

CARLISLE CITY COUNCIL

Report to:- **Carlisle City Council**

Date of Meeting:- 10 November 2009

Agenda Item No:-

Public

Title:- **ALLERDALE/COPELAND/CARLISLE REVENUES AND BENEFITS SHARED SERVICE**

Report of:- **The Director of Corporate Services**

Report reference:- **CORP41/09**

Summary:-

At its meeting of 26 October, the Executive agreed the revised Revenues and Benefits Shared Services Business Case (see attached) which has been subject to consultation with Resources Overview and Scrutiny Committee, staff and staff representatives. As there is potential redundancy and protection costs Council is asked to consider agreeing a virement to fund Carlisle's share of such costs (which have been calculated on a worse case scenario.

Recommendation:-

Council is requested to agree a non-recurring virement of up to £158,000 to fund potential redundancy and protection costs resulting from the implementation of a Revenues and Benefits shared service with Allerdale and Copeland. The virement to be funded from ongoing Revenues savings as set out in the business case.

Contact Officer: Peter Mason

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REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE

Date of Meeting: 26 October 2009

Public/Private*

Key Decision: Yes/No

Recorded in Forward Plan: Yes/No

Inside/Outside Policy Framework

Title: ALLERDALE/COPELAND/CARLISLE REVENUES AND
BENEFITS SHARED SERVICE

Report of: The Director of Corporate Services

Report reference: CORP41/09

Summary:

Members considered this report at their meeting of 2 October 2009. Members are requested to access the business case submitted on 2 October 2009. Resources Overview and Scrutiny Panel scrutinised and supported the actions taken to improve the business case in responding to Meritec's recommendations on 15 October 2009 (the minutes of the meeting itemised in another agenda item).

Recommendations:

1. Members are asked to note the actions progressed/to be progressed in addressing observations made by Meritec, Members, Staff and Unions on the draft Business Case. The actions being reflected in the updated Business Case and in the action plan set out in Appendix 6.
2. Members are asked to note the extended timetable for implementing the shared service by 1 October 2010 including the appointment of the Partnership Manager during November/December 2009.
3. Members are asked to note the revised financial appraisal summarised in 5.3 above, indicating savings of £510,000 over 6 year timeframe of the appraisal.
4. Members are asked to consider supporting the revised Revenues and Benefits Shared Service proposals. Also request Council to agree an eventual virement of up to £158,000 to fund potential redundancy and protection costs funded from ongoing Revenues savings.

Contact Officer: Peter Mason

Ext: 7270

CITY OF CARLISLE

To: The Executive
26 October 2009

CORP41/09

ALLERDALE / COPELAND / CARLISLE REVENUES AND BENEFITS SHARED SERVICE

1. INTRODUCTION

- 1.1 Resources Overview and Scrutiny Panel, at their meeting of 25 August 2009, and the Executive, at the meeting of 1 September 2009, considered the Allerdale / Copeland / Carlisle Revenues and Benefits Shared Services Business Case. Also Meritec's third party analysis/verification of the Business Case.
- 1.2 The report advises on how Meritec's observations on the Business Case have been/will be addressed.
- 1.3 The report advises on feedback from consultation with staff and unions.
- 1.4 The report includes an updated financial appraisal taking account of all amendments made within the Business Case.
- 1.5 Finally it advises on the way forward in progressing the shared service.

2. THE MAIN ISSUES MERITEC SUGGESTED REQUIRED ADDRESSING

2.1 The Ambitious 6-9 Months Timeframe

The implementation timetable has been extended to 12 months to allow additional time for the ambitious ICT programme supporting the shared service to be implemented. Also Allerdale will fund a Project Manager to oversee the implementation, i.e. to draw up and progress an implementation project plan and to give early warning of potential delays in meeting timetable. The implementation of the shared service staffing structure will also now be actioned over a longer timeframe timetabling full implementation for 1 October 2010 rather than 1 April 2010 in original proposals. See amended implementation timetable, section 9.8 of Business Case (Appendix 1).

2.2 A Contingency May Be Required to Fund Additional Change Management Resources in the Short-Term

The financial appraisal now includes a £73,000 contingency to fund a temporary implementation team (seconded from within the service) to undertake change management requirements which will be mainly required for the ICT conversion and training of staff to operate to new working practices and procedures, i.e. Allerdale staff on Academy and Carlisle and Copeland staff on Civica DIP/Workflow. See amended financial appraisal, section 9.6 of Business Case.

2.3 Proof of Concept of Slimline Management Located Locally but Managing Across Three Sites (Not Tested Nationally)

The revised Business Case has strengthened management resources by including a Deputy Manager in each location (but reducing team leader resources). The manager now being mainly responsible for Performance or Revenues or Benefits service delivery across the three locations. The Deputy Manager will be mainly responsible for line management of the teams within the location on a generic basis. This addresses Meritec's main concerns in this respect that the streamlined management structure of the manager having the dual role of Service Delivery and location management being too stretching and not tested nationally. See amended staffing structure, sections 9.2 and 9.3 of Business Case.

2.4 Potential Downturn in Performance

2.4.1 In managing such a fundamental change in Revenues and Benefits service delivery, particularly in respect of ICT system downtime during the software conversion process, there will be some downturn in performance.

2.4.2 This usually manifests itself in delays in processing claims for Housing and Council Tax Benefit.

2.4.3 The shared service proposals mitigate the backlog and performance dip in two ways:

- (i) Experienced technical staff with many years experience of operating the Academy Revenues and Benefits software (within Carlisle and Copeland) will assist Allerdale in providing user technical and training support in helping their conversion from Pericles to Academy run smoothly resulting in reduced downtime and less conversion problems. Allerdale practitioners will provide similar support for Carlisle and Copeland's conversion to Civica DIP/Workflow;
- (ii) The shared service arrangements will provide economies of scale, i.e. a larger number of experienced staff based at the three locations will be able to target Allerdale work backlogs allowing performance to get back to normal quicker;

- (iii) However there will still be backlogs and the 3 councils have 'ringfenced' DWP benefits administration grant available earmarked by the DWP to resource benefits work including backlogs during the recession in 2008/09 and 2009/10 should it be required. Some of this ringfenced grant, say up to £300,000, will be used to buy in additional resources to help address the short-term backlog. See Section 9.1.7 in Business Case.

2.5 The 'Scoring' of the Outsourced Option

Meritec suggest that whilst the rationale on assessing delivery options is robust, most commentators are likely to score the outsourcing option higher. They also say that whilst it is likely to narrow the gap with the preferred joint service delivery option it will not necessarily compete with it. Meritec are prepared to lead the 'scoring' team on re-scoring this option on a consultancy basis. However this would delay consideration of the Business Case whilst as stated by Meritec not altering the result of the scoring exercise. In any event if the shared service option fails the outsourcing option will be the only real long term alternative for Revenues and Benefits service delivery albeit evidence suggests that this will be more expensive in cost terms. In the circumstances as set out, the shared services practitioner team has decided not to rescore the 4 potential service delivery options originally considered. See section 4 of Business Case.

2.6 How the 'Transformed Back Office' Can Reconnect with Current Front Office Practices of the 3 Councils

A team has been set up which includes front and back office representation from within the 3 councils to draft a service level agreement between the proposed shared service and the 3 customer contact centres. The service level agreement will include proposals to deliver the revised customer focused benefit KLOE's in better designing the service around customer requirements, e.g. more local provision of advice and eventually simple determinations/assessment undertaken in the customer contact centre. The team will also suggest training requirements within the 3 councils to deliver the SLA. See section 9.8 of Business Case.

2.7 That 'Joint Venture' Governance Arrangements should be Considered

Legal advice will be sought on the benefits of setting up the shared service as a joint venture. Such arrangements are likely to be progressed as a 'Phase II' initiative to be considered after the initial shared service is implemented. In the

short-term the Governance arrangements will follow those agreed under the ICT shared service between Carlisle and Allerdale. See section 9.1.1 of Business Case.

2.8 To Seek Demonstrable Commitment from Key Stakeholders to Key Principles of the Business Case

Consultation is ongoing with members, staff/unions (see 3 and 4 below). A joint meeting has been arranged with the relevant Portfolio Holders from the 3 councils on 25 September to go through the changes to the Business Plan set out in this report and confirm their commitment for the proposed shared service arrangements under consideration.

2.9 ICT External/Internal Costs

Several meetings have been held with ICT managers/practitioners within the 3 councils and Capita where the costs have been clarified or amended where required. The only area of costings now still based on estimates is the cost of the networking infrastructure between Carlisle/Allerdale and Copeland to support the Revenues and Benefits shared service and other future shared services. The revised costs are set out in the financial appraisal in section 9.6.

2.10 Programme Plan to Include Critical Decisions, Mission Milestones and Timescales to Mitigate Risk

A design 'action' plan has been drafted detailing area of work, responsible officer, timescale etc, covering work required to address all the issues raised by Meritec (and the Project Board) in preparing for the implementation of the shared service. Progress against the design 'action' plan will be reported to the Project Board on a two weekly basis and senior management/Portfolio Holders within the 3 councils on an exception basis, i.e. potential problems. See Appendix 6.

3. STAFF CONSULTATION

3.1 Consultation with staff members has been held throughout the project and updates have been provided through newsletters, team briefings and workpackage meetings. This formal consultation was conducted during the month of August 2009 where the draft business case, all appendices and other appropriate documents were made available to all staff for review, comment and question.

3.2 A number of questions were raised across the three authorities. These have been answered both in meetings and two Q&A papers. Quite a number of the questions received have been about the next stages within the project as staff are rightly concerned about their individual circumstances as well as the overall picture. The Q&A papers are available on the Intranet link if members want to peruse.

- 3.3 The main concerns centred around the following:
- (i) Do not want to lose jobs or to work at another office.
 - (ii) Want to see how structures and jobs will work in practice.
 - (iii) How will staff transfers be dealt with? Assimilation of staff? TUPE?
 - (iv) How will savings be dealt with?
 - (v) Timescale is very tight, can it all be done in time?
 - (vi) Concerns over perceived reduction of fraud investigation officers.
 - (vii) How may performance be affected by implementation of a shared service?
 - (viii) Have all costs been taken into account – particularly if redundancies are made?
 - (ix) Who will be the employing authority?

3.4 The majority of answers to the staffing concerns need to be dealt with in the next phase of the project which is to determine the employing authority (or whether the 'secondment' option considered), work out terms and conditions and draw up protocols for how staffing arrangements can be dealt with.

3.5 There are a number of actions around this which are shown in the design action plan at Appendix 6. However some changes have already been made to the Business Case to address concerns, e.g. fraud officer resources have been addressed by increasing the number from 5 to 6.5 in response to staff concerns in this respect.

4 UNION CONSULTATION

4.1 Unison have staff membership within revenues and benefits at the 3 councils, so have been consulted formally. Throughout the project union members have been invited to meetings and briefings and have been updated with progress.

4.2 Unison Regional Office were invited to respond to the draft business case and also attended a meeting on 7 September to discuss the up to date situation.

4.3 Their response at this time is brief. The main points being Unison is supportive of a proposal for a shared service for revenues and benefits that achieves efficiency savings and provides an improved service for members of the public whilst at the same time minimising adverse impact on staff.

4.4 They have raised a number of points:

- To consider the challenging timeframe and need to present robust reports to respective councils to ensure commitment to the shared service.
- To continue to maintain open and transparent dialogue with Unison.
- To work with Unison to look for alternatives to redundancy and maybe review need for TUPE and look at secondment instead.

- To ensure that an equality impact assessment is carried out on any proposed new structure.

4.5 Issues raised by the Unions have been either acted upon, e.g. challenging timeframe now extended or will be addressed as part of the design phase.

5. FINANCIAL SUMMARY

5.1 The financial summary in 9.6 of the Business Case has been updated to reflect all the changes noted in this report.

5.2 The financial appraisal has been re-aligned over 6 years to reflect the extended implementation timetable which now runs to 30 September 2010.

5.3 Noted in Table 1 below is the summary position detailing costs and savings for Carlisle over the six year time period indicating cumulative savings of £510,000.

Table 1

<u>Capital</u> (2009/10 & 2010/11)	<u>£000</u>
Cost of DIP/Workflow	195
Funded by Earmarked Funds in Capital Programme	(155)
Balance to be Funded by Benefits Grant	(40)
<u>Revenue</u> (Non-Recurring)	
Termination & Protection Costs (Est)	<u>158</u>
<u>Revenue</u> (Recurring)	
ICT Revenue Savings	(12) pa
Staffing Savings	(137) pa
Total Savings	(149)
Already Taken Account of as part of the Transformation Restructure	(64) pa
Net Savings	(85) pa (less for 2010/11)

5.4 It should be noted that the split of costs, savings and termination costs is subject to final agreement. Currently the allocation is:

	<u>Allerdale</u>	<u>Carlisle</u>	<u>Copeland</u>
	%	%	%
Revenue			
- Staff Savings	35	37	28
- Staff Redundancy	35	37	28

and Protection

and ICT costs (mainly capital) based on ICT Manager's view on the fairest way to split costs.

5.5 Pay Back

In delivering the shared service savings of £85K pa (£510,000 over six year financial appraisal), the council will incur additional capital costs of £40,000 and termination (redundancy) and protection costs of £158,000 approx giving a payback period of approx 2.3 years.

- 5.6 As indicated, costs of redundancy have been estimated in the Business Case. A supplementary estimate will eventually need to be approved to fund up-front costs (to be 'repaid' from ongoing revenue savings).

6. **WAY FORWARD**

6.1 Design Phase

The design 'action' plan set out in Appendix 6 is currently being progressed. Under the plan it is proposed to recruit the Partnership Manager during November/December 2009 initially to oversee the implementation of the shared service during the period December 2009 to September 2010. See 9.2 in Business Case detailing the longer term role of the Partnership Manager.

6.2 ICT

It is proposed to agree Capita's tender for providing the Revenues and Benefits ICT infrastructure to support the shared service in late October 2009. It should be noted that if the shared service does not happen for any reason the ICT proposals stack up on their own, i.e. provide increased business continuity and networking infrastructure within current costs.

7. **RECOMMENDATIONS**

- 7.1 Members are asked to note the actions progressed/to be progressed in addressing observations made by Meritec, Members, Staff and Unions on the Business Case. The actions being reflected in the updated Business Case and in the action plan set out in Appendix 6.
- 7.2 Members are asked to note the extended timetable for implementing the shared service by 1 October 2010

- 7.3 Note the requirement to appoint a Partnership Manager during November/December 2009 – costs identified in financial appraisal.
- 7.4 Members are asked to note the revised financial appraisal summarised in 5.3 above, indicating savings of £510,000 over 6 year timeframe of the appraisal.
- 7.5 Members are asked to consider supporting the revised Revenues and Benefits Shared Service proposals. Also request Council to agree an eventual virement of up to £158,000 to fund potential redundancy and protection costs funded from ongoing Revenues savings.

8. REASONS FOR RECOMMENDATIONS

The approval of the business case will mean that the implementation phase of the development of a shared Revenues and Benefits service with Allerdale and Copeland Borough Councils can commence resulting in an improved service at a lower overall cost to all 3 councils.

9. IMPLICATIONS

- Staffing/Resources – Addressed within the business case
- Financial – Addressed within the business case
- Legal – The Council has a number of powers upon which it may rely to enter into a shared service including the exclusive rights given to local authorities to undertake administrative arrangements of this nature in sections 101, 102, 112 and 113 of the Local Government Act 1972, and sections 19 and 20 of the Local Government Act 2000 and the regulations made under these Acts; together with the general power within section 2 of the Local Government Act 2000 and the supporting provisions within section 111 Local Government Act 1972. In utilising section 2 of the Local Government Act 2000 the Council must have regard to its community strategy.
- Corporate – SMT have been consulted on the shared service initiative and any observations have been incorporated within the business case.
- Risk Management – Addressed within the business case, main issues being:
 - (i) Tight timescale may require phased implementation;
 - (ii) Likely short term downturn in performance;
 - (iii) ICT infrastructure delays, particularly networking, considerations may delay introduction;

- (iv) Shared service model proposed, i.e. making savings at management level and rationalisation of ICT, is untested elsewhere in local government (other shared services have made savings in processing staff rather than at management level);
 - (v) Competing initiatives may result in capacity issues, e.g. ICT shared service transformational agenda.
- Equality Issues – Unison has requested that an equality impact assessment is carried out on proposals to move staff to the new structure.
 - Environmental – The proposed joint service delivery option enables the bulk of staff to continue to work in their current work location avoiding an increase in the use of private transport to travel to new office locations.
 - Crime and Disorder – None.
 - Impact on Customers – Improved Service envisaged in performance requirements, albeit there may be a drop in performance whilst the new services is being set up.

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DRAFT

Allerdale / Copeland / Carlisle
REVENUES AND BENEFITS - SHARED SERVICE
BUSINESS CASE

Version: V0.2p
Authors: Practitioner Team
Date: 24th September 2009

Version Control

Version	Date	Author	Comment
0.1a	21/10/08	SDC	Basic draft document structure established.
0.1b	28/10/08	SDC	Changes following Ops Board 24/10/2008
0.2a	06/03/09	SDC	Version 0.2a – major revisions
0.2b	09/03/09	SDC	Changes following Practitioner Team Meeting 6/03
0.2c	21/04/09	SDC	Changes following Practitioner Team Meeting 17/04
0.2d	7/05/09	SDC	Changes following Practitioner Team review 29/4/09
0.2e	14/5/09	SDC	Changes following Practitioner Team Review 8/5/09
0.2f	1/6/09	SDC	Changes following Practitioner Team Review 9/6/09
0.2g	19/6/09	SDC	Changes following Practitioner Team section drafts
0.2h	1/7/09	SDC	Changes following Practitioner Team Review 1/7/09
0.2i	16/7/09	SDC	Changes following Project Board discussions and follow-up (and changes for meeting on 22 nd July)
0.2j	24/07/09	ST	Changes following Practitioner Team review
0.2k	31/07/09	ST	Amendments and update following Project Board
0.2l	04/07/09	MT	Finance Changes
0.2m	14/09/09	PM/ET	Amendments required from RBS Shared Services Action Plan & consultation feedback results
0.2n	18/09/09	JS	Further changes
0.2o	23/09/09	JCC	Appendices added
0.2p	24/09/09	JCC	Changes to Appendix 4 The Partnership Structure

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Acknowledgements

This business case has been prepared using the valued contributions of many key individuals within all three organisations.

Particular thanks must go to the work package leaders and team members who have put a great deal of effort in to considering the technical, organisational and financial aspects of their designated specialist areas. Their output has provided the crucial detail required in producing this business case.

Thanks go to the support services – Finance, HR and ICT - for their valued input and the huge amount of work and analysis completed. Special thanks to Mike Thompson for his time, effort and patience and to Stephen Cawley for his project management skills in keeping everyone on track.

1.0 Executive Summary, Conclusion and Recommendation

This business case is the result of an extensive exercise to examine the options for the future delivery of a shared revenues and benefits service for Allerdale Borough Council, Copeland Borough Council and Carlisle City Council.

The brief to the project team was to determine the viability of a shared service as well as defining the best vehicle for accomplishing this. The project team was tasked with exploring whether a shared service would result in:

- Increased capacity and capabilities delivering economies of scale;
- Reduced ongoing revenue costs for the three Councils;
- Improved service performance for the Councils' customers;
- Taking advantage of the fact that Carlisle and Copeland Councils already operate a shared management service for revenues and benefits and Carlisle and Allerdale have recently established their ICT shared service.;
- The provision of a model for future shared 'transactional' service initiatives.

Overall, the project team were also asked to consider whether the development of a shared service would result in a more advanced service, in a shorter time, at a reduced cost, as opposed to continuing the service as three separate functions.

The implementation phase for a revenues and benefits shared service will be addressed as a subsequent project only after any approval to proceed with the recommended option has been given by all the respective Councils.

An independent external review of the draft business case has been undertaken by Meritec Limited¹. Their review concluded that whilst the shared service proposal was worthy of joint commitment and progression, they did have concerns over the very tight timetable and thought some components required further review. These have been taken into consideration and actions put forward to address where appropriate.

The business case is very robust in delivering economies of scale and maintaining or improving on current levels of performance. It provides future proofing allowing the three councils to meet new challenges and demands. The case provides resilience in process and IT systems. Performance is sustained by resourcing support from the other Council's. The IT plans protect individual council's against system loss enabling business continuity. The whole range of resources from recruitment of staff to goods and services can be procured more effectively.

As well as providing an improved level of service the IT solution allows for interfaces to all three Council's ledger, cash receipting and other priority systems. This will maintain the independence of accounting and other records which will enable the separate reporting of each Authority's statutory duties and performance to continue.

The proposed shared service arrangements will allow the revised benefit KLoE's to be addressed within the resources allocated. This will be achieved by establishing a robust SLA with the three customer contact centres (most of the new KLoE's are customer focused and will be delivered through customer contact arrangements). The shared service proposals do not reduce the number of benefit assessment officer from current resources i.e. the economies of scale will be used to resource any back office implications of the KLoE's e.g. a more focused benefit take up.

The potential has been created for wider shared working initiatives between the three councils because the development of ICT operational models, infrastructure and network is robust enough to accommodate significant growth.

¹ www.meritec.co.uk

1.1 Recommendations

The Project Board recommends that the preferred option in the business case – Joint Service Delivery which has been subject to wide consultation be agreed and the shared service introduced to the timetable set out in 9.9 of business case.

2.0 Introduction

2.1 The Wider Shared Service Context

It is now clearly understood and accepted that local authorities need to become much more efficient and effective in the targeted use of their resources (including staffing and finances) in order to provide services to their customers.

The bottom line is that this ultimately means doing more, or at least the same, for less. This can only be achieved by transforming the way we go about providing our services. Reports such as Gershon² and Varney³ highlight the clear benefits that can be gained from sharing services across the UK public sector and highlight that experience from the private sector shows that typically corporate shared services can deliver efficiencies of up to 20%⁴ dependent on how high the staff to workload ratio is.

This all said, it must be noted that local authorities should not simply be developing shared services for the sake of it on the back of such reports, but that they should carefully consider what they want to achieve and then design the most effective partnership operations to deliver those objectives.

From the Cumbrian perspective, all local authorities in Cumbria have recognised the need to, and more importantly the benefits of, working together more closely and are developing plans and strategies to exploit this potential. There have been good examples of shared working across Cumbria, however, until recently most examples have been based upon joint procurement rather than actual joint delivery of services. For example, there was a significant initiative during 2007 to explore the potential for the creation of a shared ICT service countywide. Many of the principles established during that exercise were sound, however the project ultimately failed to progress for several reasons, such as the uncertainty over Local Government Reorganisation at the time and fundamentally due to the difficulty of bringing such a large number of organisations, with differing objectives and starting points, together.

Nevertheless, since that time Allerdale and Carlisle have since successfully collaborated to introduce their ICT Shared Service – now branded as ictConnect – and the new service is operational and starting to deliver savings and efficiencies. Elsewhere in the county, Cumbria Improvement and Efficiency Partnership - CIEP⁵ - have initiated projects that will develop more shared working within its partner organisations and will promulgate best practice in this area.

