

RECOMMENDATIONS TO CABINET 6 DECEMBER 2011

FROM RESOURCES AND PERFORMANCE PANEL MEETING HELD ON 29 NOVEMBER 2011

RP84: **CONTRACT FOR SHARED SERVICE REVENUES AND BENEFITS
SYSTEM WITH NORTH NORFOLK DISTRICT COUNCIL**

In presenting the report, the Deputy Chief Executive explained that the report updated Members on progress to date with the Revenues and Benefits Partnership between the Borough Council of King's Lynn and West Norfolk (BCKLWN) and North Norfolk District Council (NNDC) and made a number of key interdependent recommendations to allow the partnership to move into implementation stage.

Members were informed that the original Business Case had been reviewed following the ICT Procurement exercise, work on the ICT infrastructure project and a revision of employee, supplies and service budgets.

The Panel was advised that the total estimated savings over the five year period to 2016/2017 to the partnership (including capital investment) were £460,622.

Those present were reminded that in February 2011 NNDC and BCKLWN agreed to start work to enter into a formal partnership to deliver a shared Revenues and Benefits service. Delegated authority was given to the Deputy Chief Executive in consultation with the relevant Portfolio Holder to enter into a procurement process for the joint core Revenues and Benefits software.

The Deputy Chief Executive explained that Members of NNDC would be asked formally to approve the partnership and ICT contract at its meeting in December 2011. To keep in sync with NNDC, on 24 November 2011 the full Council of BCKLWN formally delegated authority to make those decisions to Cabinet. The report detailed the recommendations to Members following the delegation of authority from Cabinet.

The progress to date was outlined as set out in section 2 of the report.

The Panel were advised that the Revenues and Benefits Partnership originally included four partners and a comprehensive Business Case was drawn up in December 2010 supporting the creation of a partnership. Since December there had been some key changes with two partners deciding to withdraw, unprecedented to local authority funding and the announcements from Central Government on Welfare Reform. The Business Case was therefore revised in February 2011 to reflect BCKLWN and NNDC as the two remaining partners and recommended an impact analysis of the Welfare Reform changes. It was highlighted that the financial section of the Business Case had now been updated to reflect the results of the procurement exercise, the proposed costings for the ICT Infrastructure project, the estimated costs to implement a

replacement core Revenues and Benefits software system and the impact of the introduction of Universal Credit from October 2013. The estimated savings had also been updated to reflect 2011/12 actual budgets.

The Deputy Chief Executive drew Members' attention to section 11 – issues and risks.

In conclusion, the Deputy Chief Executive explained that all of the mitigation measures had been fully costed into the business case and the comprehensive package of actions would reduce the risks to an acceptable level. Consequently the balance of risk and reward made the proposition to proceed with the partnership a sounder business case.

Members were advised of the next steps as set out in section 12 of the report.

In response to questions from Councillor de Winton regarding breaching the threshold, the Deputy Chief Executive explained NNDC and the Borough Council would remain two separate authorities and would lose their subsidy if their authority breached the threshold. He advised that the Council had sent a letter to the DWP requesting that the threshold be raised from £220,000 to £300,000, but the DWP had refused the request. NNDC had a lower threshold than the Borough Council because there were less benefit claims to process. It was anticipated that with a combined benefits service the threshold would not be breached.

Councillor D J Collis raised concern regarding the transfer of data to the new combined system. The Deputy Chief Executive advised that the Borough Council would not transfer any data until the new ICT system was ready. The supplier had confirmed that there was resource available to implement the new system. The current system would be available for storage of data for a period of three months. The Deputy Chief Executive highlighted that 9 days would be lost whilst the data was converted and validated. The new system would then be subject to a test period and any errors rectified. During the transfer of the data there would be an element of data to be corrected and cleaned up.

Councillor Wareham enquired if the change in policy would reduce the efficiency/reward. In response, the Deputy Chief Executive explained that the Borough Council currently paid benefits to 14,000 claimants amounting to £49m. In 2017, universal credits would be introduced and processed by the DWP, the reward to the Council would therefore end in 2017. However, a shared system for local Council Tax would bring benefits. The Borough Council had allocated £300,000 to reserves in the budget and approximately £100,000 - £200,000 in staff time. By 2017, the Council would recover the investment and make a surplus.

In response to questions from Councillor J Collop, the Deputy Chief Executive explained that the Agreement with NNDC was for a long term period, but was subject to review by each authority. The Chief Executive added that a review would be undertaken in 2017 when the Universal Credits Scheme was

introduced.

Councillor D J Collis asked what monitoring arrangements would be put in place for the partnership arrangement. The Deputy Chief Executive advised that audit reports had been requested from NNDC. NNDC had also requested copies of this Council's audit reports. Members were also informed that an external organisation had assessed NNDC and the Borough Council's ICT systems and had indicated that the Borough Council was in a better position to host the ICT system for both authorities.

RESOLVED: That Cabinet be advised that the Resources and Performance Panel supports the recommendations as set out in the report to Cabinet as follows:

Members are asked to:

1. Consider the revised financial information, agree the Baseline Budget for the Partnership and agree the viability of the Business Case for the partnership.
2. Agree the signing of the Partnership Agreement by the two Council Leaders and delegate authority to the newly formed Joint Committee to agree further amendments as the Partnership develops.
3. Agree Civica as the winning bidder for the replacement Revenues and Benefits software and give authority for the Contract to be completed.
4. Approve BCKLWN as the host authority for the ICT Infrastructure, Revenues and Benefits software and application support and the Disaster Recovery arrangements.
5. Members approve NNDC as the host for the shared Revenues and Benefits Management Team, approve the use of Secondment as the employment model for the team and delegate authority to approve the final staffing structure to the Deputy Chief Executive in consultation with the Leader and Cabinet Member for Shared Services and External Relations.
6. Delegate authority to the Deputy Chief Executive in consultation with the Leader and Cabinet Member for Shared Services and External Relations to develop Service Level Agreements for the supply of Support Services.
7. Give authority for Management Team, in consultation with the Leader and Cabinet Member for Shared Services and External Relations, to appoint additional temporary staff and/or contractors to mitigate the risks of conversion.