

DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	26 SEPTEMBER 2016	6
REVENUES AND BENEFITS SHARED SERVICE			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

Fylde Borough Council's revenues and benefits service is administered by Blackpool Council under a shared service agreement. The original arrangement was entered into for a five year period running to the end of September 2013. This was extended for a further period in September 2013 and the agreement will run its course in 2017. This report gives details of this arrangement and recommends its continuation.

RECOMMENDATIONS

1. Finance and Democracy Committee to recommend to Council future arrangements with Blackpool Council for it to continue to discharge revenues and benefits functions on its behalf pursuant to Regulation 6 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 and in this regard to enter into a rolling five year agreement.

SUMMARY OF PREVIOUS DECISIONS

Cabinet 18 September 2013 – *"In reaching its decision, Cabinet considered the details set out in the report before it and at the meeting and RESOLVED: to make arrangements with Blackpool Council for it to continue to discharge the revenues and benefits functions on Fylde Borough Council's behalf for a three year period from 1 October 2013 with an option to renew for a further 12 months pursuant to Regulation 5 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012."*

CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	√
Working with all partners (Vibrant Economy)	√
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	√
Promoting Fylde as a great destination to visit (A Great Place to Visit)	√

REPORT

1. The Revenues and Benefits Service

In 2008, the Council entered into a shared services agreement with Blackpool Council with respect to the provision of a revenues and benefits service. The agreement was for an initial period of five years and this was then extended for a further four years running to 2017. Under the agreement, Blackpool provides the revenues and benefits service for both councils.

The revenues and benefits staff of both councils were combined into one team, sharing expertise and investment. The operation is based upon simplified, streamlined, standardised and automated processes that enable consistent, high quality service delivery. This has also resulted in this Council reducing its costs over time, with recurring savings of £125k per annum generated at the point the shared service was formed. The service has been successfully managed by Marie McRoberts, Head of Revenues and Benefits Shared Service. Marie will leave the service in September of this year and arrangements have been put in place for the benefits service to be managed by Louise Jones and the council tax service by Andrew Turpin. These officers already have good working relationships with Fylde colleagues, having worked alongside Marie for a number of years.

The service delivers:

- Billing, collection and recovery of Council Tax, including the localised support for Council Tax scheme
- Billing, collection and recovery of Business Rates
- Housing Benefit administration, assessment and payment
- Billing, collection and recovery of benefit overpayments
- Handling of all correspondence and complaints in line with Fylde and Blackpool Councils' agreed corporate procedures
- Data Protection and Freedom of Information issues relating to the revenues and benefits service
- Performance management and monitoring, including providing regular reconciliation reports as agreed between the parties
- Compilation of all Government returns relating to the service.
- Scanning and indexing of all documents sent to the service (Fylde BC only)
- Service specific reconciliations, system controls and system administration
- Interpretation and development of policy in relation to any policy changes affecting the service
- Briefing for both elected members and senior officers at both councils including attendance at Management Team, Council, Cabinet and Scrutiny meetings as and when required
- The provision of relevant training such as Members' Learning Hours in addition to staff training
- Assessment of Free School Meals, Clothing Allowances and Student Awards (Blackpool Council only)
- Financial Assessments for Social Care (Blackpool Council only)

Work specifically excluded in relation to the shared service includes the provision of customer contact centres at both Councils together with corporate debt recovery and benefit fraud activity. The Corporate Fraud service is administered on behalf of Fylde Council by Preston City Council and the shared service liaises with respect to these matters as necessary and in a timely manner.

2. Legal/Procurement position

The value of the revenues and benefits work provided by Blackpool Council to Fylde Council is greater than the threshold value for services set out in the Public Contracts Regulations 2015. This would normally mean that a contract for the work would need to be tendered in accordance with the regulations. However, this does not apply where services are carried out by one local authority on behalf of another pursuant to a genuine administrative arrangement – as opposed to a contract – between the two authorities.

The arrangements that exist between Fylde and Blackpool fall within that description. Fylde has arranged (and, if the recommendation of this report is accepted, will continue to arrange) for Blackpool to discharge the functions set out in this report. That arrangement, previously made by the Cabinet under regulation 5 of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012, would now fall under regulation 6 in consequence of Fylde's change in governance arrangements. It is a genuine administrative arrangement and is therefore not treated as a contract for the purposes of the procurement legislation.

3. Financial position

The approved base budget for 2016/17 for Fylde's element of the shared service arrangement payable to Blackpool Council currently stands at £1.011m. This budget is split on the following basis: 40% for Council Tax Collection costs at £404k, 15% for Business Rates Administration costs at £152k, and 45% for Housing Benefit Administration costs at £455k. The Council receives two sources of income as contributions towards these costs: a "Cost of Collection Allowance" from the Government for Business Rates Administration, which is budgeted at £112k for 2016/17, and a "Housing Benefit Admin Grant" towards the cost of Housing Benefit Administration, which is budgeted at £317k for 2016/17.

In addition to these direct costs and income streams, the Council also recharges the costs of support services and service management costs to these activities, including for example the cost of one-stop shop staff time spent on dealing with housing benefit claims and the cost of finance administration in processing Council Tax and Business Rate income and the issuing of payments for Housing Benefit.

For completeness, the approved base budget position for 2016/17 can therefore be summarised as follows:

	Council Tax Collection	Business Rates Administration	Housing Benefit Administration	Total
	£000	£000	£000	£000
Cost of Shared service – payable to Blackpool Council	404	152	455	1,011
Internal support, service management and other costs	181	59	167	407
Total Gross Cost	585	211	622	1,418
Less - Cost of Collection Allowance	0	(112)	0	(112)
Less - Housing Benefit Admin Grant	0	0	(317)	(317)
Less – Recovery of court costs	(150)	(13)	0	(163)
Net Cost to FBC	435	86	305	826

NB: This report deals only with the direct costs of these services, namely the £1.011m shown in the first line in the above table.

4. Welfare reforms

In recent years there has been a high pace of change within the service with a number of welfare reforms being introduced including the benefits cap, local council tax support scheme and universal credit. It is still anticipated that in the longer term that housing benefit administration will transfer to the Department of Work and Pensions within the next couple of years. Although council tax

administration and support will remain with local authorities, the eventual introduction of Universal Credit will have a fundamental impact of the work of the shared service.

5. The future

Given the period of great change in the administration of welfare benefits both now and in the future, combined with the good working relationship with Blackpool Council regarding the delivery of the revenues and benefits service, it is not recommended to pursue alternative service options which could range from bringing the service back in house, tendering the service or entering into discussions with other service providers who may wish to also consider a shared service model. Not only would this be extremely disruptive in a period of great change, but it could also be extremely costly both in monetary and administrative terms in trying to separate a service that has been combined for a significant period of time, with shared contracts in place for services such as IT contracts, and the cost of tendering would be significant. In addition there is a good working relationship with Blackpool Council and a high service standard in delivering the service.

It is recommended that the Council enters into a five-year rolling contract with Blackpool Council with a break clause that could be invoked by either party giving a two-year notice period.

IMPLICATIONS	
Finance	The financial implications are contained in the body of the report. The Council's base revenue budget contains provision on an ongoing basis for the cost of the shared revenues and benefits service.
Legal	The legal implications revolve around procurement and are contained in the body of the report.
Community Safety	None arising from this report
Human Rights and Equalities	None arising from this report
Sustainability and Environmental Impact	None arising from this report
Health & Safety and Risk Management	None arising from this report

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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
PDSC & Cabinet minutes	Sept 2013	www.fylde.gov.uk