2.2 Context of this business case

This business case examines how any future shared revenues and benefits service of Allerdale Borough Council, Copeland Borough Council and Carlisle City Council can best address the skills, capacity, and cost needs of all three organisations. The

² See the 2004 review 'Releasing Efficiencies to the Front Line' by Sir Peter Gershon CBE at http://www.lcpe.gov.uk/Library/National_Strategies/gershon.pdf

³ See the 2006 review 'Service transformation: A better service for citizens and businesses, a better deal for the taxpayer' by Sir David Varney at http://www.hm-treasury.gov.uk/media/4/F/pbr06_varney_review.pdf

⁴ See http://www.cio.gov.uk/shared_services/introduction/

⁵ Cumbria Improvement and Efficiency Partnership www.ciep.org.uk

proposed service will also be designed to address the principle drivers as identified at the project initiation stage and reiterated later in this business case.

Revenues and Benefits sections play a very important part in the delivery of service and the collection of taxes for all three authorities. They are very much part of the front line customer service provision and yet have strong links throughout each authority to key support functions such as finance, enforcement, electoral registration and others.

External partnership working with the Department for Work and Pensions and Citizens Advice Bureaux, as well as external verification and auditing, make these services very regulatory in nature and sometimes difficult to change given the nature of the legislative framework.

The duties and activities of these sections are predominantly the same across the three authorities. The work undertaken earlier in 2009 by this project to harmonise working procedures (referenced later in this business case) as a precursor to shared service working has helped remove unnecessary local variation. However, significant differences in terms of core systems, customer service delivery, discretionary rebates, document management, etc, remain. All councils provide a front line local service but this is managed in different ways. Notably, there are currently different IT systems deployed to support the delivery of these services at each authority. Document management for both services at Allerdale is provided by a corporate document management team using a corporate system, Comino (Civica). Carlisle and Copeland both use Northgate's information @Work for document management, which is for the Revenues and Benefits sections only. Allerdale uses Northgate's Pericles system as their core revenues and benefits system⁶, Carlisle and Copeland both use Capita's Academy system. There are significant challenges for the authorities in addressing these ICT system disparities and this area is covered in detail below.

Costs of delivering the services also vary between councils, for example, the budgeted cost of service per resident in 2008/09:

Carlisle	£19.41
Copeland	£22.49
Allerdale	£20.66

A full analysis of service cost comparisons, both between the three authorities and against other marker authorities across all country has been undertaken and this is examined in detail as part of the option analysis below.

2.3 Project Objectives

The project objective, as identified in the Project Initiation Document, was to investigate the potential options for a shared service for revenues and benefits and to develop a business case for the creating and sustaining a shared service across the three councils. This business case is based upon this detailed consideration of the potential for the future shared delivery of the revenues and benefits service across the three councils. It is intended to be issued for consultation to all stakeholders and then to be considered by corporate management and elected members at Allerdale, Copeland and Carlisle. The principle drivers for the consideration of the transformation of the three councils' current revenues and benefits service into a single shared service include:

- Increased capacity and capabilities delivering economies of scale.
- Reduced ongoing revenue costs for the three councils.
- Improved service performance for the councils' customers.
- Taking advantage of the fact that Carlisle and Copeland councils already operate a shared management service for revenues and benefits and Carlisle and Allerdale have recently established their ICT shared service.

⁶ Note that during the course of this project the software supplier announced that it would not be supporting the Pericles software product after 2010; in the light of this, the Project Board decided to undertake a market testing of the main IT system for the Revenues and Benefits Shared Service

- The provision of a model for future shared 'transactional' service initiatives.

2.4 Project Scope

The scope of this project included consideration of the requirements of the following services for Allerdale, Copeland and Carlisle:

- Council Tax Administration.
- Business Rates Administration (NNDR).
- Housing and Council Tax Benefits Administration including overpayment recovery and fraud.
- User technical support.
- IT support for the revenues and benefits systems and interfaces

2.5 Project Background

In recent years, both Carlisle and Copeland have successfully collaborated on revenues and benefits management and technical support initiatives. Since September 2007, the two councils have worked together, with Carlisle providing management, technical and back office support both in situ at Copeland and by remote link. Following the approval of their joint ICT business case last summer⁷, Carlisle and Allerdale have also introduced their shared service.

2.6 Project Approach

In 2008 a project was approved to explore the potential of creating a single shared service for revenues and benefits serving the three councils and to determine whether a business case exists for the introduction of such a shared service.

To undertake this, a joint project board was created and a project structure put in place. A project brief was agreed in the form of a project initiation document (PID) and an initial project phase was undertaken to consider a range of topics referred to as work packages. These work packages included both revenues and benefits functional areas as well as central services, as follows:

Functional area work packages:

- Council Tax Administration
- Business Rates Administration (NNDR)
- Recovery
- Housing and Council Tax Benefits
- Fraud Prevention, Detection and Deterrence
- Benefits Overpayments
- Appeals, Discretionary Rebates, Section 44As
- Customer Interface, Contact Centre
- IT Support/User Technical Support

Central and support services work packages:

- Communications
- Finance / Budgets
- Organisational Structure
- Human Resources
- Governance / Legal

Work packages were led and resourced by a mix of key staff from each council. In addition, a practitioner team was formed comprising the service heads and senior

⁷ North Cumbria Shared ICT Business Case – Allerdale Borough Council/Carlisle City Council
July 2008

revenues/benefits managers from the three authorities and has dealt with the overarching project tasks and provided functional guidance to the work packages. This business case has been developed internally by the project practitioner team, with assistance from the project manager.

A full risk analysis has been undertaken and a risk log held. These are shown at Appendix 3.

The draft business case has also been externally scrutinised by Meritec who have provided a critical and independent review. Their comments and recommendations have been taken into account where appropriate and an action plan provided to show how issues will be actioned.

This business case has been endorsed by the project board, which includes executive directors from each of the three authorities. It is now submitted for consultation and review by each council, prior to seeking approval to move to the project initiation stage for the implementation of the recommended revenues and benefits shared service.

2.7 Project stages

The project to create this business case has been conducted over three distinct phases, as follows:

2.7.1 Initial investigations phase.

The initial project phase ran from September to December 2008. In this initial phase, the functional work packages undertook detailed evaluation of their respective areas, current service status and costs, the potential benefits and risks of introducing a shared service, and the viability of each of the four potential shared service delivery options in their area.

In addition, the central and support services work packages gave consideration to the implications of a shared service, for example in terms of human resources implications and governance arrangements.

In December 2008, an external review of the initial phase functional work package analysis work was conducted by Meritec Ltd (experienced revenues and benefits management consultants), to introduce an element of external challenge.

A dialogue was also established with the WestWey partnership; WestWey is a partnership of Weymouth and West Dorset councils that has been operating a revenues and benefits shared service for several years. A presentation was given by the WestWey Partnership Manager to the work packages and elected members in November 2008 that highlighted their experiences in introducing a shared service and the lessons they had learnt.

The inputs from both the Meritec review and the WestWey experiences referenced the advisability of completing certain pre-requisites before embarking on any new revenues and benefits shared service. These were mainly in the area of harmonised procedures and practices, as well as the early introduction of a number of “quick wins” (small-scale shared service initiatives and improvements). The recommendation was to accomplish as many of these “quick wins” as possible, and as much harmonisation of procedures across the three authorities as could be achieved, prior to putting together any detailed plans for a shared service – including the preparation of a business case.

2.7.2 Procedure harmonisation and “quick wins” phase.

In December 2008, plans were produced and subsequently approved by each council to embark upon a further phase of the project to deliver the “groundwork” as recommended in the initial phase as above. This second phase covered the period January-March 2009, during which the functional work packages (Benefits,

Overpayments, Council Tax, NNDR, Recovery and Fraud) each worked on (a) the delivery of a limited number of “quick win” improvements and (b) the harmonisation of revenues and benefits procedures across the three authorities. This information is shown at Appendix 2. Specialist external expertise from ACS Ltd (recognised experts in revenues and benefits procedures and publishers of on-line manuals) assisted the teams in creating standardised sets of procedures for the three authorities⁸. These standardised procedures are being adopted at each authority and will provide a sound base should approval be given to a shared service implementation.

2.7.3 Business case production.

Following the above phases, work on the production of this business case started in April 2009. In addition, in May 2009 a tender exercise was conducted to evaluate the core revenues and benefits software and the outcome of that exercise has been incorporated into this business case and appendices. The draft business case was referred to Meritec for an independent external review during August 2009 and their feedback was taken into account, (this will be shown in the final business case after consultation).

During all the above stages communication with stakeholders has taken place. Regular member and staff updates have been provided in the form of project briefings and newsletters. Consultation with all revenues and benefits staff in relation to the proposed structure has been conducted in August 2009 and all comments have been taken into account and noted for the final business case. Whilst many of the arguments for the introduction of a shared service are economic and financial, it is vital to take into account the needs and opinions of all stakeholders and in particular the customers of the services. To this end, an exercise was undertaken to establish the views of the customer community. A series of consultations and focus groups involving a cross section of the service’s “customers” took place to obtain their input to the proposed shared service approach.

⁸ Financial support from Cumbria Improvement and Efficiency Partnership (CIEP) assisted with this exercise.

2.8 Current organisational structures

The following table provides a summary of the current staffing levels at each Council in terms of full time equivalent (FTE) staff allocated to each of the current roles within revenues and benefits:

Revenues and Benefits	Current FTEs – Revenues (comprising council tax and NNDR admin and recovery) Benefits (comprising council tax benefit, housing benefit, fraud and appeals)			Total
	ABC	CBC	CCC	
Functional Area				
Head of Service	0.00	0.00	1.00	1.00
Service Management/Senior Officers	6.00	2.00	8.48	16.48
Team Leaders	3.00	5.00	6.00	14.00
Officers	22.69	28.52	30.70	81.91
Assistants	11.30	4.00	6.12	21.42
	42.99	39.52	52.30	134.81

Functions included above:

Scanning and indexing	Yes	Yes	Yes
Corporate Customer Service centre staff	No	No	No
Debtors (raising and file maintenance)	No	No	No
Overpayments	Yes	Yes	Yes

2.9 Revenues and Benefits customer consultation

2.9.1 Improved service performance for the Council's customers

One of the main aims of the business case is to maintain/improve the service to Revenues and Benefits customers. A major challenge whilst at the same time reducing ongoing revenue costs.

2.9.2 The Survey

As part of undertaking the necessary ground work supporting the business case, a major survey was progressed of 2,400 revenues and benefits customers selected at random (expected return rate for completed questionnaires 750 or 30%) within the 3 councils.

Actual returns (as at 27th July 2009):-

Benefits	Number sent	Number returned	%
Carlisle	400	152	38
Allerdale	400	149	37
Copeland	400	114	29
Sub Total	1,200	415	35
Revenues			
Carlisle	400	99	25
Allerdale	400	37	9
Copeland	400	109	27
Sub Total	1,200	245	20
Revs & Bens Totals	2400	660	38

2.9.3 The questionnaires asked customers:

- (i) How they contacted the Council, how often, how convenient the office is and opening hours;
- (ii) How they would prefer to contact the Council and be contacted by the Council;
- (iii) How satisfied with the service, the information provided and the way claim or account handled;
- (iv) How long they waited for a response to a change in circumstances;
- (v) Other ad-hoc questions such as methods of payment, type of customer (benefits) and how benefit/revenues information obtained.

2.9.4 Results of, and observations on, the survey of benefits customers

2.9.4.1 The spread of responses from benefits customers suggests that unemployed and available for work claimants did not complete the questionnaires, i.e. 4% of responses compared to 33% approx of caseload. This is disappointing as it is this group that have the most changes of circumstances and therefore the most likely to contact the Council. The retired and permanently sick/disabled make up 90% of the responses. This is probably why 5.5% of claimants suggest their recent benefit claim was their first ever claim. You would expect that in the current recession this percentage would be higher.

2.9.4.2 Unsurprisingly customers would rather continue to use traditional methods to contact the Council, i.e.

	Benefits	Revenues
Face to Face	35%	26%
Phone	34%	60%
Post	27%	6%

Email	2%	8%
Online	1%	-
Text Message	1%	-

Customers would still prefer the Council to contact them by post, i.e.

	Benefits	Revenues
Post	43%	53%
Phone	31%	26%
Face to Face	22%	9%
Email	2%	10%
Online	1%	1%
Text Message	1%	1%

The results suggest much more persuading needs to be done to get customers using electronic forms of contact (email, online or text), the most cost-effective and away from face to face and telephone contact. The fact that post is the most popular method for the Council to contact customers would suggest that the Council should use this method more for district inspections/other visits.

- 2.9.4.3 Overall, benefit customers are surprisingly satisfied with every aspect of the benefits service and revenues customers reasonably satisfied. On 'national' benefit surveys 80%+ satisfaction rates are well within 'top quartile'. On responses to particular questions (not answered discounted):

Front Office (mainly)	Benefits	Revenues
- Opening hours convenient	92%	95%
- Able to ask questions about claim	86%	-
- Satisfied with contact with Council	92%	93%
- Local office is easy to get to	88%	90%
(despite average journey being approx 4-5 miles)		

Back Office (mainly)	Benefits	Revenues
- Very satisfied/satisfied on claim handled	98%	94%
- Found claim easy to complete	82%	94%
- Did not require help in completing form	62%	-
- The information provided is clear and easy to understand	89%	-
- Happy with payment methods	-	95%
- Average length of time to get response	-	7-10 days

- 2.9.4.4 Other observations

It is surprising to note that very few claimants found out about entitlement to benefits from the Council, i.e. less than 20%. Perhaps Council publicity on housing and council tax benefit entitlement needs improving.

No issues from a revenues perspective.

2.9.5 Impact of shared service proposals

- 2.9.5.1 Clearly it is a major challenge for the 3 councils to maintain such high satisfaction rates, whilst making significant cost and resource savings.
- 2.9.5.2 Whilst the shared service business case is suggesting a 9% reduction in back office revenues and benefits resources it has ring fenced front office/customer contact centre resources at current levels, i.e. no savings in customer facing staff are suggested. Therefore there should be no reduction in 'front office' satisfaction performance. Indeed the shared service proposals suggest that front office staff after extensive training will eventually be able to fastrack assessment of straightforward benefit claims (in meeting new benefits KLOEs). There may be opportunities in the longer term to rotate of assessment staff between the front and back office to maintain up to date benefit assessment skills.
- 2.9.5.3 Economies of scale proposed in the business case suggest that current back office performance in respect of dealing with new claims and change in circumstances can be maintained (or possibly improved further). However with such high satisfaction rates, performance monitoring of claimant related performance indicators will need to be closely monitored.

3.0 Analysis of Shared Service Options

3.1 Potential shared service delivery options

The project board considered the potential shared service options available and agreed to review the following:

No	Service Delivery Option	Overview
1	A revenues and benefits service hosted externally (outsourced)	Revenues and benefits services delivered by an external company (or a council joint venture/not for profit company) under a commercial contract, controlled jointly by the three authorities.
2	Enhanced single council service delivery	Provision remains largely as it is now, but tactical opportunity is taken to enhance service delivery or deliver efficiency gains by learning from other councils' initiatives.
3	Authorities outsource all revenues and benefits service to another	With this option a single authority becomes the provider, manager and controller of revenues and benefits services to the three parties with a purchaser and provider relationship with the outsourced authorities. The authorities giving up their services would have no management responsibility for revenues and benefits (other than 'client' responsibilities). All staff and assets would transfer to the provider authority.
4	Joint service delivery	Revenues and benefits services delivered by a single management structure with different aspects of the service hosted within the three authorities for administrative purposes and controlled jointly by the three authorities.

3.2 Option analysis approach

Each option as above has been considered by the project teams. This analysis has included the following range of assessment criteria:

Impact assessment - the positive impact that each service delivery option would make towards achieving the key drivers established at the project initiation stage:

- Increased capacity / capabilities delivering economies of scale;
- Improved service performance for councils' customers;
- Taking advantage of the fact that Carlisle and Copeland councils already operate a shared management service for Revenues and Benefits and Carlisle and Allerdale have recently established their ICT shared service.
- The provision of a model for future shared transactional service initiatives.

Cost/benefit analysis - the overall implementation costs for each option together with the IT Costs and the anticipated annual revenue cost reduction and financial benefits.

Human Resources implications - an assessment of the overall level of human resources effort required, complexity or arrangements, and service disruption that would be caused by adopting the specific option.

Governance implications - in terms of the effort and complexity of setting up a new service delivery model, including appropriate legal and contractual activities.

Risk Analysis - assessment of the high level risks associated with the service delivery option, covering service risk, financial risk and reputational risk.

There follows the analysis results for each of the potential shared service options based upon the above assessment approach, followed by a summary and a recommended option for shared service. The later sections of the business case then expand on the recommended option, in terms of its financial case and how the shared service will be implemented.

The option analysis for the potential to outsource revenues and benefits was progressed by the practitioner team rather than work package teams to avoid any conflict of interest. A scoring methodology was applied (with 0 being least positive and 3 being most positive) to each area, and then combined with appropriate weightings to give an overall view of each preferred service delivery option.

4.0 Analysis of Option 1

A revenues and benefits service hosted externally (outsourcing)

4.1 Impact assessment

This option, providing the tender specification is robust, will satisfy any capacity issues currently being experienced by the three councils, e.g. Copeland's problem in recruiting senior revenues and benefits practitioners.

Obviously economies of scale could result for the winning tenderer. How much of this is passed back to the three councils in efficiencies (reduced service costs) would not be known until tenders returned (plus any post tender negotiations). However the attached paper (see Appendix 1) produced for the project board on 21 October 2008 and updated on 15 April 2009 suggests that the cost of outsourced revenues and benefits services is significantly more expensive than both in-house and shared service provision.

Scoring:

- (i) Increased capacity / capabilities delivering economies of scale –
Score = 2
- (ii) Improved service performance for councils' customers –
Score = 1
- (iii) Taking advantage of the fact that Carlisle and Copeland councils already operate a shared management service for revenues and benefits and Carlisle and Allerdale have recently established their ICT shared service –
Score = 0
- (iv) The provision of a model for future "transactional" service initiatives –
Score = 2

4.2 Cost/benefit analysis

The direct costs associated with this option are minimal, mainly costs associated with the tender specification.

However, indirect costs are significant in that currently the 3 councils recharge well in excess of £2m to revenues and benefits in ICT, legal, finance, property costs etc. Past experience suggests that a significant portion of such recharges cannot be extinguished and will need to be absorbed by the 3 councils. Also client costs, i.e. those parts of the service that cannot be outsourced, including discretions, committals administration, appeals and performance monitoring etc, will also need to be factored into the cost/benefit analysis. It is assumed that client costs are included in the benchmark data noted at Appendix 1 but recharges absorbed by other services are not.

An aspect not covered in this paper as could only be considered when tenders returned is what additional benefits (over and above Revenues and Benefits service provision) the outsourcing could bring to the Council, e.g. local jobs, site operation within vicinity etc.

Scoring:

- (i) It is likely that up-front implementation costs would be borne by the supplier –
Score = 3
- (ii) IT costs would likewise be borne by the supplier –
Score = 3
- (iii) However, as the supplier needs to recover the setup costs during the life of the contract as well as ongoing IT costs, the above analysis does not indicate any revenue cost reduction –
Score = 1

4.3 Human resources implications

Likely to be similar resource implications for personnel as other options (excluding enhanced status quo).

Suppliers would require TUPE and pension information to be able to cost their tenders. Once any outsourcing is complete, there would be little or no ongoing human resource requirements. Although as stated above, personnel recharges would have to be absorbed by other services if savings in personnel resources could not be made. Note possible TUPE of staff from recharged services would need to be considered in any outsourcing arrangements. **Score = 1.5**

4.4 Governance implications

The governance arrangements should be reasonably simple as the outsourced service is a contract and would follow normal contract procedure rules.

Obviously conditions would need to be built into the contract, i.e. indemnities (bearing in mind performance of some outsourced contracts), client arrangements in each of the 3 councils, contract arrangements, share of profits (over and above normal profits), termination arrangements, dispute resolution, assumptions and risks etc. Obviously there are resource implications for legal and procurement teams if outsourcing is the preferred option. **Score = 3**

4.5 Risk analysis

The analysis of performance of outsourced Revenues and Benefits operations suggests that mitigation of the risk of high cost/poor performance needs tightly determining within contract specification, i.e. poor performance would result in service, financial and reputational risk (to the Councils).

Service risk **Score = 1**, Financial risk **Score = 1**, Reputational risk **Score = 1**.

4.6 Overall conclusion

Overall the service/cost benchmarking paper noted at Appendix 1 suggests that outsourcing revenues and benefits has not to date delivered cost savings or service improvements (in benchmarking terms). In the circumstances it is suggested that this option is held in abeyance whilst other options are considered. If a business case does not stack up for any of the other delivery options under consideration, the outsourced option could be revisited by any of the councils individually (or together).

Note: The third party external verification suggested that most commentators are likely to score the outsourcing option higher. However, as they suggest the gap with the preferred option would narrow, it would not necessarily compete with it. In the circumstances, it was decided not to rescore the options.

5.0 Analysis of Option 2

Enhanced single council service delivery

5.1 Overview

The work package information collated at the end of 2008 appeared initially to prefer the option for enhanced single council service delivery. Work groups commented that they had chosen this option because it was the cheapest or easiest to attain but that there were potentially other more beneficial options should they have the time to explore them.

Following on then to the quick wins phase and it has been evident, whilst there are some differences between working practices in the councils, a lot can be achieved by working together even if not as a shared service. The work that has been conducted by ACS has provided a greater understanding of how processes and procedures could be aligned and this could be achieved without the need to bring all three departments together under a shared service. In addition, the benefit of retaining three separate council functions would be no setting up costs, ability to retain own sovereignty and identity and retain existing staff.

However, the economic positions of each of the Councils has changed somewhat over the last year and given the budgetary constraints a status quo is not sustainable. Therefore remaining as three separate councils is still an option for discussion, but the fact is that change, certainly to reduce costs and provide a more effective and efficient service, is inevitable.

5.2 Impact assessment

- (i) Increased capacity/capabilities delivering economies of scale –

Score = 1

Staying as 3 separate councils will not deliver economies of scale but with standardised procedures capacity and capability can be increased minimally. Scheme training delivered by a shared officer would contract training periods for new staff mitigating backlogs and the need for agency staff.

Standard procedures would also allow authorities to undertake VF checks and pre-processing where backlogs are localised, allowing the processing staff, at the individual authority to key cases quickly to the application software. Non processing officers' procedures are less driven by application software and so, with standardised procedures, would have the flexibility to provide absence cover.

There is the opportunity to take advantage of joint training procurement, potential joint procurement of stationery etc, however this will not in itself provide for the budgetary requirements of each council or enhance delivery to the customer.

If, through the ICT shared service arrangements, Allerdale and Carlisle were to share systems and infrastructure, there could be an opportunity for some efficiencies on system administration and upkeep. It may also allow for dealing with fluctuations in workload, backlog management and offer some enhanced customer service whilst still retaining existing council identities and resources.

This however would not assist Copeland and the majority of efficiencies required would still not be met by just sharing a system(s).

