

**CANTERBURY CITY COUNCIL
DOVER DISTRICT COUNCIL
THANET DISTRICT COUNCIL**

Agenda

East Kent Services Committee

**Wednesday
24 January 2018
at 10.00 am**

**The Guildhall
Westgate
Canterbury**

Membership of the East Kent Services Committee

Councillors

Councillor S Cook
Councillor Todd
Councillor M Conolly
Councillor C Wells
Councillor L Fairbrass
Councillor Morris

Quorum: One councillor from each council.

NOTES

1. Everyone is welcome to record meetings of the Council and its Committees using whatever non-disruptive methods you think are suitable. If you are intending to do this please mention it to the Democratic Services Officer and do not use flash photograph unless you have previously asked whether you may do so. If you have any questions about this please contact Democratic Services (members of the press please contact the Press Office).

Please note that the Chair of the meeting has the discretion to withdraw permission and halt any recording if in the Chair's opinion continuing to do so would prejudice proceedings at the meeting. Reasons may include disruption caused by the filming or recording or the nature of the business being conducted.

Anyone filming a meeting is asked to only focus on those actively participating but please also be aware that you may be filmed or recorded whilst attending a council meeting and that attendance at the meeting signifies your agreement to this if it occurs. You are also reminded that the laws of defamation apply and all participants whether speaking, filming or recording are reminded that respect should be shown to all those included in the democratic process.

Persons making recordings are requested not to put undue restrictions on the material produced so that it can be reused and edited by all local people and organisations on a noncommercial basis. If a meeting passes a motion to exclude the press and public then, in conjunction with this, all rights to record the meeting are removed.

2. The venue for the meeting is wheelchair accessible and has an induction loop to help people who are hearing impaired.
3. The information contained within this agenda is available in other formats, including Braille, large print, audio cassettes and other languages.
4. If you have any queries regarding items on this agenda, please contact Josie Newman on 01227 862 009 or email democracy@canterbury.gov.uk

A G E N D A

Page (s)

1 APOLOGIES FOR ABSENCE

Apologies have been received from Councillor Morris (Vice-chairman), Wells (Chairman) and Todd.

In the absence of the chairman and vice-chairman it will be necessary to elect a chairman for the meeting.

2 SUBSTITUTE MEMBERS

The Chairman to report any notifications received prior to this meeting regarding the attendance of substitutes for the named Members of this committee.

3 DECLARATION OF ANY INTERESTS

To receive any declarations of interest.

4 MINUTES

5 - 7

To confirm as a true record

5 EAST KENT SERVICES STRATEGIC SERVICE DELIVERY OPTIONS AND POTENTIAL FOR CONTRACTING OUT OF CERTAIN FUNCTIONS

8 - 13

TO CONSIDER the report of the Director of Shared Services.

Please note the information which is exempt from publication and contained later on this agenda at items 7a and 7b.

a) Project overview - including staff aspects

Verbal update from Dominic Whelan

b) Potential Contracting Out arrangements

6 EXCLUSION OF THE PRESS AND PUBLIC

TO RESOLVE – That under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items of business on the grounds that there would be disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act or the Freedom of Information Act or both.

7 EXEMPT ANNEX: EAST KENT SERVICES STRATEGIC SERVICE DELIVERY OPTIONS AND POTENTIAL FOR CONTRACTING OUT OF CERTAIN FUNCTIONS

The information in the report is exempt from publication because its disclosure is likely to prejudice the commercial interest of both the Council and other bodies (Section 43 of the Freedom of Information Act 2000). The Council considers that at present the public interest in maintaining the exemption outweighs the public interest in disclosing it. Paragraph 3 of Schedule 12A of the Local Government Act 1972 (Financial and business affairs of the Council and other persons) also applies.

a) Appendix to Report - Commercial and Contract Terms

Report to follow.

b) Civica Presentation

TO RECEIVE a presentation.

Gary Bell from Civica will present to the meeting.

8 ANY OTHER URGENT BUSINESS TO BE DEALT WITH IN PUBLIC

9 ANY OTHER BUSINESS WHICH FALLS UNDER THE EXEMPT PROVISIONS OF THE LOCAL GOVERNMENT ACT 1972 OR THE FREEDOM OF INFORMATION ACT 2000 OR BOTH

It may be necessary to exclude the press or public for this item.

