

Full Council 18th February 2010

Committee: Full Council

Agenda Item

Date: 18th February 2010

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Title: Strategic Solutions – Update on proposed partnership with South Cambridgeshire District Council

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Item for decision

Summary

1 Full Council in July 2009 agreed in principle to a Council Tax, Business Rates and Benefits partnership with the Anglia Revenues (or similar) Partnership. A business case was commissioned and a copy sent to all Members.

2 After several months preparatory work by officers of both authorities, in October 2009 the Council unanimously agreed to enter into a partnership with South Cambridgeshire District Council (SCDC). On Thursday 14th January SCDC Cabinet resolved to recommend to their Council meeting on 28th January 2010 that they would enter into the partnership with UDC.

It was made clear over the following weekend by SCDC leadership that concerns over the business plan had emerged and that Cabinet members would be supporting a motion at full Council that the partnership should only go ahead if the first £350,000 per annum of savings went to SCDC (with no indication of any savings for UDC). SCDC were advised that UDC's Chief Executive could not recommend that UDC proceed with a partnership on such unequal terms. However, at their Council meeting on 28th January the suggested motion did not materialise and it was resolved, without debate, to refer the matter back to Cabinet. Cabinet met on 11th February with the following outcome:

3 *Cabinet **AGREED** that Uttlesford District Council (UDC) be requested to guarantee that the first £350,000 of any savings secured through the shared service proposal be earmarked for South Cambridgeshire District Council (SCDC) in line with the exemplification that the corollary of such an arrangement would provide UDC with the subsequent £175,000 savings with any balance being apportioned in line with the partnership agreement on 2/3, 1/3 split in favour of SCDC.*

*Cabinet **AGREED** that, subject to the above guarantee being given by Uttlesford District Council, **TO RECOMMEND TO COUNCIL** that South Cambridgeshire District Council:*

(a) enter into partnership with Uttlesford District Council to develop a Revenues and Benefits shared service for the two Councils;

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- (b) *approve the procurement of a contractor for the change management aspects of the project; and*
- (c) *approve the procurement of a supplier for a common software platform.*

Reason For Decision: *The outline business case highlights that there are clear financial and operational advantages to the Council in progressing with a shared service model for the delivery of the Council's Revenues and Benefits Services. There is potential for further savings by widening the partnership either between the two Councils or by admitting other partners to the proposed arrangement.*

Taking an internally-focussed approach, however, would provide £200,000 of cost reductions at considerably lower upheaval to services and at a lower risk to service delivery albeit a lower level than previously assumed.

- 4 For reasons set out in the report below SMB cannot recommend the Uttlesford District Council accept the terms as proposed by SCDC. The Revenues and Benefits Member Task Group met on Monday 8th February and reached the conclusion that the partnership arrangements as then recommended to SCDC Cabinet (and subsequently confirmed) would not be acceptable to UDC. Members have acknowledged that, whilst developing partnerships is expected to be key to the survival of the council, it is important to look at the whole picture, as explained in the previous report to 20th October Council. Partnership working is only one element in addressing the financial position facing the authority. Partnering Revenues and Benefits remains a priority in the Corporate Plan which appears elsewhere on this agenda.

Recommendations

- 5 That Uttlesford District Council notes with regret and disappointment the position of South Cambridgeshire District Council
- 6 Uttlesford District Council advises South Cambridgeshire District Council that it will not enter into an arrangement to deliver Revenues and Benefits Services on the terms proposed, and that it will seek to recover from that Council all appropriate costs incurred so far.
- 7 As a consequence of the adoption of the above recommendation, the Revenues and Benefits Member Task Group ceases.

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- 8 Officers review the options available for future delivery of the Revenues & Benefits services, in line with the Council's intention to deliver the Medium Term Financial Strategy, and report back to a future meeting.

Impact

Communication/Consultation	Staff and Unison have been included in discussions throughout the process. Members have been kept informed via workshops and reports of the Revenues and Benefits Member Task Group
Community Safety	None
Equalities	It is recognised that there will be Equalities issues arising from this project, primarily around implications for staff as well as customers. An Equalities Impact Assessment was being undertaken as part of this piece of work and would have underpinned the detailed partnership arrangements
Finance	£160,000 of project funding from Improvement East will be not be available if this partnership is abandoned, but this would not preclude a further application being made.
Human Rights	None
Legal implications	These are included within the report as relating to individual proposals
Sustainability	Additional travel to work may be involved for seconded staff but this could be mitigated by additional homeworking, reducing the need for travel to work
Ward-specific impacts	All
Workforce/Workplace	Staff and Unison have been included in the process. All but two staff had received 1:1 interviews when the SCDC press release was issued.

Situation

- 9 Members will recall that the services identified for inclusion within the partnership were:
- a. Council Tax

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- b. Business Rates
- c. Recovery and Reconciliations
- d. Fraud
- e. Housing Benefits
- f. Council Tax Benefits
- g. Sundry Debtors (billing)
- h. Some of the Mailroom

Members were advised that transfer of these services to a partnership would also impact on other services within the council (e.g. IT; customer service centre, printroom and finance), which currently provide support to those going into a partnership.

- 10 Work on the business case was undertaken by Anglia Revenues Partnership, whose expertise in this area and practical experience are well known. A copy of the business case was circulated in confidence to all councillors, and it remains a confidential matter.
- 11 The potential savings identified in the business case are set out in the table below. It is stressed that these were for both Councils and the split had not been determined. Savings would probably not start to materialise before year 2.

