

**Essential Reference Paper ‘C’
Options Analysis**

	Proposed Service Delivery Options	Key considerations, risks and issues	
1	Fraud work delivered locally	Advantages <ul style="list-style-type: none"> • Minimal disruption • Local control retained 	Disadvantages <ul style="list-style-type: none"> • Benefits of partnership working on fraud not achieved. Fraud response at individual councils weakened by loss of benefit investigators to DWP • Councils will have to deal individually with the upheaval created by the DWP transfer and any resulting gap in arrangements
		Conclusion – Discount – does not fully address the impact of SFIS Councils can still follow this route should they decide not to participate in the Shared Fraud Service	
2	Collaboration or ‘virtual services’ option i.e. Joint Working In this approach Councils work together informally to achieve the benefits of collaborative working	Advantages <ul style="list-style-type: none"> • Local control retained • Does not require formal governance structures to be established • Will allow sharing of intelligence and knowledge 	Disadvantages <ul style="list-style-type: none"> • Locally based teams will be smaller post DWP transfer and are unlikely to be resourced sufficiently to deliver joint working • Success will depend on how far individuals wish to engage with joint projects • No real economies of scale would arise • No increase of robustness of service
		Conclusion – Discount – may go some way to addressing the impact of SFIS but informal collaboration unlikely to deliver economy of scale or resilience	

	Proposed Service Delivery Options	Key considerations, risks and issues	
3	<p>Council ‘hub’ or shared service option hosted by HCC using existing SIAS vehicle</p> <p>This approach would have the following characteristics:-</p> <ul style="list-style-type: none"> ▪ Staff would be employed by HCC ▪ The service would be set up as a specialist team ▪ The existing governance arrangements for SIAS would be extended ▪ Existing operational models would be adapted including access to external partner (currently PWC) if very specialist support is needed 	<p>Advantages</p> <p><u>Financial</u></p> <ul style="list-style-type: none"> • Generation of efficiencies through economies of scale <p><u>Non-financial</u></p> <ul style="list-style-type: none"> • Most likely option to deliver best value in terms of coverage and retention of skilled staff • Able to flex resources to ‘hotspots’ • Opportunity to streamline the management function. • Linkage with an established brand and successful reputation • Well-understood and effective governance arrangements in which 8 Hertfordshire councils participate • Management team experienced in shared service change management, service development and process design • Natural synergy between anti-fraud work and internal audit work • Opportunity to flex resources for example in drawing in SIAS staff with fraud qualifications / experience • Work allocation and capacity management arrangements established and transferrable 	<p>Disadvantages</p> <ul style="list-style-type: none"> • HR terms and condition will need to be resolved • May divert SIAS management team focus from internal audit service delivery
<p>Conclusion – Preferred option – most likely to deliver resilience, economy of scale and location within SIAS builds on established ‘brand’</p>			

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4	Council 'hub' or shared service option hosted by a District Council	<p>Advantages</p> <p><u>Financial</u></p> <ul style="list-style-type: none"> • Generation of efficiencies through economies of scale <p><u>Non- financial</u></p> <ul style="list-style-type: none"> • There is experience of shared service change management, service development and process design within districts • There are governance models which could be adapted to a Shared Fraud Service • There would be opportunities for synergy with host authority Revs and Bens team 	<p>Disadvantages</p> <p><u>Financial</u></p> <ul style="list-style-type: none"> • Duplication of resource in establishing new governance arrangements, loss of economy of scale <p><u>Non- financial</u></p> <ul style="list-style-type: none"> • Districts will need to evaluate which of them is best placed to take on the hosting role • HR terms and conditions will need to be resolved • Ongoing commitment required to deliver the project, including agreement of legal and governance framework and delivery of business case, and then maintain ongoing management responsibility and accountability
		<p>Conclusion – discount – option is viable but diseconomy of scale in establishing new partnership arrangements; needs a district council to host</p>	
5	<p>Outsourced services option</p> <p>Purchase a service from an external provider</p>	<p>Advantages</p> <ul style="list-style-type: none"> • This offers the opportunity for a commercial arrangement with local, regional and national benchmarked providers 	<p>Disadvantages</p> <ul style="list-style-type: none"> • Accountancy firms offer some fraud services but at a premium rate and not a holistic offering • Loss of council control • Unclear at present about the type of service required
		<p>Conclusion – discount – difficulty at present in specifying service requirements for an outsourced operation</p>	

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6	Outsourced services option Establish an independent joint venture company	Advantages <ul style="list-style-type: none"> • Enhanced degree of local council control 	Disadvantages <ul style="list-style-type: none"> • Not considered to be currently feasible because of the uncertain nature of the environment
		Conclusion – <i>discount</i> – arrangements not sufficiently mature. Such a step may be feasible in future but not at present	