BRECKLAND COUNCIL
FOREST HEATH DISTRICT COUNCIL
EAST CAMBRIDGESHIRE DISTRICT COUNCIL
ST EDMUNDSBURY BOROUGH COUNCIL

At a Meeting of the

ANGLIA REVENUES AND BENEFITS PARTNERSHIP JOINT COMMITTEE

Held on Wednesday, 30 January 2013 at 2.00 pm in the Level 5 Meeting Room, Breckland House, St Nicholas Street, Thetford IP24 1BT

PRESENT

Mr D Ambrose Smith	Mr R Millar
Mr P.D. Claussen	Mr P Moakes
Mr S. Edwards (Vice-Chairman)	Mr D A Ray
Mr R. Everitt (Chairman)	Mr W.H.C. Smith

Also Present

Eric Bohl	Consultant

In Attendance

Ian Gallin	Joint Chief Executive (FHDC&SEBC)
John Hill	Chief Executive (ECDC)
Sharon Jones	Head of Shared Service (ARP)
Andrew Killington	Deputy Chief Executive (ECDC)
Rod Urquhart	Operations Manager (Support and Fraud)(ARP)
Robert Walker	Assistant Director of Commissioning (BDC)
Liz Watts	Director (FHDC&SEBC)
Helen McAleer	Senior Committee Officer (BDC)

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1/13 MINUTES (AGENDA ITEM 1)

It was confirmed that the actions assigned in the Minutes had been completed.

The Minutes of the meeting held on 13 December 2012 were confirmed as a correct record and signed by the Chairman.

2/13 STRATEGIC REVIEW (AGENDA ITEM 5)

The Chairman introduced the review which he had found interesting and insightful. He thanked the Head of Shared Service and her team for their assistance in providing background information for the report and invited Eric Bohl to talk through the first part of the review.

Mr Bohl said that his aim was to help the Partnership decide on its future direction and delivery model. He hoped that the recommendations would be familiar and that Members would recognise the Policy Statements.

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He explained the thought processes which had included looking at the current environment and prospects for growth in light of the forthcoming fundamental legislative changes.

One of the key drivers for change was that workload would remain constant even without Housing Benefit responsibilities, but there was a strong risk that the Partnership would not be fully compensated for the loss of economies of scope. There was a degree of uncertainty but he could see opportunities for growth.

In his strategic assessment he had set out what was needed for the Partnership to flourish and grow. He had identified the strengths and the issues. There was a complexity about the current ways of operating. The Joint Committee was involved in routine operational issues which could be delegated, allowing the Committee to focus on strategic issues. Evidence of how well the Partnership was doing was needed, such as benchmarking data, which would prove the Partnership's competitiveness.

Key Policies would provide the parameters and direction to give a framework for Management. It was important to be clear about what was wanted. Currently there were no Service Level Agreements and no unit pricing. Both were needed to judge value for money and ensure a consistent approach to service delivery.

Mr Bohl suggested that to move forward it was necessary to set time aside for the Joint Committee to concentrate on future development. The complex governance arrangements needed to be scrutinised to find opportunities for delegation, to free the Committee to focus on strategic overview and scrutiny of performance. Competencies and management structure should be reviewed, to look for opportunities to streamline and free up capacity.

The Chairman invited all Members and Officers present to speak freely and comment on the report.

The Head of Shared Service noted that it was possible to provide costs for the provision of services, but those unit costs would be affected by each Authorities recharges. Change might alter costs and external and internal costs affected benchmarking.

Mr Moakes commended the report and said there was nothing to challenge in its findings which exactly reflected what Members had been thinking. The question was 'Where next and how?"

Mr Ray asked whether the first nine recommendations were implementable immediately and Mr Bohl said that they could be undertaken before the future model was chosen, without affecting that choice.

The Chairman suggested that the Operational Improvement Board

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(OIB) should be instructed to work out what could be done and provide a timetable for Members' approval.

Mr Ambrose-Smith thought that a decision was needed on recommendation ten to give officers clearer guidance.

Mr Bohl noted that current arrangements could be streamlined before any decision was made on which delivery model to use. There might be a benefit in deciding on the model first, but the other recommendations could be implemented before then.

