

# Public Document Pack

Date: 25 September 2017  
Our ref: Cabinet/Agenda  
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## CABINET

**03 OCTOBER 2017**

A meeting of the Cabinet will be held at **7.00 pm on Tuesday, 3 October 2017** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

### Membership:

Councillor Wells (Chairman); Councillors: L Fairbrass, Crow-Brown, S Piper, Stummer-Schmertzling and Townend

## AGENDA

Item  
No

Subject

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST**  
To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest form attached at the back of this agenda. If a Member declares an interest, they should complete that form and hand it to the officer clerking the meeting and then take the prescribed course of action.
3. **MINUTES OF EXTRAORDINARY MEETING** (Pages 3 - 4)  
To approve the summary of recommendations and decisions of the extraordinary Cabinet meeting held on 18 July 2017, copy attached.
4. **MINUTES OF PREVIOUS MEETING** (Pages 5 - 8)  
To approve the summary of recommendations and decisions of the Cabinet meeting held on 27 July 2017, copy attached.
5. **QUARTER 1 BUDGET MONITORING REPORT 2017-18** (Pages 9 - 12)
6. **FORT ROAD HOTEL** (Pages 13 - 18)
7. **PETITION - CLEAN UP CLIFTONVILLE WEST** (Pages 19 - 22)
8. **PETITION - RAMSGATE SPRINT REVIVAL** (Pages 23 - 26)
9. **EXCLUSION OF PRESS AND PUBLIC** (Pages 27 - 30)
10. **EK SERVICES STRATEGIC SERVICE DELIVERY OPTIONS AND POTENTIAL FOR CONTRACTING OUT OF CERTAIN FUNCTIONS** (Pages 31 - 82)

**Declaration of Interest form - back of agenda**

Item  
No

Subject



Please scan this barcode for an electronic copy of this agenda.

## EXTRAORDINARY CABINET

Minutes of the extraordinary meeting held on 18 July 2017 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

**Present:** Councillor Wells (Chairman); Councillors L Fairbrass, Brimm, Crow-Brown, Stummer-Schmertzing and Townend

**In Attendance:** Councillors: Bayford, Game, I Gregory, K Gregory, Savage, Taylor-Smith, Ashbee, Campbell, Connor, J Fairbrass, Partington, Rusiecki, D Saunders and M Saunders

### 436. APOLOGIES FOR ABSENCE

There were no apologies received at the meeting.

### 437. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 438. SEASONAL CAR PARKS FEES & CHARGES REVIEW

Cabinet reviewed the fees and charges for seasonal car parks in Albion Street, Chandos Square, Broadstairs Harbour, Joss Bay, Broadstairs and Marine Esplanade, Ramsgate following public consultation and a petition received by the Council in May 2017, relating to the increases in parking charges.

Members considered a new residents' only parking scheme that was recommended to operate in Albion Street, Chandos Square, Broadstairs Harbour, Joss Bay, Broadstairs and Marine Esplanade, Ramsgate. It was proposed that once the proposals were approved the scheme will operate from end July to 31<sup>st</sup> October in 2017 and in subsequent years the scheme will run from 1<sup>st</sup> April to 31<sup>st</sup> October each year.

The following Members spoke under Council Procedure 20.1:

Councillor Campbell;  
Councillor Taylor-Smith;  
Councillor Bayford;  
Councillor David Saunders.

Councillor Brimm proposed, Councillor Wells seconded and Members approved a new resident only parking scheme for seasonal car parks across the District (as detailed in the Cabinet report).

Meeting concluded: 7.20 pm

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## CABINET

**Minutes of the meeting held on 27 July 2017 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.**

**Present:** Councillor Christopher T Wells (Chairman); Councillors L Fairbrass, Brimm, Crow-Brown, Stummer-Schmertzing and Townend

**In Attendance:** Councillors: Bayford, Game, I Gregory, K Gregory, Savage, Taylor-Smith, Campbell, Connor, D Saunders and M Saunders

### **439. APOLOGIES FOR ABSENCE**

There were no apologies received at the meeting.

### **440. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **441. MINUTES OF PREVIOUS MEETING**

Councillor Townend proposed, Councillor Lin Fairbrass seconded and Members agreed the minutes as a correct record of the meeting held on 15 June 2017.

### **442. POTENTIAL OUTSOURCING OF REVENUES, BENEFITS, DEBT RECOVERY AND CUSTOMER SERVICES FUNCTIONS (REVISION OF DELEGATIONS TO THE EAST KENT SERVICES COMMITTEE)**

Cabinet was advised that the Director of Shared Services and his Management Team had been examining ways to ensure the current EK Services shared service functions remain relevant and viable. This included work to assess options to maintain cost effective service delivery with high levels of performance.

Cabinet was asked to consider the proposals that the East Kent Services Committee be given the authority to develop a business case that would enable consideration of the merits of a potential contracting out of Revenues, Benefits, Debt Recovery and Customer Services Functions currently operated by East Kent Services.

In order to undertake the business case for a potential outsourcing, amendments were required to the delegations made to the East Kent Services Committee by the three authorities, to give them authority to undertake this work.

Councillor Bayford spoke under Council Procedure Rule 20.1.

Councillor Crow-Brown proposed, Councillor Townend seconded and Members agreed the following:

1. To the extent that they are not already authorised to do so, the East Kent Services Committee be authorised and requested to discharge the powers and functions of the Council to develop a business case to enable the considerations of the merits of outsourcing the Council's functions in relation to the following:-
  - a. Council Tax Administration and Enforcement;
  - b. National Non-Domestic Rates Administration and Enforcement;
  - c. Housing Benefit and associated services;
  - d. Council Tax Reduction Scheme and associated services;
  - e. Debt Recovery;

f. Customer Services;  
(together called 'the Revenues, Benefits, Debt Recovery and Customer Services Functions') and to determine the actions to be taken in connection therewith.

**443. CORPORATE PERFORMANCE REPORT Q4 2016/17**

A positive trend with improvements across a range of indicators was reported. The data presented was mainly for the period up to the end of March, but there was some evidence that, from April onwards, this trend had continued.

The following Members spoke under Council Procedure Rule 20.1:

Councillor I. Gregory;  
Councillor Bayford;  
Councillor Taylor-Smith;  
Councillor K. Gregory;  
Councillor Game.

Councillor Crow-Brown proposed, Councillor Wells seconded and Members noted the Council's performance for the period up to 31 March 2017.

**444. 2016/17 PROVISIONAL OUTTURN AND ANNUAL TREASURY MANAGEMENT REVIEW REPORT**

Members noted that the General Fund net revenue expenditure was in line with budget, and there was a small increase in reserves over the year. This was encouraging, after years of having to draw down reserves to fund past mistakes.

The General Fund capital programme was £4.2 million underspent as capital projects were not progressed as quickly as planned. Many of these projects have external funding attached to them, which remains in place, despite the delays.

The Housing Revenue Account surplus of £1.4 million was largely due to reduced revenue funding of the capital programme. The HRA capital programme was underspent in the areas of Housing Intervention and New Builds.

Councillors I. Gregory and Councillor Bayford spoke under Council Procedure Rule 20.1.

Councillor Townend proposed, Councillor Stummer-Schmertzling seconded and Members agreed the following that:

1. The provisional outturn information for 2016/17 contained within this report is noted;
2. The capital programme carry forwards requested in Table 6 and 8 are approved;
3. The earmarked reserves as outlined in Paragraphs 1.5 and 2.7 be noted;
4. The Annual Treasury Management activity and information for 2016/17 is noted.

**445. PETITION ON 2017 PARKING CHARGES AND RECOMMENDATION FROM THE OVERVIEW AND SCRUTINY PANEL**

During consideration of the petition on 2017 parking charges, Members confirmed that on 18 July Cabinet introduced a new resident only parking scheme to protect local residents and minimise the impact on local businesses. The meeting was advised that a review of the fees and charges for seasonal car parks in Albion Street, Chandos Square, Broadstairs Harbour, Joss Bay, and Marine Esplanade, has now been completed

following increases in parking charges for those seasonal car parks from the 1st April 2017.

It was reported that the new scheme will operate in exactly the same way as the current on-street parking peel and seal voucher scheme in that residents of the District only could buy a daily parking voucher or a book of vouchers that would allow them to park in any of the five seasonal car parks all day at a heavily subsidised rate.

The cost of the daily charge for residents will be £2.50 for the entire day instead of the current charge of £12. Also residents will be able to buy a book of 20 vouchers for £40, which further reduces the daily charge to just £2.00 per day. The new peel and seal voucher scheme will be in place from the 31st July 2017.

Councillor Campbell and Councillor Taylor-Smith spoke under Council Procedure Rule 20.1.

Councillor Brimm proposed, Councillor Wells seconded and Cabinet thanked the petitioner and noted the report.

**446. ASSET DISPOSAL PROGRAMME 2017-18**

The meeting was informed that there were no comments from ward members opposing disposals and in respect of Charlotte Court there was wide public support for a community asset transfer.

With regard to the western undercliff toilets and café, whilst these were to be sold, Cabinet was asked to give due consideration to find replacement toilets in a suitable location to support an aspiration to create another blue-flag beach.

Councillor Townend proposed, Councillor L. Fairbrass seconded and Cabinet agreed the following:

1. To proceed with the disposal of West Cliff Hall, Ramsgate and Western Undercliff Toilets and Café, Ramsgate with sale proceeds being used to fund the asset management and capital programmes;
2. To proceed with the transfer of the Playing fields, Lymington Road, Westgate-on-Sea and Charlotte Court and Albert Court, Ramsgate to Parish & Town Councils and eligible community groups to ensure their continued use for the benefit of the community.

Meeting concluded: 7.45 pm

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**Quarter 1 Budget Monitoring Report 2017-18**

|                  |   |
|------------------|---|
| Cabinet          | <b>03 October 2017</b>  |
| Report Author    | <b>Tim Willis, Director of Corporate Resources</b>                            |
| Portfolio Holder | <b>Cllr John Townend, Portfolio Holder for Financial Services and Estates</b> |
| Status           | <b>For Decision</b>   |
| Classification:  | <b>Unrestricted</b>   |
| Key Decision     | <b>No</b>   |
| Ward:            | <b>All Wards</b>  |

This report provides an update of the Council's 2017-18 revenue and capital forecasts against budget as at the end of June 2017.

**Recommendation(s):**

That Cabinet notes the forecast position for 2017-18 for:

- (i) The General Fund;
- (ii) The Housing Revenue Account;
- (iii) The General Fund and Housing Revenue Account Capital Programmes.

**CORPORATE IMPLICATIONS**

|  |  |
|--|--|
| <b>Financial and Value for Money</b>                         | The financial implications have been reflected within the body of the report.<br><br>Achieving value for money is critical to the Council's medium term financial plan and one of the three Corporate Values.  |
| <b>Legal</b>   | Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, it is the Director of Corporate Resources (S151 Officer), and this report is helping to carry out that function.   |
| <b>Corporate</b>   | Corporate priorities can only be delivered with robust finances and this report gives Members the opportunity to review the Council's current position.  |
| <b>Equalities Act 2010 &amp; Public Sector Equality Duty</b> | Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it. |

|  |  |  |   |  |   |
|--|--|--|---|--|---|
|  | <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td style="padding: 2px;">Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> </tr> <tr> <td style="padding: 2px;">Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> </tr> <tr> <td style="padding: 2px;">Foster good relations between people who share a protected characteristic and people who do not share it.</td> </tr> </table> <p>There are no equity and equalities implications arising directly from this report, but the Council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.</p> <p>It is important to be aware of the Council's responsibility under the Public Sector Equality Duty (PSED) and show evidence that due consideration had been given to the equalities impact that may be brought upon communities by the decisions made by Council.</p> | Please indicate which aim is relevant to the report. | Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, | Advance equality of opportunity between people who share a protected characteristic and people who do not share it | Foster good relations between people who share a protected characteristic and people who do not share it. |
| Please indicate which aim is relevant to the report.   |  |  |   |  |   |
| Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,              |  |  |   |  |   |
| Advance equality of opportunity between people who share a protected characteristic and people who do not share it |  |  |   |  |   |
| Foster good relations between people who share a protected characteristic and people who do not share it.          |  |  |   |  |   |

| <b>CORPORATE PRIORITIES (tick those relevant)✓</b> |   |
|--|---|
| A clean and welcoming Environment                  | ✓ |
| Promoting inward investment and job creation       | ✓ |
| Supporting neighbourhoods                          | ✓ |

| <b>CORPORATE VALUES (tick those relevant)✓</b> |   |
|--|---|
| Delivering value for money                     | ✓ |
| Supporting the Workforce                       |   |
| Promoting open communications                  |   |

## 1.0 General Fund – Projected Revenue Forecast 2017-18

1.1 The 2017-18 General Fund budget was agreed at the Council Meeting on 9 February 2017 on the basis that it would need funding of £450k from reserves, in order to break even for the financial year. Table 1 summarises the current projected General Fund spending position.