- (ii) Improve service, performance for Council's customer - **Score = 1.5**

If the quick wins around alignment of processes, procedures, procurement etc., were implemented there is the opportunity to provide a slightly

enhanced service to the customer. This would allow for customers to obtain generic advice and information from any of the three Councils and understand how their application would be dealt with. The ability however for a customer to be able to have their application processed at any council office (e.g. Wigton customer going to Carlisle) would not be available, but EDMS links would allow forms and documents to enter the processing gateway promptly from any service access point and pre-processing checks to be conducted to same standard.

- (iii) Taking advantage of the fact that Carlisle and Copeland councils already operate a shared management service for revenues and benefits and Carlisle and Allerdale have recently established their ICT shared service. This option would add nothing new to the current situation. Only if two or more of the councils adopted the same revenues and benefits system could more efficiencies and effective working be obtained – **Score = 1**
Should the Copeland and Carlisle shared management arrangement dissolve then additional resource would have to be sought by Copeland to fulfil their management and supervisory requirements. The original reason for sharing management was the inability to find sufficiently skilled and experienced officers in the area. This would be at additional cost.
- (iv) The provision of a model for future 'transactional' shared service initiatives - **Score = 0**
The three departments would remain separate however the quick wins noted above could still be applied and the small benefits achieved.

5.3 Cost/benefit analysis

Cost benefit of retaining three separate Council departments are:

Implementation costs - **Score = 3**

- No TUPE issues or staff redundancy costs, retention of existing skilled staff.
- Each Council could retain and service its existing customer base thereby managing the geographic, rurality and community issues.
- Ability for each Council to determine their own levels of service and delivery according to their budgetary constraints.

IT costs - **Score = 1.5**

- No system alignment and set up costs (Allerdale will still need to do this and the cost borne solely by the Council)

Reduced ongoing revenue costs - **Score = 0.5**

There are no potential economies of scale within this option and certainly no major savings to be made. Each council would need to determine their own service delivery levels and reduce resource or standards as required to meet budgets.

There is still the matter of all councils providing a service in different ways, to different costs and standards. There would be the opportunity to align processes and procedures without sharing but the real benefits, economies and efficiencies will only result from common applications software.

5.4 Human resources implications

Remaining as three separate council departments would have no human resource implications unless some of the quick win elements around joint fraud or visiting teams were to be implemented – **Score = 3**

5.5 Governance implications

As the status quo would in effect remain, there would be no governance implications for a new service delivery model. Any enhancements around aligning processes,

procedures or policies could be completed without the need to provide a different management model – **Score = 3**

5.6 Risk analysis

Service Risks – **Score = 2**

It was considered by the work packages that this option would have the least risks in terms of service delivery, finance and reputation as in effect all three councils' services remain independent.

Given the current shared management arrangement between Carlisle and Copeland, additional risk would be that should this dissolve, recruitment of appropriate management and supervisory officers would be required and this has been very difficult in the past

KLOEs pose an additional risk in terms of their requirements on resourcing and relationships between the front and back office services. Each council would need to spend time and resource to meet the new requirements rather than pooling resource and performance abilities

Financial Risk - **Score = 1**

There would be no large initial outlay (other than a new system for Allerdale) and ongoing costs would remain the same. However, due to budgetary constraints for all three Councils it is unlikely that the current level of spending for each service could be sustained in the future. Therefore the financial risk is more to do with the inability to make savings to meet budget needs.

Reputational Risk - **Score = 2**

There would be no risk to losing skilled staff out of the area which was a concern of some elected members. However due to each Council's budgetary constraints, it is likely that each would have to take a view on not replacing staff who leave in future. This could lead to reputational issues both in terms of reduced performance, backlogs and inflexibility.

6.0 Analysis of Option 3

Authorities outsource all revenues and benefits service to another

6.1 Overview

It was established that none of the authorities had the capacity to deliver a combined service from their existing accommodation and there has been no detailed investigation into the availability of alternative accommodation. In addition there is a feeling that this option might meet with some political opposition.

In addition whilst combining three authorities would deliver cost savings in the long term the high cost of relocation would outweigh the benefits, certainly in the medium term. By relocating staff there would be a liability to cover the cost of travelling for an agreed period and the amount of travelling required would not meet the green agenda.

If Carlisle vacated its current accommodation it would be very difficult to let to a third party so it would either remain empty or other services would spread out increasing overall accommodation costs met by other services.

Copeland are tied in to a PFI arrangement for their accommodation for a further 21 years.

However shared service operations of up to 300,000 population (Allerdale, Copeland and Carlisle) councils combined population approx 260,000) would appear to deliver cost savings when the volumes increase giving economies of scale. See appendix 1. When comparing performance in respect of collection rates, benefit turnaround times, accuracy, and customer satisfaction, shared services operations significantly outperform outsourced service delivery options.

6.2 Impact assessment

- (i) Increased capacity / capabilities delivering economies of scale –

Score = 3

With all staff working on one site there would be an increase in capacity together with providing economies of scale. The increase would bring with it a level of resilience together with the ease of co-ordinating tasks, liaising with and management of staff. However the initial transfer would see a short term drop in service and could see a loss of trained staff who do not want to travel.

The larger organisation would be able to negotiate better costs for goods and services, for example IT systems, bailiff fees, stationery, printing etc.

- (ii) Improved service performance for councils' customers –

Score = 2

Whilst working from one site would improve the consistency of the service it would also mean that the existing offices would lose expertise and support for front line services. However it could improve processes by building on best practices and streamlining procedures.

There would be a loss of local knowledge particularly important in the relationship between the Council and its debtors.

- (iii) Taking advantage of the fact that Carlisle and Copeland councils already operate a shared management service for revenues and benefits and Carlisle and Allerdale have recently established their ICT shared service – this option would build on the existing arrangements but further extended to one shared management and IT arrangements for all three authorities, based on the new site **Score = 3**

- (iv) The provision of a model for future “transactional” shared service initiatives – if successful this model would provide a set of terms and conditions that

could be adopted by future shared service arrangements. This could be through a venture company or a solution delivered by one authority. The costs of operating through a venture company would not include support charges but would be included in a Council led solution - **Score = 3**

6.3 Cost/benefit analysis

The overall implementation costs for each option together with the IT Costs and the anticipated annual revenue cost reduction and financial benefits.

Whilst no analysis has taken place, it is likely that the up-front implementation costs of securing accommodation for this option would be high and in addition to the cost of option 4. **Score = 1**

The costs of IT could be slightly less than all three authorities sharing a system on three sites if less servers and licences were required but no analysis has been undertaken. **Score = 3**

Ongoing revenue costs would be slightly reduced but recharges for support services would still remain. **Score = 2**

6.4 Human resources implications

An assessment of the overall level of human resources effort required, complexity or arrangements, and service disruption that would be caused by adopting the specific option.

This option would require staff to relocate to accommodation that could be a number of miles away from their existing place of work and/or home. Not only would this incur some costs but would have a detrimental effect on the environment.

There could be potential to lose experienced staff as well as requiring a change to terms and conditions, with many issues to be resolved.

Working from home is not always an option but could be considered for some roles to alleviate some of the problems. However some travel to the office would still be required for meetings, training, etc.

Whilst this option would see a reduction in numbers of staff (and therefore cost) there would be resilience through the numbers of staff on one site. **Score = 1.5**

6.5 Governance implications

In terms of the effort and complexity of setting up a new service delivery model, including appropriate legal and contractual activities.

This option would require the three councils to enter into a contract with one authority becoming the service provider. The contract would be the means whereby the shared service would be defined in terms of delivery, duration, modification and dispute resolution. **Score = 3**

6.6 Risk Analysis

Assessment of the high level risks associated with the service delivery option.

Service Risk

It was considered by the work packages that this option would have a negative impact on performance, certainly in the short term through disruption and loss of experienced staff who were not willing to relocate. **Score = 2**

Financial Risk

This option would require a large investment in new accommodation as none of the authorities have capacity to take on the number of staff required. There would also be existing costs that could not be eliminated. **Score = 1.5**

Reputational Risk

There would be minimal risk to the reputation as performance and customer satisfaction could be maintained and monitored through an SLA. Score = 3

7.0 Analysis of Option 4

Joint service delivery

7.1 Overview

When comparing performance in respect of collection rates, benefit turnaround times, accuracy, and customer satisfaction, shared services operations significantly outperform outsourced service delivery options.

This option would allow each authority to retain their existing accommodation but would require some negotiation of what service was to be delivered from which site.

7.2 Impact assessment

- (i) Increased capacity / capabilities delivering economies of scale –
The increase in staff numbers and streamlining of processes would bring with it a level of resilience together with the ease of co-ordinating tasks, liaising with and management of staff. However the initial transfer would be likely to see a short term drop in service.
The larger organisation would be able to negotiate better costs for goods and services, for example IT systems, bailiff fees, stationery, printing etc.
Score = 3
- (ii) Improved service performance for councils' customers –
By delivering a joint service the customer would benefit from an improved more efficient service whilst retaining expertise and support for front line services. In addition it could improve processes by building on best practices and streamlining procedures, work to align procedures has already started. There would be no loss of local knowledge which is particularly important in the relationship between the Council and its debtors. **Score = 3**
- (iii) Taking advantage of the fact that Carlisle and Copeland councils already operate a shared management service for revenues and benefits and Carlisle and Allerdale have recently established their ICT shared service –
This option would build on the existing arrangements but further extended to one shared management and IT arrangements for all three authorities. Whilst the staff would remain on three sites managers would be peripatetic and IT could be centrally based on one site. **Score = 3**
- (iv) The provision of a model for future “transactional” shared service initiatives

If successful this model would provide a set of terms and conditions that could be adopted by future shared service arrangements. **Score = 3**

7.3 Cost/benefit analysis

The overall implementation costs for each option together with the IT costs and the anticipated annual revenue cost reduction and financial benefits.

The implementation costs would need to include provision for redundancy or early retirement in order to reduce the numbers of supervisors/managers and staff. **Score = 2**
There would be some costs associated to IT if the servers etc remained on all three sites. However consideration should be given to hosting the systems on one site therefore savings could be generated. **Score = 2.5**

Ongoing revenue costs would be slightly reduced but recharges for support services could be absorbed. **Score = 2**

7.4 Human resources implications

An assessment of the overall level of human resources effort required, complexity or arrangements, and service disruption that would be caused by adopting the specific option.

There would be a requirement to change terms and conditions, with many issues to be resolved, but this option would allow staff to work from the most convenient office. Only the managers would be expected to travel between sites, therefore minimising the carbon footprint.

Working from home is not always an option but could be considered for some roles to alleviate some of the problems. However some travel to the office would still be required for meetings, training, etc. **Score = 2**

7.5 Governance implications

In terms of the effort and complexity of setting up a new service delivery model, including appropriate legal and contractual activities.

This option would require the three councils to enter into a contract with one authority becoming the employer for the revenues and benefits service. The contract would be the means whereby the shared service would be defined in terms of delivery, duration, modification and dispute resolution. Each council would develop means whereby corporate governance and the involvement of elected members could take place.

Score = 1.5

7.6 Risk Analysis

Assessment of the high level risks associated with the service delivery option.

Service Delivery

The risk to service delivery is mitigated by the three councils delivering at each.

Score = 2.5

Financial Risk

Financial risk is mitigated by joining up ICT solutions and resources to give flexibility and resilience. **Score = 2**

Reputational Risk

There would be minimal risk to the reputation as performance and customer satisfaction could be maintained. **Score = 3**

8.0 Evaluation summary

There follows a summary of each of the above assessment criteria

8.1 Impact Assessment

The following table provides a summary of the positive impact that each service delivery option would make to achieving the key drivers established at the initiation of the project initiation stage, with scoring based on the most positive impact achieving 3 points, reducing to 0 equating to no benefit:

No	Service Delivery Option	Increased capacity / capabilities delivering economies of scale	Improve Service Performance for Councils' customers	Take advantage of CCC/CBC using Academy & CCC/ABC IT shared services implementation	Provide a model for future "transactional;" shared services	Total
1	A revenues and benefits service hosted externally (outsourced)	2	1	0	2	5
2	Enhanced single council service delivery	1	1.5	1	0	3.5
3	Authorities outsource all revenues and benefits service to another	3	2	3	3	11
4	Joint service delivery	3	3	3	3	12

8.2 Cost / Benefit Analysis

This assessment concentrates on the financial benefit, the overall implementation costs for each option together with the IT costs and the anticipated annual revenue cost reduction.

No	Service Delivery Option	Implementation Costs	IT Costs	Reduced Ongoing Revenue Costs	Total
1	A revenues and benefits service hosted externally (outsourced)	3	3	1	7
2	Enhanced single council service delivery	3	1.5	0.5	5
3	Authorities outsource all revenues and benefits service to another	1	3	2	6
4	Joint service delivery	2	2.5	2	6.5

8.3 Human Resources Analysis

This assessment concentrates on the human resources implications, the overall level of effort required, complexity or arrangements, and service disruption that would be caused by adopting a particular delivery route.

No	Service Delivery Option	HR Complexity
1	A revenues and benefits service hosted externally (outsourced)	1.5
2	Enhanced single council service delivery	3
3	Authorities outsource all revenues and benefits service to another	1.5
4	Joint service delivery	2

8.4 Governance Analysis

This assessment concentrates on the governance implications, in terms of the effort and complexity of setting up a new service delivery model, including appropriate legal and contractual activities.

No	Service Delivery Option	Legal/ Governance Complexity
1	A revenues and benefits service hosted externally (outsourced)	3
2	Enhanced single council service delivery	3
3	Authorities outsource all revenues and benefits service to another	3
4	Joint service delivery	1.5

8.5 Risk Analysis

An assessment of the high level risks associated with each service delivery option:

	Service Delivery Option	Service Risk	Financial Risk	Reputational Risk	Total
1	A revenues and benefits service hosted externally (outsourced)	1	1	1	3
2	Enhanced single council service delivery	2	1	2	5
3	Authorities outsource all revenues and benefits service to another	2	1.5	3	6.5
4	Joint service delivery	2.5	2	3	7.5

8.6 Assessment Summary

No	Service Delivery Option	Total Score
1	A revenues and benefits service hosted externally (outsourced)	19.5
2	Enhanced single council service delivery	19.5
3	Authorities outsource all revenues and benefits service to another	28
4	Joint service delivery	29.5

8.7 Weightings

The following weightings were then applied to each of the following sections:

Assessment Area	Weighting
Impact Assessment	25
Cost / Benefit Analysis	35
Human Resources	15
Governance	10
Risk Analysis	15

A simple totalling exercise for all areas together with the subsequent application of the above weightings has given an overall score out of a maximum of 100 against each service delivery option:

Option	Service Delivery Option	Score		Weighting Factor		Weighted Score
1	A revenues and benefits service hosted externally (outsourced)					
	Impact Assessment	5	X	2.5	=	12.5
	Cost / Benefit Analysis	7	X	3.5	=	24.5
	Human Resources	1.5	X	1.5	=	2.25
	Governance	3	X	1	=	3
	Risk Analysis	3	X	1.5	=	4.5
	TOTAL					46.75
2	Enhanced single council service delivery					
	Impact Assessment	3.5	X	2.5	=	8.75
	Cost / Benefit Analysis	5	X	3.5	=	17.5
	Human Resources	3	X	1.5	=	4.5
	Governance	3	X	1	=	3
	Risk Analysis	5	X	1.5	=	7.5
	TOTAL					41.25
3	Authorities outsource all revenues and benefits service to another					
	Impact Assessment	11	X	2.5	=	27.5
	Cost / Benefit Analysis	6	X	3.5	=	21
	Human Resources	1.5	X	1.5	=	2.25
	Governance	3	X	1	=	3
	Risk Analysis	6.5	X	1.5	=	9.75
	TOTAL					63.50
4	Joint service delivery					
	Impact Assessment	12	X	2.5	=	30
	Cost / Benefit Analysis	6.5	X	3.5	=	22.75
	Human Resources	2	X	1.5	=	3
	Governance	1.5	X	1	=	1.5
	Risk Analysis	7.5	X	1.5	=	11.25
	TOTAL					68.50

8.8 Option Sensitivity Analysis

A sensitivity analysis review has identified that the scoring system used is robust and is not sensitive to significant changes.

The analysis involved manipulating the weightings across each section to reach a point where the overall rankings are affected.

8.9 Recommendation

This above evaluation, including the sensitivity analysis, confirms that **Joint Service Delivery** is the preferred option and this is recommended for approval.

The remainder of this business case is taken forward on the basis of joint service delivery being the recommended option.

9.0 Preferred Option – Joint Service Delivery

9.1 Summary

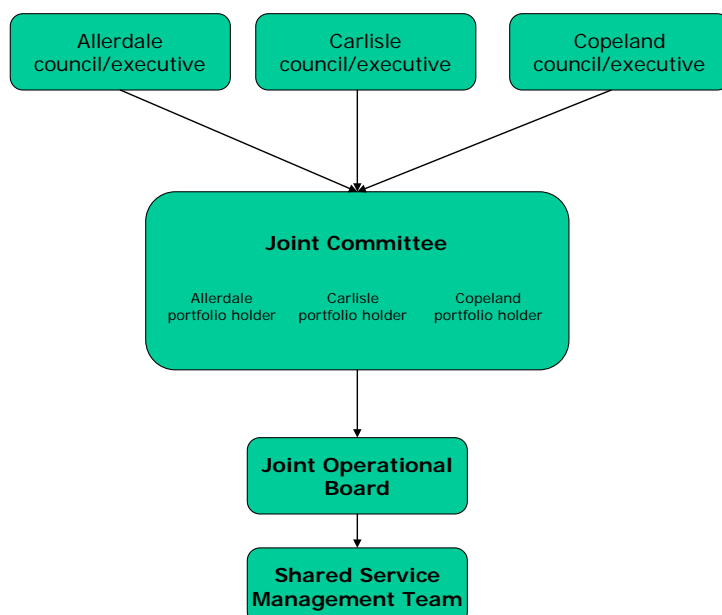
The preferred option following analysis shown previously would be to provide a joint service across the three authorities with one being the employing Council. All services will operate from each site, e.g. both revenues and benefits staff will provide their services they will not be split into separate sites. There will be a manager at each to ensure that standards and targets are being met. Taking into account the customer surveys, it is important that local delivery and high satisfaction ratings are maintained and this option would be the best fit for this. In addition, joining up the three services will provide additional resilience, more effective working and potential to increase efficiencies in future by joining up systems and infrastructure. Customer service front line delivery has not been included in this business case and will still be provided on each site.

This section of the Business Case expands on the preferred option of **Joint Service Delivery** under the following sections:

- Governance/Legal Arrangements & Service management
- Organisational Structure
- Finance
- IT Systems
- Human Resources
- Implementation of the Service
- Communications

9.2 Governance Arrangements for the Shared Service

Overview - The following diagram summarises the proposed governance arrangements, which are explained further below:



This structure will install a control framework to ensure effective delivery of services to all three councils in a fair and equitable manner, maintaining corporate visibility and involvement at all levels.

The approach proposed broadly follows the governance arrangements that have already recently been established for the Allerdale/Carlisle ICT Shared Service. The shared

service legal framework developed by Allerdale/Carlisle legal teams, and embodied into formal agreements by Eversheds solicitors, was designed with a view that it could be extended if/when required to accommodate additional shared services and/or partner council(s).

9.2.1 Revenues and Benefits Joint Committee

A joint member committee will be established which will include the appropriate portfolio holder(s) from each authority.

The exact powers of the committee will need to be determined, however it is anticipated that the Executive / Council at each organisation will grant delegated powers to the joint committee to provide the strategic control of the delivery of the Revenues and Benefits Shared Service. A single revenues and benefits service strategy will be developed, agreed and refreshed on an annual basis. This strategy will be approved by all councils and will form the basis for a forward planning of the service and its delivery over the medium term horizon (3-5 years).

Note: In considering observations made by Meritec, in verifying the Business Case, legal advice will be sought on the benefits of setting up the shared service as a joint venture. Such arrangements are likely to be progressed as a later initiative but will be considered within the design phase.

9.2.2 Revenues and Benefits Joint Operational Board

The operational direction of the Revenues and Benefits Shared Service will be managed by a single Joint Operational Board comprising directors/heads of service from each organisation, supported by Finance, HR and other resources as required.

The Joint Operational Board will be responsible for directing the focus of the Revenues and Benefits Shared Service, including risk allocation, financial matters and overall service delivery control.

Responsibility for chairing and leading the joint steering board will rotate between directors, and hence councils, on an annual basis.

To ensure flexibility and responsiveness for the service, the Revenues and Benefits Partnership Manager will be granted delegated powers, within agreed budgets and policies, by the Joint Operational Board to act in the best interests of the service and its users.

9.2.3 Revenues and Benefits Shared Service Management Team

Day to day management and delivery of the Revenues and Benefits Shared Service will be undertaken by a single management team, led by the Revenues and Benefits Partnership Manager and supported by the three functional area managers within the organisational structure as described below.

9.2.4 Member engagement

The Revenues and Benefits Partnership Manager will be responsible for meeting with, and reporting to, portfolio holders on a joint basis with a schedule to be agreed with the three councils as well as presenting reports to executive committees as required.

In addition, the directors and/or Revenues and Benefits Partnership Manager will attend scrutiny committees at each council as required.

9.2.5 Shared service agreement

Subject to approval of the business case, a formal shared service agreement will be established between the councils to include (but not limited to):

- Governance arrangements as described above.
- Dispute resolution procedure, including independent arbitration arrangements.
- Agreement to the creation and adherence to a joint service delivery strategy for all three councils.
- The purpose and establishment of the Partnership.
- The duration, nature and governance of the Partnership.
- Services to be provided.
- Service provision details within agreed strategies and policies (e.g. counter-fraud strategy)
- The Joint Committee & Joint Operational Board.
- The accountable/lead Authority (if appropriate),
- Budget contributions, including capital funding obligation for the duration of the contract.
- Delegation of decision making,
- Review
- Indemnity
- Access to information
- Retention of records
- Bribery and corruption
- Conflict of interest
- Contract extension process
- Contract termination process
- Variations to the agreement
- Statutory compliance
- Procurement arrangements
- Performance levels and reporting

Members of the Revenues and Benefits Shared Service Management Team will also act as service level managers working with stakeholders both within the three councils and with external bodies (including audit) to measure and maintain ongoing performance.

Customer satisfaction surveys will be undertaken on a regular basis, with scheduling to be agreed, which will be used as a benchmark and ongoing measurement of performance.

Performance management will be undertaken by all three managers with overall responsibility held by the Performance Manager for the provision of statistical and qualitative information to the Joint Operational Board. The table below notes the draft performance requirements which have been built around the level of staffing and improvements expected of a joined up approach to service delivery.

9.2.6 Performance Monitoring

Quarterly performance reports to Members will be fed through each council's Covalent monitoring reports. Also exception reports with actions to address the issues will be agreed with The Board where necessary.