The Chief Executive (ECDC) thought that recommendation nine was fundamental and might drive the other recommendations. The OIB should provide a timetable and project plan for implementation of the recommendations and report back to the Joint Committee which could then take a view on priorities.

Mr Bohl then moved on to the second section of his review. He explained the evaluation criteria used to assess the three main models set out on page 23. Two variants of model A had been created: A1 and A2, so there were effectively four options for consideration. Other options were always available. Each option would need a full business case.

A1 had problems due to the complexity of its approval processes and was not operationally efficient. Indicative evaluations, on balance, appeared (marginally) to suggest that a Public Sector Joint Venture (PSV) might be the most appropriate model. That assumed that advantage would be taken of putting new starters on new terms, conditions and pensions. Those terms would still need to be competitive in the local market. If it was not the intention to do that then the financial benefits of a PSV would be less.

Mr Ray asked if the introduction of Universal Credit (which he described as the 'great known/unknown') would affect the delivery model and whether there were any other 'known/unknowns' that Mr Bohl knew of.

Mr Bohl explained that the shape of Universal Credit was becoming clearer but that the key uncertainty was whether Councils would be fully compensated for the loss of economy of scale. He did not think they would be and that would mean additional financial pressure.

Another 'known/unknown' was Council Tax Support which had been moved out of Universal Credit. If it was moved back in, that would have a substantial impact on business. As it stood the Council would still have a lot of work, despite losing Housing Benefit, which only equated to about £150,000 of a turnover of around £5million.

The Head of Shared Service advised that they were already looking

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for processes which would reduce staff whilst still doing the same work.

The Operations Manager cautioned that they were working on information provided by the DWP and many decisions were yet to be made. The figures were not accurate, but were conservative best estimates.

Mr Smith agreed that benchmarking information was needed to inform performance data, which currently did not give any idea of value for money or comparison with other organisations. Of the four options available he was in favour of Option C (PSV) as he believed it would provide the flexibility needed to adapt quickly. His preferred criteria for looking at two models would be A2 and C.

Mr Moakes agreed and said that the Partnership needed a shared vision. They were already the longest running Partnership and if Suffolk Coastal and Waveney joined they would be the biggest, both of which gave them strength. From discussions held with the CLG it was clear that they had no idea about rural operations. The ARP did know the difference between rural and metropolitan operations and that was another of its strengths. He supported Option C and possibly Option A2.

Mr Edwards was happy with that approach. He suggested that Options A1 and B were discarded and recommendations one to nine were implemented quickly.

Mr Millar thought that the review of management in recommendation nine needed to be linked to recommendation ten as there was a high degree of management ownership in that.

Mr Claussen thought it was clear that C was the right option. It would keep the same equilibrium whatever decisions the Government made. There were large opportunities and the Partnership would be better placed if the Government was talking to the ARP and not to a lead authority.

Mr Ray said that he was used to making decisions knowing all the facts and the review did not give him all he needed. He thought that at least two options should be considered and agreed that they should be A2 and C, but he pointed out that they did not know the costs of tupee, pensions or implementation.

Mr Bohl observed that the review had not explored the intricacies of trading and teckal. He assumed that the intention was that the PSV would be co-owned by the Partners as a Teckal. Under the current threshold at least 80% of the work would have to be done by the four owning Partners, to be exempt from European Procurement rules. That meant that if more than 20% of the company was sold, unless new partners joined as shareholders, the European Procurement rules would apply. Under the latest draft the threshold

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rose to 90% which meant that only 10% of turnover could be traded to non-shareholders. These were complexities that needed to be explored so he advised Members to keep both options open.

There was some discussion about the technicalities and how to address the Teckal problem. Mr Bohl advised that two tests were applied: activity and control. The details needed to be worked through.

Mr Ambrose-Smith proposed to move forward on Option C only and Mr Claussen seconded that proposal.

Mr Millar was attracted to Option C but thought that options should be kept open as the role of management was vital and they did not know what the future management structure would be. A business case was needed for Options A2 and C.

The Chief Executive (ECDC) recognised the concern of some members of the Joint Committee that there was a danger of 'drift' if two options were looked at. Nevertheless, given the uncertainty about the introduction of Universal Credit and other strategic issues affecting benefits, highlighted by Mr Ray, it was important to continue to look at both options but within a strict timetable. The OIB (with the help of Mr Bohl) should come back to the Joint Committee with their initial ideas on the management structure and then a more informed decision could be made.

