



Executive Overview – Harlow/Uttlesford Revenues and Benefits shared service – feasibility study

1 Introduction

Harlow/Uttlesford Councils have agreed to explore the feasibility of developing a shared service for Revenues and Benefits Services. A feasibility study is aimed at assessing whether a given course of action set out in instructions is appropriate but does not comment on any alternative. Our instructions required us to focus on a defined shared service and that the shared service partnership being hosted at Harlow and maintaining appropriate front-office facilities at Uttlesford.

The work was undertaken by John Layton Associates (JLA), working closely with the Project Board consisting of senior officers from both councils.

In the course of the project discussions took place with a significant number of representatives from the revenues and benefits services; ICT; finance; legal, property and HR from both councils. In addition two staff workshops were held. We gladly acknowledge the help and support that we have received from all the officers that we have met and who provided information to us during the course of the feasibility study.

2 Overview and conclusions

2.1 The key questions to be answered by the feasibility study are:

What is the local and national strategic context?

What is the current performance and how could that performance be maintained and improved in the future without sharing services?

What savings could be achieved by not entering into a shared service partnership?

What savings and performance improvements could be achieved by going into a shared service partnership?

How would a shared service be established and how would it work?

What are the risks of entering into a shared service partnership?

What is the local and national strategic context?

Local authorities are being put under relentless pressure to make savings and embark on new ways of working. The national coalition government indicate that the scale of cost reduction required from local government goes beyond anything that has been looked for in recent years (if ever). It is a truism that the scale of economies being sought go beyond what can be achieved by one Council alone. Whilst it will not always be true shared service is one of the principal ways that can be employed where significant savings might be achieved without a loss of service performance.

Revenue and benefits shared services have been developed more quickly than in many other areas of local authority services, and when undertaken well they have achieved all of the outcomes the council's need – effectively more for less, lower costs whilst



maintaining or improving existing service levels. The evidence for this is becoming stronger with a growing precedent for successful shared service operation in this area.

What is the current performance?

Harlow Council and Uttlesford District Council have the following features:

- similar populations (79,000 and 72,000 respectively)
- both councils provide fair quality revenues and benefits services that are performing well
- they have well-developed corporate customer service ‘front office’ arrangements
- they have carried out reviews of their working practices and processes in recent years and have generally similar ways of working
- Harlow is a compact urban authority, whereas Uttlesford is a sparsely populated rural authority
- Harlow district has significant social and economic problems, reflected in the high number of households in receipt of benefits (29%) compared with Uttlesford (13%)
- Harlow has a cashiering service within the revenues and benefits service
- Harlow’s customer service, Contact Harlow, refers a higher proportion of revenues and benefits customer contacts to the back office teams than does Uttlesford’s customer service, UConnect.
- Harlow’s pay rates are, in general, slightly above those of Uttlesford.

These features result in different spending and performance levels. Harlow, in spending terms, represents 60% of the combined budget for the services. However, there are similarities in council tax billing sizes but much greater numbers of benefit cases in Harlow. These differences are attributable to the nature of the respective areas, their communities and their respective economic wealth.

“As Is” 2010-11 budgets	Harlow	Uttlesford	Total
	£	£	£
Total service cost	2,211,000	1,382,000	3,593,000

Key statistics and performance	Harlow	Uttlesford
Council Tax Billing and Collection		
No. CT properties	35,570	32,086
CT bills issued in year 10-11 (total no.)	82,000	78,500
Net collectable debit 09-10	£34,614,000	£44,264,000
NNDR Billing and Collection		
No. NNDR properties (hereditaments)(current)	2,318	2,900
Bills issued in year 10-11	6,070	3,236
Collectable debit 09-10	£44,556,000	£34,729,000
Benefits Administration		
No. CTB claimants	8,400	4,050
No. HB claimants	9,300	3,250



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Total no. claimants combined	10,200	4,300
Total CTB paid in 09-10	£8,391,600	£3,655,500
Total HB paid in 09-10	£32,426,900	£13,024,500
Total Benefit paid in 09-10	£40,818,500	£16,680,800
Cost of administration 10-11 budget	£1,302,000	£604,000

The detailed performance indicators for the partnership would be a matter that would be addressed in setting up the new arrangements.

What savings and performance improvements could be achieved by not entering into a shared service partnership?

For Uttlesford it is our conclusion that few if any additional savings could be made beyond those that have already been identified and implemented, and the need to procure a replacement ICT system support company would remain. For Harlow, in our view, the potential for savings from internal changes are lower and less resilient than those that could be achieved in a shared service partnership.

Given the expected pressures on budgets over the next few years both authorities would be under significant pressure to maintain their current performance levels, never mind increase the performance presently being achieved.

What could be achieved by going into a shared service partnership?

The option we have explored is a fully integrated shared service using pooled resources including people, ICT and finance. The fully integrated option secures the greatest economies and is a very different situation to that which presently persists.

