

# Gloucester City Council

<b>Meeting:</b>	<b>Overview &amp; Scrutiny Cabinet</b>	<b>Date:</b>	<b>18 November 2020 13 January 2020</b>
<b>Subject:</b>	<b>Revenues and Benefits Contract</b>		
<b>Report Of:</b>	<b>Head of Policy &amp; Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>Yes/No</b>	<b>Budget/Policy Framework:</b>	<b>Yes/No</b>
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<b>Appendices:</b>	<b>None</b>		

## FOR GENERAL RELEASE/ EXEMPTIONS

### 1.0 Purpose of Report

- 1.1 Gloucester City Council (GCC) entered a 7-year (plus 3) contract with Civica in October 2011 to provide Financial Assessment and Revenue Collection Services (Revenues & Benefits Managed Service). This contract was extended in October 2018 for three years to a contract end date of 23<sup>rd</sup> October 2021, with no further option to extend.
- 1.2 The purpose of this report is to seek approval for a new contract with Civica UK Ltd for a 5-year period (extendable by a further 2 years) using a framework contract via Kingston Upon Hull City Council.

### 2.0 Recommendations

- 2.1 Overview and Scrutiny Committee is asked to consider the information contained in the report and make any recommendations to the Cabinet.
- 2.2 Cabinet is asked to **RESOLVE/RECOMMEND** that
  - (1) a new contract be awarded to Civica UK Ltd for provision of Revenues & Benefits Managed services via the Kingston Upon Hull City Council Framework for a period of 5 years with the option of two further extensions of 1 year each.
  - (2) authorise the Head of Policy & Resources (in consultation with the Cabinet Member for Performance & Resources and the Council Solicitor) to take such actions and make such arrangements as are necessary for the implementation

of the above recommendation including such legal processes, agreements and benchmarking as are necessary.

### **3.0 Background and Key Issues**

- 3.1 In October 2011, the Council entered a 7-year partnership with Civica by entering a contract to deliver the revenues and benefits, welfare rights and fraud services on behalf of the Council for a fixed annual contract fee. The contract also gave the Council an option to extend the contract for 3 further periods of up to one year each. The contract delivered a day-one annual saving against the Council's budget for the services and maintained jobs within the City which was a key consideration when contracting out the services. The Partnership has delivered savings of £1,540,000 to the Council over the term of the contact.
- 3.2 In October 2018, GCC opted to extend the contract for a further 3 years and benefitted from additional savings of £330,000, exceeding the Council's approved Money Plan requirement for the Civica revenues and benefits contract to deliver on-going annual savings of £100,000. This contract is now due to end on 23<sup>rd</sup> October 2021 and there is no right to extend.
- 3.3 During the recent pandemic Civica was able to adapt quickly; moving all teams off site to continue to work remotely, with only a few members of the teams attending on site either because they were unable to work from home or to complete key activities as part of the service. Civica have pledged to continue to be flexible and work with the Council on future working requirements.
- 3.3 Three options are available to the Council for the future delivery of this service and each is discussed below:
  - (1) Award a new contract to Civica UK Ltd via the Kingston Upon Hull City Council Framework (the "Hull Framework").
  - (2) Re-procure the services via the market.
  - (3) Insource the service.
- 3.4 Option 1 - Award a new contract to Civica via Hull Framework.
- 3.5 Civica has delivered the Revenues & Benefits service for the past 9 years and is a known and trusted entity meeting KPIs year on year and providing additional value-added service:
  - Business case development in areas of Housing Benefit Overpayments, bringing in an extra £849,806 in FY 19/20.
  - Service resilience through access to central Civica services such as On Demand, NNDR and Housing Specialists
  - Working in partnership with the Council's digital programme in the promotion of E-billing, online forms and self-serve options for customers via the Open Portal integration with Firmstep.

- Successful implementation and delivery of Gloucester BID for 3 years, with only 2.5% collections outstanding in each financial year.
  - Top performance in the delivery of Government initiatives to support businesses and residents of the city in response to Covid-19
- 3.6 In addition to the permanent team Civica offers an “On Demand” service which can be used when needed; with no commitment to long term contracts, enabling specific projects to be delivered efficiently. This on demand resource has been used when required to enable the delivery of ad hoc projects and peaks in workloads. Housing Benefit overpayments, Garden Waste administration, BID administration, New Homes Bonus, Empty Homes Reviews, Single Person Discount Reviews, 10% checking service, Housing Benefit and Council Tax processing. .
- 3.6 Rather than pursue a full, but costly and lengthy, open market procurement process the City Council has access to the Hull Framework which provides an EU compliant framework which avoids the need for a long drawn out procurement exercise.
- 3.7 Civica has offered the Council a new five year contract (renewable for two periods each of one year) using the Hull Framework. The new contract would deliver savings of £500k over the initial 5-year term. This reduction can be achieved through process transformation, redistribution of work and upskilling of staff. Given this is a fixed price contract, the cost reduction risk sit with Civica and performance will be protected by KPIs.
- 3.8 Option 2 – Procure the services via the market.
- The Council could seek to pursue a full open market procurement process and invite tenders from a wider range of providers. However there are a number of issues that would arise from pursuing this option:-
- This OJEU process is likely to take 12 months and will consume significant resource for the Council.
  - There is likely to be a need to employ a suitably qualified and experienced Project Manager to deliver the required service, whilst maintaining business as usual.
  - Service Transition from Civica to Council or new supplier could see a loss of key talent and access to wider specialist services.
  - Significant cost of change in terms of training, potential infrastructure implications, potential recruitment issues and further training and system familiarisation.
  - Risk that performance delivered in the current COVID-19 pandemic could not be replicated by a new supplier.
  - Risk that the savings offered by Civica in option 1 would not be available in option 2 – even if Civica was the successful tenderer – because of the costs to them of the tendering process and the uncertainty of the outcome.
- 3.9 Insource the service.

