

Decisions of the Cabinet

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6 December 2012

Cabinet:

*Councillor Richard Cornelius (Chairman)
*Councillor Daniel Thomas (Vice-Chairman)

*Councillor Dean Cohen	*Councillor David Longstaff
*Councillor Tom Davey	*Councillor Sachin Rajput
*Councillor Andrew Harper	*Councillor Robert Rams
*Councillor Helena Hart	*Councillor Joanna Tambourides

*denotes Member present

1. MINUTES OF PREVIOUS MEETING

RESOLVED - That the minutes of the meeting held on 7 November 2012 be approved as a correct record.

2. ABSENCE OF MEMBERS

All Members were present.

3. DECLARATIONS OF MEMBERS PERSONAL AND PREJUDICIAL INTERESTS

There were no declarations.

4. PUBLIC QUESTION TIME (IF ANY)

Details are appended of the questions asked of, and the answers given by the Chairman. Verbal responses were given to supplementary questions at the meeting.

5. NEW SUPPORT & CUSTOMER SERVICE ORGANISATION: RECOMMENDATION FOR PREFERRED AND RESERVED BIDDER AND FULL BUSINESS CASE

Cabinet received the report, which set out the full business case for the New Support and Customer Services Organisation (NSCSO) along with the Equalities Impact Assessment and List of principal legislation affecting the NSCSO services.

Councillor Hugh Rayner, Chairman of Business Management Overview and Scrutiny Committee and Councillor Alison Moore, Leader of the Labour Group, addressed Cabinet. Councillor Richard Cornelius, the Leader of the Council, Councillor Daniel Thomas, the Deputy Leader of the Council/Cabinet Member for Performance and Resources and Councillor Robert Rams, the Cabinet Member for Customer Access and Partnerships responded to the points raised by Councillors Rayner and Moore.

Due to continued disruptions from the public gallery, Cabinet adjourned at 7.55pm and reconvened at 8.02pm in an adjoining meeting room to continue with the meeting.

Councillor Daniel Thomas, the Deputy Leader of the Council/Cabinet Member for Performance and Resources and Councillor Robert Rams, the Cabinet Member for Customer Access and Partnerships introduced the report.

A number of points were raised in subsequent discussion between the Cabinet Members and Cabinet colleagues:

- Councillor Hart asked for reassurance on concerns that residents had expressed to her: (a) that residents using the telephone will not be put through to a call centre outside the country and that rates for telephone calls will be at local rates (b) that where face to face contact had previously been provided by the Council for services, the same opening times would still apply (c) that customer satisfaction should not depend on calls answered after a particular number of rings but on efficacy and efficiency (d) that performance should be monitored from the start of the contract on a quarterly basis and where it falls below the current baseline of 69.5%, Capita be liable to financial penalties (e) what knowledge can be shared on Capita's existing clients?
- Councillor Rams responded that there will not be any premium rate telephone calls; Capita will be subject to a fine of £500,000 over a year if it did not meet its Key Performance Indicator target for customer satisfaction; Capita is committed to increasing customer satisfaction to 80% in two years, 85% in three years and 90% in five years; references had been obtained from Birmingham, Southampton and Swindon Councils.
- Councillor Harper asked how the Council is protected throughout the life of the contract and how the Council will manage the process of bringing services back in-house, if that is the Council's wish, after the term of the contract.
- Councillor Rams responded that if services are to be brought back in-house during the term of the contract, there will be costs involved for the Council however if the contract runs its full term there will be no costs. Officers added that there will be no liability to Capita if the contract runs the full term. However, if at the end of the contract services are brought back in-house or move to another provider and if there were any redundancies, it will be for the Council to manage that.
- Councillor Harper noted paragraph 6.8 of the report, which states that "*... Additional guarantees on procurements savings will not be directly factored into the MTFs at this stage, but will help services (particularly Adults and Children's services) to meet their additional savings targets beyond 2015*" and asked for this to be elaborated on.
- Officers responded that the contract provides an opportunity for the Council to put to Capita planned procurement and for Capita to manage that procurement so that the council gets the best deal. The savings mentioned are beyond the savings currently factored into the Council's plans, which broadly reflect savings on core services, so anything over and beyond that is a bonus and a contribution to meet any financial challenges.
- Councillor Davey asked if at the end of the ten year contract period and there were any redundancy payments to be made, whether these payments will only be to the Council staff that transferred at the start of contract? He also asked how the Council would be protected if Capita went into liquidation or became bankrupt?

