

Portfolio Holder Decision Meeting

AGENDA

DATE: Monday 28 March 2011

TIME: 10.00 am

VENUE: Committee Room 5,
Harrow Civic Centre

MEMBERSHIP

Leader

Contact: Miriam Wearing, Senior Democratic Services Officer
Tel: 020 8424 1542 miriam.wearing@harrow.gov.uk

AGENDA - PART I

PROCEDURAL

1. DECLARATIONS OF INTEREST AND DECLARATIONS OF ANY DISPENSATIONS GRANTED BY THE STANDARDS COMMITTEE

To receive any declarations of personal or prejudicial interests, arising from business to be transacted.

2. MINUTES (Pages 1 - 2)

That the minutes of the meeting held on 10 August 2010 be taken as read and signed as a correct record.

3. PETITIONS

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Executive Procedure Rule 15 (Part 4D of the Constitution).

4. PUBLIC QUESTIONS

To receive questions (if any) from local residents or organisations under the provisions of Executive Procedure Rule 16 (Part 4D of the Constitution).

5. MATTERS REFERRED TO THE LEADER OF THE COUNCIL

In accordance with the provisions contained in Executive Procedure Rule 25 (Part 4D of the Constitution).

6. REPORTS FROM THE OVERVIEW AND SCRUTINY COMMITTEE OR SUB-COMMITTEES (IF ANY)

In accordance with the provisions contained in Executive Procedure Rule 25 (Part 4D) of the Constitution.

FINANCE

7. MANAGED SERVICE CONTRACTS FOR HOUSING BENEFITS DATA ENTRY AND REVENUES BILL PRINTING SERVICES (Pages 3 - 12)

Report of the Interim Director Finance.

8. ANY OTHER URGENT BUSINESS

Which cannot otherwise be dealt with.

AGENDA - PART II - Nil

Local Government (Access to Information) Act 1985

In accordance with the Local Government (Access to Information) Act 1985, this meeting is being called with less than 5 clear working days' notice by virtue of the special circumstances and grounds for urgency stated below:-

Special Circumstances/Grounds for Urgency

It would be prejudicial to the best interests of the Council to wait until the next scheduled meeting of the Executive on 7 April 2011 due to the need to have contracts in place for 1 April 2011.

Publication of decision	30 March 2011
Deadline for Call in	N/A – Call in has been Waived
Decisions implemented if not Called in	30 March 2011

This page is intentionally left blank

PORTFOLIO HOLDER DECISION MEETING MINUTES

10 AUGUST 2010

Chairman: * Councillor Phillip O'Dell

In attendance: * Margaret Davine Minute 12
(Councillors)

* Denotes Member present

7. **Declarations of Interest and Declarations of Any Dispensations Granted by the Standards Committee**

RESOLVED: To note that

- (1) there were no declarations of interests:
- (2) there were no declarations of any dispensations granted by the Standards Committee.

8. **Minutes**

RESOLVED: That the minutes of the meeting held on 9 July 2010, be taken as read and signed as a correct record.

9. **Petitions and Public Questions**

RESOLVED: To note that no petitions or public questions had been received.

10. **Matters referred to the Executive Member**

RESOLVED: To note that no matters had been referred to the Executive Member for reconsideration.

11. Reports from the Overview and Scrutiny Committee or Sub-Committees

RESOLVED: To note that no reports had been received.

RESOLVED ITEMS

12. The Provision of Care in the Extra Care setting of Richards Close (Ewart House)

In accordance with the Local Government (Access to Information) Act 1985, the Deputy Leader of the Council considered a report of the Corporate Director Adults and Housing on the provision of care in the extra care setting of Richards Close (Ewart House). The report was admitted late to the agenda, because to delay a decision to the next meeting of the Cabinet would be financially prejudicial to the interests of the Council. The scheme would not be operational until January 2011 and the Council would be liable for the void costs.

