

Wards Affected:

All Wards.

ITEM 4(c)**MILTON KEYNES COUNCIL****11 JANUARY 2017**

Report considered by Cabinet member – 20 December 2016

LGSS – INVEST TO SAVE

Responsible Cabinet Member: Councillor Middleton, Cabinet Member for Resources and Innovation.

Report Sponsor: Nicole Jones; Corporate Director, Resources

Author and contact: Robin Bates; Head of Revenues and Benefits, Tel: 01604 837119

Executive Summary:

In April 2016 Milton Keynes Council joined the LGSS Shared Service. As part of the decision to join the shared service an outline Business Case was developed which set out the direction of travel for services.

This outline Business Case set a direction of creating an integrated Revenues and Benefits service, supported by refreshed technology, to both reduce costs and enable the service to expand in the future. Since the partnership was formed in April, discussions have been taking place with Northampton Borough Council (NBC) about amending the governance arrangements to enable long-term Revenues and Benefits shared service, with an NBC influence.

This report seeks confirmation of the Business Case for the Revenues and Benefits shared service partnership, and requests Cabinet to recommend to Council a change to the governance arrangements for services currently delegated to LGSS, to create a separate Revenues and Benefits Joint Committee, including NBC, which could be extended in future with additional partners.

1. Recommendation(s)

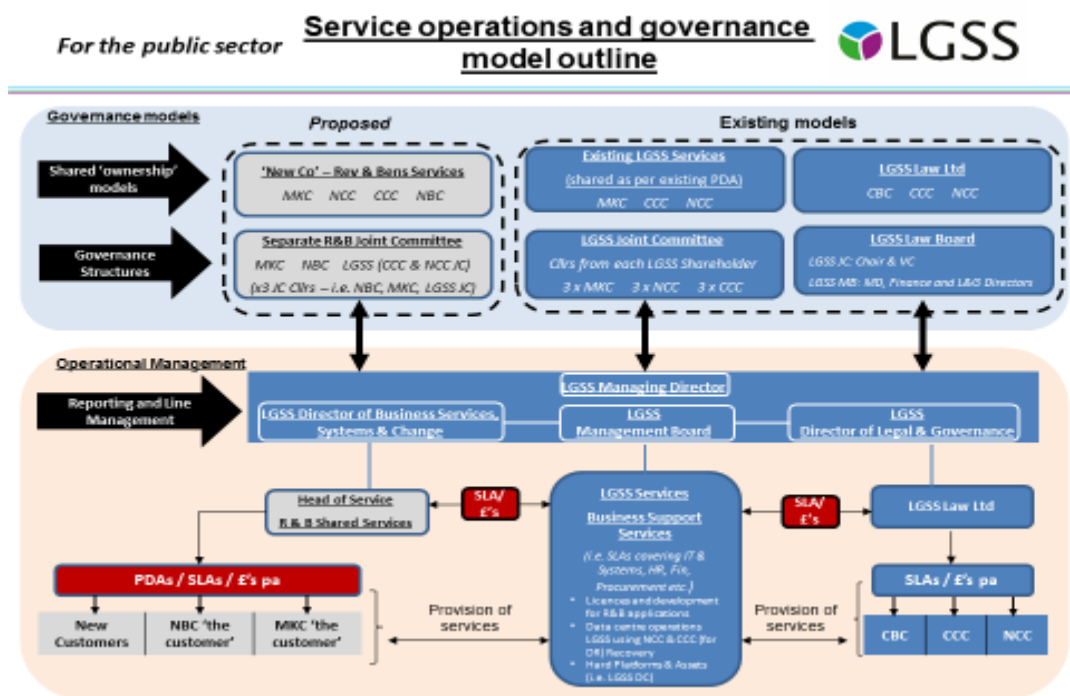
- 1.1 The public and press may be excluded from the meeting by virtue of Paragraph 3 (Information Relating to the Financial or Business Affairs of the Authority) of Part 1 of Schedule 12A of the Local Government Act 1972, in order that the Committee may consider the Annex to the report.
- 1.2 That, subject to local approval by Northampton Borough Council (NBC) / LGSS partners, the Council be recommended to agree to the creation of a new Joint Committee for Revenues and Benefits.
- 1.3 That upon establishment of the Joint Committee, the Council appoints a member to represent Milton Keynes Council on the Revenues and Benefits Joint Committee.

2. Issues

- 2.1 In April 2016 Milton Keynes Council joined LGSS based on an Outline Business Case which set out the direction of travel for services. This business case set out the development of Revenues and Benefits into a

shared service, supported by refreshed and extended technology solutions. The intention was that the costs would be reduced through the improved technology and through the size and increased resilience of the shared service, but also significantly that the shared service platform would continue to grow providing future benefits.