**Table 1 - General Fund - Projected Forecast 2017-18**

| Function                 | Agreed Net Budget | Forecast      | Variance |
|--------------------------|-------------------|---------------|----------|
|                          | £'000             | £'000         | £'000    |
| Chief Executive          | 287               | 287           | 0        |
| Corporate Resources      | 2,002             | 2,002         | 0        |
| Corporate Governance     | 1,243             | 1,243         | 0        |
| Community Services       | 4,316             | 4,316         | 0        |
| Operational Services     | 5,093             | 5,093         | 0        |
| Corporate Budgets        | 5,098             | 5,098         | 0        |
| Use of Reserves          | (450)             | (450)         | 0        |
| <b>Total Expenditure</b> | <b>17,589</b>     | <b>17,589</b> | <b>0</b> |

1.2 All budgets will continue to be regularly monitored to ensure that the Council's expenditure remains within the agreed budget. This will include monitoring the savings targets introduced to bridge the funding gap identified in the report to Council.

## Homelessness Budget

- 1.3 The Housing Needs budget experienced pressure in 2016-17 as a result of increased demand for temporary accommodation. This pressure has increased during the 1st quarter of 2017-18. This has resulted in the council having to put people in expensive bed & breakfast (B&B) and self-contained nightly let accommodation. A potential overspend of £900k is projected before the effects of management actions and mitigating factors. There also remain a number of risk factors which could increase the overspend if mitigating actions are not able to exert a downward pressure on demand or increase the supply of properties.
- 1.4 Mitigating actions to increase supply include setting up a private sector leasing scheme, establishing a small quantity of HRA dwellings as licensed accommodation and examination of a potential hostel in the district.
- 1.5 Prevention activities in the Housing Options service to exert a downward pressure on demand are also being examined including setting up landlord schemes to increase the supply of private sector properties.
- 1.6 Financing of this potential overspend is also being examined as following the 2017 revaluation and associated changes in the local government settlement additional Business Rate income may be available to the council to offset some or all of the Homelessness cost pressure in 2017-18. This position will be reported in more depth as part of the 2nd quarter monitoring report.

## 2.0 Housing Revenue Account (HRA) – Projected Revenue Outturn 2017-18

- 2.1 The HRA is currently forecasting to have a surplus of £980k in 2017-18 as per the original agreed budget.

**Table 3 – HRA – Projected Outturn 2017/18**

| Area   | Net Budget<br>2016-17<br>£'000 | Forecast<br>£'000 | Over/(under)<br>Spend<br>£'000 |
|--|--------------------------------|-------------------|--------------------------------|
| Total Service Income                         | (13,834)                       | (13,834)          | 0                              |
| Total Service Expenditure                    | 11,435                         | 11,435            | 0                              |
| Non-Service Costs                            | 800                            | 800               | 0                              |
| Investment Income & Debt<br>Interest Charges | 1,004                          | 1,004             | 0                              |
| Technical Accounting<br>adjustments          | (389)                          | (389)             | 0                              |
| <b>(Surplus)/Deficit for HRA</b>             | <b>(984)</b>                   | <b>(984)</b>      | <b>0</b>                       |

- 2.2 Projects to achieve savings in year are in progress with East Kent Housing (EKH) and results of this activity will be included in the 2<sup>nd</sup> quarter budget monitoring report.
- 2.3 It should be noted that EKH's 2016-17 final accounts presented a fragile picture, with low levels of reserves, outstanding loans to the districts and a lack of evidence that structurally, the EKH financial plan was sustainable. This creates uncertainty for TDC's HRA business plan and so EKH's 2017-18 financial performance will be closely monitored throughout the year.

## 3.0 Capital Programme – Projected Outturn 2017-18

3.1 The General Fund capital programme is likely to be achieved in year. However all projects are being re-examined together with planned funding sources. The 2<sup>nd</sup> quarter monitoring report will include any revisions identified, including funding, in this exercise. Sale of assets identified to fund the capital programme in 2017-18 are outlined below:

- Land at Tivoli Park Road, Margate
- Land at Viking Bay (disused shelter, closed toilets and former lift shaft) Broadstairs
- Land at Manston Road, Ramsgate.

## HRA Capital Programme – Projected Outturn 2017-18

3.2 The HRA capital programme is not likely to be achieved in year as contract start dates on maintenance projects have been delayed mainly due to the additional effort being applied to fire safety works.

3.3 A revised programme is being compiled and will be included in the 2<sup>nd</sup> quarter budget monitoring report together with recommended adjustments to funding.

|                  |  |
|------------------|--|
| Contact Officer: | Ramesh Prashar, Head of Financial Services           |
| Reporting to:    | Tim Willis, Director of Corporate Resources and S151 |

### Annex List

|      |     |
|------|-----|
| None | N/A |
|------|-----|

### Background Papers

| Title  | Details of where to access copy                   |
|--|---|
| 2017/18 Budget and Medium Term Financial Plan. | Full Council Agenda 9 <sup>th</sup> February 2017 |

### Corporate Consultation

|         |                                       |
|---------|---------------------------------------|
| Finance | N/A                                   |
| Legal   | Sophia Nartey, Head of Legal Services |

|                        |
|------------------------|
| <b>Fort Road Hotel</b> |
|------------------------|

|                          |   |
|--------------------------|---|
| Cabinet                  | <b>03 October 2017</b>  |
| Report Author            | <b>Bob Porter, Head of Housing</b>                                  |
| Portfolio Holder         | <b>Councillor Piper, Cabinet Member for Housing and Open Spaces</b> |
| Status                   | <b>For Decision</b>   |
| Classification:          | <b>Unrestricted</b>   |
| Key Decision             | <b>No</b>   |
| Previously Considered by | <b>Cabinet – 02 April 2015</b>                                      |
| Ward:                    | <b>Margate Central</b>  |

**Executive Summary:**

This report advises Cabinet about options for the Fort Road Hotel now that the compensation has been resolved and recommends the disposal of the building.

The report further recommends that the current budget allocation for Fort Road Hotel, within the Housing revenue Account Capital Programme be reallocated to the Council's new build programme as required.

**Recommendation(s):**

That Cabinet agree to:

1. The disposal of the Fort Road Hotel;
2. The reallocation of the remaining budget provision to the council's new build programme.

**CORPORATE IMPLICATIONS**

|                                      |  |
|--------------------------------------|--|
| <b>Financial and Value for Money</b> | <p>The disposal of the site will result in a usable receipt to the Council for funding its current capital programme and will enable the remaining capital budget of £810k allocated against the Fort Road Hotel to be re-allocated to the Council's new build programme.</p> <p>It should be noted that the recent changes by the Government to the HRA's rent setting policy have resulted in a 1% decrease in rents annually for the period 2016/17-2019/20 thereby reducing the overall income available within the HRA Business Plan. The HRA 30 year Business Plan is currently forecast to run into deficit in 2022 and work is underway to review the stock condition and sustainability of the account. In light of this, it has meant that a number of housing developments have had to be re-evaluated for affordability and sustainability of the HRA Business Plan.</p> |
| <b>Legal</b>                         | <p>The Council are entitled to deal with their assets in the way they see fit in accordance with the law and Council Procedures for retention or disposal.</p>   |

# Agenda Item 6

|  |   |  |  |   |  |  |  |   |  |
|--|---|--|--|---|--|--|--|---|--|
| <b>Corporate</b>   | <p>The consideration of the potential options for the Fort Road Hotel should take into account the council's strategic objectives as set out in the Corporate Plan.</p> <p>Disposal would help to deliver corporate objectives by creating an opportunity for private sector investment in improving the appearance of the site and bringing it back into use. It would offer the opportunity for the council to recoup the costs that it has incurred to date.</p> <p>The council could achieve these outcomes directly, but within the context of the council's affordable housing programme, this option does not provide good value for money. There is a risk that the project would see further delays in delivery.</p> <p>Demolition of the existing building would contribute to the objective of creating a clean and welcoming environment, but is also not considered to offer good value for money and would lead to the loss of a building of heritage significance.</p> <p>The greatest risk to the delivery of the council's objectives would be further delay in progressing the project.</p>   |  |  |   |  |  |  |   |  |
| <b>Equalities Act 2010 &amp; Public Sector Equality Duty</b>   | <p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy &amp; maternity. Only aim (i) of the Duty applies to Marriage &amp; civil partnership.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td colspan="2" style="padding: 2px;">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td style="width: 80%; padding: 2px;">Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td style="width: 20%; padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;">Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td style="padding: 2px;"></td> </tr> <tr> <td style="padding: 2px;">Foster good relations between people who share a protected characteristic and people who do not share it.</td> <td style="padding: 2px;"></td> </tr> </table> <p>The contents of this report are not considered to have any specific implications for the Public Sector Equality Duty. If progressed as a housing project, the constraints of the existing building would mean that the completed homes would not be particularly suited to residents with protected characteristics as set out in the legislation.</p> | Please indicate which aim is relevant to the report. |  | Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, |  | Advance equality of opportunity between people who share a protected characteristic and people who do not share it |  | Foster good relations between people who share a protected characteristic and people who do not share it. |  |
| Please indicate which aim is relevant to the report.   |   |  |  |   |  |  |  |   |  |
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| Advance equality of opportunity between people who share a protected characteristic and people who do not share it |   |  |  |   |  |  |  |   |  |
| Foster good relations between people who share a protected characteristic and people who do not share it.          |   |  |  |   |  |  |  |   |  |

| <b>CORPORATE PRIORITIES (tick those relevant)✓</b> |   |
|--|---|
| A clean and welcoming Environment                  | ✓ |
| Promoting inward investment and job creation       | ✓ |
| Supporting neighbourhoods                          |   |

| <b>CORPORATE VALUES (tick those relevant)✓</b> |   |
|--|---|
| Delivering value for money                     | ✓ |
| Supporting the Workforce                       |   |
| Promoting open communications                  |   |

## **1.0 Introduction and Background**

- 1.1 The Fort Road Hotel, Margate has been empty for at least 22 years. As a result the property was subject to a compulsory purchase order (CPO) that was made on 28 May 2010. A general vesting declaration was made on 15 October 2010 and the property was initially held within the council's general fund.
- 1.2 The council has previously considered a number of options for the property and has invited expressions of interest in the building, the latest being in 2014.
- 1.3 Cabinet last considered the building on 2 April 2015 when it was decided that the building should be transferred into the Housing Revenue Account (HRA) for housing purposes. A budget of £950k was agreed as part of the HRA capital programme for the conversion of the building to housing.
- 1.4 A further budget of £63,750, funded from the housing performance reward grant, was set aside to assist with the costs of statutory compensation following the CPO. In addition, allowance was made, from the General Fund repairs reserve, for the general fund costs of £29,447 incurred prior to April 2015.
- 1.5 Compensation including costs have been agreed and settled on 6 July 2017. Further costs, relating to the building, totalling £77,009 have also been incurred to date. This leaves a remaining uncommitted budget of £810,048.

## **2.0 The Current Situation**

- 2.1 In line with the Cabinet decision made on 2 April 2015, initial feasibility work was completed to assess the likely cost of refurbishing the building for housing purposes. Outline designs were prepared for a number of potential options to provide 4 or 5 flats, with estimated costs ranging between £874k and £1.18m. None of these options are affordable within the current budget. Including the costs to date, the lowest cost option would total £1.1m, averaging £276k for each of the 4 flats. This represents an annual affordable rent yield of 2.2% of the total cost.
- 2.2 In comparison the HRA new build programme projects an average annual yield of 3.1% and individual projects with yields of below 2.3% were rejected on value for money grounds. The programme is costing around £204k per home. This programme provides better value use of the available resource for providing new affordable homes.
- 2.3 It would be likely to take around 12-18 months to fully design the final scheme, obtain necessary consents, complete tendering and start on site.
- 2.4 Now that the CPO compensation has been resolved, it is appropriate to re-evaluate the potential options.

## **3.0 Options and Recommendation**

- 3.1 There are considered to be three potential options as set out below:

### **3.2 Option 1 – Proceed with conversion of the building for housing purposes**

There are significant technical issues with this option including the proximity of neighbouring buildings, the lack of outside amenity space and the condition of the structure of the building. These difficulties have been considered in developing outline

costed proposals. To proceed with this option, an additional budget of between £64k and £370k would need to be allocated to the project.

Residual valuations have not been obtained for the proposed scheme at this stage, but are unlikely to exceed the total development costs.

This option is not recommended as the project would exceed the current budget provision. The budget would provide better value for money if used to support the council's new build programme.

### **3.3 Option 2 – Demolish the building**

Although not listed, the building is within a conservation area and considered to be of heritage significance. Demolition would require planning consent. It would however remove a derelict building, considered by some as an eyesore.

It is estimated that the cost of demolishing the building would be around £100k. Further costs would be incurred to convert the site into a usable public realm space.

The council has further been advised that demolishing the building and clearing the site would devalue the sale price. The reasoning is that it is better to sell a site with an established use (structure) rather than a clear plot particularly in a conservation area.

This option is not recommended due to the cost of demolition, potential reduction in sale value and the loss of a building of heritage significance.

