

EAST HERTS COUNCIL

THE EXECUTIVE - 15 JUNE 2011

REPORT BY EXECUTIVE MEMBER FOR
HEALTH, HOUSING AND COMMUNITY SUPPORT

EAST HERTS/STEVENAGE REVENUES AND BENEFITS
PARTNERSHIP ARRANGEMENTS

WARD(S) AFFECTED: All

Purpose/Summary of Report

- To set out proposals for the creation of a single, shared Revenues and Benefits Service with Stevenage Borough Council

<u>RECOMMENDATIONS FOR COUNCIL:</u> that	
(A)	the view be supported that a shared Revenues and Benefits service with Stevenage Borough Council is viable and will deliver benefits as described in the business case document titled 'Revenues & Benefits Shared Service for East Herts & Stevenage', at Essential Reference Paper 'A' and to implement the proposals set out in this document;
(B)	a Joint Revenues and Benefits Shared Service Committee with Stevenage Borough Council, as detailed at Essential Reference Paper 'B', be approved;
(C)	the creation of a Joint Management Board for a shared Revenues and Benefits service be approved;
(D)	as the host authority for the shared service, the proposals to discharge, on behalf of Stevenage Borough Council the administration of Council Tax, National Non-domestic Rates and the administration of the Benefits scheme, including the investigation and prosecution of Benefit Fraud, in accordance with section 101 of the Local Government Act 1972, be approved, with the effective date for this arrangement to be agreed by the Chief Finance Officers at each Council;

(E)	a contingency of £25,000 for unforeseen set up costs, be approved, to be met by a supplementary estimate if required;
(F)	splitting set up costs and savings 50:50 for the first three years, be approved; and
(G)	the Director of Internal Services be authorised to approve a partnership agreement with Stevenage Borough Council, to implement these proposals, subject to final confirmation of the business case.

1.0 Background

- 1.1. Both East Herts Council and Stevenage Borough Council, see benefits in joint provision of services. Both have supported the Hertfordshire Pathfinder initiative and have recently made a public commitment to develop joint working on support services with North Herts Council.
- 1.2. Through professional contact between the Strategic Director (Resources) Stevenage Borough Council and the Director of Internal services at East Herts Council it became apparent, that the Revenues and Benefits services at each authority had the potential to be brought together to create a more cost effective and resilient, single shared service.
- 1.3. On 13th July 2010 the Executive approved the creation of an Interim Joint Management Team (IJMT) from 1 August 2010, with a shared Head of Service, to manage the Revenues and Benefits functions for Stevenage Borough Council and East Herts Council. Part of the remit for the IJMT was to produce a business case around the feasibility of a single, shared Revenues and Benefits Service for both councils.
- 1.4. The business case is persuasive and approval is sought to implement the shared service. The business case is shown at **Essential Reference Paper 'A'**.

2.0 Report

- 2.1 The business case was developed around three main objectives for a Revenues and Benefits service, namely, delivering efficiencies, strengthening resilience and consolidating best practise to underpin good performance. All of these objectives can be achieved with some immediate benefits.
- 2.2 Proposals in this report for a shared service will place control of the implementation entirely in the hands of the partnering Councils, unencumbered by lengthy procurement exercises and without the need to rely on third parties, with whom relationships have not previously existed.
- 2.3 A strong working relationship has developed between officers at all levels across both authorities, as the work of the IJMT has been undertaken over a period of several months. That relationship has already brought improvements to work practices and helped secure ongoing savings.
- 2.4 The success of the IJMT arrangements led Executive on 12th October 2010 to agree that a shared Revenues and Benefits service under a joint governance model, was a preferred option, subject to the more detailed business case now brought forward.
- 2.5 The project to establish the business case for a shared Revenues and Benefits service started in advance of the review of shared support services with Stevenage Borough Council and North Herts Council. However, the objectives for a shared Revenues and Benefits Service, around efficiencies, performance and resilience, fit well with the aims of the overall strategic direction being pursued for support services.
- 2.6 There are distinct models through which shared services may be delivered. The administrative model, involves the creation of a joint committee, delegation of a function to another authority and includes arrangements for managing staff engaged in delivering those functions.
- 2.7 The administrative model is the most familiar to Members and officers at both authorities. It is the easiest and least expensive to set up and run. It is equitable and keeps control of the service close to Members and officers. It has no VAT or tax implications.

