

# REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	11 December 2014
<b>Subject:</b>	Procurement of Revenues and Benefits Support
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Tom Whiting, Corporate Director of Resources Directorate
<b>Portfolio Holder:</b>	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts  Councillor Graham Henson, Portfolio Holder for Performance, Corporate Resources and Policy Development
<b>Exempt:</b>	No, except for Appendix 1 which is exempt under paragraph 3 of Schedule 12 A of the Local Government Act 1972 (as amended), as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) - [business affairs of organisations provided to the Council in confidence]
<b>Decision subject to Call-in:</b>	Yes
<b>Enclosures:</b>	Appendix 1 – Options and associated costs (Exempt – Part II) Appendix 2 – Equalities Impact Assessment

# 1. Summary and Recommendations

This report analyses and evaluates options for the provision of third party support for the Revenues and Benefits service. The purpose of the report is to seek authority to procure continued third party support beyond the expiry date of the Incremental Partnership Agreement with Capita Business Services Limited. The proposed support is considered necessary to sustain the delivery of statutory services at existing performance levels within the context of a reduced operating budget. In order to secure the most economically advantageous option for the Council, it is proposed that the support procured is on the basis of a managed service for predetermined work volumes and activities as defined within section 2.3.1 of this report.

## **Recommendations:**

Cabinet is requested to:

1. Note the analysis, evaluation and findings of the options considered within Section 2.2 of this report.
2. Approve the procurement of third party support with a value range of between £1.75m to £3.5m over 5 years for the Collections and Benefits Department that is currently provided through the Incremental Partnership Agreement scheduled to expire on 31<sup>st</sup> October 2015 and with an option to extend for one further year subject to price and performance.
3. Authorise the procurement in accordance with EU public procurement rules and in accordance with Contract Standing Orders and delegate authority to proceed with the procurement to the Corporate Director of Resources following consultation with the Portfolio Holder for Performance, Corporate Resources and Policy Development and the Portfolio Holder for Finance and Major Contracts and to bring a contract award recommendation to Cabinet for approval.

## **Reason: (For recommendation)**

The Collections and Benefits Department currently accesses third party remote support as and when required through the Incremental Partnership Agreement with Capita Business Services Limited ("Capita"). The existing support provides for the processing of new Housing Benefit / Council Tax Support claims and associated changes in circumstance, meeting specified pre-determined conditions as well as administration and collection activities relating to both Council Tax and Business Rates.

When the Incremental Partnership Agreement with Capita expires on 31<sup>st</sup> October 2015, the current provision of support will cease. Authority to procure support to commence from 1<sup>st</sup> November 2015 in order to ensure a seamless provision of support and to sustain current performance levels is therefore sought. The Collections and Benefits Department funds the current support received through vacant posts on the establishment and proposes to continue this approach subject to approval of the recommendations within this report.

## **2. Report**

### **2.1. Introductory paragraph**

The current national 'austerity' measures are anticipated to continue potentially up to 2020 and possibly beyond and the Council is seeking to achieve £75M of savings over the next 4 years. The Collections and Benefits department has already proposed the net deletion of 15 full time equivalent posts from 2015/16 to meet the financial challenges facing the Council and currently anticipates further reductions in the future when a significant volume of the Housing Benefits caseload is scheduled to be incorporated within Universal Credit administered through the Department for Work and Pensions (DWP).

To minimise costs, the Collections and Benefits Department already accesses "off-site" ("remote") support as and when required for specified work activities from Capita through the Incremental Partnership Agreement. However, this is scheduled to end on the 31<sup>st</sup> October 2015 when the Incremental Partnership Agreement expires. In order to sustain performance levels and deliver services within a reduced operating budget, it will be necessary to retain the provision of external support beyond that date.

Members have already acknowledged (as outlined in the report to Cabinet on 15<sup>th</sup> January 2014 for Project Minerva), that the future service delivery model will need to change if further significant cost reductions are to be achieved.

The procurement of an external provider is our response to the outcomes of Project Minerva which committed the service to deliver 17% savings from existing revenue budgets. The formalisation of our hybrid delivery model (a mix of in-house & private sector provision of services), together with efficiency savings to be achieved through channel shift, further automation and increased self service via e-forms, will allow the service to reduce its annual running costs by approximately £460k.

