



LATE REPORTS, URGENT BUSINESS and SUPPLEMENTARY INFORMATION

Cabinet

Tuesday, 19 April 2011

The following reports were received too late to be included on the main agenda for this meeting and were marked 'to follow'. They are now enclosed, as follows:

Agenda Item Number	Page	Title	Reason for Late Report	Officer Responsible For Late Report
7	1 - 7	SHARED SERVICES ARRANGEMENTS WITH PRESTON CITY COUNCIL FOR THE REVENUES AND BENEFITS SERVICE	Report was unavailable at the time the agenda was published	Head of Financial Services and Head of Governance
		(Cabinet Member with Special Responsibility Councillor Langhorn)		

CABINET

**Shared Service Arrangements with Preston City Council for the Revenues and Benefits Service
19 April 2011**

Report of the Head of Financial Services and the Head of Governance

PURPOSE OF REPORT			
To consider arrangements for establishing a Joint Committee of this Council and Preston City Council to administer a shared service for Revenues and Benefits with effect from the 01 July 2011.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
		Referral from Cabinet	<input checked="" type="checkbox"/>
Date Included in Forward Plan	N/A		
This report is public			

RECOMMENDATIONS OF COUNCILLOR LANGHORN;

- (1) To enter into a Shared Revenues and Benefits Service Agreement with Preston City Council with effect from the 1st July 2011, and to authorise the Chief Executive to approve the terms of such agreement on behalf of the Council.
- (2) Through the Shared Service Agreement, to delegate Cabinet’s Revenue and Benefits functions to a Joint Committee with Preston City Council
- (3) To recommend to Council that the Council’s Constitution be amended to reflect the establishment of a Joint Committee to carry out the Revenues and Benefits functions of this Council and Preston City Council, with the terms of reference as set out in Appendix 1.

1.0 Introduction

- 1.1 At its meeting on 07 December 2010, Cabinet, having considered the business case, approved a shared service arrangement for the delivery of the Revenues and Benefits Service, with Preston City Council acting as host authority, and resolved that further reports be presented to members in due course to address the further details of the governance and contractual arrangements.
- 1.2 Subsequently, discussions on the details of the proposed arrangements have continued between the two councils through the officer project board.

2.0 Proposal Details

Joint Committee

- 2.1 It is proposed that the shared service will commence on the 1st July 2011.
- 2.2 It is proposed to create a Joint Committee to discharge the Revenues and Benefits functions for both this Council and Preston City Council. The Revenues and Benefits functions are all executive functions. In this regard, Sections 101 and 102 of the Local Government Act 1972 and Regulations 4 and 11 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2000 (as amended) enable the Cabinet to discharge any of its functions jointly with another council through a Joint Committee.
- 2.3 Both Cabinets would delegate their Revenues and Benefits functions to the Joint Committee, which would then become responsible for the joint discharge of those functions on behalf of both councils. Joint arrangements would not divest each council of its primary responsibility for the proper discharge of the functions in question. The proposed terms of reference of the Joint Committee, together with the functions for which it would be responsible, and a note of those functions not to be delegated to the Committee, are set out at Appendix 1.
- 2.4 The legislation provides that if the functions to be discharged by a Joint Committee are all executive functions, then it is in the remit of the executive to arrange for the establishment of the Joint Committee, and to fix the number of members to be appointed and their term of office. Every person appointed to the Joint Committee by an executive shall be a member of the executive. . The political balance requirement does not apply to the appointment of such members. It is proposed that the Joint Committee should consist of two Cabinet members from each council, with the remaining members of the respective Cabinets able to act as substitute members. Appointments would normally be made for the period of the municipal year.
- 2.5 As Rule 1.4 of the Cabinet Procedure Rules requires changes to Cabinet delegations to be reported to Council, and as changes to Part 3 of the Constitution, which includes the terms of reference of committees, are a matter for Council, Cabinet is asked to recommend Council to amend the constitution to reflect the establishment of the Joint Committee.
- 2.6 It is anticipated that the Joint Committee, at its first meeting, would delegate the operational joint functions to the Assistant Director (Head of Revenues and Benefits) of Preston City Council, who would be accountable to the Joint Committee for the proper discharge of the shared service function and for the efficient delivery of the shared service.

