

**Committee:** Joint Partnership Committee

**Agenda Item**

**Date:** 21 March 2012

**4**

**Title:** Interim Partnership Review

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Item for decision

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## Summary

1. Since our two Councils began work on the Revenues and Benefits Partnership there have been a number of major changes put forward by Government to the Council Tax, Benefits and Business Rates regimes. These include Universal Credit, localisation of Council Tax Benefits (CTB), 2<sup>nd</sup> homes discount, single person discount, other technical changes and the localisation of business rates. All of these will be challenging in their own right as well as collectively. None of the ICT providers have software that will accommodate the changes to CTB, and none expect to have any by 1<sup>st</sup> April 2013 when localised CTB is scheduled to commence. Moreover, the proposed start date for Universal Credit and the localisation of CTB are scheduled for the same date as our partnership is scheduled to go live.
2. There will be huge reputational damage to either or both Councils should the partnership be perceived as a failure, even if only for a temporary period while glitches are sorted out. It is the view of Uttlesford Council (UDC) that the introduction of the changes outlined above would make this risk almost a certainty. Accordingly, UDC wants time to consider these issues further and to evaluate the potential impact of these proposals before a move to a full partnership arrangement with Harlow Council (HDC). The Leaders and Chief Executives have met and agreed that a re-timetabling is necessary to accommodate the implications of these changes. This will inevitably involve a delay in implementation.

## Recommendations

- a. That the partnership project is rescheduled to take account of changes to Local Government finance and that a further report is brought to this meeting at a future date when the position is clearer, or within 6 months whichever is the sooner.
- b. That opportunity is taken to reassess the partnership business plan in the light of the changes in Local Government

## Financial Implications

3.

The Financial implications are not quantifiable at this stage. Both Councils have savings attributable to the partnership in their Medium Term Financial Strategies. Uttlesford has already made provisional contingency plans to make and maintain the necessary savings.

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There is potential for profound financial consequences for both councils if performance dips while the service is trying to manage transition to the partnership at the same time as implementing all the LGRR changes. Examples include:

A decline in benefits accuracy leading to a risk of DWP grant claw back

A decline in council tax collection performance, which not only affects finances of the district council but also those of the county council, fire and police authorities

A decline in NNDR collection performance which may affect ability to outperform the baseline

A flawed design and implementation of the localised CTB scheme with clear long term cost implications

## Background Papers

4. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

Previous reports to this Committee

## Impact

- 5.

|                                 |  |
|---------------------------------|--|
| Communication/Consultation      | Staff and clients have been kept informed                                    |
| Community Safety                | None   |
| Equalities                      | None at this stage, although EQIA's will be needed for any revised proposals |
| Health and Safety               | None   |
| Human Rights/Legal Implications | None   |
| Sustainability                  | None   |
| Ward-specific impacts           | None   |
| Workforce/Workplace             | Staff have been kept informed  |

## Situation

6. A paper setting out the proposed changes to Local Government finance appears elsewhere on this agenda and is summarised above. The position remains complex and uncertain and it is the view of Uttlesford officers that these factors combine to make progress of the partnership at this stage too high a risk. The fact that none of the three providers of revenues and benefits software expects to have software in place for the anticipated April 2013 start date for the new benefits processes adds weight to this argument.

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Accordingly a rescheduling of the partnership is needed, but until there is more certainty from Central Government about its proposals officers consider it will not be possible to set this out with confidence. In any event there should be a progress report to this Committee when the position is clear or in 6 months time, whichever is the sooner.

7. It is further considered that the Business Plan will need to be re-cast to reflect the changes in circumstances. Both Councils believe that partnership remains the best way forward, but changes in circumstances mean it may manifest itself differently than as currently envisaged.
8. Experience of developing the partnership has shown that, depending on circumstances such as the choice of location and IT provider, there could be a significant imbalance of risk between the partners in implementing the partnership. For example, a Council that migrates its IT system to one already operated by the other will be at significantly greater risk of failure (such as multiple billing, failure to collect) if the data migration is not as successful as planned (most system conversions have no more than a 90% accuracy rate). Risk sharing will need to be carefully considered.
9. Finally, as work on the partnership has progressed UDC officers have identified savings potential within their revenues and benefits service. In the spirit of partnership it is recommended that the partners share their expertise and jointly help reduce costs to their respective Councils

## Risk Analysis

| Risk  | Likelihood   | Impact  | Mitigating actions     |
|---|--|---|------------------------|
| The implications of changes to Local Government Finance became clear after the business plan was approved | 3 – the full implications are still unquantifiable | 4 – implementing the partnership on the same day as the new benefits systems come into operation would significantly increase the risk of failure | Reschedule the project |
| None of the software providers will have software in place for the new benefits systems                   | 3 – all three have said it will be unavailable     | 4 – the risk of failure is significant even without an associated migration of data   | Reschedule the project |

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- 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.