### **3.4 Option 3 – Disposal of the site, in its current condition**

The council has the option to dispose of the building. This option would have a number of potential benefits, as follows:

- It would enable private sector proposals to come forward for the regeneration of this site.
- It would provide a usable receipt to the council.
- It would enable current budget provision to be reallocated to the council's new build programme, providing better value for money in providing new homes. The average cost of providing four new homes in the new build programme is £58,000 lower (excluding land values and costs to date) than the lowest cost option for the refurbishment of the Fort Road Hotel.
- As the property resides with the Margate Intervention Area it would be potentially eligible for the loan scheme that operates within that catchment, depending upon the details of any proposals.

### **3.5 The disposal of the site as set out in option 3 is recommended, for the following reasons:**

- Options for the redevelopment site exceed the currently available budget.
- Disposal will enable the reallocation of remaining budget to the council's new build programme, which offers better value for money in the delivery of new affordable homes.
- Disposal would enable the council to recoup the expenses already incurred.
- The building is considered to be of heritage significance, although not listed and demolition would require specific planning consent.

Receipts from disposal would be pooled along with other capital receipts achieved following council asset disposals and be available for other capital projects.

## Agenda Item 6

|                  |  |
|------------------|--|
| Contact Officer: | Bob Porter, Head of Housing, Ext: 57006    |
| Reporting to:    | Rob Kenyon, Director of Community Services |

### Annex List

|      |     |
|------|-----|
| None | N/A |
|------|-----|

### Background Papers

| Title | Details of where to access copy |
|-------|---------------------------------|
| None  | N/A                             |

### Corporate Consultation

|                |   |
|----------------|---|
| <b>Finance</b> | Ramesh Prashar, Head of Financial Services    |
| <b>Legal</b>   | Sophia Nartey, Interim Head of Legal Services |

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|  |
|--|
| <b>PETITION – CLEAN UP CLIFTONVILLE WEST</b> |
|--|

|                  |   |
|------------------|---|
| Cabinet          | <b>03 October 2017</b>  |
| Report Author    | <b>Trevor Kennett, Head of Operational Services</b>   |
| Portfolio Holder | <b>Councillor Lin Fairbrass, Deputy Leader and Cabinet Member for Community Safety &amp; Environmental Services</b> |
| Status           | <b>For Decision</b>   |
| Classification:  | <b>Unrestricted</b>   |
| Key Decision     | <b>No</b>   |
| Ward:            | <b>Cliftonville West</b>  |

**Executive Summary:**

An e-petition containing 182 valid signatures has been received by the Council from residents who ask for the council to clean up Cliftonville West.

This report sets out how the Council will respond to the issues raised within the petition.

**Recommendation(s):**

To note the new approach and pilot of an Operational Services Task Force for Cliftonville West ward cleansing hot-spot locations.

**CORPORATE IMPLICATIONS**

|  |  |
|--|--|
| <b>Financial and Value for Money</b>                         | There are no identified financial implications at this time. Any future financial implications will need to be recognised as they become known and contained within the agreed budget for this project.  |
| <b>Legal</b>   | There are no legal implications for this report.<br><br>This matter is dealt with under the Council's scheme for dealing with petitions from the public which is contained within the constitution.  |
| <b>Corporate</b>   | In accordance with the Council's petition scheme if a petition has over 25, but less than 650, signatories, it will be referred to Cabinet or an appropriate committee without debate for report to Council within three ordinary meetings.  |
| <b>Equalities Act 2010 &amp; Public Sector Equality Duty</b> | Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.<br><br>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership. |

|  |  |  |
|--|--|--|
|  | Please indicate which aim is relevant to the report.   |  |
|  | Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,              |  |
|  | Advance equality of opportunity between people who share a protected characteristic and people who do not share it |  |
|  | Foster good relations between people who share a protected characteristic and people who do not share it.          |  |
|  | There are no specific equity and equalities issues arising from this report.                                       |  |

| <b>CORPORATE PRIORITIES (tick those relevant)✓</b> |   |
|--|---|
| A clean and welcoming Environment                  |   |
| Promoting inward investment and job creation       |   |
| Supporting neighbourhoods                          | x |

| <b>CORPORATE VALUES (tick those relevant)✓</b> |   |
|--|---|
| Delivering value for money                     |   |
| Supporting the Workforce                       |   |
| Promoting open communications                  | x |

## 1.0 Introduction and Background

- 1.1 An e-petition was received from Ms Goodson and was validly signed by 182 persons. The petition prayer read:

“We the undersigned petition the council to This petition calls on Thanet District Council to firstly clean up, and thereafter regularly maintain, the streets, promenades and beach areas of Cliftonville West - an area persistently blighted by litter, dog fouling and a general lack of cleanliness - in accordance with the standards and statutory obligations imposed on the council by the Environmental Protection Act 1990, and the DEFRA Code of Practice on Litter and Refuse. 1. Remove all litter & dog fouling from the streets, cliff tops, promenades and beaches. Sweep the streets, cliff tops & promenades & remove all detritus & weeds, then maintain this level of cleanliness; 2. Deep clean the area by washing the streets & pavements; 3. Monitor and remove graffiti; 4. Increase the number of bins & dog bins in Cliftonville West; 5. Employ a beach warden for the summer season to stop anti-social behaviour leading to littering, dog fouling & broken glass; 6. Issue enforcement notices for littering, dog fouling & to landowners.”

- 1.2 This petition was considered at the full Council meeting on 13 July 2017 where Ms Goodson presented her petition to the meeting, it was then referred to this meeting of Cabinet for decision in accordance with the Council’s petition scheme.

## 2.0 The Current Situation

- 2.1 There is clearly a disparity between what the resident’s perceived view of cleanliness standards are being achieved in the ward and the standards the Council believe are being achieved. Currently 30% of the total operational services cleansing resources are given to the Cliftonville West ward.
- 2.2 The Council took delivery of 4 new mechanical sweepers on the 20th January 2017. Since the commencement of these machines the Council’s corporate performance for street cleanliness in just five 4-weekly cycles has fallen for litter from 16% to 11% and for detritus from 23% to 17%. 23 roads are mechanically swept and cleaned daily in the ward and Northdown Road is also manually cleaned daily. Deep cleans have also taken place in Athelstan road and the surrounding alleyways, Godwin and Gordon

roads have been completed and there is one planned for Sweyn, Albion and Harold roads in September 2017 in response to requests from the ABC group.

- 2.3 In terms of enforcing waste and litter with private landlord's 40 enforcement notices and 204 Breach of Condition Notices has been served in respect of dwellings within the ward of Cliftonville West since April 2016.
- 2.4 It has been agreed with the ABC group that they would identify a number of hot-spot locations in the ward so that they could be targeted on a daily basis to improve cleansing standards of the area.
- 2.5 On the 26<sup>th</sup> July and the 1<sup>st</sup> August 2017 officers from Operational Services met with the Better Cliftonville (ABC) group to discuss improving the identified hot-spot locations within Cliftonville West. Following those meetings it was agreed that a pilot for an Operational Services Task Force (OSTF) would be developed to tackle the issues identified in the petition.
- 2.6 The Task Force will be led by the Environmental Services Manager and is made up from multi-departmental officers from Cleansing, Enforcement, Waste, Private Sector Housing Licensing, Open spaces and Minor works. These dedicated resources will work daily within the hot-spot areas and will be tasked to resolve all identified issues.

### 3.0 Next Steps

- 3.1 Under the Council's petitions scheme, the decision of Cabinet regarding the petition will be reported back to Council for their information. This will be done at the Council meeting on the 12 October 2017

|                  |   |
|------------------|---|
| Contact Officer: | Trevor Kennett, Head of Operational Services  |
| Reporting to:    | Gavin Waite, Director of Operational Services |

### Annex List

|      |     |
|------|-----|
| None | N/A |
|------|-----|

### Background Papers

| Title | Details of where to access copy |
|-------|---------------------------------|
| None  | N/A                             |

### Corporate Consultation

|                |   |
|----------------|---|
| <b>Finance</b> | Ramesh Prashar, Head of Financial Services    |
| <b>Legal</b>   | Sophia Nartey, Interim Head of Legal Services |

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|                                   |
|-----------------------------------|
| <b>PETITION – RAMSGATE SPRINT</b> |
|-----------------------------------|

|                  |   |
|------------------|---|
| Cabinet          | <b>03 October 2017</b>  |
| Report Author    | <b>Penny Button, Head of Safer Neighbourhoods</b>   |
| Portfolio Holder | <b>Councillor Lin Fairbrass, Deputy Leader and Cabinet Member for Community Safety &amp; Environmental Services</b> |
| Status           | <b>For Decision</b>   |
| Classification:  | <b>Unrestricted</b>   |
| Key Decision     | <b>No</b>   |
| Ward:            | <b>Cliffsend and Pegwell, Central Harbour</b>   |

**Executive Summary:**

An e-petition containing 39 valid signatures has been received by the Council from residents who ask for the council to specify any remaining obstacles to the return of the Ramsgate Sprint in 2018.

This report sets out how the Council will respond to the issues raised within the petition.

**Recommendation(S):**

That the petition is noted and that the Cabinet Member for Community Services is kept fully updated on the support provided to the Ramsgate Sprint organisers.

**CORPORATE IMPLICATIONS**

|  |  |
|--|--|
| <b>Financial and Value for Money</b>                         | There are no direct financial impacts to providing support to the event organisers. Any events held on Thanet District Council land are subject to application and land hire fees.   |
| <b>Legal</b>   | This matter is dealt with under the Council's scheme for dealing with petitions from the public which is contained within the constitution.  |
| <b>Corporate</b>   | In accordance with the Council's petition scheme if a petition has over 25, but less than 650, signatories, it will be referred to Cabinet or an appropriate committee without debate for report to Council within three ordinary meetings.  |
| <b>Equalities Act 2010 &amp; Public Sector Equality Duty</b> | Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.<br><br>Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership. |

|  |  |  |
|--|--|--|
|  | Please indicate which aim is relevant to the report.   |  |
|  | Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,              |  |
|  | Advance equality of opportunity between people who share a protected characteristic and people who do not share it |  |
|  | Foster good relations between people who share a protected characteristic and people who do not share it.          |  |
|  | There are no specific equity and equalities issues arising from this report.                                       |  |

| <b>CORPORATE PRIORITIES (tick those relevant)✓</b> |   |
|--|---|
| A clean and welcoming Environment                  |   |
| Promoting inward investment and job creation       |   |
| Supporting neighbourhoods                          | x |

| <b>CORPORATE VALUES (tick those relevant)✓</b> |   |
|--|---|
| Delivering value for money                     |   |
| Supporting the Workforce                       |   |
| Promoting open communications                  | x |

## 1.0 Introduction and Background

- 1.1 An e-petition was received from Mr Coombes which had been validly signed by 39 persons. The petition read:

“We the undersigned petition the council to specify any remaining obstacles to the return of the Ramsgate Sprint; and ask TDC to work closely with the organisers and other relevant community groups in Ramsgate to try and ensure that the Ramsgate Sprint takes place in 2018.”

- 1.2 This petition was considered at the full Council meeting on 13 July 2017 where it was referred to this meeting of Cabinet for decision.

## 2.0 Current Situation

Thanet District Council (TDC) is committed to enabling events that contribute to our vibrant culture, coastal environment and economy by working with event organisers, partners and agencies to provide a variety of safe and enjoyable events. Events play a vital part of the visitor experience that Thanet aspires to achieve and they help draw visitors to Thanet as a destination. They are also an essential part of building and bringing together local communities.

Sprint Racing took place on the undercliff at Ramsgate between 1956 and 1968 and consisted of a ¼ mile sprint race. In 2015 a group of local enthusiasts organised the Ramsgate Sprint Revival to commemorate the Sprint Racing of the 50's and 60's.

The main event focused on untimed, non-competitive sprint demonstration runs on the undercliff to recreate the sights, sounds and smells of the historic vehicles that once raced, there were also static displays and fairground rides on Government Acre above the sprint. This was able to go ahead because an existing long standing event on the site, Lark in the Park, agreed to move their event to a different date in a one off gesture of goodwill.

In 2016 a smaller event was held called Ramsgate Rev Up. Due to the event organisers being unable to use a secured part of the Port of Ramsgate which had

# Agenda Item 8

previously been used they were unable to hold sprint demonstrations. Instead they held static displays on the undercliff and Government Acre working together with Lark in the Park to share the same event space and equipment in order for the event to go ahead.

The space that the organisers wished to use within the Port of Ramsgate was not available in 2017 and whilst alternative suggestions were made these were not taken up by the organisers.

As yet we have had no formal approach with regard to a Ramsgate Sprint being held in 2018, so have assumed that this petition relates to the same footprint as used in 2015. Without complete details it is difficult to specify all obstacles to the return of the Ramsgate Sprint.

Using the assumption that it will be the same footprint and timing as 2015 then Government Acre is already booked from the 6<sup>th</sup> to 20<sup>th</sup> August so different dates will need to be chosen.

The area of Ramsgate Harbour previously used is now located within a secure fenced area which must remain available for commercial purposes so the event organisers will need to change the footprint of their event possibly within a different location.

Thanet District Council is committed to providing support to event organisers and will work with them in their planning for any future events. In 2017 an Event Policy was adopted which lays out the event process which the event organiser will be provided with.

