

# Place and Resources Overview Committee

10 November 2021

## The future of revenues and benefits services at Dorset Council

### For Recommendation to Cabinet

**Portfolio Holder:** Cllr G Suttle, Finance, Commercial and Capital Strategy

**Local Councillor(s):** N/A

**Executive Director:** A Dunn, Executive Director, Corporate Development

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### Report Status:

Public

### Recommendation:

The committee are asked to support the recommendation to Cabinet:

1. Agree that Dorset Council makes the necessary arrangements to leave the Stour Valley & Poole Partnership (SVPP) and brings these services in-house to be delivered by an expanded Dorset Council Revenues & Benefits Team as set out in the business case attached at appendix 3;
2. Delegate authority to the Executive Director of Corporate Development, in consultation with the Portfolio Holder for Finance, Commercial and Capital Strategy, to implement recommendation 1, including authority to give notice to terminate the Council's involvement in the Stour Valley and Poole Partnership;
3. Request that the Place and Resources Scrutiny Committee oversee the future Service's integration into Dorset Council, where it can support further transformation, insight and strategic service development, as set out in the business case.

### Reason for Recommendation:

The creation of a single revenues and benefits service for Dorset Council will provide a better level of customer service for Dorset Council residents, with a single process and contact details, making it easier, clearer and more accessible

for people to pay council tax and make benefits claims. As such, it is the best strategic fit for Dorset Council. It will give direct access and control of customer information to Dorset Council, presenting the opportunity to create a single customer account for all residents, in line with the agreed customer service strategy. Having direct control over the service will enable the Council to realise financial savings of over £730k per annum, whilst giving the opportunity to rapidly respond to changing national policies such as Universal Credit, Business Rates and the plans for health and social care.

Furthermore, the establishment of a single Dorset Council service creates the opportunity to integrate services such as customer services and the financial assessment team.

SVPP has been an effective partner in their work for Dorset Council and predecessor authorities. Looking to the future, as a unitary authority, the Council now needs to provide its own revenue and benefits service to take advantage of service integration opportunities rather than part of the service being delivered via a partnership arrangement.

## **1. Executive Summary**

- 1.1 Dorset Council is responsible for setting the revenues and benefits policies which apply to Dorset residents – there are no current proposals to change those policies. This paper is about ensuring the effectiveness of the administration of those policies.
- 1.2 While the responsibility for Dorset Council's Revenues and Benefits Services currently sits entirely with Dorset Council, the day to day administration is split, with the in-house service delivering the administration for the areas of Purbeck, West Dorset and Weymouth & Portland and with the areas of East and North being provided under a collaboration agreement with Stour Valley and Poole Partnership. The latter is hosted by BCP Council following Local Government Reorganisation and is governed by a partnership board.
- 1.3 Between them, Dorset Council and SVPP teams process over half a million transactions for Dorset residents each year:
  - 305,00 council tax bills
  - 104,000 business rate bills
  - 88,000 housing benefits claims
  - 26,000 council tax support claims
- 1.4 Having two delivery methods for an administrative activity is unusual and brings about an inherent complexity and risk. It can cause confusion for Dorset Council residents as to which administrator they should contact. This is a legacy of the arrangements of the predecessor district and borough councils.
- 1.5 When Dorset Council and BCP were established as unitaries in 2019, the majority of services were set up separately for each council. For example,

there are separate finance departments, HR departments and IT departments, adult care and children's care services are separate as are the majority of place based services. However, for some services shared arrangements have continued where there it makes sense to do so on grounds of scale and/or synergy. (e.g. public health, safeguarding and archives).