- 2.2 Since joining LGSS discussions have been taking place with NBC, to consider a change to the governance arrangements and business case to allow NBC to be a partner in a new Revenues and Benefits shared service. In return NBC would be giving a long-term commitment to the partnership, investing in the technology and supporting the growth of the partnership. The operation of the service and the investment in technology is consistent with the MKC Outline Business Case. .
- 2.3 Northampton Borough Council (NBC) as an existing customer of LGSS, delegated its Revenues & Benefits Services to LGSS in June 2013. Alongside the MKC and LGSS shared service, NBC have been engaged to identify the benefits associated with a continued relationship with LGSS, with their current arrangement ending in April 2018.
- 2.4 These discussions have led to an agreement in principle to the setup of an alternative business model for the delivery of Revenues and Benefits Services and in particular a separately managed joint committee dedicated to Revenues and Benefits.
- 2.5 The business case includes key aspects on how this arrangement would function including service and Design Principles, Governance and financial savings.
- 2.6 The agreed Governance for the partnership is provided in the diagram below:



2.7 The high level governance of the LGSS Revenues and Benefits Joint Committee Structure would be as follows:

- (a) The Committee has 3 councillors (1NBC; 1MKC; 1LGSS).
- (b) The Chair of the LGSS Joint Committee would be the LGSS representative, with the Vice-Chair being the substitute (in the event the JC chair is an MKC member)
- (c) To be quorate the meeting will need attendance from one councillor from each organisation, so substitutes will be required if councillors cannot attend.
- (d) Voting will be by simple majority.
- (e) There will be a minimum of three meetings per year.
- (f) The management support for the committee will be delivered by LGSS

The role of the LGSS Revenues and Benefits Joint Committee will be to:

- (a) Set the direction and vision for the shared service.
- (b) Agree the budget (within contributions from individual Council's).
- (c) Agree the Service Plan/ Business plan.
- (d) Review performance against plan and agree any changes in year.
- (e) Oversee the integration and change programme.
- (f) Consider new commercial proposals, whether for partner or customer relationships.
- (g) Review performance against plan and agree any changes in year.
- (h) Oversee the integration and change programme.

2.8 The agreed financial benefits and investments are provided at 4.3, 4.4 and 4.5 below.

2.9 The Governance and financial arrangements have already been considered by the current LGSS Joint Committee, which supported the proposal. The proposed approach would allow the partnership to expand to incorporate additional partners. .

2.10 All partners to these discussions have agreed to consider the Joint Committee proposal prior to the end of December 2016, with the relevant local approvals being made during this period.

2.11 In the event that the membership from April 2017, does not include a fourth member (NBC), the existing service will proceed with the plans for the formation of a shared service operating model, but under the current LGSS

Joint Committee until such time as a partner is secured and a the proposed new governance arrangement would be required.

2.12 The design principles for the creation of a future shared service will form the basis of plans to deliver:

- (a) An LGSS Managed Service Framework for the provision of shared service systems.
- (b) Projects aimed at delivering a shared service operating model.
- (c) This target operating model will aim to deliver state of the art digital services that support the service user and maximises efficiencies and income collection.

3. **Options**

3.1 The Council considered all available options for the delivery of the Revenues and Benefits Service prior to joining LGSS.

3.2 This paper seeks approval for moving to a separate Joint Committee to support the growth of the shared service.

4. **Implications**

4.1 Policy

This proposal is in line with the decisions for the Council to become a member of the LGSS Joint Committee taken at Cabinet on 11 January 2016 and Council on 23 March 2016.

4.2 Resources and Risk

The financial arrangements for this partnership are commercially sensitive and are therefore incorporated in the exempt **Annex**. However, the further work on the target operating model and the technology solutions results in a estimated financial benefit to Milton Keynes Council of £xm, compared to £ym in the original Outline Business Case.

The technology change requires an investment of £0.974m for Milton Keynes Council to deliver the financial benefits. The payback period for this investment is less than 3 years and benefits achieved will be ongoing revenue cost reductions. These cost reductions are reflected in the draft 2017/18 Budget and medium term financial position.

The table in the **Annex** provides the anticipated savings and costs of the proposed Joint committee start up partnership. These savings are subject to approval from all foundation partners including NBC / LGSS.

The total base budget cost reduction for MKC by 2021/22 will be £1.024m; in addition MKC will receive a share of the ongoing savings from growth that LGSS receive for annual payments to LGSS for providing services. Growth estimates are provided in the **Annex**.

The table in the **Annex** provides the required investment from partners into the improved technology solutions and the redesign of the shared service, which will be delegated to the new Joint Committee:

Milton Keynes will need to invest £0.974m in the technology and change required to create a shared service and reduce the costs of transactions.

The table below shows the payback period for MKC of the business case provided above:

	2017/18	2018/19	2019/20	2020/21	2021/22
Payback period (excluding growth)	£000s	£000s	£000s	£000s	£000s
Cumulative Savings	-184	-332	-682	-837	-1,024
Capital Costs	436	358	60	20	20
In year Cost / Saving	252	278	-344	-1,161	-2,165

This shows that the payback period for the investment is less than three years, with the benefits being ongoing budget reductions.

Y	Capital	Y	Revenue	N	Accommodation
Y	IT	Y	Medium Term Plan	N	Asset Management

4.3 Carbon and Energy Management

None

4.4 Legal

Milton Keynes Council (“the Council”) became a member of the Joint Committee of LGSS on 1 April 2016.

As part of the Delegation and Joint Committee Agreement the Council delegated the function of the management of its Revenues and Benefits Services to the LGSS Director responsible for Revenues and Benefits, this report is requesting additional delegation for the purposes as set out in the above recommendations. The **Annex** provides a diagram and background to the alternative of a separate Joint Committee.

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

Background Papers: Shared Services Partnership (LGSS – Milton Keynes)
11 January 2016

Annex: Detailed Financial Model Revenues and Benefits Joint Committee (Not for Publication and not attached)