

<b>SUBJECT:</b>	<b>SHARED SERVICE AS AN AGENCY</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE</b>
<b>REPORT AUTHOR:</b>	<b>MARTIN WALMSLEY, HEAD OF SHARED REVENUES AND BENEFITS</b>

## 1. Purpose of Report

- 1.1 To provide a discussion paper on the potential for the Revenues and Benefits Shared Service to operate as an agency.

## 2. Executive Summary

- 2.1 At a previous meeting of this committee, a paper regarding the potential for the Revenues and Benefits to adopt an agency approach was requested, looking to 'sell' services to other authorities. This paper explores this approach.

## 3. Background

- 3.1 Our Revenues and Benefits Shared Services operates under City of Lincoln Council's Terms and Conditions, as the host partner for the shared service. All staff are paid under City of Lincoln's pay grades and adhere to the associated terms of employment.
- 3.2 From time to time, as and when needed, the shared service requires agency assistance – for example, to clear backlogs of work, or to cover an unforeseen staffing absence. Normally such arrangements are relatively short-term, but can on occasions become extended when the need arises. The shared service spent £88,741 on Agency staff in the financial year 2015/16, and in 2016/17 for the period up to the end of July 2016 has spent £21,223.
- 3.3 Instead of procuring agency services from other companies, our shared service could potentially look to operate as an 'agency' itself – utilising resources on its' own payroll and selling these services to other local authorities as and when they require additional resources.
- 3.4 Officers have identified some examples/ discussion papers on this subject, as below:
- Grant Thornton paper 'Alternative Delivery Models in Local Government (<http://www.grant-thornton.co.uk/Documents/Alternative-Delivery-Models-LG.pdf> ), and
  - LGSS (<http://www.lgss.co.uk/Pages/Home.aspx>) .
- 3.5 The Grant Thornton paper very much looks at working in partnership, establishing companies to deliver statutory services as well as commissioning and managing contracts. The motivations of such models are often for realisation of financial benefits, however with this approach comes inherent risks – for example, where

an outsourced model does not deliver and the service has to be brought back in-house. The paper also mentions shared services as a popular and innovative delivery model – which, of course, City of Lincoln and North Kesteven already operates for Revenues and Benefits – delivering significant savings of £0.5m per annum.

- 3.6 LGSS is a shared service jointly owned by Cambridgeshire County Council, Milton Keynes Council and Northamptonshire County Council. This was established in October 2010 through the merger of the Corporate Services operations of Cambridgeshire and Northamptonshire County Councils into a single, shared service providing all professional, transactional and operational services to both organisations. The LGSS partnership is a 'shared services' initiative and is one of the largest across the midlands and East Anglia. It includes a framework agreement allowing other public sector organisations to purchase or partner in delivering services through LGSS.
- 3.7 For the purposes of this paper, the model being explored is 'selling' resources to other local authorities by operating under an agency approach.

#### **4. Revenues and Benefits Shared Service – operating under an agency approach**

- 4.1 Officers are always proactive in looking for partnership opportunities, and recently signed a 5-year contract with West Lindsey District Council to administer their Business Rates function. This was an extension of a previously year-on-year arrangement.
- 4.2 If the shared service was to operate as an agency, it would either need to set itself up as a company and employ staff within the company – or could employ 'additional officers' under City of Lincoln's terms and conditions and then 'sell' these services to other local authorities. The first approach is not preferred, as there would be associated costs (for example, legal, time/resources) in setting up as a company as well as HR-related matters relating to TUPE'ing existing staff into the company. As the shared service is already operating successfully after an initial 2-3 year period of upheaval and uncertainty, it is not proposed to take action that affects existing staffing resources within the service as it is felt this would be counter-productive.
- 4.3 Our shared service could choose to recruit additional officers, employ them on City of Lincoln Council's terms and conditions – and then sell these services to other organisations/ local authorities. This could work as local authority officers are generally paid significantly less than agency officers – for example, a Benefits Officer in our shared service is currently paid between £8.25 and £11.72 per hour, depending on which point of the career grade they have reached. Agency Benefits Officers generally attract between £20-£25 per hour (which includes a fee of usually £2-£3 per hour as the agency's 'cut'). If our shared service could offer agency officers for more than £11.72 per hour but less than £20 per hour, this would most likely be attractive to other local authorities who may currently engage with agencies.
- 4.4 However, officers believe that at this point in time the 'risks' involved in setting up an agency far outweigh potential advantages, these risks being:

- Difficulty recruiting to meet potential demand;
- Responsibility and cost of training officers would be with our shared service;
- Any future redundancy costs would be with the shared service. Particularly with the rollout of Universal Credit, there is the potential for redundancy costs moving forward (although the Department for Work and Pensions may pay some of these, providing local authorities have done everything possible to re-deploy staff);
- Competing demands – naturally the shared service would look to ensure its' work was in the optimum position before 'selling' officer time to other local authorities – this could in fact increase the cost of the shared service;
- Insufficient demand for these services;
- As officers would be under City of Lincoln Council's Terms and Conditions, they would be entitled to holiday pay etc – also, the host authority would incur costs relating to National Insurance, Pension etc.
- Office space does is not available in the current accommodation for Revenues and Benefits.

4.5 Although this report recommends that due to the reasons outlined in paragraph 4.4 it is not the right time at the moment to pursue the 'shared service as an agency' approach at the moment, officers are proactively continuing to seek opportunities to work collaboratively with other organisations, which in turn can increase resilience whilst bringing income into the shared service.

## **5. Strategic Priorities**

5.1 Growing the local economy: Granting of Business Rates reliefs as appropriate can assist businesses to succeed and grow.

5.2 Protecting the poorest people in Lincoln and North Kesteven: The Benefits Service has a key role in reducing poverty and disadvantage; by ensuring residents receive the benefits they are entitled to and providing money/debt advice.

## **6. Organisational Impacts**

6.1 Finance: There are no direct financial implications arising from this report, although if an agency approach was to be progressed a full financial assessment would need to be carried out.

6.2 Legal Implications including Procurement Rules: There are no direct Legal or Procurement implications arising from this report, although if an agency approach was to be progressed a full legal assessment would need to be carried out.

6.3 Human Resources: There are no direct Human Resources implications arising from this report, although if an agency approach was to be progressed a full assessment would need to be carried out.

## **7. Risk Implications**

7.1 Risks are set out in paragraph 4.4 of this report.

## **8. Recommendation**

8.1 Members consider this paper and determine whether or not it is appropriate to further explore the shared service operating as an agency – and/or ask officers to review this matter in 12-18 months' time once the further rollout of Universal Credit may be clearer as well as plans with regard to further localisation of Business Rates.

**Is this a key decision?** ~~Yes/No~~

**Do the exempt information categories apply?** ~~Yes/No~~

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** ~~Yes/No~~

**How many appendices does the report contain?** None

**List of Background Papers:** None

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