved.</p>

## Conclusions

The shared service approach provides a unique opportunity to unite behind a focused purpose to provide a robust, integrated service that ensures that the benefits of efficiency and performance are delivered. As such this business proposal maximises the chance of delivery of the shared service, with a partnership with a proven track record. The advantages of shared service that have been discussed such as standardisation of process, efficiency of resource usage, staff opportunity, flexibility and resilience as well as the opportunity for growth which can only be achieved if the initial partnership is created.



## The next steps

### Introduction

This section considers:

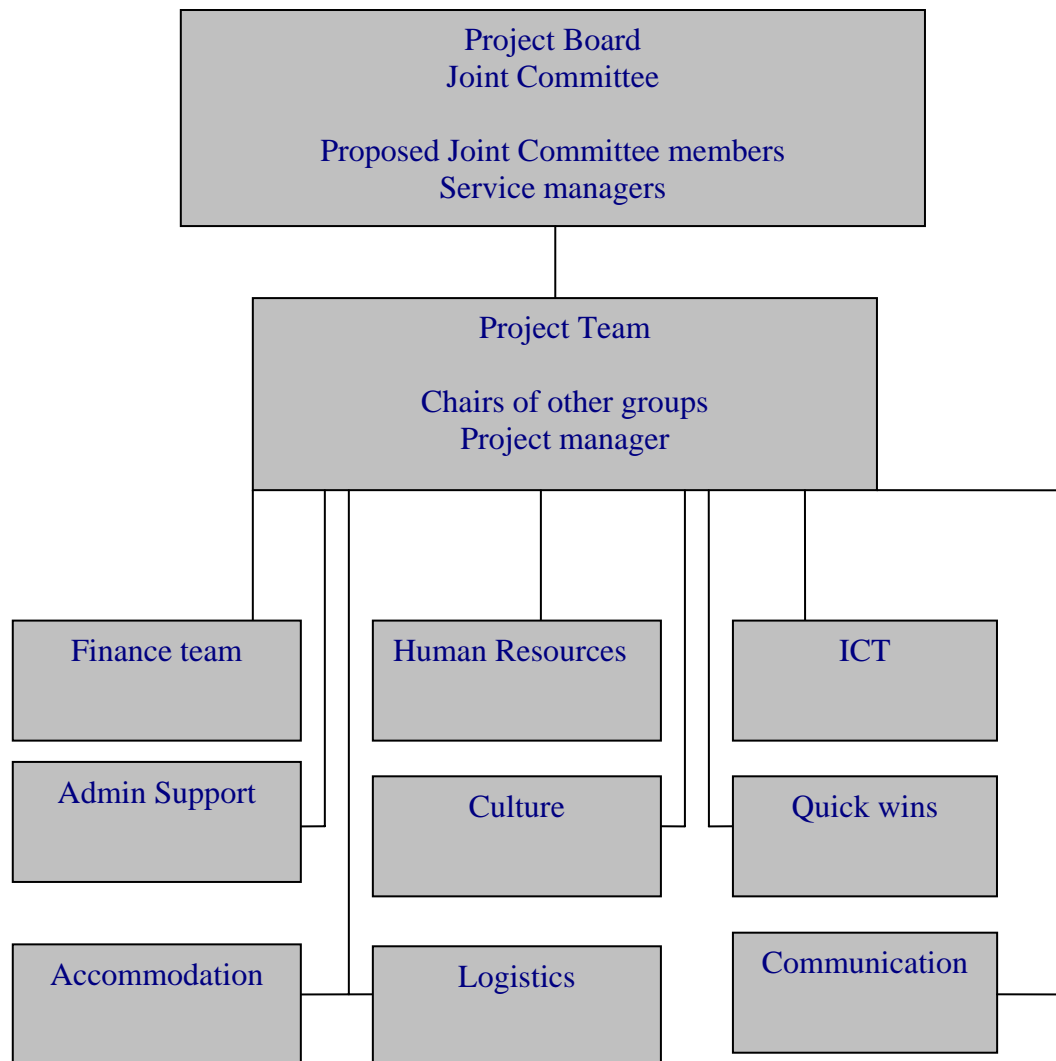
- The next steps towards achieving the proffered option
- Target setting and performance monitoring.