## 3.0 Next Steps

- 3.1 Under the Council's petitions scheme, the decision of Cabinet regarding the petition will be reported back to Council for their information. This will be done at the Council meeting on the 12 October 2017.

|                  |  |
|------------------|--|
| Contact Officer: | Suzie Hooper, Events and Community Projects Officer, Ext 57409 |
| Reporting to:    | Penny Button, Head of Safer Neighbourhoods                     |

## Annex List

|      |     |
|------|-----|
| None | N/A |
|------|-----|

## Background Papers

| Title         | Details of where to access copy   |
|---------------|---|
| Events Policy | <a href="https://www.thanet.gov.uk/media/3740514/Events-Policy.pdf">https://www.thanet.gov.uk/media/3740514/Events-Policy.pdf</a> |

## Corporate Consultation

|         |  |
|---------|--|
| Finance | Ramesh Prashar, Head of Financial Services                         |
| Legal   | Tim Howes, Director of Corporate Governance and Monitoring Officer |

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**EXCLUSION OF PUBLIC AND PRESS**

|                 |   |
|-----------------|---|
| Cabinet         | <b>03 October 2017</b>                    |
| Report Author   | <b>Senior Democratic Services Officer</b> |
| Status          | <b>For Decision</b>                       |
| Classification: | <b>Unrestricted</b>                       |
| Key Decision    | <b>No</b>                                 |

**Executive Summary:**

The report requests Cabinet to consider exempting part of the information and discussion relating to business case report as it contains commercially confidential information.

**Recommendation:**

That the public and press be excluded from the meeting for the consideration of annexes 3, 4 and 6 of agenda item 10 as it contains exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

**CORPORATE IMPLICATIONS**

|   |  |  |
|---|--|--|
| <b>Financial and Value for Money</b>  | There are no direct financial implications arising from the report.  |  |
| <b>Legal</b>  | As per Part 1 of Schedule 12A and Part VA of the Local Government Act 1972 (as amended).   |  |
| <b>Corporate</b>  | Thanet District Council will endeavour to keep the number of exempt reports it produces to a minimum in order to promote transparency.   |  |
| <b>Equality Act 2010 &amp; Public Sector Equality Duty</b>  | Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it. |  |
|   | Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.   |  |
|   | Please indicate which aim is relevant to the report.   |  |
|   | Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,  |  |
|   | Advance equality of opportunity between people who share a protected characteristic and people who do not share it   |  |
| Foster good relations between people who share a protected characteristic and people who do not share it. |  |  |

|  |  |
|--|--|
|  | There are no specific equity and equality considerations that need to be addressed in this report. |
|--|--|

| <b>CORPORATE PRIORITIES (tick those relevant)✓</b> |  |
|--|--|
| A clean and welcoming Environment                  |  |
| Promoting inward investment and job creation       |  |
| Supporting neighbourhoods                          |  |

| <b>CORPORATE VALUES (tick those relevant)✓</b> |   |
|--|---|
| Delivering value for money                     |   |
| Supporting the Workforce                       |   |
| Promoting open communications                  | ✓ |

## 1.0 Introduction and Background

1.1 Whilst the starting point for all public meetings of the Council is to admit the public and press, they may be excluded from meetings whenever it is likely, in view of the nature of the business to be transacted that confidential or exempt information would be disclosed. Under such circumstances, confidential or exempt information may be excluded from the public agenda. The public and press must be excluded from meetings if confidential information will be considered and disclosed, and such material must be excluded from the public agenda.

### Meaning of confidential information

1.2 Confidential information means information given to the Council by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

### Exempt information – discretion to exclude public

1.3 Subject to Article 6 of the Human Rights Act 1998 (right to a fair trial) the public may be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that “exempt” information would be disclosed.

## 2.0 Exempt information

### Paragraph 3

2.1 Information relating to the financial or business affairs of a particular person.

**NB** Information is not exempt if it is required to be registered under:

- Companies Act 1985;
- Friendly Societies Acts 1974 and 1992;
- Industrial and Provident Societies Acts 1965 to 1978;
- Building Societies Act 1986;
- Charities Act 1993.

The rights of access by Members are contained in Section 100F of the 1972 Act.

## 3.0 Reason Why Annexes 3, 4 and 6 of Agenda Item 10 are considered to be “exempt”

3.1 The report author has classified Annexes 3, 4 and 6 of Agenda Item 10 as disclosing exempt information under Paragraph 3 – Information relating to the financial or business affairs of a particular person of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

## 4.0 Justification/Public Interest Test

- 4.1 Annexes 3, 4 and 6 of Agenda item 10 is restricted as the information contained within it is exempt under paragraph 3 Part 1 to Schedule 12A to the Local Government Act 1972 (as amended). Whilst the Council will always try to keep exempt information to a minimum, in this case disclosure of the information contained within the report would certainly prejudice the Council because it would adversely affect the ability of East Kent Services to negotiate the most advantageous terms and conditions of a contract to supply services.
- 4.2 It is therefore considered that the public interest is served by the non-disclosure of the information contained within the report at Annexes 3, 4 and 6 agenda item 10.

## 5.0 Not Excluding the Press and Public

- 5.1 There will be occasions when the meeting may decline to exclude the press and public from the meeting. If that occurs it does not simply mean that those members of the press and public who are present are allowed to stay for the discussion of the item(s). Declining to exclude the press and public would also mean that the press and public are allowed access to the actual report contained within the confidential part of the agenda (what Democratic Services refer to as the “pink pages”).
- 5.2 Members may wish to note that if a committee member is of the view that it is possible that the recommendation in this report may not be approved at the meeting, they should let Democratic Services know (as soon as they have read the agenda papers before the meeting); in order that spare copies are made available ready to be distributed, if necessary, at the meeting.
- 5.3 If the referred item is not exempted, Democratic Services would also make arrangements for the report to be retrospectively published on the Council’s website.

## 6.0 Decision Making Process

- 6.1 If the press and public are to be excluded for the agenda item; this Committee must exercise its power to agree the recommendation.

|                  |   |
|------------------|---|
| Contact Officer: | Charles Hungwe, Senior Democratic Services Officer, Ext 57186 |
| Reporting to:    | Nick Hughes, Committee Services Manager, Ext 57208            |

## Annex List

|      |     |
|------|-----|
| None | N/A |
|------|-----|

## Corporate Consultation

|         |  |
|---------|--|
| Legal   | Tim Howes, Director of Corporate Governance & Monitoring Officer |
| Finance | Ramesh Prashar, Head of Financial Services                       |

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## Canterbury City Council

Policy and Resources Committee    4 October 2017  
Council    19 October 2017

## Dover District Council

Cabinet    2 October 2017

## Thanet District Council

Cabinet    3 October 2017

East Kent Services Committee    To be advised (but following the last of the above meetings).

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

**Director/Head of Service:** Director of Shared Services

**Decision Issues:**    These matters are within the authority of the executive of each of the authorities of, Dover District and Thanet District and are within the authority of the Canterbury City Council.

Once agreed by the above authorities this matter falls within the authority of the East Kent Services Committee.

**Decision type:**    Key Decision

**Classification:**    This report is open to the public with the exception of Annexes B and D of the attached Business Case which are confidential under Paragraph 3 of Schedule 12A of the Local Government Act 1972 - Information relating to the financial or business affairs of any particular person (including the authority holding that information)

## Summary:

This report outlines the current challenges to maintaining EK Services (EKS) viability; presents options for the future of EKS delivery of functions and gives a business case for the potential contracting out of certain functions.

This is based upon a case for change that would require Councils to either:

- increase current management fees (£2m growth over the next seven years) to ensure viability of the current operation to the detriment of other council services;
- reduce cost by a similar amount within EKS which would now require significant staff reduction (circa 67 posts over the same period) introducing major risk to service and requiring significant redundancies;
- consider the likelihood of delivering income of similar quantity through expansion or exploitation of shared services;
- Consider entering into a strategic partnership with a commercial provider for the delivery of Revenues, Benefits and Customer Services in order to significantly reduce operating costs, avoid redundancies (and in fact provide new jobs in the Canterbury, Dover and Thanet area through the establishment of a trading “hub” operating from the Councils’ existing premises) whilst also providing a revenue stream through a combination of profit share from the hub and rental of desk space within Council buildings.

It proposes amendments to the delegations made to the East Kent Services Committee, by the three authorities, in establishing revised governance arrangements for EKS and EK Human Resources (EKHR) in 2015, in order to give effect to the recommendations within the business case, if agreed.

## Recommendations:

**That the Cabinets of Dover District Council and Thanet District Council agree and approve:**

- (1) The councils are requested to accept the recommendation contained within the report of the Director of Shared Services 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.

**That the Policy and Resources Committee of Canterbury City Council recommends to Full Council:**

- (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:-

**That the Canterbury City Council agree and approve:**

- (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.

## **Next stage in process**

**The East Kent Services Committee (EKSC) to consider the existing delegations to each of the Director of Collaborative Services and the Director of Shared Services and amend, as felt appropriate, to enable the effective discharge of the authorities detailed above. Following any contract negotiations, a supplementary report will come back to EKSC for their consideration and approval of final contract terms and seek authority to enter into the contract and associated documentation.**

**Thanet District Council will be required to make determinations in relation to staff including any pension admission agreement.**

## **SUPPORTING INFORMATION**

### **1. Background**

As part of EK Services' ongoing operation, the Director of Shared Services and his Management Team have been examining options to reduce the cost of service delivery whilst maintaining the high quality of services that have been delivered since its inception. This options appraisal and supporting detailed research included visits to other Local Authorities and informal supplier engagement.

This work has now developed an alternative that ensures services can be maintained without loss of staff and provides savings. It also offers a new income stream for the partner Councils and new employment opportunities within the three East Kent districts. The proposed arrangement is based on a "core and hub" model contract with a commercial provider. The core comprises a contract for the continued provision of Revenues, Benefits and Customer Services to the three partners at a reduced cost. The trading hub would be located in CCC, TDC and DDC locations and service new commercial contracts with any profit being shared with CCC, DDC and TDC. This trading hub is expected to grow and increase staff, delivering jobs growth in the District(s).

The proposed strategic partnership will provide:

- Immediate savings via reduction in costs of EKS operation on day 1
- Safeguards existing jobs and prevents redundancy costs
- High likelihood of additional "one-off" savings in Year 1
- An income stream from a profit share arrangement with a "trading centre of excellence" providing services to the public sector from current District Council locations (SE hub)
- Jobs growth in East Kent as the South East hub expands (as proven elsewhere)
- Development of business cases for future savings / service improvement opportunities

## 2. Current Situation and the need for change

EK Services (EKS) was formed in 2011 as a Shared Service governed by a Joint Committee to provide a range of services including ICT managed services, Revenues & Benefits and Customer Services. It has been a success, delivering £6m savings back to the three Councils whilst improving performance and increasing resilience, without significant investment.

EKS is funded by a combination of Management Fees from its partner Councils as well as income from other, non-partner organisations. The Councils require EKS to operate within its own fixed budget which is agreed with the three Councils each year and EKS also has to absorb any inflationary pressure (including pay and contract inflation). This means that year-on-year savings between £300K and £500K are needed to maintain the status quo but historically the Councils have also expected EKS to deliver further savings on top of the absorbing of growth items.

In 2017/18, EKS has to achieve £832k of savings to ensure the 2017/18 budget is balanced at end of year. This is a challenging task as the economy of scale and benefits of Shared Services which have delivered major savings over the past six years mean that the delivery of further savings will now have greater service impact. In recent years, most savings have been delivered either via deletion of posts using natural staff churn to avoid redundancies or through reduction in operating costs from technology system rationalisation. However, further reduction in operating costs is no longer achievable to any great degree and, as the number of Full Time Equivalent posts has reduced (to 258 in Aug 2017, from 270 in Aug 2016), the potential for reducing posts without staff redundancies is now limited.

Further savings will require a significant staff reduction (an estimated 15 redundancies are required to deliver the anticipated budget savings for 2018/19<sup>1</sup>) which introduces a high degree of service risk as well as high exit costs and the economic impact of job losses in the local area and this staff reduction would then rise up to approximately 70 posts by 2024.

EKS is now at the point where cutting services in line with its partner Councils' affordability constraints will start to have a direct impact on service quality, raising the risk of service failure and performance degradation on Benefits (error bonus and payment time) and collection levels as well as Customer Services.

This reduction in staffing would be required in addition to any other losses that would be required as a consequence of external impacts, for example the reduction in DWP and DCLG grants for the administration of Housing Benefit and Council Tax Support as well as the likelihood of the introduction of Universal Credit creating further job losses.

A number of options have been explored, ranging from continuing the current direction of travel, through to a more fundamental reshaping of EK Services, including expansion through the on-boarding of additional services and the development of EK Services into a form that could provide services to the wider public-sector market.

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<sup>1</sup> This assumes that EKS continue to contain inflationary costs such as salary growth but does not include any further reduction in management fees, which would increase this loss of staff posts significantly.

All of these options have their strengths and weaknesses but fundamentally none can deliver the financial impacts required to adequately address the scenario outlined above.