DRAFT PERFORMANCE REQUIREMENTS

(Targets set by individual councils)

Performance Definition	Year			Comment
	2010/11	2011/12	2012/13	
Revenues				
% of Council Tax collected within year demanded - Carlisle Copeland Allerdale	97.3 98.5 97.75	97.4 98.5 98.0	97.5 98.5 98.25	Very stretching targets bearing in mind the current state of economy. May need to be reviewed based on 2009/10 performance.
% of Council Tax collected within 3 years.	99	99	99	
% of NNDR collected in year demanded - Carlisle - Copeland - Allerdale	98.6 99.4 98.75	98.6 99.4 99.0	98.7 99.4 99.15	
Benefits				
Average of turnaround times for new claims and change of circumstance (measured in days).	12	12	12	Stretching targets - no DWP benchmarking figures yet, long term aim top quartile. Carlisle/Copeland currently achieving 10/14 days.
% Number of increases and decreases in Benefit compared to base number.	90%	90%	90%	
Fraud detection targets – no of sanctions	110	115	120	
Customer Contact				
Response to letters and e-mails average working days.	10	10	10	CLASB targets very ambitious particularly for letters and telephones at peak times.
% of telephone calls answered within 20 seconds.	85	85	85	
Face to face customers on Revenues and Benefits matters seen within: - (minutes).	15	15	15	

9.2.7 Potential Downturn in Performance

In managing such a fundamental change in Revenues and Benefits service delivery, particularly in respect of ICT system downtime during the software conversion process, there will be some downturn in performance.

This usually manifests itself in delays in processing claims for Housing and Council Tax Benefit.

The shared service proposals mitigate the backlog and performance dip in the following ways:

- a) Experienced technical staff with many years experience of operating the Academy Revenues and Benefits software (within Carlisle and Copeland) will assist Allerdale in providing user technical and training support in helping their conversion from Pericles to Academy run smoothly resulting in reduced downtime and less conversion problems. Allerdale practitioners will provide similar support for Carlisle and Copeland's conversion to Civica DIP/Workflow;
- b) By providing more resilience, i.e. a larger number of experienced staff based at the three locations will be able to work on all three council's work as well as target Allerdale work backlogs allowing performance to get back to normal quicker;
- c) The 3 councils have 'ringfenced' DWP benefits administration grant available earmarked by the DWP to resource benefits work including backlogs during the recession in 2008/09 and 2009/10 should it be required. Some of this ringfenced grant, say up to £300,000, will be used to buy in additional resources to help address the short-term backlog.

9.3 Proposed Organisation Structure

The proposed Revenues and Benefits Shared Service would operate over three sites with each site delivering all services directly to the customer. Details of the functional roles and responsibilities are shown below:

The **Partnership Manager** would have overall strategic, operational and financial responsibility for the service and would be accountable to the joint operational board. The Partnership Manager would be responsible for successfully implementing the new Revenues and Benefits Shared Service and would have responsibility for the ongoing developments of the shared service and working arrangements.

The **Management Team** would comprise of the Partnership Manager supported by the three Service Managers. Shared responsibilities include:

- Rotating deputy partnership manager of revenues and benefits on 6 monthly basis.
- Responsibility for operational management (i.e. service delivery) and business development and improvement.
- Shared financial responsibilities.

- Support for, and engagement with, public and private sector partnerships.
- Taking an active role in the consideration and development of any further back office shared services.
- It is intended that the three service managers would be 'hands on' roles and facilitate revenues and benefits processing/determination at each of the locations.
- Each manager will manage a particular aspect of services as well as managing the location at which they are based.

The **Benefits Manager** would have responsibility for the Benefits Service delivery together with Customer Services Support, across the three locations, and the Assessment Teams would undertake the following functions:

- Benefits verification, determination and administration for all housing and council tax benefit claims.
- Administration, billing, collection and recovery of housing benefit overpayments and administrative penalties.
- Monitoring and determining requests for reconsiderations and appeals.
- Benefit fraud prevention, detection and deterrence.
- Applying discretions in appropriate circumstances.
- Providing resources for customer requirements to be handled by experienced and trained staff: avoiding duplicate handling.

The **Performance Manager** would have responsibility for the business support and development role, across the three locations, and the performance team would undertake the following functions:

- IT user-technical expertise and control.
- Creating and maintaining performance monitoring tools and options.
- Performance management and providing management information.
- Controlling the Discretionary Housing Payment (DHP) budget.
- Controlling benefits subsidy: including estimates, claims and handling audit inspections.
- Calculation of tax base estimates
- Controlling quality assurance.
- Control and balancing of records to the Valuation Office Agency lists.
- Designing and delivering appropriate training (regulations and software changes).
- Submitting statutory returns and information to Central Government.
- Developing service delivery e.g. e-government technology and agenda.
- Incoming post handling and document management system operations.
- Overall co-ordination of annual uprating and main billing: excluding responsibility document production and issue.
- Reconciliation and control of cash, credits/debits and interface balancing.

The **Revenues Manager** would have responsibility for the Revenues Service delivery together with Customer Services Support, across the three locations, and the Processing Teams would undertake the following functions:

- Administration, billing, collection and recovery of council tax and national non-domestic rates and business improvement districts (BIDs).
- Processing and maintaining records of valuation list amendments.
- Administering discounts, reductions and exemptions.
- Applying discretions in appropriate circumstances.
- Using all and applying best methods applicable for maximising tax collection.
- Managing the external visiting resources available to assist operations.
- Providing resources for customer requirements to be handled by experienced and trained staff: avoiding duplicate handling.

- The printing, collation and issue of all documentation in connection with annual uprating and main billing: including liaison with printers and IT.

Procurement would be controlled and commissioned from within the Revenues and Benefits Shared Service; however actual procurement would be undertaken centrally by Corporate Procurement team(s).

Included in the structure there will be three **Deputy Revenues and Benefits Managers** who will be generic managers for the locations within which they are based e.g. line managers for Team Leaders, dealing with personnel administration, local performance adherence, team meetings etc.

9.4 Staffing Levels

The following table provides a summary of the proposed staffing levels, including transition levels from the old to the new structure: The draft organisational structure is shown in Appendix 4.

<u>Permanent Staff:</u>	Draft	Existing	Diff:	Permanent	Vacancies	Temps	To Retire	Totals:	Overall Diff:
Managers	7.00	9.00	-2.00	7.00	1.00	1.00	0.00	2.00	0.00
Team Leaders	9.00	14.00	-5.00	13.00	2.00	-1.00	0.00	1.00	-4.00
Senior Officers	10.00	8.48	1.52	7.98	0.00	0.50	0.00	0.50	2.02
Officers	82.50	87.41	-4.91	79.24	4.17	3.00	0.00	7.17	2.26
Assistants	15.00	15.92	-0.92	15.42	0.00	0.50	1.00	1.50	0.58
Totals	123.50	134.81	-11.31	122.64	7.17	4.00	1.00	12.17	0.86

Functional Area	Current	Proposed
Managers (Heads of Service)	*1.00	1.00
Managers (Locations/Teams)	8.00	6.00
Team Leaders	14.00	9.00
Senior Officers	8.48	10.00
Officers	81.91	82.50
Assistants	21.42	15.00
	134.81	123.50
Net Result		11.31

The proposed structure of 123.5 allows for permanent posts for all permanent personnel on the structure. However not all at their current grade/responsibilities. See 2.8 above

* Currently there are three heads of service but at Allerdale and Copeland these have other responsibilities for service delivery and customer contact centres and not just revenues and benefits. Therefore we have estimated that one full time head of service would be required.

Please note that the staffing allocations detailed within this table are an initial view and are subject to change as the Revenues and Benefits Shared Service is implemented, however it is anticipated that the overall total number of staff would not change.

9.5 Salaries and Terms & Conditions

New job descriptions and person specifications will be developed for all roles following the agreement of the business case and prior to any recruitment.

The new structure and posts would adhere to the nationally agreed 'Green Book'⁹ Local Government terms and conditions, subject to local variations.

There has been an examination and comparison of the job evaluation results in costing the initial business case. However certain jobs in the new structure will require re-evaluation under the employing authority's JE model, for example managers, team leaders, senior officers and fraud officers. See HR section below.

Salaries will be set depending upon the outcomes of the job evaluation and pay review processes.

The exact approach to alignment of terms and conditions will be agreed as part of phase 1 and progressed by the HR assimilation process: subject to the approval of the business case.

9.6 Support Arrangements (Accountancy / HR / Legal / Project Management etc)

Internal arrangements will be finalised as part of the phase 1 implementation and will be subject to the final service delivery model adopted.

⁹ See <http://www.lge.gov.uk/lge/core/page.do?pagelId=119175>

9.7 Financial Appraisal

9.7.1. General

Between the 3 Authorities, over £7.5million will actually be expended in 2009/10 in the form of employee related costs, premises related costs, transport, supplies and services and internally generated support service charges to administer the Revenues and Benefits function. Unfortunately, due to the disparate accounting and cost allocation methods adopted in each Authority, particularly in respect of direct and indirect support service costs, it has not been possible to set out a meaningful like for like cost categorisation comparison for this business case.

This is not a critical omission at this particular stage of the project because it was acknowledged at the Project Board that in order to establish an initial financial case, concentration would be focused on salaries and salary related on-costs for back office staff and ICT expenditure requirements which are the key issues for the shared service. It is anticipated that further savings may be identified upon further analysis of the full financial position of each Authority's service.

9.7.2. Staffing Costs

In respect of staffing costs, Table 1 below provides current 2009/10 cost levels authority by authority calculated on the following basis:

- In terms of overall staff numbers, 134.81 FTE posts were identified as being in-scope equating to 52.30 FTE's at Carlisle, 39.52 FTE's at Copeland and 42.99 FTE's at Allerdale (i.e. excluding 5.39 FTE posts which have already been taken out of their establishment and the savings taken in advance)
- The basic salary costs for these posts were evaluated on the grading outcomes of the Job Evaluation exercises conducted in each Authority. For comparative purposes, basic salaries were calculated for each post at the top of the new J/E grading structure within each Authority utilising 1/4/08 grading levels plus 2.5% (subsequently agreed at 1%) in lieu of the April 2009 pay award.
- Salary on-costs were calculated on a uniform basis with National Insurance and Superannuation charges being evaluated on the premise that all employees participate in the Local Government pension scheme. Similarly, for consistency purposes, a standard mid rate of superannuation contribution was utilised regardless of which Authority each post was located. It should be noted that the next Triennial pension revaluation is due to take effect on 1/4/2011.

Table 1

	Allerdale £000	Carlisle £000	Copeland £000	Total £000
Current costs based on post JE assumptions	1,127	1,525	1,112	3,764

Benchmark information suggests that the 3 Council's already operate in the lowest (i.e. most efficient) quartile in terms of staff numbers. However, the proposed structure for the 3 Authority shared service has 123.5 FTE posts representing an overall reduction of 11.31 FTE's, (i.e. excluding 5.39 FTE posts which have already been taken out of their establishment and the savings taken in advance) This facilitates a significant reduction of the proportion of management posts but substantially retains the main processing team numbers in order to provide the resilience required.

Based upon the draft grading structure for the shared service, the overall cost has been assessed at £3,495k per annum based at the top of the scale for each remaining member of staff, reflecting a saving of over £388k per annum after taking account of £119k in advance staff savings taken by Allerdale (which will be reflected in their savings share)

9.7.3 ICT Costs

With regard to current and future shared service ICT costs, Table 2 below details the current revenue costs of revenues and benefits software, licences etc. Also the estimated revenues costs under Academy's shared service proposals and the 6 year cost taking account of revenue and implementation costs. A more detailed overview of the ICT systems and process is shown in Appendix 5.

Table 2

	Allerdale £000	Carlisle £000	Copeland £000	Total £000
Annual revenue cost: Current:	77	76	105	258
Proposed shared arrangement	59	63.0	49.0	171
Capital costs of implementing shared service ICT	382.0	195.0	215.0	792.0
Six year costs (not including initial capital outlay)				
Current	462.0	456.0	630.0	1548
Proposed	381	387.0	325.0	1093
Saving (rounded to nearest £1k)	81	69	305	455

Note 1

The above costs indicate a potential 29.4% reduction in annual revenue by adopting Academy in each authority. Capital Costs are significantly higher in Allerdale as the proposal requires new hardware, a total suite of new software plus the associated data conversion and implementation. All costs are as extracted from the Academy tender submission and a number of their initial service costs will be the subject of negotiation following confirmation of organisational requirements. Initial negotiations have reduced the 6 year cost by £150,000 through Carlisle providing part of the training and some rationalisation in hardware configuration.

It should be noted that Allerdale will need to incur significant implementation costs irrespective of whether or not the shared service business case is robust. Northgate have provided indicative implementation and revenue costs of approximately £542,042 (see note 2 below) over the same 6 year period.

The technical infrastructure proposed as part of the potential Capita Academy implementation has the following benefits:

- The proposed shared service arrangement with one system across the three councils would provide reduced revenue costs of around £455,000 over a 6 year period.
- The infrastructure would involve the system running across two server and storage environments running at two sites. This, together with network links between the three main council sites would give the partnership greatly enhanced levels of business continuity resilience by removing the current reliance upon a single instance of each system.
- The proposed implementation of the Academy system will include functionality that would allow any user, with appropriate permissions, to operate effectively on behalf of each of the three Councils from their existing location.
- The migration to the Academy system, together with migration to the Civica Electronic Document Management system (as currently used by Allerdale) would also result in the provision of electronic document management again with resilience across multiple sites. This also allows both Carlisle and Copeland the opportunity to provide a corporate EDMS within their authorities. They currently use EDMS just for revenues and benefits services.
- The proposed implementation of the Civica system would also allow users at any physical location to access and work on case documentation in electronic format for customers at any Council.
- The proposed implementation would enable economies of scale in terms of both ICT based technical administration and user department based administration of each system.
- The proposed ICT infrastructure future proofs the three council's for any transactional shared services entered into i.e. the network and business continuity proposals are powerful enough to extend to other services.

Note 2

Allerdale have a proposal from Northgate to upgrade Pericles to Northgate's own revenues and benefits software and operating system, the equivalent 5 year costs being:

Capital costs	£213,920
Revenue costs	<u>£328,122</u>
Total	£542,042

The Northgate costs are based on their proposals, whilst the infrastructure and other third party costs are estimated. It should be noted that the current server and storage infrastructure for the Pericles system are at end of life and therefore could not be reutilised for a new system. Therefore there would be considerable extra costs to add to the total above.

When comparing the options this would not give Allerdale any form of resilience across multiple sites and would also involve increased resources for the Shared ICT Service to technically administer/support two separate revenues and benefits applications. The user department(s) would also need two sets of administrators for the user aspects of the systems. If the revenues and benefits shared service does go ahead, then Allerdale working on a separate system would also fundamentally undermine the capabilities of the new service to work effectively across the three councils.

9.7.4 Other Direct Costs

Direct costs in respect of training, travel and subsistence, printing and stationery, postage, office equipment and furniture, post office and bank

charges, general expenses etc., will be based on current expenditure budget. Whilst there should be some saving in direct costs, savings are likely to be small so will not be accounted for in this business case.

9.7.5 Recharges

It is assumed for this draft business case that the revenues and benefits services will continue to pick up the cost of central recharges within each council on the same arrangements as currently. However a separate piece of work will be completed during the consultation phase.

9.7.6 Staff Restructuring Costs

The organisational restructuring savings are based on an overall reduction of 11.31 FTE members of staff by 30/06/10. Some of this reduction can be attributed to posts that are currently vacant or resourced by temporary appointments and there is also some impending natural wastage at Carlisle. However, there may still be a requirement for some redundancies at a management level and the current expectation is that up to 5 posts may fall into this category. As actual staff who may be affected by the proposed restructuring are unknown at the present time a provisional sum of £415,000 has been set aside to cover any costs of redundancy and pension liabilities based upon envisaged policies likely to be adopted within each Authority. In addition to redundancy costs, it would be likely that there would be some need for salary protection and a sum of £11,000 has been set aside bringing the overall staff restructuring costs up to £426,000.

Provisionally, for overall illustrative purposes, these potential costs are allocated over each Authority in accordance with the standard split based on activity levels of 35%, 28% and 37% for Allerdale, Copeland and Carlisle respectively which is the same split to be utilised for sharing staff savings. At this stage however that the treatment of termination costs and savings has yet to be agreed by the 3 Authorities. However Meritec have indicated there are no problems with the allocation based on properties/case load.

9.7.7 Additional Capital Costs and Savings

Table 3 below identifies estimated capital requirements for ICT development of £419,000 in 2010/11 and £70,000 in 2011/12 on the basis that Allerdale, Copeland and Carlisle continue to run separate Revenues and Benefits Systems. In respect of Carlisle, the funding of £155,000 has already been approved and set aside under the CCC Medium Term Financial Plan. In respect of Allerdale and Copeland, the funding would be subject to annual bids for funding in 2010/11 and 2011/12 respectively. Should the shared service go ahead, then Copeland would need to find additional funding of £145,000 to facilitate its share of the overall capital investment required whilst Allerdale and Carlisle would need to find £118,000 and £40,000 respectively. The sums indicated for each authority do include a capital contingency of £73,000 for prudence purposes i.e. this sum or part of this sum is actually expended then it would be shared out on a negotiated basis. For illustrative purposes Table 3 includes an equal allocation of the £73,000 between the three authorities. It should be noted that the overall capital programme would require phased payments over 2009/10 and 2010/11.

The shared service would yield significant revenue ICT cost savings of £455,000 over the 6 year period. These savings are reflected in the table

which shows each Authority taking an appropriate share of revised costs and varying levels of savings dependent upon existing costs. The table also identifies overall anticipated staff savings of £2, 215,000 over the 6 years 2010/11 to 2015/16. but at the same time makes a prudent provision for the costs of restructuring in the form of termination and salary protection costs of £426,000. Table 4 then goes on to identify the apportionment of the salary savings.

Table 3

	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	Total
Do Nothing								
Allerdale								
Capital		264	0	0	0	0	0	264
Rev-Salaries/oncosts		1246	1246	1246	1246	1246	1246	7476
Rev-IT Software		77	77	77	77	77	77	462
Copeland								
Capital		0	70	0	0	0	0	70
Rev-Salaries/oncosts		1112	1112	1112	1112	1112	1112	6672
Rev-IT Software		105	105	105	105	105	105	630
Carlisle								
Capital		155	0	0	0	0	0	155
Rev-Salaries/oncosts		1525	1525	1525	1525	1525	1525	9150
Rev-IT Software		76	76	76	76	76	76	456
ABC,CBC & CCC								
Total Capital		419	70	0	0	0	0	489
Total Staffing		3883	3883	3883	3883	3883	3883	23298
Total IT Software		258	258	258	258	258	258	1548
TOTAL- ALL COSTS		4560	4211	4141	4141	4141	4141	25335
Shared Service								
Allerdale								
Capital		382	0	0	0	0	0	382
Rev-IT Software		86	59	59	59	59	59	381
Partnership Manager								
+	13	0	0	0	0	0	0	13
Termination/Protection	145	4	0	0	0	0	0	149
Copeland								
Capital		215						215
Rev-IT Software		80	49	49	49	49	49	325
Project Management	13	0	0	0	0	0	0	13
Termination/Protection	116	3						119
Carlisle								
Capital		195	0	0	0	0	0	195
Rev-IT Software		72	63	63	63	63	63	387
Project Management	13	0	0	0	0	0	0	13
Termination/Protection	154	4	0	0	0	0	0	158
ABC,CBC & CCC								
Total Capital		792	0	0	0	0	0	792
Total Staffing		3,608	3495	3495	3495	3495	3495	21083
Total IT Software		238	171	171	171	171	171	1093
Project Management	39	0	0	0	0	0	0	39
Total Termination/Prot	415	11	0	0	0	0	0	426

TOTAL - ALL COSTS	454	4649	3666	3666	3666	3666	3666	23433
Costs (Savings)								
Allerdale								
Capital		118						118
Rev-IT Software		9	-18	-18	-18	-18	-18	-81
Project Management	13							13
Termination/Protection	145	4						149
Copeland								
Capital		215	-70					145
Rev-IT Software		-25	-56	-56	-56	-56	-56	-305
Project Management	13							13
Termination/Protection	116	3						119
Carlisle								
Capital		40						40
Rev-IT Software		-4	-13	-13	-13	-13	-13	-69
Project Management	13							13
Termination/Protection	154	4						158
ABC,CBC & CCC								
Total Capital Costs		373	-70	0	0	0	0	303
Total Staffing Savings		-275	-388	-388	-388	-388	-388	-2215
Total IT Rev Savings		-20	-87	-87	-87	-87	-87	-455
Project Management	39	0	0	0	0	0	0	39
Total Termination/Prot	415	11	0	0	0	0	0	426
TOTAL - ALL COSTS	454	89	-545	-475	-475	-475	-475	-1902

Table 4
Staff Savings Apportionment

	£000's	%	£000's	Less ABC Advance Savings	Savings over the 6yr period	Annual Savings
Allerdale	2,215	35	775	-714	61	10
Copeland	2,215	28	620		620	103
Carlisle	2,215	37	820		820	137

The financial analysis to date shows that from a financial perspective there are significant overall savings to be made by the 3 authorities from pursuing the shared service. The cost savings set out in this business case are anticipated to be the minimum that could be achieved.

In order to progress to the next stage, the appointment of a Partnership Manager would be required in November 2009 to initiate Phase 1 of the migration to a shared revenue and benefits service by June 2010. The cost of delivering Phase 1 has been assessed at £39,000 to cover the Salary and salary on-costs of the Partnership Manager, some part-time project support together with some travel and subsistence costs and for specialist HR and legal advice. These sums would be met equally between Allerdale, Copeland and Carlisle at cost of £13,000 per authority financed from existing revenues and benefits base budgets but are incorporated in the overall cost/savings table.

9.8 Human Resource Arrangements

As detailed in the implementation section of this business case it is recommended that during phase 1 an evaluation of the most appropriate employing authority is undertaken.

The criteria used will be based on the lessons learned from the ICT shared service project and will be relevant to the revenues and benefits case.

Once a decision is taken on the employing authority, staff from the non-employing authorities will be transferred to that authority's payroll and terms and conditions whilst they continue to be based at their existing place of work.

HR implications will need to be properly considered and consulted on during the design phase and prior to the start date of the partnership.

Also learning from the experience of the ICT shared service it is essential that the aligning of terms and conditions are agreed prior to the commencement of the shared service. In order for this to happen the differences between the three organisations have been highlighted and work will commence on this after approval of the business case. There has also been an examination and comparison of the job evaluation results in costing the initial business case. However certain jobs in the new structure will require re-evaluation under the employing authority's JE model, for example managers, team leaders, senior officers and fraud officers.

There are a number of posts where the job descriptions will remain unchanged and staff will be recruited to these by ring fencing applications from staff who are currently fulfilling these roles or have been unsuccessful in applying for a higher level post within the shared service, for example a manager may want to apply for a senior officer post. If there are excess applicants for the post the selection process will be by conducting interviews and tests.

Where the jobs have changed or there is more than one possible applicant a process will be undertaken to establish which staff may be assimilated into posts, this is envisaged by using existing criteria by the employing authority. Any increases through JE reviews will be backdated to the start of the appointment. Any decreases will apply from the date of the JE score.

Where possible a reduction in staff numbers will be achieved by natural wastage.

However any requests for early and/or flexible retirement will be considered only where there is a business need or where compulsory redundancy is the only alternative.