ARP already possess sufficient accommodation in Thetford to house the new arrangement so it is assumed for the purposes of this document (obviously this will require full financial consideration) that this will be the home of the new partnership. Therefore the solution needs to be built around providing the primary back office site from Thetford with consideration given to the linkages between particularly the customer service functions in St Edmundsbury but also in retaining the key linkages back to the authority.

Hosting in Thetford will require a positive message on behalf of the managers of the partnership and the partner authorities, to ensure that St Edmundsbury Borough Council receive the same ownership of the arrangement to prevent frictions developing over the long term.

To commence the migration to this shared structure a number of key tasks need to be achieved. A detailed project plan will be produced, but an early adoption of a project structure should be considered that will allow the planned migration of services into the new arrangement.

A suggested project structure below is recommended to ensure that all issues are addressed.



Each element of the structure addresses the main tasks to be completed and within each of these elements the project manager will need to define the task detail for the chair of each group to take a responsibility for delivery.

Some key tasks to be achieved in the early stages of the project will include:

- The agreement of the structure
- The agreement of appropriate accommodation to house the shared service, taking into account the desire for a flexible workforce, to maximise efficiency.
- ICT infrastructure decision to agree the network, software and hardware needs for the new structure. The consideration of automation needs to be included within the task.

- o Early consideration of the streamlining of process, procedures and policies, including stationery requirements and printing requirements. Followed by a training audit and roll out of a development programme to include the new unified processes.

## Governance

In the circumstances proposed by ARP it is suggested that the governance would be through a Joint Committee under the terms of section 101(a) of the Local Government Act which allows the authorities to delegate the delivery of the proposed service functions to the Joint Committee. The legislative framework provides that a Joint Committee exercising the functions of two or more Councils at the same time can be established. Where a joint committee exercises only executive functions, appointments to the committee are made by the executive and do not require a full council resolution. The Political balance rules do not apply if the executive has power to appoint to the membership, whether from executive or non-executive members.

However it is recommended that St Edmundsbury Borough Council has regard to its own constitution, which could make additional or alternative requirements that could require a waiver of the relevant constitutional section before proceeding. It is strongly recommended that legal advice from St Edmundsbury Borough Council's internal legal team be sought to assist with the delegations to the Joint Committee of the partnership.

In practice a joint committee is formed with representatives of each authority taking responsibility for service delivery under the terms of an agreement to be negotiated between them. This is an arrangement that has the advantage of being relatively simple and low risk, and to join such an arrangement will have the further advantage of being more easily and promptly introduced than 'starting from scratch'.

The Joint Committee style of partnership requires no procurement to create, no client management with no particular tax issues, that can be contained within the authorities own financial regime.

There are also issue that need planning within the implementation process. Some choices will need to be made as a result of the fact that the joint committee does not create a separate legal entity.

This will mean that the partnership cannot:

- o Enter into contracts
- o Employ staff or
- o Raise finance through the normal money markets.

The major issue resulting from these restrictions will be the employment of staff.

To address this there are three models to consider:

- 1) Each authority to retain its own staff and supply the partnership with the necessary staff to deliver the service.
- 2) Secondment to a lead authority
- 3) A lead authority to retain its own staff and supply the partnership with staff from the other authorities transferring under a TUPE arrangement.

The advantages and disadvantages are many for each case. However the major strengths and weaknesses are:

**Staff remaining with existing employers**

<b>Strengths</b>	<b>Weaknesses</b>
Employee relations and union issues - staff are generally more positive about remaining under the employment of their existing employer.	There is not a direct saving on the salary budget.
No increased cost associated with “cherry picking” of the various different terms and conditions from all of the partners.	There may be some issues that have to be addressed if for instance new staff join a higher paid authority and sit next to experienced staff who are paid less. (We have solved this problem within the ARP by having Blended salaries – cost neutral)
Host authorities would not have to arrange to pay the balance of their pension contributions.	Authorities would remain responsible for their staff pension liabilities.
Terms and conditions of employment can be changed in order to create more synergy among the partners (following a due process and staff consultation). Organisations can not permanently contract out of TUPE, as employees can actually decide to go back to their protected terms and conditions if they wish at a later stage, even if they agree to changes (Daddy’s Dance Hall and Crédit Suisse cases).	It will take time and resources to put the changes in place though consultation and amendments to statement of particulars.
Minimum disruption to support services at the host authorities.	Savings within host authority ‘support services’ may be achieved but through wider strategic partnership only.
If the partnership was dissolved, the organisations could draw back the staff on their prospective contracts.	The employer retains responsibility for staff.
Simple and effective to implement with minimum impact	Blended salary or similar will need to be introduced to prevent T&Cs to be in line- but no TUPE considerations required

**Secondments** This would be a short term option - if it continued for longer for 2 years as this may open up a legal argument that TUPE had occurred by default.

