

# Report to Executive

Agenda  
Item:

**A.10**

Meeting Date: 2nd February 2015  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework YES  
Public / Private Public

Title: LOCALISATION OF REVENUES AND BENEFITS SHARED  
SERVICE OPERATIONS  
Report of: Director of Resources  
Report Number: RD 60 / 14-15

## Purpose / Summary:

This Report advises Members on the reasons for operational staff within the Revenues and Benefits Shared Service being brought back in-house, target date 1<sup>st</sup> July 2015.

## Recommendations:

Members are asked to

- i. Consider the Chief Executive's recommendations that Revenues and Benefits Operational staff are returned to the 3 Councils by 1<sup>st</sup> July 2015 in following the project plan actions set out in Appendix 2
- ii. Resolve to terminate the Staff Transfer Agreement and vary the Service Level Agreement to reflect the proposals set out in this report.
- iii. Delegate the responsibility for TUPE transfer arrangements for staff returning to Copeland and Allerdale to the Chief Executive with professional support provided by each Council's HR Teams

- iv. Note that proposals are being progressed in respect of ICT arrangements, Systems and Controls support and other issues needing to be resolved which will be subject to a further report

### Tracking

Executive:	<b>2<sup>nd</sup> February 2015</b>
Overview and Scrutiny:	
Council:	

## 1. INTRODUCTION

- 1.1 In 2010 Carlisle, Copeland and Allerdale set up a Revenues and Benefits Shared Service. The shared service administered Council Tax, Business Rates, Housing Benefits and Council Tax Reduction Scheme for the 3 Councils.
- 1.2 Efficiency savings were achieved by the 3 Councils, Carlisle's savings equating to 13.67% being set out in Table 1 below mainly in respect of reduced management resources and ICT savings on licences, maintenance and hardware costs.

### Pre-Shared Service

Carlisle	Staffing Cost	£1.525 million
	ICT Cost	£0.076 million
	<b>TOTAL</b>	<b>£1.601 million</b>

### 2014/15 Budget

Carlisle Share	Staffing Cost	£1.292 million
	Other Costs	£0.029 million
	ICT Cost	£0.061 million
	<b>TOTAL</b>	<b>£1.382 million</b>

- 1.3 Many improvements to Revenues and Benefits administration have been delivered by the shared arrangements which have been detailed below.
- 1.4 In one important aspect "performance" the Shared Service has never been able to consistently match required turnaround times in dealing with workloads, particularly in Benefits administration. At busy times and due to high levels of sickness and staff turnover performance has been particularly poor and a major cause of concern of Members and Chief Executives at the 3 Councils.
- 1.5 This resulted in the setting up of a Transformation Board led by the 3 Chief Executives, terms of reference being to come to a view of whether the performance of the Shared Service could be improved. A resulting report and action plan commissioned by the 3 Chief Executives is delivering further improvements (see assessment at Appendix 1), but cannot guarantee the required performance levels required over the longer term.

- 1.6 The main reason for this is the difficulty of managing a complex transactional service with the 3 sites up to 40 miles apart. Also, the fact that the Councils have diverged on Corporate initiatives being followed.
- 1.7 In the circumstances the Transformational Board are recommending that operational staff be returned to the 3 Councils. Each Council being responsible for operational performance of the Revenues and Benefits service in dealing with their Council Tax/Business Ratepayers and Benefit Claimants.
- 1.8 The Transformational Board are keen for what has worked well in Shared Service to continue if operationally beneficial to each of the 3 Councils i.e.
- ICT infrastructure
  - Systems and Controls support
  - Active performance toolkit that allows staff to manage their performance against benchmarks
  - Atlas Automation that allows claims made to DWP to be automatically interfaced with housing benefit records
  - E-agenda online billing, applications for housing benefit, reporting and changes of circumstances electronically
  - Maintain resilience through “mutual aid agreement”

## **2. LEGAL ISSUES**

2.1 The Shared Service was formed with three key documents:-

- 2.1.1 **Administrative Agreement dated 1<sup>st</sup> June 2010:** This document provides a framework under which the three councils may work together. The detail is specified in a Service Level Agreement and Staff Transfer Agreement. The Administrative Agreement provides for termination upon any party giving twelve months’ notice to the others, to expire on 31<sup>st</sup> March in any year. Although there is no provision for any other form of termination within the Agreement, it is standard contract law that a contract may be terminated on mutual agreement.
- 2.1.2 **Service Level Agreement dated 1<sup>st</sup> June 2010:** This provides the detail for a shared services arrangement in respect of Council Tax administration; Business Rates administration; Housing and Council Tax Benefits administration including overpayment recovery and fraud; User Technical Support and IT support (together referred to as the “Specified Functions”). The Agreement may be varied or terminated upon terms agreed by all parties and provides that, in the event of

termination, any assets procured in accordance with the agreement shall become the property of one of the parties. The parties shall agree which party acquires which asset and what amount will be paid to the other parties.

