

## Business Plan for Service Integration

<b>Purpose:</b>	This document details the actions necessary to move from the separate provision of services by SSDC and EDDC to joint management, operations and delivery. The approach, implementation costs and ultimate cost savings will be detailed.
<b>Project Title:</b>	Licensing
<b>Document Version No:</b>	V2
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### Document History

Revision Date	Summary of Changes
9 August	Further detail, policy background changes
16 August	Review of SSDC info, plus editing of text
31 August	Further financial detail

### Distribution

Name	Title	Date of Issue	Version

## **1. Background**

At the 17 June 2010 meeting, the EDDC/SSDC Joint Integration Committee (JIC) approved the development of business plans for service integration for the following 8 workstreams:

Finance, Human Resources, ICT, Legal & Democratic Services, Revenues and Benefits, Public Spaces, **Licensing** and Environmental Health

The licensing business plan builds on the work of the Project Definition Document (PDD), setting out the options, costs, timescales, risks and savings for the options for the service.

## **2. Objectives of the licensing project**

A project team is managing the integration of the licensing services. Key objectives are to:

1. Identify whether a shared licensing structure is feasible and makes cashable savings. If feasible, produce a draft management structure for agreement by members of both authorities for the current services provided by SSDC and EDDC. The new structure to be effective from 1 April 2011. If agreed, implement the shared delivery of services – with an initial target date of 1<sup>st</sup> April 2012.
2. If a shared licensing structure is not desirable at this stage, then the project will seek areas where a close alignment of the teams in certain areas can make cashable savings or improve performance or service resilience.
3. If agreed, prepare a plan that provides timelines for integration of service functions and/or posts and implement these as soon as possible and certainly by 1<sup>st</sup> April 2012.

### **2.1 Additionally the licensing business case will:**

1. Research into provision of licensing services in other partnering councils
2. Provide a stand-alone project or one that can be integrated into a larger shared service of Community Protection.
3. Identify any areas within both teams where there is currently a risk of any kind and seek to address this by sharing of good practice and/or shared staff.

The intention of this report is to provide a brief strategic case with sufficient information to decide on a potential way forward, either to proceed or revisit the scope. It includes an initial view of the costs, benefits and risks of options.

## **3. Project scope**



The licensing teams from both authorities are included within the scope of this project. For comparative information about the two current services, please see Appendix One.

#### **4. Approach**

The project to deliver shared services between SSDC and EDDC will be delivered in 2 phases:

- Shared senior management structure – subject to approval, recruitment will be complete by 31<sup>st</sup> January 2011 and the structure operational by 1<sup>st</sup> April 2011.
- Shared operation and service delivery. The initial target for the start of shared delivery is 1<sup>st</sup> April 2012. Timescales for each service will be agreed following the appointment of Directors and Heads of Service.

#### **5. Implementation of shared management at tiers 2 and 3**

For the purposes of this business plan it is assumed that the new structure will be approved and recruitment completed by the end of January 2011.

#### **6. Implementation of shared licensing operation**

There are 3 key elements of this phase of the project:

- Development of business processes to deliver services on a shared basis.
- Implementation of a staff structure to deliver the revised processes.
- Consolidation/convergence of business and IT systems to support shared delivery.

##### **6.1. Business processes and practice elsewhere**

Some research has been undertaken with High Peak/Staffordshire Moorlands and with Vale of White Horse and South Oxfordshire which has shown that neither has moved towards a shared licensing team or is currently considering it, mainly due to the geographically localised nature of the service and customer demand for locally responsive and accessible services.

SSDC has experience of sharing staff with Taunton Deane BC by seconding the manager and a licensing officer half time, an arrangement that ended recently and was reasonably successful. However, there were some issues associated with inability to deliver in periods of high demand.

It should be noted that licensing services should aim for cost neutrality – with reasonable costs for administration being achieved by charging policies.

Cutting the size of the licensing team does not in fact provide the council with any financial benefit. If the cost of the team increases surpluses beyond the reasonable operating margin



allowed by guidance, fees will need to be reviewed and most probably reduced downwards, as the council cannot run a commercial profit-making enterprise for statutory services. Surpluses do allow the councils to continue to invest in modern service delivery, for example IT systems. The fact the team is already in surplus demonstrates that the service is efficiently run and does not have an over large number of officers. Many of the fees are already fixed by law.