<b>Strengths</b>	<b>Weaknesses</b>
Employee relations and union issues - staff may be more favourable to having their	There is not a direct saving on the salary budget.

substantive contracts protected with their existing employers.	
There would not be the increased cost associated with “cherry picking” of the various different terms and conditions from all of the partners.	New staff could be appointed on to grades that were in line with the “norm” for the partnership (keeping two-tier workforce issues in mind).
Host authorities would not have to balance their pension contributions.	Authorities would remain responsible for their staff pension liabilities.
There is a protection against losing staff to larger authorities in the event of the partnership dissolving.	The longer the secondment ran for, the greater the risk of staff claims of TUPE, by staff (if these were in their favour.)
Options would be available on who carried out the administration of the employment. For example, which organisation would manage the payroll, whose policies and procedures would be used etc	The options available under the use of secondment could make the discussions prolonged, unless there were clear advantages of using a particular function. It may have knock on affect on non host authorities support services – but only short term so difficult to manage.

**TUPE** under this option all of the different terms and conditions will be transferred as they are and are contractually protected. Economic, Technical and Organisational (ETO) reasons need to be in place to defend in relation to the changes of terms and conditions.

<b>Strengths</b>	<b>Weaknesses</b>
There would be only one employer amongst the Suffolk partners. This may provide some economies of scale for the employing body, and efficiencies for the transferors (following the negotiation of a service cost).	<p>The terms and conditions of the TUPE'd staff are protected. So either staff will continually be on the same T&amp;Cs or they will be given better – which</p> <ol style="list-style-type: none"> <li>1) will be more costly</li> <li>2) New staff – will they be employed on the more expensive T&amp;Cs or will there be a 2 tier workforce for original and new staff?</li> <li>3) if changed detrimentally can be legally challenged.</li> </ol> <p>The management of this can be cumbersome when you have four sets of staff on different terms plus policies and procedures. Negotiations can be made to bring staff together however a fundamental aspect of TUPE is employee protection and the preservation of employee terms and conditions. if the negotiated terms are better on the whole than the previous terms, the cost will be greater.</p> <p>Employees can still go back to the protected TUPE terms later on down the line. There is no time limit on the application of TUPE.</p>
The transferor authorities would no longer have the same degree of staff liabilities. These may include employment tribunals, pensions etc.	Where there are any liabilities, these will come out during the due diligence process and will then be costed in, or expressly excluded from contracts.

	The due diligence process can be costly and time consuming
Transferor authorities would no longer have to be concerned to such a degree with employee relations or consultation about any change programme.	Employee relations and union issues - staff may look unfavourably on being TUPE'd out, with an adverse affect on morale.  Case law provides that the way of working would have to be significantly different for ETO to apply – is providing the same service by the authority significantly different? May open up legal challenge
The liabilities of the Local Government Pension Scheme would be tied in to a contract.	- All transferor authorities would have to meet any deficit in their contributions.  - If the transferee is a local authority, it has no other option than to provide staff with access to the Local Government Pension Scheme (unless it sets up a different employing body).  - Transferee authority may be unprepared to take on long term pension liabilities. This may result in contractual exclusions or an additional service charge, or indemnity for the future.
New staff could be appointed on to salaries that were in line with the “norm” for the partnership (keeping two-tier workforce issues in mind).	At the end of the contract/partnership the transferee would be left with any “new staff”
The partnership would be difficult to unravel due to the complexities of contracts, constitutions and TUPE.	Smaller authorities would run the risk of loosing their staff if the partnership or contract ended, due to point that all staff would be working on all of the authorities’ work.
Staff recognised as one organisation immediately.	As the time goes by the staff may feel a loyalty to the employing organisation to the detriment of the other partners.