The Chairman agreed that if a decision could be made on recommendation nine within a quick timescale there would be no drift and Members would be able to make a more informed decision on recommendation ten.

Mr Ray suggested that the OIB should come to the next meeting on 14 March with an update on how many recommendations had already been implemented and a timescale for implementing the rest.

The Head of Shared Service noted that there was an OIB meeting in February and they could work on the recommendations then. She agreed that there could not afford to be drift as there were two Councils interested in joining and also the staff needed clarity on the way forward.

Mr Bohl explained that he normally gave a clear recommendation at the end of a review and he had not been able to do so in this case for a number of reasons. There were a series of issues to be worked through, including VAT matters, trading appetite, pensions impact, etc. He suggested that it would be premature to select one model. More analysis was needed.

The Assistant Director of Commissioning (BDC) suggested that the OIB report back to the Joint Committee in March with a timetable

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for recommendations one to nine.

The Deputy Chief Executive (ECDC) asked if Mr Bohl's work was finished. Mr Bohl was asked to leave the room whilst Members discussed the matter. The Chairman thought that Mr Bohl was very capable and he was happy to suggest that he was involved in moving on to the next stage.

Mr Millar thought that it was up to Members to make the decision about recommendation ten and that they should rely on the competency of their Officers.

The Chief Executive (FHDC & SEBC) commented that the OIB could get on with recommendations one to nine with the Chief Executives supporting and overseeing any changes to the Constitutions for example. The majority of the work could be done by the OIB but he suggested that a link was maintained with Mr Bohl for recommendation ten.

Mr Smith thought that the Partner authorities had the necessary expertise to prepare business cases and if they did not they would need to buy it in.

The Chairman said that Mr Bohl had proved his worth and shown that he was up to date with legislation changes. His advice was imperative. Mr Ambrose-Smith agreed.

The Director (FHDC & SEBC) said that Mr Bohl had been good value for money. She asked Members to give Officers authority to continue to consult him, if necessary, and asked them to put a limit on the amount they could spend.

It was **AGREED** that up to £10,000 could be spent by the OIB on consultancy fees.

Mr Bohl was invited back into the room and the Chairman explained that the OIB had been authorised to contact him as and when required.

Mr Millar then proposed an amendment to Mr Ambrose-Smith's earlier proposal.

It was **RESOLVED** that:

(1) the Operational Improvement Board would commence implementation of recommendations one to nine;
(2) a report would be presented to the next meeting on 14 March 2013 updating Members on progress so far and setting a timetable for the implementation of any of those recommendations not yet implemented; and
(3) the Operational Improvement Board would provide a proposed timetable for developing business cases for

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Options A2 and C.

The Chairman thanked Mr Bohl for his hard work and effort.

3/13 ARP ICT SUPPORT SERVICE (AGENDA ITEM 6)

The Officer presented the report which proposed to bring Breckland staff into the ICT Support Team. From an ARP point of view it would provide a more seamless service. Staff were already working well together and the change would provide a slight cost saving and include some services not previously covered.

Mr Moakes was concerned about future ability to cope with growth and was advised that it would depend on the criteria. It might be necessary to grow the team but there was flexibility currently.

RESOLVED that:

(i) the contents of the report be approved and that responsibility for the support of ICT for the Anglia Revenues Partnership be taken on by the West Suffolk ICT Team, noting that there is a very small saving in cost, but a demonstrable improvement in service through a more streamlined approach;

(ii) three Breckland ICT staff responsible for delivering ICT to ARP are 'TUPE transferred' to the West Suffolk ICT team, in line with the liabilities set out in section 4 of the report; and

(iii) an ICT Support Service Level Agreement is developed on the basis of the principles set out in the report; and

RECOMMEND TO THE PARTNER AUTHORITIES that the legal agreement between the four ARP partners is amended accordingly to reflect the change in ICT provision.

4/13 ANY OTHER BUSINESS (AGENDA ITEM 7)

None.

5/13 NEXT MEETING (AGENDA ITEM 8)

The arrangements for the next meeting on 14 March 2013 at 2.00pm in Breckland House, Thetford were noted.

The meeting closed at 3.50pm

CHAIRMAN