

Cherwell District Council and South Northamptonshire Councils

Joint Commissioning Committee

26 May 2016

<p>Business Case for a Joint Revenues and Benefits Service</p>

Report of Head of Finance and Procurement

This report is public.

The appendices are exempt from publication by virtue of paragraphs 1, 2, 3 and 4 of part 1 of Schedule 12A of Local Government Act 1972.

Purpose of report

This report presents the final business case following consultation for a joint Revenues and Benefits service across Cherwell District and South Northamptonshire Councils (hereafter “Cherwell” or “CDC” and “South Northamptonshire” or “SNC” respectively).

The report recommends the formation of a two way joint Revenues and Benefits service and in doing so seeks the Joint Commissioning Committee’s agreement for the staffing elements of the business case.

The proposal is part of the wider transformation programme across the two Councils.

1.0 Recommendations

The meeting is recommended:

- 1.1 To consider the responses to the consultation process with the affected staff and trade union representatives received as detailed in the consultation log (attached as Appendix 2) and from the Joint Councils Employee Engagement Committee (to be reported verbally), and determine whether any amendment to the business case is required as a result of them.
- 1.2 To note that the business case will be considered in respect of non-staffing matters by CDC Executive on 6 June 2016 and by SNC Cabinet on 13 June 2016.
- 1.3 To approve the staffing aspects of the final business case to create a joint Revenues and Benefits service between SNC and CDC, subject to consideration and approval of the non-staffing implications by CDC Executive and SNC Cabinet.

- 1.4 To delegate authority to the Head of Finance and Procurement in consultation with the Chairman of the Joint Commissioning Committee to make any non-significant amendments that may be required to the business case following the decision by CDC Executive and/or SNC Cabinet.

2.0 Background

- 2.1 The 'Revenues' and 'Debt and Welfare Advice' (SNC) and 'Service Assurance' (CDC) teams are currently not wholly joint teams although there are parts of the Revenues functions, which are shared. For the purpose of this report these service groupings are referred to collectively as Revenues and Benefits. This does not include the provision of debt and welfare advice at CDC, which is provided on behalf of the Council by the Citizens Advice Bureau as part of a contract that covers a range of services.
- 2.2 CDC outsourced the transactional back office functions of its Revenues and Benefits service in February 2010 to Capita for an initial period of 5 years and later took advantage of a 2 year extension built into the contract to make it 7 years in total. The first point of contact customer facing functions were retained in house and delivered via Customer Services.
- 2.3 A Service Assurance team manages the Capita contract for CDC. The contract is due to expire in February 2017. The SNC service is managed wholly in-house.

3.0 Introduction

- 3.1 CDC Executive on 7 September 2015 approved insourcing as the Council's preferred option for the revenues and benefits service and approved the commencement of work on a business case to deliver a joint service, subject to agreement by SNC.
- 3.2 The Joint Commissioning Committee endorsed the draft business case for consultation with staff on 7 April 2016, having previously been discussed and endorsed by the Transformation Joint Working Group. The final proposal, amended in order to reflect some of the comments made as part of the staff consultation process and to update/correct some of the information included in the draft version, is attached as Appendix 1 to this report.

4.0 Report Details

- 4.1 The draft business case sets out the proposal to establish a Joint Revenues and Benefits Service across CDC and SNC. The new joint team would be established and fully resourced in time for the insourcing of the current CDC capita contract in May 2017.
- 4.2 The proposed service would be managed by a Joint Revenues and Benefits Manager. Under the joint manager, there would be two functional areas (Revenues and Benefits) each led by a Team Leader. There would also be a support team led

by a Senior Systems, Performance and Subsidy Officer reporting directly to the joint manager.

