

EAST HERTS COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE – 6 NOVEMBER 2018

REPORT BY HEAD OF STRATEGIC FINANCE AND PROPERTY AND HEAD
OF SHARED SERVICE

REVIEW OF REVENUES AND BENEFITS SHARED SERVICE

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

To answer the following questions put by Overview and Scrutiny Committee, insofar as they relate to the Shared Revenues and Benefits Service:

1. Are the shared services continuing to ensure consistent & beneficial outcome for East Herts residents?
2. Are the various shared services providing East Herts Council with an on-going financial benefit?
3. For existing shared services, have the financial benefits met?

RECOMMENDATIONS FOR OVERVIEW and SCRUTINY COMMITTEE

That:

(A)	The value for money assessment of the Shared Revenue and Benefits Service be noted, and
(B)	The Annual report within Essential Reference Paper B on the service be noted and any comments be forwarded to the Head of Strategic Finance and the Head of Shared Services.

1.0 Background

- 1.1 East Herts and Stevenage Councils have operated shared Revenues and Benefits Service since 2011, which has successfully delivered both revenue savings and service improvements to the benefit of both authorities.
- 1.2 The original business case for the shared Revenues and Benefits Service was developed around three main objectives:
 - Delivery of revenue savings in a full operating year, shared equally between both Councils
 - Strengthen resilience through a larger team
 - Increase capacity to support ongoing service development
- 1.3 The third of these objectives recognised that both Councils shared a requirement to invest in and improve their Revenues and Benefits Services for the future. Agreeing to do this in partnership provided an opportunity to achieve better value for money than undertaking these improvements independently.
- 1.4 Implementation involved the establishment of a primary service location in Hertford, which included transfer of Stevenage staff to East Herts Council and creation of a shared delivery model.
- 1.5 Since its creation the shared Revenues and Benefits Service has delivered a high achieving service that respond and delivers to customers in a timely and positive way. This is evidenced by the annual Shared Service report agreed at the board meeting earlier in the year **Essential Reference Paper B**.
- 1.6 The single service model has increased resilience for both councils in addition to the extra levels of technical capability that can be afforded through the collaboration. Sharing has

also enabled greater economies of scale.

- 1.8 The Shared Revenues and Benefits Service is also continuing to provide an indirect beneficial outcome for East Herts residents. By keeping the cost of providing and developing the service at a level which is affordable, the Council in turn is able to keep down Council Tax increases.

2.0 Budget Overview

- 2.1 The Revenue and Benefits Shared Service between EHDC and Stevenage Borough Council commenced in financial year 2011/12 with EHDC acting as Host Authority. A shared budget was agreed for 2011/12 (based on EHDC and SBC's 2011/12 Revs & Bens budgets)
- 2.2 For 2012/13, and each year thereafter, it was agreed that the shared service would produce an indicative total shared budget for the year. It was agreed that both EHDC and SBC would contribute to the indicative total shared budget in the same proportion as they had contributed to the base budget. It was also agreed that the indicative budget would be further determined by indexation of the costs included in the total shared base budget to reflect growth using indexation formulas set out in the shared service contract document. Historically, there have also been a number of adjustments made to each authority's contribution to the indicative total to then arrive at the Total Budget for the year.
- 2.3 More recently the two councils have been working together to embed a budget based on cost drivers and the actual costs incurred by the service as a whole. Whilst there is currently no reportable outcomes from this piece of work, both Chief Finance officers have committed to a fair and equitable charging basis for the 2019/20 budget.
- 2.4 Initial work has highlighted that the resource share could possibly shift in favour of East Herts budgets.

2.5 It is therefore considered that the Shared Revenues and Benefits Service will continue to provide value for money for both councils in the coming years.

3.0 Governance and Control

3.1 During 2011 a contract was signed for a shared service to be provided for East Herts and Stevenage Borough Council. The initial agreement was based on a 50/50 ownership of the service and a 50/50 split of all the savings realised through the joint working. The Service managed by Head of Revenues and Benefits and included staff members from both councils. The staffing costs and all other delivery costs sit within the East Herts budgets and are split in agreement with both parties.

3.2 The Revs and Bens Shared service is managed through a regular board meeting attended by the respective Chief Finance Officers for each authority and the Head of the Revenues and Benefits service. On an annual basis, this board reports to the member-led Joint Revenues and Benefits Committee

4.0 Implications/Consultations

4.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers - none

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