The protection of "front line" services is a pre-requisite to ensuring that the Council can continue to deliver services that meet customer requirements and support and protect people that are most in need. Consequently, procuring external support for this area of work is Harrow's response to achieving the relevant efficiency savings required for the future whilst protecting service delivery performance.

- 2.1.1** At present, support amounting to an annual equivalent value of £350,000 is provided by Capita for Revenues and Benefits services. Approximately £260,000 per annum relates to the processing of new Housing Benefit and Council Tax Support claims and associated changes in circumstance meeting prescribed conditions. A further £90,000 per annum relates to Council Tax and Business Rates work principally concerning maintenance of the Valuation List and Local Rating List and specified discounts and exemptions. This work is funded through vacant establishment posts that equates in financial terms to 8 full time equivalent Benefit posts and 3 full time equivalent Revenues posts. It is proposed that current support levels be continued with a provision to increase the level of support required should temporary or permanent employees leave the service and Best Value can be demonstrated.
- 2.1.2** One of the key factors influencing the recommendations within this report is the uncertainty surrounding the future of Housing Benefits administration. Universal Credit is currently scheduled to be implemented within the Harrow Council area during 2016/17 and is anticipated to incorporate a significant volume of the existing Housing Benefit caseload. However, indications are that some types of Housing Benefit claims particularly those from claimants of pension credit age and registered social housing tenants may not be transferring to the DWP. Consequently, the Council may retain a continuing role in administering these claims. If this assumption is correct, this would mean a reduction in the Housing Benefit caseload of approximately 14,450 claims representing 69% of the existing caseload.
- 2.1.3** This uncertainty also needs to be considered in the context of a reducing annual Housing Benefit (HB) administration subsidy received from the DWP. This grant is provided for the purposes of funding HB administration and over the past two years, has reduced from £1,805,402 (including the additional grant of £85,147 awarded for 2012/13 to meet the increased volume of work arising from the economic downturn) in 2013/14 to £1,388,298 in 2014/15. It is further anticipated to reduce over the next two years as Universal Credit is phased in.
- 2.1.4** This situation has meant that whilst the Housing Benefit caseload and service operating costs have remained relatively consistent to date, DWP administration subsidy income has reduced. The impact of the reduced administration subsidy income has been partially offset through the award of new burdens funding in 2014/15 of £119,729 towards Council Tax Support. However, this income stream cannot be relied upon to continue and consequently the present financing and resourcing position cannot be sustained longer term. Although the Benefit

caseload is expected to diminish over time through the effects of implementing Universal Credit, the increasing gap between Benefits service expenditure and administration subsidy income will continue to widen in the interim. As workloads are not anticipated to reduce significantly until Universal Credit is implemented, alternative more cost effective means of processing work activities need to be considered and evaluated in the interim.

**2.1.5** The precise timings for Universal Credit implementation and its subsequent impact upon levels of staffing resource are subject to a degree of uncertainty. Whilst an implementation timetable for the phased introduction of Universal Credit has been published by the DWP and is replicated below, the precise volumes and types of claims that are likely to transfer and those that are likely to remain with the Council are still as yet uncertain. For example, it is unclear at this stage as to whether claims received from claimants of pension credit age and claimants resident in registered social housing will remain with the Council or transfer to the DWP.

**2.1.6** Additionally, the General Election outcome in 2015/16 may have an influence on the timings and approach to the Housing Benefit claim transfer arrangements.

#### Early 2015

Universal Credit to be rolled out to all Job Centres and Local Authorities for new claims mainly from single jobseekers (i.e. not couples).

#### During 2016

All new Housing Benefit claims to be made through Universal Credit instead of to Local Authorities.

#### 2016 – 2017

Most existing Housing Benefit claimants will transfer over to Universal Credit during 2016 and 2017.

**2.1.7** The Benefits service has applied a policy of not filling vacant posts with permanent staff over the past 18 to 24 months in anticipation of staffing reductions that may be required in the future. However, whilst the use of temporary and agency personnel has enabled service performance to be maintained and reduced the potential risk of staffing reductions impacting on permanent employees in the future, it costs the Council more than a permanent employee carrying out a similar role.

**2.1.8** Whilst the Council Tax and Business Rates services do not have the same levels of future uncertainty as the Benefits service, there is still a need to consider how these services are resourced and delivered to ensure that service performance is maintained within the context of a reduced operating budget.

**2.1.9** A range of options for mitigating the potential risks to the department as a consequence of the reduced funding and workload resourcing have been considered and evaluated and the findings from this have been set out within Section 2.2 of this report.