On balance it is recommended that approach 1 is adopted but it is also recommended that this issue is fully discussed between the partners before a final decision is agreed. ARP currently employs staff TUPE'd from Capita through the East Cambridgeshire partner and undertakes a blended scheme for Forest Heath and Breckland employees, and the experience of ARP is that the blended scheme is the more efficient method.

## Performance standards

In exercising the governance of the shared service the joint committee sets the strategic direction of the arrangement, provide a monitoring body and be answerable to the partners for the delivery of the include services.

To achieve these aims an annual cycle of governance would consist of:

- Approving an annual delivery plan
- Setting an annual operational budget
- Performance monitoring

Key to achieving these tasks is having a clear shared vision of the performance standards required for the shared service.

The performance standards are concise, measurable and relevant. With a shared service our aim is efficiency, and this remit needs to apply to the governance and monitoring of the service as well as with the operation and delivery.

In most instances a uniformity of performance is sought, whilst accepting that in some instances demographic variation may influence achievement. Performance reporting is required for each individual authority. This is due to the practical requirement to report performance externally to a number of other agencies based upon the individual authority. Currently the targets that are reported to the Joint Committee are as below:

NI	Description	Annual	Qtr1	Qtr2	Qtr3	Qtr4	2001/12	2012/13
181	Time taken to process HB/CTB							
LPI	description	Annual	Qtr1	Qtr2	Qtr3	Qtr4	2001/12	2012/13
BEN1	Benefit take up (current case load)							
BEN2	Accuracy							
CTAX1	Collection of Council Tax							
CTAX2	% of payers paying by DD							
CTAX3	% of payers paying by							

	Electronic billing							
NDR1	Collection of Business Rates							
NDR2	% of Eligible Businesses claiming SBRR							
OPAY1	Total recovered HB overpayments as % of those identified in year							
OPAY2	LA error overpayments as % of overpayment raised							
<b>KI</b>	<b>Description</b>							
CTK1	% reduction in Previous Year's Council Tax Arrears							
CTK2	% reduction in all Years Council Tax Arrears							
NDK1	% reduction in Previous Year's Business Rates Arrears							
NDK2	% reduction in all Years Business Rates Arrears							
<b>KI</b>	<b>Changes to the collection fund</b>							
CTK4	Changes in Council Tax Properties / Band D Tax base equivalents							

There may also be other performance information that the Joint Committee may choose to include in what is reported to them and this may include the following:

- KLOEs relevant to shared services
- Fraud detection and prevention
- Benefits take up
- Customer satisfaction



## The Financial Case

This section considers:

- The current costs of delivery of the services.
- The potential savings and benefits of a shared service
- The risks of moving to a shared services model.

### Potential savings and benefits of a shared service

The budgets in each authority are effectively made up of three elements, salaries and related staffing costs, direct service costs and indirect internal recharges. To seek savings from a shared service arrangement the costs are rationalised by sharing fixed costs that are unavoidable regardless of the size of the operation and this approach has been used when working toward the figures presented as an appendix to this business case.

The savings demonstrated in the attached appendix to this business case should be considered as the starting point of a long term relationship that will allow the continued development of more efficient processes and procedures throughout the whole life cycle of the new shared service. It has been clearly seen within the ARP that a culture of efficiency is cultivated in time that sees all those working within the shared service taking a responsibility for finding better ways of working and continually seeking improvement, both in terms of efficiency and in terms of performance.

Initially the cost savings will be seen in four major areas. Each of these will be considered in more detail to demonstrate an initial business case from efficiencies specific to these areas that will provide sufficient case to start to implement a shared service, these are:

- Staffing
- ICT & ICT support
- Accommodation
- General Admin and Support

Sharing mechanisms can be debated and agreed in due course once the business case is accepted and the project proceeds.

The savings made are, in general, taken from the direct costs of the services and do not anticipate significant additional savings within other services of the partners. It will at some stage be necessary to address any resulting effects to other services within St Edmundsbury or ARP authorities to maximise any savings.