CANTERBURY CITY COUNCIL

EAST KENT SERVICES COMMITTEE

**Minutes of a meeting held on Wednesday, 1st November, 2017
at 10.30 am in The Guildhall, St Peter's Place, Westgate, Canterbury**

Present: Councillor C Wells (Chairman)

Councillor S Cook
Councillor M Conolly
Councillor Morris

Officers:

Nadeem Aziz	-	Chief Executive (DDC)
Mike Davis	-	Director of Finance (DDC)
Madeline Homer	-	Chief Executive (TDC)
Tricia Marshall	-	Director of Resources (CCC)
Harvey Rudd	-	Head of Legal (DDC)
Josie Newman	-	Democratic Services Officer

1 **APOLOGIES FOR ABSENCE**

Apologies for absence had been received from Councillor Fairbrass and apologies for lateness received from Councillor S Cook.

2 **SUBSTITUTE MEMBERS**

There were no substitutes for the meeting.

3 **VICE-CHAIRMAN FOR MUNICIPAL YEAR 2017/18**

In accordance with the operating arrangements, it was confirmed that Councillor Morris would be Vice Chairman for the rest of municipal year 2017/18.

4 **DECLARATION OF ANY INTERESTS**

No declarations of interests were received from councillors or officers.

5 **EAST KENT SERVICES STRATEGIC SERVICE DELIVERY OPTIONS AND POTENTIAL FOR CONTRACTING OUT OF CERTAIN FUNCTIONS**

The Director of Shared Services introduced the report which requested the approval of the onward delegation to the Director of Shared Services and Director of Collaborative Services of the powers and functions listed in the report, in order to enable contract negotiation to proceed. A report would be submitted to the Committee in the future seeking their consideration and approval of final contract terms.

The Chairman drew attention to the options which were set out in the report and invited the committee to ask questions and make comments.

Agenda Item 4

The recommendations in the report were proposed, seconded and unanimously agreed.

RESOLVED:

- 1) To note that the attached report has been considered and approved by each of the Cabinets of Thanet District Council and Dover District Council, and both the Policy and Resources Committee and the Canterbury City Council
- 2) To accept the requests of the above Cabinets and Council that the East Kent Services Committee should discharge the powers and functions of the Councils to:
 - 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.

Agenda Item 4

- e) To authorise the doing of anything incidental to, conducive to or otherwise expedient in connection with (a) to (d) above.
- 3) To approve the use of the Kingston-upon-Hull City Council's existing OJEU-tendered Framework Agreement and to authorise the Director of Shared Services to enter into an access agreement with Kingston for the use of such framework.
- 4) To agree that Civica UK Ltd is the Preferred Bidder for this contract under the framework agreement listed in (3) above.
- 5) To amend the existing delegations to the Director of Shared Services and Director of Collaborative Services to discharge the functions and delegations listed in (2)(b)(i)-(vi) and (2)(b)(viii) above on behalf of the Committee.
- 6) To task each of the Director of Collaborative Services and the Director of Shared Services responsibility for the negotiation of a contract for the delivery of the Revenues, Benefits and Customer Services Functions and request that a report come back to EKSC for their consideration and approval of final contract terms and, if appropriate, their authorisation of entry into the contract and associated documentation.

6 **EAST KENT SERVICES STRATEGIC SERVICE DELIVERY OPTIONS AND POTENTIAL FOR CONTRACTING OUT OF CERTAIN FUNCTIONS - ANNEX EXEMPT FROM PUBLICATION**

The information was borne in mind when the decision was made at minute 5.

There being no other business the meeting closed at 10.49am.

This page is intentionally left blank

East Kent Services Committee

24th January 2018

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 East Kent Services Committee.

Decision type: Executive – Key (for Dover District Council and Thanet District Council)

Classification: This report is open to the public with the exception of Annex 1 attached which is not for publication by virtue of 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: The partner councils in East Kent Services, Canterbury City Council, Dover District Council and Thanet District Council, have agreed the business case for entering into a strategic partnership and contract for the delivery of the Revenues, Benefits and Customer Services functions, and have delegated authority to the East Kent Services Committee to exercise the powers and functions of the Councils in respect of such strategic partnership.

This report presents the Committee with final details of the commercial offer, which is within the acceptable bounds detailed in the business case originally considered in November 2017. The committee is therefore asked to consider and agree the commercial terms and authorise Canterbury City Council, Dover District Council and Thanet District Council to enter into contract and associated documentation with Civica UK Ltd for the provision of the services detailed within the original business case.