**2.1.10** Due to the uncertainty of work volumes and the need to ensure resilience, any contract will require flexibility to both increase or decrease transaction volumes and contract value. As such the OJEU notice will cover a contract value range between £1.75m and £3.5m (over 5 years) with an optional extension for one further year subject to price and performance. This will provide Harrow with a flexible contract which will mitigate the risk regarding resilience should permanent staff leave in the future, but also of redundancies, should Harrow Council need to downsize the workforce in this area due to the reasons articulated earlier.

## **2.2. Options considered**

Within the Collections and Benefits Department, there are currently 19.5 FTE posts occupied by temporary personnel and 16 vacant posts. Of the 16 vacant posts, 10 are currently used to fund the provision of third party support.

There are a range of resourcing options that have been considered regarding the department's future work activities including permanent employees, fixed term contracts, temporary and agency personnel, framework agreements and third party support. The potential for outsourcing and shared service arrangements have not been included within this report as these were previously considered at the January 2014 Cabinet Meeting in relation to cost reduction options under Project Minerva.

### **2.2.1 Recruitment to vacant posts - Fixed term and Permanent**

In consideration of this option, it is appropriate to distinguish between Revenues Services (i.e. Council Tax and Business Rates), Benefits Services (i.e. Housing Benefit and Council Tax Support) and the Parking Transaction Processing Office (i.e. TPO).

The Benefits Service workload is currently expected to diminish by approximately 14,450 claims when Universal Credit is phased in predominantly from 2016/17. Additionally, the current expectation is that workloads within the TPO will also diminish as a consequence of Government proposals to restrict, through statute, the circumstances in which Parking Control Notices (PCN's) can be issued using CCTV enforcement measures.

In the case of Council Tax and Business Rates, there are no similar proposals currently anticipated to impact on workload.

It is anticipated that further efficiency gains may be achieved across the Revenues, Benefits and Parking TPO Services through automation and enhancement of e-forms accessible to customers via the Council website. Consequently, the recruitment of fixed term and permanent employees in this context together with the availability of more cost effective support via a third party for some work activities, reduce the desirability of this option.

### **2.2.2 Recruitment to vacant posts - Temporary and agency personnel**

Hourly pay rates for temporary / agency personnel with Benefits experience have remained relatively constant over the past 12 to 24 months. There are already a significant number of temporary and agency personnel deployed within the Collections and Benefits department. Whilst such staff enable the maintenance of existing performance levels and mitigate against potential workforce reductions in the future, they cost more than permanent employees as demonstrated in Table 1 attached to this report.

Hourly rates for temporary / agency Benefits personnel are currently anticipated to rise due to increased short-term demand particularly during the period leading into the introduction of Universal Credit.

The reduction in operating budgets and the need to achieve “more with less” means that the continued use of such personnel for vacant posts is likely to become increasingly unsustainable. Additionally, the uncertainty concerning future activities and volumes of the Housing Benefits Service mean that alternative means of delivering the services and achieving Best Value in the interim need to be considered.

### **2.2.3 Third Party Support**

The cost of using third party support for certain specified work activities is less than the cost of recruiting temporary and agency personnel and permanent / fixed term employees. Additionally, through the use of a third party for supporting the in-house service, we believe that we will be able to maintain service performance whilst achieving the savings levels necessary to meet the Council’s financial objectives.

The provision of third party support using the budget held for currently vacant posts, will also enable us to maintain local service delivery whilst minimising the potential impact of future workforce reductions on permanent employees.

### **2.2.4 Framework Agreement – Central Purchasing Body**

Consideration has been given to the potential for accessing third party support via a framework agreement.

However, although research identified the potential availability of two framework agreements, these either did not provide the support requirements proposed for the Revenues Service or contractual access to the agreement through the Central Purchasing Body (CPB) could not be achieved without Harrow Council assuming significant legal risks.

## 2.3 Current situation

The Collections and Benefits Department currently accesses third party support as and when required for its Council Tax and Benefits Services through Capita under the Incremental Partnership Agreement.

The annual equivalent cost of this service is £350,000 met through the employee budget held for 8 vacant posts within the Benefits Service and 3 vacant posts within the Revenues Service.