- 1.6 The review of the arrangements for the administration of revenues and benefits services has been delayed by the pandemic, but it is now time to consider the most effective way of administering revenues and benefits in the future.
- 1.7 Broadly, there are two options under consideration; an in-house model, where Dorset Council administers the revenue and benefits service for all Dorset Council residents, or a jointly governed partnership model hosted by BCP Council.
- 1.8 The partnership option under consideration is an extension of the existing SVPP model, where BCP Council would administer the revenues and benefits service for all Dorset residents, with oversight provided by a joint committee of Dorset Council and BCP councillors.
- 1.9 Each option has its merits and risks. The SVPP option suggests economies of scale by creating a larger service for the whole of Dorset, whilst the Dorset Council option has the advantage of control and flexibility, enabling it to rapidly adapt and integrate with other Dorset Council services to improve the customer experience whilst making considerable savings.
- 1.10 In order to identify a preferred option for Dorset Council, each proposal was assessed against the following criteria:
  - Strategic fit – does it align with Dorset Council's operating model, vision for customer experience and other plans and strategies?
  - Cost effectiveness and value for money
  - Responsiveness - ability to adapt quickly to changing national policy and local circumstances
  - Opportunity for further benefits through service integration and transformation.
- 1.11 Assessing the proposals against each of the criteria identifies that the preferred option for Dorset Council is to transfer the work currently undertaken by SVPP into Dorset Council. The existing Dorset Council team can be quickly scaled up to absorb the additional administration, processing and customer demand.
- 1.12 The transfer is estimated to save Dorset Council over £700k per year but, more importantly, it will enable all Dorset Council's residents' data to be brought together in GDPR compliant systems, which is a key plank in the development of the Customer Account.

- 1.13 Both Dorset Council and BCP, working with SVPP, have credible track records of managing change and service delivery. We are confident that by establishing a programme managed working group we will effectively manage the smooth transition and disaggregation process.

## **2. Financial Implications**

- 2.1 Financial implications are set out in this paper and in the appendices and alongside the options available for future service delivery.

## **3. Well-being and Health Implications**

- 3.1 Careful consideration needs to be given to staff wellbeing throughout this process. Both SVPP and Dorset Council revenue and benefits staff having been working under considerable pressure throughout the pandemic, supporting local businesses through Covid business grants, in addition to their regular duties.
- 3.2 Uncertainty about the future arrangements for revenues and benefits has brought added anxiety to a number of staff in both organisations.
- 3.3 It is important to recognise that the proposals considered in this report are in no way an indication of poor performance of either the SVPP or the Dorset Council teams. Both are highly regarded. The issue at hand is which arrangements provide the most effective administrative arrangements for Dorset Council in the future.

## **4. Climate implications**

- 4.1 None relevant to this decision.

## **5. Other Implications**

- 5.1 None.

## **6. Risk Assessment**

- 6.1 There is a level of risk inherent in the transition arrangements for both options being considered in that the loss of key personnel may result in a deterioration in operational performance which could impact on customers. This risk will be mitigated through careful operational management.
- 6.2 Beyond that, the level of risk of the future service provision is entirely dependent upon the option chosen for the future delivery of the revenues and benefits service. Officers' assessment is that the in-house option has a lower risk profile in that it strongly aligns to Dorset Council's strategic priorities.

## **7. Equalities Impact Assessment**

- 7.1 An Equalities Impact Assessment (EqIA) has been considered for bringing the revenues and benefits service in-house and is deemed unnecessary at this stage. The option to scale up the current Dorset Council operational service is considered to have minimal impact on employees or customers.

- 7.2 Once a decision has been made and the future service is designed, taking into consideration Dorset Council's customer promise and customer principles, an EqIA will be completed to ensure that our future customer access provision is equivalent or improved.
- 7.3 There is no risk to employment at Dorset Council within the recommended option. BCP Council working with SVPP will be required to complete their own impact assessments in terms of current employment and future structures to support their own service delivery.
- 7.4 A future working group will consider impact on both councils' employees once a decision is made and consult with employees and relevant trade unions on any necessary change.

## **8. Appendices**

- 1 - Dorset Council Customer Service Strategy
- 2 - Dorset Council in-house proposal for future service delivery (Not for Publication)
- 3 - SVPP proposal for future service delivery (Not for Publication)

## **9. Background papers**

None

## **10. Service contexts, history and earlier business cases**

- 10.1 Prior to Local Government Reorganisation (LGR) in Dorset, revenues and benefits services were carried out by three organisations:
- Stour Valley and Poole Partnership (SVPP) – services for Borough of Poole, Christchurch, East Dorset, North Dorset. This service was hosted by the Borough of Poole, which acted as the employer.
  - Westwey Partnership – services for Weymouth & Portland, West Dorset and Purbeck. This service was hosted by the Dorset Council Partnership (DCP).
  - Bournemouth Borough Council – services for Bournemouth Borough Council.
- 10.2 SVPP and Westwey both had their own Joint Committees to which officers reported as part of the respective partnerships' governance arrangements. These arrangements for Westwey ended with the establishment of Dorset Council and the service assimilated into the Finance & Commercial division of the Council. The SVPP Joint Committee arrangements continued due to the Partnership basis of service delivery, and those members involved have been strong advocates of the service. Ultimately, the Portfolio Holder for Finance, Commercial and Capital Strategy has responsibility for and political oversight of revenue and benefits administration for all Dorset Council residents.
- 10.3 As part of the work to prepare for reorganisation of local government in Dorset, a business case was established to consider the establishment of