- 4.3 On implementation the new joint service would deliver the current revenues and benefits functions for CDC and SNC (including managing the Capita contract at CDC). The capacity of the service would then need to be increased in preparation for the insourcing of the current CDC Capita contract. In order to achieve this, it is proposed that an additional 19.5 FTE staff are recruited and trained by April 2017.
- 4.4 It is proposed that the additional staff that would need to be recruited to enable the joint service to deliver the CDC insourced service be appointed by a wholly council owned company that both authorities will be seeking to establish (subject to separate decision) as part of the confederation model ahead of the implementation of this business case. However some of the new posts may need to be held to be filled from Capita if staff are transferred from the current arrangement under TUPE.
- 4.5 Following the insourcing of the Capita contract in May 2017, the remainder of the Revenues and Benefits service would transfer into this company structure (subject to separate decision and appropriate consultation with staff and trade unions).
- 4.6 Should the service be wholly delivered through the proposed council owned company there will be a need for a retained commissioning function within the Councils. Responsibility and accountability for the commissioning function will rest with the Chief Financial Officer and this is clearly identified within the new job description for that post. It is recommended that, as part of the second phase of the management restructure and/or future review of the Business Support Unit and reporting lines for the fraud team, any technical support for the commissioning function be identified.

5.0 Conclusion and Reasons for Recommendations

- 5.1 The recommendation is to establish a Joint Revenues and Benefits Service between CDC and SNC.
- 5.2 The business case sets out the significant financial and operational benefits to establishing the proposed joint service.

6.0 Consultation

Group	Summary
All staff in-scope of the business case.	The consultation was positively received. A number of questions were raised through the consultation log and summarised below and included in Appendix 2.
Unison Representatives from each Council.	Consultation has been positively received.
Joint Commissioning	Endorsed business case for staff consultation.

Committee (JCC)	
Transformation Joint Working Group	Endorsed business case for consideration by JCC.

6.1 Both Councils are committed to maintaining a strong, positive and inclusive approach to employee relations. With this in mind, it is important to explain at the outset that consultation with the affected staff and trade union representatives takes place prior to members' consideration of any business case or restructure so that members can take account of any views/representations and /or issues as part of their decision making process.

The manner of consultation helps to reassure affected staff and trade unions that they do have a voice that will be heard by those who are responsible for making decisions. The timing, extent and approach adopted towards consultation are an important part of the process, particularly as the intention is always to facilitate a meaningful consultation dialogue.

Consultation with all employees, in scope of the proposal and the Unison representatives from both Councils, commenced on Tuesday 12 April and ran until Friday 6 May 2016 (a period of 3.5 weeks).

The consultation log attached (Appendix 2) therefore includes the responses to the consultation between these periods of time

There are no changes proposed to the staffing structure as a result of the consultation. The only changes to the business case arising from the consultation process relate to minor matters of accuracy relating to job descriptions.

We would like to thank the staff who volunteered this information during the consultation process and those who helpfully enabled us to update the business case.

During the consultation period various forms of consultation have taken place to ensure that each employee and the recognised trade unions have had the opportunity to engage in the process, and to express their views/representations on behalf of their members, notably through:

- An employee briefing meeting was held to ensure that as far as possible, all of the affected staff received the same message at the same time;
- Meetings with individuals;
- Maintenance of an active consultation log;

The consultation log of comments made by the affected staff and/or their trade union representatives, and the response of management is attached at Appendix 2 for members' consideration.

6.2 **Summary of Consultation Process**

The consultation process has generated a range of responses. In total, to date, we have received and responded to 44 questions, predominantly related to job descriptions and the proposed staffing structure and seeking clarification on a

number of issues in the business case. A number of other individual and personal matters were also responded to. The consultation log responses received are summarised in the table below:

Category	Number of Responses	Description/Action
Assimilation and Ring-fence Issues	6	Queries regarding the HR process. Answers provided and no further action required.
Business Case Issues	12	Predominantly questions regarding how the service would operate. Answers provided and no further action required.
Democratic Process and Consultation Issues	2	Queries regarding the democratic process. Answers provided and no further action required.
Job Descriptions and Job Roles	7	Predominantly suggested amendments to job descriptions. Minor changes have been made to two job descriptions as a result.
Other Issues - ICT	3	Queries regarding ICT harmonisation. Answers provided and no further action required.
Proposed Working Arrangements	1	Query about working across two Councils. Answer provided and no further action required.
Service Structure Issues	10	Some concerns were raised about the proposed capacity within the Systems, Performance and Subsidy Team. No changes are proposed to structure at this time. It is considered that the overall capacity of the team is sufficient. However, once the Joint Manager is appointed we will discuss resources and there may be a need to move resources within the overall structure. A flexible approach will be required to ensure the service succeeds.
Terms and Conditions	3	Queries regarding terms and conditions. Answers provided and no further action required.