## 6.2 Options for Shared Service Delivery

<b>Option 1. Separate managers running two separate teams</b>	
<b>Ease of Implementation, benefits, risks and savings</b>	<b>Potential costs</b>
No saving and this option is a lost partnership opportunity	No additional costs
Recommendation: Option 1 is not recommended	
<b>Option 2. Licensing services from both councils linked by a co-operation protocol</b> that would enable sharing of expertise through peaks and troughs (such as large events e.g. folk festivals and carnivals), shared training for staff and councillors, support during consultation periods, shared policy preparation etc. This formalised co-operation allows staff savings to be made while maintaining sufficient capacity and resilience.	
<b>Ease of Implementation, benefits, risks and savings</b>	<b>Potential costs</b>
<p><b>Ease of implementation.</b> This option is easily achievable as both teams have vacancies at the team leader level. SSDC is likely to agree their staffing saving in February 2011.</p> <p><b>Benefits</b> of this option include ease of implementation, no delay while shared policies on terms and conditions are established, shared resilience and capacity between two co-operative site teams. It also allows a wider business case on Environmental Health.</p> <p><b>Risks:</b> The loss of up to 2 FTE overall has some risk associated with inability to deliver in high demand periods, This may mean that some discretionary areas of work are stopped if member approval is gained. The PDD suggested the use of some of the savings to provide some lower level support. On reflection, SSDC is now minded to take the staff saving without adding</p>	<p>Possible costs include:</p> <p>a) Additional mileage for teams when covering the other licensing team.</p> <p>b) Replacement capacity (backfilling required in East Devon and recommended for implementation by EDDC Rationalisation Panel):</p> <p>Based on EDDC Grade 4 (SCP 22): Cost of licensing assistant = £19,621 per year (including on costs £24,548) x .6 FTE = £11,772 (including on costs £14,728)</p> <p>Need for post should be reviewed</p>



<p>further capacity. Both options still exist for EDDC, depending on the level of savings required.</p> <p><b>Possible savings</b> include: <b>SSDC</b> – loss of one vacant post = £30k plus on costs and a car allowance saving.  <b>EDDC</b> – loss of Senior Licensing Officer vacant post = £25,472 plus on costs and a car allowance saving (including on costs £32,000)</p> <p>Sub-Total (before additional costs) = £62,000</p> <p>Less £14,728 plus allowance for honorarium for some former senior licensing officer duties carried out by other staff. Total estimated at £17k.</p> <p>Saving £45,000</p>	<p>annually.</p>
<p><b>Recommendation: Option 2 is the recommended option, particularly for the short term.</b></p>	
<p><b>Option 3) Shared service:</b> one manager, one deputy manager and two site teams. This option consists of a site manager on both sites: one the overall manager for both sites, the other the Deputy Manager. (For clarity this means that the Manager manages one site team and the Deputy Manager; the Deputy Manager manages the other site team).</p>	
<p><b>Ease of Implementation, benefits, risks and savings</b></p>	<p><b>Potential costs</b></p>
<p><b>Ease of implementation.</b> This option is achievable given that both teams have vacancies at the team leader level. However, moving forward depends on harmonisation of HR processes and a shared structure cannot be proposed without knowledge of the capacity at Tiers 2 and 3. To facilitate savings quickly, Option 3 is less favourable than option 2.</p> <p><b>Benefits</b> of this option include greater succession planning at the manager and officer level, greater resilience and shared capacity between two site teams.</p> <p><b>Risks:</b> This sharing of skills, experience and capacity allows a reduction in the size of the teams required. SSDC has experience of sharing staff with Taunton Deane BC by seconding the manager and a licensing officer half time, an arrangement which ended</p>	<p>Potential additional costs due to need for harmonisation of terms and conditions.</p> <p>Replacement capacity:  Based on EDDC Grade 4 (SCP 22)</p> <p>Cost of licensing assistant= £19,621 per year (including on costs £24,548) x .6 FTE = £11,772 (including on costs £14,728) Need for post should be reviewed annually.</p>



<p>recently. However, there are risks associated with inability to deliver in periods of high demand and lesser resilience of the smaller teams.</p> <p>In addition, adopting this option could prevent a potential overarching environmental review with greater benefits.</p> <p><b>Possible savings</b> include: <b>SSDC</b> – loss of one vacant post = £30k plus on costs. <b>EDDC</b> – loss of Senior Licensing Officer vacant post = £25,472 plus on costs and a car allowance saving (including on costs £32,000)</p> <p>Sub-Total (before additional costs) = £62,000</p> <p>Less £14,728 plus allowance for honorarium for some former senior licensing officer duties carried out by other staff. Total estimated at £17k. Saving £45,000</p>	
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**Recommendation:** Option 3 is not recommended initially, although it may be possible to move to this option in the future depending on the structure at Tiers 2 and 3, and depending on the decision on the Regulatory Services Business Case (See Option 4).

