

Ref:

Called in

Yes/No

THE THANET DISTRICT COUNCIL

RECORD OF DECISION OF CABINET

Cabinet Member

Councillor Derek Crow-Brown

Relevant Portfolio:

Corporate Governance Services

Date of Decision:

03 October 2017

Subject:

EK Services Strategic Service Delivery Options and Potential for Contracting out of certain functions

Key Decision

Yes

In Forward Plan

Yes

Brief summary of matter:

The report outlined the current challenges to maintaining EK Services (EKS) viability; presented options for the future of EKS delivery of functions and gave a business case for the potential contracting out of certain functions. In order to give effect to the recommendations, Cabinet was requested to amend the existing delegations to the East Kent Services Committee to allow it to act on behalf of the three partner councils.

Decision made:

Cabinet agreed the following:

- (1) To approve the business case for entering into a strategic partnership and contract for the delivery of the Revenues, Benefits and Customer Services functions and to request the East Kent Services Committee to give effect to the recommendation;
- (2) To the extent that they are not already authorised to do so, the East Kent Services Committee be authorised to discharge the following functions and delegations on behalf of the Council:-
 - (a) Acting in consultation with the chief legal officer of the Council*, to authorise entry into contracts with third parties in relation to the discharge of all or any of the Revenues, Benefits and Customer Services Functions, including the granting of interests in land;
 - (b) To exercise the powers and functions of the Council in relation to any contract entered into by the Council pursuant to (2)(a) above, (to include but not be limited to) making decisions on behalf of the Council in relation to:-
 - (i) Contract management;
 - (ii) Renegotiation of the contract (acting in consultation with the chief legal officer of the Council);*
 - (iii) Variation of the contract (acting in consultation with the chief legal officer of the Council);*
 - (iv) Assignment of the contract (acting in consultation with the chief legal officer of the Council);*

- (v) Novation of the contract (acting in consultation with the chief legal officer of the Council);*
- (vi) Termination of the contract (acting in consultation with the chief legal officer of the Council);
- (vii) Renewal of the contract (acting in consultation with the chief legal officer of the Council);*
- (viii) Enforcement of the contract including the making and settling of any claims arising under it (whether or not legal proceedings are actual or contemplated);

*the contracts shall be entered into in accordance with each local authority's respective Contract Standing Orders.

- (c) To authorise the doing of anything in relation to the exercise of the powers and functions of the Council under Part II of the Deregulation and Contracting Out Act 1994 and the orders and regulations made under it;
- (d) Acting in consultation with the chief legal officer of the Council to authorise entry into contracts* with third parties in relation to any functions of the Council which are not the Revenues, Benefits and Customer Service Functions but which can usefully be entered into in connection with or in order to facilitate contracts entered into, or to be entered into with regard to the Revenues, Benefits and Customer Service Functions;

*the contracts shall be entered into in accordance with each local authority's respective Contract Standing Orders.

- (e) To authorise the doing of anything incidental to, conducive to or otherwise expedient in connection with (a) to (d) above.

Reasons for decision:

The decision allows the East Kent Services Committee to agree the provision of Revenue, Benefits and Customer Services functions via a commercial contract in order to deliver the benefits outlined in the Business Case.

Alternatives considered and why rejected:

1. Maintain EKS operations as currently provided. This option would require Councils to increase management fees to the detriment of other council service funding or to deliver major staff reductions within EKS resulting in significant degradation of service and performance inducing risk to council income collection and benefits payments. It would also mean the opportunity for jobs growth and new income will be lost.
2. Maintain EKS operations as currently provided whilst attempting to 'exploit or expand' existing services to generate new income from areas such as payroll, ICT service provision and providing resilience to other Local Authorities and potentially expand to onboard other services into EKS. This option would require significant investment into EKS to create capacity and capability to undertake such activity and would require a commercial risk approach.

However, even if this was achievable the level of profit that could reasonably be expected would mean that either major staff reductions will still be required (reducing services and weakening performance and most likely weakening the

commercial offer) or Councils would need to increase management fees to the detriment of other council service funding. This option is most unlikely to create sufficient new work to create jobs growth or significant income.

Details of any conflict of interest declared by any executive Member who has been consulted and of any dispensation granted by the Standards Committee:

None

Author of Officer report:

Dominic Whelan, Director of Shared Services

Background papers

Report - Business case approval v 1.0
Business Case V1.0
ANNEX A (4)
ANNEX B
ANNEX B-1
ANNEX C
ANNEX D

Statement if decision is an urgent one and therefore not subject to call-in:

None

Last date for call in:

11 October 2017