

**ACTION TAKEN BY CABINET MEMBER (EXECUTIVE FUNCTION)**

<b>Subject</b>	<b>Variation to CSG Contract for additional costs for the provision of Face to Face Benefits staff.</b>
<b>Cabinet Member</b>	Cabinet Member for Resources and Performance
<b>Date of Decision</b>	21May 2014
<b>Date of decision comes into effect</b>	1 June 2014

Summary	<p>Capita is contracted to deliver New Benefits Claims Processing with a 12 day turnaround and at a reduced cost that was based on all Benefits being processed at the Capita Shared Service Centre in Blackburn as detailed in the Capita BAFO (Best and Final Offer) approved by Cabinet on 6<sup>th</sup> December 2012.</p> <p>The Council introduced a new operating model following this offer with 16 staff located in Front Office locations to process claims face to face which has improved turnaround time to c. 7 days.</p> <p>Following a review of options approval for a change is sought to maintain a Face to Face presence at an additional cost to be offset against the Redundancy Refund from CR14.</p>
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Officer Contributors	Marcus Hobbs, CSG Partnership Manager
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
Reason for exemption from call-in (if appropriate)	N/A
Key decision	No

## **1. RELEVANT PREVIOUS DECISIONS**

- 1.1 Cabinet – 6th December 2012, New Support and Customer Service Organisation (now renamed as the Customer Support Group – CSG) – Recommendation for Preferred and Reserved Bidder and Full Business Case

## **2. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 2.1 This change supports the Council's corporate priority to improve the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.

## **3. RISK MANAGEMENT ISSUES**

- 3.1 None.

## **4. EQUALITIES AND DIVERSITY ISSUES**

- 4.1 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to:
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
  - Advance equality of opportunity between those with a protected characteristic and those without.
  - Promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 4.2 Capita has committed to the provision of services under the Equality Act 2010 in the CSG contract.

## **5. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

### **5.1 Finance**

- 5.1.1 This contract variation will result in an increase to the Periodic Service Charge of £72,728 for the period April 2014 to end August 2014 – Contract Year 1 and £101,819 for the period September 2014 to end March 2015 – Contract Year 2. These additional costs will offset through the early refund of Redundancy Payments set out in CR014. The position will be reviewed in April 2015 when Universal Credit is expected to be introduced.

## **5.2 Procurement**

5.2.1 This variation is within the limits of the OJEU notice published for the NSCSO contract.

## **5.3 Performance & Value for Money**

5.3.1 This change will deliver top quartile performance within the London Boroughs at the optimum cost, ensuring that residents entitled to benefits, get their claims processed as rapidly and accurately as possible. It will also retain a local presence to support vulnerable customers who may be entitled to Council Tax Support and other benefits.

## **5.4 Staffing**

5.4.1 Capita shall provide a face to face service at Burnt Oak Library and Barnet House consisting of 2 Team Leaders and 12 Housing Benefits Officers to undertake the processing of all new claims. It will also avoid some of the potential redundancies that may have followed the decision to relocate roles outside the Borough.

## **5.5 IT**

5.5.1 None

## **5.6 Property**

5.6.1 None

## **5.7 Sustainability**

5.7.1 None

## **6. LEGAL ISSUES**

6.1.1 Cabinet has given authority for the CSG contract to be entered into with Capita. The CSG contract has been procured in compliance with EU procurement rules and incorporates the process for contract changes in Schedule 14.

6.1.2 The contract change will be documented in a formal contract variation approved by Legal Services

## **7. CONSTITUTIONAL POWERS**

7.1 This change is compliant with the Council's Contract Procedure Rules and within the limits authorised for Cabinet Member approval identified in Appendix 1 – Table A of the CPR.

## **8. BACKGROUND INFORMATION**

- 8.1 Capita is contracted to complete New Claims Processing (KPI RB08) within 12 days for contract year 1 and 10 days from year 2 of the contract and its operating model assumes that from April 2014 all benefits processing staff undertaking the claims processing will be located within Blackburn in order to deliver contracted savings and the operational advantages of using Capita's Shared Service Centre.

During the period between agreeing the contract in April 2013 and the contract being signed the Council changed its operating model for Benefits processing to include a new face to face service for new claims processing run out of the Burnt Oak Library and Barnet House sites using a team of 16 staff (2 team leaders and 14 processing staff) This approach did not form part of Capita's proposed operating model which was predicated on this activity remaining as a back office function (relocated to the Blackburn Shared Service Centre).

However, as a result of the new service and the ability to spend more time with customers and ensure the accurate completion of claims the KPI in relation to New Claims Processing has seen a dramatic improvement in service performance as shown below:

<b>Elapsed days (new claims) 2013/14</b>			
<b>Apr to June</b>	<b>July</b>	<b>August</b>	<b>September</b>
10 days	5 days	4 days	7 days

This performance places Barnet at the top of all London Authorities for all New Claims Processing based on the last full years outturn for Council Tax KPIs for 12/13 (see Annex A to this CR)

Following the Service Commencement Date and transfer to Capita of services on 1<sup>st</sup> September a baseline performance of 7 days for new claims was confirmed and the new operating model was investigated. Capita reviewed its ability to deliver the same KPI performance within the existing contract price but could not replicate the service levels and advantages within the same contract price using off site staff at the Blackburn Shared Service Centre.

Capita then sought to reprioritise and offer a sliding scale of KPI performance against a sliding scale of staff combinations using both Blackburn based benefits processing staff and Barnet based face to face staff. This gave the authority a range of priced options and the retention of local face to face staff also had the added advantage of retaining some local jobs and avoiding some of the potential redundancies that may have followed the decision to relocate roles outside the Borough.

Having reviewed the reprioritisation options the Council confirmed that it wished Capita to retain 12 staff locally with 4 roles relocating to Blackburn and the contractual obligation to deliver New Claims

