

Revenues and Benefits Shared Service Business Case Report

Timetable	
Meeting	Date
Corporate Services Policy Advisory Committee	5 February 2024
Cabinet	14 February 2024

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	Cabinet
Lead Head of Service	Georgia Hawkes, Director of Mid Kent Shared services
Lead Officer and Report Author	Zoe Kent, Interim Head of Revenues and Benefits
Classification	Public report with private appendix <i>Partially Exempt from Disclosure – Appendix II exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended): Information relating to the financial or business affairs of any particular person including the authority holding that information.</i>
Wards affected	All wards

Executive Summary

In 2021 as part of a review of services a proposal was put forward for the Swale Revenues and Benefits team to join the Mid Kent shared service. This report provides an update on the work carried out to align the services and the options to be considered by Cabinet. This report will be reviewed by the Corporate Services Policy Advisory Committee.

Purpose of Report

To seek approval for officers to expand the shared service arrangement for delivery of the Revenues and Benefits function across Maidstone, Swale and Tunbridge Wells Borough Councils.

This report makes the following recommendations to the Cabinet:

1. To agree to expand the Mid Kent Revenues and Benefits partnership to include Swale Borough Council.
 2. That delegation is awarded to the Director of Finance, Resources and Business Improvement to make the appropriate arrangements in line with the business case and sign the shared service collaboration agreement.
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Revenues and Benefits Shared Service Business Case Report

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims as set out in section 3.	Zoe Kent, Interim Head of Revenues and Benefits
Cross Cutting Objectives	The report recommendations support the achievement of the 'Deprivation and Social Mobility is improved' cross cutting objective by ensuring the Revenues and Benefits Service is able to provide a high-quality service to all residents including those suffering hardship.	Zoe Kent, Interim Head of Revenues and Benefits
Risk Management	The shared service business case has considered the risks of Swale joining the Revenues and Benefits service. Each option is included in the risk assessment table 7 of the business case. Option 2 is considered a high risk so therefore not recommended	Zoe Kent, Interim Head of Revenues and Benefits
Financial	The proposals set out in the report are projected to generate net revenue budget savings for Maidstone Borough Council of £39,000 in year one, rising to an an ongoing annual saving of £112,000 by year five. Furthermore, the proposal to expand the Revenue and Benefits shared service offers the opportunity for greater resilience, more capacity to carry out project work and to deliver performance and quality initiatives, and greater capacity to respond to future changes including changes in legislation.	Mark Green, Section 151 Officer
Staffing	There will be Staffing implications and these are set out in section 3 Accepting the recommendations will include savings that may put staff at risk of redundancy. The proposals within this report and the business case have considered the risk of redundancies.	Zoe Kent, Interim Head of Revenues and Benefits

Legal	<p>The Council has the power under the Local Government Act 1972 and other enabling powers to enter into shared arrangements for the provision of this service. Any resulting partnership arrangement will be made pursuant to Section 113 of the Local Government Act 1972, which allows a local authority to place any of its officers, who consent to the arrangement, at the disposal of another local authority on such terms as may be agreed between the parties.</p> <p>A collaboration agreement will be approved by Mid Kent Legal if the shared service is approved.</p>	Team Leader (Contentious and Corporate Governance)
Information Governance	<ul style="list-style-type: none"> The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes. 	Information Governance Team – Lauren McNichol
Equalities	<ul style="list-style-type: none"> We recognise the recommendations may have varying impacts on different communities within Maidstone. Therefore will carry out an equalities impact assessment during the first year of the restructure. 	Policy & Information Manager
Public Health	<p>We recognise that the recommendations will not negatively impact on population health or that of individuals.</p>	Zoe Kent, Interim Head of Revenues and Benefits
Crime and Disorder	<p>There are no implications to Crime and Disorder</p>	Zoe Kent, Interim Head of Revenues and Benefits
Procurement	<p>No new services are being procured as part of the business case</p>	Zoe Kent, Interim Head of Revenues and Benefits
Biodiversity and Climate Change	<p>The implications of this report on biodiversity and climate change have been considered and are;</p> <ul style="list-style-type: none"> There are no implications on biodiversity and climate change. 	Zoe Kent, Interim Head of Revenues and Benefits

2. INTRODUCTION AND BACKGROUND

- 2.1 The Revenues and Benefits service is one of the largest services provided by district councils and given its transactional nature one that is suited to shared service/partnership working.
- 2.2 This is evidenced through the existing successful shared service arrangements between Maidstone and Tunbridge Wells Borough Council and similar arrangements across Kent, including Dartford and Sevenoaks and Canterbury, Dover and Thanet.
- 2.3 In addition to maintaining strong performance in relation to its core services, e.g. processing new Housing Benefit and Council Tax Reduction Scheme claims in 15.7 days, the Mid Kent Services (MKS) Revenues and Benefits Partnership has demonstrated that through its flexibility, scale and ability to draw across partner resources it could also deliver combined services across a range of new schemes through the pandemic such as the Test and Trace Support Scheme and Business Grant Scheme.
- 2.4 Earlier work for the existing shared service confirmed the potential for financial savings, performance improvements and opportunities to enhance the overall resilience of the service with the detailed business case (approved in October 2010).
- 2.5 Whilst the decision was taken by Swale Borough Council (SBC) not to progress the Revenues and Benefits shared service at that time, in August 2021 a new proposal was taken to the Mid Kent shared service board to extend the Revenues and Benefits shared service to include SBC. In January 2022 the proposal was reviewed by the three councils, and it was agreed that SBC would make a number of changes before the business case was brought back to the Mid Kent shared service board. This included providing an immediate shared management of both SBC and MKS Revenues and Benefits and if approved combine both services after a period of 18-24 months to allow for:
 - a) the implementation of a new simplified banded CTR scheme within SBC
 - b) the implementation of a common document imaging system across both services
 - c) the transfer of customer enquiries from SBC Revenues and Benefits to the corporate Customer Services; and
 - d) the adoption of common processes and procedures across both sites.
- 2.6 A number of factors have been considered as part of the business case.
 - Service Resilience – The retirement of key officers across both teams. A combined team is better able to manage peaks in demand and support specialist functions.
 - The introduction of Universal Credit and withdrawal of the housing Benefit scheme, which district councils have administered since 1987, represents a further risk to the resilience of the service with the administration grant and staffing for Housing Benefit services currently cross subsidising the administration of Council Tax Support due to their combined assessment.

