



Committee: CABINET

Date: TUESDAY, 7 DECEMBER 2010

Venue: MORECAMBE TOWN HALL

Time: 10.00 A.M.

A G E N D A

1. **Apologies**

2. **Minutes**

To receive as a correct record the minutes of Cabinet held on Tuesday 9 November 2010 (previously circulated).

3. **Items of Urgent Business Authorised by the Leader**

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. **Declarations of Interest**

To consider any such declarations.

5. **Public Speaking**

To consider any such requests received in accordance with the approved procedure.

Reports from Overview and Scrutiny

None.

Reports

6. **Lancaster John O'Gaunt Water Centre (Pages 1 - 5)**

(Cabinet Members with Special Responsibility Councillors Ashworth and Bryning)

Report of the Head of Community Engagement.

7. **Morecambe Central Promenade Development Agreement (Pages 6 - 10)**

(Cabinet Member with Special Responsibility Councillor Bryning)

Report of the Head of Regeneration and Policy.

8. **Shared Service Delivery- Public Realm (Pages 11 - 15)**

(Cabinet Members with Special Responsibility Councillors Barry and Langhorn)

Report of the Head of Environmental Services.

9. **Shared Service Arrangement with Preston City Council for Revenues and Benefits Service** (Pages 16 - 53)

(Cabinet Member with Special Responsibility Councillor Langhorn)

Report of the Head of Financial Services.

10. **Facilities Management Review & Property Services Restructure**

(Cabinet Member with Special Responsibility Councillor Langhorn)

Report of the Deputy Chief Executive (to follow).

11. **Budget & Policy Framework 2011/12**

(Cabinet Member with Special Responsibility Councillor Langhorn)

Report of the Deputy Chief Executive and Head of Financial Services (to follow).

12. **Lancaster Market**

(Cabinet Member with Special Responsibility Councillor Barry)

Oral update, for information only, from the Lancaster Market Cabinet Liaison Group.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Stuart Langhorn (Chairman), June Ashworth, Jon Barry, Eileen Blamire, Abbott Bryning, Jane Fletcher, David Kerr, Peter Robinson, and 2 Conservative vacancies.

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047 or email ebateson@lancaster.gov.uk.

(iii) Changes to Membership, substitutions or apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

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Published on 25 November 2010

CABINET

**Lancaster John O’Gaunt Water Centre
07 December 2010**

Report of Head of Community Engagement

PURPOSE OF REPORT			
To decide whether to offer Council support to develop a regionally significant centre for rowing, canoeing and kayaking at the current site of the Lancaster John O’Gaunt Rowing Club on the River Lune in Lancaster.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	November 2010		
This report is public			

OFFICER RECOMMENDATIONS

- (1) **Cabinet notes the details of the proposal, progress to date and partners involved.**
- (2) **Cabinet supports the concept of providing a regionally significant centre for rowing, canoeing and kayaking at the current site of the Lancaster John O’Gaunt Rowing Club on the River Lune in Lancaster.**
- (3) **Cabinet agrees to provide officer support from within the Community Engagement and Regeneration and Policy services as appropriate to assist the development of the water centre.**

1.0 Introduction

- 1.1 The Lancaster John O’Gaunt Rowing Club, currently based on the River Lune near Skerton Weir, has asked the Council to support it development of a regionally significant centre for rowing, canoeing and kayaking. If successful, the proposed “water centre” could provide a variety of health, well-being, environmental and economic benefits in line with Council corporate priorities. In particular, the project would complement other initiatives in the area, most notably the “Connecting Communities project which has highlighted that many of Skerton’s natural assets are underutilised.
- 1.2 Local architects, Mason Gillibrand, have assisted the club to draw up, in outline form, a proposal which would see a new water centre located on the club’s existing site just above Skerton Weir. In addition to new rowing,

canoeing and kayaking facilities, the scheme would also include a new hydro turbine facility at the weir itself.

- 1.3 A presentation of the outline scheme has been provided to officers who have subsequently briefed the Cabinet Portfolio Holders for Children and Young People and the Economy. The Council has now been asked to support the idea in principle and to provide officer support to further feasibility work to take the proposal forward. This support would be mainly from the Wellbeing arm of the Community Engagement service but would also involve some officer time from the Regeneration and Policy service.

2.0 Proposal Details

- 2.1 In summary, the water centre would include a new building consisting of a function room, outdoor viewing terrace, and flexible space for a gym/tuition/meetings and educational class use. Also provided would be changing rooms, and secure boat and equipment storage. All areas would be accessible with a platform lift included.

Sports / Physical Activity

- 2.2 The water centre would have the potential to provide a regionally significant facility for learning, coaching and competitions in many water based sports and activities including:

- i) Canoeing / Kayaking;
- ii) Rowing;
- iii) Small scale sailing;
- iv) Paddle boarding;
- v) Leisure rowing boats;
- vi) Pedalos;
- vii) 'Wild swimming'; and
- viii) Triathlon competitions.

- 2.3 In addition, the building could have flexible use facilities for many other activities such as:

- i) Arts classes;
- ii) Coffee mornings;
- iii) Toddler groups;
- iv) Dance studio / yoga / pilates classes;
- v) Meeting / special event venue; and
- vi) Educational venue for sustainability and the environment.

Partnerships and the Community

- 2.4 The proposed water centre could open up potential partnerships with a large number of local schools, colleges, universities and community groups to offer

facilities for a wide range of water based sports, as well as associated coaching and water safety training. By centralising these facilities, coaches and equipment of the very highest standard can be offered to the widest possible audience. The wider public will have the chance to learn these water based sports for themselves in a safe and stimulating environment.

Education

- 2.5 The proposed hydro turbine will be a unique, publicly accessible, educational tool for the district. The disused sluice gate building, immediately off Halton Road, can be open for educational groups to visit and study. This will increase interest in the River Lune as an integral part of the future of Lancaster.

Energy

- 2.6 The turbine will supply sufficient energy for the building with the surplus exported to the grid. The exported energy will provide an income (via the Government’s ‘feed in tariffs’) and further discussions on this would take place with members and officers of the City Council prior to any agreement.

Precedent Schemes

- 2.7 The scheme being proposed would be one of only a handful currently available in the UK. Currently, the nearest similar facility is the Tees Barrage facility in Stockton on Tees, approx. 95 miles away. Opened in 1995, it comprises a river barrage, road bridge, foot bridge, barge lock, fish pass, white water course and rowing course. It is currently being used as a practice venue for the 2012 Olympic Games. The scheme has been so successful that a second phase is now underway. It includes 3 large Archimedes Screw hydro turbines, helping to pump the water around the courses and when not in use generating electricity to export.

3.0 Details of Consultation

- 3.1 The club have opened discussions with local residents regarding the proposed scheme and they are ongoing. Should Members determine value in proceeding with this scheme, it is envisaged that further consultation would take place with a wide range of partners and residents.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Members approve officers to provide advice and support to the scheme	Option 2: Members do not approve officer support for this scheme.
Advantages	Officers could work with the various clubs, community and architects to ensure the proposal proceeds in line with corporate objectives.	Officers free to utilise time on other areas of work.
Disadvantages	The scheme proceeds	Scheme is in its infancy and

	with minimal involvement from the Council and opportunities to maximise consultation/ benefits for clubs and community and energy saving implications are not provided.	efficiencies around community/club integration, tourism and energy would not be explored.
Risks	As scheme develops it requires considerable officer time – would need to be managed by regular reporting to ensure work programmes are appropriate.	Council not associated in a scheme which could positively impact on tourism, residents and clubs resulting in poor publicity.

5.0 Conclusion

5.1 The scheme is in its early stages and officers would have to monitor their time spent against demands from other areas on their time (should option 1 be approved). The scheme is potentially a considerable improvement on the current offer and at this stage, other than officer time, the club is not seeking financial support from the Council.

RELATIONSHIP TO POLICY FRAMEWORK

Supports Corporate Plan priorities in respect of Energy Coast, visitor economy and working in partnership.

It further supports LDLSP Community Strategy priorities in respect of positive activities for children and young people, economic priorities (significant visitor destination with an outstanding waterfront) and environmental – achieve new development which is sustainable.

The proposal complements the LDLSP’s recent decision to support a number of hydropower feasibility studies across the district.

CONCLUSION OF IMPACT ASSESSMENT

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

None at the moment. Any proposal arising out of feasibility work would include a full impact assessment. If successful, the project would complement other initiatives in the area such as “Connecting Communities”.

LEGAL IMPLICATIONS

There are no legal implications at this stage.

FINANCIAL IMPLICATIONS

There are no financial implications at this stage other than the cost of officer time.

OTHER RESOURCE IMPLICATIONS

Human Resources:

Officer time would be needed from both the Community Engagement and Regeneration and Policy Services.

Information Services:

None at the moment

Property:

None at the moment

Open Spaces:

None at the moment

SECTION 151 OFFICER'S COMMENTS

The section 151 officer has been consulted and on the basis that the resource input is not significant and there is no expectation of any direct financial input from the Council, the s151 Officer would highlight only that the proposal is based on the Council's existing corporate priorities and there is a risk that these could well change in due course.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has nothing further to add,

BACKGROUND PAPERS

None

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Ref:

CABINET

Morecambe Central Promenade Development Agreement

7th December 2010

Report of Head of Regeneration and Policy

PURPOSE OF REPORT			
To obtain the views of Cabinet on how they wish to proceed with the Development agreement with Urban Splash taking into account updates in circumstances since it was entered into.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan		October 2010	
This report is public			

RECOMMENDATIONS OF COUNCILLOR BRYNING

(1) That Members consider the results of the investigations into the potential for a marina to be incorporated in the Central Promenade Development and instruct officers on how they wish to proceed with the current development agreement.

1.0 Introduction

1.1 In June 2006 the Council entered into a development agreement with Urban Splash to facilitate the development of an area of the council’s land adjoining the Midland Hotel. The agreement covered the public realm area of the central promenade site, the harbour band arena, the area occupied by the Dome and an area of public car parking. The selection of Urban Splash as preferred developer had occurred as they had become the owners of the adjoining site occupied by the Midland Hotel. To secure public funding from the North West Development Agency to assist in the extensive costs of refurbishing the hotel the Council was expected to grant exclusivity rights to Urban Splash in relation to this adjoining land.

1.2 The development agreement among its numerous clauses required Urban Splash to hold a design competition for the site, which they subsequently did, and to submit a planning application to secure permission for the chosen scheme. Two planning applications (one outline and one detail relating to a

smaller part of the site) were submitted on 13th June 2008. Aspects of the scheme raised adverse comments not only from local objectors, but also statutory bodies including English Heritage. Although the Council's officers had negotiated amendments between the developer and English Heritage by Christmas 2009 these had not been submitted and the application was reported to Planning Committee in February 2010 with a recommendation for refusal. The Planning Committee deferred consideration of the application after reassurances from Urban Splash that the promised revisions would be submitted. Those revisions were subsequently received and are currently pending a decision.