- 2.1.3 **Staff Transfer Agreement dated 1<sup>st</sup> June 2010:** This Agreement states that, when the individual councils take the services back in house, that is a relevant transfer for the purposes of the TUPE regulations and, accordingly, TUPE will apply. The discharging council (ie Carlisle) must provide certain staff information to the arranging councils (ie Copeland and Allerdale), and this should be done immediately. The councils must then, in good faith and following consultation with the relevant employees, attempt to agree which employees shall transfer to the arranging councils having regard to criteria which is specified at clause 7.4 of the Agreement. In the event that agreement has not been reached three months before termination (ie by 30<sup>th</sup> March 2015) the question shall be determined using the dispute resolution procedure.
- 2.2 Legally, therefore, terms need to be agreed between the Councils and a resolution must be passed for formal termination (or variation) of the Service Level Agreement and termination of the Staff Transfer Agreement.
- 2.3 Consultation needs to be begin immediately with a view to agreeing those staff who will transfer to Copeland and Allerdale on 1<sup>st</sup> July.
- 2.4 Agreement also needs to be reached between the three councils as to the other specified functions within the Service Level Agreement. Members will note from paragraph 1.8 above that the Transformational Board wishes certain functions to continue. In this case, the Service Level Agreement should be varied rather than terminated. Any variation needs the approval of the Shared Service Strategic Board.

### **3. PROJECT PLAN**

- 3.1 Noted at Appendix 2 is the detailed project plan to achieve the following:-
- Smooth transfer of operational staff to the 3 Councils by 1<sup>st</sup> July 2015
  - Retaining and improving on the “best” of the Shared Service
  - Early planning on making the decision, on an individual Council basis, on the way forward for current ICT shared infrastructure and shared Systems and Controls team

- 3.2 The plan prioritising maintaining the current Shared Service arrangements to 1<sup>st</sup> July 2015. The Shared Service operation is entering its most important phase in the annual timetable of main billing of Council Tax and Business Rates, mass Benefits recalculation of all our claimants benefit entitlement and 2014/15 year end routines.
- 3.3 The main issue covered in the project plan (Phase 1) is planning for the TUPE transfer of staff to Allerdale and Copeland by 1<sup>st</sup> July 2015. The work will be co-ordinated by HR Teams of each Council. They will agree:-
- TUPE transfer principles
  - Draft staff transfer lists for consultation with staff and Union representatives (45 day consultation)
  - Consultation with staff at each stage of process including producing questions and answers information for queries raised by staff
- 3.4 Once draft TUPE lists have been prepared work will be done by the 3 Councils in assessing skill gaps that will need addressing once staff have been TUPE'd to individual Councils.
- 3.5 It should be noted that staff not subject to TUPE will remain as Carlisle employees and be based at the Civic Centre.

#### **4. RECOMMENDATIONS**

- 4.1 Members are asked to
- i. Consider the Chief Executive's recommendations that Revenues and Benefits Operational staff are returned to the 3 Councils by 1<sup>st</sup> July 2015 in following the project plan actions set out in Appendix 2
  - ii. Resolve to terminate the Staff Transfer Agreement and vary the Service Level Agreement to reflect the proposals set out in this report.
  - iii. Delegate the responsibility for TUPE transfer arrangements for staff returning to Copeland and Allerdale to the Chief Executive with professional support provided by each Council's HR Teams

- iv. Note that proposals are being progressed in respect of ICT arrangements, Systems and Controls support and other issues needing to be resolved which will be subject to a further report

**Contact Officer: Peter Mason**

**Ext: 7270**

**Appendices  
attached to report:**

**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:**

- None

**CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's -**

**Deputy Chief Executive –**

**Economic Development –**

**Governance – Included within the Report.**

**Local Environment –**

**Resources** – The Revenues and Benefits shared service generated savings by joining the services provided by Copeland, Allerdale and Carlisle. The savings for Carlisle equated to £219,000. With the break up and TUPE transfer of operational staff back to each individual site, the Council will have to budget for its own staffing structure in line with its current budgetary provision. Transformational savings of £100,000 associated with the revenues and benefits service are included in the Council's budget) and 2016/17. The effect on these savings will need to be considered when preparing staffing structures for the new service to be operated at Carlisle.

Revs and Bens Improvement Plan
Summary of progress / outstanding actions January 2015
<b>Purpose of report</b> To identify the key achievements of the project to date. To summarise achievements against project Measures of success. To identify those actions that should be retained.

