

**ANGLIA REVENUES PARTNERSHIP**  
**REPORT OF THE STRATEGIC DIRECTOR (RESOURCES) - FOREST HEATH to the**  
**JOINT COMMITTEE: 2 DECEMBER 2010**

**FUTURE STRATEGY**

1. **Purpose of Report**

This report sets out issues affecting ARP's future strategic direction and asks Members to indicate their preferences.

2. **Recommendations**

It is recommended that the Joint Committee:

- 2.1 Consider the paper on ARP's future strategy with particular emphasis on the questions asked in Section 3.4.1.
- 2.2 Identifies draft objectives for the partnership as sought in Paragraph 3.4.2.

**Note:** In preparing this report, due regard has been had to equality of opportunity, human rights, prevention of crime and disorder, environmental and risk management considerations as appropriate. Relevant officers have been consulted in relation to any legal, financial or human resources implications and comments received are reflected in the report.

3. **Information, Issues and Options**

3.1 **Background**

- 3.1.1 ARP was initiated in 2002 when Breckland and Forest Heath District Councils agreed to use a common IT platform and aspire to join their revenues and benefits services together to achieve improved performance, greater resilience and cost savings.
- 3.1.2 The member authorities initially kept their processing staff separate but looked to join the management of the service. In 2004, however, a decision was made to co-locate staff from both authorities in Thetford, where they have remained since.
- 3.1.3 A trading company (Anglia Revenues Partnership Trading Ltd.) was formed in August 2006. The company enables services to be provided and charged at market rates to other authorities (and other companies) rather than at cost.
- 3.1.4 East Cambridgeshire District Council joined the partnership in 2007 on a fixed cost basis. Their service had previously been outsourced and some of the staff delivering the service were TUPE transferred to Breckland Council at the point of joining. The terms of membership have recently been varied to share risk and reward (effective date October 2010). East Cambridgeshire does not hold shares in the trading company.
- 3.1.5 The partnership is currently in the throes of further expansion, with St Edmundsbury District Council being admitted as a fourth partner subject to agreement of the business case elsewhere on this agenda.

3.2 **Strategic Analysis**

- 3.2.1 The partnership in its current guise has the following characteristics:-
  - (a) Narrowly defined service scope (i.e. limited to revenues and benefits);
  - (b) Geographically concentrated (unbroken footprint across local authority

boundaries);

(c) Single site delivery;

(d) Dependent on partner councils to provide support services (rather than delivering own), and

(e) Separate employer status retained (i.e. staff not transferred to discrete vehicle).

3.2.2 The trading company, by way of contrast, has entered into arrangements beyond the partnership's service and geographic focus and delivers from remote sites using directly employed staff.

### 3.3 **Swot Analysis**

3.3.1 A basic SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis identifies the following:-

#### 3.3.2 **Strengths**

- Proven track record of achieving material levels of savings
- Proven track record of performance improvement (particularly in relating to benefits)
- Experienced senior management with strategic outlook
- Sound operational and technical management
- Recognition and reputation at regional and national level (e.g. beacon status; LGC innovation award)
- Business focus over irrelevant structural issues

#### 3.3.3 **Weaknesses**

- Managerial strength in depth - e.g. capacity to sustain diverse or geographically spread approach without injecting further resources
- Uncertain relationship between partnership and trading arm
- Partnership is clear on what it is doing but less clear on where it is going
- Further efficiencies possible but may have to cut services to make additional savings arising as part of general budgetary pressures

#### 3.3.4 **Opportunities**

- Current pressure for local authority savings may bring possibility of further partnering and development of franchise
- Other councils may also seek technical support/managerial intervention to improve/sustain performance during the lead in to Universal Credit and national administration of benefits
- Use of the ARP model (and possibly the structure) in setting up partnerships to share other services
- Ability to use partnership's reputation to secure a role in shaping transition to Universal Credit

#### 3.3.5 **Threats**

- Failure to establish strategic priorities and concentrate on them/resource them, thereby affecting performance and reputation
- Possible perception of other authorities that the Government's centralisation proposals weaken the significance of benefits (i.e. their focus may be to cut cost at the expense of service levels). This may drive outsourcing ahead of partnering
- Broader partnerships are developing elsewhere and these may be perceived as offering better value for money

- Longer term, the national agenda may result in staff retention problems and possibly have an economic impact if the centralised service is delivered from another area

### 3.4 **Identifying Future Strategic Direction**

3.4.1 In determining where the partnership may move in future, Members face a series of key questions:-

- (a) What is the partnership's appetite for risk, e.g. focus on future opportunities against current performance;
- (b) What should the balance be between savings and service levels for the partnership in the future?
- (c) Should the partnership attempt to diversify or remain focussed on existing services?
- (d) Is there an appetite for further developing the brand through franchising?
- (e) Should the partnership retain a local focus and deliver from the existing service point, or look to expand geographically?
- (f) How far ahead should the partnership look (short vs long term focus)?, and
- (g) To what extent does the partnership wish to play an active role in further development of Government policy and practice?
- (h) What is the maximum number of partners under the current governance & operating model?

3.4.2 Members are invited to consider the above questions and identify draft objectives for the partnership in the short (1-2 year), Medium (3-5) and, if appropriate, longer term. Once this has been undertaken, Officers will summarise the discussion and report back on the outcomes together with the following:-

- i) Resourcing requirements;
- ii) Any governance implications, and
- iii) Evaluation techniques to assess opportunities against strategic intention.

## 4. **Risk and Financial Implications**

### 4.1 **Risk**

4.1.1 The exercise referred to 3.4.2 above is designed to tease out risks so that an appropriate level of appetite/mitigation can be determined.

### 4.2 **Financial**

4.2.1 There are no direct financial implications arising at this stage. The possibility exists of resource issues coming to the fore once objectives have been identified /agreed.

## 5. **Legal Implications**

5.1 None at this stage.

## 6. **Other Implications**

6.1 None identified.

## 7. **Alignment to Council Priorities**

7.1 To be legally compliant.

8. **Ward/Community Affected**

8.1 All within partner authorities.

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