- Financial Imperative – All partners have identified the need for financial savings to maintain a balanced budget and combining services provides an opportunity to reduce management, staffing and ICT costs whilst protecting the service delivered to residents.
- New ways of working – with an increasing number of staff working remotely and already sharing some core systems, a combined service would now be able to operate with minimal disruption to staff working arrangements and with no impact on each partner’s local economy.
- ICT – Whilst the partners already share a common IT system for Revenues and Benefits (Capita) they have used different document management systems. Swale have now moved to NEC, so all systems are aligned.

2.7 The timetable for the business case being considered and being moved forward (if approved by the three councils) is shown in table 1. All three councils will need to approve SBC joining the partnership for it to be agreed.

Table 1

Decision Process	By end of:
Tunbridge Wells - Finance and Governance Advisory Board	23 January 2024
Swale – Decision by Policy and Resources Committee	31 January 2024
Maidstone – Corporate Services Policy Advisory Committee	5 February 2024
Decision by Maidstone & Tunbridge Wells Cabinets	14 February 2024

2.8 Three options have been considered within the business case. Option one – no change, option two – considering externalising services, option three – as the agreed changes have been carried out by SBC and there is a financial case providing savings, SBC join the Mid Kent Revenues and Benefits Partnership.

3. AVAILABLE OPTIONS

- 3.1 Option one – do nothing – Whilst the MKS shared service and Swale Revenues and Benefits service could continue, this option is not recommended because in their current form the services would struggle to make any material reduction in costs without threatening the service provided to residents. Resilience within the service would remain a risk particularly for Swale BC given the current reliance on a small number of key officers within the service. There are also a significant number of officers within the Mid Kent team that are likely to retire soon. A new Mid Kent Head of Revenues and Benefits would need to be recruited.
- 3.2 Option two - Outsourcing the service – A separate exercise could be undertaken to test the current market in terms of costs and quality of service, this option is not recommended because the exercise undertaken in 2010 demonstrated no financial benefit beyond that possible through a

shared service arrangement. With a shared service arrangement held at the time to provide greater flexibility and control for partner authorities. The East Kent Services Revenues and Benefits team was outsourced and is being brought back in-house due to the provider withdrawing from the market. This is added risk that is likely to bring additional costs to the authorities.

- 3.3 Option three – Expanded shared service – SBC has brought in the changes that were requested by the Mid Kent board in December 2021. This has aligned the services and reduced the costs of SBC joining the partnership. Tables 14 to 18 within the business case provide details of the possible savings from a three-way partnership. As there is already a shared management arrangement in place and a shared fraud team and enforcement service partnership this should mitigate any risks.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is option three. This option will bring savings as shown in exempt appendix 2, to the partners over a period of five years. It allows for further automation of processes over this period to cover the reduction in staffing numbers in years three to five which will come from natural wastage rather than redundancies. There are redundancies and pension costs in year one of the proposed expansion of the shared service, this is due to the restructuring of the management of the service.
- 4.2 This option allows for the expansion of the business rates teams and business support teams across Mid Kent and SBC. This ensures there is resilience for all the partners in areas where there are fewer staff carrying out roles, which brings high risks due to the amount collected in Business Rates and paid out as Housing Benefit.

5. RISK

- 5.1 The risks of all options are included in table 7 and part 18 of the business case. The Mid Kent Audit team review all risks within one risk assessment for both MKS and Swale Revenues and Benefits. This has meant that risks across all three authorities are considered at the same time both individually for each authority and as a partnership for example with shared IT.
- 5.2 If Swale joining the Mid Kent Revenues and Benefits partnership is approved the risk assessment will be reviewed and updated regularly to ensure that costs, performance and any risks are reviewed and managed appropriately.
- 5.3 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. That consideration is shown in appendix 1 part 18 within the business case risk assessment. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the policy.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 The Corporate Services Policy Advisory Committee considered this report on 5 February 2024 and recommended that the Cabinet approve the recommendations.
- 6.2 If option three is approved by each council and SBC join the Mid Kent Revenues and Benefits Partnership a consultation will be carried out with the Mid Kent and Swale Revenues and Benefit staff and the unions.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 A consultation will be carried out with the staff and unions. The Head of Mid Kent Revenues and Benefits will be appointed and will put in place a structure after, the staff consultation and the TUPE arrangements to move Swale staff to the Mid Kent Revenues and Benefits service employee (Maidstone Borough Council).
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8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix 1: Proposed extension of the Mid Kent Revenues and Benefits Service Business Case
 - Appendix 2: Exempt: Business Case Financial Information - Restricted
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