

**Appendix A  
Options Analysis**

	<b>Proposed Service Delivery Options</b>	<b>Key considerations, risks and issues</b>	
<b>1</b>	Fraud work delivered locally	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Minimal disruption</li> <li>• Local control retained</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Benefits of partnership working on fraud not achieved. Fraud response at individual councils weakened by loss of benefit investigators to DWP</li> <li>• Councils will have to deal individually with the upheaval created by the DWP transfer and any resulting gap in arrangements</li> </ul>
		<p><b>Conclusion – Discount – does not fully address the impact of SFIS Councils can still follow this route should they decide not to participate in the Shared Fraud Service</b></p>	
<b>2</b>	<p>Collaboration or ‘virtual services’ option i.e. Joint Working</p> <p>In this approach Councils work together informally to achieve the benefits of collaborative working</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Local control retained</li> <li>• Does not require formal governance structures to be established</li> <li>• Will allow sharing of intelligence and knowledge</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Locally based teams will be smaller post DWP transfer and are unlikely to be resourced sufficiently to deliver joint working</li> <li>• Success will depend on how far individuals wish to engage with joint projects</li> <li>• No real economies of scale would arise</li> <li>• No increase of robustness of service</li> </ul>
		<p><b>Conclusion – Discount – may go some way to addressing the impact of SFIS but informal collaboration unlikely to deliver economy of scale or resilience</b></p>	

	<b>Proposed Service Delivery Options</b>	<b>Key considerations, risks and issues</b>	
<b>3</b>	<p>Council 'hub' or shared service option hosted by HCC using existing SIAS vehicle</p> <p>This approach would have the following characteristics:-</p> <ul style="list-style-type: none"> <li>▪ Staff would be employed by HCC</li> <li>▪ The service would be set up as a specialist team</li> <li>▪ The existing governance arrangements for SIAS would be extended</li> <li>▪ Existing operational models would be adapted including access to external partner (currently PWC) if very specialist support is needed</li> </ul>	<p><b>Advantages</b></p> <p><u>Financial</u></p> <ul style="list-style-type: none"> <li>• Generation of efficiencies through economies of scale</li> </ul> <p><u>Non-financial</u></p> <ul style="list-style-type: none"> <li>• Most likely option to deliver best value in terms of coverage and retention of skilled staff</li> <li>• Able to flex resources to 'hotspots'</li> <li>• Opportunity to streamline the management function.</li> <li>• Linkage with an established brand and successful reputation</li> <li>• Well-understood and effective governance arrangements in which 8 Hertfordshire councils participate</li> <li>• Management team experienced in shared service change management, service development and process design</li> <li>• Natural synergy between anti-fraud work and internal audit work</li> <li>• Opportunity to flex resources for example in drawing in SIAS staff with fraud qualifications / experience</li> <li>• Work allocation and capacity management arrangements established and transferrable</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• HR terms and condition will need to be resolved</li> <li>• May divert SIAS management team focus from internal audit service delivery</li> </ul>
		<p><b>Conclusion – Preferred option – most likely to deliver resilience, economy of scale and location within SIAS builds on established 'brand'</b></p>	

	<b>Proposed Service Delivery Options</b>	<b>Key considerations, risks and issues</b>	
<b>4</b>	Council 'hub' or shared service option hosted by a District Council	<p><b>Advantages</b></p> <p><u>Financial</u></p> <ul style="list-style-type: none"> <li>• Generation of efficiencies through economies of scale</li> </ul> <p><u>Non- financial</u></p> <ul style="list-style-type: none"> <li>• There is experience of shared service change management, service development and process design within districts</li> <li>• There are governance models which could be adapted to a Shared Fraud Service</li> <li>• There would be opportunities for synergy with host authority Revs and Bens team</li> </ul>	<p><b>Disadvantages</b></p> <p><u>Financial</u></p> <ul style="list-style-type: none"> <li>• Duplication of resource in establishing new governance arrangements, loss of economy of scale</li> </ul> <p><u>Non- financial</u></p> <ul style="list-style-type: none"> <li>• Districts will need to evaluate which of them is best placed to take on the hosting role</li> <li>• HR terms and conditions will need to be resolved</li> <li>• Ongoing commitment required to deliver the project, including agreement of legal and governance framework and delivery of business case, and then maintain ongoing management responsibility and accountability</li> </ul>
		<b>Conclusion – discount – option is viable but diseconomy of scale in establishing new partnership arrangements; needs a district council to host</b>	
<b>5</b>	<p>Outsourced services option</p> <p>Purchase a service from an external provider</p>	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• This offers the opportunity for a commercial arrangement with local, regional and national benchmarked providers</li> </ul>	<p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• Accountancy firms offer some fraud services but at a premium rate and not a holistic offering</li> <li>• Loss of council control</li> <li>• Unclear at present about the type of service required</li> </ul>
		<b>Conclusion – discount – difficulty at present in specifying service requirements for an outsourced operation</b>	

	<b>Proposed Service Delivery Options</b>	<b>Key considerations, risks and issues</b>	
<b>6</b>	Outsourced services option  Establish an independent joint venture company	<b>Advantages</b> <ul style="list-style-type: none"> <li>• Enhanced degree of local council control</li> </ul>	<b>Disadvantages</b> <ul style="list-style-type: none"> <li>• Not considered to be currently feasible because of the uncertain nature of the environment</li> </ul>
		<b>Conclusion – <i>discount</i> – arrangements not sufficiently mature. Such a step may be feasible in future but not at present</b>	