Informal discussions with a private sector company (and due diligence with a number of other councils who have entered into contracts with them) have indicated that a strategic commercial venture with a private partner has the potential to protect and grow jobs and develop services whilst delivering significant savings, and this option appears to offer the most attractive service delivery model for this service. In outline, this provides:

- Financial savings from contract go-live date;
- Guaranteed performance levels and quality;
- Guaranteeing jobs for the duration of the contract;
- Avoidance of redundancy for transferring staff;
- Staff terms and conditions (including LGPS) protected;
- Ongoing investment in the service;
- Creation of an East Kent based business process trading hub to be operated on a profit sharing basis plus rent per desk space;
- Local new job creation.

Attached to this Report is a business case outlining the options that have been considered and recommending that entering to a commercial contract with a private sector company provides the three Councils with the best opportunity to achieve significant financial savings against current costs whilst guaranteeing jobs. It is also expected to generate new jobs in East Kent and provide additional income to Councils through the establishment and operation of a trading hub (based in current locations) delivering transactional, business process services to new customers.

In order for contract negotiation and final due diligence to proceed and to allow the East Kent Services Committee to:

- (a) consider the final business case position, post any contract negotiations;
- (b) to give final approval for any contract if agreed;
- (c) and to potentially enter into a contract for services, if applicable;

the changes to existing delegations detailed above are required.

Arising from the fact that EK Services are not a legal identity the recommendations still require each Council to be involved in the renegotiation, variation, assignment, novation, termination and renewal of the contract. This shall be in accordance with the provisions of each Council's Contract Standing Orders.

The recommendations as drafted will allow Thanet District Council, Dover District Council and Canterbury City Council to leave day to day matters to EK Services and provide the supplier with a single point of contact.

## 3. **Relevant Council Documents**

Report to Canterbury City Council, Dover District Council and Thanet District Council, July 2017, "Outsourcing of Revenues, Benefits, Debt Recovery and Customer Services Functions (Revision of Delegations to the East Kent Services Committee)."

## 4. **Consultation planned or undertaken**

If the recommendations are agreed, a Transfer of Undertakings and Protection of Employment (TUPE) consultation will be required between Thanet District Council (EKS staff employer) and their representative trade union, plus impacted staff, as part of any pre - contracting activity.

## 5. **Options available with reasons for suitability**

- (i) To approve the findings of the attached business case that recommends the entering into a commercial contract for the provision of revenues, benefits and customer service functions and request the EKSC to give effect to the recommendations contained therein. (**Recommended option**)
- (ii) Maintain EKS operations as currently provided. This option will require Councils to increase management fees at detriment to 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 will also mean the opportunity for jobs growth and new income will be lost.
- (iii) 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 will require significant investment into EKS to create capacity and capability to undertake such activity and will require a commercial risk approach. However, even if this was achievable the level of profit that can reasonably be expected will mean that either major staff reductions will still be required (reducing services and weakening performance and most likely weakening the commercial offer) or Councils will 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.

## 6. **Reasons for supporting option recommended, with risk assessment**

Option (i) is recommended, as it allows the East Kent Services Committee to agree the provision of Revenue, Benefits and Customer Services function via a commercial contract in order to deliver the benefits outlined in the Business Case. It allows the three Councils to rapidly deliver significant base budget revenue savings commencing in 2018/19 whilst protecting existing jobs and maintaining service standards. It will enable the development of a trading hub and centre of excellence located in the three Districts areas, that is expected to create new jobs and deliver new income to the Councils via profit share, rent and royalties.

The risk assessment is contained within the attached business case at Appendix 1 to Annex B.

## 7. Implications

### (a) Financial Implications

Agreeing the recommendation will result in a significant reduction in the operating cost of EK Services and consequently reductions in Council management fees providing direct cashable savings to each Council. It also provides a high likelihood of income generation over the lifetime of the contract through a combination of profit share and rental income.

In addition, agreeing the recommendation would avoid an estimated £1.2m of redundancy costs over the next 7 years and/or the need to increase fees paid to EK Services of circa £2m over the same period.

It mitigates against the potential loss of DWP grant by maintaining the current levels of service quality.

It also indirectly provides a financial benefit to the three partner Councils through the generation of a large number of new jobs over the same contract period as well as helping to support the wider East Kent economy.

### (b) Legal Implications

The proposed amendments to the delegations to the East Kent Services Committee are in accordance with legislation and are considered to be lawful. All contracts and related documentation will continue to be executed on behalf of the relevant local authority. As the employing authority for the EK Services staff, Thanet District Council will need to enter into appropriate agreements with Kent County Council and the contractor in regard to the Local Government Pension Scheme.

## 8. Conclusions

Entering into a contract with a commercial private company, using the available framework contract, allows the three Councils to maintain service provision, quality and performance standards whilst rapidly delivering significant base budget revenue savings commencing in 2018/19 whilst protecting existing jobs. It will enable the development of a trading hub and centre of excellence in East Kent that is expected to create new jobs and deliver new income to the Councils via profit share, rent and royalties.

The alternative is to maintain EKS current operations, whilst attempting to 'exploit' 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. However, even if this was achievable, it will require investment, time, commercial risk appetite and the level of profit that can reasonably be expected will mean that either major staff reductions will be required (reducing services and weakening performance) or Councils will need to increase management fees to the detriment of other council service funding. It will also mean the opportunity for jobs growth and new income will be lost.

**Contact Officer: Dominic Whelan (EK Services), 01227 862073**



EK Services  
Alternative Delivery Options

Business Case



# Agenda Item 10

## Annex 1

### Version Control

| Version   | Description                                | Date      |
|-----------|--|-----------|
| 0.1       | Initial draft                              |           |
| 0.2-0.5   | Internal drafts                            |           |
| 0.6       | Updated with additional comments from DW   | 27 Aug 17 |
| 0.7       | Additions to Recommended Option from RN    | 30 Aug 17 |
| 0.8       | Incorporating feedback from S.151 officers | 31 Aug 17 |
| 0.9       | Savings rebased from 2018-                 | 5 Sep 17  |
| 0.10-0.11 | Updated following comments from EKSB       | 6 Sep 17  |
| 0.12      | Updated following CMT meetings             | 14 Sep 17 |
| 0.13      | Updated Risk log and budget base           | 15 Sep 17 |
| 1.0       | Final version for release                  | 21 Sep 17 |

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### Executive Summary

It is no longer possible for EK Services to operate within its own fixed budget whilst maintaining the quality of services delivered.

The partner Councils could choose to either increase the funding available to EKS by approximately £400,000 in 2018/19 (£2m over the next seven years) or choose to reduce costs by cutting staff by at least 67 posts over the same period.

Expanding the existing shared service, selling services to other public sector bodies or a traditional outsourcing contract will not generate the combination of savings and income required.

One of the options offers an alternative that ensures services can be maintained without loss of staff and provides savings. It also offers a new income stream for the partner Councils and new employment opportunities within the three East Kent districts. The proposed arrangement is based on a “core and hub” model contract with a commercial provider. The core comprises a contract for the continued provision of Revenues, Benefits and Customer Services to the three partners at a reduced cost. The trading hub would be located in CCC, TDC and DDC locations and service new commercial contracts with any profit being shared with CCC, DDC and TDC. This trading hub is expected to grow and increase staff, delivering jobs growth in the District(s).

The proposed strategic partnership will provide:

- Immediate savings via reduction in costs of EKS operation on day 1
- Safeguards existing jobs and prevents redundancy costs
- High likelihood of additional “one-off” savings in Year 1
- An income stream from a profit share arrangement with a “trading centre of excellence” providing services to the public sector from current East Kent locations (South-East hub)
- Jobs growth in East Kent as the South-East hub expands (as proven elsewhere)
- Development of business cases for future savings / service improvement opportunities

### Background

EK Services (EKS) was formed in 2011 to provide a range of services including ICT managed services, Revenues & Benefits and Customer Services. It has been a success, delivering approximately £6m savings back to its three partner Councils whilst improving performance and increasing resilience – without significant investment.

EKS is governed under a Joint Committee arrangement and is funded by its three partner Councils via management fees as well receiving a smaller amount of income from other, non-partner organisations. The Councils require EKS to operate within its own fixed budget which is agreed with the three Councils each year and EKS also has to absorb any inflationary pressure (including pay and contract inflation). This means that year-on-year savings between £300K and £500K are needed to maintain the status quo but historically the Councils have also expected EKS to deliver further savings on top of the absorbing of growth items.

In 2017/18, EKS has to achieve £832k of savings to ensure the 2017/18 budget is balanced at end of year. This is a challenging task as the economy of scale and benefits of Shared Services which have delivered major savings over the past six years mean that the delivery of further savings will now have greater service impact. In recent years, most savings have been delivered either via deletion of posts using natural staff churn to avoid redundancies or through reduction in operating costs from technology system rationalisation. However, further reduction in operating costs is no longer achievable to any great degree and, as the number of Full Time Equivalent posts has reduced<sup>1</sup>, the potential for post reduction without staff redundancies is now limited. Because employee costs form the bulk of EKS' cost base (81%), maintaining the current approach is no longer sustainable in the longer term without a significant impact on staffing and consequential impact on services. Even for this current financial year, it is expected that further deletion of posts will be required, possibly with some staff reduction, to achieve a balanced budget in 2017/18.

Beyond this current year, further savings will require a significant staff reduction (an estimated 15 redundancies are required to deliver the anticipated budget savings for 2018/19) which introduces a high degree of service risk as well as high exit costs and the economic impact of job losses in the local area. In addition, the redundancy costs themselves will create further budget pressures.

EKS is now at the point where cutting services in line with its partner Councils' affordability constraints will start to have a direct impact on service quality, raising the risk of service failure and performance degradation in Benefits where the time to make payments and accuracy levels are likely to fall and Council Tax and Business Rates collection levels as well as Customer Services performance.

This reduction in staffing would be required in addition to any other losses that would be required as a consequence of external impacts, for example the reduction in DWP and DCLG grants for the administration of Housing Benefit and Council Tax Support as well as the likelihood of the introduction of Universal Credit creating further job losses.

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<sup>1</sup> Current EKS FTE as at Aug 2017 = 258.85; equivalent as at Aug 2016 was 270.25.

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## Annex 1

A number of options have been explored, ranging from continuing the current direction of travel, through to more fundamental reshaping of EK Services. These can be broadly categorised as:

- “maintain” – either increase funding year on year or continue to make savings in order to keep EK Services running “as is”. This equates to an additional funding requirement of £400,000<sup>2</sup> for 2018/19 (meaning that by Year 7, EKS would require an additional £2m per annum over current costs) or a reduction in staffing of 67 posts over the same period.
- “exploit” – continue to manage savings required and generate income through offering services. This would require staff reductions in the current areas of activity but also investment in business development, certification and the like, for a relatively small (and uncertain) return and take time to build a potential pipeline of work.
- “enhance” – leverage the EK Services brand and governance to share additional services between the three councils. However, as costs have already been taken out of the partner councils, it is highly likely that this would only generate resiliency and other, non-cashable benefits.
- “expand” – bring another partner into EK Services to gain further economies of scale. Again, as likely partners would already have undertaken their own cost-reduction measures, the return is not likely to be large enough to avoid further large-scale staff reductions. It is more likely that non-cashable benefits, such as improved resilience, will accrue.
- “partner” – enter into a contract with a commercial operator for the provision of services and the generation of income. This has the potential to safeguard employment (with the accompanying economic benefits) as well as deliver immediate cashable savings to the council plus generate income.

These options are explored in more detail in the Options Appraisal, shown at Annex A to this business case.

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<sup>2</sup> For 2018/19, 2019/20 and 2020/21. After this, increased funding is still required year on year, but at a slightly lower level of up to £200,000 per annum

## Current Situation

EK Services and EK Human Resources (EKHR) total operating costs for 2016/17 were £12.36m. For 2017/18 a further reduction in funding has seen the operating costs fall to £11.7m. This reflects a substantial reduction in the costs that were born by the three partner councils before the shared services were brought into being.

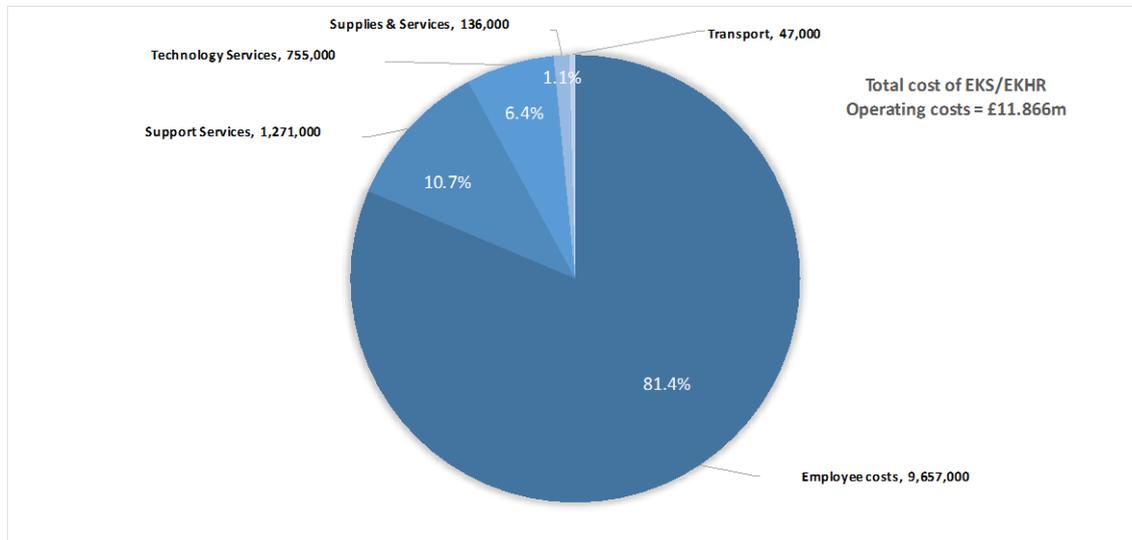


Figure 1 - EKS Operating Costs

Figure 1 outlines the current breakdown of EK Services operating costs. As would be expected, the majority of costs are staff related, with approximately £755,000 of technology and other 3<sup>rd</sup> party contract costs and £1.27m of support charges (which flow back to the councils providing those services).