## Staffing

The business case allows St Edmundsbury Borough Council reduces the overall staff resource needed to deliver the services. It is not envisaged that significant reductions will be made in the number of assessor type posts within Benefits or Council Tax as the work is process driven, to a degree, it will require similar numbers of staff to deliver as currently. Any efficiency that does arise would be through taking advantage of new processes or technology and will be used to produce a leaner workforce where appropriate, without effecting performance. Savings will, however, come at team leader and managerial level as well as in the more specialised roles.

The issue of redundancy to reach the recommended reduction needs to be considered carefully. Experience shows that a steady turnover of staff could enable the reduction to be reached through natural wastage during the period of implementation or at least very shortly afterwards. If a programme of redeploying existing resources when vacancies arise is followed careful management will undoubtedly cause some migration of staff between roles resulting in some retraining.

## ICT

Currently St Edmundsbury Borough Council uses the Northgate Revenues and Benefits systems and ARP use Academy; both systems work well and are two of the three market leaders. All the authorities use Civica for Workflow and document management.

It is assumed that the Civica document system will be retained and that the product usage will be brought into line as part of the transfer to the partnership. We will be looking at how this system has been set up in each of the areas of work with a view to gain maximum efficiencies in the workflow processes. Initial negotiations with Civica have indicated a reduction of circa £10k annual revenue cost would be applicable to the partnership for a one off conversion fee of circa £15,000 - £20,000.

Greater opportunity for ongoing savings exist within the rationalisation of the Revenues and Benefits systems, where it is recommended that a procurement will be needed to challenge the market to compete for the best price to pay. Procurement could be avoided if a lead authority is nominated to provide the IT services to all parties, and with the fact that there are four authorities it may encourage best price without full procurement and this approach should be given full consideration.

Initial discussions with Capita, who provide the Academy system, have indicated that the one off costs of implementation would be £180,000 to £200,000 and an additional recurring revenue charge of £20,000 per annum, a saving of £15,000 on current individual budgets. Additionally significant benefits would be added to St Edmundsbury with new software modules such as customer Self Service, Integration to e-forms, Quality Assurance, Performance Management, Direct Debit online, Landlord Access & automatic entry into the Development fund, which enables the partnership to gain from chargeable items.

## ICT Support

When the partnership authorities are sharing the same IT platform the next step will be to rationalise the IT support. There will be a significant reduction in support of the applications required and the additional gains of sharing IT will begin to be seen. It is anticipated that the greatest gains within IT will be seen in the support of the systems rather than within the maintenance and purchase of software itself.

Currently ARP has IT support provided through a contractual arrangement with Breckland as the lead authority with Steria providing the service. This contract Expires early 2011 and ARP is currently looking at the best options for providing this service.

It is recommended that the most cost efficient method of providing IT support in the future would be to allow the Steria contract to end naturally and then pick up the additional work in a way agreed by the full partnership of four authorities – ARP and St Edmundsbury Borough Council.

## Accommodation

The principles of the proposed shared service solution are a complete integration of the two existing services. To achieve this it is proposed that the services co-locate. After discussions with St Edmundsbury Borough Council officers it is believed that the proposed new service could be located within the building occupied by ARP, with minimal increase in floor space.

This will need further investigation however on initial findings this would seem an efficient placing of what is a (mainly) back room function. The area has relatively low rental levels. The area also has quite low salaries which, as time goes on, will reduce staff costs further. The office space is approximately 12 miles from the St Edmundsbury Borough Council main office and so will also keep appendix E costs to a minimum, whilst being a reasonable distance to travel with regard to looking at reducing redundancy costs.

Currently it is estimated that the payment of expenses as outlined within Appendix E of the national terms and conditions for relocation would amount to a maximum of £58,000 per annum for the first four years of the arrangement. This is an absolute maximum however assuming that all current retained staff at St Edmundsbury Borough Council move to work in Thetford. These estimates will require detailed analysis & modelling with the HR Teams.

In reality the final figure for Appendix E will be significantly less than anticipated for a variety of reasons. Some staff will not chose to re-locate but will take work elsewhere, whilst there will also be natural wastage, and some internal promotion, with a new place of work. New staff employed by St Edmundsbury would have their new Job Descriptions show Thetford as their place of work and can

either work at Thetford immediately, or they can travel and be paid mileage for the short period to the change over.

