

Cherwell District Council

Executive

6 June 2016

<p>Proposal for a Joint Revenues and Benefits Service with South Northamptonshire Council</p>
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Report of Chief Finance Officer / Section 151 Officer

This report is public

The appendix is 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 Executive’s agreement for the non-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 attached final business case and the consultation responses in relation to non-staffing matters as outlined in section 5.1.
- 1.2 To note that the business case will be considered by the Joint Commissioning Committee with regard to staffing matters on 26 May 2016. This will include consultation responses from affected staff and trade union representatives.
- 1.3 To approve and implement the proposed final business case to share a joint Revenues and Benefits Service between CDC and SNC, subject to similar consideration and approval by SNC Cabinet on 13 June 2016 and approval of the staffing implications by the Joint Commissioning Committee.
- 1.4 To delegate to the Chief Finance Officer in consultation with the Leader of the Council any non-significant amendment that may be required to the business case following the decision by SNC Cabinet and/or the Joint Commissioning Committee.

- 1.5 To approve the allocation of £200,000 from general fund balances to cover 50% of the implementation costs.

2.0 Introduction

- 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.
- 2.4 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.
- 2.5 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.

3.0 Report Details

- 3.1 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.
- 3.2 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.
- 3.3 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.

- 3.4 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.
- 3.5 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).
- 3.6 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.

Financial Case

- 3.7 The financial implications associated with the business case are set out in detail in Section 13 of the attached business case.
- 3.8 The proposal if approved will deliver annual revenue savings of £134,250 for CDC and £126,000 for SNC from 2017-18 onwards following the insourcing of the CDC Capita contract.

HR Implications

- 3.9 The staffing implications relating to the proposal will be considered by the Joint Council Employee Engagement Committee and the Joint Commissioning Committee on 26 May 2016.
- 3.10 As background information, the expectation is that existing staff would continue to be employed by their current, respective authority under the pay, and terms and conditions of that employing organisation. New and revised job descriptions have been devised in order to standardise responsibilities across the two organisations. The new job descriptions have been through the job evaluation process at each organisation.

Decision making timetable

The timetable and recommendations arising from the democratic process for both Councils is outlined in the table below:

Date	Committee and Council	Decision
26.05.16	Joint Council Employee Engagement Committee	To be advised verbally
26.05.16	Joint Commissioning Committee	To be advised verbally
06.06.16	CDC Executive	This meeting
13.06.16	SNC Cabinet	To be determined

4.0 Conclusion and Reasons for Recommendations

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

5.0 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. The consultation log will be considered by the Joint Commissioning Committee on 26 May 2016.
Unison Representatives from each Council.	Consultation has been positively received.
Joint Commissioning Committee (JCC)	Endorsed business case for staff consultation.
Transformation Joint Working Group	Endorsed business case for consideration by JCC.

- 5.1 Consultation with all employees, in scope of the proposal and the Unison representatives from both Councils, commenced on Tuesday 12 April and ran for a period of three and a half weeks until the 6 May 2016 in line with the Councils Joint Organisational Change policy.

The consultation period included a joint initial meeting with employees of both teams along with Unison representatives and subsequent meetings with individuals as requested.

All responses received during the consultation period were recorded on a consultation log along with the answers provided. The full consultation log will be considered by the Joint Council Employee Engagement Committee and the Joint Commissioning Committee prior to a decision being made on the staffing elements of the business case. In total 44 questions were received and responded to. These were predominantly related to job descriptions, the proposed staffing structure, working arrangements and seeking clarification on a number of issues in the business case. A number of other individual and personal matters were also responded to.

Some concerns were raised from staff about the capacity of certain teams within the proposed structure. Having considered the responses, no changes are proposed to structure at this time as it is considered that the overall capacity of the team is sufficient.

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.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected. The reasons for each option being rejected are set out in section 3 of the business case:

Option1: Status Quo (No Change)

Following the decision taken by CDC Executive on 7 September 2015, retaining the status quo is no longer an option for CDC who will be insourcing the Revenues and Benefits service in 2017. While retaining the status quo is an option for SNC, it is not considered an appropriate option given the benefits and savings associated with delivering a joint service with CDC.

Option 2: Three-way Shared Service with Stratford-on-Avon District Council (SDC)

A three-way shared service with SDC is no longer a realistic option although serious consideration was previously given to this option.

Due to the different visions and strategic priorities of the three Councils regarding how to meet the financial challenges and respond to regional opportunities for devolution it has been agreed that no further three-way business cases are prepared.

- 6.2 The approach in the recommendations is believed to be the best way forward. The proposal is to establish a Joint Revenues and Benefits service between CDC and SNC which will deliver significant financial and operational benefits.

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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Legal Implications

- 7.7 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.
- 7.8 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.
- 7.9 A decision making timetable is included in Section 16 of the draft business case.
- 7.10 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

- 7.11 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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Equality Implications

- 7.12 An Equality Impact Assessment initial screening assessment has been carried out and it has been determined that the proposal does not have any adverse impact on equality groups and as a result a full impact assessment and associated action plan is not required. This is included as part of the business case in Appendix 1.

Comments checked by:

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8.0 Decision Information

Key Decision

Financial Threshold Met: Yes

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

Sound budgets and a customer focused council

Lead Councillor

Councillor Ken Atack, CDC Lead Member for Financial Management.

Document Information

Appendix No	Title
1	Joint Revenues and Benefits – Final Business Case
Background Papers	
None	
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