Remote working will be encouraged where it has been identified that the role can be covered by this method of working.

All HR implications such as training and development requirements will be identified throughout phase 1 of the project. Specific, individual staff requirements will be identified during the annual performance management reviews and service plans developed for the shared revenues and benefits (i.e. excluding 5.39 FTE posts which have already been taken out of their establishment and the savings taken in advance) service.

Any revision of terms and conditions will be subject to consultation with Trades Unions. It is envisaged that the work identified for HR will be completed by March 2010.

9.9 Customer Service

The aim of the shared service is to produce an improved customer service.

- There will be greater business resilience due to staff on three sites being able to work on any authorities' caseload. IT will also have a greater resilience due to the availability of three separate sites.
- There will be a greater number of satellite offices where customers can go for customer service through Local Links.
- Improved performance on turnaround time benefit claims assessed in 12 days compared to between 14 and 16 days currently.
- Meeting the new Benefit KLoE's which are customer focused and requires the benefits service to be designed around the needs of benefit claimants and evidencing that their needs have been consulted on and taken into account..

Note: The shared service arrangements will be supported by service level agreement with the three customer contact centres. This Service Level Agreement (SLA) will include proposals to deliver the revised customer focused benefit KLOE's in better designing the service around customer requirements e.g. more local provision of advice and simple determinations / assessment undertaken in the customer contact centre. The team will also suggest training requirements within the three Councils to deliver the SLA.

9.10 Phased implementation of the shared service

9.10.1 Migration to the New Organisational Structure

Based on the assumption that all three councils adopt the Academy / Civica operating systems to the agreed models by 1st July 2010, the migration to the new structure would be implemented in a phased approach, as a separate and distinct project. The outline action plan below represents either known or reasonably assumed key dates or possible known or perceived constraints. This is seen as very much a dynamic document which will change with time factors and there is a high probability that there will be addition to the key points already detailed. A detailed project implementation plan will be drawn up within the Project Initiation Document.

9.10.2 Initial Action Plan

Design Phase (October 2009 to March 2010)

Assumptions/Joint Agreement - The implementation of the shared service will at this stage need to be considered based on certain assumptions in the absence of final agreement.

- 1 The first and probably the most important assumption to the progression of the project as a whole is that there is universal approval of the business case by all three councils involved by September/October 2009.
- 2 Allerdale has made a conclusive decision and chosen Capita's software system based on cost/benefit over the Northgate-IS proposal.
- 3 In terms of software systems for both revenues and housing and council tax benefits, all three council will adopt Capita/Civica. It is assumed that the three councils will have the systems fully operational and implemented by July 2010. While this is the preferred date of implementation there is some contingency around this date up until the end of September 2010 at which point Northgate-IS withdraw support for Allerdale's current Pericles system. Therefore September 2010 becomes a critical date in terms of system implementation.
- 4 Allerdale and Carlisle Shared ICT service, and other technical users, being available to offer assistance for the implementation of Academy due to technical expertise and previous experience in the implementation of Academy. Also similar technical expertise is held with regard to Civica by Allerdale and knowledge and expertise can be offered to both Carlisle and Copeland. Because all three councils have both Capita and Civica in operation the assumption again is that because of pooled expertise and knowledge there could be a reduction in transitional costs because of previous experience with implementations.
- 5 All three councils are currently operating a vacancy management policy.

- 6 Phase 1 (the Design Phase) will commence on 1st September 2009. A 'design' action plan has been drafted (see appendix 6) detailing areas of work, responsible officer, timescales etc. covering work required in preparing implementation of the shared service. This design action plan addresses all the issues raised during the staff, union and member consultation. Also, addresses issues raised during the 3rd party external verification of the draft business case. Under the plan, it is proposed to recruit an interim Partnership Manager, during November/December 2009, initially to oversee the implementation of the shared service during the period December 2009 to September 2010.
7. The deliverables during the design phase will include:
- Development and approval of a Project Initiation Document and action plan for the overall programme;
 - Establishment of Programme Board
 - Evaluation of the employing authority;
 - Senior user conversion work for the implementation of ICT systems (Sept to Feb);
 - Finalisation of policies, practices and procedures;
 - Finalisation and recruitment to the new structure;
 - Finalise terms and conditions and HR issues;
 - Finalise governance arrangements;
 - Finalise support arrangement.

9.10.3 Phase 2 (January 2010 to September 2010)

- Final implementation of ICT systems (May to July)
- Go live with new structure and shared service arrangements (Management structure by 1st April with the remaining structure phased in from April to September 2010).

9.10.4 Summarised Action Plan

Key Date	Action	Constraints
Sept/Oct 09	Approval of draft business case by all three councils	Up to 10% savings being achieved on staffing costs
Sept/Oct 09	The three councils to agree on a joint revenues and benefits operating system including sharing electronic document management system.	Business case approval – although Allerdale will need to take a decision either way due to withdrawal of Northgate-IS support for Pericles
Nov/Dec 09	Appointment of Partnership Manager	Availability of key staff.
Sept/Oct 09	Production of design phase action plan.	Availability of key staff.
Sept 09 – July 10	Implementation of shared systems (ICT) subject to discussions with suppliers. Allerdale to convert to agreed operating system with the other two councils converting to the same version and then all three councils converting to the same	Availability of key resource both from software provider and internally

Key Date	Action	Constraints
	version of the DMS system	
Oct 09	Agreement on employing authority or secondment agreement.	Availability of key resources
Oct 09 – Dec 09	Commencement of consultation process regarding joint t&cs and consultation with relevant bodies. Agreement to be reached by all parties and contracts drawn up and signed.	Availability of key HR, Legal and other professionals throughout consultation period
Jan 10 - Mar 10	Recruitment of permanent shared service management.	The availability of key staff on a permanent basis
Apr 10 – Sep 10	Assimilation of staff into the shared service.	HR issues

9.11 Communications

9.11.1 Consultation regarding the introduction of the new shared revenues and benefits shared service is crucial. A full range of stakeholders, including members and customers at each council, partner organisations, trade unions and, most importantly, all current revenues and benefits staff at all three authorities affected by the change have been consulted with and updated throughout the period of business case development. Communications officers at the three councils have issued regular newsletters to keep all parties briefed and engaged. Continued communication and consultation throughout the process is required and will be factored into the design phase and implementation stages.

10 Summary

The business case is very robust in delivering economies of scale and maintaining or improving on current levels of performance. It provides future proofing allowing the three councils to meet new challenges and demands. The case provides resilience in performance and IT systems. Performance is sustained by resourcing support from the other council's. The IT plans protect individual council's against system loss enabling business continuity. The whole range of resources from recruitment of staff to goods and services can be procured more effectively.

As well as providing an improved level of service the IT solution allows for interfaces to all three council's ledger, cash receipting and other priority systems. This will maintain the independence of accounting and other records which will enable the separate reporting of each Authority's statutory duties and performance to continue.

The proposed shared service arrangements will allow the revised benefit KLoE's to be addressed within the resources allocated. This will be achieved by establishing a robust SLA with the three customer contact centres (most of the new KLoE's are customer focused and will be delivered through customer contact arrangements). The shared service proposals do not reduce the number of benefit assessment officer from current

resources i.e. the economies of scale will be used to resource any back office implications of the KLoE's e.g. a more focused benefit take up.

The potential has been created for wider shared working initiatives between the three councils because the development of ICT operational models, infrastructure and network is robust enough to accommodate significant growth.

Appendix 1 - Costs/ Performance Outsourced, In House and Shared Service Revenues and Benefits Operations

1. Introduction

- 1.1 As part of the Revenues and Benefits shared service options appraisal it was agreed that the outsourcing option be investigated.
- 1.2 It has proved very difficult to get any robust figures for outsourcing options as:
- (i) we would need to advertise for expressions of interest under European procurement rules and the Project Board have not sanctioned such an exercise;
 - (ii) obviously details of outsourced contracts between councils and the private sector are confidential.
- 1.3 In the circumstances councils where Revenues and Benefits have been outsourced RA (Revenue Account Budgets) forms have been analysed (source Audit Commission website). In the RA form councils allocate the actual cost of service provision in a particular year. In respect of Revenues and Benefits this would include cost of outsourced Revenues and Benefits contract, client costs of monitoring contract (and resourcing work that cannot be outsourced, e.g. committal administration) and any recharges allocated to Revenues and Benefits (should be minimal for outsourced service).
- 1.4 For comparative purposes RA forms for Cumbria 'in house' provision and the few councils already operating in a shared service arrangement have also been analysed.
- 1.5 Performance against best value indicators for all the councils have also been compared.

2. Comparative Results

- 2.1 In nearly all cases the cost of outsourced Revenues and Benefits operations are significantly higher than 'in house' or shared service operations, i.e. in our population group (see attached) total cost of provision of Revenues and Benefits Services per resident is:

	<u>2007/08</u>	<u>2008/09</u>
In House	£17.54	£19.02
Outsourced	£25.79	£24.38
Shared Service	£22.52	£23.20

For comparative purposes, budgeted costs –

Carlisle 2008/09 = £19.91

Allerdale 2008/09 = £20.66

Copeland 2008/09 = £22.49

2.2 In the next population group up to 203,000 (no Cumbrian authorities in this group) the corresponding figure is:

	<u>2007/08</u>	<u>2008/09</u>
Outsourced	£17.52	£17.69
Shared Service	£14.47	£16.90

It is interesting to note that the gap between outsourced contracts and shared service arrangements reduced in 2008/09.

2.3 When you look at larger councils the costs of Revenues and Benefits services increase before falling back (population numbers):

	<u>2007/08</u>	<u>2008/09</u>
300,000	£30.06	£25.87
400,000	£19.28	£19.27
600,000	£16.37	£17.26

2.4 On cost comparisons outsourcing does not appear to be a valid business option, although the gap is narrowing.

2.5 Shared service operations of up to 203,000 (Carlisle, Allerdale and Copeland councils combined population approx 260,000) appear to deliver cost savings when compared to in house provision, i.e. they appear to be operating at approximately 15% less cost than our current in house provision i.e. £16.90 compared to £20.00 approx based on 2008/09 figures.

3. Performance

3.1 When comparing performance (see Appendix) in respect of collection rates, benefit turnaround times, accuracy, and customer satisfaction shared services operations significantly outperform other service delivery options.

3.2 In respect of collection performance, in house provision performs better than outsourced provision. In respect of benefits, very similar performance is apparent.

Note

- (i) Individual council figures are available in working papers for scrutiny if required.
- (ii) All known shared service operations and fully outsourced (R&B) councils included in analysis, i.e. councils that outsource only their backlogs not included in analysis.

Peter Mason - Head of Revenues and Benefits Services, Carlisle City Council
21.10.08 (Updated with 2008/09 budgeted figures 15/4/09)

Revenues & Benefits Benchmarking - Cumbrian Authorities, Outsourced Services and Shared Services

2008/9

Authority name	Population	CTB	LTC	HB	Total	Inhouse	Outsourced	BV9	BV10	BV80g	BV79a	BV78a	BV78b
Sheffield City Council	530.30	4.29	4.39	8.58	17.26	-	Liberata	95.40	98.20	63.00	97.40	36.60	23.00
East Riding Of Yorkshire Council	333.00	6.89	7.36	5.02	19.27	-	Arvato	98.71	99.70	89.00	100.00	17.70	4.10
Southampton City Council	231.20	11.05		14.82		-	Capita	95.18	99.41	71.00	96.00		
North Somerset Council	204.70	5.64	5.17	7.47	18.28	-	Liberata	98.65	99.98	68.00	98.60	29.50	15.60
Middlesbrough Council	138.70	5.67	6.63	6.65	18.95	-	HBS now Mouchel	94.96	98.19	83.00	96.80	20.20	5.20
Mid Sussex District Council	130.30	4.41	5.17	5.10	14.68	-	Capita	97.99	97.11	75.00	98.00		
Havant Borough Council	116.90	7.49	3.63	7.58	18.70	-	Capita	97.03	98.90	74.00	98.20	22.60	5.30
South Lakeland District Council	104.90	2.94	4.78	6.15	13.87	Yes	-	98.40	98.90	81.00	99.20		
Carlisle City Council	103.50	6.02	5.74	8.15	19.91	Yes	-	97.30	98.80	80.00	95.00	23.00	6.90
North East Derbyshire District Council	98.00	3.20	6.78	8.62	18.60	-	Capita	97.56	97.75	71.00	98.40	23.20	11.20
Allerdale Borough Council	94.50	3.78	8.06	8.82	20.66	Yes	-	97.01	98.60	75.00	95.20	28.00	9.00
Pendle Borough Council	90.00	7.62	6.20	7.60	21.42	-	Liberata	96.80	98.40	74.00	94.80	24.70	12.20
Barrow-in-Furness Borough Council	71.80	9.32	10.89	10.97	31.18	-	Liberata	96.36	98.55	72.00	98.00	28.00	
Copeland Borough Council	70.40	9.77		0.00		Yes	-	97.79	98.86	71.00	89.80	28.10	15.20
Adur District Council	60.60	3.53	9.42	13.37	26.32	-	Capita	97.20	98.30	79.00	99.20	21.40	9.40
Eden District Council	51.90	2.66	5.22	8.98	16.86	Yes	-	99.28	99.57	87.00	96.24	22.90	9.90
Shared Services													
Breckland Council	129.90	4.25	6.55	6.10	16.90	-	-	98.50	99.57	76.00	100.00	14.40	5.50
West Dorset District Council	97.10	5.78	5.15	8.12	19.05	-	-	98.30	99.16	83.00	96.40	32.70	9.90
Weymouth and Portland Borough Council	65.10	6.41	2.80	11.21	20.42	-	-	96.78	98.55	77.00	93.40	36.80	11.80
Wear Valley District Council	63.10	10.25	7.41	10.24	27.90	-	-	99.44	99.72	86.00	99.20		
Forest Heath District Council	63.20	3.89	5.17	9.13	18.19	-	-	98.15	99.26	83.00	100.00		
Teesdale District Council	24.80	11.37	6.39	12.69	30.45	-	-	98.80	99.87	87.00	98.80		

CTB = Council Tax Benefit Administration Costs £'s/Head

LTC = Local Tax Collection Total £'s/Head

HB = Housing Benefit Administration Costs £'s/Head

BV9 = Percentage of Council Tax Collected %

BV10 = BV10 Percentage of non-domestic rates collected %

BV80g = Overall satisfaction with the Benefits Office

BV79a = Accuracy of HB/CTB claims %

BV78a = Speed of processing new claim to HB/CTB Calendar

BV78b = Speed of processing changes of circumstances to HB/CTB Calendar

Revenues & Benefits Benchmarking - Average Stats covering In-House, Outsourced Services and Shared Services**2008/9**

Population	<u>Ave CTB</u>			<u>Ave LTC</u>			<u>Ave HB</u>		
	Inhouse	Outsourced	Shared Services	Inhouse	Outsourced	Shared Services	Inhouse	Outsourced	Shared Services
0-105	5.03	5.92	7.54	5.95	8.32	5.38	8.03	10.14	10.28
106-203	-	5.8	4.25	-	5.15	6.55	-	6.70	6.10
204-300	-	11.05	-	-	-	-	-	14.82	-
301-400	-	6.89	-	-	7.36	-	-	5.02	-
401-500	-	-	-	-	-	-	-	-	-
501-600	-	4.29	-	-	4.39	-	-	8.58	-
601-700	-	-	-	-	-	-	-	-	-

Population	<u>Ave BV9</u>			<u>Ave BV10</u>			<u>Ave BV80g</u>		
	Inhouse	Outsourced	Shared Services	Inhouse	Outsourced	Shared Services	Inhouse	Outsourced	Shared Services
0-105	97.96	96.98	98.29	98.95	98.25	99.31	78.80	74.00	83.20
106-203	-	97.16	98.50	-	98.55	99.57	-	75.00	76.00
204-300	-	95.18	-	-	99.41	-	-	71.00	-
301-400	-	98.71	-	-	99.70	-	-	89.00	-
401-500	-	-	-	-	-	-	-	-	-
501-600	-	95.40	-	-	98.20	-	-	63.00	-
601-700	-	-	-	-	-	-	-	-	-

Population	<u>Ave BV79a</u>			<u>Ave BV78a</u>			<u>Ave BV78b</u>		
	Inhouse	Outsourced	Shared Services	Inhouse	Outsourced	Shared Services	Inhouse	Outsourced	Shared Services
0-105	95.09	97.60	97.56	25.50	24.33	34.75	10.25	10.93	10.85
106-205	-	97.90	100.00	-	24.10	14.40	-	8.70	5.50
206-305	-	96.00	-	-	-	-	-	-	-
306-405	-	100.00	-	-	17.70	-	-	4.10	-
406-505	-	-	-	-	-	-	-	-	-
506-605	-	97.40	-	-	36.60	-	-	23.00	-
606-705	-	-	-	-	-	-	-	-	-

CTB = Council Tax Benefit Administration Costs £'s/Head
 LTC = Local Tax Collection Total £'s/Head
 HB = Housing Benefit Administration Costs £'s/Head
 BV9 = Percentage of Council Tax Collected %
 BV10 = BV10 Percentage of non-domestic rates collected %
 BV80g = Overall satisfaction with the Benefits Office
 BV79a = Accuracy of HB/CTB claims %
 BV78a = Speed of processing new claim to HB/CTB Calendar
 BV78b = Speed of processing changes of circumstances to HB/CTB Calendar

Low = Good
 Low = Good
 Low = Good
 High = Good
 High = Good
 High = Good
 High = Good
 Low = Good
 Low = Good

Revenues & Benefits Benchmarking - In-house**2008/9**

Authority name	Population	CTB	LTC	HB	Total	BV9	BV10	BV80g	BV79a	BV78a	BV78b
South Lakeland District Council	104.9	2.94	4.78	6.15	13.87	98.4	98.9	81	99.2		
Carlisle City Council	103.5	6.02	5.74	8.15	19.91	97.3	98.8	80	95	23	6.9
Allerdale Borough Council	94.5	3.78	8.06	8.82	20.66	97.01	98.6	75	95.2	28	9
Copeland Borough Council	70.4	9.77				97.79	98.86	71	89.8	28.1	15.2
Eden District Council	51.9	2.66	5.22	8.98	16.86	99.28	99.57	87	96.24	22.9	9.9

Average - Summary Sheet

0-105	85.04	5.03	5.95	8.03	17.83	97.96	98.95	78.8	95.09	25.5	10.25
106-205	-	-	-	-	-	-	-	-	-	-	-
206-305	-	-	-	-	-	-	-	-	-	-	-
306-405	-	-	-	-	-	-	-	-	-	-	-
406-505	-	-	-	-	-	-	-	-	-	-	-
506-605	-	-	-	-	-	-	-	-	-	-	-
606-705	-	-	-	-	-	-	-	-	-	-	-

N.B

Calculation adjustments have been made where no information given - i.e. blank cells - LTC, HB, BV78a and BV78b

CTB =	Council Tax Benefit Administration Costs £'s/Head
LTC =	Local Tax Collection Total £'s/Head
HB =	Housing Benefit Administration Costs £'s/Head
BV9 =	Percentage of Council Tax Collected %
BV10 =	BV10 Percentage of non-domestic rates collected %
BV80g =	Overall satisfaction with the Benefits Office
BV79a =	Accuracy of HB/CTB claims %
BV78a =	Speed of processing new claim to HB/CTB Calendar
BV78b =	Speed of processing changes of circumstances to HB/CTB Calendar

Revenues & Benefits Benchmarking - Outsourced Services**2008/9**

Authority name	Population	CTB	LTC	HB	Total	BV9	BV10	BV80g	BV79a	BV78a	BV78b
Sheffield City Council	530.30	4.29	4.39	8.58	17.26	95.40	98.20	63.00	97.40	36.60	23.00
East Riding Of Yorkshire Council	333.00	6.89	7.36	5.02	19.27	98.71	99.70	89.00	100.00	17.70	4.10
Southampton City Council	231.20	11.05		14.82		95.18	99.41	71.00	96.00		
North Somerset Council	204.70	5.64	5.17	7.47	18.28	98.65	99.98	68.00	98.60	29.50	15.60
Middlesbrough Council	138.70	5.67	6.63	6.65	18.95	94.96	98.19	83.00	96.80	20.20	5.20
Mid Sussex District Council	130.30	4.41	5.17	5.10	14.68	97.99	97.11	75.00	98.00		
Havant Borough Council	116.90	7.49	3.63	7.58	18.70	97.03	98.90	74.00	98.20	22.60	5.30
North East Derbyshire District Council	98.00	3.20	6.78	8.62	18.60	97.56	97.75	71.00	98.40	23.20	11.20
Pendle Borough Council	90.00	7.62	6.20	7.60	21.42	96.80	98.40	74.00	94.80	24.70	12.20
Barrow-in-Furness Borough Council	71.80	9.32	10.89	10.97	31.18	96.36	98.55	72.00	98.00	28.00	
Adur District Council	60.60	3.53	9.42	13.37	26.32	97.20	98.30	79.00	99.20	21.40	9.40

Average - Summary Sheet

0-105	80.10	5.92	8.32	10.14	24.38	96.98	98.25	74.00	97.60	24.33	10.93
106-205	147.65	5.80	5.15	6.70	17.65	97.16	98.55	75.00	97.90	24.10	8.70
206-305	231.20	11.05		14.82		95.18	99.41	71.00	96.00		
306-405	333.00	6.89	7.36	5.02	19.27	98.71	99.70	89.00	100.00	17.70	4.10
406-505	-	-	-	-	-	-	-	-	-	-	-
506-605	530.30	4.29	4.39	8.58	17.26	95.40	98.20	63.00	97.40	36.60	23.00
606-705	-	-	-	-	-	-	-	-	-	-	-

N.B

Calculation adjustments have been made where no information given - i.e. blank cells - BV78a and BV78b

CTB	=	Council Tax Benefit Administration Costs £'s/Head
LTC	=	Local Tax Collection Total £'s/Head
HB	=	Housing Benefit Administration Costs £'s/Head
BV9	=	Percentage of Council Tax Collected %
BV10	=	BV10 Percentage of non-domestic rates collected %
BV80g	=	Overall satisfaction with the Benefits Office
BV79a	=	Accuracy of HB/CTB claims %
BV78a	=	Speed of processing new claim to HB/CTB Calendar
BV78b	=	Speed of processing changes of circumstances to HB/CTB Calendar

Revenues & Benefits Benchmarking - Shared Services**2008/9**

Authority name	Population	CTB	LTC	HB	Total	BV9	BV10	BV80g	BV79a	BV78a	BV78b
Breckland Council	129.90	4.25	6.55	6.10	16.90	98.50	99.57	76.00	100.00	14.40	5.50
West Dorset District Council	97.10	5.78	5.15	8.12	19.05	98.30	99.16	83.00	96.40	32.70	9.90
Weymouth and Portland Borough Council	65.10	6.41	2.80	11.21	20.42	96.78	98.55	77.00	93.40	36.80	11.80
Wear Valley District Council	63.10	10.25	7.41	10.24	27.90	99.44	99.72	86.00	99.20		
Forest Heath District Council	63.20	3.89	5.17	9.13	18.19	98.15	99.26	83.00	100.00		
Teesdale District Council	24.80	11.37	6.39	12.69	30.45	98.80	99.87	87.00	98.80		

Average - Summary Sheet

0-105	62.66	7.54	5.38	10.28	23.20	98.29	99.31	83.20	97.56	34.75	10.85
106-205	129.90	4.25	6.55	6.10	16.90	98.50	99.57	76.00	100.00	14.40	5.50
206-305	-	-	-	-	-	-	-	-	-	-	-
306-405	-	-	-	-	-	-	-	-	-	-	-
406-505	-	-	-	-	-	-	-	-	-	-	-
506-605	-	-	-	-	-	-	-	-	-	-	-
606-705	-	-	-	-	-	-	-	-	-	-	-

N.B

Calculation adjustments have been made where no information given - i.e. blank cells - BV78a and BV78b

CTB	=	Council Tax Benefit Administration Costs £'s/Head
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BV79a	=	Accuracy of HB/CTB claims %
BV78a	=	Speed of processing new claim to HB/CTB Calendar
BV78b	=	Speed of processing changes of circumstances to HB/CTB Calendar

Appendix 2a - Option 2 Current status – Revenues quick wins

Task	Responsibility	Timeline	Status	Expected benefits/savings
Introduction of paperless direct debit at Carlisle – to increase customer service levels and help cash flow.	Carlisle CC	June 2009	Will be achieved irrespective of business case completion	Improved customer service levels. Improved cash flow predictability and collection levels.
Establishment of joint training provision in Revenues, recording savings achieved by joint purchase	Carlisle CC, Allerdale BC, Copeland BC	Achieved May 2009	Achieved May 2009	Joint savings achieved of £2380 compared to three separate courses
Develop and maintain Anti-Poverty strategy for Revenues recovery. Aims are i) to collect outstanding debts in an efficient but sensitive manner and ii) to minimize hardship for debtors wherever possible.	Allerdale BC	July 2009	Will be achieved irrespective of business case completion	Steady reduction in outstanding arrears. Minimise hardship for customers experiencing difficulty in making payments.
Achieve savings in costs of inspections through sharing of visiting resources of other departments, e.g. building control and benefits, and more use of postal reviews.	Allerdale BC	July 2009	Will be achieved irrespective of business case completion	Expected savings of £5000 in salary costs plus mileage
Harmonise Revenues working practices wherever possible in line with recommended industry best practice (ACS). Because of the disparity in the current practices, this will not be a “quick win” and following discussion with David Airey it is obvious that much work lays ahead, should a shared service proceed. For instance, all three versions of EDRMS documents would need to be replaced by a new version held on the preferred shared software (currently 100 letters in Allerdale alone). Extra resources may be required to complete this task, and time allowed,	Carlisle CC, Allerdale BC, Copeland BC	Before a potential shared service goes live.	Subject to successful business case outcome	Expected to improve to flexibility amongst staff at the three districts, with a consequential improvement in customer service levels e.g. quicker turnaround or correspondence. Also expected to improve collection levels marginally.