## **General Admin and Support**

At this stage of the process to ensure that the business case is based upon solid savings that are definitely achievable rather than upon potential savings that will occur through renegotiated contracts, procurement gains and changes to working practices some reduction in duplication should be introduced. These duplications do not in themselves give enormous savings individually but they all add to improve the overall savings total.

For example the partnership will not need to duplicate the purchase of subscriptions and books, it will not need so many places at conferences or seminars and duplication in printing and form design can be removed.

Joint meetings with larger stakeholders, rather than individual ones also help with these saving – such as with RSLs and Government departments.

This partnership will have the ability to use some of the staff efficiencies to promote more effective processes such as E billing and electronic benefit claims

Dividends will be gained by St Edmundsbury Borough Council and ARP by reviewing the indirect costs to the services. These issues have been left at this stage of the process in recognition of the difficulty of removing these from the overall budgets of the councils. However it is timely and fair to review some of these costs as part of the detailed discussions as we move towards a partnership change programme for Revenues and Benefits.

The amalgamation of these services will definitely create duplication of support that could be similarly rationalised. Cost areas such as legal, finance, audit and HR should be able to operate more efficiently in support of their Revenues and Benefits service with perhaps one or other of the Councils providing the lead for support in various areas.

It is hoped that in time such savings can also be made in support services taking the opportunity to widen the savings through the strategic partnership with Forest Heath, this will radically change the shared service and promote maximum efficiency.

## **Risk analysis**

Risks are events that could happen at some time in the future that may adversely affect the ability of the shared services to deliver the proposed benefits.

Risks require positive management to reduce the likelihood of the risk event occurring. Good risk management mitigates the exposure to risk and reduces the risk to an acceptable level when considered in terms of both likelihood or occurrence and impact if it were to happen. It is never possible to remove all risk, but such mitigation reduces the potential damage.

It is important that risk management is fully incorporated within the change programme, from this early stage of business planning, through implementation and on into live running. This section outlines some key risks of the programme and some mitigating actions to take and to monitor. Within the initial business case the risks can be seen as potential costs to the programme and therefore assist the consideration of the overall case and whether the proposed programme of change should be begun.

Reference	Risk description	Impact	Mitigation
<b>Governance</b>			
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	Poor overall management and	Introduce officer/member protocol for effective

	committee and operational management	control	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.

As the process proceeds into implementation and live running it is recommended that the risk analysis is updated and monitored to minimise the potential for risks occurring.

## Implementation and transition costs

This section considers:

- o The key issues regarding implementation
- o The cost of the transition

## *Implementation planning*

The experience of ARP and the proposed solution recommended by the Business Case highlight the importance of dedicated resources to ensure the success of a shared service programme.

The transition from current service delivery arrangements to a shared service for Revenues and Benefits is a major project that will require significant resources over a period of probably two to three years before the shared service can be considered as fully mature.

Resource and time also needs to be allowed for the procurement of two elements of the programme, the external project support and the IT system (on the assumption that at least one of the systems will be migrated to unify the current software used to deliver the services)

Whichever of the options is chosen to allow the project to proceed an implementation team will be needed to manage the project programme and to co-ordinate the project phases and tasks. Ideally the team will include a mixture of Revenues and Benefits practitioners with local knowledge and experience together with experience in the disciplines of project management and business process review.

Key tasks for the implementation team would include:

- Confirmation of roles and responsibilities in the new organisation, including production of job descriptions and job evaluation;
- Review of current service strategies and policies, including local discretions;
- Review and revision of all processes and procedures across the service
- Analysis and review of the interfaces across all input channels – telephone, internet and in person, including review of processes and opportunities for integration and use of electronic forms;
- Review of all forms, letters and other customer literature in use across the services, including the scope for use of other media;
- Agree customer service standards and liaise with customer service teams
- relocating;
- Specification of requirements and investigation of options for move to a common IT systems platform
- Identify options for flexible working, home working and mobile working;
- Specify requirements and identify options for the central post and scanning facility;

Maintain regular communication and consultation with all stakeholders throughout the project



## The Anglia Revenues Partnership

This section considers:

- The existing Anglia Revenues Partnership
- The potential additional savings and benefits of working within the existing ARP

The Anglia Revenues Partnership (ARP) is a public sector organisation that is focussed solely on the provision of Revenues and Benefits services and is therefore in a unique position to provide efficiency through shared services.

