



EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Resources
LEAD OFFICERS:	Deputy Chief Executive
DATE:	9 February 2017

PORTFOLIO/S AFFECTED:	ALL
WARD/S AFFECTED:	All
KEY DECISION:	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>

SUBJECT: Strategic Partnership Review – Final Update

1. EXECUTIVE SUMMARY

The Council's 15 year Strategic Partnership with Capita successfully came to an end on 30 June 2016. Further to a number of earlier reports to Executive Board, this report provides a final update on the Partnership Review Programme to review the previous arrangements and replace them with new arrangements. New arrangements and service models have now been put in place and the transition completed for all service areas. This includes a number of services which have returned to the Council and a new place partnership contract with Capita.

2. RECOMMENDATIONS

That the Executive Board notes:

- i) the review and implementation of new service models is now complete for all services
- ii) the services that came back to the Council have now all successfully transitioned back and are operating as normal;
- iii) a new contract with Capita commenced on 1st July 2016
- iv) the transition arrangements for the new contract have now been completed
- v) the savings made as a result of the new arrangements are helping the Council to meet its Medium Term Financial Strategy
- vi) Capita have worked well in partnership with the Council to ensure as smooth an exit and transition as possible for complex arrangements involving a number of different service areas, TUPE transfers of staff, different timescales and a variety of IT systems.

3. BACKGROUND

In January 2015 Executive Board received a report outlining the history of the partnership which was due to end on 30 June 2016, and the successful achievement of its original economic regeneration objectives. Subsequently due notice was served as required under the terms of the contract.

The Council established an internal review Programme Board chaired by the Deputy Chief Executive as programme sponsor with membership from other relevant chief officers. The board has driven the programme and provided strategic direction and oversight for service leads. Service leads have been

responsible for delivering the new service delivery models in their respective areas and a Project Steering Group made up of the various service leads linked together the different work strands. A joint programme board was also established with Capita to oversee the exit and transition period. These arrangements have worked very well.

In June 2015 Executive Board received a report setting out the proposed delivery models for each of the service areas that were then provided by the Strategic Partnership:

- Revenues and benefits
- Accounts Payable/Accounts Receivable
- Technical Services (including property, highways, transport and parking services)
- Print and design

New service models have subsequently been implemented for each area as outlined below.

4. KEY ISSUES & RISKS

Accounts Payable/Accounts Receivable (debtors and creditors including cashiers)

These services transferred back to the Council (including relevant personnel transfers) and were incorporated within the Finance & IT Department as planned on 11th January 2016 and they have been in “steady state” operations since then. These services transferred back early as a relatively small service area with a small number of staff involved to help test transitional arrangements and to deliver service improvements sooner. There will be further changes and modernisation of these services linked to the implementation of a new Council finance system during this year.

Revenues and Benefits

The service fully transferred back to an internal Council function (including relevant personnel transfer) on 11th April 2016, with replacement IT systems becoming operational in June 2016. A short term extension to mail and print services remains in place with Capita until completion of a current re-procurement exercise. The service is now in “steady state” with on-going improvements and initiatives being delivered in support of the Council’s digital programme as previously reported to Members. Significant cost savings have also been made which have contributed to the Council’s budget savings required.

Design & Print

Services previously delivered by Capita were “managed down” over the period from January to March 2016, with replacement services now being provided by an external framework of providers. The Council’s Commissioning and Procurement Support team has managed the appointment of these providers with the aid of new software. Whilst there have been some teething issues with the new system early indications are that the new framework of print providers will provide significant savings on providers previously being used with savings of 43% so far on like for like jobs .

Technical Services

The majority of the property, highways and transport services were re-tendered following market testing and a competitive dialogue process which commenced in August 2015. Further to an Executive Board decision in February 2016 Capita were appointed preferred bidder and subsequently a new contract was entered into, formally commencing on 1st July 2016. The new contract is for an initial period of 5 years with the ability to be extended up to a further 5 years. The contract is much smaller than the previous partnership and provides for a range of core and call-off services covering

property, highways and transport; and can be extended to cover a range of additional services following a rigorous business case process. Capita also committed to delivering a number of macro objectives over the course of the agreement which has already resulted in them taking a lease at Cathedral Quarter and bringing new jobs to the borough, located within the existing business centre at Castleway House.

The transition to the new contract arrangements has now been completed and over the coming months the final elements of service transformation will be in place to bring maximum benefit from the place partnership.

During the review process the council also determined to insource a number of Technical Services and this was successfully completed at the end of June 2016. The services brought back to the Council included:

- Car Parking
- Building Consultancy & Statutory Compliance
- Energy Bureau
- Emergency Call Out
- Highways Development Control

The insourced services provide the Council with an opportunity to remodel and deliver them in a streamlined way through re-engineering of certain processes. The services also provide the Council with a number of income opportunities which are now being explored. These have seen increased revenues within Parking Services and opportunities within Building Consultancy to work with, and for, other public sector partners and schools.

New governance arrangements are also now in place and the joint partnership board, chaired by the Deputy Chief Executive and whose full membership includes the Executive Members for Regeneration and Resources, agreed at a meeting in January 2017 that the Exit and Transition Programme was now complete.

5. POLICY IMPLICATIONS

All reviews were designed in accordance with relevant Council policies and procedures including the Corporate Plan, Medium Term Financial Strategy and Plan for Prosperity.

6. FINANCIAL IMPLICATIONS

Significant savings have been delivered and agreed through the budget process which have met the core and non-core fee budget reduction targets agreed at Council Forum in September 14 which formed part of the advance budget savings for early implementation for the Revenue Budget 2015/16 and the two years beyond, 2016/17 and 2017/18.

In addition the Council is now receiving rental income from Capita's lease of the Cathedral Quarter Office Block.

7. LEGAL IMPLICATIONS

All procurement was conducted in accordance with Council Contract Procurement Procedure Rules and the Public Contracts Regulations 2016. External legal advisors working with the Council's Legal Services department prepared the contract documentation for the new partnership. Relevant post contract expiry provisions in the 2001 SPA will continue to apply in relation the services

provided by Capita prior to 30 June 2016, and any outstanding contractual matters will be concluded and reported through the appropriate governance processes.

8. RESOURCE IMPLICATIONS

Officers from various Council departments have put significant time into this review together with a range of additional expertise being brought in as required and as previously reported.

Ongoing contract management of the new arrangements will be provided by the Commissioning and Procurement Support Service working together with officers from relevant departments notably Planning and Prosperity for the new place Partnership Contract with Capita.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

Relevant officers, Members and Trades Unions have been consulted throughout the review.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	1
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CONTACT OFFICER:	Denise Park, Deputy Chief Executive
	Chris Bradley, Service Lead, Commissioning and Procurement Service
DATE:	29 th January 2017

**BACKGROUND
PAPER:**

n/a