

	<p>Performance and Contract Management Committee</p> <p>31st May 2016</p>
Title	<p>Year Three Review of Customer and Support Group (CSG) Contract</p>
Report of	<p>Chief Operating Officer</p>
Wards	<p>All</p>
Status	<p>Public</p>
Urgent	<p>No</p>
Key	<p>No</p>
Enclosures	<p>Appendix A: Project Brief</p>
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<p>Summary</p>
<p>At its meeting on 7th January 2016, the Performance and Contract Management Committee considered a report outlining the proposed arrangements and recommendations for conducting a year three review of the CSG contract, in accordance with clause 10.3 of that contract. The review is designed to give both parties to the contract (Capita Business Services Ltd and the Council) an opportunity to review performance; consider what is going well; and identify areas for improvement.</p> <p>The Committee agreed at that meeting that the review should be undertaken and established a working group of the Committee for the purpose of conducting the review.</p> <p>The purpose of this report is to update the Committee on the progress of the review. The main objective of the review is to secure a legally binding agreement with Capita Business Services Ltd, by 30th November 2016.</p>

Recommendations

1. That the Committee note the content of the report.

2. That the Committee endorse the project brief and the approach being taken by the Member Working Group.

1. WHY THIS REPORT IS NEEDED

1.1 The CSG contract commenced on the 1st September 2013 and allows for a review at the end of year three. The contract states that the review should take place within 40 business days of 1st September 2016.

1.2 The review is designed to give both parties an opportunity to: consider what is working well; identify areas for improvement; and to consider the changing needs and priorities of the council.

1.3 Clause 10.3 of the contract states:

Within forty (40) Business Days of the 3rd anniversary of the Service Transfer Date, the Authority shall conduct a full review of the Services and the performance of the Service Provider in fulfilling its obligations under this Agreement in order to identify any improvements or savings the Authority may wish to implement in respect of the Services (Year 3 Outcome Review).

1.4 At its meeting on 7th January 2016, the Performance and Contract Management Committee considered a report outlining the proposed arrangements for conducting this review. The Committee agreed that the review be undertaken and established a working group of the Committee for the purpose of conducting the review and reporting its findings to the Committee on conclusion. The Committee also agreed a proposed timetable for the review.

1.5 The purpose of this report is to update the Committee on the progress of the review.

1.6 The Member Working Group held its first meeting on 5th April 2016. Members of the Group have been confirmed as:

Councillor Geoffrey Cooke
Councillor Anthony Finn (Chairman)
Councillor Sury Khatri
Councillor Kathy Levine
Councillor Peter Zinkin

1.7 During the meeting, Members considered the following items:

- Draft project brief and timetable
- Arrangements for future meetings
- Activity to date
- Contract structure

- Issues to be addressed
- 1.8 Members agreed the draft project brief, subject to the incorporation of a number of amendments to provide greater emphasis and clarification. The revised, final project brief is attached as Appendix A.
- 1.9 The project brief confirms the overall aim of the review as being to ensure that the CSG contract remains fit for purpose in the period to 2020, recognising that the strategic context within which the contract operates has changed significantly since it was signed in 2013.
- 1.10 It identifies the main objective of the review as being to secure a legally binding agreement with Capita Business Services Ltd, by **30 November 2016**, on any changes that the Council requires to the Customer and Support Group contract to deliver:
1. Maximum benefit from the opportunities that exist for the in-scope services;
 2. Improvements in the performance of the in-scope services;
 3. Budget savings;
 4. The priorities set out in the Council's corporate plan; and
 5. Ongoing flexibility and responsiveness to address changing and emerging needs in the future.
- 1.11 In addition, the review will seek to identify:
1. The benefits and achievements that have been realised through the contract; and
 2. Any changes that the Council should make to improve its management of the contract and ensure that its activities add value to the contractual arrangements.
- 1.12 The role of the Member Working Group was confirmed as being to:
- provide strategic direction to the review
 - agree the overall aims, objectives and desired outcomes of the review
 - consider and challenge the evidence
 - agree the dialogue strategy
 - agree the recommendations to Committee
- 1.13 The council will adopt an evidence-based and collaborative approach to conducting the review, recognising that both parties have a valuable contribution to make in developing the contract and the partnership environment within which it operates. It is also recognised that both parties can learn from the operation of the contract and the partnership to date.
- 1.14 The review will focus primarily on future requirements, whilst acknowledging the benefits of identifying and articulating both the successes and frustrations experienced by both parties during the first three years of the contract, with a view to maximising the likelihood of the contract succeeding in the future.