In 2017/18, EKS has to achieve £832k of savings to ensure the 2017/18 budget is balanced at end of year.

On the whole, the scope for reductions in contract costs is negligible, meaning that the majority of the savings required to “stand still” need to be met from within the EKS staff budget. Whilst a move towards more “digital” delivery of services can help to compensate for staff reductions by encouraging “self-help” amongst that part of the customer base that is able, willing and using a service that lends itself to this type of delivery, this is not a universal solution and staff reductions of the scale required to deliver this amount of annual savings will inevitably start to adversely impact service quality.

Although there is some limited scope to make EK Services more resilient to such pressures (for example, by on-boarding additional services or selling services to third parties) the likely savings or income from such activities would not, on its own, be sufficient to bridge this affordability gap and maintain the current levels of service quality.

Annex A to this report gives a detailed appraisal of options available to enable EKS to continue delivering the current range of services.

### Recommended Option

Maintaining the status quo with EKS containing all inflationary cost pressure and continuing to deliver savings back to their clients is not sustainable in the longer term. There is also unlikely to be an appetite for the partner councils to increase funding to EKS by the amount required to maintain a level of staffing required to deliver existing services to the current standards. Therefore, EKS in its current form, is not sustainable in the medium to long term.

Expanding the EKS offer (either by introducing additional 3-way shared services, adding an additional partner or by selling transactional services into the public sector market) are also highly unlikely to deliver the savings that are required. There would be some benefits in terms of heightened resilience, and some limited management cost reductions, but not sufficient to address the underlying affordability issues.

Unlike a traditional outsourcing arrangement, where a third-party supplier delivers services under contract for a defined price, usually extracting costs through staff reduction and redundancy, it is felt that a strategic commercial venture with a private partner has the potential to protect and grow jobs and develop services whilst delivering savings and generate additional income, and considering the pros and cons of the options detailed above, appears to be the most attractive delivery model for this service moving forward.

This preferred option offers an alternative that ensures services can be maintained without loss of staff and provides savings. It also offers a new income stream for Councils and new employment opportunities within Canterbury District, as well as across East Kent. The proposed arrangement is based on a “core and hub” model contract with a commercial provider. The core comprises a contract for the continued provision of Revenues, Benefits and Customer Services to the three partners. The trading hub would be located in CCC, TDC and DDC locations and service new commercial contracts with any profit being shared with the CCC, DDC and TDC. This trading hub is expected to grow and increase staff, delivering jobs growth in the District(s).

It is therefore recommended that EK Services enters into a strategic partnership contract with a commercial provider for the delivery of Revenues, Benefits, Debt Recovery and Customer Services. The residual services provided by EK Services should continue as part of a slimmed-down “EKS-lite” in order to provide continuity of governance and contract management capacity, with an intention to review this after 12-18 months of the strategic partnership coming into effect.

### Financial case

This proposal has the potential to deliver significant reductions in annual operating expenditure when compared with existing spend. It also provides a way of avoiding the necessity for the councils to either commit to an increase in funding for EK Services (with compensatory savings needing to be delivered elsewhere in the organisations) or implement a large scale reduction in headcount and accept the associated impact in terms of reduced services and additional exit costs. Details are given in Annexes A and B to this report.

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## Annex 1

This option also provides a high likelihood of additional income for the councils as a result of business flowing into the proposed trading hub. This income is delivered as both a profit share from the hub operations and also desk rental as the headcount in the hub increases to service new business. There is also the option to generate additional income from EKS offering to undertake the client function to customers of the trading hub. This has proven itself elsewhere and would provide both an additional income stream plus the opportunity to build resilience and capability into the client function retained on behalf of the three Councils.

### Economic case

Future funding of local government will be increasingly dependent on economic performance, with a reliance on local taxation (council tax, business rates) and New Homes Bonus or similar to support operating expenditure. This option assists by supporting and protecting the existing workforce as well as aiding the location of a growing and profitable business in the East Kent area. Specifically, the commercial venture outlined in the options appraisal gives a high likelihood of jobs growth across the three council areas over the lifetime of the contract, as well as avoiding both the costs of redundancy and the consequential impacts of job losses on the local economies of Canterbury, Dover and Thanet.

The business growth for the trading hub, in the first couple of years of operation, is estimated to deliver between 40 – 100 additional jobs generated across the three Districts, dependent of course on the progression of commercial opportunities that would be pursued.

That fact that the three councils are willing to enter into an innovative service delivery and development partnership sends a strong message that the area is “open for business” and that the local authorities are serious about working together to improve the economic outlook for the entire area through a co-ordinated East Kent- wide approach rather than through competition between districts.

### Operational case

The fact that this option does not require large scale reductions in staffing means that the quality of EKS’ services can be maintained. Whilst EKS has an outstanding track record of successfully introducing digital solutions to encourage self-service, driving down costly face-to-face or phone contact (and thereby enabling help to be targeted at those who need the most assistance), there is a practical limit on what can be achieved in the short term and the cost:benefit ratio for additional investment gradually starts to erode.

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## Annex 1

The commercial venture enables staffing to be maintained at levels that preserves the ability of EKS to effectively serve its customer base, whilst providing flexibility to better align capacity to peaks and troughs in demand. It also provides for the ongoing development of business cases to identify opportunities that may bring about further improvements in service delivery, reduced costs or both, which will provide for the continued development of services to meet the changing demands of EKS' (and the Councils') clients. It also recognises the "direction of travel" that the Councils have towards the modernisation and increasing digitisation of services and seeks to continue to develop this work, not constrain it.

A financial analysis of the likely savings that would accrue and other commercial information is at the confidential Annex B to this report.

### Control and Governance

The proposed operating model and partnership approach with a commercial provider is well established in other parts of the country and feedback from other local authorities who have entered into similar arrangements is very positive.

The proposed contractual arrangement maintains similar governance to the existing EKS model with oversight via the East Kent Services Board (EKSB) and East Kent Services Committee (EKSC) being maintained and with the opportunity to design a robust joint 'client side' structure. The delivery of Income & Payments services in particular is mostly statutory (and very transactional) work that is delivered in line with central government direction, which will remain. Where Councils have the ability to set policy (e.g. determining levels of Council Tax, the details of Council Tax Support schemes, etc.) this will remain. Similarly, external audit and internal audit managed by East Kent Audit Partnership (EKAP) will remain in place to provide assurance.

Services will continue to be branded as Council services to the public and customer service advisors will also continue to answer calls or present themselves in accordance with council requirements. Support and specialist advice to Council officers will continue to be provided by the existing EKS subject matter experts, albeit as contracted personnel.

The current client arrangements for EKS include monthly and quarterly performance reports, written by EKS, presented to each Council client officer. This is supplemented by the Director of Shared Service providing regular contact on a one to one basis with each senior client officer (S151s) and reporting to chief officers at East Kent Services Board. Additional engagement and reporting takes place at various council committees as required. The expectation for any alternative service delivery will be to maintain similar reporting and contact via the residual EKS joint client structure, if this model is agreed. Any contract for services will include appropriate performance reporting requirements and support to client and council meetings as required. The vision, is to maintain the governance and reporting arrangements as close to the existing arrangements and to minimise impact on the three Councils as much as possible. There is scope to develop these client arrangements and offer these services to hub customers, providing an additional income stream.

# Agenda Item 10

## Annex 1

A separate issue is the future of the “residual” parts of EKS, should the Revenues, Benefits, Customer Services and debt recovery functions be moved into this form of strategic partnership. A separate report will outline the options for the residual EKS, but this should be decoupled from the immediate decision about entering into a strategic partnership.

### Procurement Route

Following the publication of an OJEU notice in September 2014, Hull City Council undertook a competitive dialogue process to tender a framework agreement for the provision of (inter alia) Revenue & Benefits and ancillary services. This Framework agreement is open for other local authorities to use and this is the recommended procurement route for reasons of both speed and cost. The alternative (of undertaking a full OJEU compliant procurement process), whilst an option, is not recommended because of the likely time frame to complete (in excess of 12 months) and subsequent delay in realising both savings and income, plus the associated staffing, legal and procurement team costs that this would incur.

### Residual Services

If the decision is taken to enter into a strategic partnership contract, the future structure and operation of those EKS services not “in-scope” needs to be considered. There are four main options:

- Continue to share services between the three councils but move to a “lead authority” model for the residual services (ICT and HR), removing the EKS management overhead but establish a joint client to manage any third part contract
- Continue the operation of a slimmed-down EK Services (“EKS-lite”) in order to provide continuity of governance and contract management capacity
- Revert to individual stand-alone services for each Council (in house arrangements for ICT and HR) but establish a joint client to manage any third party contract
- Outsource the residual parts of EK Services and create a larger client structure for the management of the separate functions (ICT, HR and the partnership contract)

Details of these options are provided in a separate report, “EK Services – Residual Structure Options” which will be presented in due course following further work. In summary, the recommendation is to maintain an “EKS-lite” in order to provide transition and contract management capacity, along with an opportunity for each council to take stock and consider what appetite (if any) there is for the future development of an expanded shared services and / or exploit some of the residual services such as selling payroll or ICT consultancy. “EKS-Lite” should then be reviewed after 12-18 months by which time savings and income from the strategic partnership should be realised and the management arrangements running smoothly.

### Benefits, risks and opportunities

This option delivers a number of quantifiable benefits and financial, economic and operational opportunities to the councils, for example:

- Financial savings from contract go-live date
- Guaranteed performance levels and quality (to be agreed as part of detailed contract negotiation)
- Avoidance of redundancy for transferring staff (and the cost for EKS)
- Staff job security for the contract duration
- Staff terms and conditions (including LGPS) protected
- Creation of a partnership style of operation where added value from service growth is shared
- New job creation across the 3 Council areas
- Provides flexibility for the Councils to consider additional development (or otherwise) of their shared services activity
- Risk of impacts from new burdens (for example, the introduction of apprenticeship levy, increased employee costs) is reduced

The risks associated with this proposal are considered manageable. A Risk Log is provided at Annex B to this report.

Some points that should be noted (and managed either as part of a formal risk management process, or through more informal engagement) are:

- Contract management capacity either within a residual EK Services or as a shared function on behalf of the client councils would need to be strengthened
- Potential complexity of aligning client-side functions in a 4-way contract unless this function remains with a residual EK Services
- Long term budget commitment (albeit at a reduced level) required from contracting Councils
- Impact of bringing staff back into the Councils at contract end is not quantifiable at present but should be reviewed in good time before end of contract or any other break-points
- Staff concerns around a transfer to a private sector employer
- Potential for inflation-linked contract price growth (can be mitigated through contract negotiation and expected contract review points to review pricing)
- Flexibility for EKS to be used to deliver further budget savings in the future is reduced, unless a decision is made to either maintain or build as required an appropriate management and governance structure

## Options Appraisal

### Option 1 – “Maintain”

#### Summary:

Refine and implement the new operating model for EK Services, exploit the existing digital ambitions as far as possible and seek further funding from councils or, alternatively, reduce costs through staff reduction

| Strengths   | Weaknesses   |
|---|--|
| Currently very competitive costs  | Risk to service, collection levels, error bonus  |
| Mature, stable service offering   | Realistic limitation on savings  |
| Nationally recognised, award winning service with a high reputation across the sector | Costs of exit via redundancy   |
| Track record of achieving more for less   | Impact on local employment   |
| Good relationship with the 3 councils with a high level of trust                      | Universal Credit looming so greater redundancies or redeployments ahead. Reducing Admin Grants likely to add further budget pressure   |
| Highly responsive to council requirements   | Large increase in charges to Councils if they desire to maintain the current levels of staffing and service quality. This would probably be to the detriment of other council services |

#### Analysis:

As detailed above, the participating Councils have hitherto required EKS to operate within its own fixed budget and therefore inflationary pressure (including pay and contract inflation) means that year-on-year savings between £300K and £500K have historically been needed to maintain the status quo. This will remain and, with a potentially deteriorating fiscal climate, increasing inflationary pressure may add further budget pressure.