The option to insource the service remains a possibility and would require further detailed analysis if to be considered in comparison to the recommended option:

- Financial implications of TUPE to the council with potential increased pension liability.
- Loss of access to the on demand and specialist services of external provider plus potential loss of resilience.
- Specific projects such as those highlighted at para 3.5 would require additional support to be procured to enable delivery.
- Increased management responsibilities and staffing to deliver the service, with no likely additional resource savings.
- Unlikely to deliver savings required in Money Plan.
- Current timeline may not be sufficient to implement this option

## **4.0 Social Value Considerations**

4.1 The provider will be required to maintain and continue to work closely with agencies operating in the city to support the Council's social value policy and to date has achieved social value and benefit in the following aspects:

### Economic

- Work closely with the Council client team to maximise opportunities to add social value. Recognising and actively supporting the Council's Social Value policy and the values and behaviours framework.
- Supporting local people to maximise their knowledge and skills and access employment opportunities. Through the offer of work placements to secondary and undergraduate students, where possible.
- Civica to continue, to actively support and promote an apprenticeship program, offered at all levels in the business. Using the local college where possible.
- Offer a comprehensive programme for all staff to access training and development opportunities.
- Protect and value employees through regular pay reviews

### Social

- Supporting local communities through Group Charity initiatives, enabling the local area to benefit.
- Civica Gloucester also supports local charities every year, most recently the Gloucester Rugby club charity in 2019.
- Civica will continue to contribute to local charities by actively encouraging people to take part in the donate a day scheme, where employees are able to donate a day of their time to support a local charity.
- Promoting safeguarding, welfare of children and vulnerable adults through schemes that help us identify those who are at risk or vulnerable. Continuing active membership of the City Council safeguarding group. Civica will work

with suppliers to develop schemes and policies to help identify those who are vulnerable.

- Ensure that our procurement criteria also requires our suppliers to identify and consider social benefits, for the local area.

### Environmental

- Minimising waste and pollution and making efficient use of resources. Using local businesses to source provisions
- Supporting Council initiatives to promote greater environmental sustainability.

## **5.0 Environmental Implications**

5.1 There are no environmental implications as a result of this report.

## **6.0 Alternative Options Considered**

6.1 Discussed in the body of the report.

## **7.0 Reasons for Recommendations**

7.1 Civica has been a trusted partner of the Council since 2011 delivering savings to the Council during this period as well as providing key services to residents and businesses alike.

7.2 The award of this contract will deliver savings in line with the Money Plan while also continuing to provide quality service.

## **8.0 Future Work and Conclusions**

8.1 Contract schedules will be reviewed and updated, alongside review of KPI's.

## **9.0 Financial Implications**

9.1 The Council's Money Plan 2020 – 2025 assumes budget efficiencies will be made through the commissioning program, and the recommended option will deliver annual savings of £100k over the contract period.

- 9.2 The recommended option will also avoid additional expenditure of £40k per annum on licence costs which would be incurred through the alternative options for the delivery of the service.

## **10.0 Legal Implications**

- 10.1 Procurement via an established framework agreement is permitted by the Public Contract Regulations 2015. The framework owner will have been required to carry out a fully compliant procurement exercise when setting up the framework. This is a single supplier framework meaning that the Council can make a direct award to Civica UK Limited.
- 10.2 The Council must be satisfied that the services offered under the framework agreement meet the Council's needs. In this case we are satisfied that the Council's requirements for the service are met by both the terms of the framework agreement and the offer made by Civica UK Ltd.

(One Legal have been consulted in the preparation of this report.)

## **11.0 Risk & Opportunity Management Implications**

- 11.1 The recommended option mitigates the risks of change to delivery of this service to residents and businesses in the city.
- 11.2 The proposal has no reduction in quality and level of service or redundancies, plus continued access to Civica's services, capabilities and resilience. This offers reduced risk to the Council.

## **12.0 People Impact Assessment (PIA) and Safeguarding:**

- 12.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **13.0 Community Safety Implications**

- 13.1 None

## **14.0 Staffing & Trade Union Implications**

- 14.1 None

**Background Documents:** None