a pan-Dorset revenues and benefits service. A competing case also went into development for each unitary council to deliver its own services but, given that the new councils had yet to be established and would need to make their own decisions about future service delivery, work was unable to progress at that stage. The Shadow Councils also agreed that during their first year of business, they would not take any decisions that would disrupt existing partnership working.

- 10.4 Following this, the Covid-19 pandemic unfolded and colleagues in revenues and benefits services across Dorset (and nationally) were very heavily involved in the business grants distribution work and in the delivery of high levels of support to individuals and businesses across Dorset, meaning it was not feasible to consider reorganisation until now.

## **11. Local government reorganisation (LGR)**

- 11.1 LGR established two new, unitary councils in Dorset on 1 April 2019. The result was that the partnerships delivering revenues and benefits services did not align with the Dorset Council and BCP Council boundaries.
- 11.2 Since that date, SVPP Joint Committee has given its approval to expand SVPP to incorporate services for former Bournemouth Borough Council customers, meaning that all of BCP Council's customers will ultimately be serviced by the same team. This work has not yet been completed and brings an additional complexity to critical path were a pan-Dorset service chosen.
- 11.3 Meanwhile, the fragmented nature of the current arrangement continues to cause complications and delays with key projects such as the alignment of all of Dorset Council's predecessor databases into a single system. Officers are required to work on multiple systems with different rules and processes determined by the sovereign Councils for what is currently an indeterminable period.

## **12. The case for change and options available**

- 12.1 The "do nothing" option is still technically available to Dorset Council and we could continue to have East and North Dorset customer business transacted within SVPP, whilst directly providing services to other Dorset Council residents. However, having two delivery methods for an administrative activity is unusual and brings about an inherent complexity. This is a legacy of the arrangements of the predecessor district and borough councils. The current arrangements will not deliver any further efficiencies and potentially inhibit the transformation ambitions of the Council.
- 12.2 There are therefore two options under consideration; an in-house model, where Dorset Council administers the revenue and benefits service for all Dorset Council residents, or an arms-length model, where an external party provides the service on behalf of Dorset Council.
- 12.3 Key characteristics of the Dorset Council proposal are:

- Transfer of arrangements for East and North customers from SVPP to Dorset Council
- Scaling-up of the current Dorset Council Service to accommodate this
- Increase staffing by 22 posts, net base budget savings of £731k compared with current cost of operations (including net contract fee paid to SVPP)
- Future operating model determined and designed by Dorset Council and the needs of its residents and businesses
- No initial transformation work to complete, single dataset and PCR15-compliant system
- Database, processes and procedures already aligned, recruitment and training progresses as early as possible
- Potential to rapidly integrate the service into other Dorset Council support services. This will facilitate the development of a customer account and customer services to give residents a single 'council' experience, as well as bringing greater insights into residents and their needs. This integration may bring further cost efficiencies.

12.4 The partnership option under consideration is an extension of the existing SVPP model, where BCP would administer the revenues and benefits service for all Dorset residents, with oversight provided by a joint committee of Dorset Council and BCP Councillors.

12.5 Key characteristics of the SVPP proposal (Option 3A as detailed in Appendix 3) are:

- To bring together a pan-Dorset revenues and benefits service through the SVPP
- The SVPP to support each council's transformation objectives by working alongside their customer services departments to automate processes and gather and process data to support service provisions for residents
- To be able to provide all revenues and benefits functions and, subject to a business case and further investment, provide specialist services as requested that blend with the service, such as social services financial assessments and all areas of sundry income collection and administration
- To deliver, inclusive of additional expenditure by each council of customer access services, annual savings of £1.5 million – split in line with an agreed cost share agreement (Dorset Council's share would be approximately £690k)
- These savings could be achieved within the partnership, with the potential to support the further transformation savings targets of each council.