The feasibility study has focused on the benefits of creating a new shared service and our findings are:

- ◆ Based on the precedents of other existing shared services applied to the situation at the Councils there is potential to save substantial sums: around £455,000 per annum in direct costs and £180,000 per annum in support service costs
- ◆ In order to secure the potential saving there will be a need to incur implementation costs amounting to around £400,000 over the next 24 months.
- ◆ The shared service would provide a greater assurance that the councils would be able to maintain services at the existing levels, with the potential to improve the services by standardising on the best practices that are presently adopted within the councils at present
- ◆ Making the required changes represents a major upheaval of the officers affected. It is feasible that the partnership can be put in place by 1 April 2011, i.e. the services have been delegated to the Joint Committee and there is a unified workforce, but this will require significant project management and careful planning with appropriate safeguards in place to ensure that it goes well



- ◆ The feasibility study assumes that there would be a single headquarters at Harlow and that the support services would be provided by Harlow.

The combination of potential service improvements and cash saving is possible due to:

- ◆ The optimum use of the two councils' capabilities
- ◆ A reduction in the total number of posts providing a slimmer single management structure
- ◆ The use of simplified, streamlined and standardised working practices and processes that enable consistent, high quality service delivery
- ◆ The economies of scale generated by the two councils working together as a shared service, built on good ways of working and sharing the management and the expertise to achieve this high performance organisation
- ◆ The adoption of a new reengineered staffing structure using teams with generic rather than specialist teams
- ◆ The use of new technology when a business case demonstrates the economical benefits of its use. Both councils have invest-to-save budgets that could be used to fund these costs
- ◆ Greater use of web-based systems to ensure that the services are able to move to the most cost-effective and efficient ways of working and to maximise customer self-service.

The partnership approach provides an opportunity for the councils to unite behind a single purpose and to provide a robust and fully integrated service delivery environment.

Overall the anticipated benefits of a shared service are:

- ◆ Releasing financial resources within each council
- ◆ Provision of greater resilience, with a broader base of staff and ICT systems
- ◆ Greater opportunities for staff within a shared operation in the medium term
- ◆ Performance improvements using the best practices and systems of both councils
- ◆ The opportunity to achieve further efficiency gains and improve services, for example, by extending the partnership into related areas.

How would a shared service be established and how would it work?

The shared service would require extensive work by the partner councils to secure the transition from the existing position to the new shared service. Transition costs will be incurred, but we understand that the councils would seek to ameliorate these costs by obtaining a financial contribution from Improvement East.

The preferred governance approach is a joint committee. The model that has been developed anticipates revised arrangements being secured in phases. The initial phase is the transfer of the service to a Joint Committee on 1 April 2011 delivering savings in 2011/12, with further changes and savings beyond that date. Full savings and changes would be in place by 1 April 2013.



Once in place the shared service would have the following components:

Governance

- ◆ The revenues and benefits services undertaken by the councils would be delegated to the Joint Committee working to an agreed terms of reference.
- ◆ The councils will each have two or three seats on the Joint Committee with chairing rotating every, say, six months
- ◆ A partnership agreement would be developed and agreed

Hosting

- ◆ The Joint Committee administration would be undertaken by Harlow Council
- ◆ The location of headquarters would be in Harlow

Sharing the savings

- ◆ Savings are forecast to be in excess of £600,000 per year. The Project Board has provisionally agreed to a sharing formula based upon the current budgets.
- ◆ This approach could also be used for sharing one-off implementation costs and any future capital costs

Employees

- ◆ There would be a reduction in employee numbers which will be managed by natural wastage as far as possible over a two-year period. However, there is some possibility of redundancies.
- ◆ The employees would be employed by Harlow following a TUPE transfer of Uttlesford staff to the partnership and steps would need to be taken to ameliorate the discrepancies to existing terms and conditions.
- ◆ An increased use of flexible and home working would be adopted to reduce the pressure on office space, enable a more resilient and flexible work force, and allow those living at a distance from Harlow to be part of the shared service team.

ICT

- ◆ A joint procurement process for the revenue and benefits service computer systems used by both councils.
- ◆ Greater use of web-based systems and software will be necessary to ensure that the partnership is able to move to the most cost-effective and efficient ways of working and maximise customer self-service
- ◆ Investment in staff training will be required both during the implementation
- ◆ There may need to be an increased amount of investment required beyond that allowed for in existing budgets, to secure longer-term savings and service improvements.

Standardisation of systems, processes and policies

- ◆ The shared service would need to standardise as much as possible to maximise the savings and efficiency gains. This would require the councils to reach



- agreement on a pragmatic basis whilst focusing on the need for improvement and cost-reduction.
- ◆ The shared service will need to consider carefully the interactions with the two councils' customer service arrangements. Wherever possible it would be important to establish common working practices, systems and policies.

Performance

- ◆ A key aim will be to improve performance in all elements of the services to the level achieved by the best authority within the partnership.
- ◆ The shared service will need to be able to report its performance for both councils separately as well as in aggregate on a monthly, quarterly and annual basis

Support services

- ◆ The support services will be provided by Harlow and the budget impact of this will need to be carefully considered. The partnership agreement will need to set out how these support service savings will be treated in the overall approach to cost sharing and savings sharing.

What are the risks of entering into a shared service partnership?

There are significant risks that would need to be managed. In order to address the risks it will require an early resolution of all outstanding decisions, including the authorisation for the establishment of the joint committee, the delegations of activities to the joint committee, agreement for the transition actions and processes, and authorisation for the joint ICT procurement for the shared service.

3. Recommendation

We recommend that the councils authorise their respective officers to implement a Harlow/Uttlesford shared service and manage the consequent risks.

The councils should consider whether any of the potential savings should be reinvested in the service, for example, in staff training and development.