**Option 4) Alternative option** reflecting other considerations.

<b>Ease of Implementation, benefits, risks and savings</b>	<b>Potential costs</b>
<p>Another possibility for licensing is being developed within a wider group of regulatory services, currently being worked on as an option within the Environmental Health workstream. This option will bring together a range of services (including licensing) that are essentially regulatory and link to community protection, potentially bringing economies of scale and a pool of expertise that can be shared. The benefits and risks of this option are not discussed in this paper, but in the Environmental Health workstream.</p>	<p>Will be assessed in separate business case to the September JIC</p>

**Recommendation:** A recommendation will be made on this option within the business case for Environmental Health.

**Option 5) A joint manager and a single team**



<p>This option was considered and because of the requirement for accessibility by the public (licensees . taxi drivers etc) and the very large geographical area it was not considered beneficial to service delivery. It was also felt that local knowledge is vital in this field of work and appreciated by customers.</p> <p>A shared manager would save about £30,000 in total, which is less than that in Options 2 and 3.</p>	<p>Shared software will increase costs.</p> <p>Potential additional costs due to need for harmonisation of terms and conditions.</p>
<p><b>Recommendation: This option not recommended</b></p>	

### 6.3 Summary and preferred option

The PID stated that the option of a shared licensing manager (Option 3 and 5) was worthy of further investigation. It is true that a shared manager would create savings of 1FTE, shared between both authorities. However, this also left a capacity gap at the senior level for a service that is delivered on very localised geographical basis.

On reflection, greater savings could be realised by each team simply deleting the vacant posts (if appropriate) and the teams coming together in a formal and cooperative way, so that the peaks and troughs in demand could be dealt with more flexibly. Adopting Option 2 as the preferred option means that the business case for a joint regulatory service (Option 4) can come forward.

### 6.3 Revised staff structure

No new structure is being suggested. Please see Appendix One for current staffing.

### 6.4 Key activities required to implement the new working arrangements

1. Agreement between managers on the division of labour on policy work to avoid duplication. This can be achieved by April 2011
2. Training of key staff at all levels within SSSC and EDDC teams so that they can operate ICT and non- ICT systems in both offices, and written operational arrangements. This will take place before April 2012

### 6.5 Systems

No change currently suggested as for Option 2, it is not necessary that the two authorities operate the same software. Should the licensing service be included in a larger regulatory service, then the sharing of software will require further consideration as part of that business plan process.



## 6.6 Timescales

If tier 2 and 3 management is in place by April 2011, then option 2 should also be capable to start implementation by April 2011, being fully effective by April 2012. (See 6.4 – Key Activities)

## 7. Costs

Cost of Service Delivery (£k)	SSDC	EDDC	Current Total	Option 2
Staff Costs	177,067	142,990	320,057	<b>SSDC:</b> £30k saving for plus lease car cost <b>EDDC:</b> £32,000 saving minus additional cost for replacement capacity in EDDC = est £17000 Total Cost = £275, 057
Non-Staff Costs	62,943	79,870	142,813	142,813
<b>Sub Total - Costs</b>	240,010	222,860	462,870	= £417,870
<b>Income*</b>	239,310	255,500	494,810	494,810
				= ( £76,940)
<b>Net Costs</b>	<b>700</b>	<b>-32,640</b>	<b>-31,940</b>	= - £76,940

Costs of Implementing Option 2 Item / Description	Cost (£k)
Additional travelling costs for staff est	5,000
No redundancies suggested	Nil
No change to software suggested	Nil

It should be noted that licensing services should aim for cost neutrality – with reasonable costs for administration being achieved by charging policies.

## 8. Dependencies

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\* Excludes burial fees



The main dependency is with the shared Environmental Health / Regulatory service business case (known as Option 4) which includes licensing within the suggestions for a shared service.

A second dependency is the national policy context of a potential change to the way in which licensing is delivered which may require additional workload to implement.

*Rebalancing the Licensing Act:* a government consultation (ending 8 September) on empowering individuals, families and local communities to shape local licensing and contribute to tackling crime and anti-social behaviour is expected to result in local licensing authorities and police being given more discretion over the control of licensing premises. The government considers the current licensing regime to be overly bureaucratic and unresponsive; for example it is questioning whether a three yearly review of licensing policy is necessary. Currently under the Licensing Act a licensing authority can only refuse or remove a licence, or impose conditions on the licence upon review, if it can be proved that this 'is necessary' for the promotion of the licensing objectives and if a relevant representation has been made by a responsible authority. Any changes resulting from the consultation would be introduced through the Police Reform and Social Responsibility Bill.