Within the Collections and Benefits department as a whole, there are 99 posts of which 35.5 (i.e. 35.9%) are currently vacant or filled by agency / temporary personnel and 63.5 (i.e. 64.1%) are filled by permanent employees.

This remote processing service that supports the “in-house” team will end on 31<sup>st</sup> October 2015 when the Partnership Agreement ends. Consequently, it is necessary to ensure that sufficient capacity exists to manage work volumes anticipated from that date onwards.

- 2.3.1 Work volumes and specific work tasks (processes) carried out under “resilience arrangements” by Capita currently are as shown in Table 1 below:

**Table 1**

Work Type	Housing Benefits Changes	Council Tax / Business Rates Updates	Council Tax / Business Rates Valuation
Volumes (Monthly)	2000	1200	200

### 2.3.2 Activity / Task Types

#### Housing Benefit / Council Tax Support

1. The assessment and award of new Housing Benefit and Council Tax Support claims relating to;
  - Passported cases
  - Employed earners
  - Pensioners



2. The assessment and award of changes in circumstances relating to:

- Passported cases
- Employed earners
- Pensioners

### **Council Tax & Business Rates**

3. The administration of Council Tax and Business Rates, specifically :

#### Correspondence processing including

- Moves – Ins & outs
- Complex correspondence falling outside of the complaints policy
- Council Tax Discounts & Exemptions applications determination
- Business Rate Exemption and Relief application determinations
- Business Rate Mandatory Charity Relief and Top Up Applications to determination stage
- Business Rate Non profit Making Relief Applications to determination stage
- Direct Debit applications
- Liability Disputes to Referral to Appeal Stage
- Offers of Payment / payment arrangements within business rules
- Requests for Statutory Financial Information
- Request for summons costs to be waived/removed
- Valuation queries processing
- Refund request processing
- Write Offs and Write Ons as part of any other type of work to complete end to end processing
- Statement of account requests if unable to obtain via MyHarrow Account

#### Valuation Work

- Update of Schedules issued by Valuation Office Agency (VOA)
- Interest calculations
- Transitional calculation queries
- Transitional certificate updates
- Daily balancing of changes
- Quarterly reconciliation of full rating and valuation list

- Issue to the VOA of Billing Authority Requests
- Actioning of Property Reference Number Requests
- Single Person Discount determination
- Tenancy change list updates
- Housing association list updates
- Serviced office changes update

The above list is not exhaustive but provides an indication of the transactional work currently being carried out by the third party provider.

### **2.3.3 Research**

There are a number of suppliers within the market place that currently offer remote support for Revenues and Benefits services. These include Capita, Liberata, Serco, Avarto, Civica and Northgate Public Services.

There are currently 9 London Boroughs that have commercial outsourcing arrangements or strategic partnerships for the provision of either their Revenues and Benefits Services (or both) or are actively procuring them. Additionally, there are a further two London Boroughs that have procured third party support for their Revenues and Benefits Services and for which there is an interest from up to ten other London Boroughs in the services available.

### **2.3.4 Client Engagement**

#### Employee and Trade Union Engagement

Employee consultation was undertaken during September concerning the proposed restructure of the Collections and Benefits Department and with reference to the potential implications of any future third party support both for the service and its employees.

Additionally, a formal question and answer session was held with employees and their Trade Union representatives with responses to all questions and comments having been circulated.

Trade Union representatives (i.e. GMB and Unison) attended the employee consultation launch presentation and also attended a pre-consultation launch meeting to consider the proposals being put forward.

### **2.3.5 Response from Staff consultation**

Responses generally agreed with the strategy of continuing to use an external partner to cover vacant jobs whilst keeping the majority of the work in-house and avoiding redundancies. The

Unions were specifically concerned with work being undertaken by external providers and that affecting the role of the existing staff. They also raised concerns around TUPE and how this could impact staff.

Following the cessation of the consultation period, consideration has been given to all the comments and feedback received and as a consequence, revisions made to some of the proposals. These have been communicated to all Collections and Benefits employees and their Trade Union representatives.

The recommendations within this report are therefore proposed with due regard to the outcomes from the employee consultation undertaken.

## **2.4 Why a change is needed**

The existing Incremental Partnership Agreement with Capita will end on 31<sup>st</sup> October 2015 and consequently, the provision of remote support currently provided through that agreement will also end.

