
REPORT OF CABINET

SPECIAL MEETING HELD ON 20 SEPTEMBER 2005

Chair: * Councillor N Shah

Councillors: * D Ashton † Marie-Louise Nolan
 * Burchell † O'Dell
 * Margaret Davine * Bill Stephenson
 * Dighé † Thornton
 * C Mote

* Denotes Member present
 † Denotes apologies received

PART I - RECOMMENDATIONS - NIL**PART II - MINUTES**814. **Declarations of Interest:**

RESOLVED: To note that the following interests were declared:

| <u>Agenda Item</u> | <u>Member</u> | <u>Nature of Interest</u> |
|--|----------------------------|--|
| 3. Business Transformation Partnership | Councillor D Ashton | The Member indicated a personal interest in that he had previously competed with Capita on a professional basis. He would remain in the room whilst the matter was considered and voted upon. |
| | Councillor Burchell | The Member indicated personal interests in that his spouse was a member of the Harrow Branch of Unison, he was a member of Unison and had worked on a short-term basis for Capita and had managed a contract delivered by Capita. He indicated that he would not be working for Capita in the future. He would remain in the room whilst the matter was considered and voted upon. |
| | Councillor Margaret Davine | The Member indicated a personal interest in that she had been a member and officer of Unison. She would remain in the room whilst the matter was considered and voted upon. |

815. **Arrangement of Agenda:**

The Chair indicated that the press and public would initially be excluded from the meeting whilst Members considered confidential matters in relation to the Business Transformation Partnership. The press and public would then be invited to attend the meeting to hear the debate and the decision-making.

Given the significance of the Business Transformation Partnership, the Chair advised that Unison had been invited by Portfolio Holders to make comments at Cabinet. Accordingly, Shirley Duffel addressed Cabinet. He emphasised that allowing Unison to address Cabinet would in no way set a precedent, as there was currently no provision in the Council's Constitution to allow individuals to speak at Cabinet.

RESOLVED: That all business be considered with the press and public present with the exception of the following item for the reasons set out below:-

| <u>Item</u> | <u>Reason</u> |
|--|--|
| Business Transformation Partnership appendices E - J | The appendices contained exempt information under Paragraphs 8 and 9 of Part I of Schedule 12A of the Local Government Act 1972 in that they contained information relating to the amount of expenditure proposed to be incurred by the Authority for the supply of goods or services and to terms proposed in a contract for the supply of goods or services. |

816. **Key Decision - Business Transformation Partnership:**

The Director of Business Services introduced Sian Hibbs, Price Waterhouse Coopers (PWC) and Nigel Sternberg, Eversheds who had acted as the Council's financial and legal advisers respectively in relation to the Partnership contract.

Members received a confidential presentation from the Director of Business Services, PWC and Eversheds in relation to the Business Transformation Partnership. Members considered the confidential appendices to the report of the Executive Director (Business Development).

The Director of Business Services, PWC and Eversheds, introduced the report by making a public presentation to Cabinet. The Director of Business Services explained that an incremental partnership would enable the Council to develop a long-term Partnership, allow joint development of future strategy and priorities and enable the Council to move quickly to implement future projects - reducing procurement costs. An incremental Partnership was seen as relatively low risk in that future projects would only be agreed if the Partnership were successful.

The Director of Business Services outlined the procurement process, which although accelerated, was relatively standard. She highlighted the negotiation with two of the bidders at the Best and Final Offer stage of the procurement process, which had resulted in the Council receiving improved terms.

During her presentation, the Director of Business Services outlined the scope of the Capita proposal and the timetable. She detailed the proposed governance arrangements and advised that a more detailed report on this aspect of the Partnership would be submitted to Cabinet on 6 October 2005.

The representative of Eversheds made a presentation, which detailed his company's experience of Strategic Partnerships and gave a commercial overview of the proposed Partnership. He advised that the Council had negotiated a well-balanced agreement on favourable terms. He reiterated that it was an incremental Partnership, was flexible, incentivised, had strong enforcement and was, overall, a good robust deal for Harrow.

The representative of PWC made a presentation, which outlined her company's experience of Strategic Partnerships and gave a financial overview of the proposed Partnership. She advised that the financial models had been submitted on an open book basis, that is, there had been full disclosure to the Council. The representative indicated that the commercial and financial aspects of the deal were well within or exceeded the parameters of similar Strategic Partnerships.

In response to a Member's question in relation to disaster recovery, the Director of Business Services advised that a good price for disaster recovery had been negotiated with Capita and that officers were looking at the potential to extend the Council's existing disaster recovery. Although the Council now had improved disaster recovery, a report would be submitted for Members' consideration as part of next year's budget.

The Director of Business Services advised, in response to a Member's question, that in order to protect the Council she would be monitoring future business cases and seeking external advice where necessary.

At the invitation of Members, a representative of Unison read a statement to Cabinet, which expressed the Union's concerns in relation to the Partnership agreement. The representative stated that information had been withheld from Unison on the grounds of commercial sensitivity and that detail of the proposed costings and efficiency savings had not been received. She added that Unison were not aware that all options had been considered. The statement from Unison questioned the cost of employing two consultants for eleven months to work on the Partnership and indicated that it was not

an appropriate time to enter into partnership with a private company. The representative stated that the Partnership contract should not be signed until the existing issues, particularly in the Urban Living Directorate, had been resolved and that Unison would vigorously oppose any proposal that was not in the interests of the Council's staff and services.

In response to the statement made by Unison, the Portfolio Holder for Business Connections and Performance advised that Unison had been invited to participate in the evaluation process but had declined this offer. He added that there would, however, be full consultation with the Council's workforce. He emphasised that the Council's advisers had indicated that the Incremental Partnership was a good deal for the Council.

Members thanked the Council's advisers and the relevant officers for their work on the Partnership Agreement and for the achievement of a favourable outcome for the Council.

RESOLVED (unanimously): (1) That Capita Business Services Limited be appointed as the Council's Strategic Business Partner;

(2) that Fujitsu be informed of the Council's decision to appoint Capita;

(3) to note that in order to comply with the Office of Government Commerce Advice and following the decisions outlined in (1) and (2) above there would be a ten day cooling off period before the Incremental Partnership Agreement could be completed between Capita and the Council;

(4) that the Director of Legal Services arrange for the agreement (as outlined in the report of the Executive Director (Business Development)) to be signed and sealed by the Mayor;

(5) that the Director of Business Services be authorised to make any minor amendments to the agreement as she is advised provided there were no material differences to the terms described in the report of the Executive Director (Business Development);

(6) that regular progress reports be submitted to Cabinet when it meets as the Council's Performance Board;

(7) that a report be presented to the next meeting of Cabinet on arrangements for, and membership of, the Partnership Board;

(8) that it be agreed, in principle, to draw down £437,000 from general reserves in 2006/07 and £640,000 in 2007/08 to support the Business Transformation Partnership on the understanding that these funds would be repaid in future years and that it be noted that the use of reserves would be incorporated in the medium term financial strategy for 2006/07 to 2008/09 and subject to approval by both Cabinet and Council as part of that strategy in February 2006.

(9) to note the confidential appendices E-J to the report of the Executive Director (Business Development)

Reason for Decision: To complete the procurement of a Strategic Business Partner. The Partnership between Harrow and Capita would deliver significant financial and non-financial benefits and represented a good overall deal.

(Note: The meeting, having commenced at 7.30 pm, closed at 8.23 pm).

(Signed) COUNCILLOR NAVIN SHAH
Chair