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If the councils wished to maintain EKS in “steady state” with no further fundamental changes, and based on the assumptions for growth shown below), additional funding of c. £400,000 per year (leading to in an increased expenditure of £2.0m per annum by year 7) would be required, assuming

- employee related inflation of 2% per annum
- other operating cost inflation of 4%<sup>1</sup> per annum

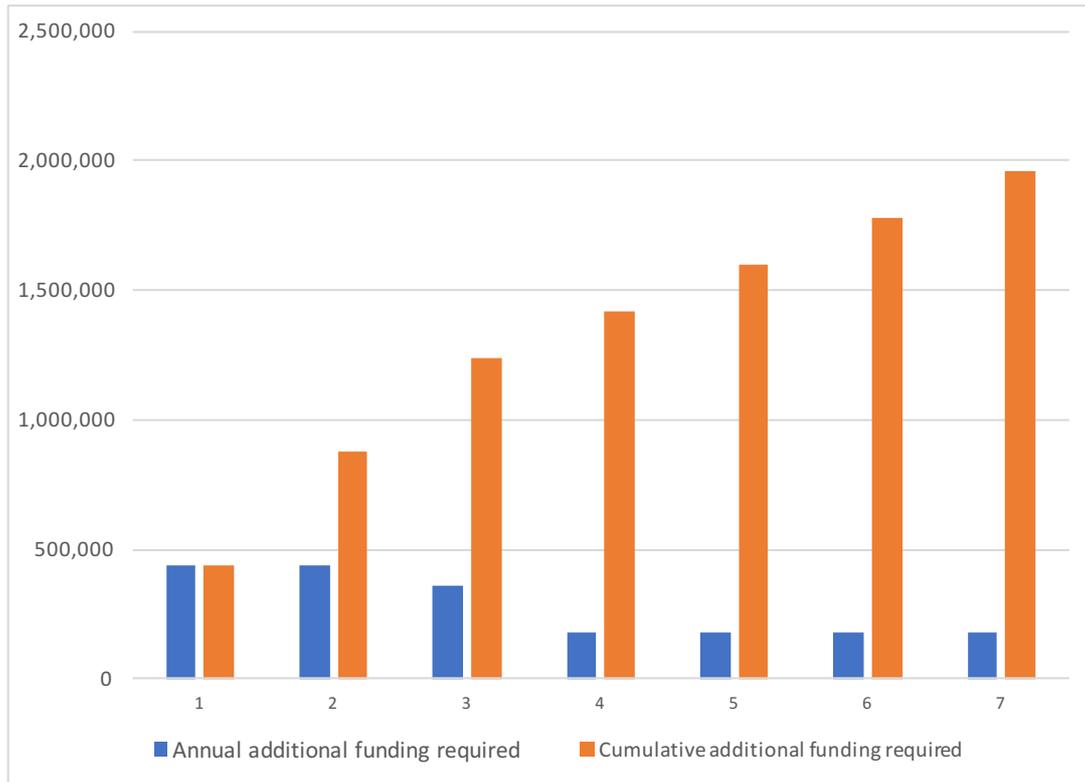


Figure 1 - Additional Council funding requirements to maintain status quo<sup>2</sup>

In reality, the programme of digital work in place within EK Services to move high volume transactional services online (for example the introduction of the IEG4 Digital Benefits product) will result in some modest staff reductions (as these form part of the business case for the adoption of IEG4) but these savings are largely used to offset the increased licensing, support and maintenance costs of the new product suite and should more accurately be viewed as a cost avoidance measure.

Should this increase in funding not be acceptable to the three Councils, EKS would be required to achieve ongoing savings of an equal amount.

<sup>1</sup> This figure is based on the assumption that support contracts will be indexed against RPI or UK IT industry salary inflation. It also assumes that a percentage of support contracts are priced in USD and therefore subject to exchange rate fluctuation

<sup>2</sup> The growth requirement reduces after years 2 & 3 due to an expectation of staff reductions as a result of normal efficiency activities and the anticipated changes to Universal Credit delivery

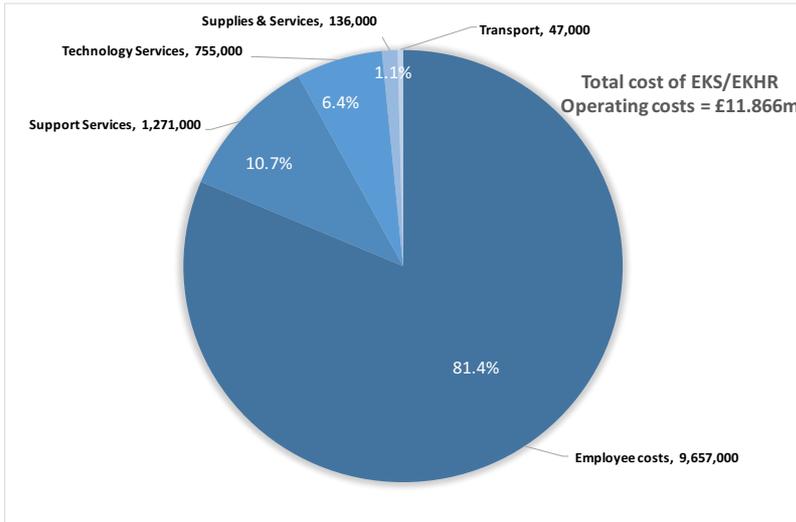


Figure 2 - EKS Operating Costs

Figure 2 outlines the current breakdown of EK Services operating costs. As would be expected, the majority of costs are staff related, with approximately £800,000 of technology and other 3<sup>rd</sup> party contract costs and £1.2m of support charges (which flow back to the councils providing those services).

On the whole, the scope for compensatory reductions in contract costs is negligible, meaning that the majority of the savings required to “stand still” need to be met from within the EKS staff budget. Assuming:

- the Councils are happy to maintain the current level of funding to EKS
- employee related inflation of 2% per annum
- overall contract inflation of 4% per annum

Savings of around 4% of budget are required year on year. Over a 7-year period, this equates to a 21% reduction in EKS staff - circa 67 posts by 2024/25 (Year 7), profiled as:

- 15 FTE in 2018/19
- A further 52 FTE posts removed over the remaining period to balance budget

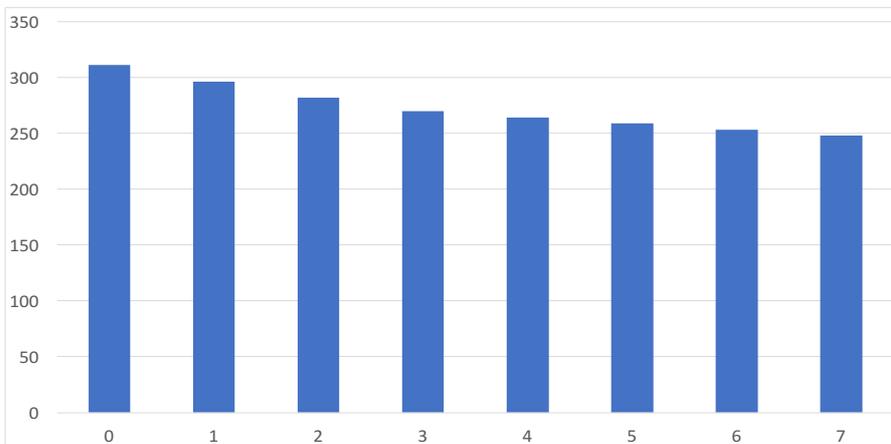


Figure 3-Headcount reduction required for "Maintain"

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A reduction in staff of this scale has significant impacts, both on the organisation and the wider local economy. CIPD studies indicate the average cost of making a redundancy is £16,375 – before the cost to the treasury of paying benefits and lost tax revenues, the cost to the economy of lost spending, and the personal trauma. The impact on the residual organisation should not be underestimated – research undertaken by Bain revealed that nearly half of UK organizations have made redundancies and the move proved to be the most damaging kind of workplace change as it undermines morale, confidence, trust and comfort of staff.

Without having precise details of staff involved in any redundancy scenario, it is not possible to give totally accurate figures for the redundancy costs or actuarial strain costs to the pension scheme. However, assuming that:

- 40% of redundancies are Grade F staff, 50% Grade G and 10% Grade I
- Redundant posts are paid at the top of the grade
- The average length of service and age for each grade is:

| Grade | Average age | Average length of service |
|-------|-------------|---------------------------|
| F     | 43          | 10                        |
| G     | 46          | 17                        |
| I     | 46          | 17                        |

then the costs of redundancy for 67 staff (excluding pension strain impact) could be in the region of £1,200,000.

If the Councils wish to reduce the charges (management fees) paid to operate EKS, as has been the norm over the past six years, further savings would be required above those listed above.

Assuming:

- a continued annual reduction in charges of £390,000 per year<sup>3</sup>
- employee related inflation of 2% per annum
- overall contract inflation of 4% per annum

a 48% reduction in headcount would be required over the same 7-year period to remain within budget (154 FTE members of staff) profiled as:

- 28 FTE in 2018/19
- 27 FTE in 2019/20
- Further 99 FTE posts removed over the remaining period to balance budget

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<sup>3</sup> Apportioned as: CCC: £133k DDC £102k TDC £148k, based on 2017/18 management fees

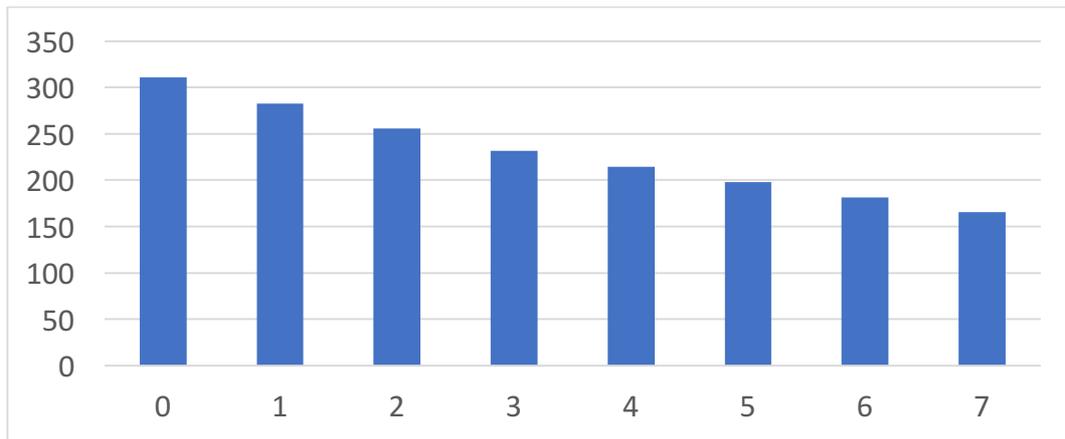


Figure 4 - EKS staff count over time including management charge reductions

With the same assumptions and caveats as per the previous scenario, the costs of redundancy on this scale could be in the region of £2,250,000.

Any downsizing of operations on this scale brings with it some difficult decisions – including which services to allow to degrade, which to maintain and which to cease entirely.

Inevitably, discretionary services would need to be reduced first, in order to safeguard as far as possible, the delivery of statutory services. These discretionary services (for example, welfare support, digital engagement, business rates analysis) are highly valued by EKS' clients but are exposed to the greatest risk of degradation or cessation.

Such an option is highly likely to be untenable, creating a situation which will result in a failure of service at a major scale.

### Option 2 - “Exploit”

#### Summary:

As per the maintain option plus manage the need to contain inflation growth and deliver savings via income from new business.

| Strengths   | Weaknesses  |
|---|---|
| Currently very competitive costs  | Not structured so will require investment in areas such as business development, certification etc, starting from zero baseline                               |
| Mature, stable service offering   | Need realism over quantity and speed of pipeline / delivery (4 & 5 figure sums more likely, not 6 figure)   |
| Existing corporate layer and governance structures provide a sound foundation for expansion | Competing against other players offering solutions at scale and competitive pricing   |
| Nationally recognised, award winning service with a high reputation across the sector       | Will not prevent job losses from areas such as Benefits   |
| Track record of achieving more for less   | Lack of flexibility in the current workforce to deliver income generating services out of EK Services’ current geographical area                              |
|   | To be effective would need to seek business beyond public bodies and therefore establishment of a Teckal compliant company (increasing set up costs and risk) |

#### Analysis:

This option explores the potential for selling current services to third parties.

The opportunities this option presents are limited to the type of transactional services already provided to the partner councils by EK Services. Examples would include payroll, Revenues & Benefits resilience (offering overflow processing services), training and miscellaneous consultancy services. Informal market testing and spend analysis indicates that the profit from such activities is likely to be low, with typical profit margins of 5-10%. The development of a marketing and commercial strategy and the time required to develop a pipeline of potential opportunities means that any income is likely to be very low for the first few years and even beyond that, limited to “five figure” profits.

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Councils would need to be prepared to take a commercial approach to risk and, in order to create the decision-making tempo required for a Company to operate successfully in a commercial environment, the establishment of a separate legal entity (a Teckal compliant company<sup>4</sup>) is likely.

This can be done but would require financial and resource investment to set up and growth in operating costs would be required.