The future uncertainty surrounding the Benefits and Parking TPO Services in particular concerning reduced caseload and associated reductions in work volumes and resourcing makes the recruitment of permanent / fixed term employees an undesirable option. Further automation and the enhancement of web forms are anticipated to contribute towards “channel shift” and the achievement of efficiency gains.

It is anticipated that the existing “austerity” measures in place to reduce the national budget deficit are likely to continue and it is therefore appropriate to plan for further cost reductions accordingly. The need to mitigate the potential impact of cost reductions to “front-line” services means that alternative cost effective opportunities must be considered and evaluated.

The availability of cost effective third party support for specified work activities at a time when there are financial pressures on operational budgets lends itself well to supporting the in-house service and maintaining existing service performance levels

## **2.5 Implications of the Recommendation**

The implications of the recommendations of this report are set out below.

### **2.5.1 Resources and Costs**

The recommendations contained within this report are anticipated to require resources for the following strands of work.

1. There will be a need to undertake and manage the procurement of the third party support in accordance with EU public procurement rules and assistance from Legal and Procurement Services in particular will be required to support this process.
2. There will be a need to establish a Project Team for the procurement to manage and track progress and evaluate tenders received
3. Harrow may incur “set up costs” regarding the implementation of remote access for the new external provider.

It is anticipated that the costs associated with the above will be met from within existing financial resources and will therefore not require additional funding.

Subject to approval, the restricted procedure is proposed for the procurement of the support service and will be subject to EU public procurement law with the evaluation being based upon the most economically advantageous tender.

There are no further financial implications currently anticipated from the recommendations in this report.

### **2.5.2 Staffing and Workforce Considerations**

An Equalities Impact Assessment for the recommendations proposed within this report has been included at Appendix A. Third party support has previously been incorporated within the employee consultation as part of a wider organisational restructure programme within the department and considerations and comments received from that consultation have informed the recommendations and content of this report.

### **2.5.3 Community Safety**

It is not currently anticipated that there are any implications on community safety with regard to this report.

## **2.6 Legal Implications**

### **2.6.1 Duty of Best Value**

Under Section 3 of the Local Government Act 1999, Local Authorities are under a general Duty to secure Best Value services. The duty is to “make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” The recommendations in this report will assist with the achievement of Best Value.

### 2.6.2 Contract

Cabinet previously resolved to end the existing Incremental Partnership Agreement with Capita. Consequently, it will be necessary to establish a new contractual arrangement with a supplier for third party support to commence from that date.

### 2.6.3 Procurement

The Services to be procured are Part A Services under EU public procurement rules and the value of the proposed Services is higher than the current EU financial threshold for Services and so the procurement and award of the contract is subject to the full application of the Public Contracts Regulations 2006 as amended.

The award of the contract is also subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations. As a result, Cabinet approval will be required for the award of the contract and a mandatory ten calendar day standstill period will be applicable to the contract award. An indicative timetable for the procurement based upon the restricted procedure is shown in Table 2 below.

**Table 2**

Timing	Activity
11 <sup>th</sup> December 2014	Cabinet Decision
12 <sup>th</sup> December 2014	OJEU Advert – Expressions of interest
19 <sup>th</sup> January 2015	Receive PQQ's – (Expressions of interest)
2 <sup>nd</sup> February 2015	Complete evaluation of PQQ's
3 <sup>rd</sup> February 2015	Issue draft contracts for comment
17 <sup>th</sup> February 2015	Receive comments regarding draft contract
3 <sup>rd</sup> March 2015	Consider comments and make any appropriate amendments to contract
4 <sup>th</sup> March 2015	Issue Invitation to Tender (ITT)
8 <sup>th</sup> April 2015	Receive tenders
6 <sup>th</sup> May 2015	Evaluate tenders
June 2015	Cabinet report for contract award and Alcatel standstill period of ten calendar days
July 2015	Contract Mobilisation
1 <sup>st</sup> November 2015	Contract Start Date

### 2.6.4 Public Sector Equality Duty

Decision makers must have due regard to the public sector equality duty in making their decisions.

Consideration of the duties must precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material. The public sector equality duty is set out at section 149 of the Equality Act 2010 and is as follows:

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) Tackle prejudice, and
- (b) Promote understanding.

Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race,
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

A robust equalities impact assessment has been undertaken and completed. A potential for adverse impact has not been identified for this proposal within the predictive Equalities Impact Assessment attached at Appendix A. However, this shall be

kept under review and revisited as further data / information is obtained or becomes available.