Task	Responsibility	Timeline	Status	Expected benefits/savings
<p>before any “go live.” From the discussions with David Airey and in the work packages, the other main areas where harmonisation of working practices would be required are as follows;</p> <ul style="list-style-type: none"> i) inspection and review policy for exemption/discount/ rate relief entitlement ii) making and monitoring of pre summons payment arrangements iii) Smoothing out of recovery timetable to avoid peaks and troughs in workload (particularly at Allerdale) iv) Policy on withdrawal of summonses when i) customer completes a direct debit mandate or ii) pays in full before the court date v) Policy on pursuing committal as a method of recovery 				

Appendix 2b - Option 2 Current status – Benefits quick wins

Task	Responsibility	Timeline	Status	Expected benefits/savings
Introduction of electronic and telephone claims and notification of changes in circumstances – to enable more service access channels, to increase the speed of processing and to encourage timely reporting of changes.	Carlisle CC, Allerdale BC, Copeland BC	Scoping report completed Mar 2009 for implementation Apr to Dec 2009	Likely to be adopted irrespective of business case completion as good practice.	Increased service access channels, increased speed of processing and promotion of timely reporting of changes.
Joint working on assessment and implementation plans for the new Audit Commission's Revenues and Benefits Key Lines of Enquiry (KLOEs) inspection regime – to provide minimum standards of service levels and plan for continual improvement.	Carlisle CC, Allerdale BC, Copeland BC	2009/2010	Requirement for all councils: irrespective of shared service arrangements.	To deliver better value for money, promote high standards of governance and accountability and to encourage continual improvement in services in order to meet the changing and diverse needs of our communities.
Introduce best practice into Housing Benefit overpayment recovery procedures – introducing the use of collection agencies, County Court collection and aged-debt analysis of current methods deployed.	Allerdale BC – use of County Court & collection agencies. All – aged debt analysis	2009/10 Completed Mar 2009.	Will be achieved irrespective of business case completion.	Improved Housing Benefit overpayment collection rates
Evaluating fraud and fraud support software with a view to recommending one system with a potential for joint procurement.	Carlisle CC, Allerdale BC, Copeland BC	Completed Mar 2009	All investigative and evaluation work completed.	Potential for savings through joint procurement if a shared fraud service proceeds.
Strengthen the shared service working arrangements for appeals and discretionary housing payments across the four councils.	Carlisle CC, Allerdale BC, Copeland BC, South Lakeland BC	Completed March 2009.	Implemented.	Increased flexibility and resources for handling appeals and DHPs. Faster service and value for money use of resources for attending hearings.

Task	Responsibility	Timeline	Status	Expected benefits/savings
Harmonise Benefits working practices , wherever possible, in line with recommended industry and Audit Commission best practice (ACS)	Carlisle CC, Allerdale BC, Copeland BC	Draft implementation plan completed 15th June 2009.	Implementation subject to business case outcome.	Will improve flexibility, capacity and resilience between the three councils: leading to improved customer service.

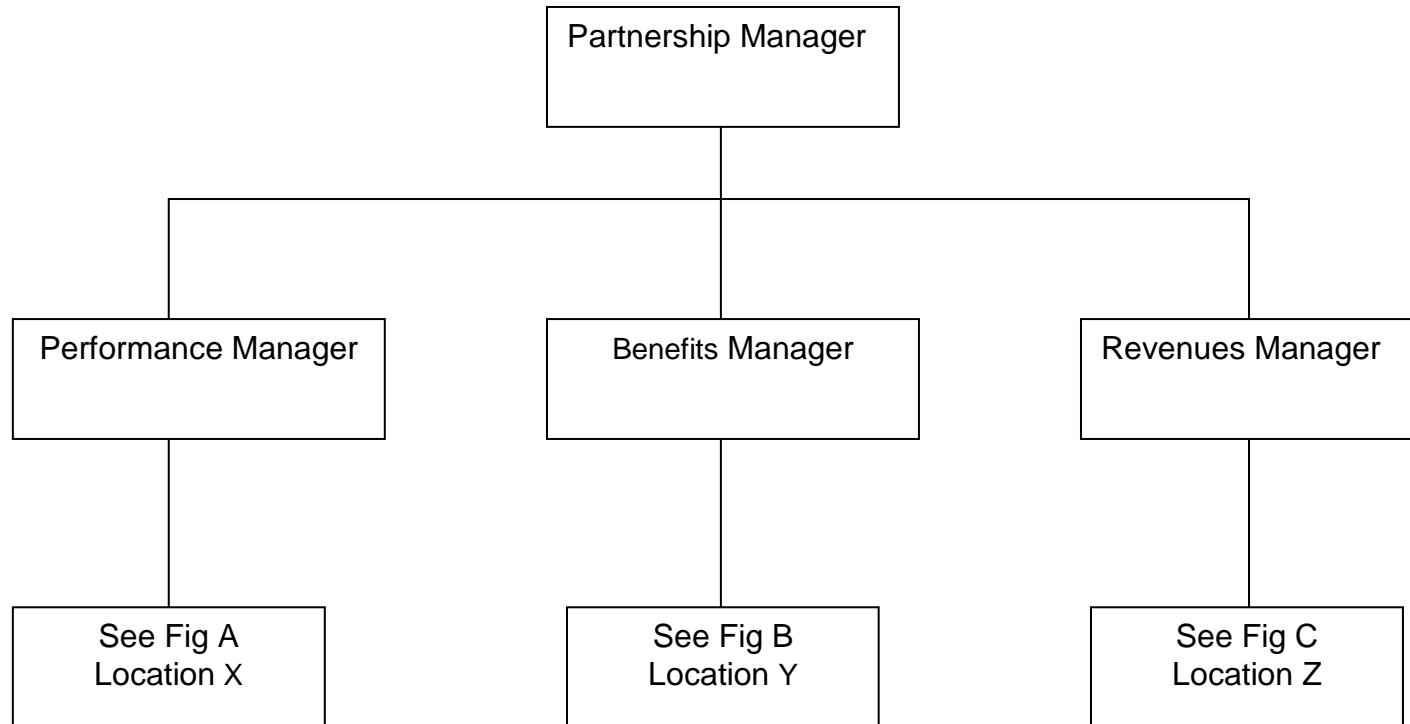
Appendix 3 - Risk Assessment and initial Risk Log

Throughout the whole implementation process there will be risks attached to certain processes below is a table of risks identified to date. Again this will be a dynamic log detailing the risks associated with various elements of the implementation of the business case. Below is the initial risk log for the project.

No	Risk Description	Likelihood 1-4 1 – Low 4 – High	Impact 1-4 1 –Low 4 – High	Gross Impact (Likelihood x Risk)	Mitigation Action
1	Rejection of draft business plan by one or all of the councils	2	4	8	<ul style="list-style-type: none"> Up to 10% desired savings on direct costs are realised and documented correctly ensuring there are no anomalies in the figures Ensure there is chief officer/member commitment ahead of requesting final agreement and commitment to the project Ensure there are robust communication strategies in place to enable effective communication of progress and issues at all levels and at every stage
2	Allerdale adopting an alternate operating system to Carlisle and Copeland	1	4	4	<ul style="list-style-type: none"> Agreement of the business case Ensuring that there are negotiations to reduce the cost of the current tender by elimination of unnecessary costs Ensuring that there are cost savings to be realised from the adoption of a single software package across the three councils
3	Lack of availability of key resource to form the project implementation team thus delaying the projects initiation and implementation	1	2	2	<ul style="list-style-type: none"> Identify the staff required as soon as practicable Ensure that the duality of role will not place excess and unreasonable demands upon the identified staff Where necessary ensure delegation of duties to ensure performance and commitment to the shared service project is not jeopardised
4	Delay in the implementation of the shared IT systems due to lack of available resource/expertise from the software provider with regard to implementation and conversion to a single desired system	2	4	8	<ul style="list-style-type: none"> There is little that can be done about this apart from trying to secure resource allocation at the earliest possible juncture As this is very much in the hands of the software provider then a quick decision is desirable on the adoption of a single software application for the three councils

No	Risk Description	Likelihood 1-4 1 – Low 4 – High	Impact 1-4 1 –Low 4 – High	Gross Impact (Likelihood x Risk)	Mitigation Action
5	The current transformation process in Allerdale and Carlisle leading to the loss of key members of staff to make the formulation of a progression project board difficult	2	4	8	<ul style="list-style-type: none"> There is little mitigation to this if key members of staff are lost they will not be replaced Identification of replacement members of staff at the earliest possible juncture
6	No agreement of terms and conditions, and alignment of policies and procedures (HR, Legal, Union and Staffing issues)	2	2	4	<ul style="list-style-type: none"> Ensure that there is early commencement of full consultation with all relevant HR and Legal bodies. From similar experience this can be a protracted process therefore the earliest possible starting point is desirable Clear communication lines are maintained by one owner who coordinates and directs any debate or discussion to avoid confusion and loss of focus across the three councils
7	Reduction in quality of service due to implementation of the transition to the shared service and implementation of unified software	2	3	6	<ul style="list-style-type: none"> Manage the service level expectations with a key stakeholders prior to and during implementation Extra emphasis to be placed on performance and regular monitoring of this to be maintained throughout the process
8	Loss of control or perceived loss of control or direction by any of the three councils with regard to service delivery	1	4	4	<ul style="list-style-type: none"> Establishment of robust governance arrangements Look at the possibility of formulating a separate joint steering group with a rotating chair for agreed periods to deal with this possibility

Appendix 4 - The Partnership Structure



Performance & Support Manager

Figure A – Location X – Performance Focus
(inc Post Handling)

Deputy Manager

Team Leader
(Revenues)

2 x Team Leaders
(Assessment & CS)

2 x Team Leaders
(Performance &
Support)

Rating Officer

Senior Recovery
Officer

2 x Senior Officers
(Training)

Senior Officer
(Quality)

2 x Senior Officers
(System Support)

2 x Recovery
Officers

Overpayments
Officer

3 x Quality Officers

3 x System Support
Officers

2 x Visiting Officers

5 x Processing
Officer

11.5 x Assessment
Officers

Scanning & Indexing
Officer

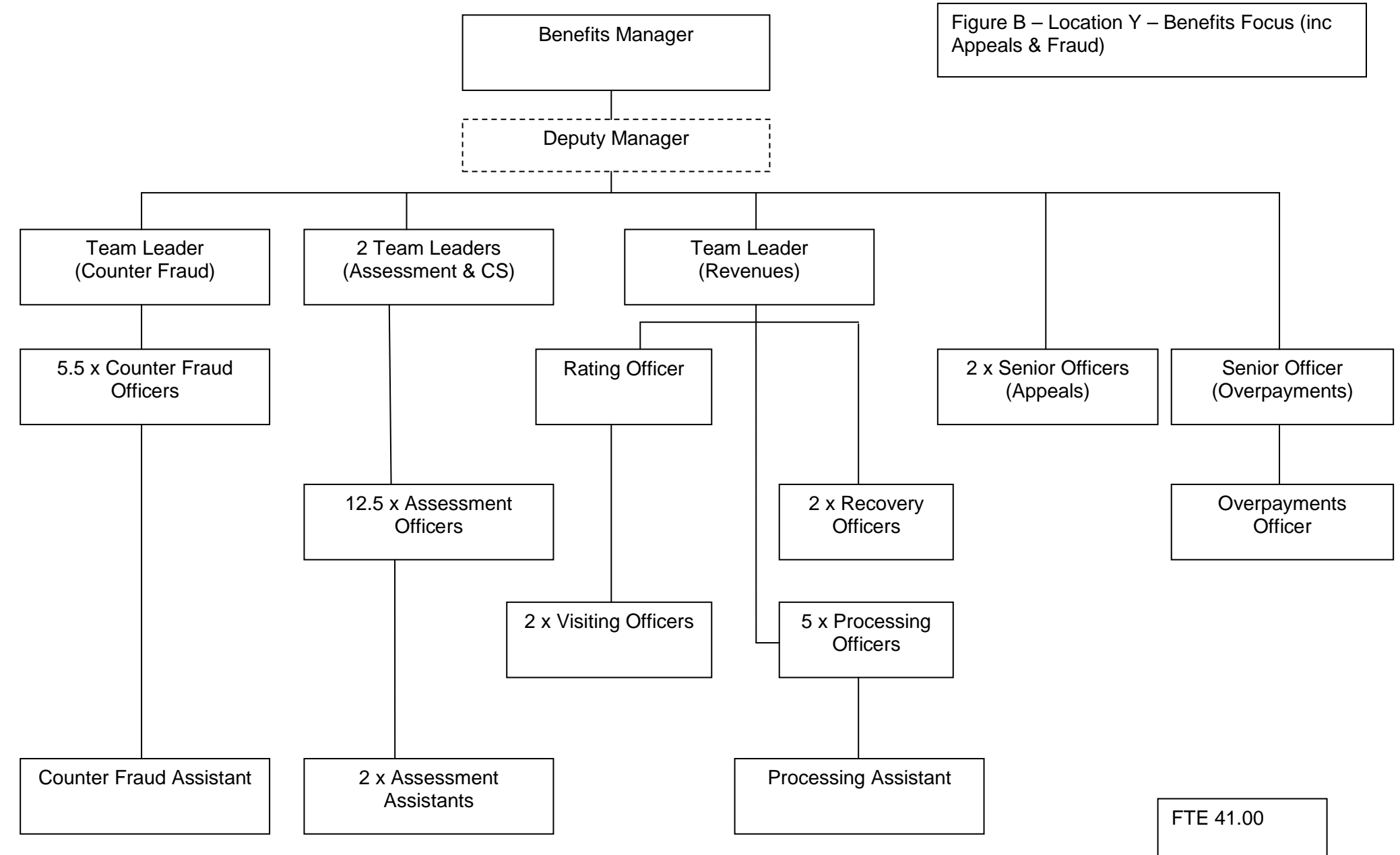
Processing
Assistant

2 x Assessment
Assistants

5 x Scanning &
Indexing Assistants

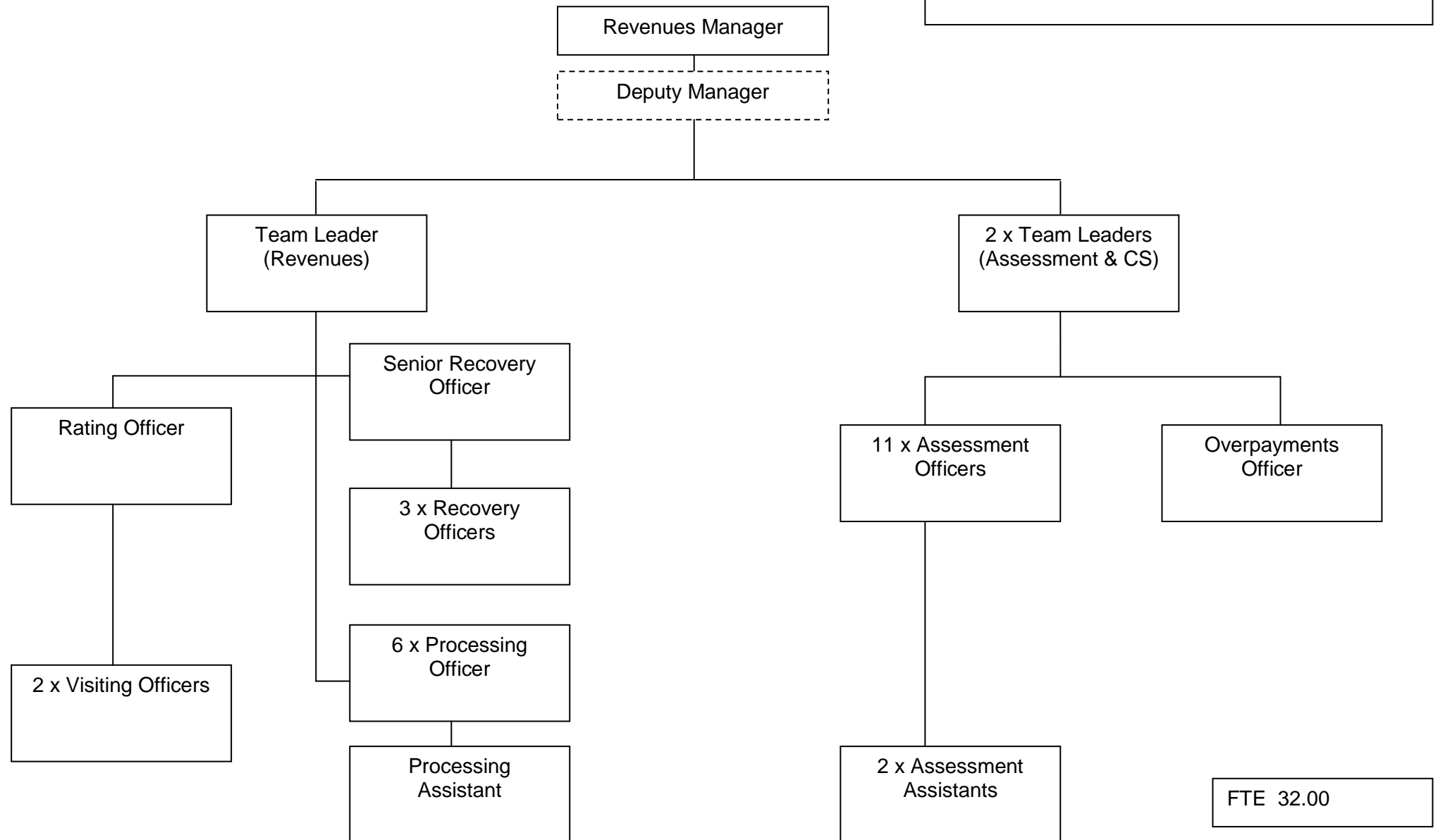
Role to be covered by a Team Leader post

FTE 50.50
(incl Partnership Manager)



Role to be covered by a Team Leader post

Figure C – Location Z - Revenues Focus



FTE 32.00

Role to be covered by a Team Leader post

Appendix 5 - ICT Systems for Revenues and Benefits Shared Service

Fundamental to the delivery of a Revenues and Benefits service is its supporting ICT. Indeed, advice from both external advisors and operational shared services confirms that standardisation of ICTs across the service is a critical success factor for a unified operation. Achieving standardisation of ICTs presents significant challenges to any potential shared service for Allerdale, Carlisle and Copeland as there are significant differences in current ICTs in use. The start point is the matrix of these differing ICTs, as follows:

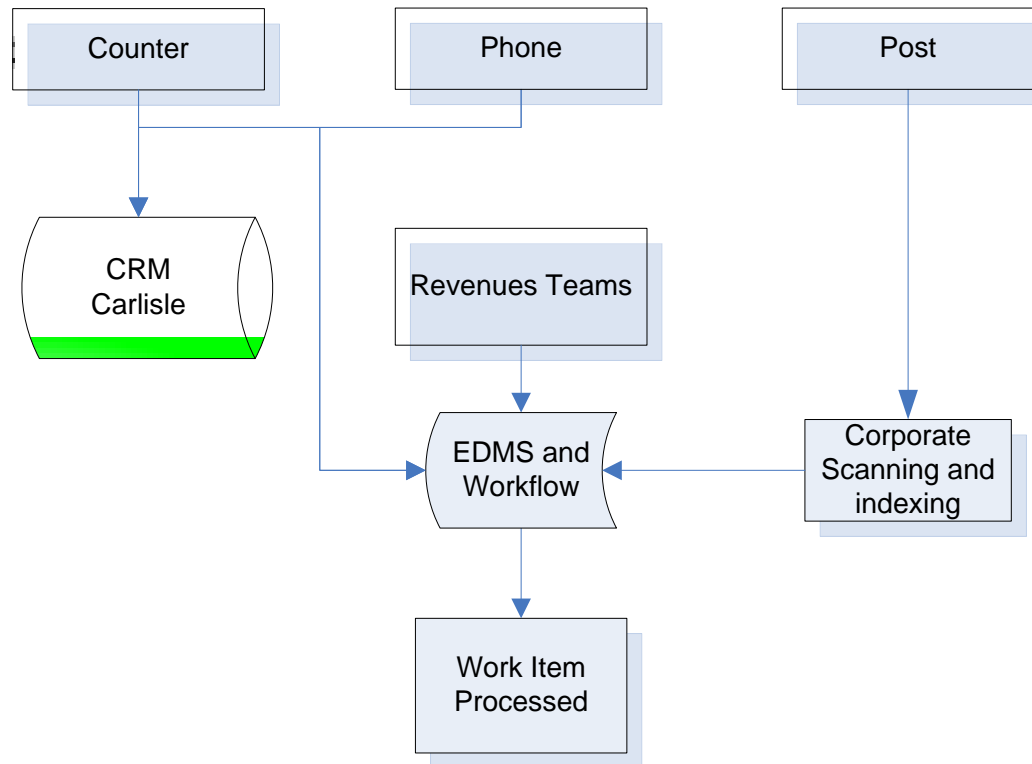
Council	Function	ICT system used
Allerdale	Revenues and Benefits	Pericles from Northgate
“”	EDMS	EDM & Workflow from Civica
“”	CRM	Northgate CRM
Carlisle	Revenues and Benefits	Academy from Capita
“”	EDMS	Information@Work from Northgate
“”	CRM	Capita CRM
Copeland	Revenues and Benefits	Academy from Capita
“”	EDMS	Information@Work from Northgate
“”	CRM	Excelsior from CGI