- Officers responded that if there were any redundancies, it would be in respect of all staff working on that particular contract at that time. If Capita were to go into liquidation or become bankrupt, there is a corporate guarantee from the parent company and the ability to step in and continue the running of the services if necessary.
- Councillor Rajput asked for clarification as the contract has been described by some as a “billion pound gamble”? He also asked what democratic accountability Councillors will have and asked for an assurance that Councillors will have a role to play over the life of the contract.
- Councillor Rams responded that democratic process was in place to scrutinise the contract and that the Leader of the Council had agreed to look into establishing a dedicated Committee to have oversight of the contracts. It was confirmed that the value of the original OJEU notice was £750m (which covered a 15 year period and also included the potential for the scope to increase), but that the Capita contract for 10 years is £320m.
- Councillor Thomas added that partners will attend Overview and Scrutiny Committee meetings and will deal with queries by Councillors. He also added that the Director of Assurance will have wide powers regarding audit and can direct for action to be taken and report back to the Council’s Audit Committee. Trowers & Hamblins LLP, the external legal advisers, commented that there are clear provisions enshrined in the document for scrutiny to take place.
- Councillor Cohen requested that a consolidated table on the savings that will be achieved from the NSCSO service in the contract be included in the contract? He also asked what the financial and also day to day management arrangements of the contract will be in order to have assurance that Councillors will still be able to easily contact the relevant people within Services?
- Officers responded that structures have been put in place for the financial and day to day contract management of services to be through a Framework Manager. It was also added that where a report would ordinarily come to Cabinet or a Committee for decision making, this will still be the case.
- Councillor Joanna Tambourides asked what were the key performance improvements that Capita would be making in some service areas?
- Councillor Rams responded that, for example, Housing Benefit will see waiting times reduce from fifteen to ten days in three years. Officers added that, of the eight services in scope, Capita has to maintain the targets that they have inherited and will need to improve on the targets over the term of the contract.
- Councillor Longstaff asked whether there was an outline of methods by which the Council could ensure that contract variations will not be excessive. He also asked how the contract ensures that the Council fulfils its public sector equality obligations.
- Councillor Rams responded that all future changes will be compared against the baseline that the Council already has. Trowers & Hamblins LLP advised that the contract also contained mitigation measures that the parties had to observe.

Officers advised that for Cabinet to be fully informed before it made a decision there were some main areas of the Equality Impact Assessment to highlight:

- the public sector equality duty
- the potential impacts on those with protected characteristics
- the mitigation action in the contract

- sufficient options for residents to interact with the Council if they do not wish to use the internet
- where there is loss of employees through redundancy, staff are equipped with knowledge, skills and technology in order to ensure compliance with the Council's equality obligations
- Council office accommodation, where there is a customer facing Council service, there are no current proposals for office closure.

Cabinet agreed two additional recommendations as set out in (4) and (5) below.

Having given due regard to the statutory equality duties and other considerations detailed in the report and enumerated by officers at the meeting, for the reasons set out in the Cabinet Members' report,

RESOLVED

1. That Cabinet note the outcome of the evaluation stage of the New Support and Customer Services Organisation (NSCSO) Project and accept Capita's Final Tender as the preferred bid, with reference to the Full Business Case (Appendix A), Equalities Impact Assessments (Appendix B), List of Principal Legislation (Appendix C), and Evaluation Scores (Appendix D - exempt).
2. That Cabinet approve the appointment of the recommended reserve bidder.
3. That Cabinet delegate contract completion and signature (and ancillary documentation) finalisation and execution to the Section 151 Officer and in the event of his absence, the Deputising Section 151 Officer.
4. That the Officers include a consolidated clear table on proposed savings from the NSCSO service in the contract.
5. Cabinet thanked the former Chief Executive of the Council, Officers and consultants for all their hard work in putting together a full business case that Cabinet have relied on to enable them make an informed decision.

6. MOTION TO EXCLUDE PRESS AND PUBLIC

RESOLVED - That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act (as amended).

7. NEW SUPPORT & CUSTOMER SERVICE ORGANISATION: RECOMMENDATION FOR PREFERRED AND RESERVED BIDDER AND FULL BUSINESS CASE (EXEMPT)

RESOLVED – That the exempt information be noted.

8. ANY ITEMS THAT THE CHAIRMAN DECIDES ARE URGENT

There were no such items.

The meeting finished at 8.58 pm