Staff

- 2.7 A Joint Committee is not a legal entity, and is not therefore able to employ staff, or indeed to enter into contracts for goods and services. As approved by Cabinet in December, Preston City Council is to be the host authority and will be responsible for the employment of the staff who will deliver the shared service.
- 2.8 It is proposed that Revenues and Benefits staff from this Council will transfer to Preston City Council on the 1st July 2011, under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), and they will be employees of Preston City Council from that date.
- 2.9 It is proposed that the shared services agreement will provide for officers employed by Preston City Council to be placed at the disposal of Lancaster

City Council under Section 113 of the Local Government Act 1972, so that they may be properly authorised to discharge the functions of the Joint Committee that relate to this Council.

Shared Revenue and Benefits Service Agreement

- 2.10 The Shared Revenues and Benefits Service Agreement is the document that will set out the arrangements for the two councils entering into the shared service. Its purpose is to safeguard the interests of both Councils during the period of operation and thereafter.
- 2.11 The Agreement will set out the detail against which the service will be delivered. It will contain provisions for:
 - (a) governance arrangements;
 - (b) financial arrangements;
 - (c) the services to be provided by each council to deliver the service;
 - (d) the circumstances when the agreement can be terminated;
 - (e) the arrangements for resolution of dispute; and
 - (f) the service levels to be performed in relation to the functions under the control of the Joint Committee
- 2.12 It is proposed that the arrangement should be a long-term one (ten years), but the agreement will provide for earlier termination. The consequences of such termination will be addressed in the agreement, with the council wishing to terminate bearing the burden of the cost of that decision, unless the parties agree otherwise.
- 2.13 In essence, each Council will need to fund the service to a level agreed in the Agreement. In the event of significant changes to the service, for example the requirement of new significant investment as a result of legislative changes, each council would retain the ability to agree its position individually. However, it is expected that in the first instance both councils would work together to identify a solution that was acceptable to both authorities.
- 2.14 Cabinet is recommended to authorise the Chief Executive to approve the final terms of the Shared Service Agreement.
- 2.15 It should be noted that the recommendations in this report are subject to similar resolutions being agreed by Preston City Council. Preston's Cabinet meets on the 6th April 2011, and its decision will be reported orally at the meeting.

3.0 Details of Consultation

- 3.1 Consultation with stakeholders took place before the Cabinet decision of December 2010. Staff have been consulted in accordance with TUPE.

4.0 Options and Options Analysis (including risk assessment)

It should be noted that an options analysis was included as part of the business case approved back in December and therefore the options presented below follow on from this. For more details on the options and risks associated with the business case itself, Members are requested to refer back to the December Cabinet agenda.

	Option 1: To approve the	Option 2: Not to approve the
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	entering into of a Shared Service Agreement and the establishment of a Joint Committee	entering into of a Shared Services Agreement and the establishment of a Joint Committee
Advantages	A robust and fully integrated service will be established with the potential for efficiency savings as set out in the business case previously considered by Cabinet.	None – it would be necessary to consider alternative arrangements for the provision of the service, to achieve the approved budget savings.
Disadvantages	None identified.	The considerable work in negotiating the arrangements to this stage would have been wasted, and there would be uncertainty for staff.
Risks	No further risks identified.	See comments above – these points would raise new financial and operational risks potentially.

5.0 Conclusion

5.1 Cabinet is asked to approve the recommendations set out above.

RELATIONSHIP TO POLICY FRAMEWORK

To implement the council's agreed programme for Shared Services was a key action in the 2010/11 Corporate Plan and is included in the proposed Plan for 2011/12 onwards.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

No new implications arising, since the consideration of the business case.

LEGAL IMPLICATIONS

Legal Services have been consulted and its views are reflected within this report.

