

Committee:	Date:
Finance Committee	21 st October 2014
Subject:	Public
Revenues Collection Insourcing Update	
Report of:	For Information
Chamberlain	
Summary	
<p>As reported to this committee in March 2014 (updated in May), a programme of work has been undertaken to return the City of London Council Tax and Business Rates collection to a fully in-house service, from the current service provider (Liberata). The service successfully transferred on schedule and commenced operations 6th October. Key matters to note are that:</p> <ul style="list-style-type: none"> • Actual cost expected to be £637,000 compared to estimate of £627,000; • One off costs of transition will be more than offset by the cost currently associated with payments to Liberata; • As per the waiver granted, printing bailiff services will pass to the City until after annual billing in 2015; and • Further efficiencies are expected from streamlining processes once the service has stabilised after transfer. 	
Recommendations	
<ul style="list-style-type: none"> • Members are asked to receive the report and note the outcome. 	

Main Report

Background

1. This report updates Members on the transfer of the Council Tax and Business Rates collection from Liberata to an in-house service. As of 6th October, the service is live and only a small number of planned post go-live tasks remain from the programme.

Current Position

2. As shown below there is an expected £10,000 (1.5%) increase in cost compared to the original budget. This was primarily due to servers needing to be live in advance of the actual service for longer than expected, in order to mitigate the risks of the transfer of the systems. There was also a reduced cost to making changes to the accommodation at Walbrook Wharf which offset some of this.

Estimated One Off Costs	May 2014	October 2014
	£	£
Migration	524,000	548,000
Equipment	53,000	53,000
Accommodation	<u>50,000</u>	<u>36,000</u>
Total	<u>627,000</u>	<u>637,000</u>

As shown in the table below, there is an estimated saving of £595,000 per annum over the remaining 4 years of our arrangement with Agilisys, when comparing the fees and bonuses no longer payable and the payroll and support costs resulting from the migration. It should be noted that the Liberata fees and bonuses referred to in this calculation are historic and as highlighted in the May 2013 report to this committee, had this contract been offered to the market now the cost would most certainly have increased.

	£	£
a) Cost of outsourced service		
Liberata Managed Service fees	1,600,000	
Liberata Bonus Payments	350,000	1,950,000
b) In house cost		
Additional on-going costs		
Payroll and on-costs	1,046,000	
Support and DR	300,000	
Print	8,500	1,375,000
Total Net saving (a-b) per annum		<u>595,000</u>

Overall the programme is estimated to deliver a net saving of approximately £1.74m, calculated as the estimated saving per year (over the remaining 4 years of the arrangement with Agilisys), less the expected initial cost of migration.

3. The following key risks were reported in the May report to this committee;
 - a. IT timeline – at the time of writing in May there was some risk around the delivery of the core operating systems required to deliver the service (Capita and Northgate). These have now been successfully provisioned by Agilisys and the required data copied from the current host system.
 - b. Displacement of staff – at the time of in May there was a risk that through the job matching and personal consultation exercise a number

of staff may be at risk of redundancy. However this has not materialised and all staff have been appointed to roles within the structure.

4. Contract Extensions

- a. As agreed by this committee in May, 12 month extensions have been agreed with the incumbent print services and bailiff services suppliers.
- b. A full procurement project will be undertaken early next year to determine the best approach to meeting these requirements

Conclusion

5. The insourcing of the Revenues Collection service from Liberata completed on schedule and went live, as planned on 6th October. There was a small overspend on the migration costs because of unexpected server costs before the go-live date. Overall the programme should provide a saving of £1.67m (over a 4 year period) net of the initial cost of migration. The main risks previously identified have been managed and did not materialise. Temporary arrangements are in place for print and bailiff services and these will be revisited early in 2015.
6. The transition was well planned with joint working from Liberata, Agilysis and the City. It was achieved to plan, on time and close to the estimated cost. It is now important that the service settles so that collection performance is maintained and that further efficiencies can be secured.

Background Papers:

Revenues Collection Insourcing Update - (Finance Committee 27/05/14)

Future of Collection Service for Business Rates and Council Tax - (Finance Committee 21/05/13)

Revenue Collection Group Structure Changes (Establishment Committee – 25/07/13)

Insourcing of Revenues Service – Structure (Establishment Committee - 28/11/2013)

Insourcing of Revenues Service – Structure Update (Establishment Committee - 27/02/2014)

Revenues Collection Insourcing Update (Finance Committee – 27/03/2013)

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