

## **Cabinet Member Delegated Decision 21 April 2018**

**Report title:** Off-site processing for Housing Benefit and Council Tax Support assessments

**Wards:** All

**Portfolio:** Councillor Andrew Wilson, Cabinet Member for Finance

**Report Authorised by:** Jackie Belton: Strategic Director for Corporate Resources

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### **Report summary**

The assessments team assesses claims made for Housing Benefit, Council Tax Support, Accessible Transport, including Blue Badges, Taxi cards and Freedom Passes, and Emergency Support payments. This is an essential service.

In order to supplement the Council's in-house assessment team, Civica UK Ltd were appointed for the contract period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2019 for a contract value of £485,200 to carry out these assessments on behalf of the Council.

Due to the volumetric demands on the service the expenditure on the contract has been significantly greater. It is therefore proposed to vary the existing contract by increasing the contract value and extending the duration of the contract by a further 12 months to 31<sup>st</sup> March 2020.

The cost of the variation is £553,150 which will increase the value of the contract with Civica UK Ltd to £1,038,350.

### **Finance summary**

The original value of the contract with Civica Ltd was £485,200 for a two year (1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2019) contract period.

The proposed variation to the Civica contract will increase both the value of the original two year contract and extend the contract by a further period of 12 months. This will take the total value of the contract for the three year period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020 to £1,038,350.

It should be noted that the proposed expenditure for both 2018/19 and 2019/20 is significantly less than the actual expenditure of £479k that was incurred in 2017/18.

### **Recommendations**

1. To approve the variation to the off-site Housing Benefit and Council Tax Support processing contract with Civica UK Ltd, increasing the contract value from £485,200 to £1,038,350, terminating the contract on 31<sup>st</sup> March 2020.

**Reasons for Exemption from disclosure**

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

Information relating to the financial or business affairs of a particular person (including the authority holding that information).

## **1. Context**

- 1.1 The Council entered into a call-off contract with Civica UK Ltd to supplement the work of the in-house assessment team to undertake off-site Housing Benefit and Council Tax Support processing for the Council. Civica UK Ltd were appointed through the South Worcestershire Managed Services Partnership framework which is a single supplier framework.
- 1.2 The South Worcestershire Managed Services Partnership provides an OJEU (OJ2012/S 236-388958) compliant framework for Revenues, Benefits, and Associated Services procured by the Wychavon District Council, Worcester City Council and Malvern Hills District Council. In December 2012 the Councils sought proposals for the provision Revenues and Benefits and associated services provision by means of a public tender exercise.
- 1.3 The existing contract with Civica UK Ltd is for a value of £485,200 for the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2019. The award of the contract was approved by the Strategic Director of Corporate Resources on 11 April 2017. Due to the high volumetric use of the contract it is now proposed to vary the contract to enable the Council fulfil its responsibilities to residents.
- 1.4 This is a gateway 3 procurement variation report

## **2. Proposal and Reasons**

- 2.1 The expenditure on the contract has been greater than anticipated. The expected spend at this point in the contract would be approximately £240,000. Currently spend is estimated to be £355,000 for the period April 2017 to February 2018.
- 2.2 The additional expenditure to this contract has been accounted for in the points set out below:
  - a. At the point of entering into the contract the council had five vacancies in the Assessment Team. There are now ten permanent vacant posts and four temporarily vacant posts. For much for financial year 2017/18 we have had three members of staff on long term sick leave. This has resulted in more assessments being outsourced to the service provider to ensure the council fulfilled its statutory duty to residents.
  - b. A change in legislation after the commencement of the contract (Right Benefit Initiative) required additional use of this contract. A proportion of this work was passed to Civica UK Ltd which is estimated to be about £70,000.
  - c. Universal Credit was expected to reduce the Housing Benefit caseload reducing the demand on this contract in 2017-18. The delay in the roll out of Universal Credit has had little impact (or no) impact on caseloads.
- 2.3 We are proposing to extend the duration of the contract for a further year to 31/03/2020 and vary the value of the contract from £485,200 to £1,038,350. We have discussed this proposal directly with South Worcestershire Managed Services Partnership (framework provider) and they have agreed to both the extension of the contract period and contract value.
- 2.4 The extension is required to support the assessments team who assess claims made for Housing Benefit, Council Tax Support, Accessible Transport, including Blue Badges, Taxi cards and Freedom Passes, and Emergency Support payments. These are essential or statutory services without which Lambeth citizens will face financial hardship.

