

Officer delegated decision 12 May 2017

Report title: Harrow Communications Contract Termination

Wards: All

Report Authorised by: Jackie Belton, Strategic Director: Corporate Resources

Portfolio: Leader of the Council, Councillor Lib Peck

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Report summary

This report outlines the case for early termination of Harrow Communications contract delivered by Lambeth Communications (LamCo) – the communications trading service operated by Policy and Communications. Following this, the service will be delivered in-house by Harrow Council.

Finance summary

This is a contract that has been broadly cost neutral to the council, generating a small surplus on direct costs. There are no significant financial implications of the early termination of this agreement (other than a small loss of net surplus – estimated at £32k for 2016/17).

Recommendations

- (1) Lambeth Communications to terminate the Communications Contract with Harrow Council on 1 July 2017 following agreement by Harrow Council's Cabinet on 28 April 2017.

1. Context

- 1.1 Lambeth Communications (Lamco) is a trading service set up by Lambeth Council's communications division (part of Policy and Communications) in October 2013. It is run through a trading account and is not an incorporated function. The legal entity providing the Lamco service is Lambeth Council. Lamco offers a range of communications services to the public sector in three specific areas; tactical, strategic and people.
- 1.2 Our clients include Plymouth City Council, Croydon Council, Leicester City Council, Leicestershire County Council, Rutland County Council, Somerset County Council, Huntingdonshire District Council, Wealden District Council, and Slough Children's Services Trust. The change we are proposing to make will not impact upon the work being delivered to other clients.

1.3 In April 2015, Lambeth Communications started delivery of a four-year contract to provide a holistic communications service to Harrow Council. This includes staffing, systems and service delivery. The main areas of service are:

- Provision of a communications team (6 officers)
- Media relations and crisis management
- Corporate ID - to act as a 'guardian' of the corporate ID/brand and develop and maintain the associated guidelines;
- External communications including campaign development and marketing in order to communicate core Council messages to residents and other stakeholders;
- Support for major research work, consultations and engagements;
- Delivery of publications, such as "Harrow People" and "Homing In";
- Internal Communications including the Chief Executive Newsletter; and
- Contribution to the Council's commercialisation targets.

1.4 All costs associated with the service to Harrow are paid initially by Lambeth and then recouped from Harrow. There is a core contract value of £400,000 in financial year 2016/17. Other work agreed with Harrow is done on a commissioned basis. While the initial costs of the commissioning have come from Lambeth, the money is recouped from Harrow. The arrangements were intended to improve the communications service for Harrow while reducing costs through efficiencies and sharing of resources.

2. Proposal and Reasons

2.1 It is proposed that the Communications contract with Harrow should be terminated early with effect from 1st July 2017. The team is fully established in Harrow and the communications model is now embedded. The team is appointed and are working to an agreed communications strategy. There are changes in Lambeth with the Director of Policy and Communications and Harrow contract finance lead leaving Lambeth Council so this was an appropriate time to review the contract. The early termination of the contract will result in six full time equivalent (FTE) staff transferring to Harrow Council.

2.2 A termination date has been determined in accordance with the requirement contained in the agreement. The terms and conditions allow for an earlier termination date, subject to both parties being in agreement.

2.3 There are significant changes expected in Year 3 of the contract. This will leave a gap in contract and financial management for running this contract as the contract lead and finance lead are both leaving Lambeth. Within the contract, the staffing budget will be reduced in Year 3 creating further pressure to generate revenue through commissioning. Without the current finance, contract and stakeholder management, the contract will not be able to meet Harrow's expectations and neither meet Lambeth's need for financial return. For these reasons, both councils are in agreement that an early exit will be beneficial for both sides.

2.4 During a period of considerable change in Lambeth it is appropriate for there to be greater focus on the successful delivery of the Borough Plan.

3. Finance

- 3.1 The contract with Harrow has generated a modest surplus of £32k in 2016/17. The revenue generated contributes towards the Policy and Communications trading income target.