## Overall Summary of Achievements

The key achievements of the project:

### Liberata Work package

1. Segmentation of Benefits workload across the Shared Service achieved by 29<sup>th</sup> Sept 2014.
2. Implementation of Performance Toolkit in Benefits achieved by 6<sup>th</sup> Oct 2014.
3. Implementation of Performance Toolkit in Revenues achieved by 12<sup>th</sup> Nov 2014.
4. Understanding of Revenues processes at each site.
5. Analysis of Toolkit data to achieve the setting of a generic benchmark within Revenues.
6. Benchmarks within Benefits service have been set to go live 12<sup>th</sup> Jan 2015.
7. Automation of Atlas changes. Whilst Liberata scripts have not been used, input from Liberata has facilitated this work and areas of suggested automation have been used. Parameters have been set by the Shared Service. Efficiencies gained will need to be quantified.
8. Data import module purchased so that reports are visible via Comino which will generate data for performance management.

### ICT Work package

1. Single sign on for all Revs and Bens Shared Service staff resulting in a significant reduction in helpdesk calls.

### Customer Services Work package

1. Council tax connect live at Copeland for staff and Members
2. Transformation Challenge award successful application
3. Benefits e-claim and e-cic (change in circs) build complete. Testing in progress.
4. Customer Services at Allerdale now taking Benefit calls.
5. Greater understanding of front office processes at each site

### Revs and Bens Work package

1. Bailiff automation
2. Vacancy management process within the Shared Service has been reviewed.
3. Staff suggestion scheme set up but not live.

## Summary of progress against agreed Measures of Success January 2015

Measures of Success	Achievement January 2015	Comments on issues affecting progress
<b>1. Customer Services</b> * Automation of services * Front and back office alignment * Consistent performance	Part achievement of service automation. Revised completion date of October 2015 was unlikely to be met.	The scope of the work needed was greater than initially assessed and the risk of not achieving aligned performance considered high.
<b>2. ICT</b> * Single sign on * Central helpdesk * Consistent desktop * ICT SLA to achieve consistent performance * Single email address	Single sign on achieved resulting in significant reduction of helpdesk calls.	Progress was slow and dependent on all parties agreeing solutions and prioritising this work.
<b>3. Sharing of client costs</b>	Not yet achieved	Sign off of recharges still to be finalised by Ops Board.
<b>4. £300k savings</b>	Not yet quantified	The effect of work segmentation in Benefits, roll out of Active performance toolkit and Atlas automation efficiencies is not yet known.
<b>5. Consistent performance in Revs and Bens</b>	Part achievement.	Lack of staff buy-in and alignment issues in Revenues impacted on the potential improvement in performance. Delay in skilling up Customer Services staff is a significant risk.

### Actions to retain

1. Performance Toolkit
  - a. Retaining the Toolkit will allow ready analysis of performance within the Revs and Bens services. Staff have been trained and are using the Toolkit. This is likely to result in continued efficiencies as benchmarks are introduced. However ongoing Toolkit license costs are to be negotiated with Liberata.
2. Atlas Automation
  - a. Automation of Atlas changes could deliver efficiencies once measured.
3. E agenda
  - a. Continuing E agenda programme is dependent on local policies.
4. Customer Services
  - a. Customer Services actions to be retained will be dependent on the acceptance of the Transformation Challenge Award.

# Localisation of Revs and Bens Service Jan 2015

## Project objectives

### Phase One

1. Smooth transfer of operational staff on 1st July
2. Retain the best of the Shared Service
  - a. Business case for shared ICT infrastructure
  - b. Business case for shared Systems and Controls team
3. Improvement plan actions to continue
  - a. Active performance toolkit
  - b. Atlas Automation
  - c. E agenda
  - d. Acceptance of Transformation Challenge Award?

### Phase Two

1. Implementation of selected solution for ICT
2. Implementation of selected solution for Systems and Controls
3. Ongoing support through mutual aid agreement

### Out of scope

1. Maintain current service provision and performance upto 1st July
2. Business cases for individual service delivery going forward (responsibility of individual Councils)
3. Transition of service delivery and performance from Shared Service to host site

## Outline project plan

	Responsible Officer	Current status
<b>Phase 1 Key Actions</b>		
<b>Governance</b>	<b>Project Board / Transformation Board</b>	
Name of project Localisation of Revs and Bens service		Governance for project agreed: Role of Project Board / Transformation Board / Project Manager.
Governance of project		
Role of Strategic Board - Quarterly meetings		
Scope of project / project objectives		
Outline project plan		
Project Board meetings		
Transformation Board meetings		
Outline reports for 3 Executives		
- Allerdale		
- Copeland		
- Carlisle		
Business cases for each Council - Executive and/or Full Council	s151s	
Legal implication - Discharge function		
Risk register		
<b>HR</b>	<b>HR managers / Transformation Board</b>	
Co-ordination of HR / roles and responsibilities at each Council ie. Scope of work, roles and responsibilities		Meeting held on 17th Dec HR leads from Carlisle and Allerdale / Copeland. List of staff / Ts & Cs / Costs being prepared for Project Board 26th Jan and TB 13th Feb. Risk register and quality impact being developed. Qs and As go live on intranet 7th Jan. Live document. Ongoing Qs to HR advisory email
TUPE transfer		
- Agree TUPE principles		
- Agree 'grey' areas		
Consideration of employees which are 'grey'		
Confirmation of employees acting up		
Based on substantive or temp role?		