### **2.6.5 TUPE**

TUPE refers to the “Transfer of Undertakings (Protection of Employment) regulations 2006” as amended by the “Collective redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014.

These apply to organisations of all sizes and protect employees’ rights when the organisation or service they work for transfers to a new employer.

The TUPE regulations may apply when activities are either outsourced, transferred or a contract for services is moved from one provider to another. Where TUPE applies, the contracts of employment of affected employees transfer automatically from the transferor to the transferee. Their terms and conditions of employment and continuity of service transfer with them and they also receive certain protections around dismissal and redundancy. Benefits from occupational pension schemes are excluded in the regulations, although there are particular protections for local government employees subject to outsourcing.

There are two situations when the TUPE regulations may apply referred to as “business transfers” and “service provision changes”. Collectively these are called “relevant transfers”.

A “business transfer” may occur if a business or part of a business moves to a new owner or merges with another business to make a brand new employer.

A “service provision change” may occur in the following circumstances:

- A contractor taking over activities from a client (i.e. outsourcing)
- A new contractor taking over activities from another contractor (i.e. re-tendering)
- A client taking over activities from a contractor (i.e. in-sourcing).

Consideration has been given as to whether the provisions of TUPE apply to the recommendations set out in this report based upon the statutory provisions and case law. For a business transfer to take place there must be a transfer of an economic entity. This is clearly not the case here. With regards to a service provision change, a key requirement is that there must be an organised grouping of employees carrying out the activities

which are transferring. The contract will deal with only the work that is not within the capacity of the existing workforce. As there is no proposal to transfer work carried out by existing Council employees to a new provider, TUPE does not apply. However, in the case of some work activities currently carried out by dedicated Capita staff, there may be a TUPE implication that will need to be addressed through the procurement arrangements and contract documentation.

#### **2.6.6 Consultation**

Consideration has been given to the Council's duty to consult in accordance with Section 3 of the Local Government Act 1999. However, there is no requirement to consult in relation to this provision as there will be no significant changes to the services provided as a result of the proposals recommended in this report.

#### **2.6.7 Public Services (Social Value) Act**

The Public Services (Social Value) Act 2012 requires the Council when procuring services, to consider whether it can achieve an improvement to the economic, social and environmental well-being of an area as part of the procurement of those services.

If so, the social value objectives identified must be written into the procurement process. This must be achieved with regard to value for money and in a way that is compliant with public procurement law.

"*Social value*" objectives may include the creation of employment, apprenticeship and training opportunities for local people, trading opportunities for local businesses and the third sector and the promotion of equality and diversity through contract delivery.

The identification of "social value" is best achieved at the "plan" stage of a commissioning cycle and the "pre-tender" stage of procurement, so that it can be incorporated into the contract specification, any OJEU notice and questions / requirements in any Pre-Qualification Questionnaire and Invitation to Tender. Outputs and outcomes achieved should then be monitored through robust contract management arrangements.

The principles of the Public Services (Social Value) Act have already been integrated into the Council's Sustainable Procurement Policy Toolkit. If the recommendations of this report are agreed, this procurement will be conducted with due regard to the Council's Procurement Strategy that will ensure compliance with the provisions of the Act.



## 2.7 Financial Implications

The Council is seeking to reduce its budget by £75M by 2018/19 representing approximately 53% of the net budget.

The current annual value for the proposed services in scope is approximately £350,000 and the costs of this shall be met from existing employee budgets for vacant establishment posts. There are no further costs currently anticipated in relation to this procurement.

The recommendations proposed within this report are not anticipated to impact on income collection or tax.

Any procurement process to be conducted pursuant to the recommendations in this report will be in accordance with EU procurement rules and Council standing orders.

## 2.8 Performance Issues

The recommended option proposed within this report for the delivery of services is not anticipated to impact upon performance levels. However, it is intended to sustain existing performance levels within the context of diminishing operational budgets and reduced DWP subsidy administration income.

Key performance indicators for the Collections and Benefits Services and the performance associated with them are shown in Table 3 below.