Although Allerdale and Carlisle have very recently embarked upon their new ICT Shared Service, and system rationalisation is a strategic objective, it is too early for the impact of the ICT shared service is to have begun to affect Revenues and Benefits in those two authorities. The variances in the way the three Council's ICTs operate need to be considered and differences in the main data flows and interactions between the front and back office understood. The current key differences between the Councils are as summarised in the following overviews of how each council operates in relation to its ICT:

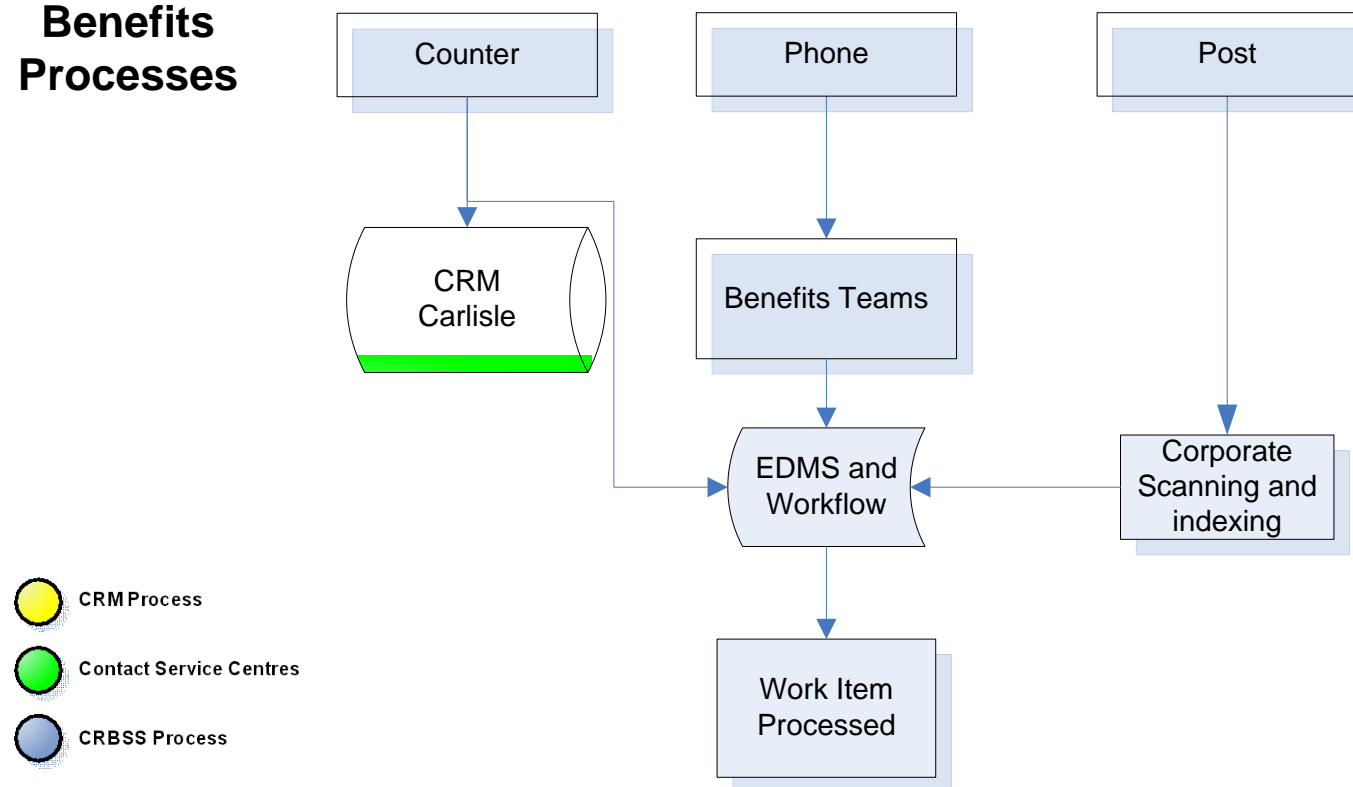
- a) Allerdale – use Northgate's Pericles system and Civica's EDM & Workflow to process Revenues and Benefits work. The systems are comprehensively integrated and the Council use their own templates extensively for workflow. Documents are scanned at source in the central scanning room and work is then allocated to specialist teams (Benefits) and generic teams (Revenues). There is little in the way of integration with CRM. The customer raises a call to the Contact Service Centres and a service request is raised in CRM. Civica is used to forward information to the back office teams. Barcoding technology is used on Notices that are issued (however this is not used by the other two Councils). Annual notices are printed inhouse and shipped out to a mailing company for packing and posting (use Gandlake to manipulate print files). Some self service is available to customers for viewing Council Tax information on-line. Mobile working technology has been acquired but is not used and there is currently no home-working in place. Pericles is largely used to manage the recovery process within Revenues with only a few letters being produced in Civica whereas Benefits produce all letters in Civica. LLPG data is not used currently and neither is e-Benefits. The hot key function between Pericles and Civica works well and both ways. First point of contact for support is IT, who carry out patch releases etc and systems administration is carried out by the service areas. Civica is deployed as the

corporate EDMS (document management) system; this means that under a shared Revenues and Benefits service their EDMS will need to integrate back to the corporate EDMS at Allerdale so that all documents can be viewed from a single point.

Allerdale Current Revenues Processes



Allerdale Current Benefits Processes

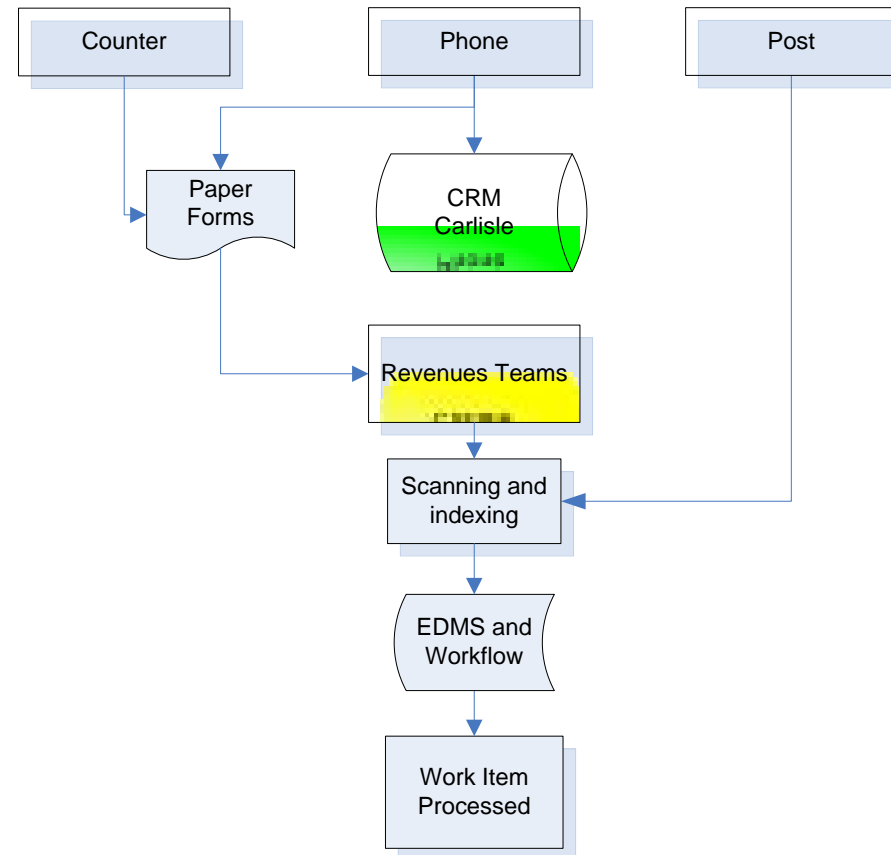


Northgate position re Pericles and impact at Allerdale

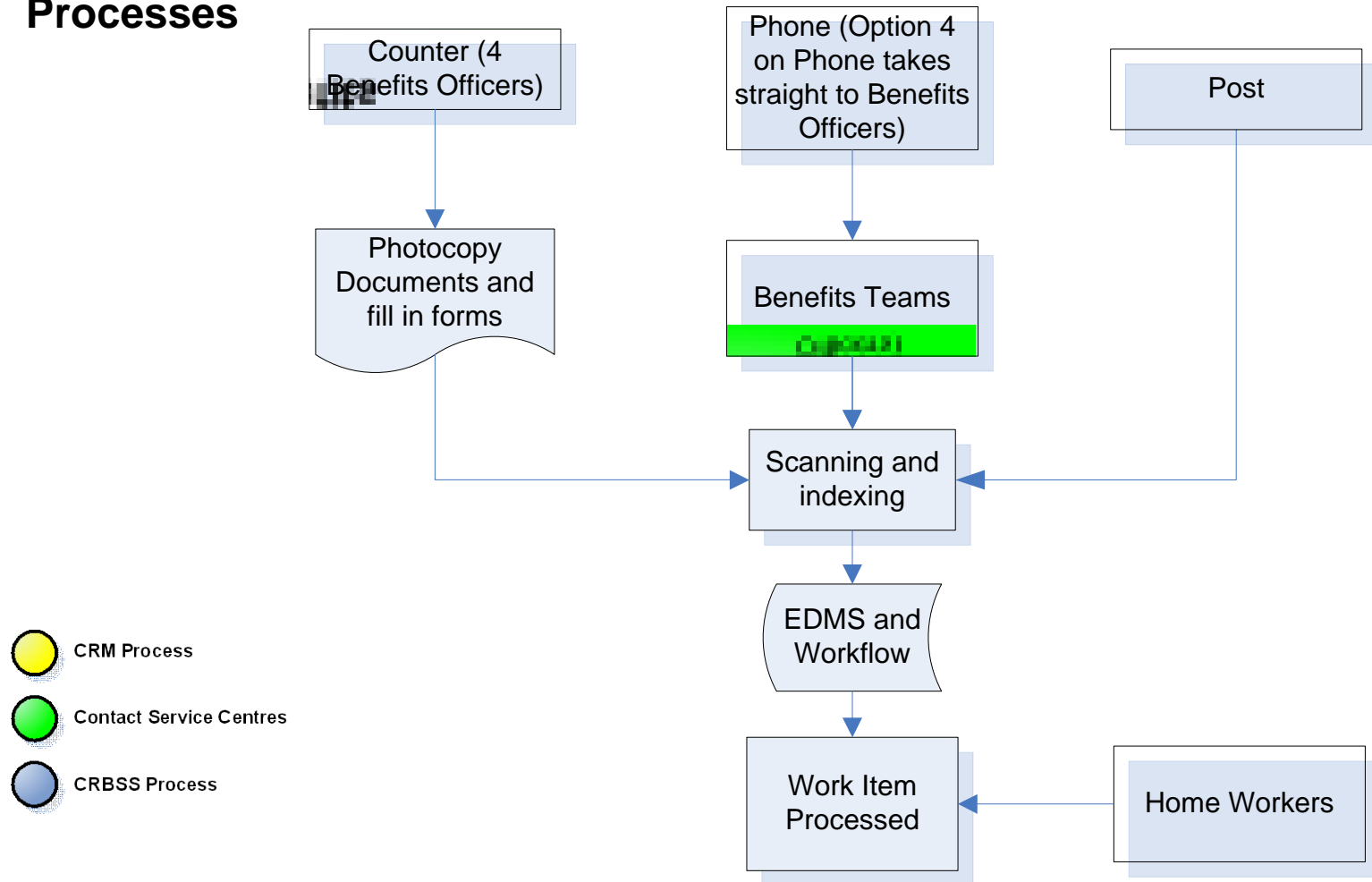
There is another very important consideration in relation to Allerdale. During the course of the Business Case project Allerdale were informed by Northgate that they intended to phase out support of the Pericles product starting in October 2010. Revenues and Benefits core software is vital to the council's ability to operate an effective Revenues and Benefits service. By its nature this software has to be frequently updated to reflect legislative changes and it would not be possible to operate a service with unsupported software. An obvious route might have been to simply choose to switchover to the Capita Academy software as used by both Carlisle and Copeland. However, procurement rules precluded this approach. In the light of these circumstances, the Project Board decided to undertake a "market-testing" tender exercise to evaluate core system options not only for Allerdale but also for a potential three-council shared service requirement. This approach would uncover whether a

“new” system for the shared service could deliver savings for the core software system. The results of this exercise are covered in more detail below.

- b) Carlisle – use Capita’s “Academy” Revenues and Benefits system along with Northgate’s Information@Work EDMS and Workflow to process Revenues and Benefits work, as does Copeland, although the systems are on different versions/patch releases. However, these are not as deeply integrated as Allerdale and workflow is not as extensive. CRM is not integrated at all and front office staff use the same forms as the customer which are filled in and then passed to the back office (CSC Agents don’t update the system directly). Once the call is a work item then all customer contact is with the back office. LLPG data is not used. There is extensive manual form filling (and manual passing of data) which is then scanned and Northgate is used for Change of Address (e.g. memo indexed to Benefits, Benefits stop benefit, memo sent to Council Tax to change address etc). Barcode technology is not used. Carlisle has the more flexible payment options for Revenues. e-Citizen is about to go live for viewing Council Tax information. Data downloads are sent to Bailiffs. Cash is still taken and Post Office swipe cards are used. For Benefits, calls come in to a Customer Services team in Benefits and there are some front office staff in the Contact service Centres. All work is driven through Northgate. Post is scanned in by a separate team within Benefits. Mobile working is being used by downloading key data, completing a form and then uploading a PDF into Northgate. Looking to use e-Benefits for requests by phone or through Contact Service Centres. The hotkey function between Capita and Northgate works but problems are experienced. IT provides the support for patch releases etc and systems administration is undertaken through Academy help desk. Northgate is not a corporate system but there is some minor use by Creditors. The Capita core system has been in place since 1993. Carlisle use Post Office cards and there is an interface to the Post Office which sends data for card generation. Home Working is widely used within the Housing Benefits team with approximately 10 Home Workers currently.

**Carlisle Current
Revenues
Processes**

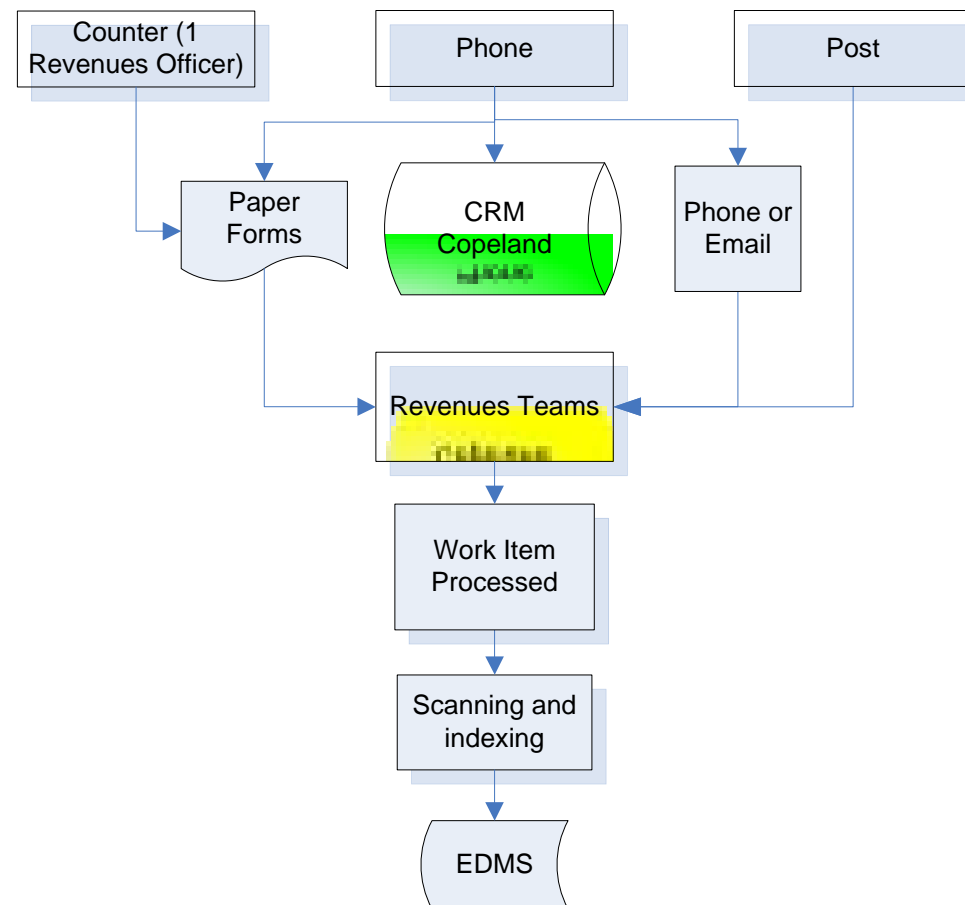
Carlisle Current Benefits Processes



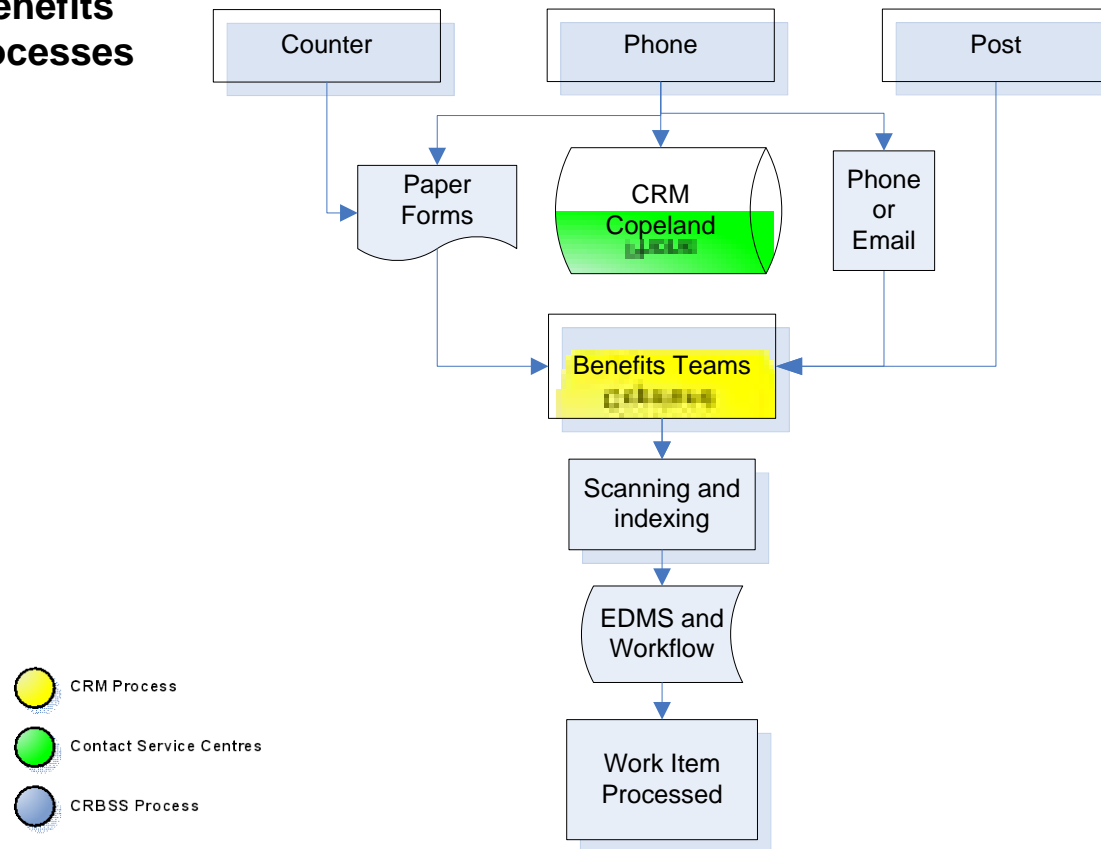
- c) Copeland – also use Capita's "Academy" Revenues & Benefits and Northgate's Information@Work EDMS and Workflow to process Revenues and Benefits work. The Contact Service Centres take basic queries and log them on the CRM system and the request is then

emailed or phoned through to the processing teams in the back office. In Revenues work is allocated alphabetically and the recovery process is started from the reminder stage onwards (Carlisle recovery process is from summons onwards). Paper forms are filled in, the work is completed and system updated. Once the system has been updated, then the forms are scanned. Change of Address is emailed from Revenues to Benefits if urgent or through Northgate if not. For Benefits, calls are passed on to Benefits Officers (on a rota basis) to deal with. All work received is scanned but not verified as ready and all work is initiated through Northgate (Contact Service Centres have access to both the Capita Revenues & Benefits systems). A clerical post team do the scanning. Barcoding is used on CTax bills. No cash is taken in the offices and corporate pay points are used. Technical software patch updates and upgrades are done remotely by Capita.