- 1.3 The development agreement has a long stop date of June 2011 beyond which both parties could opt to allow it to lapse without claim against each other, provided they have both performed to the obligations within it. Since the original development agreement was entered into there have been a number of concerns raised by Members about the relationship between the design of the scheme in comparison to that which won the architectural competition. In addition to that the Council has adopted its Local Development Framework Core Strategy and resolved to prepare an Area Action Plan for central Morecambe. In an Area Acton Plan this site would be a prominent feature.
- 1.4 The popularity of the Beachcomber concept with local residents has given rise to a level of support within the town for a different approach to be taken in relation to this site. In addition scoping work for the Area Action Plan revealed requests by some commentators that the Council consider whether or not the land adjoining the Midland Hotel could be developed with a scheme which included a Marina. The challenges of trying to do this are considerable, not simply because of the high conservation value of the bay which could raise strong technical objections, but also because of the difficult tidal conditions arising from the shallowness of the bay which would affect access. It is also unclear whether or not with existing marinas at Barrow, Fleetwood and Glasson, there would be a commercial demand for such a feature.
- 1.5 Because of the development agreement it is important that consideration of a marina, which would involve a step change in policy from the current land allocation and development brief should be undertaken promptly and avoid hindering the development processes. In this regard the current economic down turn has affected perceived demand for the development envisaged so there remains a window of opportunity to consider the feasibility of a marina without prejudicing a confirmed development programme. This window is however not extensive and Urban Splash have confirmed that they would like their outstanding planning application considered by the new year. This report has been prepared in advance therefore to anticipate the receipt of consultancy advice on marina feasibility and obtain members' instructions on how they want to proceed in the alternative scenarios.

2.0 Proposal Details

- 2.1 Expressions of interest in a focussed piece of work to assess the feasibility of a marina were sought in late September 2010. Only experienced consultancies with a track record of experience in marina development were invited to submit quotations. A period for the work programme has been set and initial findings should be available for the Council to consider in late November 2010.

- 2.2 If the findings of this investigative work suggest that a marina is not commercially or environmentally viable in this location then the Council should continue as originally intended and aim to determine Urban Splash’s pending development proposals. There remain outstanding issues with the current revised planning application so it might not be practical to expect determination by early in the new year. To give extended time to resolve the issues with that application therefore, the Council could grant an extension to the development agreement.
- 2.3 If the findings suggest that a marina might be feasible further more detailed work would be necessary. Urban Splash’s current development proposals could not be implemented and the Council could seek to renegotiate with Urban Splash to establish whether or not an alternative set of proposals can be produced for the site. Urban Splash have indicated in writing that they would wish to continue as a development partner with the Council to attempt to deliver a marina and mixed use development including extended accommodation for the Midland Hotel, should such a scenario be considered viable.
- 2.4 If a marina proposal were feasible but would have to monopolise the whole area of land adjoining the Midland, then this would effectively rule out any other form of development on the site and materially alter the circumstances surrounding this development brief. In these circumstances the Council will have to consider whether not to open new negotiations with Urban Splash relating to this and other sites in the area, or whether to withdraw from the current Development scheme and re market the site as part of new proposals arising from the Area Action Plan.
- 2.5 Clearly at the time of writing the commercial and environmental feasibility of a marina in this location is not yet known, but Urban Splash’s attitude to two of the three scenarios has been made clear.

3.0 Details of Consultation

- 3.1 Extensive consultation has been carried out by Urban Splash and the Council in relation to the current planning application. The Council has also carried out consultations with the public on the scoping section of the Morecambe Area Action Plan. Consultation on the consideration of these options has been limited to appraising Urban Splash of the alternative. Urban Splash’s initial response is appended to this report.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Marina not feasible, extend existing development agreement	Option 2: Marina feasible. Renegotiate development agreement with Urban Splash.	Option 3: Marina feasible. Re market site with view to negotiating a fresh development agreement.
Advantages	Continuity of approach, no major conflicts with current development agreement.	Addresses some community aspirations for site and decreases density on site.	Fresh approach to review use of site with wider considerations in Area Action plan.

Disadvantages	Council still has to deal with local concerns about scale of development on this side of Promenade.	May not be fundable without significant public sector subsidy and reduces values from development to Council receipts.	Means abandoning potential higher value scheme on site including scope for Midland Hotel to expand.
Risks	No new risks so long as Urban Splash do not dispute delays to consider this issue.	Potential challenge for breach of existing agreement if Urban Splash do not agree to variation.	Potential challenge for breach of existing agreement with Urban Splash.

5.0 Officer Preferred Option (and comments)

5.1 At the time of writing no conclusion has been reached on the commercial or environmental feasibility of a marina on the site therefore officers cannot support any other option than Option 1. The Council’s current policy position in relation to the development of the site is that expressed in the development brief and until that is changed Option 1 is the only one which could be recommended. If the feasibility of a marina on the site is shown to potentially change from previous assessment of marina potential at Morecambe the preferred option will be reviewed in the light of that new information. Members will be given a written update for the meeting.

RELATIONSHIP TO POLICY FRAMEWORK

The regeneration of Morecambe remains one of the Council’s top priorities. The development of the land adjoining the Midland Hotel is identified in the Local Development Framework Core Strategy as one of the key regeneration projects.

CONCLUSION OF IMPACT ASSESSMENT

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

The development of this land has major impacts for the tourist economy in Morecambe. Its profile adjoining the Midland Hotel is one of the highest in the District. The continued regeneration of Morecambe’s local economy will be highly influenced by changes to the land use and appearance of this site. Creating a stimulating economic use on the site has the potential to safeguard the significant investments which have already taken place.

LEGAL IMPLICATIONS

The development agreement between Urban Splash and the City Council is still conditional upon determination of the planning application and matters arising from such determination. If the City Council decides to change its view about the form of development it requires to take place on the site without agreement with Urban Splash, there is the potential for the Council to be in breach of the terms of the agreement. In the event of such a situation arising the Council would need to consider its contractual position and if deemed appropriate seek specialist legal advice to mitigate any potential claim. If there is a material change in planning circumstances such as a shift in the policy position then the developer and the Council in its land owning role have to take this into account even if this means that earlier aspirations for the site have to be revised. Should the potential for such a position occur,

specialist legal advice would be taken to ensure that the Councils position is protected if a policy change occurs.

FINANCIAL IMPLICATIONS

There are no new financial implications arising from the preferred officer option 1. With options 2 and 3 there is an increased risk that the council could incur additional costs arising from potential legal challenge by Urban Splash, however, which at this stage is neither quantified or budgeted for.

Members are reminded that the council continues to hold a £250K deposit from Urban Splash, which can only be released to us in the form of payment for a licence to commence works on site if the pre-commencement conditions on any planning permission are discharged. If the existing development agreement is not extended or re-negotiated with Urban Splash, however, then this would have to be paid back to Urban Splash.

Regardless of which option is chosen, a more detailed report will need to be brought back to Cabinet prior to the council entering into any financial or contractual commitment for the development stage.

OTHER RESOURCE IMPLICATIONS

Human Resources: None

Information Services: No implications

Property: The land is currently in the Council's ownership and modifications to the Development agreement would require a significant input from the Councils property professionals.

Open Spaces: The site currently provides open space on this portion of the central promenade. Proposals for redevelopment of the site would remove that facility.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments at this stage, pending a recommendation regarding which option to pursue.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments at this stage.

BACKGROUND PAPERS

Local Impact Reports : Advice note by the Infrastructure Planning Commission

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Ref:

CABINET

**SHARED SERVICES- Public Realm
Dec 7th 2010**

Report of Head of Environmental Services

PURPOSE OF REPORT			
To seek approval for the principle of the City Council directly delivering a range of public realm services on behalf of the County Council.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	Nov 2010		

RECOMMENDATIONS OF HEAD OF ENVIRONMENTAL SERVICES

- (1) That Cabinet approves the principle of the City Council directly delivering a range of public realm services on behalf of the County Council.
- (2) That the Head of Environmental Services is delegated to agree the details of the public realm agreement with County.
- (3) That, once details are agreed relevant general fund budgets are updated accordingly, subject to there being no costs falling to the City Council.

1.0 Introduction

- 1.1 Lancaster City Council and Lancashire County Council are keen to promote closer working and shared service delivery arrangements to provide better value for money and improved service delivery standards for citizens of Lancashire. A key action of the City Council's corporate plan is 'to implement the council's agreed programme for shared services and research other opportunities wherever possible.' The 'public realm' is an area where by working together it is expected improvements can be made. For the purposes of this report 'public realm' refers mainly to highways, grassed verges and hedges for which the County Council has responsibility.
- 1.2 The following functions are already carried out by the City Council on behalf of the County Council under an existing agreement: -
 - Highways grass cutting- urban core of District
 - Weed control- urban core of District
 - Tree maintenance- urban core of District

- Shrub maintenance- urban core of District
- Leaf sweep- full district

There is a clear business case for the City Council continuing to provide these services.

1.3 Work has been taking place to establish what benefits there would be if the County and City Council developed this relationship further.

2.0 Proposal Details

2.1 To this end detailed work has taken place to establish the benefits of the City Council directly delivering the following services on behalf of the County Council-

- Highways grass cutting- in rural settlements. Currently delivered by a combination of contractors and Parish Councils on behalf of the County Council.
- Highways grass cutting- safety swathes outside of rural settlements. Currently delivered by contractors on behalf of the County Council.
- Weed control- in rural settlements. Currently delivered by contractors on behalf of the County Council.
- Emergency tree work- extension of existing arrangements with the City Council.
- Shrub maintenance- all District. Currently delivered by contractors on behalf of the County Council.
- First stage enforcement of overhanging vegetation- currently delivered by County Council.
- Emergency out of hours sweeping after road traffic incidents- formalisation of existing arrangement with the City Council.

2.2 The benefits of the City Council delivering these services would be -

- Service delivery joined up with other services- eg we could easily coordinate grass cutting which is currently carried out by contractors on behalf of the County Council with street sweeping which is carried out by the City Council.
- Improved customer service- the current split of responsibility between County and City Council is confusing to residents and causes frustration. Regardless of which Council the resident contacted the issue would be dealt with by the City Council.
- Improved efficiency- the City Council already has a directly provided grounds maintenance service that undertakes County work in the urban core. Extending this provides economies of scale and improves value for money.
- Improved service for Parish Councils- the majority of the proposed work is carried out in Parish areas. This proposal will ensure a consistent approach to service delivery in those areas. For public realm issues the main point of contact for the Parish Council would be the City Council.

2.3 The undertaking to do this work would be clearly set out in a formal agreement. It is expected that the City Council would commence provision of the majority of the work in April 2011. The remainder of the work would commence April 2012.

- 2.4 Based on current budgets for all the scheduled work an annual amount of approx £83,000 will be provided by County Council to the City Council (£57,000 in 2011/12). For emergency works payments will be made by the County Council following orders to carry out the works.
- 2.5 The majority of the scheduled work is grass cutting in rural settlements. In order to best fit in with the existing City Council mowing operations it is expected that County Council land in these areas will be mowed to similar frequencies as in the urban core. In many areas this will represent a significant improvement in service delivery. To mow less than this would require completely different machinery and cause major disruption to the existing City Council operation.
- 2.6 An agreement between the City and County Council to carry out this public realm work would result in the cessation of any existing arrangements the County Council have with individual Parish Councils to undertake activities such as mowing. It is expected that the benefits as outlined would more than compensate for this.

