

EAST HERTS COUNCIL

EXECUTIVE - 12 OCTOBER 2010

REVENUES AND BENEFITS AT STEVENAGE BOROUGH COUNCIL
AND EAST HERTS COUNCIL

JOINT REPORT BY EXECUTIVE MEMBER FOR RESOURCES AND
INTERNAL SUPPORT AND EXECUTIVE MEMBER FOR HOUSING
AND HEALTH

WARD(S) AFFECTED: None

Purpose/Summary of Report

- To advise Executive of the various options that have been considered against the objectives of the Interim Joint management team report approved by Executive on 13 July 2010, in respect to shared services for Revenues and Benefits at Stevenage Borough Council (SBC) and East Hertfordshire Council (EHC).

RECOMMENDATION FOR DECISION BY EXECUTIVE:

<u>RECOMMENDATION FOR DECISION BY EXECUTIVE:</u>	
	That the option to create a shared service with Stevenage under a joint governance model be approved.

1.0 Background

1.1 It was reported to Executive on 13 July 2010 that once in place, the Interim Joint Management team would identify options for, and recommend the preferred proposal for, a single service provision for Revenues and Benefits to both Councils.

1.2 It is intended to bring a report on implementation of the preferred proposal to the Executive in January 2011.

2.0 Report

2.1 The interim joint management team were charged with;

- Working together to identify options for, and recommend a preferred proposal, for a single service provision for Revenues and Benefits to both Councils.
- Taking opportunities to realise short term efficiencies for both Councils. The model needs to maximise efficiencies and be capable of growth by allowing other councils to join the arrangement.

2.2 This report sets out the options that have been considered and the reasons why the shared service option is recommended as the option to be worked up in detail.

2.3 Details of the evaluation are included at **Essential Reference Paper 'B'**.

2.4 The following options have been considered:

1. Revert to separate structures with sharing of good practice
2. Continue with a joint management team, but do no further investigations
3. Outsource the service in whole or in part
4. Create a shared service with Stevenage under a joint governance arrangement
5. Set up a separate company for the administration of Revenues and Benefits for both Councils

2.5 The evaluation confirms that option 1 & 2 are not options to pursue as they provide only limited scope for efficiency gains.

2.6 Option 3 would require a competitive process delaying progress; with two distinct services the attractiveness to the market is considered less than a fully integrated service having a single point of reference; the costs of going to market as a single entity are potentially less than those of two separate services; and to take up this option now risks losing some of the benefit from integration to the market. It does not provide a sufficiently attractive platform for shared service with Stevenage at this stage but may do so in the future.

- 2.7 Options 4 & 5 have some similarities and both comply with the objectives in the July report. However option 5 would add complexity and costs without a commensurate saving.
- 2.8 It is therefore recommended that option 4 be developed in detail and a further report be presented dealing in particular with issues of governance and hosting.
- 3.0 Implications/Consultations
- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

Partnership Protocol – Corporate Business Scrutiny Committee August 2009
Executive report - 13 July 2010

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ESSENTIAL REFERENCE PAPER 'A'

<p>Contribution to the Council's Corporate Priorities/ Objectives</p>	<p>Fit for purpose, services fit for you <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i></p>
<p>Consultation:</p>	
<p>Legal:</p>	<ul style="list-style-type: none"> • Following advice from counsel on 17 May 2010, it has been established that there are no legal barriers to forming an IJMT. Neither are there any impediments arising from the creation of an IJMT on the forming of any future partnership arrangement. • Further legal advice will be required when a proposal is accepted
<p>Financial:</p>	<ul style="list-style-type: none"> • For the lifespan of the IJMT, issues relating to the sharing of savings and costs that may arise, will be addressed by agreement between the respective Councils' appropriate directors ('section 151' officers). • Agreement will be reached in respect of savings and costs arising from the agreed proposal
<p>Staffing Implications</p>	<ul style="list-style-type: none"> • Staffing implications will be considered in relation to the proposed option
<p>Human Resource:</p>	<ul style="list-style-type: none"> • Human Resources implications will be considered in relation to the proposed option
<p>Risk Management:</p>	<ul style="list-style-type: none"> • Risks associated with the implementation of an IJMT for Revenues and Benefits were provided in the July report. None are perceived to have a significant impact on the Council. • Operational risks should continue to be managed through the existing operational risk management arrangements. • The imperative for both Councils is the maintenance of service performance and resources will be applied