The proposals include:

- overhauling the Licensing Act to give local authorities and the police much stronger powers to remove licences from, or refuse to grant licences to premises that are causing problems
- allowing councils and the police to permanently shut down any shop or bar that is repeatedly selling alcohol to children
- doubling the maximum fine for those caught selling alcohol to minors to £20,000
- allowing local councils to charge more for late-night licences, which will help pay for additional policing, and the cost to local councils of street cleaning
- banning the sale of alcohol below cost price
- Enabling authorities to recover the full costs of licensing, including charging fees to cover the cost of additional policing which may be required in particular locations or for particular premises. There has been no increase in the fees charged under the Licensing Act 2003, since it came into force in November 2005.
- Provide for automatic revocation of licences where fees have not been paid to relieve them of the bureaucracy of costs recovery.

Conclusion: These changes, if implemented, would provide additional workload but would be less of a challenge for the service than the implementation of the Licensing Act 2003, when the systems were set up from scratch.



## Appendix One. Description of current service delivery arrangements

Assumptions:

- 1) Number of households in South Somerset = 72,030
- 2) Number of households in East Devon = 63,144

Service levels and areas continue as set out below:

SSDC	EDDC
<b>Purpose of Service</b>	
Protect public safety, balance the needs of the economy and community and manage and control regulated activities through advice and guidance, the issue of licences, permissions and permits, and the enforcement of legislation	
<b>Brief Description</b>	
Licensing people and premises for a range of activities including sale and supply of alcohol, late night refreshment, entertainment, gambling, taxis, lotteries, zoos, <b>road closures</b> , tattooists, acupuncture, sex shops and various establishments relating to animal welfare. Also annual/random taxi checks <b>and training for licensees. Partnership support for Glastonbury Festival and Mendip DC taxi checks.</b>	Licensing of people, premises, locations, vehicles and <b>boats</b> for activities including sale/supply of alcohol, provision of entertainment and facilities, late night refreshment, gambling, taxis ( <b>including annual tests</b> ), street trading, charitable collections, lotteries, skin piercing, animal welfare, and sex shop and encounter establishments and <b>the administration of the Council's three cemeteries.</b>  Annual/random taxi checks and providing Licensing Committee training for Councillors including those from neighbouring Councils. Carryout a risk based programme of inspections of licensed premises in the district.  Provide training to police officers on licensing issues. Provide Licensing Act training for Leisure East Devon employees.



Member or local priorities	
<p>Education and projects to reduce ASB Enforcement</p> <p>Support for voluntary organisations such as village halls with regulatory advice etc</p>	<p>Support for voluntary organisations such as village halls with regulatory advice etc</p>
Agreed actions for Licensing within current Corporate Plan/s	
<p>Licensing work feeds into Corporate Plan actions 3.21 nos. 1,2 &amp; 3 in the theme outcome <i>“Increasing the self-reported measure of people’s overall health and well-being from 76.1% to 77.0% by 2012”</i>. (NI 119).</p> <p>Agreed actions for 2010/11 include: 1) Complete pilots of Zero project (arranging drug / alcohol / tobacco free events in local night clubs for young people to enjoy a range of activities) and evaluation by May 2010 to inform LSP campaign.;2) Increase the percentage of licensed premises inspected from 95% to 97% by 2012 3) Run 4 training courses per year for licensees and their staff.</p> <p>Targets for 2011/12 are yet to be agreed, but the statement of licensing policy is being revised to be more aspirational; increasing diversity in the town centres and supporting the night time economy</p>	<p>Corporate Priority Outcome 2a ‘An Outstanding Environment’ in the current Corporate strategy (reviewed by Council in July 2010) is supported by the work of the team.</p>
Key Partnerships / partnership work	
<p>Monthly tactical meetings with Police, Trading Standards, building control and fire officers to find solutions for hot spots.</p> <p>Some licensing decisions are delegated to town councils (including Yeovil, Wincanton, Ilminster and Crewkerne.</p>	<ol style="list-style-type: none"> <li>1. Monthly liaison meetings with Police to coordinate approach to problem premises and new legislation.</li> <li>2. Licensing associations (similar to Pubwatch in results).</li> </ol>