3.0 Details of Consultation

4.0 Options and Options Analysis (including risk assessment)

	Option 1: To enter into a public realm agreement with the County Council for direct delivery by the City Council of a range of services	Option 2: To not enter into a public realm agreement
Advantages	<p>Joins up District and County public realm services</p> <p>Improved customer service</p> <p>Improved efficiency</p> <p>Consistent service for rural settlements / Parishes</p> <p>Improved consistency of service between rural and urban areas.</p>	Maintains status quo
Disadvantages	Parish Councils that previously directly undertook work on behalf of the County Council may feel they have less control of service delivery.	Contrary to Corporate Plan and goes against agreed shared services programme.
Risks	The County Council decide to offer Parishes the option to deliver some of the services themselves- in which case the business case on which our agreement would be based would no longer be viable.	

	As a result of the comprehensive spending review the County Council reduces budgets available for this work.	
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The Officer preferred option is Option 1

5.0 Conclusion

5.1 The report provides Cabinet with information on which to determine whether the principle of entering into a public realm agreement with the County Council achieves the City Council’s objectives.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>The impact of the public realm services outlined in the report will be mainly felt within the rural areas of the District. A public realm agreement would seek to ensure that consistent levels of service are provided within the rural areas.</p>
<p>LEGAL IMPLICATIONS</p> <p>Legal Services will advise on the contents of any proposed agreement with the County Council.</p>
<p>FINANCIAL IMPLICATIONS</p> <p>An initial appraisal of the costs related to the delivery of a range of public realm services on behalf of the County Council has been undertaken and the work can be completed on a cost neutral basis.</p>
<p>OTHER RESOURCE IMPLICATIONS</p> <p>Human Resources:</p> <p>At this stage there are no known Human Resource implications to consider.</p> <p>Information Services:</p> <p>There are no IS implications to consider</p> <p>Property:</p> <p>There are no property implications to consider</p> <p>Open Spaces:</p> <p>There will be implications for the way the County Council’s land is managed and the details of these will be set out in any public realm agreement.</p>

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and would advise that safeguards are in place to ensure that any agreement would be implemented and managed within the existing budget framework.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

None

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Ref:

CABINET

**Shared Services – Revenues & Benefits
07 December 2010**

Report of Head of Financial Services

PURPOSE OF REPORT			
To seek approval for entering into a full shared service with Preston City Council for the provision of Revenues and Benefits services on the basis as set out in the attached business case, subject to the necessary constitutional changes being approved in due course.			
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Date Included in Forward Plan	December 2010		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR LANGHORN:

1. That Cabinet considers the Business Case as set out at Appendix A and approves a shared service arrangement for the delivery of the Revenues and Benefits service, with Preston City Council acting as host authority.
2. That further reports be presented to Members in due course to address the further details of the governance and contractual arrangements.
3. That in due course Personnel Committee be requested to update the Council's establishment.
4. That subject to the outcome of the above, the Revenue Budget be updated accordingly, including changes in respect of any approved efficiency proposals.

1 Background

- 1.1 At its previous meeting on 31 August 2010, Cabinet reaffirmed its support for the development of a full business case to explore the opportunities of working with Preston City Council to deliver the Revenues and Benefits service more cost effectively.
- 1.2 This work has now been completed. Members will be aware that a senior management arrangement is already operating successfully between the two

Councils and the consideration of the attached business case represents a major step in taking this initiative further forward, with the overriding need for both Councils to make efficiency savings in service delivery.

- 1.3 Work on developing shared services for Revenues and Benefits has been ongoing since October 2009, however. As part of this development stage, both Councils have taken the opportunity to identify efficiency savings prior to any decision being taken regarding a full shared service and they are identified separately within the Business Case. Those affecting Lancaster City Council's staff are due to be considered by Personnel Committee on 14 December. Generally it is considered good practice to ensure that any service is 'fit for purpose' prior to entering into any formal arrangements, as this helps avoid any unnecessary complications during transition.
- 1.4 Members should note that prior to the shared services agenda proceeding, efficiency savings will be proposed within the service, which will be considered by Personnel Committee on the 14 December. The financial implications of these efficiencies are outlined later in this report.

2 Business Case Proposals

- 2.1 Cabinet is requested to consider the Business Case attached at **Appendix A**. This contains all relevant information surrounding the proposals.
- 2.2 Whilst the establishment of a full shared service would represent a significant step for the Council, it should be appreciated that the proposal represents only a change in the way that the service is administered, rather than it being a change to overall Member responsibility for the service. This is an important point; proposals that change current methods of service delivery are expected to become more commonplace, as councils respond to the financial pressures facing them.
- 2.3 The proposals would still provide flexibility for each Council to determine its local policies. This is particularly relevant given Government's intended future changes to council tax benefits. A full shared service would not prevent each Council adopting different solutions to this challenge, but it should assist both Councils to be better prepared.
- 2.4 Subject to Cabinet approving the business case, there would be a need for Members to address locally the setting up of the governance and contractual arrangements; this would involve reporting to both Cabinet and Council early in the New Year. The Council's establishment would also need to be updated accordingly.
- 2.5 As such, therefore, if the proposals are ultimately approved they would result in the following:
 - a full shared service for Revenues and Benefits administration being established with Preston City Council, to meet broadly the same service targets as currently in place;
 - designation of Preston City Council as host authority for the shared service, excluding respective customer services, with the subsequent transfer of around 80 staff from Lancaster's establishment to Preston's;
 - customer services being retained by the Council, together with any other relatively minor residual functions;
 - the establishment of a Joint Committee made up of Members from each authority, predominantly to oversee the development and operation of the shared service.

3 **Details of Consultation**

- 3.1 Information on the consultation undertaken with stakeholders is outlined in the attached business case.
- 3.2 In particular, staff within the Revenues and Benefits services at both Councils have received briefings on possible future service proposals and a Staff Consultation Group has been set up whereby representatives are advised on progress to date. Union officials sit as members of this consultation group.
- 3.3 At the time of writing this report consultation was still underway regarding the efficiency proposals referred to in section 1.3 and should the business case be approved, further consultation would be undertaken with Lancaster City Council's staff on their proposed transfer to Preston City Council, in line with the Transfer of Undertakings (Protection of Earnings) Regulations (TUPE). This would be done prior to requesting Personnel Committee to update the establishment.

4 **Options and Options Analysis (including risk assessment)**

- 4.1 In summary, the options are as follows:

Option 1: to approve the business case for entering into a full shared service with Preston City Council for the provision of Revenues and Benefits services, on the basis as set out at Appendix A (with supporting recommendations regarding contractual and constitutional matters). The attached provides for a full appraisal of this option, including risk considerations.

Option 2: to not approve the business case and instead instruct Officers to pursue an alternative option as outlined in the business case. Whilst the key advantages and disadvantages are outlined in the Appendix, depending on the alternative chosen, Officers may need to undertake further development work and report back accordingly.

5 **Officer Preferred Option**

- 5.1 The Officer preferred option is Option 1, as this is considered to be the most cost-effective option at this time; the full rationale is set out in the attachment.

6 **Conclusion**

- 6.1 The Business Case demonstrates that there is a strong case for creating a shared service in Revenues and Benefits and highlights opportunities for improving service efficiency at a much reduced cost. The Officer Project Board has endorsed the Business Case and considers that the full shared service delivery model best meets the needs of both Councils.

Proofing)

The service has been exceeding its performance targets in recent months, particularly for benefits processing, and albeit at a high cost. The proposals (and those being considered by Personnel Committee next week) are based on removing such excess investment and over-achievement but still retaining, in broad terms, existing service targets. Overall therefore, whilst these proposals may affect the housing benefits service and clearly this will include more vulnerable groups within the community, any impact is not expect to reduce standards below those set out in the current Corporate Plan.

That said, the position is more complicated as Government has already indicated that existing performance indicators will be changed from April next year and therefore current targets will need to be changed accordingly in any event. This is expected to be a matter for any Joint Committee, in line with any delegations granted to it.

Whilst there may be some dip in performance during the transitional period, arrangements are in place to manage and mitigate this as far as possible.

LEGAL IMPLICATIONS

Legal Services have been represented on the Project Board. There are no further comments at this time.

FINANCIAL IMPLICATIONS

The financial implications of Option 1 are as set out in the attached business case. In simple terms, this option would generate total savings of around £212K per year, as adjusted for pay and price changes, and of this amount an estimated £46K would be attributable to Lancaster City Council. The main reason why there is a difference in the balance of savings is because of the extent to which Lancaster has taken savings in the lead up.

The above savings are on top of the efficiency proposals due to be considered by Personnel Committee next week.

Assuming both sets of proposals (efficiency and full shared service) are ultimately approved, savings totalling around £446K per year would be gained from the service, again as adjusted for inflation etc and subject to any future changes to the cost sharing arrangements. This does not allow for any one-off costs associated with the transition, but in view of circumstances and previous experiences, these are expected to be well within pay-back requirements.

In terms of timing, if Option 1 is approved it is expected to be autumn time before the shared service would be fully implemented and therefore part-year savings for next year may be in the region of £23K, plus the full year efficiency savings of £400K, giving a total for next year of around £423K. Should the proposals be approved, this would be assessed in more detail and reported as part of the budget process.

OTHER RESOURCE IMPLICATIONS

Human Resources:

As set out in the report and attachment. In summary the proposals would involve around 80 staff transferring from the Council's establishment to Preston City Council. Subsequently there would be further reductions of around 9 full time equivalent posts in the shared service establishment, but this would be subject to consideration by the Joint Committee.

From a support service perspective, it is considered that in due course the proposals would generate some capacity with the HR service to devote to the many other organisational and pay related reviews facing the Council.

Information Services:

As set out in the report and attachment. The ICT infrastructure and network is robust enough to accommodate significant growth, and the similarity in systems creates the potential for shared services between the two Councils.

Property:

There are no significant property issues arising as there would be no changes to the proposed locations for the service. There would be a commitment, however, to provide existing accommodation to locate Preston City Council staff within Lancaster Town Hall. Any proposed changes would need to be agreed jointly.

Open Spaces:

No implications arising.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has prepared this report; both she and the Deputy s151 Officer have been involved in the development of the shared service proposals.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments at this stage, but will be involve as the more detailed constitutional and governance arrangements are developed.

BACKGROUND PAPERS

Shared Services report to Cabinet, 31 August 2010.

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Ref:



BUSINESS CASE

REVENUES & BENEFITS (SHARED SERVICE)

**LANCASTER CITY COUNCIL
&
PRESTON CITY COUNCIL**

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1. ACKNOWLEDGEMENTS

- 1.1 This business case has been developed with the involvement of staff representatives from both partner Councils in Revenues & Benefits, ICT, Legal, Finance, Human Resources and the respective Customer Contact Centres. Key individuals within both organisations have made valued contributions in considering the technical, organisational and financial aspects of their designated specialist areas.
- 1.2 In developing these proposals, recognition is given to Team Lancashire, who provided project management funding to allow both Councils to explore and benefit from these opportunities for savings.
- 1.3 The Department for Work and Pensions Performance Development Team (PDT) have also offered advice on the production of this Business Case and will continue to work with both authorities if this business case receives approval.