Copeland Current Revenues Processes



Copeland Current Benefits Processes



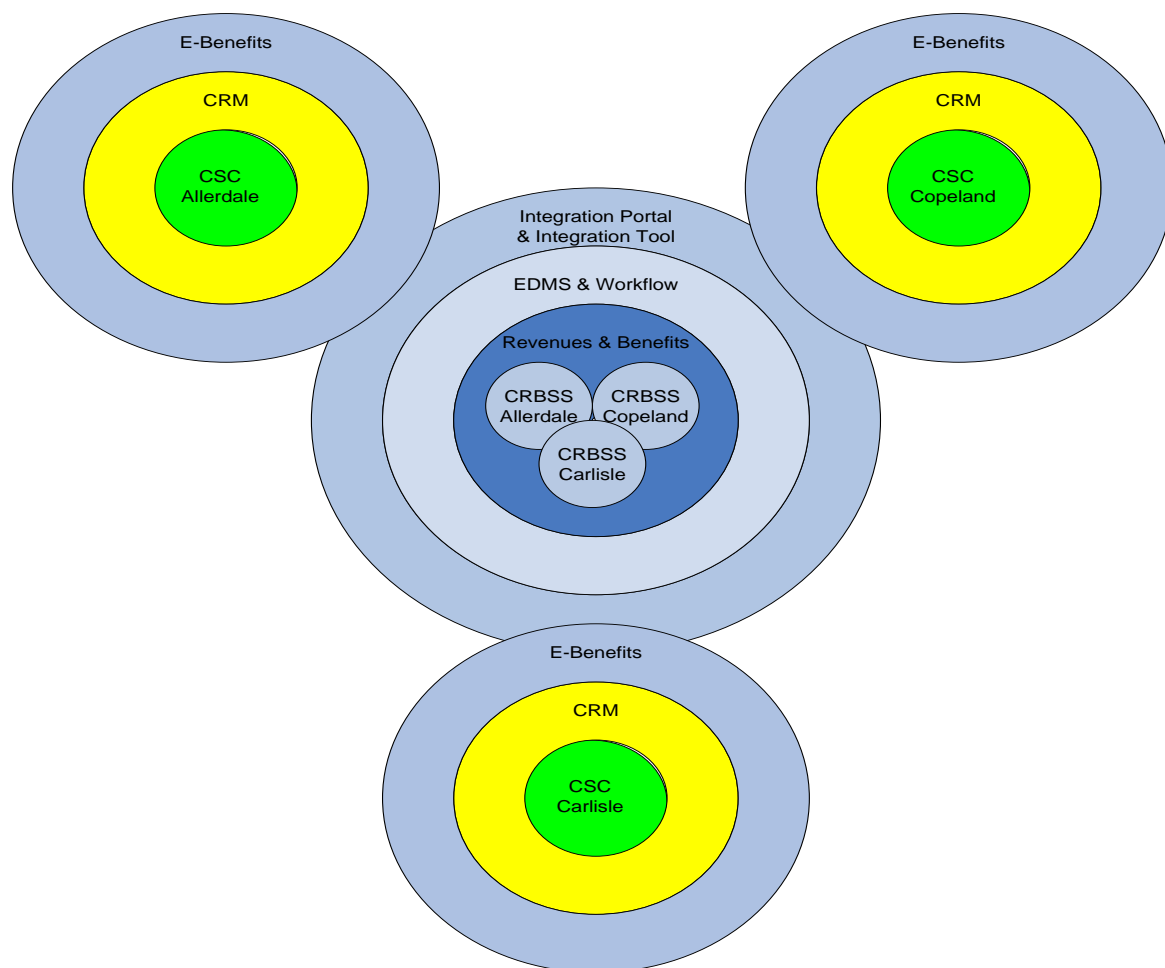
Customer Relationship Management systems (CRM) - All three Councils are using different CRM systems (Northgate, Capita and Experion) with little or no integration. All three Council's use the same Cash Receipting system (Civica ICON)

In summary, all three Councils are operating independent processes and systems (even though some are the same systems); there are currently no links between the three Council's data and this would still be the case in the shared service. In other words, the separation of each council's data would remain although staff in the shared service could work on any council's data as required.

Key options for the various possible system combinations of 'core system' and Document Management System

Analysis has taken place of the options to deliver a system to support the recommended Option of Joint Service Delivery. This section outlines how an ICT architecture could be deployed to realise the benefits of Joint Service Delivery. Should approval be given to this Business Case and the introduction of the Shared Service proceeds, this will be developed further into a full implementation plan.

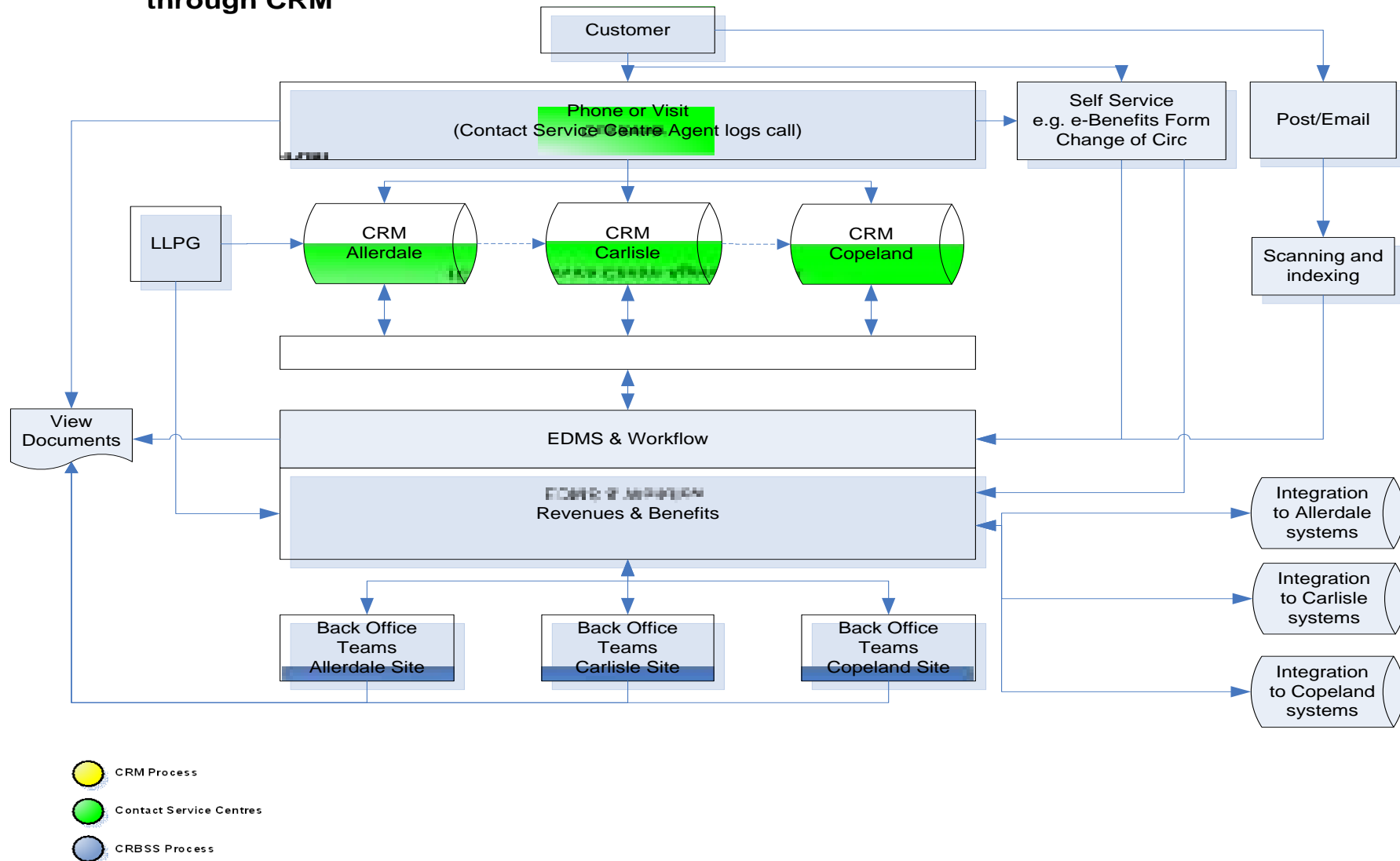
The following diagram illustrates a possible overlapping integration architecture that could help fully realise the benefits of the implementation of integrated systems (and assuming the future use of e-Benefits).



The architecture depicted in this diagram supports a Joint Service Delivery Shared Service that takes the form of a single service with a single management team running across the three sites.

The technical infrastructure would consist of a single Revenues & Benefits system with a single Electronic Document Management & Workflow System which would integrate with the three different CRM systems and the relative Contact Service Centres. Note that each Council's data would be separately stored within this standardised framework. Integration and interfaces would also be needed to the three Councils' other systems (e.g. Financial Management Systems) which may also use the integration tools shown below. The diagram below depicts the high level view of how the data flows could be introduced:

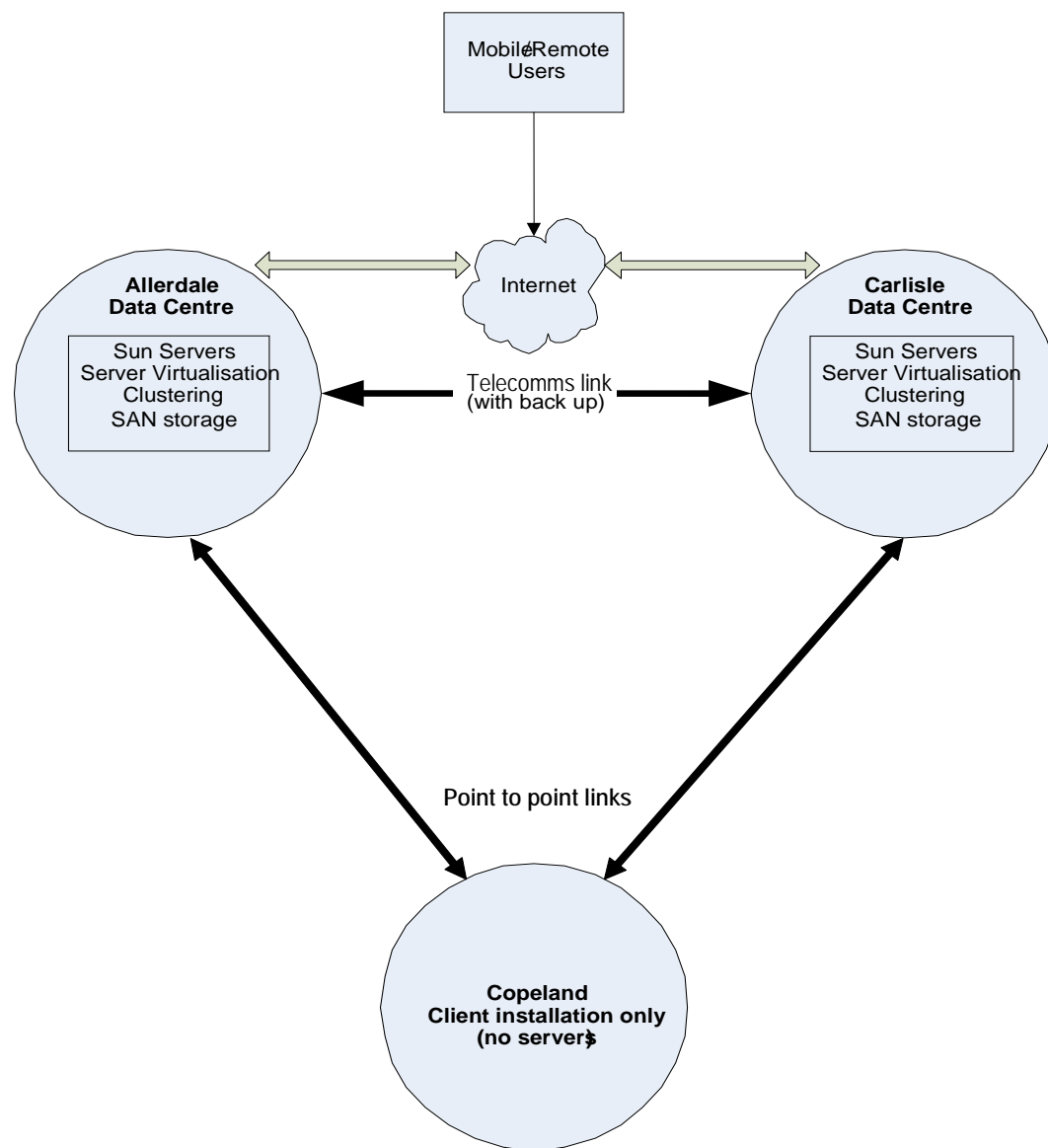
Service Request Raised through CRM



Areas where further investigation will be undertaken by the shared service

There will be a number of areas where the implementation project will need to work with the Shared Service management and with key ICT suppliers to resolve a number of issues including:

- The EDMS solution will need to integrate back to Allerdale's Corporate EDMS so that the Council's Corporate Strategy of a 'single view' of the customer is maintained.
- The overall project will need to identify in detail how the existing systems will operate during the interim period of implementation.
- There are three different CRM systems and it will be paramount to the Shared Service that information and processes are carried out in the same way. This raises a number of areas will need to be addressed during implementation, including:
 - ICT tools / middleware may be needed to ensure that data originating from the three individual CRM systems is presented in exactly the same way to the back office systems. Information may also need to be pushed out to the CRM systems and this will need data to be taken from the back office system(s) and pushed through to CRM and presented in the appropriate way.
 - There are challenges in linking the person to the property at the CRM level and linking it to the back office systems with use of appropriate reference numbers.



System Resilience. The Allerdale/Carlisle ICT Shared Service will be deploying infrastructure to make use of their two data centres via a dedicated telecoms link. This can be exploited as part of an overall resilience strategy that will support business continuity to the three Shared Service sites. The diagram below illustrates how the technical infrastructure might be deployed to support this.

In this model the loss of one data centre or a network segment will not mean complete loss of service as there is in-built resilience. As part of the implementation process a number of areas would need to further investigation with suppliers, including:

- What size/type of data links will be required between Copeland and the data centre sites at Allerdale and Carlisle.
- What client configuration will be used at Copeland.
- Confirmation that if one data link goes down then how the other sites can still access the core systems.
- How Mobile Workers and Home Workers will access the system in the proposed solution.
- Server configuration across the two sites.
- How existing hardware/servers can be reused.
- Back up links required.

“Market Testing” of the core Revenues and Benefits software

As mentioned above, Allerdale have a major risk in that Northgate, the supplier of their current core Revenues and Benefits software package, Pericles, have announced that support for the product is being withdrawn from October 2010. Whilst this was an unforeseen problem when the project was started, the consequences of this major risk have been considered by the Project Board and it has provided an opportunity to undertake a “market testing” exercise for the core software package for a full shared service. In addition, the market testing exercise has also evaluated the software options for Allerdale in “standalone” mode, should it be determined that a Revenues and Benefits shared service is either not approved by one or all councils or it cannot be delivered in time for the 2010 Pericles support withdrawal deadline.

To complete the market testing exercise in a short timescale, based upon a comprehensive specification, external consultants Q2 Ltd were engaged to support the tender process. (Q2 have successfully undertaken a similar procurement exercise for the Worcester Revenues and Benefits shared service). The OGC¹⁰ Catalyst procedures were used. Catalyst comprises a number of categories of products and services that have been pre-tendered (under full OJEU European rules) by OGC and a limited list of suppliers approved. The tender for the “North West Cumbria Revenues and Benefits Shared Service” core ICT software was publicised via Catalyst in May and supplier responses required by the end of that month. Only two suppliers responded (noting that the number of potential suppliers is no more than 4), one to confirm that they would not submit a tender response and the other, Capita Software submitted a full response to the tender.

Whilst disappointing that only a single supplier response was received, it has nevertheless been fully evaluated in terms of functionality and compliance with the business requirement, as well as cost comparison with current operations. Obviously, the Capita solution (Academy) is already running two out of three of the councils so the main issues were (i) does their proposition for a new contractual arrangement for the three council shared service represent better value for money than the current contracts for Carlisle and Copeland as single users and (ii) for Allerdale, does it provide a viable new system solution to replace Pericles in terms of both functionality and affordability.

The evaluation and the tender process was lead by the Procurement Manager, Carlisle City Council on behalf of the project; the evaluation team included practitioners and IT staff from all three authorities.

¹⁰ Office of Government Commerce www.ogc.gov.uk

Appendix 6 - Revenues and Benefits Shared Service Action Plan Period 1st September 2009 to 31st December 2009

Resources identified to progress action plan

Peter Mason	2 days a week
Jane Salt	2 days a week
Sharon Thompson	Ad-hoc

Supported by:

HR support	ad hoc support provided by Claire Dunn and Jill Chamberlin
Governance	ad hoc provided by Sharon Owen
Finance	Michael Thompson minimum 1 day a week
Project support	Jill Chamberlin 2 days a week
Communication	ad hoc provided by Ian Curwen
Work package leads	ad hoc as required but could be up to 1 day a week for some officers
ICT implementation	resourced by Carlisle/Allerdale ICT shared service: lead officers Steven Kirkpatrick, Mark Whitworth, Michael Scott, Martin Stroud, project manager Stephen Cawley user technical support work package led by Cath Bell and Allerdale representative, procurement led by Malcolm Mark
Programme Board	Angela Brown, Peter Mason, Keith Parker, Jane Salt, Sharon Thompson, Steven Kirkpatrick

Last updated: 09/09/09

Action	Responsible Officer	Start Date	Completion Date	Comments
1. Draft detailed PID/project plan/timetable including key milestones and taking account of the requirement to extend the current timetable (as suggested by Meritec)	Peter Mason, Jane Salt, Jill Chamberlin	11/09/09	15/10/09	Amended high level time scale already drafted which allows year 1 2010-11 to be mainly an implementation year, financial appraisal extended to 6 years to accommodate.
2. Criteria for transferring staff	Project Board	11/09/09	23/09/09	Paper on advantages/disadvantages of TUPE/secondment will be submitted to Project Board on 23/09/09 for vet/decision.
3. Revenues and Benefits ICT implementation hardware, software, operating system and network	Steven Kirkpatrick, Mark Whitworth, Michael Scott, Malcolm Mark user technical support co-ordinated by Cath Bell?	01/10/09	31/07/10	Although contract unlikely to be signed before end October work on procuring hardware and software conversion will commence 1st October (the risk being carried by Capita).
4. i Revisit and provide more details on staffing structures including summarising the role of different officers	Peter Mason, Jane Salt (e-mail support on the issues provided by Sharon Thompson) supported as required by work package team and finance	01/09/09	31/10/09	Draft amendments have already been considered in respect of management and fraud officer resources these changes have already been costed in the 2 nd draft of the business case.
4. ii Produce draft job descriptions, person specs etc. — for managers — for positions with major changes in duties and responsibilities such jobs will then need to be job evaluated	Peter Mason, Jane Salt, Personnel support, Mike Thompson	15/09/09	30/11/09	To meet Carlisle/Allerdale transformational timetable partnership manager post needs to be progressed by 31/10/2009.
4.iii Draft assimilation protocol	Peter Mason, Jane Salt, Personnel support,	01/10/09	ongoing	

Action	Responsible Officer	Start Date	Completion Date	Comments
5. Address issues raised in consultation with staff, union representatives and Members	Peter Mason, Jane Salt, Personnel support, Mike Thompson supported by ad hoc work package leads	01/09/09	30/11/09	Amended high level time scale already drafted which allows year 1 2010-11 to be mainly an implementation year, financial appraisal extended to 6 years to accommodate. Draft amendments have already been considered in respect of management and fraud officer resources these changes have already been costed in the 2 nd draft of the business case.
6. Address issues raised by Meritec report				
i. Too narrow timeframe	Project Board	01/9/09	23/09/09	Timeframe already amended provisionally to satisfy this issue.
ii. Some financial estimates need further clarification	Michael Scott	01/9/09	23/9/09	Most work already actioned for Project Board consideration
iii. Potential downturn in performance	Peter Mason, Jane Salt	01/10/09	ongoing	Contingencies to meet potential performance downturn already identified from ringfenced DWP grant although not included in 1 st draft of business case will be included in 2 nd draft. Potential downturn due to key staff working on shared service implementation contingencies to fund backfilling already included in business case.

Action	Responsible Officer	Start Date	Completion Date	Comments
iv. Management arrangements proof of concept no tested nationally and particularly demanding	Peter Mason, Jane Salt	01/09/09	23/09/09	Draft amendments have already been considered in respect of management resources these changes have already been costed in the 2 nd draft of the business case.
v. Revisit scoring of options particularly option 1 outsourcing	Peter Mason, Jane Salt	01/09/09	23/09/09	Meritec report suggests that even a rescored outsourced option is unlikely to compete with the preferred option but is likely to narrow the gap significantly.
vi. Reconsider governance arrangements Meritec suggest that a joint venture is potentially attractive	Peter Mason, Jane Salt and legal advice co-ordinated by Allerdale	01/11/09	ongoing	
vii. Wider benefits of shared service not spelt out strongly in the business case in the areas of: — Future proofing — Resilience — Further potential processing savings — Procurement — Potential wider application	Peter Mason, Jane Salt, Steven Kirkpatrick	01/09/09	30/09/09	Final business case will be updated to include better arguments for the wider benefits of the shared service.
viii. Key risks, summary risk register needs updating to cover the above risks and risk reduction measures plus other risks identified in the report in respect of :				

Action	Responsible Officer	Start Date	Completion Date	Comments
— Full commitment from senior management and Members to the shared service.	Peter Mason, Jane Salt plus ad hoc support	01/09/09	ongoing	Joint service delivery concept already agreed in principal by Members at the 3 councils, further reports to committees/Councils Sept/Oct 2009.
— Effective communication with the staff and their union representatives in explaining the joint service delivery option.	Peter Mason, Jane Salt plus ad hoc support	01/09/09	ongoing	Full response to queries raised by staff already provided. Queries mainly on staffing issues rather than the joint service delivery concept.
— Availability of key staff resources to implement the project.	See resources identified to progress action plan.	01/09/09	ongoing	Shortage in HR resources identified.
— Delays in implementation timetable particularly ICT issues.	See resources identified to progress action plan	01/09/09	ongoing	Software supplier is confident that the revised implementation timetable is achievable.
— Current transformation process at Carlisle and Allerdale if key members of the project team lost.	Project team will be revamped if key staff leave under the transformational process	01/12/09	ongoing	Work has commenced on a SLA between the shared service and the Customer Contact Centre.
— Reduction in quality of service.	Peter Mason, Jane Salt	01/04/10	ongoing	Contingencies identified in revised business case.
— Potential conflict between shared service strategy and individual customer service plans of partners.	Peter Mason, Jane Salt	01/10/09	ongoing	
— Financial resources required by the shared service do not enable partners to enjoy the anticipated returns on investment.	Mike Thompson	01/09/09	ongoing	Financial appraisal is provided /updated on a worse case scenario.
7. Produce detailed governance arrangements for administering the shared service	Peter Mason, Jane Salt and Legal representative	01/10/09	31/12/09	Also to consider joint venture as suggested by Meritec.

Action	Responsible Officer	Start Date	Completion Date	Comments
8. Other issues to be added to action plan as they arise i. Consider whether each council's central recharges need revisiting due to shared service arrangements ii. Revisit progress on introducing identical practices and procedures across the 3 authorities where appropriate. iii. Work needs to be done on allocation of resources to district (visiting) work. iv. Early decision needed on which fraud software to use.	Mike Thompson Peter Mason, Jane Salt and work package leads Peter Mason, Jane Salt and work package leads Peter Mason, Jane Salt and work package leads	01/10/09 15/09/09 15/09/09 15/09/09	31/12/09 31/10/09 31/10/09 15/10/09	 Urgent due to requirement to sign contract with Capita in late October.
9. Updating the Business Case	Peter Mason, Jane Salt, Mike Thompson	01/09/09	28/09/09	Business case updated after any changes proposed and agreed by Project Board and supported by Executive.
10. Reporting progress report submitted to fortnightly project boards including recommendations in progressing business case issues and service design.	Peter Mason, Jane Salt	01/09/09	ongoing	Next progress report to be submitted to project board 23/09/09
11. Produce implementation action plan	Peter Mason, Jane Salt and work package leads	01/12/09	ongoing	