- 2.5 Recruitment to vacant posts has proved difficult in the past and is becoming harder as the future of Housing Benefit is limited. Universal Credit will eventually replace Housing Benefit and the need for assessment staff is expected to reduce significantly. A decision was made by the council's leadership team not to recruit to vacant posts due to this expected reduction in demand.
- 2.6 By way of cost comparison, an off-site processor under this proposed arrangement costs £23 per hour, Lambeth employed SO1 officers cost us £23.78 per hour without corporate on costs or recruitment costs added.
- 2.7 Civica UK LTD have proved themselves knowledgeable in the area of Housing Benefit and Council Tax Support offering resources with significant experience. Current service provision is excellent and weekly contract meetings are held to discuss any issues as they arise. They are offering on demand services to a number of other local authorities and are well thought of in the industry.
- 2.8 Service provision by Civica UK Ltd is fully scalable, providing resilience should issues arise, such as sickness or the need to recover from IT issues.
- 2.9 The required period extension and value variance have been estimated based on known circumstances. In the event of further changes in legislation or government policy approval will be sought to extend the contract provision.

### 3. Finance

- 3.1 The original value of the contract with Civica UK LTD was £485,200 for a two year (1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2019) contract period. The proposed variation to the Civica contract will increase both the value of the original two year contract and extend the contract by a further period of 12 months. This will take the total value of the contract for the three year period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020 to £1,038,350.
- 3.2 The table below demonstrates expenditure requirement and is based on an estimated reduction in caseload of 1% per quarter.

	2018-19		2019-2020	
Quarter 1&2	7 people @ 851 per person per week	£309,764	6 people @ £851 per person per week	£132,756
Quarter 3&4			5 people @ £851 per person per week	£110,630
			<b>Total increase to contact value</b>	<b>£553,150</b>

- 3.3 The contract will be financed using the salary offset for vacancies and additional extra new burdens funding such as Welfare Reform, Council Tax Support, Verified Earnings and Pensions, Right Benefit Initiative and Universal Credit funding. However, it should be noted that spend on this contract was £479k in 2017/18. For this contract to stay within the budgeted requirements as set out in the table in 3.2 above, there would be a volumetric reduction required on the usage of this contract of some 35% in 2018/19 over 2017/18.

3.4 The Council receives a government subsidy for the administration of housing benefit assessments. The level of subsidy for the year 2018-19 is £2,704,247. The Government have yet to confirm the subsidy arrangements for 2019-20 for the extension period of this contract.

#### 4. Legal and Democracy

4.1 The Council has delegated the authority to enact this report's recommendations to the Cabinet Member for Finance and Resources. Before exercising that authority, the approval of the Procurement Board should be obtained.

4.2 Calling-off contracts from legitimately procured framework agreements, during the term of the agreement, meets the requirements of both the Contract Standing Orders and the Public Contracts Regulations 2015 provided the Council complies with the call-off terms and was named or was part of an identifiable group cited in the original contract notice.

4.3 This proposed key decision was entered in the Forward Plan on 21 March 2018 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the 'call-in' period – must then elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

#### 5. Consultation and co-production

5.1 Legal and Finance teams have been consulted.

5.2 The service is managed through the Business & Customer Services area within Corporate Resources, which has dedicated contract management resource to manage delivery of the contract.

5.3 An EIA has been completed.

#### 6. Risk management

Risk	Likelihood	Impact	Score	Control Measures
<b>Administration Subsidy reduction</b> Unknown levels of Government subsidy for 2019-20.	3	3	9	Officers have brought this to the attention of Finance Department.
<b>Changes to legislation</b> Unexpected changes to legislation may result in additional costs to the Council..	2	2	4	Extension to the contract provision with Civica UK Ltd
<b>Universal Credit (UC)</b> Further delays to rolling out of UC may lead to increase in caseload. This may result in	4	2	8	Extension to the contract provision with Civica UK Ltd.

additional costs to the Council.				
<b>Restructure/additional vacancies</b> Further vacancies in Assessment Team in advance of restructuring to team. This may result in additional costs to the Council	4	2	8	Greater outsourcing of the work carried out by the Assessment Team

<b>Likelihood</b>	Very Likely	4	Likely	3	Unlikely	2	Very Unlikely	1
<b>Impact</b>	Major	8	Serious	4	Significant	2	Minor	1

- 6.1 Consideration has been given to GDPR. Civica UK LTD will be accessing data via the Lambeth network. All Lambeth systems accessed are under review to ensure compliance with GDPR. No information will be retained outside of the network. Civica processors access the system via a number of secure links building in additional security of data. Civica will neither own nor retain data.
- 6.2 The existing contract includes a section on data protection. This has been updated to include the additional requirements for GDPR. Lambeth, Civica and the South Worcestershire Managed Services Partnership are satisfied the contract meets requirements.
- 6.3 Due diligence has been carried out. See part 2 of the report for details.