**Table 3**

NI ref. if any	Indicator description	LAA (b)	CBS (c)	Actual	Targets	Comments
				2013/2014	2014/2015	
PM1 BVPI78a	Average time for processing new claims.	✓	✓	21	21	Measurement in Days
PM4	% Rent Allowance claims paid on time or within 7 days of a decision being made	✓		96%	90%	The target shown is taken from the service plan and improvement scorecard.
NI181	Time taken to process Housing Benefit/Council Tax Benefit new claims and change events DWP DSO (days)	✓		9	12	The target shown is based upon the measurement in days and the anticipated effects of welfare reforms on claim volumes and complexity.
PM5 BVPI78b	Average time for processing notifications of change of circumstance.	✓	✓	8	12	The target shown is based upon the measurement in days and the anticipated effects of welfare reforms on claim volume and complexity.

Should Cabinet not wish to proceed with the recommendations proposed within this report, there will be a budgetary pressure that cannot be alleviated without impacting on future performance levels during 2015/16 and onwards. This may mean reducing service standards for customers of the service and / or not achieving the levels of savings identified for 2015/16 onwards.

## **2.9 Environmental Impact**

There are no direct environmental impacts anticipated from the recommendations contained within this report. However, there may be indirect benefits achievable through the service contract particularly for example in terms of online / electronic processing and the use of more energy efficient hardware to support the service.

The above may have the effect of reducing greenhouse gas emission through reduced car travel and reducing electricity usage through more energy efficient hardware thus contributing to the sustainability of woodland and plantations.

The recommendations proposed within this report, if agreed, will enable the majority of the service to continue to be provided locally thus benefiting the local economy and preserving local employment whilst achieving Best Value for Harrow Council stakeholders.

## **2.10 Risk Management Implications**

Risk included on Directorate risk register? No

Separate risk register in place? Yes

Risks associated with the project are documented on the project risk register and proactively managed through Project Reporting arrangements.

## **2.11 Equalities implications**

There is no prescribed manner in which the equality duty must be exercised. However, the council must have an adequate evidence base for its decision making. This can be achieved by gathering details and statistics on who use the facilities. A careful consideration of this assessment is one of the key ways in which the Council can show “due regard” to the relevant matters.

Where it is apparent from the analysis of the information that the proposals would have an adverse effect on equality then adjustments should be made to avoid that effect (mitigation).

The duty is not to achieve the objectives or take the steps set out in s.149. Rather, the duty on public authorities is to bring these important objectives relating to discrimination into consideration when carrying out its functions.

“Due regard” means the regard that is appropriate in all the particular circumstances in which the authority is carrying out its functions. There must be a proper regard for the goals set out in s.149. At the same time, the council must also pay regard to any countervailing factors, which it is proper and reasonable for them to consider. Budgetary pressures, economics and practical factors will often be important, which are brought together in the Equality analysis form.

The weight of these countervailing factors in the decision making process is a matter for the Council in the first instance.

A predictive Equalities Impact Assessment has been undertaken for the proposed procurement and is attached at Appendix A to this report.

As third party support is already provided through the provisions of the Incremental Partnership Agreement, it is not currently anticipated that there will be any significant implications for Harrow Council employees and its stakeholders. If the recommendation to re-procure the service is agreed, due regard to equalities considerations will be addressed through the procurement and commissioning process.

Furthermore, it is anticipated that the results of any equalities monitoring will be analysed, reported and publicised in the manner determined and agreed as appropriate and set out within the assessment concerned.

## **2.12 Corporate Priorities**

The recommendations contained within this report support the Council’s corporate priority “Efficient and Effective Organisation” set out in its Corporate Plan for 2014/15 as indicated below:

- Continuing to reduce staffing and management costs;
- Finding further efficiency savings;
- Ensuring the appropriate use of interim and agency staff;
- Improving procurement to get the most out of our contracts;
- Modernising our back office functions to reduce costs;
- Exploring the potential for new delivery models, early intervention,
- Where possible, working towards being more commercial.

### Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 27 November 2014		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 27 November 2014		

<b>Ward Councillors notified:</b>	<b>NO</b>
<b>EqIA carried out:</b>	<b>YES</b>
<b>EqIA cleared by:</b>	Alex Dewsnap, Divisional Director, Strategic Commissioning

### Section 4 - Contact Details and Background Papers

**Contact:** Fern Silverio (Head of Service – Collections & Housing Benefits),  
Tel: 020 8736 6818 / email: [fern.silverio@harrow.gov.uk](mailto:fern.silverio@harrow.gov.uk)

**Background Papers:** None

<b>Call-In Waived by the Chairman of Overview and Scrutiny Committee</b>	<b>NOT APPLICABLE</b>  <i>[Call-in applies]</i>
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