2. EXECUTIVE SUMMARY

- 2.1 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 Lancaster City Council and Preston City Council. The overriding purpose of this initiative is to deliver better services to the citizens of Lancaster and Preston in the most effective and efficient way.
- 2.2 The original brief was to determine the viability of a shared service between the two Councils and to establish the best vehicle for accomplishing this.
- 2.3 In developing these proposals, officers have considered:
 - Service delivery in relation to customers and value for money principles;
 - Existing structures within other Lancashire districts: and,
 - Benchmarking information in relation to financial and productivity comparators.
- 2.4 Officers have examined and are satisfied that a shared service would result in:
 - Increased capacity and capabilities delivering economies of scale;
 - Reduced ongoing revenue costs for the two Councils of approximately £212,000 initially, with opportunities for further future savings;
 - Maintained or improved performance for the customers of both Councils; and,
 - Improved resilience.

3. CONCLUSION & RECOMMENDATIONS

- 3.1 The business case demonstrates that there is a strong case for creating a shared service in Revenues and Benefits and highlights opportunities for efficiency in maintaining or improving performance at a much reduced cost.
- 3.2 The ICT infrastructure and network is robust enough to accommodate significant growth, and the similarity in systems creates the potential for shared services between the two Councils.

3.3 The project board endorses this business case and considers that the shared service delivery model best meets the needs of both Councils.

3.4 In summary Members are recommended to:

- Approve the business case, confirming the preferred option of a shared service for Revenues and Benefits;
- Designate Preston City Council as host authority for employment purposes in relation to this shared service arrangement.

4. INTRODUCTION

4.1 The Revenues and Benefits service plays a very important part in the delivery of front line services and the collection of local taxes. It is very much part of the front line customer service provision and yet has strong links throughout each authority to key support functions such as finance, legal services, ICT and others. External partnership working with the Department for Work and Pensions and Citizens Advice Bureau (CAB), as well as external verification and auditing, make these services regulatory in nature and sometimes difficult to change, given the nature of the current legislative framework.

4.2 The duties and activities of these services are predominantly the same in each authority, with the added advantage that they use the same core software system and electronic document management system.

4.3 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 value for money services to their customers.

4.4 For regulatory services generally, this means doing more, or at least the same, for less. Transforming the way we go about providing our services is the only way to achieve this.

4.5 Reports such as Gershon and Varney highlight the clear benefits that can be gained from sharing services across public sector organisations. However, local authorities should not simply develop shared services for the sake of it on the back of such reports, but they should carefully consider what they want to achieve and then design the most effective partnership operations to deliver those objectives.

4.6 Lancaster City Council and Preston City Council have recognised the need to, and more importantly the benefits of, working together more closely, and are developing plans and strategies to make the most of this potential. There have been good examples of shared working across both authorities so far, including the shared senior management arrangement in Revenues and Benefits which is working well and has already identified a number of efficiency savings in streamlining services and sharing best practice.

5. PROJECT BRIEF

- 5.1 The project brief was to determine the viability of a shared service in Revenues and Benefits between the two Councils and to establish the best delivery vehicle.
- 5.2 This business case is based upon detailed consideration of the potential for the future shared delivery of the Revenues and Benefits service across the two Councils. As part of this process, consultation has taken place with key stakeholders such as CABs and social housing providers, before consideration by corporate management and elected Members at both Lancaster and Preston. There has not been a need to consult with customers as the existence of a shared Revenues and Benefits Service would have no impact on them.
- 5.3 This business case examines how any future shared Revenues and Benefits service can best address the skills, capacity, support service and cost needs of the two organisations.

6. PROJECT SCOPE

- 6.1 The scope of this project included consideration of the requirements of the following services for Preston and Lancaster:
 - Council Tax.
 - Business Rates (NNDR).
 - Housing and Council Tax Benefits, including overpayment recovery and claim security (fraud).
 - Administration (Document management and mail).

7. PROJECT BACKGROUND

- 7.1 In recent years shared services have been high on the agenda of many local authorities. Willingness exists between Lancaster City Council and Preston City Council to explore shared services with a view to making cashable savings and efficiencies by seeking best practice in learning from the working practices of each authority. The two Councils have a similar profile in relation to revenues and benefits statistics, as detailed below.

	Preston	Lancaster
Population	120,000	143,500
Households for Council Tax purposes	60,153	61,564
Commercial properties	5,094	5,084
Benefit caseload	14,891	13,925

8. PROJECT APPROACH

- 8.1 In August / September 2010 approval was given by both Councils to develop a business case to explore the potential of creating a single shared service for Revenues and Benefits serving Lancaster City Council and Preston City Council. A joint project board consisting of Heads of Service for Finance, ICT, Legal and HR was created. A project mandate was agreed and an initial project phase was

undertaken to consider a range of topics referred to as work areas. These work areas included Revenues and Benefits functional areas as well as central services, as follows:

Functional work areas:

- Council Tax Administration;
- National Non-Domestic Rate Administration (NNDR);
- Debt Recovery;
- Housing and Council Tax Benefits;
- Fraud Prevention, Detection and Deterrence; and,
- Benefits Overpayments.

8.2 Central and support services work packages:

- IT Support/User Technical Support;
- Finance / Budgeting;
- Human Resources; and,
- Governance /Legal.

8.3 This business case has been endorsed by the project board and is now submitted for consideration and review by each Council, before moving to the project implementation stage should the proposals be approved.

9. CONSULTATION

9.1 Regular staff updates have been provided through the staff consultation group, together with specific project briefings and bulletins and relevant comments have been taken into account. Consultation with Unions and all Revenues and Benefits staff in relation to the proposed structure will be undertaken in due course, should Members accept the recommendations of this business case.

9.2 Whilst many of the issues for the introduction of a shared service are economic and financial, it is vital to create a dialogue with stakeholders to provide clarity about the shared service vision and to secure buy in and commitment in making it work. In this regard, specific meetings have been held with the CABs, bailiffs and larger registered social landlords in both areas to explain the proposals in detail.

9.3 Key messages to all parties included:

- The reasons for change and its objectives;
- The vision and plans including key milestones; and,
- The benefits that can be achieved from these proposals.

9.4 Each group consulted considered the proposals and feedback was given in that there were no strong views either way, providing service performance remained the same.

10. SERVICE DELIVERY OPTIONS

- 10.1 Based on the requirements of a future service delivery model, a number of options have been considered to determine the most appropriate way to progress future collaboration on Revenues and Benefits in both Lancaster & Preston.

Option	Impact
A. Retain the current arrangement with a single management structure	This would involve each authority retaining a Revenues & Benefits service with a single management structure provided by one of the authorities in the form of a Contract for Services.
B. Collaborative working with joint working in some specialist areas	The Councils would share information, carry out some joint procurement and work together to provide some of the specialist elements of the service, e.g. appeals or fraud.
C. Shared Service	The Councils would deliver the Revenues & Benefits service as a single organisation, operating within the legal framework of an administrative arrangement.
D. Outsourcing to a private sector contractor	The Revenues and Benefits service would be hosted and managed by an external supplier.

- 10.2 The advantages and disadvantages of each option were considered in the context of delivering the desired solution.

- 10.3 The results are summarised in the following table:

Service Delivery Model	Advantages	Disadvantages
A. Current arrangements	<p>No loss of identity or flexibility for individual Councils.</p> <p>No disruption for staff or existing service delivery.</p> <p>Avoids further support work in setting up alternative arrangements.</p> <p>Local knowledge of staff would be retained.</p>	<p>No further efficiency gains or cost savings.</p> <p>Does not therefore meet the objectives of joint working or shared service.</p> <p>Senior managers employed by one authority creating risk to the contracting authority that arrangement will terminate and a short term solution is not available.</p> <p>Staff operating under different terms and conditions.</p>
B. Collaborative working with some joint working in specialist areas	<p>No loss of identity for individual Councils.</p> <p>No disruption for staff or existing service delivery.</p> <p>Local knowledge of staff would be retained.</p> <p>Minimal changes in</p>	<p>Difficult to realise any significant efficiency gains or cost savings.</p> <p>Duplication of work is inevitable.</p> <p>Difficulties in standardising processes or procedures, resulting in differing</p>

	<p>processes and procedures; flexibility retained.</p> <p>Individual authorities maintain individual performance and quality standards.</p> <p>Some improvement possible in the areas of collaboration.</p>	<p>customer standards across the authorities.</p> <p>Does not adequately cater for joint working on all specialist subjects.</p> <p>Fails to maximise the opportunity to improve the service.</p> <p>Staff operating under different terms and conditions</p>
<p>C. Shared Services</p>	<p>Considerable efficiencies and net cost savings will be realised, including the opportunity for additional savings in support service arrangements.</p> <p>Retains the identity for individual councils.</p> <p>Limited disruption for staff regarding work location as most would work from the same office as now.</p> <p>Local knowledge of staff would still be retained.</p> <p>Combining the resources in specialist services gives resilience and pooling of knowledge.</p> <p>Existing shared senior management structure can be sustained over two sites.</p> <p>Consistency of performance and standardisation of service delivery, processes and procedures could be achieved.</p> <p>Service quality may improve.</p> <p>Harmonisation of terms and conditions can be achieved.</p>	<p>Some local identity and flexibility may be lost over time.</p> <p>Commitment required from all parties to succeed.</p> <p>Disruption for staff as a result of further uncertainty and change.</p> <p>Some disruption for senior managers in the short term in operating over two locations. This risk is mitigated to an extent by video conference facilities.</p> <p>Significant workload for management and support services in the short term, particularly around HR, governance and financial aspects</p>

<p>D. A Revenues and Benefits service hosted externally – outsourcing.</p>	<p>Some efficiency gains could be realised.</p> <p>Service quality may improve.</p> <p>Potentially fixed revenue cost for the length of the contract.</p>	<p>Loss of control and flexibility to a degree and greater risks regarding strategic direction. May be loss of local knowledge.</p> <p>Service efficiency considerations may outweigh service delivery to vulnerable members of the community.</p> <p>May reduce local employment.</p> <p>Greater disruption for staff as a result of further uncertainty and change.</p> <p>May incur substantial set up costs, with residual overheads hard to reduce.</p> <p>Mid contract amendments can be expensive; changes to current benefit schemes are expected within the period.</p> <p>Experience shows that renewal can prove very expensive at the end of the contract, with limited service delivery options at that time.</p> <p>Relationship with other services may be adversely affected.</p>
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11. PREFERRED OPTION

- 11.1 The project board has considered detailed evaluations and discussed at length all service delivery options and analysed the advantages and disadvantages offered. As a result the preferred option is "Option C" to provide a shared service between the two authorities, as this is the option that best meets the needs of the two Councils.
- 11.2 Joining up the two services will provide additional resilience, more effective working with the added potential to increase efficiencies by sharing IT software systems and infrastructure. The shared service approach provides an opportunity for the two authorities to unite behind a single purpose and to provide a robust and fully integrated service delivery environment.