FINANCIAL IMPLICATIONS

No new direct implications arising; the estimated savings of £46K per full financial year have already been included in the approved budget. Should Option 2 be approved, however, further consideration of the service would be needed, in order to fit within approved budgets.

OTHER RESOURCE IMPLICATIONS

Human Resources:

As set out above. It is intended that Personnel Committee would receive an update report on the staffing implications in due course.

Information Services / Property :

No new implications (already covered previously as part of the business case):

SECTION 151 OFFICER'S COMMENTS

The section 151 Officer has contributed to the production of this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been involved in the preparation of this report

BACKGROUND PAPERS

None

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DRAFT TERMS OF REFERENCE FOR JOINT COMMITTEE FOR REVENUES AND
BENEFITS

Composition: Two members of Cabinet of Lancaster City Council (to be appointed by the Cabinet) and two Members of Cabinet of Preston City Council, with the remaining members of each Cabinet able to act as substitute members

The Joint Committee will be responsible for –

1. The delivery of those delegated functions relating to Revenues and Benefits set out below that Lancaster City Council and Preston City Council have agreed to be delivered through the Joint Committee within the budget and to the agreed standards;
2. Ensuring that Lancaster City Council and Preston City Council remain fully informed and engaged.

FUNCTIONS DELEGATED TO THE JOINT COMMITTEE

1. The following functions are delegated to the Joint Committee to be carried out on behalf of the Councils subject to the terms of the Shared Service Agreement between the Councils:
 - 1.1 Maintenance of databases in administering Revenues and Benefits
 - 1.2 Billing, collection and recovery of Council Tax and Non-Domestic Rates
 - 1.3 Administration, assessment and payment of Housing Benefit and Council Tax Benefit
 - 1.4 Securing the gateway to Benefits and the identification of fraud and error, including investigation and determination of sanctions save for prosecutions
 - 1.5 Recovery of arrears of repayment of Housing Benefit and Council Tax Benefit overpayment
 - 1.6 Compilations of returns to central Government relating to Revenues and Benefits (to be signed off by s151 officer)
 - 1.7 Provision of administration and support services relating to Revenues and Benefits when appropriate
 - 1.8 Approval of discretionary Housing Payments
 - 1.9 Approval of applications for mandatory relief, discretionary relief for Non-Domestic Rates and Council Tax, including hardship and partial occupation
 - 1.10 Recommendation and administration of any write-offs of bad debts within the scope of the write-off policies established by each Council
 - 1.11 Preparation of benefit subsidy claims
 - 1.12 Any additional functions that may be conducive to carrying out the shared service for Revenues and Benefits
 - 1.13 Responding to all requests for information in accordance with the Freedom of Information Act 2000 in respect of the functions delegated to the Joint Committee (whether such requests are addressed to the Joint Committee or any Partner Council)

2. The functions delegated to the Joint Committee shall be exercised subject to any proposed expenditure being contained in the annual Revenues and Benefits budget approved by the Councils and any proposed activities being within the Business Plan approved by the Councils provided that it complies with the relevant financial procedure rules of the Joint Committee

FUNCTIONS TO BE RETAINED BY EACH COUNCIL

The following functions and matters shall be reserved to and decided by each Council from time to time; all decisions and policies on such matters shall be notified to the Joint Committee as necessary as soon as reasonably practicable after any such decision is made and the Joint Committee shall give effect to all such policies and decisions of the Councils in the exercise of the functions delegated to it:

- 1.1 Approving and setting of Council Tax
- 1.2 Calculation of Council Tax Base
- 1.3 Collection fund accounting
- 1.4 Approval of benefit subsidy claims
- 1.5 Determination of policy for second and empty homes
- 1.6 Determination of policy for write off of bad debts and approval of any write-offs within the scope of that policy
- 1.7 Setting the level of and the receipt of enforcement fees
- 1.8 Approval of discretionary relief policies in relation to Non-Domestic Rates and Council Tax
- 1.9 Agreement of rating assessments for Council owned properties
- 1.10 Authorisation and prosecution of benefit fraud cases