Pubwatch schemes.		
<b>Workload</b>		
Licenses issued (09/10)	2181	1861
Licenses excluding Temporary Event Notices (09/10)	1672	1171
Licensing fees collected (09/10)	100%	100%
Complaints performance	4 in 2009/10 (1 about policy, 3 about staff handling)	Complaint Performance – 1 in 2009/10 (about policy)
<b>Published Service Standards (differences in bold)</b>		
1. Efficiently process all premise and personal licences and temporary event notices within the time limits set by law		100% of Licensing Act 2003 applications decided within the statutory time periods set by the legislation.  100% of vehicle/taxi licences issued within 14 working days of application finalisation.  100% of all non vehicle/taxi licences/permissions issued within 14 working days of application finalisation (exception Street Collections issued for year of application)
2. Carry out <b>310</b> inspections of medium risk premises.		Carryout at least <b>185</b> premises inspections during 2010/2011. (Premises choice usually based on risk rating)
3. Ensure that <b>all licensed taxi/private hire</b> vehicles are subject to annual inspection. In addition we will carry out at least 2 spot checks per year to ensure passenger safety		Carryout at least <b>150</b> random taxi/Private Hire vehicle inspections (in addition to grant/renewal inspections).
4. <b>Complete an annual inspection of</b>		Carried out in EDDC Environmental Health



<p><b>all animal welfare licences in accordance with statutory deadlines</b></p>	<p>Unit</p>
<p><b>FTEs (specify vacancies)</b></p>	
<p>7 FTEs (with one vacant) See attached structure chart. The Licensing Enforcement Officer has been acting up in the Manager role since November 2009 and this was confirmed in March 2010. This leaves one vacant post.</p> <p>NB. Since the production of the PDD, the deletion of the vacant SSDC post has been identified as a saving for 2011/12. Although not yet formally agreed, this looks highly likely in the SSDC savings rounds.</p> <p>The risk analysis for the deletion of this post shows an acceptable risk level without any need to increase capacity at a lower level.</p>  <p>"Licensing Structure Chart April 10.doc"</p>	<p>6.1 FTEs. (with one vacant) – Senior Licensing Officer – SCP 27-30 (£22,958 – £25,472)</p>  <p>LLDS Organisation chart April 2010 grad</p> <p>NB. Since the production of the PDD, the Rationalisation Panel has recommended to Executive Board that the immediate pressure in the team be dealt with by way of a part-time Licensing Assistant post (estimated Grade 4) and suitable honorarium, pending a long term solution with/without South Somerset.</p>

<p><b>Software</b></p>	
<p>Flare (rolling contract – but shared with all of the Community Protection team)</p> <p>Flare is contracted on an annual basis and a decision whether to continue would be needed approx 6 months prior to renewal.</p> <p>The cost for both licensing and environmental health, including licensing and training is £14,949 exclusive of VAT.</p> <p>ICT support required for upgrades (approx 1 day per upgrade - 1-2 upgrades per year), connector and server failures (as and when</p>	<p>LalPac Classic (back office) and Enterprise (web) providing a specialist licensing package for back office and a web facing ability allowing responsible authority and public access through the web to access real-time licensing registers and make online applications (saving double keying) Lalpac cannot now offer electronic payment facilities to comply with the EU Services Directive so EDDC will use government software to enable this, like SSDC.</p> <p>A further contract for one year will shortly</p>



required), integration of online forms (one off project time required un-determined at this stage). Otherwise Civica (APP) Helpdesk contacted for system, configuration, reporting etc issues.

A joint purchase of cemeteries software could be investigated.

be entered into. The cost of the Lalpac system is £14,500 per annum exclusive of VAT. Customers and responsible authorities (RAs) can view registers online. RAs can enter their representations and comments online saving double keying.

Internal ICT support is required to load new software updates (due to internal control polices) but does not take more than half a day per year)

Cemeteries records would benefit from computerisation. The cost of this is estimated at under 10K and the EDDC Rationalisation Panel has recommended to Executive Board that some of the current licensing surplus is reinvested in this way to improve efficiency and service to customers.

**Current Budget & Fees and Charges**



09/10 budget figures:

Total actual generated income: **£ (21,911)** before recharges.

Total budgeted expenditure of £240,010 minus budgeted income of £239,310). These figures do not include recharges

Total salary costs = £177,067 (before overtime etc)

See attached for detailed fees and charges



"E&CP Fees & Charges 10.11.xls"

09/10 budget figures

Total actual generated income: **£ (41,540) \*** before recharges

\* This figure excludes burial fees.

Total budgeted expenditure of £222,860 minus budgeted income of £255,500). These figures do not include recharges

[Total budgeted 2010/2011 salary costs (excluding on costs) £142,990 – costs are for all posts including vacant posts]

{Total budgeted 1010/2011 salary costs (including on costs) £178,110 – costs are for all posts including vacant posts}

See attached for detailed fees and charges



EDDC Licensing  
FEES-May 2010.doc

