

## **Overview and Scrutiny Committee – 15 June 2023**

### **Draft Minute 8 - Revenues, Benefits & Fraud - Service Provision**

The Executive Member for Finance, Governance, and Organisation, Councillor Lewanski, presented the Revenues, Benefits & Fraud – Service Provision Report.

The report provides an overview and update of the Revenues, Benefits and Fraud service's joint work with other local authorities and organisations and, in particular, future joint working with Tandridge District Council. Local authorities are allowed to trade with each other under section 113 of the Local Government Act 1972. Services may also be provided under section 93 of the Local Government Act 2003, providing the services are on a cost recovery basis only. Therefore, if the Council is not making a profit, there is no requirement to set up a separate trading company,

This work for other local authorities started in 2015 and since then has developed and the service now provided services to 28 separate organisations including local authorities, housing providers, and private sector companies. In particular, the service's award-winning Counter-Fraud team now provided counter-fraud services for five other Surrey local authorities and carries out property inspections for local authorities across the country.

As well as generating additional income to cover the staff costs and overheads, these arrangements give the Council's service areas added resilience, ensuring that capacity can be maintained to deliver high quality services, including collection and savings from fraud.

Information about the 2023/24 budget for Revenues, Benefits and Fraud was set out in the table at paragraph 26 of the report. It is noted there is provision to generate income of £600,000 within the overall service budget.

A further opportunity had now arisen to work more closely with Tandridge District Council around Revenues and Benefits. A Counter-Fraud service was already provided to Tandridge, and work has been carried out to identify the benefits of collaborating in more areas of work.

During 2022/23, external consultants were commissioned to review the options for future service provision of both councils. From this piece of work, four options were identified as being viable and these are set out at paragraph 10 of the report.

Of these four options, it was decided that the Centre of Excellence model would be more likely to provide the best outcome in terms of cost reduction, income generation potential, and enhanced resilience.

This approach was endorsed by the Tandridge Strategy and Resources Committee in March 2023 and it had been agreed that this report would also be submitted to the Reigate and Banstead Executive, to seek equivalent endorsement of the planned approach.

Members were assured that adoption of the Centre of Excellence model would be managed effectively so as not to disrupt current service activities. Both councils will be looking to share expertise and build resilience, while working towards offering a commercially attractive service with other local authorities.

The Executive Member for Finance, Governance, and Organisation, Councillor Lewanski invited Members to ask questions on the Revenues, Benefits & Fraud – Service Provision Report provided in the agenda pack. In response, the following clarifications were provided:

#### Creation of a Centre of Excellence

It was confirmed that the joint phased implementation plan would be formulated with input from the Legal teams of both councils, as well as drawing on the research completed by the consultants to ensure resilience.

It was confirmed that the Revenues, Benefits & Fraud Manager would oversee the partnership working for this Council.

Members commented that consideration should be given to the eventuality that either party may need to exit; this was acknowledged.

The Council already had a wealth of experience of arrangements with other local authorities. Usually where services were provided to other authorities, each has a Memorandum of Understanding, setting out where resources are shared, and how resilience was protected. Any documentation would be carefully considered by both parties before being signed.

It was confirmed that this authority would continue to work with other local authorities aside from Tandridge. The preference is to continue the current practice in partnership with another good operational service; making this approach the preferred option.

This would also provide a good basis to develop opportunities to share other services with other Surrey authorities.

#### Benefit to residents

It was clarified that the £600,000 of potential income generated would be used to offset the direct cost of the staff carrying out the work plus a contribution to management overheads. This would provide benefits to this Council's residents by expanding team capacity and resilience of the services provided.

#### Staff turnover

Members commented that the report stated that retaining the expertise and knowledge of staff would be key to maintaining and building a resilient and commercially attractive service; Members asked for further clarification given that the Council-wide staff turnover KPI is red-rated. Members also asked whether creation of the Centre of Excellence may lead to redundancies.

It was confirmed that there would not be redundancies; conversely, more jobs would be created, and personal development opportunities for employees would increase. Turnover in this team was actually very low, as evidenced by several very long serving members of staff.

#### Costs

It was explained that each arrangement was costed before the agreement is entered into, ensuring that staff costs were covered, along with overheads for management time and relevant third-party support costs; an additional percentage is then applied to cover a contribution to other overheads. Charges are reviewed annually to account for increased salary and third-party costs.

#### Report to Tandridge District Council

The link to the Tandridge District Council report would be provided to Members of this committee.

The Chair requested an update on progress when the Commercial Strategy Update Report was next presented to this committee in December 2023.

**RESOLVED** that the Overview and Scrutiny Committee:

considered the Revenues, Benefits & Fraud Service Provision report and provided observations to the Executive on the plans for continued development of the Revenues, Benefits and Fraud service's joint-working with other councils and external bodies, specifically with Tandridge District Council.