- 11.3 Such an arrangement will maximise opportunities for additional net savings in the future and therefore a shared service model between Lancaster and Preston is the recommended option presented to the Councils for consideration.

SHARED SERVICE DELIVERY MODEL

12. Organisational Structure

- 12.1 The following table provides a summary of the indicative staffing levels (shown as full time equivalents (FTEs), including transition levels from the old to the new structure. This does not include any Customer Service staff as these would not form part of the shared service establishment.

Table 1 Staffing Comparison:

	Original Structure		Efficiency Agenda		Shared Service	Overall Reduction
	Preston	Lancaster	Preston	Lancaster		
Permanent Staff						
Senior Managers	3	3	1.5	1.5	3	3
Managers	5.8	10.8	5.8	8	7	9.6
Team Leaders	5.3	13	5.3	10	14.2	4.1
Officers (*)	19	13.7	19	11.2	31.37	1.33
Processors (**)	43.06	53.5	41.24	45.5	84.5	12.06
Totals	76.16	94	72.84	76.2	140.07	30.09
Combined Total	170.16		149.04		140.07	30.09

(*) Includes Training Officers, Fraud Officers and Visiting Officers.

(**) includes Benefit Assessors and Council Tax Assistants.

- 12.2 Whilst the overall reduction in staffing is 30, of this reduction 21 FTE posts relate to the transitional arrangements with a further 9 FTE posts relating to the establishment of the full shared service.
- 12.3 The draft organisational structure for the proposed shared service is shown at **Appendix A**.
- 12.4 As background, the existing staffing structures were established some time ago at a time of comparative financial stability for local authorities. Whilst Preston has operated with reduced resources over recent years, it was considered prudent to review the service structures, particularly at Lancaster to make them fit for purpose and financially viable prior to any decision on shared services. This was the basis on which the initial shared senior management arrangement was entered into.
- 12.5 This review has been carried out in the context of the financial and operational landscape in which any modern local authority organisation must now operate.

- 12.6 Under this proposed shared service structure managers will generally operate over both sites, creating savings for both Councils, but backed up by team leaders who will have line management responsibility for staff. Performance and Quality Assurance Officers have been built into the structure to ensure that standards and targets are met.
- 12.7 In assessing the level of resource required at both officer and processor level, careful consideration has been given to the resources required for current and future workloads.

13. Accommodation

- 13.1 It is proposed that the shared service will operate and utilise accommodation over the two main sites, with staff, where possible, working from their existing location in either Preston or Lancaster (including Morecambe). This arrangement will reduce the need for travel between the two sites, keeping disruption to staff to a minimum whilst avoiding any unnecessary increases to the carbon footprint.
- 13.2 A successful joint funding bid to provide corporate video conferencing facilities for both sites will enhance communication and effectively contribute to the shared service agenda. Furthermore, opportunities for home working and mobile technology will be fully exploited where cost-effective to do so, to vacate valuable space for other services to utilise.

14. Governance Arrangements

- 14.1 Essentially it is proposed that the governance arrangements consist of an administrative arrangement, which envisages a Joint Committee being created to which both Councils would delegate specific Revenues and Benefits related functions and where, via the Joint Committee, they can be exercised on behalf of both Councils. This administrative arrangement is in line with the non-commercial financial approach taken to achieving a full shared service. It is envisaged that the Joint Committee will be supported by a Joint Operational Board which comprises of the senior officers from each of the Councils who have responsibility of the shared service. The Joint Operational Board manages the day to day administration and staffing issues of the business. The administrative arrangement will be underpinned by a local agreement. A more detailed review of the governance approach is set out in **Appendix B**.
- 14.2 It is emphasised that any functions delegated to a Joint Committee would still have to be set by the respective council's executive and council functions and exercised within the overall budget and key corporate priorities and objectives set by each Council.

15. Customer Services

- 15.1 From the outset it was a key priority for both Councils that front line service delivery should be unaffected by these proposals. Customer service front line delivery will continue to be provided as now at Preston, Lancaster and Morecambe and it is not envisaged that customers will notice any difference in service delivery.
- 15.2 In particular, each authority will maintain its existing opening hours for service delivery, including bank holiday arrangements.

- 15.3 Efficiencies and improvements in the customer experience will be maximised through the standardisation of documentation, policies and procedures. The shared service will operate common policies and procedures at all levels, for both front and back office work.
- 15.4 Policies and procedures will be based on the requirements and expectations of customers and other stakeholders. These will be guided by nationally recognised best practice but will also take account of local conditions and variances. Documentation will be condensed and produced in plain English, available in electronic format to all those that need access.

16. Support Services

- 16.1 Each support service lead officer has presented an options paper to the project board covering their own specialised work area, outlining proposals for operating in a shared service arena.
- 16.2 After due consideration, the project board's preferred solutions for specific support services are provided below for consideration:

17. Information & Communications Technology Arrangements (ICT)

- 17.1 It is proposed that Preston will host the servers for the Revenues and Benefits shared service. All related plans are in place and are supported by the successful North West Improvement and Efficiency Partnership (NWIEP) application for funding towards connectivity and video conferencing. The proposed solution is to implement a licensed wireless connection which in simple terms means a resilient high speed secure link between Preston and Morecambe / Lancaster. The application for licence has been made to OFCOM. The connection will allow hosted access from Preston for all Revenues & Benefits systems at each site, including Morecambe Town Hall. This provides resilience for the service enabling staff to access systems and work from any site, on any work area, at any time.
- 17.2 Whilst the servers are hosted at Preston, disaster recovery / business continuity arrangements for the shared service are provided in line with standard operating procedures at a remote location.
- 17.3 Lancaster currently has established software support arrangements in house, and Preston would utilise this service as opposed to the current external provider, creating additional savings of approximately £44K. The shared service will operate over a shared desktop, allowing access to individual records in both authorities by unique reference number
- 17.4 ICT arrangements are clearly critical to the day to day and long term success of the shared service project and a detailed risk analysis forms part of the overall risk analysis at Appendix C. Many projects are underway to achieve this desired solution, and these are each lead by individual experienced ICT officers, managed by a PRINCE2 accredited project manager.
- 17.5 The connectivity program would get fully underway on receipt of the OFCOM licence, followed by the set up of the video conferencing technology as a corporate solution operating over both sites. Systems testing on the Preston hosted virtual server

would commence in December 2010 and there would not be any disruption to the service whilst this takes place.

18. HR Arrangements

- 18.1 The project board consider that Preston City Council is best placed to be designated as "Host" authority for the shared service, ie: Preston City Council will employ all the staff. The HR team at Preston has the ability within existing resources to meet shared service requirements and provide the best possible advice, information and other services. Lancaster City Council is still to complete a further pay and grading review following the "Fairpay" exercise and does not have the capacity within its HR team at this time to accept the transfer of a large number of staff.
- 18.2 TUPE would apply where all staff affected are transferred over to the designated host authority. Affected employees would be informed and consulted about the transfer in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).
- 18.3 The TUPE regulations effectively protect the continuity of service and existing terms and conditions of transferring employees. The regulations provide some freedom for the employee and new employer to agree changes to terms and conditions for a reason unconnected with the transfer, or for a reason connected to the transfer which is an economic, technical or organisational reason entailing changes in the workforce. In addition, the regulations do not prevent the employee and employer agreeing changes which are mutually acceptable.
- 18.4 New job descriptions and person specifications would need to be developed for all roles following the agreement of the business case.
- 18.5 In costing the proposed structure within this business case, Preston pay grades have been used as these are on average slightly higher than those at Lancaster.
- 18.6 It is not considered that there will be any support staffing changes regarding the HR support arrangements, although this will be kept under review.

19. Financial Arrangements

- 19.1 A number of key principles have been considered and are recommended by the Project Board as detailed below:
- Preston will provide financial management support to the shared service and account for all direct revenue expenditure.
 - Lancaster will provide internal audit services for the shared service.
 - Each authority will retain its own bank accounts and direct accounting arrangements for local taxation collection and housing benefit payments / subsidy, including administration grants.
- 19.2 Statutory and other management accounting information will be needed with processes developed accordingly. A schedule of requirements and timescales will be agreed with the emphasis on standardisation wherever possible; key requirements will be reflected within the formal agreement.

19.3 As with HR, it is not considered that there will be any support staffing changes in connection with the financial arrangements but these too will be kept under review.

19.4 Discussions will be undertaken with both Councils External Auditors in order to ensure full audit compliance at a reduced cost where possible.

20. Legal Advice

20.1 The project board have considered operating arrangements for the provision of legal advice and recommend that both Councils should continue to provide legal advice to its own client as they do now. (ie: Preston legal officers advise on Preston cases and vice versa).

20.2 It is therefore not envisaged that legal service resources will be affected by these proposals.

21. Future Changes

21.1 The Government has published a White Paper about the future of the benefit system.

21.2 This paper introduces a Universal Credit which the Government believes will reduce the complexity in the benefit system and will provide a major incentive to work.

21.3 The Government is proposing that local authorities should have a greater role in delivering support for those who need help with their council tax bills. Council Tax Benefit is likely to be replaced by local schemes and it is envisaged that each Council will have the right to choose how they manage their own scheme. The potential implications and opportunities for Local Authorities are significant.

21.4 The Department for Work and Pensions will hold further discussions with Local Authorities and their associations about the detail and implications of Universal Credit for their Housing Benefit operations and of the new approach to Council Tax benefit schemes.

21.5 The shared service arrangements should assist both Councils to be better prepared for this challenge. It does not prevent each Council adopting different solutions to this challenge.

22. Cost Sharing Arrangements

22.1 The financial implications of entering into a full shared service are dependent on considering three main issues:

- Existing costs;
- Cost of the proposed shared service; and,
- How savings are to be shared.

22.2 Further to this, various options have been appraised for apportioning the net operating costs between the two authorities:

- Apportioning based on weighted caseload (would result in costs falling 48% Lancaster / 52% Preston);
- Apportioning based on relative service costs prior to entering into any shared serve (49% Lancaster / 51% Preston);

- Sharing net costs equally between the two authorities.

22.3 The first option is output-based, with the other two options being input-based. From the appraisal however, it is clear that there are difficulties in identifying the fairest solution. In particular:

- Standard weightings applied to benefit caseloads are not considered to adequately reflect the workload (and therefore the costs) involved for each case type. In particular, private tenant cases are considered more difficult and time-consuming than allowed for in the weightings; this will be particularly so with the reductions in benefits currently being introduced by Government. The effect of using a weighted caseload approach would make it unviable for Preston to enter into a shared service; virtually all cost savings would fall to Lancaster and neither party considers this fair, given workload expectations.
- There is some imbalance between each Council's staffing and other budgets going into the shared service. Regarding staffing, this is primarily caused by the interim nature of Lancaster's current pay and grading structure. There is a case to be made for Lancaster picking up a greater proportion of any assimilation costs attached to the full shared service. Also whereas Preston staff are predominantly at the top of their grades, this is not the case with Lancaster's staff.
- Should a full shared service be implemented, a significant proportion of time would be needed to streamline and unify working practices across authorities and clearly this would be done on behalf of both parties. Over time, the outcome of this should have bearing both on the level and apportionment of cost for the service.