We are fully committed to:

- Enhancing Revenues and Benefits service provision
- Improving the customer experience and
- Providing opportunity to realise cashable financial savings to support wider corporate priorities.

The Anglia Revenues Partnership was formed in August 2003 to deliver Revenues and Benefits services to Breckland Council and Forest Heath District Council. In April 2007 East Cambridgeshire District Council joined the partnership having monitored the success of their neighbouring Councils. The ARP now delivers excellent services to a joint population of approximately 274,700 residents.

The main drivers behind the creation of the ARP were to:

- Improve the quality of the services delivered directly to the citizen;
- Reduce the cost of providing services to each Council;
- To review business processes and to embrace new ways of delivering services.

The ARP is an example of the opportunities and benefits of public sector partnership working. It demonstrates the real progress that can be made towards meeting the aspirations of both the local government modernisation agenda, and the customer at a local level, by placing quality and high performance at the centre of the delivery of Council services.

Performance has improved to top quartile in all key Best Value Performance Indicators for the services provided, whilst saving the partners in the region of £1,250,000 per annum from the delivery costs of their Revenues and Benefits services.

High quality and high performance has been achieved through truly innovative thinking and innovative service delivery, built upon a strong quality culture that filters through the management, policies, governance and service delivery of the partnership. The public – public partnership methodology offers real opportunities to drive down cost of service delivery between like minded local authorities. It provides the best of the public sector

but also learns from the private sector to encourage a new performance culture that has succeeded in providing the desired continuous service improvement.

### **Added value**

St Edmundsbury Borough Council will also benefit from the following additional non cashable efficiencies and services and from a greater opportunity to reduce some of the risk factors considered above.

- A dedicated training team to provide:
  - ARP's training expertise during the set up period.
  - Tried and tested training courses for new staff and refresher training for experienced staff
  - Close monitoring and control of individuals training needs
  - A more efficient usage of the training budget to purchase additional specialised training
- Access to proven management expertise reducing the risks associated with the recruitment of staff during the set up period.
- Existing expertise, experience and knowledge from a proven work force already achieving excellence of performance through partnership.
- Future potential for further efficiencies with additional partnership working
- Increased resilience of performance within the larger staffing structure available to the Council. The partnership is staffed to provide continual long term resilience rather than to just deliver the service.
- Access to national forums to ensure staff are fully conversant with current legislation and best practices.
- The partnership has negotiated excellent deals with suppliers that can effectively provide an additional income stream to the partners. For example new software provide for new legislation is provided at a 60% discount. This enables governmental set up money to be used to enhance the introduction of new legislation.
- A dedicated partnership website that provides comprehensive information for the public about their Council Tax, Benefits and NDR that is regularly updated, revised and improved. This website also provides a secure portal to the public to interrogate their accounts.

## Other Considerations

This section considers:

- Harmonising Staff Benefits
- Strategic Partnership
- Lead Authority Model
- ARP Trading

### Harmonising Staff Benefits

It is acknowledged that any organisation's key asset is its staff, without them change cannot happen and the organisation will not move forward. There are differences within the staff benefits between ARP & St Edmundsbury Borough Council, however these differences are not insurmountable and in most cases the staffing policies could be quickly re-aligned. It is recommended that a full review is undertaken and changes to existing staff benefits and policies agreed by all Partners and the Joint Committee.

### Strategic Partnership

Both Forest Heath and St Edmundsbury Borough Council are moving towards a strategic partnership, providing savings on a significant scale. The Revenues and Benefits Service is a natural fit into this arrangement and would be a quick strategic win.

### Lead Authority Model

St Edmundsbury Borough Council has expressed a desire to move to this type of Partnership Model, which currently ARP does not operate as documented above. However following on from discussions with St Edmundsbury Borough Council this is an option for future consideration and would be brought to the Partners / Joint Committee to discuss the merits, savings, impact and risk.

### ARP Trading Ltd

The Partnership also operates a very successful trading arm which delivers Revenues and Benefits contracts to a number of local authorities. This arrangement provides the shareholders with additional income from recharging staff and also dividends from profits. St Edmundsbury Borough Council has indicated they may be interested in a share holding of the company. It is suggested that discussions could take place as soon as possible to go through the options available.

## Contacts

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