Agenda Item 5

That the Committee resolves:

- (1) To consider the results of the contract negotiations undertaken between EK Services and Civica UK Ltd.
- (2) To note the offer received from Civica UK Ltd and the reduction in operating costs that will accrue should those terms be accepted.
- (3) To accept the offer of services from Civica UK Ltd at the contract price detailed, and authorise each of Canterbury City Council, Dover, District Council and Thanet District Council to enter into such contract for a period of 7 years with the option to extend by up to a further 3 years.
- (4) To request that each of Canterbury City Council, Dover District Council and Thanet District Council enter into contract with Civica UK Ltd for the delivery of the Revenues, Benefits and Customer Services functions.
- (5) To request that the Chairmen of both Dover District Council and Thanet District Councils agree to suspend call-in of this decision in order to enable the provision of services under contract to proceed from the proposed Transfer Date.
- (6) To note that, in addition to the operational savings within EKS from the contract price, there will be additional savings from a future restructure within the remaining elements of EK Services as the residual element of EKS will be able to achieve some efficiencies due to the reduction in scale of the overall organisation.
- (7) To authorise Civica UK Ltd to exercise the powers and functions of the Councils under Part II of the Deregulation and Contracting Out Act 1994 and the orders and regulations made under it insofar as the Councils are permitted to do so for the functions being transferred.

Next stage in process

Each of Canterbury City Council, Dover District Council and Thanet District Council shall enter into a contract with Civica UK Ltd for the delivery of services as detailed in the original business case, with the new arrangements commencing on 1st February 2018 or as soon as reasonably practicable thereafter.

SUPPORTING INFORMATION

1. Background

Over the course of 2017, all of Canterbury City Council, Dover District Council, Thanet District Council and the East Kent Services Committee received reports from the Director of Shared Services, firstly in September 2017 seeking approval to prepare a business case for alternative delivery models for the following:-

- Council Tax Administration and Enforcement
- National Non-Domestic Rates Administration and Enforcement
- Housing Benefit and associated services
- Council Tax Reduction Scheme and associated services
- Debt Recovery
- Customer Services

(together called 'the Revenues, Benefits, Debt Recovery and Customer Services Functions')

In November 2017 the Committee received a further report and accompanying business case for consideration.

The committee considered that the Revenues, Benefits, Debt Recovery and Customer Services functions could best be delivered in the future by means of an innovative partnership with a third party supplier, Civica UK Ltd, 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 core contract comprises a contract for the continued provision of Revenues, Benefits, Debt Recovery and Customer Services to the three partners at a reduced cost. A 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
- The possibility 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

Following the contract negotiations, a final offer for the provision of services has been received and is attached as Annex 1. The intention is now for the East Kent Services Committee (acting on behalf of each of the councils) to authorise entry into the contract, enabling each Council to then formally execute the contract.

2. Current Situation

Since November 2017, detailed negotiations have been underway between EK Services and Civica UK Ltd to specify the precise extent of the Services to be delivered along with the accompanying levels of performance that would be expected. This has resulted in the receipt of a final offer from Civica, which is detailed in the confidential Annex 1 to this report. In summary, this offer delivers savings which are consistent with the outline business case presented to the Committee in November 2017, and in fact falls centrally between the upper and lower bounds of likely savings that were detailed within Annex B of that report. The offer has been presented to the Councils' S.151 officers who will be in attendance at the meeting in order to provide additional verbal assurances to Members.

In parallel, work has been undertaken on the procurement aspects of letting such a contract. Following the publication of an OJEU notice in September 2014, Kingston-upon-Hull City Council undertook a competitive dialogue process to tender a framework agreement for the provision of (inter alia) Revenue & Benefits and ancillary services. Civica UK Limited were the successful bidder. The East Kent Services Committee agreed the use of this framework, in order to expedite the process and avoid the delays and costs that would accrue if the councils were to undertake their own, OJEU-compliant tendering process. Certain specific amendments have been made to the Agreement to reflect changes in legislation that have occurred since the original contract letting and to ensure that the Framework remains usable and provides suitable protection for all three Councils.