### 13. Dorset Council Future Service Requirements

13.1 The key requirements for Dorset Council from its future revenues and benefits service have been identified through discussions with its Senior Leadership Team (SLT) and relevant Cabinet members. These are:

- a) Strategic fit – does it align with Dorset Council’s future operating model, and other plans and strategies? (see Appendix 1)
- b) Cost effectiveness and value for money – does the option represent value for money for the Dorset taxpayer
- c) Responsiveness - ability to adapt quickly to changing national policy and local circumstances
- d) Opportunity for further benefits through service integration and transformation.

### 14. Evaluation

	Dorset Council Service	SVPP Proposal	Comment
Strategic fit with Customer Service Strategy	✓	–	<p>Appendix 1 details Dorset Council’s customer service model and ambition to integrate systems and data to provide a joined-up customer experience. The Dorset Council based revenue service will be fully compliant with this.</p> <p>The SVPP proposal is based upon the partnership working directly with both councils’ Customer Access Teams to deliver transformation. All face-to-face and telephony services to be provided by each council’s Customer Access Teams and not through the partnership.</p> <p>The partnership would act as the ‘back-office’, dealing with complex enquiries and processing accounts where not automated through BCP Council or Dorset Council customer transformation. In customer terms they would consider they are dealing directly with each council through their Customer Access Teams. However, this proposal will fall short of full customer service integration.</p>



<p>Cost effectiveness and value for money</p>	<p>✓</p>	<p>✓</p>	<p>The Dorset Council proposal delivers base budget savings of £731k with a high degree of certainty. Initial transformation work around systems and processes is complete. The cost of the new service is a straightforward scaling-up of the existing Dorset Council service to deal with additional requirements for East and North Dorset customers.</p> <p>The SVPP proposal suggests a similar level of savings through standardisation and economies of scale.</p> <p>The Dorset Council option is likely to incur one off costs as part of exiting the partnership, but beyond the establishment of the Dorset Council model there is the potential for further savings through transformation, such as integration with the customer service model.</p> <p>The SVPP model is likely to require some investment/additional costs from Dorset Council, such as redundancy costs, that would fall to Dorset Council as a result of the adoption of a pan-Dorset model (referenced in the SVPP documentation as a post transfer piece of work) and no consideration is given to the level of stranded costs that Dorset Council would incur and which would have to be managed out of the system.</p>
<p>Responsiveness</p>	<p>✓</p>	<p>–</p>	<p>Having an in-house service gives Dorset Council absolute control over all operational and strategic aspects of the service, its work and future developments. Initial cost savings are important, but the real value comes in the integration of the intelligence that comes from a single dataset that is immediately available and nurtured to help shape future services.</p>

			<p>By its very nature, partnership work involves the dilution of control and therefore means Dorset Council's ability to get the best from the service is compromised. We have seen this under the existing arrangements whereby work priorities have to be agreed between partners and there is tension between competing priorities and objectives of each partner. Each change request comes with a cost because, in order to standardise, the service has inherent inflexibility of the operating model.</p>
<p>Opportunity for further benefits through service integration and transformation</p>	<p>✓</p>	<p>–</p>	<p>With an in-house service, it is straightforward to link with the existing and emerging transformation plan. Dorset Council's own transformation governance and programme office are well established and managed internally.</p> <p>The SVPP (BCP-hosted) model might well move in directions which do not support Dorset Council objectives or strategies.</p> <p>The governance arrangements proposed under the SVPP model mean transformation cannot necessarily progress in the same direction at the same pace as the rest of Dorset Council. Everything would involve agreement and additional resourcing. SVPP has yet to integrate with the former Bournemouth Borough Council Revenues &amp; Benefits Team and this may cause further complications in any transformation.</p>

14.1 This high-level options evaluation identifies that the Dorset Council in-house service is the best strategic fit for the Council.

**15. Cost of separation**

15.1 The SVPP partnership is governed by a Collaboration Agreement (signed in April 2014) which details the action to be taken in the event of the partnership ending.

15.2 The formal requirement requires a council which is exiting the partnership to give financial year's notice. To end the SVPP for 31 March 2023, would

require notice to be given by 31 March 2022. The terms of the agreement also state that the Council that served notice shall be responsible for any costs arising as a result of the partnership ending. This approach contrasts with the principle which applied to all other services when the Unitary Councils were formed, in that as services were separated the 'stranded costs' were absorbed by the organisations which incurred them.

