

**Options For Senior Management Structure As Part Of A Shared Revenues & Benefits Service Between Lancaster City Council And Preston City Council**

**Current Position**

At senior management level each Council has the following:

Lancaster	Preston
Head of Revenue Services	Assistant Director (Head of Revenues & Benefits)
Benefits & Customer Services Manager	Benefits Manager
Local Taxation Manager	Revenues Manager

Beneath this level of senior management, each Council has a hierarchy of management and staff delivering their respective elements of the Revenues and Benefits function.

The 2009/10 costs of these traditional senior management structures are set out below with details attached.

Lancaster £	Preston £
172,545	167,540

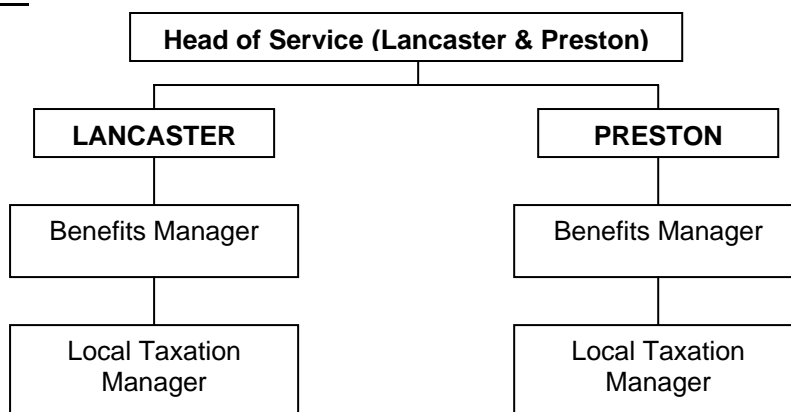
**Considerations**

The extent to which any shared revenues and benefits service between Lancaster and Preston is progressed will depend on the business case presented for each stage. It is recommended however that any shared service be developed on a phased approach focussing initially on the senior management structure.

The options for making immediate ongoing revenue savings from a single senior management structure as part of a phased approach are set out below :-

1. One head of service providing strategic management and co-ordination of service delivery for both Councils with two Benefit Managers and two Revenues Managers reporting to him and who provide the strategy and co-ordination role for each relative function. This would reduce the number of senior managers from 6 to 5.

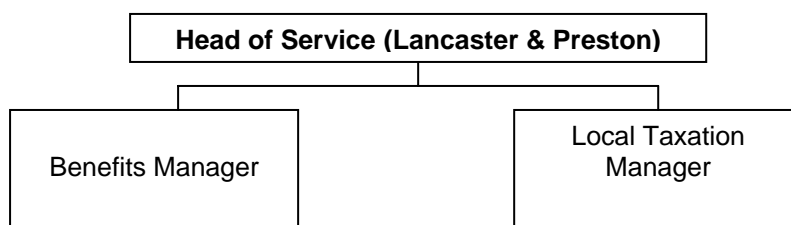
Diagram A



Estimated savings of circa £60K

2. One head of service providing strategic management and co-ordination of service delivery for both Councils with one Benefits Manager and one Local Taxation Manager reporting to the Head of Service, providing the senior management, strategy and co-ordination role for both Councils, for each relative function. This would reduce the number of senior managers from 6 to 3.

Diagram B



Estimated savings of circa £160K

These two options are considered the only realistic options that could be implemented within a relatively short timescale to produce early achievable revenue savings, although alternative solutions may develop as the project progresses.

The ability and effectiveness of managers to be shared across two authorities and geographical locations.

The ability for managers to work across two local authorities has been tested elsewhere as well as locally where the Licensing function is managed by one person operating between Lancaster and South Lakeland.

In Preston, the Fraud Service is provided successfully on a shared service basis with Fylde BC, providing ongoing savings for both authorities.

However, it is worthy of note that the full spectrum of Revenues and Benefits administration is a much larger and complex area of work with a higher impact on a wider range of citizens and stakeholders.

Where such an arrangement is in place and the staff are located in two or more geographical locations, modern and effective communication techniques are seen as highly important to reduce the impact of time lost and cost of travelling between sites.

However, the model of shared management of this function across 3 local authorities is currently in place in South Worcestershire where Worcester City Council, Malvern Hills District Council and Wychavon District Council share a senior management team for Revenues and Benefits.

More locally, the shared service arrangement for the Revenues and Benefits function being hosted by Blackpool Borough Council for Fylde Borough Council provides for a single senior management team.

### The experience of other shared service's management arrangements.

The shared management arrangements in South Worcestershire and Blackpool, and to a lesser degree already in place at Preston demonstrate that such arrangements can and do work. However, it is important to stress that their success is based on there being a clear understanding of their roles and responsibilities, their objectives and their reporting and overall governance arrangements by the partners involved.

In particular, the Section 151 Officer and Monitoring Officers will need to be satisfied that the arrangements are satisfactory. More importantly, as with any senior management, there is a need to avoid duplication of decision makers and for there to be clear accountability.

Protracted periods of uncertainty from initial proposals to implementation should be avoided as this leads to inefficiency, ineffectiveness and a vacuum under which existing senior managers would find it difficult to operate.

### The Human Resources issues arising from any decisions.

Appropriate application of and compliance with, current employment legislation

Decisions need to be taken at the earliest opportunity as to how the affected members of staff will be treated during any proposed changes.

The HR policies and procedures at each authority will be used to help achieve any reductions in senior managers.

The evaluation of jobs within a revised shared service structure, given that the two councils operated different Job Evaluation schemes.

There are a number of legal issues that need to be managed in relation to the joint working:

- Vires or Powers for joint management/working
- The impact of any transfer of employment from one authority to the other (TUPE)
- Practical control issues
- Risk allocation

### The basis for sharing any savings and the bearing of any early retirement/redundancy costs.

Decisions will need to be taken as to the funding of any early retirement/voluntary redundancy costs and the extent of the revenue savings arising in the current and future years.

## **Summary**

It is clear that significant revenue savings can be made from the early implementation of a shared senior management structure. **Option 2 is the preferred officer recommendation as the first phase of developing a shared service for Revenue services with Preston City Council.** This could be achieved without compromising any decision as to any further proposals to extend the shared service subject to the further consideration of the business case.

The success or otherwise of such a shared service management arrangement will depend on early, clear decisions being taken as referred to above. With due respect and consideration for the senior managers involved, Human Resources policies will need to be applied appropriately whilst ensuring that any proposals are in line with value for money principles and the strategic planning

being undertaken to manage the medium term financial and organisational challenges facing both Councils. **As a consequence, it is further recommended that both councils' HR officers work together to progress Option 2 as soon as practicable and report back to the appropriate member Committees as required .**