22.4 In light of the above points, it is proposed that direct costs associated with the service should be shared equally between the two authorities until at least 2013/14, unless there are any other factors arising that warrant an earlier review to this approach. Where variances arise between budget and outturn, these would also be shared equally.

22.5 At this stage support service recharges and grant income will not form part of the shared service agreement, and as such will be borne individually by each authority.


22.6 Furthermore, over the next two years each authority will update its arrangements for recharging of support costs at which time consideration will be given to including these in the shared service, and the outcome would be factored into the next review.

22.7 Looking forward and as mentioned earlier, by 2013/14 it is expected that Government's planned 'localisation' of council tax benefits will be implemented and this may raise further issues to be considered in terms of cost sharing. For this reason, the arrangements would be reviewed in 2013/14 in any event.

23. FINANCIAL APPRAISAL

23.1 A review has been undertaken to establish the resources needed to deliver a shared service and the resulting draft budget is set out at **Appendix C**, in line with the cost-sharing principles outlined above.

23.2 The following table summarises the draft budget and estimated savings position for each authority:

Direct Costs	Pre-Shared Service		Shared Service
	Preston	Lancaster	
	£000's	£000's	£000's
Employees	2,062	1,795	3,692
Transport	27	24	42
Supplies & Services	326	284	466
Total Cost	2,415	2,103	4,200
Income	(192)	0	(86)
Total Net Cost	2,223	2,103	4,114
Shared Service Cost – based on a 50/50 allocation	2,057	2,057	
Annual Saving (A)	166	46	212
Total 5 Year Savings	830	230	1,060
Previously Approved Annual Shared Management Savings, plus separate Efficiency Savings (B)	134	400	

Overall Annual Savings (A+B)	300	446
Overall Total 5 Year Savings	1,500	2,230

23.3 It can be seen that there are significant differences in the timing and extent of benefits to be gained by each authority. Lancaster would gain the bulk of its savings in the efficiency drive being taken forward under the shared senior management arrangements, whereas Preston stands to benefit more under a full shared service. This balance is driven by the cost sharing issues highlighted earlier, and it was reflected in the basis on which each party agreed to develop shared service proposals. Nonetheless, overall it is clear that both authorities will ultimately make considerable savings should a full shared service be established.

23.4 It is also highlighted that the above position is based on various assumptions, including the following:

- All figures are based on 2010/11 prices; in particular the impact of incremental progression has not been included in staffing costs. Any such pay and price increases would be offset by capitalising on the opportunities that exist for generating further savings in the shared service's operation.
- The draft staffing structure assumes various grading changes for posts but these would need to be formally appraised.
- Provision has been made for estimated increases in pension contribution rates.
- Various operational budget headings such as overtime, training and printing costs would be reviewed further as part on the current budget exercise.

- No provision has been made for any Early Retirement / Voluntary Redundancy (ER/VR) costs associated with establishing a full shared service. As an indication, based on previous experience costs could be in the region of around £150K.
 - All savings are based on a full year position.
- 23.5 It is emphasised that the budget as set out in Appendix C is draft and may change further, should Members approve the business case. Any changes would be reflected within the subsequent Council reports and if the shared service is ultimately approved, the detail of the budget would be a matter for consideration by the Joint Committee, in accordance with the overall budget framework approved by each Council.
- 23.6 Whilst the estimates underpinning the budget are considered robust, further changes may arise later during the implementation phase. On balance, however, it is considered that there is more likelihood of annual savings increasing, rather than them reducing.
- 23.7 Again it is reiterated that the savings shown are for a full year. For 2011/12, even if the proposed shared service arrangements are approved by both Councils with no delays experienced, it is expected to be autumn time at the earliest before the new staffing structures are in place. On this basis, it is reasonable to assume that half the full-year savings would be achievable in the first year.
- 23.8 At this time no specific provisions have been made regarding any one-off costs associated with the transition; these would be given due consideration at the appropriate time and they would need to be shared by both councils. A capitalisation bid would be considered to help spread the costs. Nonetheless, whilst the indicative costs of £150K could change either way, it is clear that any pay-back policy requirements would be easily met.
- 23.9 The financial summary detailed in Appendix C has been updated to reflect all savings identified in this business case.

24. PERFORMANCE

- 24.1 Performance management is an important component of the shared service arrangement and is a key measure in terms of:
- Developing a sustainable operation
 - Maintaining a positive and proactive partnership
- 24.2 Performance standards will be uniform across the shared service organisation; comprehensive performance management, monitoring and reporting at regular intervals will be a basic requirement of the service.
- 24.3 Members of the Revenues and Benefits shared service management team will work with peers and stakeholders, both within the Councils and with external bodies (including audit) to measure and maintain ongoing performance.
- 24.4 Customer satisfaction surveys will be undertaken, with scheduling to be agreed, which will be used as a benchmark for ongoing performance measurement.
- 24.5 All managers will undertake performance management for the provision of statistical and qualitative information. **Appendix D** details the draft performance requirements

which have been built around the level of staffing and improvements expected of a joined up approach to service delivery.

- 24.6 Deprivation indices measure the level of deprivation in an area. The ranking for Preston is 48 and for Lancaster is 117 (lowest number indicating the higher level of deprivation). On this basis collection rate targets for Council Tax and National Non Domestic Rates have been set differently for each Council.
- 24.7 Performance targets have only been indicated to 2013 at this stage and these are provisional, based broadly on existing achievements and targets. This is because Government are changing existing measures and therefore in any event, they will need to be changed in due course. The intention is however, to agree a rolling programme of performance targets, based upon a two-year time horizon. The two-year targets will be reviewed on a rolling basis each year for the following two years. For clarification, year 3 will be agreed towards the end of year 1, year 4 towards the end of year 2 etc.
- 24.8 For comparison purposes, performance data for 2009/10 and 2010/11 for each Authority are also shown at Appendix D.
- 24.9 Alongside these national indicators, local benchmarking statistics indicate a wide variation in relation to the "cost per claim" for benefit processing purposes, ranging from £50 per claim in Preston to £75 per claim in Lancaster. Whilst the efficiency restructure will go some way to address this issue a general target is considered appropriate to reduce these cost analysis figures further.
- 24.10 There is a need to consider the future requirements of performance management, especially in light of Government announcement to abolish some performance indicators and the two councils will continue to work together to bring forward alternative arrangements which may look at outcomes and performance.

25. INSURANCE

- 25.1 Further to the shared senior management arrangement for Revenues and Benefits appropriate insurance was bought by Preston City Council in order to deliver that service. It is understood that there will be no additional premiums for a full shared service arrangement however this will be monitored.

26. RISK

- 26.1 Risks are possible events that may happen at some time in the future that may adversely affect the direction of the shared service implementation plan and the delivery of the desired benefits. Risk management aims to keep the shared service programmes exposure to risk at an acceptable level.
- 26.2 A full risk analysis based on Lancaster's risk matrix has been undertaken on all work areas and a risk log has been developed, with full details reproduced in **Appendix E**.
- 26.3 The table below identifies the key high impact risks in this approach and suggests appropriate mitigating action to reduce these risks.

No.	Risk	Mitigation
1.	ICT & Systems	<ul style="list-style-type: none"> • Maintenance contracts in place with demanding service levels.

		<ul style="list-style-type: none"> • Business continuity plans developed and tested. • PRINCE2 accredited ICT project manager. • Regular updates and de-briefs between project leaders, the project manager and heads of service.
2.	Reduction in quality of service and/or performance due to the implementation of the transition to the shared service	<ul style="list-style-type: none"> • Detailed plans drawn up to ensure minimal disruption during implementation. • Contingency plan in place to enable input of additional resources to minimise risk during transition. • Set performance targets for during the transitional period and for the commencement of the shared service. • Develop a staffing structure that is fit for purpose. • Oversight by Joint Committee and Joint Operational Board.
3.	Shared Service fails to deliver the desired outcomes	<ul style="list-style-type: none"> • Robust business case produced • Ensure project implementation plans are realistic and continuously monitored with appropriate action being implemented as necessary. • Oversight by Joint Committee and Joint Operational Board.
4.	Insufficient funding to support implementation	<ul style="list-style-type: none"> • Include projected costs within Business Case. • S151 officers from each authority involved at each stage of the project. • Regular budget monitoring to be carried out. • Oversight by Joint Committee and Joint Operational Board.

27. IMPLEMENTATION PLAN

- 27.1 An indicative implementation timetable proposes a transition period from the approval of the business case to a full shared service start date of 1st July 2011.
- 27.2 The migration to the new structure would be implemented in a phased approach, as a separate and distinct project.
- 27.3 The implementation plan will be overseen by the shadow Joint Committee and shadow Joint Operational Board.
- 27.4 The outline action plan detailed in **Appendix F** assumes a 1st July 2011 start date.
- 27.5 It is anticipated that some financial benefits of shared services would be realised with immediate effect from the start date 1st July 2011. However, it is expected that other improvements including simplified documentation, increased resilience and improvements in processes could be realised earlier, under the direction of the new senior management team.