- 2.8 It is proposed that a joint committee is established for a single Revenues and Benefits service, comprising three elected Members from Stevenage Borough Council and three from East Herts Council. Draft terms of reference for the committee are shown at **Essential Reference Paper 'B'**.
- 2.9 It is proposed that further details of the service provision, performance monitoring, conflict resolution and a disengagement protocol, be developed and reported to the Joint Committee for consideration. With each Council's 151 officer being given delegated authority to approve a partnership agreement.
- 3.0 Key Considerations
- 3.1 **Accommodation:** There are three options. Locate in Stevenage Borough Council's Daneshill House, locate in East Herts' Wallfields site in Hertford or seek new accommodation. The third option can be discounted as unaffordable. Of the two remaining options, Wallfields is less expensive than Daneshill House. That, combined with the refurbishment of Wallfields, bringing that site into a state of readiness for homeworking and flexible working much sooner than could be achieved at Daneshill House, presents Wallfields at the most suitable site for the shared service.
- 3.2 **Technology:** For practical reasons it is more effective to co-locate ICT provision with the staff. Having identified Wallfields as the better option for the location of office based staff, it follows that ICT should be provided to the shared service from that site.
- 3.3 **Human resource considerations:** From a management perspective, creating a single staff group, in a single structure on the same terms and conditions is not only fair and equitable, but would strengthen service resilience and provide a sound basis for achieving efficiencies. A new organisation structure is proposed, to which staff from both Councils will be appointed. To achieve this it is proposed to transfer Stevenage Borough Council's Revenues and Benefits and Anti-Fraud staff to the employment of East Herts Council, applying the principles of the Transfer of Undertakings (Protection of Employment) Regulations (TUPE). The proposed date of transfer is 1st August 2011, subject to formal consultation with staff and unions.
- 3.4 **Customer interface:** Walk-in customer contact for Stevenage customers will be maintained at the Stevenage Borough Council's

Customer Service Centre in Daneshill House. East Herts Council's walk-in customer service will continue at existing sites in Bishop's Stortford and Hertford. All customers calling by telephone will be routed to the shared service. The telephony arrangements for Stevenage Borough Council's customers will be subject to a review within the first year of operation.

- 3.5 **Finance:** A base budget for a shared service has been constructed in order to identify and understand the costs associated with the Revenues and Benefits Services at both Councils. This has formed the basis on which the Chief Financial Officers at both Councils have agreed, in principle, to share costs and savings associated with a joint budget. As these savings require participation of both Councils a 50:50 apportionment is the most equitable basis.
- 3.6 The shared service is projected to make savings of £133,000 in 2012/13 and thereafter £173,000 each year. These savings have been calculated on a prudent basis and actual savings could exceed the figures stated above. The shared service budget will meet pensions costs for current service only. Each Council will separately account for the funding of pensions deficits in respect of pooled staff.
- 3.7 In order to deliver savings outlined in paragraph 3.6, there are set up costs in order to resource data links between Hertford and Stevenage and to facilitate home working for staff. The total one-off set up costs are projected to be £126,000. Some of the costs relates specifically to SBC staff or ICT improvement for EHC. These costs have been borne by the relevant Council, all other costs have been apportioned on a 50:50 basis, and EHC set up costs are £74,000, to be met from existing ICT capital budgets. The set up costs do not currently include any potential redundancy costs, which may arise on transition to the new structure. To mitigate these risks, short term appointments have been used at both Councils when filling recent vacancies.
- 3.8 The proposed business case to locate the shared service at Hertford, means that Stevenage Borough Council retains some residual overheads, for example, costs associated with accommodation, Human Resources, etc. These are estimated at £382,000. SBC and EHC officers reviewed these costs and some of this relates to capital charges and costs that will remain with the Council, regardless of the shared service relocating. However £64,500 has been identified as potential savings in ICT, Customer

Service Centre and Facilities Management and when released (projected to be 2013/14), these will be shared 50:50 between the two Councils. If the sharing of back office services is successful, it may be possible to make further savings on these residual costs.

- 3.9 The option to create a shared Revenues and Benefits Service based on the key decisions above, will deliver excellent performance, strengthen resilience in the service and secure sustainable savings.
- 3.10 Staff and the recognised trades unions have been consulted. Staff briefings were held and written material about the proposals was provided. Whilst staff have sought clarification on a range of issues, no counter proposals have been received. Should a decision be taken to proceed with the proposals, further consultation with staff and unions will be undertaken.
- 3.11 Unison's response is detailed at **Essential Reference Paper 'D'**. The Council's feedback to this response is detailed at **Essential Reference Paper 'E'** (to follow).

4.0 Implications/Consultations

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

Background Papers

None

Contact Member: Councillor Linda Haysey, Executive Member for Health, Housing and Community Support

Contact Officer: Alan Madin, Director of Internal Services, ext 1401

Report Author: Alan Madin, Director of Internal Services