An officer introduced the report, which requested authority to enter into a contract with Creative Support Ltd for the delivery of a care contract for Richards Close (Ewart House). It was noted that the contract did not commit the Council to additional expenditure as the contract would be funded from the allocated Adults budget. The affordability study showed that efficiencies would be delivered over the 2.5 year contract. In order for the contract to commence as soon as possible to enable the scheme to be operational and opened in October 2010, permission to waive the call-in period had been received from the Chairman of the Overview and Scrutiny Committee.

RESOLVED: That

- (1) the contract for the delivery of the care element of an extra care service at Ewart House, Richards Close, be awarded to Creative Support Limited;
- (2) the Corporate Director Adults and Housing be authorised to seal a contract for a term of two and a half years with the option to extend for a further three years at twelve monthly intervals.

Reason: Harrow Council, in partnership with Harrow Churches Association (HCHA) had developed an Extra Care Sheltered Housing Scheme which would provide an alternative to residential care for older people living in their own homes. Through a tender process a preferred provider was selected to provide the extra support care within the premises of Ewart House at Richards Close, Harrow.

(Note: The meeting, having commenced at 9.00 am, closed at 9.05 am).

(Signed) COUNCILLOR PHILLIP O'DELL
Chairman

Ref PHD 043-10

SUBJECT: **Managed Service Contracts
for Housing Benefits Data
Entry and Revenues Bill
Printing Services**

Responsible Officer:	Julie Alderson (Interim Director of Finance)
Portfolio Holder:	Councillor Bill Stephenson (Leader and Portfolio Holder for Finance & Business Transformation)
Key Decision:	Yes
Urgent:	Yes – it would be prejudicial to the best interests of the Council to wait until next scheduled meeting of the Executive
Power to be exercised:	Portfolio Holder Responsibilities (Allocation of Responsibilities) – Paragraph 3 of Delegated Powers of Portfolio Holders, Appendix to the Executive Procedure Rules, Part 4D of the Constitution
Exempt:	No
Decision subject to Call-in:	No
Enclosures:	Yes - Appendix 1

Section 1 – Summary and Recommendations

This report confirms that Harrow undertook a short procurement process regarding managed services for e-capture and print managed services for Revenues and Housing Benefits. There are very few providers of these specialised services and they were procured via “BUYING SOLUTIONS” which is a short procurement process which complies with procurement procedures and legislation. Following the capability assessment through the buying solutions website, only one company responded which was capable of meeting the Council’s requirements.

Recommendations:

The Leader and Portfolio Holder for Finance & Business Transformation is asked to authorise contract awards to Northgate Information Solutions UK Ltd for the provision of e-capture managed services and Revenues / Housing Benefits managed print services.

As the contracts are over £100k and due to the need to have contracts in place for 1/4/2011, the Leader and Portfolio Holder for Finance & Business Transformation is asked to approve contract awards to the relevant company.

Reason for Recommendation:

To authorise the award of contracts for the provision of e-capture managed services and Revenues/Housing Benefits managed print services.

Section 2 – Report

Introductory paragraph

e-capture – the process of copying data manually from the 38 page housing benefit form to our Housing Benefits processing system in order to assess a claim takes up to 15 minutes per case. Going forward the documents will through the managed service, be scanned and e-Capture will then automatically populate Northgate (the backend benefits processing system) with all of the data from the form, this includes financial data, phone numbers, email addresses, equalities data and points of application. Whilst officers are asked to transpose these fields they are often missed which causes issues in relation to contacting customers by phone and reporting equality and take up information. Accuracy will also increase which will also support our aim to bring financial errors down and minimising risk to the Housing Benefit subsidy paid to Harrow by the DWP.

However, the most notable improvement from the current process to eCAPTURE is that it removes the requirement for an officer to search and transpose any information saving which takes up to approximately 30% of the time taken to process a new claim for housing/council tax benefit. The

process will reduce staff by 3 FTE's which will save £110,000 over 3 years after set up costs and annual management fees are paid.