Cost	Potential Saving
Staffing	£352,628
ICT & ICT support	£144,900
Accommodation	£41,740
General Administration and support services	£53,560

- 12 The proposal was to establish a partnership between the two councils in the first instance, there would be an opportunity to consider expressions of interest from other local authorities who might wish to join at a later date. This could have resulted in further financial benefits for the two Councils who established the partnership.
- 13 The business case emphasised the amount of work involved in setting up such a partnership. Neither council had the capacity to manage the changeover, but funding of £160,000 was secured from Improvement East to procure a managed service provider to manage the services throughout the period of transformation, as well as ensuring that the process is undertaken as smoothly as possible. A commencement date of October 2010 was envisaged

14 Recent Chronology of Events

- 15 On Thursday 14th January SCDC Cabinet resolved to recommend to their Council meeting on 28th January 2010 that they would enter into the partnership with UDC.
- 16 By the afternoon of Sunday 17th January it was becoming evident that SCDC administration would be unable to support their Cabinet's recommendation unless all of the first £350,000 savings were reaped by SCDC, with no indication of any savings for UDC. The Cabinet would, we were advised, be unable to support its own recommendation. It appeared that, once £350,000 had been saved by SCDC, UDC would then receive its share of the balance of savings, with anything further distributed on a pro-rata basis. After many months of work, this was the first intimation that UDC had that SCDC had doubts about the Business Plan.
- 17 A pro-rata split of savings from the partnership was always envisaged, but SCDC leadership were made aware that the Chief Executive of UDC could not advise this Council that it enter into a partnership on such iniquitous terms. Effectively, UDC would be taking all of the risk in the formative stages of the partnership with none of the potential reward. It was acknowledged by SCDC Leadership that they anticipated that these terms would not be acceptable to UDC. It can be argued that such an arrangement would not be a partnership at all.
- 18 Unsuccessful requests were made to permit senior UDC Members to address SCDC Members, and for SCDC to defer consideration while a third party review of the robustness of the Business Case took place. SCDC also issued a press release which effectively terminated the partnership from their point of view.
- At their Council meeting on 28th January the expected motion to enter a partnership on the terms described above did not materialise. Instead it was resolved, without debate, to refer the matter back to Cabinet. SCDC Cabinet met on 11th February with the following outcome:
- 19 *Cabinet **AGREED** that Uttlesford District Council (UDC) be requested to guarantee that the first £350,000 of any savings secured through the shared service proposal be earmarked for South Cambridgeshire District Council (SCDC) in line with the exemplification that the corollary of such an arrangement would provide UDC with the subsequent £175,000 savings with any balance being apportioned in line with the partnership agreement on 2/3, 1/3 split in favour of SCDC.*

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Cabinet **AGREED** that, subject to the above guarantee being given by Uttlesford District Council, **TO RECOMMEND TO COUNCIL** that South Cambridgeshire District Council:

- (a) enter into partnership with Uttlesford District Council to develop a Revenues and Benefits shared service for the two Councils;
- (b) approve the procurement of a contractor for the change management aspects of the project; and
- (c) approve the procurement of a supplier for a common software platform.

Reason For Decision: *The outline business case highlights that there are clear financial and operational advantages to the Council in progressing with a shared service model for the delivery of the Council's Revenues and Benefits Services. There is potential for further savings by widening the partnership either between the two Councils or by admitting other partners to the proposed arrangement.*

Taking an internally-focussed approach, however, would provide £200,000 of cost reductions at considerably lower upheaval to services and at a lower risk to service delivery albeit a lower level than previously assumed.

- 20 For a partnership to succeed there needs to be mutually demonstrable long-term confidence and stability between the parties, coupled with an evolving corporate acceptance of the need to allow the partnership to operate with freedom from interference. Discussions had proceeded with SCDC for many months, and all the signs from their corporate decision making process were positive – indeed their Cabinet unanimously recommended entering the partnership. SCDC officers led on the preparation of the successful joint bid to Improvement East from which we were awarded £160,000 to jointly develop the partnership. The sudden change of view by SCDC at this late stage was a great surprise to UDC Members and Staff, and, given their position up to that point, could not have been reasonably foreseen.
- 21 In the circumstances it is the view of the Council's management team that Council cannot be recommended to take this partnership any further. It is effectively a withdrawal by SCDC from a partnership approach and the substitution of an alternative arrangement which was not proposed by either party at the outset. Given the complete change of stance from SCDC at a relatively late stage, Members may consider that it would be reasonable to seek recompense from them for the relevant abortive costs involved in pursuing that particular partnership, although Members are advised that there would be no legal basis to enforce such a requirement.

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- 22 As a consequence of the partnership not being pursued, the Member Task Group would need to be formally disbanded.
- 23 The fact remains, however, that this Council still needs to address the shortfall identified in the Medium Term Financial Strategy. Whilst work continues on the other workstreams identified in the October report to full Council, it is important to take stock and consider the future of the Revenues & Benefits services and how they might be delivered in the medium term, at a cost that the Council can afford.
- 24 To that end, officers will need to review the options available for future delivery of the Revenues & Benefits services, in line with the Council's intention to deliver the Medium Term Financial Strategy, and report back to a future meeting.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
That savings are not achieved in accordance with the MTFs	1 – no savings from Revs and Bens partnerships are proposed for 2010-11	2 – there may be impact if an equivalent saving cannot be achieved for 2011-12	There are other opportunities for partnerships which are being pursued
That service standards fall	2 – the service will be supported to offer good performance	3 – declining tax collection rates, slower and less accurate benefits processing, lower subsidy from DWP	Measures are being put in place to ensure consistency and improvements to service delivery

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.