

North Tyneside Council

Report to Cabinet

Date: 21 January 2019

ITEM 5(d)
Cabinet Response to Capita
Sub-Group Report from
Overview, Scrutiny and
Policy Development
Committee

Portfolio: Deputy Mayor

Cabinet Member: Councillor Bruce
Pickard

Report from Service Area: Environment, Housing and Leisure

Responsible Officer: Phil Scott, Head of Environment,
Housing and Leisure **Tel:** (0191) 643 7295

Wards affected: All

PART 1

1.1 Executive Summary:

The Authority has a long term strategic partnership with Capita Property & Infrastructure Limited ('Capita') to deliver a range of technical services. This followed an EU compliant procurement exercise which led to the contract being awarded to Capita with a commencement date of 1 November 2012.

As part of its work programme for 2017/18, Overview, Scrutiny and Policy Development Committee ('the Committee') decided to undertake a review of the delivery arrangement. The Committee established a Study Group with the objective to assess whether the Authority and its residents were receiving the service specified and to gain a clearer understanding of the partnership and its operation.

The Committee presented the findings of its Study Group in a report to Cabinet on 26 November 2018 which included nine recommendations. Cabinet noted the report and its findings and resolved that a detailed response to them be provided at a future Cabinet meeting, no later than January 2019. Cabinet has a statutory duty to respond to scrutiny recommendations within two months of receiving them.

This report presents the proposed response to the Committee's recommendations and seeks Cabinet's approval of them.

1.2 Recommendation:

It is recommended that Cabinet agrees the proposed responses to the recommendations from the Overview, Scrutiny and Policy Development Committee in relation to its study into the Technical Services strategic partnership arrangement with Capita, as set out in **Appendix 1** to this report.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 7 December 2018.

1.4 Council Plan and Policy Framework

This report directly relates to the delivery of the following priority within the Our North Tyneside Plan:

- Our Places will have an effective transport and physical infrastructure.

The Technical Services Partnership also supports delivery of the overall Plan and this is embedded within the agreed Annual Service Plan with Capita.

1.5 Information

1.5.1 Background

In November 2012 the Authority entered into a 15 year contract with Capita to deliver technical services following an EU compliant procurement exercise. The following services moved to Capita:

- Engineering and Highways
- Strategic Property and Asset Management (including energy management and efficiency, advertising and cleaning)
- Planning
- Consumer Protection.

The transfer included 400 staff including 60 secondees to ensure the statutory duties for the Local Authority could be discharged appropriately. It was originally planned that the Winter Maintenance service would also be transferred, however, in 2014 there was agreement within the Partnership that the service would remain with the Authority.

The strategic objectives of the partnering arrangement; which informed the key basis of the procurement evaluation; and which agreed by Cabinet on 14 November 2011 were:

- Investment in the services
- Job protection for the existing workforce
- Growth opportunities for the services in a wider marketplace leading to the creation of additional jobs within the Borough
- Financial efficiencies of at least £2.7 million within the first three years of the partnership and on-going efficiencies thereafter subject to future financial pressures
- Efficiencies in relation to the Council's use of office accommodation by the co-location of a partner provider within the Borough; and,
- Improved performance of the services.

Shortly after the bedding-in period of the contract some key issues started to arise within the partnership relating to achieving performance against the strategic objectives.

In autumn 2013, following a restructure of the Senior Leadership Team and a change in political administration of the Authority this new team began a review of the partnership to consider the Authority's options and to ensure the right outcomes for the Borough.

It was accepted by both the Authority and Capita that changes to the contract were needed and significant work took place to undertake a full review of the strategic partnering arrangement. At its meeting on 11 July 2016, Cabinet approved, in line with the original contract, to accept a proposal from Capita that would lead to a variation in the contract to adjust responsibilities, costs, fees and savings assumptions tested in negotiation with officers.

The Deed of Variation was agreed in early 2017 and provided a firmer footing to secure the savings, strengthen the performance test, targeting the partnership more effectively to and align it with the policy direction set by the Elected Mayor and the Cabinet.

1.5.2 Scrutiny of the Partnership

Following the conclusion of the Deed of Variation coupled with the fact that the Technical Services Partnership was now in Year 5, the Committee agreed to include a review of the arrangement as part of its work programme for 2017/18. The Committee established a Study Group with the objective of being to see if the Authority and its residents were receiving the service specified at its inception and to gain a clearer understanding of the partnership and its operation.

The Committee presented the findings of its Study Group in a report to Cabinet on 26 November 2018.

The Study Group identified nine recommendations. These are outlined in **Appendix 1** to this report along with officer commentary and proposed responses.

1.6 **Decision options:**

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may accept the recommendations set out in paragraph 1.2 above.

Option 2

Cabinet may not accept the recommendations set out in paragraph 1.2 above.

Option 3

Cabinet may accept, reject or amend any of the proposed responses at Appendix 1.

Option 1 is the recommended option.

1.7 **Reasons for recommended option:**

Option 1 is recommended to support recommendations made by the Study Group of Overview, Scrutiny and Policy Development Committee and to provide confidence that the strategic partnership arrangement with Capita to deliver technical services is appropriately accountable.

1.8 Appendices:

Appendix 1 Cabinet response to Overview and Scrutiny recommendations from Capita Sub-Group

1.9 Contact officers:

Colin MacDonald, Senior Manager, Technical and Regulatory Services, (0191) 643 6620
Sarah Heslop, Senior Manager (Contracts), (0191) 643 5456
Emma Simson, Legal Manager Commercial & Development, (0191) 643 5375
Claire Emmerson, Senior Manager Financial Strategy and Planning, Tel. (0191) 643 8109

1.10 Background information:

The following background paper/information has been used in the compilation of this report and are available at the office of the author:

- (1) [Report to Cabinet 26 November 2018 'Report of the Capita Sub Group'](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

It is expected that all actions contained within this report can be delivered within existing budgets. Any elements that cannot be contained within existing budgets or have further financial implications will be brought to Council/Cabinet as appropriate for a decision prior to any expenditure being incurred or committed.

2.2 Legal

In accordance with Section 21B of the Local Government Act 2000, Cabinet is required to provide a response to the recommendations of the Overview, Scrutiny and Policy Development Committee within 2 months. In providing this response Cabinet is asked to state whether or not it accepts each recommendation and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

The performance of the strategic partnership with Capita is underpinned by a contract as described within the report.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Consultation has taken place the relevant Cabinet Members and the Senior Officer team to determine the responses to the recommendations.

2.3.2 External Consultation/Engagement

Consultation has taken place with the Senior Officer team from Capita to provide comment on the responses to the recommendations.

2.4 Human rights

There are no human rights issues directly arising from this report.

2.5 Equalities and diversity

There are no equality and diversity issues directly arising from this report.

2.6 Risk management

There are no risk management issues directly arising from this report.

2.7 Crime and disorder

There are no crime and disorder issues directly arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability issues directly arising from this report.

PART 3 - SIGN OFF

- Chief Executive X
- Head(s) of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Head of Corporate Strategy and Customer Service X