	Responsible Officer	Current status
Principles of staff carrying out ABC/CBC work but based at Carlisle		address.
- Confirmation and agree final staff lists for transfer		
Identify skill gaps / knowledge transfer / training		
Liaison with Unions		
- Liaison about principles of TUPE		
- Issue letter of confirmation and timeline to Unions		
Qs and As		
Dovetail TUPE transfer outcomes with finance		
Formal consultation		
- Team Meeting: Start of Consultation		
- CX/ S151/ CCC HR/ ABC/CBC HR to brief employees on transfer. Explain means of selection for TUPE		
- Carlisle HR to produce Letters to all affected employees to identify direct transfer		
- Measures letter from ABC/CBC / request to consult with CCC employees on measures		
Performance team - implications if ICT infrastructure is not shared		
Right of appeal to TUPE - Timescales and who will make up the Appeal panel		
Due Diligence and ELI info Date required from CCC HR 28 days in advance of transfer		
<b>ICT</b>	<b>Corporate Director Allerdale / Transformation Board</b>	
Costs benefit analysis of sharing infrastructure and systems		High level options with costings are being developed for TB 13th Feb.
Costs - one off and ongoing costs for each Council		
Business case for sharing ICT infrastructure		
Timescales for Phase 1 and Phase 2		
Disaster recovery options		
<b>Systems and Controls Team</b>	<b>Ops Board / Transformation Board</b>	
Interim team structure		Shared Systems and Controls team is dependent on shared ICT infrastructure.
Business case for sharing Systems and Controls team	Corporate Director Allerdale	
- pros and cons		
- finance implications		
- who will employ and manage staff		
- issues eg. Year End		
- options		
<b>Finance</b>	<b>Project Board</b>	
Pension deficit implications		
RBSS budget 1st Apr - 30th June 2015		
Residual budget requirements 1st July onwards (ICT and Systems and Controls team) funding arrangements		
<b>E Agenda</b>	<b>Project Board</b>	
Benefits e-claim and e-cic at 3 sites		Delay in implementation of Benefits e-claim. Errors have been referred to Capita and until resolved no further testing can take place. Go live April 2015.
Ownership and individual solutions going forward (scope to include e-billing and marketing)		
<b>Transformation Challenge Award</b>	<b>Project Board</b>	
Review Terms and Conditions of offer - Able to accept Award?		
Governance arrangements for administering initiative		
<b>Liberata</b>	<b>Emma New / Project Board</b>	

	Responsible Officer	Current status
Active Performance Toolkit actions to continue		Partnership performance benchmark for Benefits is being proposed, to go live mid Jan. Revenues data is being analysed with view to benchmarking mid Feb. Liberata has requested discussion of impact on programme at Ops Board 26th Jan.
When is next mail switched off?		
Benchmarking - when site specific?		
Performance Toolkit - one instance or 3? Costs?		
Discussion of programme going forward		
<b>Atlas Automation</b>	<b>Reg Bascombe</b>	
Efficiencies from Atlas		
Future maintenance of parameters within Systems and Controls team		
<b>Communication</b>	<b>Project Board / Transformation Board</b>	
Comms with staff and PHs after each TB meeting		
Comms with TUs		
Comms with 3rd parties - DWP, DCLG?		
<b>Out of scope Actions to monitor</b>	<b>s151s / Individual CEs / Portfolio Holders</b>	
Service delivery plans for each Council post 1st July Transition of service delivery on 1st July Costs of site specific structures Structures at each site / addressing gaps in resources and skills Location Managers - interim arrangements / responsibilities post 1st July  Copeland location of Revs and Bens staff		What information is required from the Shared Service by each site?
<b>Phase 2 Key Actions</b>		
<b>ICT infrastructure</b>	<b>Project Board</b>	
Implementation plan for ICT arrangements		
<b>Systems and Controls Team</b>	<b>Project Board</b>	
Implementation plan for new arrangements		
<b>Ongoing support</b>	<b>Project Board</b>	
Mutual aid agreement		Dependent on shared ICT infrastructure