

Committee: Joint Partnership Committee

Agenda Item

Date: 16 October 2012

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Title: Partnership Review

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Item for decision

Summary

1. This report to the Joint Committee, updated from those prepared for the inquorate meeting in March 2012, concludes that external changes to local government finance since the partnership was launched, combined with internal changes to the Uttlesford District Council revenues and benefits service, are of such magnitude that there is no financial or qualitative benefit for Uttlesford District Council in proceeding with the partnership. In addition, attention is drawn to recent county-wide developments in Council Tax Support, which is due to come into force on 1st April 2013

Recommendations

2. That it is recommended to each Council's Cabinet that the revenues and benefits partnership be formally terminated and the Joint Committee dissolved.

Financial Implications

4. Harlow Council holds the contract with Steria and the grant from Improvement East. There will be a need to pay Steria for work done to date if it is decided either not to proceed with the partnership or to postpone for a substantial period. The total costs of work done by Steria is £101,621.29, of which £17,925.59 is outstanding. This is well within the limit of the Improvement East grant of £200,000. As a point of principle, any costs above the amount of the Improvement East monies would be borne by Uttlesford District Council, but none are anticipated. Similarly any residual Improvement East monies remaining after Steria have been paid should be shared between the two Councils to support other partnership work.
5. Uttlesford's Section 151 Officer's view is that attempting to establish a new partnership concurrently with implementing major changes in all aspects of Revenues & Benefits gives rise to unacceptable levels of financial risk. Setting up the partnership would divert management capacity away from ensuring smooth implementation of the Government reforms. In addition, the risks to operational performance would be significant, for example disruption to benefits services could impair performance, resulting in clawback of subsidy by DWP. Income collection performance may also be adversely affected by over-stretching the service during what is already going to be a challenging transitional period.

Background Papers

None

Impact

6.

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	Uttlesford DC staff have been kept informed

Situation

7. The position regarding local government finance continues to be challenging and dynamic. Contributing to this is the evolving nature of the debate around universal credit and the business rates changes. These include Universal Credit, localisation of Council Tax Benefits (CTB), 2nd homes discount, single person discount, other technical changes and the localisation of business rates. All of these changes will affect key workstreams in the Partnership and each will be challenging in their own right as well as collectively. 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. Uttlesford District Council remains of the view that the overall position is too fluid to progress a partnership at this stage.
8. Moreover, since the partnership discussions began UDC has constantly and incrementally restructured its revenues and benefits service, and will have achieved £100,000 of the £190,000 savings identified in the partnership business plan and the Council's MTFS by 2013/14. At the same time the rate of overall Council Tax and Business Rate collection has increased to over 99%, rendering the collection figures the highest in Essex. The Council's benefits accuracy and timeliness has also improved to a point where they stand comparison with the best in Essex.
9. Given this changed quantitative and qualitative context UDC considers the case for the revenues and benefits partnership, previously compelling, has all but evaporated.

10. Various scenarios for nationwide local government funding are currently being circulated by, e.g. the LGA. These point to a further spending review in which cuts in government expenditure on local government continue at an accelerated rate after 2015. To meet this challenge the Government is supporting four community budget pilots around the country, of which Essex is one, to find radical ways of making best use of the public finances. The outcome of this work is likely to have ramifications for both Councils.
11. It is UDC's position therefore that no further work should be done on this partnership. UDC continues to be open to discussions on other partnerships, for example Harlow and Uttlesford are working together on health and safety matters, including joint funding of a post, Health and Wellbeing and the West Essex Alliance.

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/recast or postpone the project

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