	accordingly.
Equality	<ul style="list-style-type: none"> • An equalities and diversity impact assessment has been conducted on the proposal to create an IJMT. No impact has been identified. Subsequently no action plan or mitigation strategy is required.
Service Delivery Implications	<ul style="list-style-type: none"> • The scope of responsibilities encompassed by the IJMT includes the administration of Housing and Council Tax Benefits, including anti-fraud at EHC only, together with all aspects of administering Local Taxation (Council Tax and Business Rates). • The scope of any proposal will include all the above plus anti-fraud at Stevenage Borough Council.
Other corporate implications	<ul style="list-style-type: none"> • For the purposes of an IJMT, life and personal accident insurance for employees from both Councils are unaffected. Public liability should be satisfactory • EHC and SBC need to declare the IJMT to their insurance companies. Professional indemnity insurance may be required to cover claims concerning pure financial loss resulting from negligent advice from the other Authority. Such cover will require a written agreement to exist between the two Councils. • Employers liability risks require are subject to agreement with respective insurers. • Further insurance issues will be addressed when an agreed proposal is identified.

ESSENTIAL REFERENCE PAPER 'B'

	Revert to separate structures	Continue with joint management team only	Outsource in whole or part	Shared service	Limited company
Financial	Limited capacity to continue to generate savings which would be available through economies of scale. Would also lose income stream from joint management team	Limited capacity to continue to generate savings which would be available through economies of scale.	Stevenage Council do not wish to explore this option at the current time but without prejudice to reviewing outsourcing in the future if a strategic imperative made this a viable option. Therefore East Herts would need to pursue this alone. Clearly this is not a single service provision for both Councils	This gives both Councils the opportunity to share any savings and to build a potential income generator for the future by delivering a trading arm to offer services to other Councils	Organisation would become liable for Corporation Tax – an additional burden. Potential costs rising around separate structures.
Timescales	Savings and efficiencies limited by capacity	Savings and efficiencies limited by capacity	This would be at least 2 years. It would require ending the interim agreement with Stevenage, and a	Savings are already accruing through the interim joint management team and further savings would be targeted based on the roll out of the	Unclear, but would be an additional process above and beyond that for a shared service.

	Revert to separate structures	Continue with joint management team only	Outsource in whole or part	Shared service	Limited company
			full contract and tender process. Again this is not a single service provision for both Councils	implementation plan.	
Governance	No change	No change	Potential loss of control of front line service provision which impacts on every household in the district. Again this is not a single service provision for both Councils	Retains control in partnership with Stevenage.	Potential loss of control of front line service provision which impacts on every household in the district
Strategic fit	Would not reflect ongoing need to work more efficiently and generate savings	Would not reflect ongoing need to work more efficiently and generate savings	Does not fit with Stevenage's current agenda. East Herts would have to proceed alone and lose the opportunities to make savings through economies	Complies with both Councils agenda to deliver efficiencies and savings.	Complies with both Councils agenda to deliver efficiencies and savings, but would have additional set up costs.

	Revert to separate structures	Continue with joint management team only	Outsource in whole or part	Shared service	Limited company
			of scale.		
Future Savings	Would not provide structure to grow through allowing other Councils to join.	Would not provide structure to grow through allowing other Councils to join.	Any future growth and savings would be lost to the outsourced provider. Again this is not a single service provision for both Councils	Would be able to attract future growth and savings by trading with, or expanding to include new partners.	Would be able to attract future growth and savings by trading with, or expanding to include new partners.