Investment Appraisal

	2010/11	2011/12	2012/13	2013/14
Set-up costs (funded from service area revenue budget)	71,500	000	000	000
Redundancy costs (assumed redeployment)	000	000	000	000
Revenue savings	000	-90,000	-90,000	-90,000
Revenue costs	000	30,000	30,000	30,000
Net Revenue position	71,500	-60,000	-60,000	-60,000

Print Services for Revenues / Housing Benefits– The contract for the provision of Printing and Mailing of Council Tax, Business Rates and Housing Benefits documents expired in March 2007. Since then the contract was renewed annually. However in February 2010 the existing company, The Print Factory, went into insolvency.

Short term and for Annual Billing for 2010/11 only, a one off interim contract was sourced to deal with the printing of Council Tax bills, Business Rates bills & Housing Benefit notices. However we now need a contract to cover future years commencing in 2011/12 or 1/4/2011.

Additionally this contract now includes ad hoc daily printing of notices which were previously printed in-house. Resources have already been reduced in support services on the basis that all printing is externalised with effect from 1/4/11.

It is now necessary to ensure a contract is in place to ensure a seamless billing process to our customers. The market for dealing with complex print data management is a small one. The Supplier is also one of only a handful of specialised companies that carries out the Annual Billing work; this being a key process for the Council with strict time tables for the printing and despatch of documents. Additionally it requires complex sort rules to separate data requiring different actions, as well as requiring the certification of having these posted for evidential purposes which requires reconciliation between the amount of data sent and the number of packets posted.

Because of the large risk involved; non specialised printing companies are not able to deal with this type of work. There is also some considerable risk to the Council as any company contracted must comply fully with tight deadlines; missing the key dates resulting in different monthly instalment dates on 90,000+ tax payer accounts and would immediately impact on cash flow. Income collection relies on the externalised billing process to

ensure all tax payers receive their new bills. Not having a contract in place puts cash flow at risk.

The new contract price is in line with what was expected from the market considering that competition comes from only 2 to 3 other companies that specialise in this type of work.

Investment Appraisal

	2010/11	2011/12	2012/13	2013/14
Existing annual spend – ad hoc billing printing	62,000	000	000	000
Existing annual spend - AnnualBilling only	30,000	000	000	000
Revenue savings	000	-92,000	-92,000	-92,000
Revenue costs	000	71,500	71,500	71,500
Net Revenue position	92,000	-20,500	-20,500	-20,500

Reason for Urgency

As the e-Capture software takes a lead time of around 3 months due to the need to build and set up the infrastructure required, and both contracts were sourced together through a combined Buying Solutions specification, there is now some urgency to have them approved in order that the contractor can start the pre-requisite work prior to implementation. Waiting until the next cabinet meeting for approval would be prejudicial as the implementation of the e-capture software would not be able to meet the 1/6/2011 deadline which impacts on the savings set out in the business plan and stated in this report.

Regarding the printing aspect of the procurement, there is a necessity for the contract to commence on the 1/4/2011 due to the fact that the contract not only includes the one off large annual billing exercise but also the daily printing of all Revenues and Housing Benefit notices. As resources have already been reduced internally, not having the contract in place raises potential risk to the Council's cash flow.

Explanation of the Buying Solutions process

Buying Solutions is the national procurement partner for all UK public services and is part of the Efficiency and Reform Group within the Cabinet Office. It was established in 2001, as a result of the Gershon Report, by merging the Buying Agency and Central Computer and Telecommunications Agency (CCTA). Buying Solutions is a Trading Fund which is run on commercial lines. It generates income to cover its costs and operates at no cost to the taxpayer. It is the only national Professional Buying Organisation with a legal remit to trade across the whole of UK public services.

Financial Implications

This is a report of the Corporate Director of Finance and deals with financial matters throughout. Existing budgets exist to cover contract costs and it is noted that this combined contract will deliver savings due to the reduced number of FTE's required to input data. There is no identified necessity for virements of budgets, nor adverse implications to the Council's Medium Term Budget Strategy as a consequence of this report.