## 7. Equalities impact assessment

- 7.1 An EIA was completed as part of the initial procurement exercise and no groups are detrimentally affected. The EIA found all groups benefit from a stable and reactive benefit service.
- 7.2 The contract is conducted in accordance with the Living Wage. The current service provider pays the Living Wage. Most staff working with Civica are based outside London which is how the offer can compare favourably with internal appointments.

## 8. Community safety

- 8.1 The contract will provide financial security to those claiming benefit, assisting the team to assess benefit in a timely manner.

## 9. Organisational implications

- 9.1 None

## 10. Environmental

10.1 None

## 11. Staffing and accommodation

11.1 Offsite processing reduces need for office space therefore assists with current YNTH space pressures.

## 12. Procurement

12.1 The original contract with Civica UK Ltd was awarded as a direct award using the South Worcestershire Managed Services Partnership framework for Revenues, Benefits, and Associated Services procured by the Wychavon District Council, Worcester City Council and Malvern Hills District Council. In December 2012 the Councils sought proposals for the provision Revenues and Benefits and associated services provision by means of a public tender exercise. The Councils placed notice OJ 2012/S 236-388958 in the Official Journal of the European Union and completed a fully competed EU Procurement Regulation compliant process. The OJEU Notice included a range of CPV codes covering the broad requirements necessary under this service area including CPV 72310000 for Data-processing services which covers the Council's requirements. The framework awarded to a single supplier, Civica UK Ltd as their preferred strategic partner.

12.2 Following discussions with the framework provider agreement has been secured to extend the contract for a further year to end 31/03/20 and increase the contract value to £1,038,350.

## 13. Health

13.1 The contract will provide financial security to those claiming benefit, assisting the team to assess benefit in a timely manner. Without financial security health deteriorates.

## 14. Proposed Procurement Timetable

Activity	Proposed Date
Submit to Procurement Board Administrator	20 <sup>th</sup> March 2018
GW3 Procurement Board date	27 <sup>th</sup> March 2018
Consult with Cllr. Wilson	29 <sup>th</sup> May 2018
Decisions Online	13 <sup>th</sup> June 2018

<b>Audit Trail</b>				
<b>Consultation</b>				
<b>Name/Position</b>	<b>Lambeth directorate/department or partner</b>	<b>Date Sent</b>	<b>Date Received</b>	<b>Comments in para:</b>
Cllr Andrew Wilson	Cabinet Member for Finance	29/05/2018	13/06/18	Email approval
Cllr Imogen Walker	Former Deputy Leader of the council (finance and resources)	08/03/2018	08/03/2018	Email approval
Jackie Belton	Strategic Director for Corporate Resources	13/03/2018	16/04/2018	Email approval
Martin Crump/Nisar Visram, Finance	Corporate Resources	11/04/18	02/05/2018	Email approval and comments in Finance Summary and 3
Michael O'Hora, Legal Services	Corporate Resources	28/2/2018	07/3/2018	4
Henry Langford Democratic Services	Corporate Resources	28/2/2018	07/3/2018	4
Meesha Patel	South Worcestershire Managed Services Partnership framework	18/04/2018	18/04/2018	Email approval received

<b>Report History</b>	
<b>Original discussion with Cabinet Member</b>	08/03/18
<b>Report deadline</b>	N/A
<b>Date final report sent</b>	N/A
<b>Part II Exempt from Disclosure/confidential accompanying report?</b>	Yes
<b>Key decision report</b>	Yes
<b>Date first appeared on forward plan</b>	21.03.18
<b>Key decision reasons</b>	2. Expenditure, income or savings in excess of £500,000
<b>Background information</b>	Officer Delegated Decision, Strategic Director for Corporate Resources, 11 April 2017 <i>Off-site processing for Housing Benefit / Council Tax Support Assessments</i> <a href="http://modern.gov.lambeth.gov.uk/ieDecisionDetails.aspx?ID=3894">http://modern.gov.lambeth.gov.uk/ieDecisionDetails.aspx?ID=3894</a>
<b>Appendices</b>	None

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

**I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board and taken account of their advice and comments in completing the report for approval:**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Post:** Miranda Feasey  
Service Development Manager and Acting Head of Assessment and Customer Centre

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

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Post:** Councillor Andrew Wilson  
Cabinet Member for Finance

**Any declarations of interest (or exemptions granted):**

**Any conflicts of interest:**

**Any dispensations:**