The East Kent Services Committee is therefore asked to note the Offer received from Civica UK Ltd which is detailed at Annex 1. The accompanying financial analysis indicates that the level of savings that would accrue from entering into a contract for the provision of these services is within the range anticipated in the original business case. On this basis the Committee is asked to accept the Offer and associated terms and conditions and request that each of Canterbury City Council, Dover District Council and Thanet District Council enter into contract with Civica UK Ltd for the delivery of the Revenues, Benefits, Debt Recovery and Customer Services functions.

The Offer as presented (and therefore the anticipated level of savings) is predicated on a transfer date of 1 February 2018. It is therefore the intention that contracts should be executed in late January 2018 in order to facilitate this. If the target Transfer Date is not met then realistically the contract could not take effect until the new financial year (as transfers of this type mid-month are problematic and the workload pressures of the end of the financial year make a February transfer unattractive.) Delaying any transfer to the end of the financial year both detrimentally affects the financial offer and creates an in-year (FY17/18) budget pressure for EK Services and the partner Councils.

To that end, the Committee is asked to request that the Chairmen of both Dover District Council and Thanet District Council agree to suspend call-in of this decision to contract with Civica UK Ltd by their relevant Overview and Scrutiny Committees because, if exercised, it would prevent the award of contract in time to enable the 1st February transfer date to be met thus seriously prejudicing the Councils' interest.

One of the key requirements of the contract is to maintain comparable terms and conditions of employment for staff who may transfer to Civica UK Limited under the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE"). As such, Civica UK Limited applied for admission to the Kent County Council Superannuation fund under Schedule 2 Part 31(d)(i) of the LGPS Regulations 2013, as amended.

At its meeting on 17th November 2017, the Kent County Council Superannuation Fund Committee agreed the admission of Civica UK Limited to the Superannuation Fund.

As the Scheme Employer, Thanet District Council is a party to the Admission Agreement and as such needs to formally enter into that Agreement. A separate report to the Thanet District Council General Purposes Committee is requesting that the Agreement is entered into prior to the Transfer Date.

A number of residual functions will remain with EK Services after the transfer of the Revenues, Benefits, Debt recovery and Customer Services functions. These include ICT Services, HR, some Quality Assurance aspects as well as contract management. The committee is asked to note that in addition to the operational savings within EKS from the contract price, there will be additional savings from a future restructure within the remaining elements of EKS, overseen by the Councils' Heads of Paid Service. It is anticipated as the residual element of EKS will be able to achieve some efficiencies due to the reduction in scale of the overall organisation.

The Committee has already received delegations from the Councils to exercise the powers and functions of the Councils under Part II of the Deregulation and Contracting Out Act 1994 and the orders and regulations made under it. The Committee is asked to resolve that Civica UK Ltd is authorised in turn to exercise such powers and functions in relation to the services being transferred, as detailed in Annex 2 to this report.

3. Relevant Council Documents

Report to Councils in September 2017 and November 2017 and accompanying business case.

The Original Report (and Schedule 5 thereto)

4. Consultation planned or undertaken

The business case has been informed by consultation with Chief Executives, S.151 officers and Monitoring Officers/chief legal officers. In addition, the Cabinets of Dover District Council and Thanet District Council, and the Policy & Resources Committee and the Canterbury City Council have been consulted throughout the process.

Consultation with affected staff has been undertaken as mandated by The Transfer of Undertakings (Protection of Employment) Regulations 2006.

5. Options available with reasons for suitability

(i) To accept the commercial offer from Civica UK Ltd and authorise the entry into contract for the future delivery of the Revenues, Benefits and Customer Services. delegation from Councils and approve the proposed delegation to the Director of Shared Services and Director of Collaborative Services

(ii) Not to accept the commercial offer.

6. Reasons for supporting option recommended, with risk assessment

Option (i) is recommended, as it provides for the future sustainability of the services as well as delivering annual savings to each of the three councils.

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 as explained in the original Business Case.

If option (ii) was agreed then (and as outlined in the original business case) a separate restructure of EK Services would be required in order to maintain a financially viable service. This would result in a significant reduction in staffing with a consequential reduction in service quality.

7. Implications

(a) Financial Implications

Entering into the contract will result in a significant reduction in the operating cost of EK Services and consequently reductions in the contributions made to EK Services operating costs by each of the partner councils 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 the contributions paid by the partner councils to meet the operating costs of 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 contractual arrangements 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 is in the process of entering 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 Civica UK Limited, 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 (as detailed in the accompanying business case). It will additionally 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.

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

Annex 1 - Commercial Terms

Annex 2 - Exercise of Powers