

WEST NORTHAMPTONSHIRE COUNCIL

CABINET

13TH JULY 2021

CABINET MEMBER FOR FINANCE: Councillor Malcolm Longley

Report Title Shared Service Arrangements

Report Author Martin Henry, Executive Director, Finance

Contributors/Checkers/Approvers

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List of Appendices

Appendix A – Internal Audit report

Appendix B – Revenues and Benefits Options appraisal

1. Purpose of Report

- 1.1. This report provides members with an overview of the current Internal Audit Service and the Revenues and Benefits service and asks members to consider and approve options for future service delivery.

2. Executive Summary

- 2.1 On vesting day West Northamptonshire Council inherited a mixture of operating models from the sovereign councils for a number of services.
- 2.2 This report focusses on the operating models inherited for Internal Audit Services and the Revenues and Benefits service and seeks to streamline the arrangements so that only one operating model is in place (for each service) rather than a number of different models as is currently the case.

- 2.3 This will allow for greater influence and control over the provision of the service, the implementation of best practice, the streamlining of processes and the avoidance of duplication of effort.
- 2.4 The report recommends that these two services are brought in-house. It is anticipated that the cost of the revised service can be contained within existing budgets.
- 2.5 Members are asked to consider the content of this report and to endorse the option to bring the services back in-house as soon as is practicable .

3. Recommendations

- 3.1 It is recommended that the Cabinet:
- a) Note the contents of this report and the related appendices
 - b) Approve the option to bring the Internal Audit Service in-house
 - c) Approve the option of an in-house service delivery model for Revenues and Benefits
 - d) Grant delegated authority to Executive Director, Finance in consultation with the Portfolio Holder for Finance to take all necessary steps to implement the in-house provision of internal audit services and Revenues and Benefits services as soon as is practicable.

4. Reason for Recommendations

To enable the implementation of a single operating model for Internal Audit Services and Revenues and Benefits services in order to streamline service provision and become a more efficient arrangement which incorporates best practice wherever possible. This should lead to improved customer service to residents and businesses in the area.

In addition, following the notice of termination of a partner (Cherwell District Council) and subsequent desire by the provider company to terminate the arrangement

5. Report Background

- 5.1 The following arrangements were inherited by West Northants on Vesting Day for Internal Audit and the Revenues and Benefits Service.

Internal Audit Services

- 5.2 On vesting day the following arrangements were inherited by West Northants Council in respect of Internal Audit Services.
- Northants County Council Service provided under lead authority arrangements
 - Northampton Borough Council service provided under a combination of lead authority arrangement, an outsourced service and some in house provision.
 - Daventry District Council service provided by an in-house team
 - South Northants Council provided by an out-sourced arrangement.

This mixture of service provision was transferred to WNC on 1 April 2021.

5.3 Currently Internal Audit Services have an interim arrangement in place across the three predecessor areas. The Chief Internal Auditor role is provided by Milton Keynes Council.

5.4 Attached at Appendix A is a report that was considered and supported by the Executive Leadership team providing further detail behind the recommendation to bring the service back in house.

Revenues and Benefits

5.5 Revenues and Benefits provides one of the largest customer services of the Council and offer the following services to both maximise income to the Council and to protect and support some of our most vulnerable residents:

- Housing Benefit and Council Tax Reduction to over 30,000 households
- Council Tax billing and collection for over 178,000 households
- Business Rates billing and collection for over 12,000 businesses
- Collection of the Business Improvement District Levy for Northampton Town Centre; and
- Delivery of a debt and money advice service for our residents.

5.6 Similar to the Internal Audit Service there is currently a complex 'patchwork' of service delivery models across the three predecessor areas:

- Daventry has an in-house team with approximately 21 FTEs who are employees of WNC
- Northampton's service is provided by the lead authority model led by MKC with the operational management and resources (around 98 FTEs) delegated to MKC and then provided back to WNC; and
- South Northants use a local authority wholly owned TECKAL company (CSN Resources) to provide the service.

5.7 With the creation of WNC Cherwell District Council have taken the decision to create an in-house service and have served formal notice to terminate the CSN contract and to cease to be a member of CSN Resources with effect from 5 November 2021, which has necessitated a change and restructure of the current arrangement with the service provider, (CSN).

5.8 Moving forward the ambition for the service is to deliver an excellent, efficient, cost effective service reflected by strong collection rates, good benefits performance and delivery of a shared single software system for WNC. This will be very difficult to achieve with the current service delivery arrangements and should drive not only service improvement but also financial savings.

5.9 Attached at Appendix B is an options appraisal that was recently considered and supported by the Executive Leadership Team.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 There are no financial implications arising directly from this report. The report sets out a proposed direction of travel and seeks delegated authority to the Executive Director of Finance to implement an in-house team for Internal Audit and Revenues and Benefits.
- 6.1.2 The primary reason for this is to have one operating model in place for each service in order to 'clean up' the currently over complicated, inherited arrangements. This will lead to improved service provision, incorporation of best practice, streamlined processes and ultimately reduce costs or increase income (Council Tax and Business rates).
- 6.1.3 The appendices set out the reasons for the recommendations in more detail and it is expected that the cost of the new service in both cases will be at least cost neutral. Detailed design and implementation of the proposed approach will determine any financial savings that can also be harvested as part of the process.
- 6.1.4 There will be HR and transformational implications associated with these proposals.

6.2 **Legal**

- 6.2.1 Although there are no legal implications arising directly from this report the proposals will necessitate early termination of the lead authority arrangements for Internal Audit and Revenues and Benefits, the termination of the service contract with CSN Resources and dissolution of CSN Resources as a company.
- 6.2.2 Legal advice has been sourced to ensure that due process is followed throughout the process of restructure, specifically in relation to the termination and exit strategies for existing agreements to include considerations relating to TUPE, IPR, company dissolution and contractual terms and conditions.
- 6.2.3 Legal advice is sourced to support the service in ensuring that there is continuity of service provision to ensure that the Council continues to meet its statutory obligations and duties during the transition process.

6.3 **Risk**

- 6.3.1 It will be essential to ensure that there is a robust and agreed transition plan in place to ensure a smooth transition and to ensure service delivery continuity.
- 6.3.2 In order for delegation to be exercised any risks arising during the process or as a result of the legal advice received will be clearly identified and mitigated.

6.4 **Consultation**

- 6.4.1 Executive Leadership team (ELT) have received and supported a report on the proposal for Internal Audit Service (copy is shown at Appendix A of this report). The issue of potentially exiting the internal audit arrangement has also been raised at the lead authority board on 26 May 2021.

6.4.2 The Revenues and Benefits Options Appraisal has also been received by ELT and the option of an in-house service has been approved. MKC as the lead authority have been made aware of the potential direction of travel and are currently considering the impacts.

6.4.3 An initial update has been given to a meeting of the Directorate Consultation Forum on 15 June 2021.

6.5 **Consideration by Overview and Scrutiny**

6.5.1 Not yet considered by committee.

6.6 **Climate Impact**

6.6.1 No impacts have been identified

6.7 **Community Impact**

6.7.1 No specific impacts have been identified at this stage, but any impacts are expected to be beneficial in that a single in-house service delivery will help to deliver improved services to our residents.

7. **Background Papers**

7.1 None.