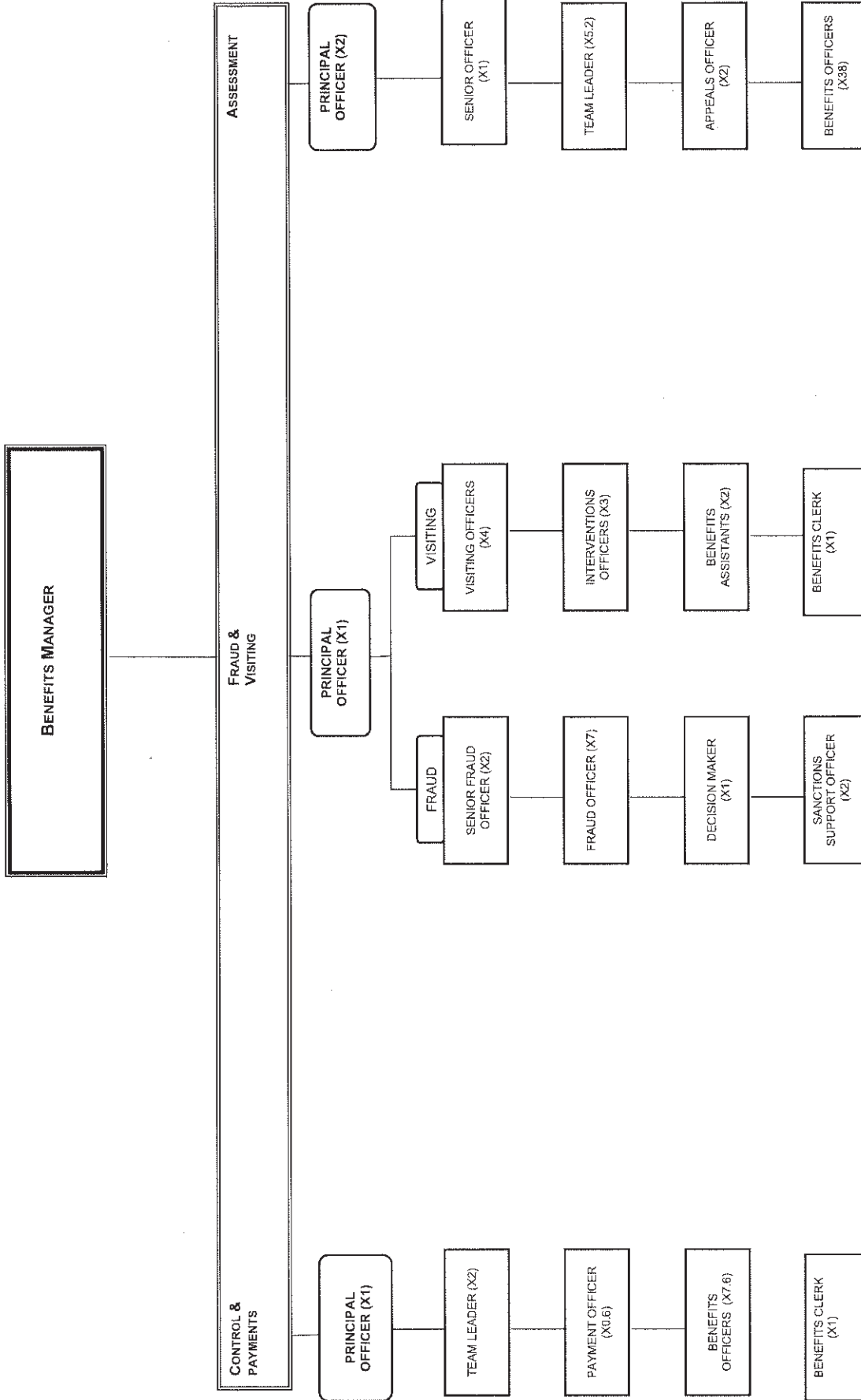
28. SUMMARY

28.1 The business case clearly demonstrates the benefits that a shared service would bring to both Councils in respect of:-

- Cost reduction;
- Maintained/improved performance;
- Improved resilience;
- Governance arrangements;
- Maintaining local accountability and flexibility; and,
- Potential for further opportunities for improvement and cost savings.

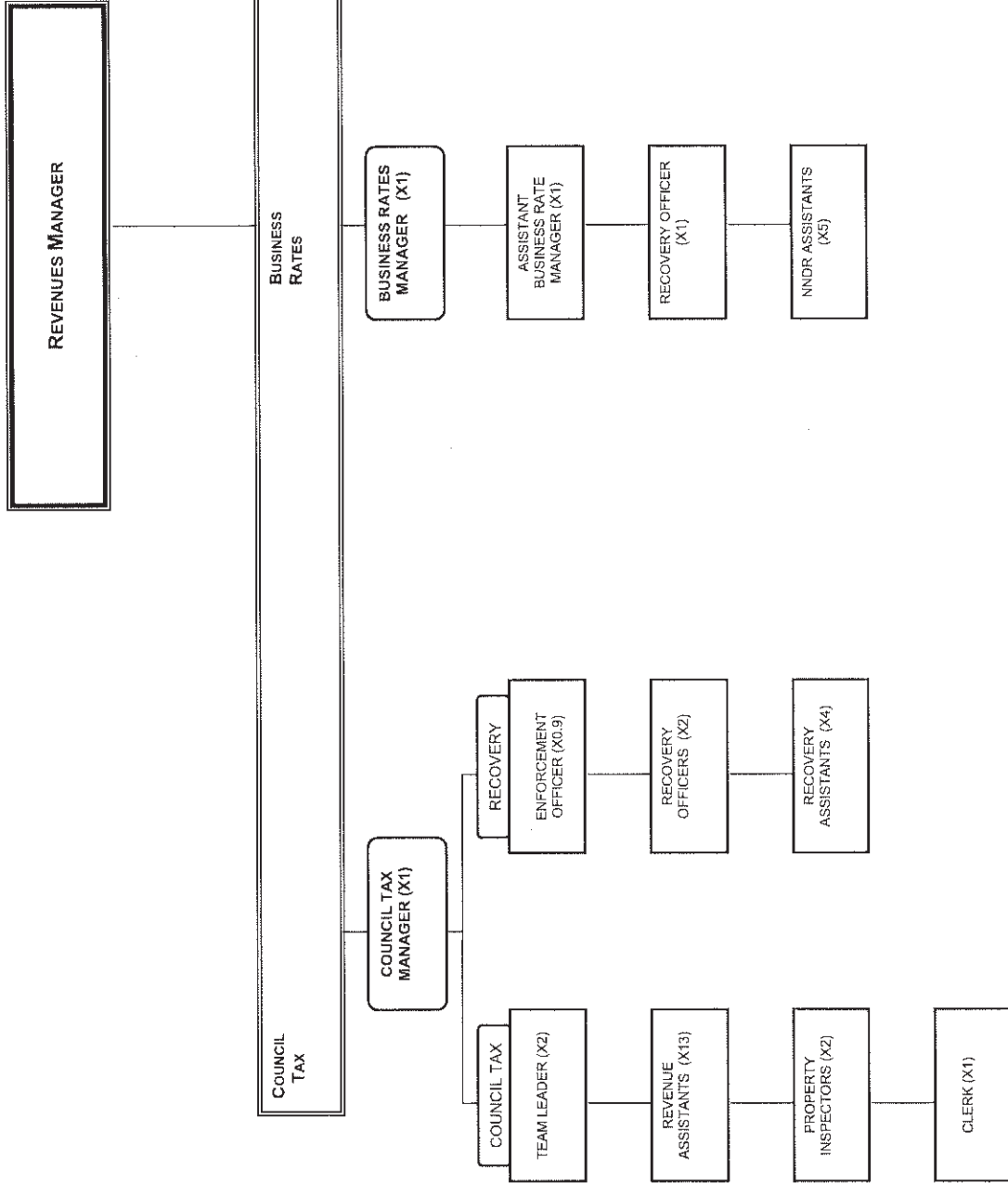
28.2 On the basis of the above both Councils are recommended to accept the Business Case and approved the proposed shared service from 1st July 2011 subject to a further report on the detailed governance arrangements.

BENEFITS
(84.4 FTEs)



Notes: The structures do not reflect actual line management responsibility. The structures do not include Customer Services staffing. Some residual functions will remain with each authority and capacity has been provided to address this. In addition to the above structures, the Shared Service would also have a Head of Service and related secretarial support (equivalent to 1.6 FTEs).

REVENUES & OPERATIONS SUPPORT
(54.07 FTEs)



Notes: The structures do not reflect actual line management responsibility.
 The structures do not include Customer Services staffing.
 Some residual functions will remain with each authority and capacity has been provided to address this.
 In addition to the above structures, the Shared Service would also have a Head of Service and related secretarial support (equivalent to 1.6 FTEs).

OUTLINE GOVERNANCE ARRANGEMENTS
(Subject to further consideration by Members)

1. Background

- 1.1 A number of governance arrangements have been identified to deliver a Revenues and Benefits shared service. These have been evaluated and it is proposed that the governance arrangements consist of a Joint Committee administrative arrangement supported by a joint operational board.
- 1.2 The detailed business case has been developed therefore on the basis of an administrative arrangement to deliver the shared service. A key reason for adopting this approach is this is the one that is least likely to encounter any difficulties with the EU procurement regime. Additionally, the Joint Committee approach also provides the benefit of clear democratic accountability and avoids accusations of operating 'behind closed doors'.
- 1.3 Each local authority will be required to resolve to create a Shared Services Joint Committee (SSJC). Further, each local authority will then need to exercise its powers to delegate certain functions to the SSJC to be exercised on its behalf. Each local authority will need to delegate to the SSJC its Revenues and Benefits functions and will need to be clear precisely what is involved in this delegation, including relevant support services.
- 1.4 The SSJC will have its own terms of reference. Additionally a formal shared service level agreement will underpin the administrative arrangement and business plan.
- 1.5 Both Lancaster and Preston operate under Executive arrangements. The decision to delegate the Executive functions of Revenues and Benefits (such as approval of discretionary rate relief policies and decisions) needs to be made by each Cabinet but those non executive functions (such as approval of staffing structures) will need to be delegated by full Council. Council will have the power to create the joint committee.

2. Scalability

- 2.1 Lancaster and Preston can decide to set up an SSJC which purely deals with Revenues and Benefits or a joint committee which deals with Revenues and Benefits but can expand and deal with other shared service areas later.

2.3 The functions of a SSJC may therefore be:-

- To oversee the development, planned implementation and continued operation of a joint revenues and benefits service between the partners, including approval of a benefits realisation plan and an annual business plan and detailed budget, in line with the overall budget and policy frameworks approved by each Council.

SHARED SERVICE INDICATIVE BUDGET

Based on 50/50 Allocation of Costs

	PRESTON			LANCASTER			SHARED SERVICE £
	Original £	Revised £	Pre-Shared Service £	Original £	Revised £	Pre-Shared Service £	
Direct Costs to be Shared							
Employee Related Costs							
Salaries	1,650,050	1,650,050	1,615,660	1,898,000	1,726,600	1,440,200	2,937,910
Overtime	53,030	13,030	13,030	6,000	6,200	2,000	15,030
National Insurance	111,480	111,480	109,040	118,800	109,800	93,600	208,590
Pension Contributions	273,200	273,200	266,630	314,000	286,900	240,500	537,640
Allowances - First Aid	150	150	150	0	0	0	150
Training & College Expenses	23,950	23,950	23,950	11,100	11,100	7,800	20,000
Employee Related Insurances	33,070	33,070	33,070	12,300	12,200	10,900	52,880
Interview Expenses	100	100	100	0	0	0	0
Long Service Awards	750	0	0	0	0	0	0
Professional Fees	380	380	380	200	0	0	380
Vacancy Savings	-40,000	0	0	-125,100	0	0	-80,000
	2,106,160	2,105,410	2,062,010	2,235,300	2,152,800	1,795,000	3,692,580
Transport Costs							
Car Leasing	8,070	8,070	8,070	11,900	8,300	0	8,070
Vehicle Insurance	3,010	3,010	3,010	0	0	0	3,010
Public Transport	1,300	1,300	1,300	0	0	0	1,300
Car Allowances	14,420	14,420	14,420	25,800	24,000	24,000	30,000
	26,800	26,800	26,800	37,700	32,300	24,000	42,380
Supplies and Services							
Purchase of Tools & Equipment	1,700	1,700	1,700	0	0	0	1,700
Rental Tools & Equipment	6,000	6,000	6,000	3,000	2,800	2,800	8,800
Maintenance of Tools & Equipment	1,500	1,500	1,500	0	0	0	1,500
Printing, Stationery & Photocopying	48,850	48,850	48,850	38,900	36,200	35,500	84,350
Reference Books & Publications	1,450	1,450	1,450	800	700	700	1,500
Agency Staff Costs	1,790	1,790	0	0	37,000	0	0
Security Fees - Lone Worker Service	400	400	400	0	0	0	400
Postage Costs	86,340	86,340	86,340	80,200	86,800	86,800	173,140
Telephone - Land Lines	3,570	3,570	3,570	6,500	7,500	7,500	11,070
Telephone - Mobiles	1,080	1,080	1,080	2,100	1,700	1,500	2,580
Purchase of IT Equipment	6,500	6,500	6,500	2,900	0	0	6,500
Direct ICT Charges	141,570	141,570	141,570	55,800	59,600	54,900	137,470
Subsistence	700	700	700	0	200	200	900
Conference Fees	3,000	3,000	1,000	400	0	0	1,000
Advertising	2,100	2,100	2,100	0	0	0	2,100
Subscriptions	0	0	0	2,400	2,400	2,400	2,400
Management Fee	0	0	0	30,800	68,600	85,600	0
Professional Fees	14,500	14,500	14,500	3,000	5,500	5,500	20,000
Non - Professional Fees	4,200	4,200	4,200	0	0	0	4,200
General Office Expenses	5,020	5,020	5,020	0	0	0	5,020
Other Sundry Expenses	100	100	100	3,300	800	800	900
	330,370	330,370	326,580	230,100	309,800	284,200	465,530
Income							
Lancaster CC - Management Fee	0	-68,600	-85,600	0	0	0	0
Fylde BC - SLA	-106,500	-106,500	-106,500	0	0	0	-86,500
	-106,500	-175,100	-192,100	0	0	0	-86,500
Total Direct Cost	2,356,830	2,287,480	2,223,290	2,503,100	2,494,900	2,103,200	4,113,990
Total Cash Saving		-69,350	-133,540		-8,200	-399,900	-212,500
Additional Savings Based on a Cost Sharing Basis of 50/50						Preston	-166,295
						Lancaster	-46,205