- 15.3 BCP will be considering the future of their Revenues and Benefits service in January 2022 and, depending on the respective Cabinets' decisions, the intention would be for Dorset Council and BCP Council to end the partnership on an amicable basis following a timetable which supports both councils' transformation plans and with an approach to cost minimisation which is in the best interests of BCP and Dorset Council taxpayers.

## **16. Summary and conclusions**

- 16.1 Dorset Council recognises the value that all partnership arrangements - and the colleagues working in them - have brought to the respective councils, customers, taxpayers and residents of Dorset up to this point. But the arrangements are no longer suitable for Dorset Council's future journey and the aspirations that we have articulated in our various strategies for customers, staff and residents. Acknowledging SVPP's own view that the current model is unsuitable for the future, we must seek change.
- 16.2 There are two options for Cabinet to consider. These are summarised in this document and are supported by detail set out in Appendices 2 and 3.
- 16.3 The move to a Dorset-wide service could lead to some financial savings for both Dorset Council as well as BCP Council. However, these could also be obtained, to some degree, were the East and North Dorset areas to be integrated into the existing Dorset Council service.
- 16.4 Ultimately, the return of the full service to Dorset Council control would allow for greater integration with the corporate whole and other tangible (and intangible) advantages that could not be achieved with an external provider.
- 16.5 Whichever option is chosen, the Corporate Director for Finance & Commercial reporting to the S151 Officer will be the lead officer for Dorset Council. If the in-house option is chosen, he will lead the implementation programme with the support of the revenues and benefits team, DC head of customer service and colleagues from SVPP. If the SVPP option is chosen, he will be best placed to be the client lead for Dorset Council. For either option chosen, it is recommended that Scrutiny maintain oversight of the transition and subsequent implementation.

Aidan Dunn

**Executive Director of Corporate Development**

**Footnote:**

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

### Transforming the Dorset Council customer experience

1. Dorset Council has a customer access strategy which articulates how the council will engage with its customers in the future. Our plan is to make a real difference to the lives of all our customers, businesses and visitors by providing easy access to services, consistent service standards and an excellent experience.
2. The Council has engaged with Dorset residents and is using their insight to develop our vision and platforms. We adopted a [Customer Promise](#) in 2020, which was co-created with our people panel and our Senior Leadership Team (SLT) has agreed the principles and outcomes to shape a future 'one Dorset Council front door' operating model.
3. Our principles for customer transformation include our commitment to:
  - provide a single front door approach and the use of Dorset Direct (our central customer services team)
  - invest in libraries to further develop its role as a community service
  - improve the customer experience and
  - enable services to deliver savings in their areas.
4. These have now been translated into our strategic outcomes:
  - **Working together:** cross service and partnership working to provide capacity to support those with complex needs or vulnerability
  - **Improved customer experience:** embedding positive customer experience at the heart of everything we do
  - **Consistent, easy to access services:** delivering more at the first point of contact through a *one council front door* approach
  - **Establish One Dorset council hubs:** integrate services with libraries and other community spaces to provide a multi-service offer.
  - **Digital customer first:** our customers' choice helping us reduce demand and cost through innovative 'once & done' service design
5. Our transformation plans are fully supported by SLT and Councillors having received recent presentations. The developing strategy will demonstrate how plans contribute towards meeting council plan priorities whilst also aligning with our digital, enabling communities, equality & inclusion and library strategies. Customer transformation underpins how we will operate in the future, including our new Customer Platform, which will drive our website, customer account functionality and will be our customer management solution.

6. All future Dorset Council service transformation or convergence must embed the transformation principles within system, solution, process or structural changes supported by our digital, change and customer transformation business partners. This is to ensure that when customers contact us, we resolve all low-medium complexity enquiries via our customer platform either by self-serving or assisted through Dorset Direct or our Libraries.
7. Our data strategy is also developing, which will ensure that we use and share data in the most efficient way, which will also require our services and systems to be much more joined up in the future.
8. Integration of systems, processes and data will be key to everything we do in future and as the revenues and benefits services touches a huge number of customers in the Council area, the inclusion of these services in this work is essential.