Performance Issues

There are several performance indicators regarding Housing Benefits which could be affected by slow processing of claims. The solution speeds up processing times and accuracy so it can only enhance performance. Likewise timely billing of local taxes aids high in-year collection rates which are a key contributor to effective use of resources. Those currently reported to Cabinet in the Strategic Performance Report are as below. The process improvements will be taken into account when targets for 2011/12 are set.

Indicator Description	Polarity Good to be High ▲ or Low ▼?	2010/11 Target Q3	2010/11 Actual Q3	2010/11 Q3 Status
BV 9 Percentage of Council Tax collected	▲	85.0%	85.39%	LG
BV 10 Percentage of non-domestic rates collected	▲	86.75%	86.85%	LG
PM1 Average time for processing new benefits claims (days)	▼	21	12.83	HG
PM5 Average time for processing changes of circumstances (days)	▼	9	5.28	HG
NI181 Time to process HB/CTB new claims & change events (days)	▼	9	6.24	HG

Environmental Impact

None

Risk Management Implications

Risk Included on Directorate risk register? No

Separate Risk Register in Place? No

Equalities implications

This is an area that the contract can deliver value added benefits as a positive impact is expected through the quicker processing of claims which supports

our most vulnerable residents. Likewise timely bills prevents mounting debt and supports budgeting which supports financial well being.

Corporate Priorities

These contracts allows us to deliver statutory services more efficiently and at lower cost. Procurement of these contracts via the Buying Solutions method achieves efficiency and allows access to value for money by streamlining the procurement process and utilising companies which have already been market tested for price and which can actually deliver some of our complex requirements. It also allows for normal business to continue and savings to be realised and supports Harrow's vision of becoming one of the best London Councils by 2012.

Section 3 - Statutory Officer Clearance

Name: Julie Alderson	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 15/03/2011		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 15/03/2011		

Section 4 – Performance Officer Clearance

Name: Martin Randall	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Partnership, Development and Performance
Date: 18 March 2011		

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards	<input checked="" type="checkbox"/>	on behalf of the Divisional Director (Environmental Services)
Date: 16 March 2011		

Section 6 - Contact Details and Background

Contact:

Contact: Fern Silverio (Divisional Director – Collections & Housing Benefits)
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

- Procurement & Tender Evaluation documents / report
- Business Case for e-capture & Project Initiation Document

Position *Interim Director of Finance*

Name (print) Julie Alderson

Date: 23 March 2011

For Portfolio Holder/Leader

* I do agree to the decision proposed

* I do not agree to the decision proposed

- Please delete as appropriate

Notification of personal interests (if any):

(Note: if you have a prejudicial interest you should not take this decision)

Additional comments made by and/or options considered by the Portfolio Holder

Signature:

Portfolio Holder

Date:

Call-In Waived by the Chairman of Overview and Scrutiny Committee	YES
--	------------

1. E-Capture Services

Set Up Services comprising:

- Provision of Local Host Server - £1,800
- VPN comms line installation - £300
- Implementation of Northgate eCAPTURE for PDF LAIDs and LACIs and new claim forms - £32,000
- eCAPTUREservice Infrastructure costs - £34,400
- Northgate project Consultancy (including configuration and testing of Northgate Integrator for use with Northgate eCAPTURE) - £3,000

£71,500 (one off set-up charge)

Provision of VPN Comms Lines 1 Mb ASDL	£2,600 per annum e-Capture processing of up to 8,000 Documents (as defined below) £26,400 per annum (to be pro-rated for the first “year” of processing being the period from the Service Commencement Date (defined below) until 31 March 2012)
Northgate contract consultancy	£1,000 per annum
	<u>£30,000 (annual charge)</u>

Total cost of the contract, which is for a period of 3 years, is £161,500

Above are all based on the volumes set out in the specifications.
Additional charges apply if volume thresholds are exceeded.

2. Managed Print Services

Annual Main Billing Service	£25,000 per annum
Ad-hoc Billing Service [3,875 per month]	£46,500 per annum

Total cost of the contract, which is for a period of 5 years, is £357,500

Above are all based on the volumes set out in the specifications.
Additional charges apply if volume thresholds are exceeded.