Performance and Targets

Performance Definition	Year 2009/10 Performance		Year 2010/11 Performance YTD		Year 2011/12 Target		Year 2012/13 Target	
	Preston	Lancaster	Preston	Lancaster	Preston	Lancaster	Preston	Lancaster
Revenues								
% of Council Tax collected within year demanded	96%	97.15%	56.31%	58.10%	96.3%	97.2%	96.4%	97.3%
% of NNDR collected in year demanded	98.43%	99.02%	62.50%	62.30%	98.7%	98.7%	98.8%	98.9%
Benefits								
Average of turnaround times for new claims and changes in circumstances (measured in days)	14.6	12.4	16.2	13.9	Shared Service 14		Shared Service 14	
Fraud detection targets – number of sanctions per 1000 caseload	5.82	6.7	3.42	2.02	5		6	
Fraud detection targets – fraud overpayments identified on sanction cases	£247,457	£76,834	£127,398	£57,018	£250,000		£275,000	
Housing Benefit overpayments recovered during the period as a % of overpayments identified during the period	57.64%	74.58%	81.35%	75.37%	75%		76%	
Housing Benefit overpayments recovered during the period as a % of overpayments identified during the period plus amount of HB debt at the start of the period	26.18%	37.29%	18.10%	23.39%	25%		26%	

RISK LOG

	Risk Description	Likelihood	Impact	Mitigation
1.	Lack of availability of key resource to form the project implementation team thus delaying the projects initiation and implementation.	Low	Significant	<ul style="list-style-type: none"> • Identify the project team required at earliest opportunity. • Identify a project manager. • 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.
2.	Breakdown in ICT connectivity – hardware failure.	Low	Critical	<ul style="list-style-type: none"> • Maintenance contracts in place with demanding service levels. • Business continuity plans developed and tested.
3.	Academy in-house support arrangements fail.	Low	Noticeable	<ul style="list-style-type: none"> • The service at Lancaster is well established and has run smoothly for many years. • The support can be 'bought in' from Capita if necessary. • Build in back-up skills at each site for resilience.
4.	Loss of key resource on any of the ICT projects underway.	Low	Noticeable	<ul style="list-style-type: none"> • A PRINCE2 accredited project manager who holds detailed project plans manages each project. • Individual officers are responsible for each work area. • Regular updates and debriefs between project leaders, the project manager and heads of service.
5.	No agreement of terms and conditions, and alignment of policies and procedures (HR, legal, union and staffing issues).	Medium	Significant	<ul style="list-style-type: none"> • Ensure that there is early commencement of full consultation with all relevant and HR bodies. • Clear communication lines are maintained by one owner who coordinates and directs any debate or discussion to avoid confusion and loss of focus between the councils.
6.	Loss of control or perceived loss of control or direction by any Council with regards to service delivery.	Low	Significant	<ul style="list-style-type: none"> • Establishment of robust governance arrangements and clear communication lines.
7.	Lack of ownership across & within partner councils and different levels of commitment to the Shared Service agenda.	Low	Noticeable	<ul style="list-style-type: none"> • Project Board members meeting regularly to keep an open dialogue to progress matters • Ongoing communication with all staff

8.	No agreement on alignment of policies and procedures.	Low	Significant	<ul style="list-style-type: none"> Re-engineer procedures and processes as required.
9.	Reduction in quality of service and/or performance due to the implementation of the transition to the shared service.	Medium	Critical	<ul style="list-style-type: none"> Detailed plans drawn up to ensure minimum disruption during implementation. Contingency plan to enable input of additional resources to minimise risk during transition. Set performance targets for during the transitional period and for the commencement of the shared service Develop a staffing structure that is fit for purpose
10.	The roles and responsibilities of the senior managers prove to be unachievable with a resulting diminution in service delivery and/or performance.	Medium	Significant	<ul style="list-style-type: none"> Compile a matrix of tasks and responsibilities comparing current duties with new duties under new structure Contact other partnerships for any comparable experiences Amend roles and responsibilities as required.
11.	Partnership fails to deliver the desired outcomes.	Low	Critical	<ul style="list-style-type: none"> Robust business case produced. Ensure project implementation plans are realistic and continuously monitored with appropriate action being implemented as necessary.
12.	Potential conflict between the desired or planned R&B strategy and the individual Customer Service plans of each partner.	Low	Significant	<ul style="list-style-type: none"> Compare performance and resources required and identify key issues for consideration. Re-engineer processes and procedures as required.
13.	Ineffective management and delivery of the change.	Low	Significant	<ul style="list-style-type: none"> Implementation plan monitored and appropriate action taken. Ensure all staff and stakeholders are fully engaged in process via effective communication and briefings. Ensure management team work closely with the project manager and clearly understand their roles and responsibilities and are accountable for delivery. Experienced officers have been appointed to the management roles.
14.	Insufficient funding to support implementation.	Medium	Critical	<ul style="list-style-type: none"> Include projected costs within Business case. S151 officers from each authority involved at each stage of the project. Regular budget monitoring to be carried out.

Project Name:- Shared Revenues & Benefits Service for Lancaster & Preston City Council

Outline Implementation Plan

Activity Number	Activity Name	Project Start Date	Project End Date	Responsible
Project Manager:- Adrian Robinson				
1	Project Initiation	Apr-10	Sep-10	AR
	Funding approved by Team Lancashire	Apr-10	Sep-10	AR
	Establish project board	Apr-10	Sep-10	AR
2	Establish Senior Management Team	Jul-10	Nov-10	BH/IM
	Appointment of Head of Shared Service	Jul-10	Nov-10	AR
	Appointment of Benefits Manager	Jul-10	Nov-10	AR
	Appointment of Revenue Manager	Jul-10	Nov-10	AR
3	Business Case	Apr-10	Sep-10	AR
	Obtain approval to compile business case	Apr-10	Sep-10	CL
	Identify key requirements	Apr-10	Sep-10	CL
	Complete the business case	Apr-10	Sep-10	CL
	Present the business case to both Councils	Apr-10	Sep-10	BH/IM
4	Video Conferencing	Apr-10	Sep-10	ST
	Submit project brief to NWIEP to secure funding	Apr-10	Sep-10	ST
	Order (wireless connection and Ofcom licences, servers, firewall, VC kit)	Apr-10	Sep-10	AH
	Installation	Apr-10	Sep-10	ICT/Aenlink
	Testing	Apr-10	Sep-10	ICT/CL
	Go-live	Apr-10	Sep-10	All
5	ICT arrangements	Apr-10	Sep-10	PR
	Virtualise Preston Academy system (Test)	Apr-10	Sep-10	PR
	Virtualise Preston Academy system (Live)	Apr-10	Sep-10	BW/PR
	Virtualise Lancaster Academy system (Test)	Apr-10	Sep-10	BW/PR
	Virtualise Lancaster Academy system (Live)	Apr-10	Sep-10	BW/PR
	Migrate Lancaster to Preston environment	Apr-10	Sep-10	ICT
	Implementation of the shared desktop	Apr-10	Sep-10	ICT
	Test and go-live	Apr-10	Sep-10	ICT
6	Lancaster Efficiency Re-structure	Apr-10	Sep-10	AR/IM
	Identification of posts at risk	Apr-10	Sep-10	AR
	Consultation with staff	Apr-10	Sep-10	HJ
	Selection process	Apr-10	Sep-10	All
	Go-live with new structure	Apr-10	Sep-10	All
7	Service Delivery and Business Plans	Apr-10	Sep-10	HJ/S/AR
	Identify key service objectives and performance targets	Apr-10	Sep-10	HJ/S/AR
	Publish Service Delivery and Business Plans	Apr-10	Sep-10	HJ/S/AR
8	Internal Policies and Procedures	Apr-10	Sep-10	HJ/S
	Identify current policies and procedures	Apr-10	Sep-10	HJ/S
	Review current policies and procedures	Apr-10	Sep-10	HJ/S
	Introduce new aligned policies and procedures	Apr-10	Sep-10	HJ/S
9	Governance Arrangements	Apr-10	Sep-10	AH
	Produce a detailed governance report and submit to members	Apr-10	Sep-10	AH
	Make appointments to the Joint Committee and Joint Operational Board	Apr-10	Sep-10	BH/IM
10	Risk Management	Apr-10	Sep-10	HJ/S/CL
	Review and update risk log	Apr-10	Sep-10	HJ/S/CL
11	Printing Solutions	Apr-10	Sep-10	HJ/S
	Forms Master	Apr-10	Sep-10	HJ/S
	Publicise	Apr-10	Sep-10	HJ/S
12	Alignment of budgets	Apr-10	Sep-10	AC
	Set up new budget code	Apr-10	Sep-10	AC
	Shared Service to Estimate budget for 2011/12 for the shared service	Apr-10	Sep-10	AC/J
	Forecast future budget for 2012/13 for the shared service	Apr-10	Sep-10	AC/J
13	Commencement of Shared Service	Apr-10	Sep-10	BH/IM
	Business case presented to both Cabinets for approval	Apr-10	Sep-10	BH/IM
	Proposed shared service staffing structure to Joint Committee for approval	Apr-10	Sep-10	AR
	Due diligence and consultation with staff regarding TUPE transfers	Apr-10	Sep-10	AB/SH
	TUPE transfer of staff to the shared service	Apr-10	Sep-10	AB/SH
	Identification and selection of remaining posts for redundancy	Apr-10	Sep-10	AR
	Selection process for shared service structure	Apr-10	Sep-10	HJ/S
	Shared Service goes LIVE	Apr-10	Sep-10	ALL