The time required to establish such a model and the time needed to develop the commercial pipeline means that EKS would still require the initial few years of investment as outlined within Option 1 (Maintain) or reduce staffing levels by circa 40 staff. There is a risk that such staffing reduction would create service failure that in turn would impact on the ability for EKS to win any commercial contracts. A superficial survey of set-up costs for other, similar public sector based companies providing similar services suggests that initial investment of upwards of £200,000 would be required – mainly to set up a realistic business development function but also to gain the levels of professional, corporate and quality certifications that the market would reasonably expect from a supplier.

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<sup>4</sup> *The local authority must control all of the shares in the company and must also exercise effective day-to-day control over its affairs; in other words, the same as the relationship between the council and one of its internal directorates. This can be achieved through the governance structure. The company must be “inwardly and not outwardly focused”. The directive requires that at least 80% of the activity of the Teckal company – that is, over 80% of its turnover – must be for its public sector owners*

### Option 3 – “Enhance”

#### Summary:

Look to bring other (transactional) council services into EK Services

| Strengths   | Weaknesses   |
|---|--|
| Leverages the existing EKS corporate layer and governance                                       | Streamline and improves value via process improvement through scale and resilience rather than deliver significant savings |
| Greater resilience and helps with specialist areas where recruitment / retaining is challenging | Job losses remain in areas such as Benefits through UC and Customer Services via Digital                                   |
| Proven expertise in running shared services and sound governance reduces risk                   | Helps councils deliver savings but existing EKS staff (300+) still require inflationary pressure to be absorbed            |
| Proven ability to both transform and deliver services   | Main driver would be added resilience and not cost reduction as most clients would already have stripped out excess costs  |

#### Analysis:

Again, the services that could lend themselves to being offer by a shared service arrangement are those that are largely transactional and non-contentious. Examples could be procurement, legal services and transactional finance (with strategic finance, such as financial planning, treasury management etc.) being considered as more likely to be out of scope and maintained in house.

Experience of shared service implementation has demonstrated that some financial savings are possible. As a benchmark, staff cost reductions in the region of 13% will typically accrue along with approximately an 8% reduction on external spend as support, maintenance and other contracts are re-negotiated.

However, it is important to note that most, if not all local authority services have already removed significant operating costs over the last few years and in most cases any significant staff reductions would need to be balanced against the acceptability of declining service quality standards. It is therefore more likely that the benefits of on-boarding additional shared services into EKS would be improved resilience and the ability to maintain current levels of performance, rather than the delivery of worthwhile, cashable savings.

### Option 4 - “Expand”

#### Summary:

Bring additional local authorities into the existing EK Services provision

| Strengths  | Weaknesses   |
|--|--|
| Leverages the corporate layer and governance   | Level of savings not likely to be as large as one may expect, other LAs already on a journey of staff reduction so economies limited                             |
| Greater resilience and helps with specialist areas where recruitment / retaining is challenging                    | Universal Credit looming so greater redundancies ahead   |
| Complements any other work within East Kent that may seek to assess opportunities for closer working               | Shared Service partnerships greater than four become very challenging; usually only achievable via a contractual style relationship rather than partner approach |
| Should generate further savings through sharing fixed costs, subject to specific individual service business cases | Extended time frame for delivery of savings and significant effort required  |
| Proven expertise in running shared services and sound governance reduces risk                                      | Need for investment for infrastructure alignment and potential systems migration   |
| Proven ability to both transform and deliver services  | Could face significant cultural and/or political differences   |
|  | Lack of flexibility in the current workforce to manage services out of EK Services' current geographical area  |

#### Analysis:

This option does offer scope for the delivery of savings and income from on-boarding services from other local authorities. The attractiveness of this option is however, diminishing over time as most councils are already undertaking aggressive programmes of cost reduction and service modernisation.

Taking as an example, the provision of Revenues & Benefits and Customer Services provision to another district council, savings are achievable (mainly through staff reduction) although significant up-front costs for systems migration are incurred. The table overleaf shows a possible indication of total costs and savings (to be split between all participating councils) for such an onboarding over four years. This includes growth for platform migration and increased running costs for EKS against the potential savings in software, ICT infrastructure and staffing:

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| Item  | Year 1      | Year 2       | Year 3       | Year 4       |
|---|-------------|--------------|--------------|--------------|
| Software licencing & support                          |             | (42,300.00)  | (42,300.00)  | (42,300.00)  |
| General ICT/Infrastructure costs                      |             | (10,000.00)  | (10,000.00)  | (10,000.00)  |
| Staff reductions - management                         | (60,000.00) | (80,000.00)  | (80,000.00)  | (80,000.00)  |
| Staff reductions - support staff                      | (30,000.00) | (60,000.00)  | (60,000.00)  | (60,000.00)  |
| Staff reduction - processing staff                    |             | (60,000.00)  | (90,000.00)  | (90,000.00)  |
| Additional capacity contract reduction                |             | (30,000.00)  | (30,000.00)  | (30,000.00)  |
| Platform migration costs                              | 150,000.00  | 50,000.00    |              |              |
| Increased EKS costs estimate                          | 30,000.00   | 30,000.00    | 30,000.00    | 30,000.00    |
| <b>Total Cost/(Saving) for four Councils combined</b> | 90,000.00   | (202,300.00) | (282,300.00) | (282,300.00) |

For simplicity, assuming an even distribution of savings, EKS could expect to achieve a saving in the region of £211,000 (75% of the anticipated savings) from the third year of operation.

### Option 5 - “Strategic Partnership”

#### Summary:

Use the existing service as a basis for the development of a locally-based processing hub run by a commercial organisation but sharing growth opportunities through profit share arrangements.

| Strengths  | Weaknesses  |
|--|---|
| Financial savings from contract go-live date   | Contract management capacity either with a residual EK Services of the client councils would need to be strengthened                |
| Guaranteed performance levels and quality  | Potential complexity of aligning client-side functions in a 4-way contract unless this function remains with a residual EK Services |
| Avoidance of redundancy for transferring staff   | Long term budget commitment (albeit at a reduced level) required from contracting Councils  |
| Staff job security for the contract duration   | Impact of bringing staff back into the Councils at contract end is not quantifiable at present                                      |
| Staff terms and conditions (including LGPS) protected  | Staff concerns around a transfer to a private sector employer   |
| Indexation increases likely to be less than maintaining status quo   | Potential for inflation-linked contract price growth  |
| Creation of a partnership style of operation where added value from service growth is shared                   | Flexibility for EKS to be used to deliver further budget savings in the future is reduced   |
| Local new job creation   |   |
| Provides flexibility for the Councils to consider parallel “maintain” or “enhance” options                     |   |
| Risk of impacts from new burdens (eg introduction of apprenticeship levy, increased employee costs) is reduced |   |

#### Analysis:

Unlike a traditional outsourcing arrangement, where a third-party supplier delivers services under contract for a defined price, usually extracting costs through staff reduction and redundancy, the proposed strategic partnership model with a supplier offers more benefits over and above a simple reduction in operating costs. These typically include a mixture of: direct cost reductions, profit share from new business generation and economic development benefits from delivering jobs growth and accompanying spend into the local economy.

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This is a relatively well-established business model, with several councils across the country having entered into similar arrangements over the past few years. At the same time, the market for business process outsourcing (BPO) activities in both public and private sector has increased as a result of organisations needing to deliver reductions in operating costs as well as providing some certainty around future expenditure and the “cost of doing business.”

As part of their expansion plans in the Business Process Outsourcing (BPO) market, Civica are proposing to establish a trading hub and centre of excellence (CoE) in the south east to complement their existing locations (Hull, South Worcester, Denbighshire and Gloucester). EK Services have been exploring the possibility of a commercial contract with a partnership approach, with Civica. This would seek to provide a core contract delivering existing Income, Payments and Customer Services functions to a defined level of performance and quality, along with a “Centre of Excellence” (termed “the Hub”), based within the Councils’ existing premises (and generating a rental income), providing additional capacity to Civica’s existing on-demand services that are marketed nationally and internationally as well as providing a platform to provide other transactional contracts to new business opportunities.

In practice, this means that staff would transfer (under TUPE regulation) to the chosen supplier and continue to deliver services for EKS as before, from the same locations, with no visible change to the councils or customers. As the new provider streamlines service delivery, staff can be moved from providing services to EKS under the “core contract” into a team within the Hub that provides services to third parties, reinforced with existing or newly recruited Civica staff. This results in income to the councils (as a result of a profit share arrangement for revenue generated by the Hub plus rental for any additional desk space that is required within the existing EKS locations as a result of staffing growth.)

This provides a number of expected benefits to EK Services and its partner Councils:

- Financial savings from day 1;
- Guaranteed performance levels and quality;
- Guaranteeing approx. 220 jobs for the duration of the contract (i.e. up to 7 to 10 years);
- Avoidance of imminent redundancy for up to 30 FTE;
- Staff terms and conditions (including LGPS) protected;
- Ongoing investment in the service;
- Creation of an East Kent based processing hub (“Centre of Excellence”) to be operated on a profit sharing basis plus rent per desk space generating new income to the Councils;
- Local new job creation;

The trading hub will have exclusivity for new work from new business across Kent, Sussex, Surrey, SE London and Essex. It is also used to provide resilience to the core contract if needed, which de-risks the chance of performance slide due to staff erosion as other contracts often find.

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A financial analysis of the likely savings that would accrue is detailed in the confidential Annex B to this report, although it is anticipated that the formal contract negotiation process would result in additional savings being identified.

A summary of how this type of partnership has worked in parts of the country, along with an explanation of the business development activity proposed, is given in Annex D.

At contract end, the trading hub operation is expected to operate from their existing locations, providing a continued rental income to the councils. The “core contract” (delivery of the councils Revenues, Benefits and Customer Services functions) could be re-procured (aiming for the market to produce an equivalent or better commercial offer than the original contract) or alternatively choose to move this provision back in-house, whilst complying with the TUPE regulations in force at that time.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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## Annex 6

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## THANET DISTRICT COUNCIL DECLARATION OF INTEREST FORM

### Do I have a Disclosable Pecuniary Interest and if so what action should I take?

Your Disclosable Pecuniary Interests (DPI) are those interests that are, or should be, listed on your Register of Interest Form.

If you are at a meeting and the subject relating to one of your DPIs is to be discussed, in so far as you are aware of the DPI, you **must** declare the existence **and** explain the nature of the DPI during the declarations of interest agenda item, at the commencement of the item under discussion, or when the interest has become apparent

Once you have declared that you have a DPI (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must:-**

1. Not speak or vote on the matter;
2. Withdraw from the meeting room during the consideration of the matter;
3. Not seek to improperly influence the decision on the matter.

### Do I have a significant interest and if so what action should I take?

A significant interest is an interest (other than a DPI or an interest in an Authority Function) which:

1. Affects the financial position of yourself and/or an associated person; or Relates to the determination of your application for any approval, consent, licence, permission or registration made by, or on your behalf of, you and/or an associated person;
2. And which, in either case, a member of the public with knowledge of the relevant facts would reasonably regard as being so significant that it is likely to prejudice your judgment of the public interest.

An associated person is defined as:

- A family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;
- Any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- any body in respect of which you are in a position of general control or management and which:
  - exercises functions of a public nature; or
  - is directed to charitable purposes; or
  - has as its principal purpose or one of its principal purposes the influence of public opinion or policy (including any political party or trade union)

An Authority Function is defined as: -

- Housing - where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease; or
- Any allowance, payment or indemnity given to members of the Council;
- Any ceremonial honour given to members of the Council
- Setting the Council Tax or a precept under the Local Government Finance Act 1992

If you are at a meeting and you think that you have a significant interest then you **must** declare the existence **and** nature of the significant interest at the commencement of the

matter, or when the interest has become apparent, or the declarations of interest agenda item.

Once you have declared that you have a significant interest (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must:-**

1. Not speak or vote (unless the public have speaking rights, or you are present to make representations, answer questions or to give evidence relating to the business being discussed in which case you can speak only)
2. Withdraw from the meeting during consideration of the matter or immediately after speaking.
3. Not seek to improperly influence the decision.

### **Gifts, Benefits and Hospitality**

Councillors must declare at meetings any gift, benefit or hospitality with an estimated value (or cumulative value if a series of gifts etc.) of £25 or more. You **must**, at the commencement of the meeting or when the interest becomes apparent, disclose the existence and nature of the gift, benefit or hospitality, the identity of the donor and how the business under consideration relates to that person or body. However you can stay in the meeting unless it constitutes a significant interest, in which case it should be declared as outlined above.

### **What if I am unsure?**

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Committee Services Manager well in advance of the meeting.

## **DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS, SIGNIFICANT INTERESTS AND GIFTS, BENEFITS AND HOSPITALITY**

**MEETING** .....

**DATE**..... **AGENDA ITEM** .....

**DISCRETIONARY PECUNIARY INTEREST**

**SIGNIFICANT INTEREST**

**GIFTS, BENEFITS AND HOSPITALITY**

**THE NATURE OF THE INTEREST, GIFT, BENEFITS OR HOSPITALITY:**

.....  
.....  
.....

**NAME (PRINT):** .....

**SIGNATURE:** .....

Please detach and hand this form to the Democratic Services Officer when you are asked to declare any interests.