- 1.15 In outline, the review will be carried out in four stages:
1. **Gather evidence:** covering past and current performance, together with developments in the broader market
 2. **Review the evidence:** to identify opportunities for improvement and change
 3. **Formulate a dialogue strategy:** taking into account changes in the council's requirements and priorities, as well as the outcomes of the evidence review
 4. **Conduct dialogue:** to agree a set of proposals for consideration by Members
- 1.16 Members considered a range of desired outcomes, recognising that these would need to be reviewed and updated as part of stage three, based on the outcome of the review of evidence.
- 1.17 Members acknowledged that, whilst current performance against the contract would form part of their considerations, there are separate contract management arrangements in place through which significant performance challenges are identified and reported to the Committee, with relevant action plans being put in place to ensure performance improvement.
- 1.18 The next meeting of the Member Working Group will take place on 25th May 2016 and further meetings will be scheduled to take place approximately monthly. An interim report will be presented to the Performance and Contract Management Committee in September 2016, with the final report being presented in November 2016.
- 1.19 Work is well under way on evidence collection. Council Senior Responsible Officers have been commissioned to assess delivery of the contract against outcome specifications, method statements and contractual commitments. They have been tasked with analysing the strengths, weaknesses, opportunities and threats for each service, including considering the potential opportunities for cost reduction and income generation, together with those areas of the service that require further development to respond to changing demands. These analyses will form the basis of the next meeting of the Member Working Group.
- 1.20 In addition, benchmarking surveys have been commissioned and interviews have taken place with the council's commissioning and delivery unit directors. Workshops to seek the views of senior managers and staff are under way.
- 1.21 A consultation and engagement plan has been drafted and will be considered by the Member Working Group. The draft plan proposes a public call for evidence that will take into account the outcome of the residents' perception survey and other forms of public feedback, as well as providing the opportunity for members of the public to submit their views on the relevant services through the use a questionnaire and focus group(s). The views of Elected Members will also be sought.

2. REASONS FOR RECOMMENDATIONS

- 2.1 A key element of effective financial management is to plan ahead to ensure the council is well placed to meet future challenges. Conducting the CSG contract review will ensure it continues to deliver savings and is aligned to the council's future strategic objectives.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None.

4. POST DECISION IMPLEMENTATION

- 4.1 Work is continuing on the review and its outcome will be brought back to this Committee for agreement in order to change the current CSG contract.

5. IMPLICATIONS OF DECISION

Corporate Priorities and Performance

- 5.1 The council's corporate plan for 2015-20 sets the vision and strategy for the next five years based on the core principles of **fairness, responsibility and opportunity**, to make sure Barnet is a place:

- Of opportunity, where people can further their quality of life;
- Where people are helped to help themselves, recognising that prevention is better than cure;
- Where responsibility is shared, fairly;
- Where services are delivered efficiently to get value for money for the taxpayer.

Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2 The CSG contract, including managed budgets, has a value of £321m over the life of the contract.

Social Value

- 5.3 The potential to achieve social value will be addressed in the review process.

Legal and Constitutional References

- 5.4 The Council's Constitution, in Part 15 Annex A, Responsibility for Functions, states the functions of the Performance and Contract Management Committee include (amongst other responsibilities):

- a) Overall responsibility for quarterly budget monitoring, including monitoring trading position and financial strategy of Council Delivery Units.
- b) Monitoring of Performance against targets by Delivery Units and Support Groups including Customer Support Group; Re; the Barnet Group (Including Barnet Homes

and Your Choice Barnet); HB Public Law; NSL (Parking Contractor); Adults and Communities; Family Services; Education and Skills; Streetscene; Public Health; Commissioning Group; and Assurance.

c) Receive and Scrutinise contract variations and change requests in respect of external delivery units.

d) To make recommendations to Policy and Resources and Theme Committees on relevant policy and commissioning implications arising from the scrutiny of performance of Delivery Units and External Providers.

e) Specific responsibility for the following function within the Council:

a. Risk Management

b. Treasury Management Performance

f) Note the Annual Report of the Barnet Group Ltd.

5.5 Regulation 72 (1) of the Public Contracts Regulations 2015 says that “Contracts...may be modified without a new procurement procedure:

(a) Where the modifications, irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, which may include price revision clauses or options, provided that such clauses:

(i) State the scope and nature of possible modifications or options as well as the conditions under which they may be used; and

(ii) Do not provide for modifications or options that would alter the overall nature of the contract...’

5.6 Clause 10.3 of the CSG contract expressly provides for this year three outcome review and expressly allows for modification to the contract resulting from that review. Therefore, any agreed changes to the contract will not breach the Public Contract Regulations 2015 as long as the changes do not alter the overall nature of the contract.

5.7 The contract changes agreed will need to be documented in a Deed of Variation or similar legal form to ensure that they are legally binding on both parties.

Risk Management

5.8 The council has taken steps to improve its risk management processes by integrating the management of financial and other risks facing the organisation.

5.9 The council’s future savings proposals as set out in its Business Planning report require a fundamental change in the way the council’s services are delivered. Ensuring the contract with CSG remains aligned to the priorities of the council will ensure key services like Human Resources continue to support staff in the organisation. Otherwise there is a risk that the contract becomes inflexible to the needs of the organisation.

Equalities and Diversity

5.10 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other

conduct prohibited by the Equality Act 2010.

- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

5.11 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

5.12 In order to assist in meeting the duty the Council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

This is also what we expect of our partners.

5.13 This is set out in the Council's Equalities Policy together with our strategic Equalities Objective - as set out in the Corporate Plan - that citizens will be treated equally with understanding and respect; have equal opportunities and receive quality services provided to best value principles.

Consultation and Engagement

5.14 Engagement will take place in accordance with the consultation and engagement plan referred to in paragraph 1.19 of this report.

Insight

5.15 The use of benchmarking data, where relevant and available, will be considered as part of the review.

6. BACKGROUND PAPERS

6.1 Performance and Contract Management Committee, 7 January 2016 – Agenda Item 10 – Fundamental Review of Customer and Support Group (CSG) Contract

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=8407&Ver=4>

6.2 Approval of NSCSO full business case:

<http://barnet.moderngov.co.uk/documents/s6649/NSCSO.pdf>