4. Legal and Democracy

- 4.1 Lambeth is entitled to end the contract with Harrow subject to agreement by both parties. The Strategic Director for Resources is allowed under Lambeth's constitution to end the contract with Harrow on the basis that there is mutual agreement. On 27 April 2017, Harrow Council's Cabinet met to formally ratify the decision to end the contract with Lambeth.
- 4.2 Once the Harrow contract ends then Harrow will take back its communications service in house. At this point those employees who are currently mainly assigned to the Harrow service will transfer to become employees of Harrow Council in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE').
- 4.3 Lambeth will be under a legal obligation to provide information to Harrow pursuant to Regulation 11 of TUPE, and to inform and consult the trade unions pursuant to Regulation 13.
- 4.4 All employees who will transfer to Harrow will have their present terms and conditions protected by TUPE.

5. Consultation and co-production

- 5.1 Internal and external consultation has been carried out to support this contract termination including engagement with HR, Legal, Strategic, LamCo staff, Harrow and Lambeth senior management.
- 5.2 LamCo staff are aware of this proposal and have indicated that they are supportive. Lambeth HR and management will be providing support to individuals with queries or concerns.
- 5.3 Lambeth will comply with its obligation to inform and consult recognised Trade Unions.
- 5.4 A meeting with Harrow Council directors was held in February 2017 to discuss early termination. All financial arrangements have been agreed in order to ensure that all outstanding payments are finalised.

6. Risk management

- 6.1 Risks have been highlighted in the table:

Issue/Risk	Impact (H/M/L)	Proposed Actions
Reputational Damage	L	The decision to end contract was not due to underperformance or other adverse issues but a mutual agreement by both parties due to change in circumstances.

Unable to close finances by 30 June	L	Systems and processes are in place to secure all income and pay outstanding invoices as well as closing all Purchase orders with balance.
The contract termination may not be agreed by 1 July 2017	M	In the event that the contract doesn't end on 1 st July it has been agreed any additional salary costs incurred in 17/18 will be recouped from Harrow.
Possibility of dispute with Harrow regarding TUPE	L	The contract will not be terminated unless Harrow confirm they accept that TUPE applies to the employees working there
Inadequate consultation prior to the TUPE	L	Take HR and Legal advice on consultation obligations and ensure that TUPE consultation requirements are complied with prior to contract end

7. Equalities impact assessment

- 7.1 The arrangements will be monitored in order to ensure any equalities implications are addressed.
- 7.2 All employees who will transfer under TUPE are currently based in the Harrow office so there will be no requirement for any employee to relocate as a result of this service change.

8. Community safety

- 8.1 There are no community safety implications arising from this report.

9. Organisational implications

- 9.1 Environmental

None

- 9.2 Staffing and accommodation

Currently LamCo (Lambeth Council) have six officers who are located in Harrow and are presently Lambeth employees;

- Senior Communications Officer x 1 at PO5
- Senior Communications Officer x 1 at PO3
- Communications Officer x 3 at PO1
- Communications Assistant x 1 at SC6

HR has been consulted and these staff will be transferred to Harrow Council under TUPE.

- 9.3 Procurement

None

9.4 Health

None

10. Timetable for implementation

10.1 Once agreement to proceed is in place there will be a formal consultation period with staff that will be overseen by Harrow and Lambeth HR.

10.2 The trade unions will be informed of the intention to proceed and be consulted during the TUPE process.

10.3 The finances will be closed down through the support of finance colleagues.

10.4 The contract will be concluded and activity and staffing will transfer to Harrow. The target date is dependent on approval by both Harrow and Lambeth and will be determined as part of the transfer process.

Audit trail				
Consultation				
Name/Position	Lambeth cluster/division or partner	Date Sent	Date Received	Comments in para:
Strategic Director for Corporate Resources	Jackie Belton	28.02.17	13.03.17	ALL
Alison Burns Legal Services	Corporate Resources	28.02.17	15.03.17	4, Throughout
Henry Langford Democratic Services	Corporate Resources	26.04.17	26.04.17	Throughout
Tim Harlock Finance	Corporate Resources	28.2.17	27.3.17	3, Throughout
Councillor Lib Peck	Leader of the Council	28.02.17	22.03.17	N/A

Report history	
Original discussion with Cabinet Member	28.02.13
Report deadline	N/A
Report no.	N/A
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	No
Key decision reasons	N/A
Background information	Contract between Lambeth and Harrow for provision of communications services
Appendices	None.

APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have been consulted on this report:

Signature _____ **Date** _____

Post - Paul Morris Head of Creative & Business Development

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature _____ **Date** _____

Strategic Director for Corporate Resources, Jackie Belton

Any declarations of interest (or exemptions granted):

Issue

Interest declared