7.0 Implications

Financial and Resource Implications

- 7.1 Section 13 of the draft business case sets out the financial implications.
- 7.2 The proposal if approved will deliver an annual revenue saving of £260,250 across CDC and SNC from 2017-18 onwards following the insourcing of the CDC Capita contract.
- 7.3 Based on a cost allocation model the proposal results in a saving of £134,250 for CDC and £126,000 for SNC.

- 7.4 The potential implementation costs of £400,000 to cover new ICT, 2016-17 additional staff costs, staff training and potential redundancy and pay protection costs should be split equally between the two Councils. With the costs being funded from General Fund Balances.
- 7.5 Based on the estimated implementation costs the payback period would be approximately 18 months which for a project of this size is extremely good.
- 7.6 There could be redundancy or pay protection costs as a result of implementing the proposal. During the consultation process, three members of staff requested that they be considered for voluntary redundancy. The requests are from individuals currently ring-fenced to positions in the proposed structure and since the redundancies would not be in the interests of the service are not recommended for support. There is a risk that the proposal could result in a small number of redundancy situations during implementation.

Comments checked by:

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HR Implications

- 7.7 In the absence of information from Capita at this time it is assumed that the Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended by the 'Collective Redundancies and Transfer of Undertakings (Protection of Employment)(Amendment) Regulations 2014 ('TUPE') would apply to the transfer of the service provision from Capita to the new company in the provision of this service.
- 7.8 New posts not filled by existing or Capita staff during the initial implementation period would be recruited externally. The expectation is that this would be done by a council owned company and that staff would operate as agency staff providing services back to the Council until such time as the whole service is delivered through the company.
- 7.9 The staff that currently work on the Capita contract do so from a site in Blackburn, so although there is the possibility that no staff may actually transfer to work on the new contract for CDC and SNC this cannot be stated at this time. Information regarding potential TUPE staff can be requested from Capita from 12 months before the end of the contract.
- 7.10 During the consultation process, three members of staff requested that they be considered for voluntary redundancy. The requests are from individuals currently ring-fenced to positions in the proposed structure and since the redundancies would not be in the interests of the service are not recommended for support. There is a risk that the proposal could result in a small number of redundancy situations during implementation.

Comments checked by:

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Legal Implications

- 7.11 As with all two-way shared services this proposal, if implemented, will be covered by the section 113 agreement (as varied) entered into between the two Councils.
- 7.12 Following the decision of CDC and SNC Councils in February 2015 to approve the final business case for developing the approach to joint working and the delivery of local authority services, all services at both Councils are now included on the policy framework for the consideration of shared working. This means that the decision making process has been streamlined as the Cabinet/Executive will be able to approve draft business cases for two-way shared working without the prior need of a decision of full Council.
- 7.13 A decision making timetable is included in Section 16 of the draft business case.
- 7.13 In the event that any Capita staff transfer to CDC or the proposed company's employment pursuant to TUPE they would do so on their existing terms and conditions.
- 7.14 It is anticipated that the proposed company will be limited by shares and wholly owned by the two Councils. Its incorporation will be the subject of separate consideration of the CDC Executive and SNC Cabinet at an appropriate time. In due course all existing Council employees, as well as new starters and any transferees, will transfer to the company's employment under TUPE.

Comments checked by:

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Risk Implications

- 7.15 Section 14 of the draft business case sets out the risk implications and how they will be mitigated.

Comments checked by:

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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Cherwell: Sound budgets and customer focused Council.

South Northamptonshire: Serve the Residents and Business.

Lead Councillors

Councillor Peter Rawlinson, SNC Portfolio Holder for Finance and Procurement;
Councillor Ken Atack, CDC Lead Member for Financial Management.

Document Information

Appendix No	Title
1 – EXEMPT	Joint Revenues and Benefits – Final Business Case
2 - EXEMPT	Consultation Log
Background Papers	
None	
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