

# Minutes

of a meeting of the

## Cabinet

held on Thursday 28 January 2016 at 7.13 pm

in Meeting Room 1, 135 Eastern Avenue, Milton Park, Milton, OX14 4SB



### Open to the public, including the press

#### Present:

Members: Councillors Matthew Barber (Chairman), Roger Cox (Vice-Chairman), Eric Batts, Charlotte Dickson, Mohinder Kainth, Sandy Lovatt, Mike Murray and Elaine Ware

Officers: Steve Bishop, David Buckle, Steve Culliford and Margaret Reed

Vale non-Cabinet members: Councillor Yvonne Constance and Councillor Robert Sharp

South Oxfordshire District Council Cabinet members: John Cotton, Elizabeth Gillespie, Will Hall, Tony Harbour, Lynn Lloyd, Jane Murphy, and Robert Simister

Number of members of the public: Nil

#### **Ca.33 Apologies for absence**

None

#### **Ca.34 Declarations of interest**

None

#### **Ca.35 Urgent business and chairman's announcements**

None

#### **Ca.36 Statements, petitions, and questions relating to matters affecting the Cabinet**

None

#### **Ca.37 Corporate services procurement - designation of preferred bidders**

Cabinet considered the strategic director's report on the procurement of corporate services. The corporate services project had commenced in April 2014, attracting three new district council partners (Hart, Havant Borough, and Mendip) in addition to the

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council's existing partner, South Oxfordshire District Council. The project and associated procurement exercises set out to contribute directly to the following corporate objectives:

- the excellent delivery of key services, in particular high performing services
- the effective management of resources, in particular the councils continuing to work together to extend the sharing of services and resources, such as a shared client team and a private sector provider for a number of services

In addition to re-tendering revenues and benefits services that the council and South Oxfordshire had contracted out ten years ago, the five partner councils had also invited tenders for a range of services currently delivered by in-house teams:

Lot 1 (data based services)	Lot 2 (property based services)
Accountancy	Property management
HR	Facilities management
IT operations	Car parks
Land charges	
Licensing	
Procurement	
Already contracted out services: council tax collection and council tax reduction scheme, business rate collection, housing benefit administration, payroll, provision of financial management system, accounts payable and accounts receivable, customer services (switchboard and reception)	

The partner councils had agreed to carry out two simultaneous European Union (EU) procurement exercises using a competitive dialogue process. The project generated market interest with tenders being received and evaluated in late 2015. The report set out the results of the tender evaluation process and recommended how services could be delivered most cost effectively in future. The report recommended a nine years and two months contract term for South and Vale, with Capita being the preferred bidder for the Lot 1 contract, and Vinci being the preferred bidder for the Lot 2 contract. South and Vale would commence these contracts on 1 August 2016, whereas some of the other partner councils would commence their contracted services in 2017. Irrespective of different commencement dates for different councils, the contract expiry date for all partner councils would be 30 September 2025.

The South and Vale Joint Scrutiny Committee had met on 21 January 2016 and supported the recommendations contained in the report.

Before the Cabinet meeting, both South Oxfordshire's and the Vale of White Horse's Cabinets met together informally to discuss the proposals, debate the options set out in the report, and consider reasons why options should be approved or rejected. **The minutes of that informal meeting are appended to these minutes.**

The strategic director's report contained several appendices. Cabinet noted appendices 6 to 10, which contained exempt information, but did not discuss these in the meeting. Therefore, the Cabinet meeting did not move into exempt session.

The leader moved the recommendations set out in the report, subject to two amendments (1) for the chief executive to consult the relevant Cabinet member on finalising the terms of Vale of White Horse District Council – Cabinet minutes

reference of the joint committee, and (2) for the chief executive to consult the chairman of the scrutiny committee on finalising the terms of reference of the joint scrutiny committee. Cabinet agreed unanimously.

Cabinet recorded its appreciation to the officers for their work on the corporate services project.

**RESOLVED:** to

- (a) designate Capita as the preferred bidder for Lot 1 of the five councils' new joint corporate services contract from 1 August 2016;
- (b) designate Vinci as the preferred bidder for Lot 2 of the five councils' new joint corporate services contract from 1 August 2016;
- (c) authorise the strategic director for finance, in consultation with the relevant Cabinet member, to agree the final terms and complete the new corporate services contract documents, and authorise the head of legal and democratic services to enter into the contracts and any other necessary agreements;
- (d) agree to enter into an inter-authority agreement with the four partner councils, substantially in the form attached as appendix 1 to the strategic director's report, and authorise the chief executive, in consultation with the relevant Cabinet member, to finalise the terms of, and to enter into, the agreement;
- (e) agree to set up a joint committee as set out in the inter-authority agreement and in accordance with the details set out in appendix 3 to the strategic director's report and to authorise the chief executive, in consultation with the relevant Cabinet member, to finalise the terms of reference of the committee;
- (f) agree to the establishment of a joint client-side team, based on the principles set out in appendix 2 to the strategic director's report;

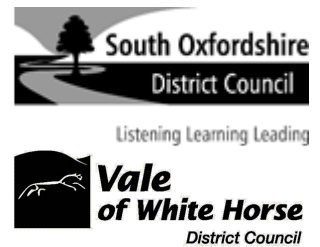
**RECOMMEND** to Council to:

- (g) agree to establish a corporate services joint scrutiny committee in accordance with the draft terms of reference outlined in appendix 4 to the strategic director's report;
- (h) authorise the chief executive, in consultation with the chairman of the Vale's Scrutiny Committee, to finalise the terms of reference of the committee; and
- (i) authorise the head of legal and democratic services to appoint members and substitutes to the committee in accordance with the wishes of the relevant group leader(s) and make consequential changes to the constitution.

The meeting closed at 7.15 pm

## Appendix

### Notes of an informal meeting between the Cabinets of South Oxfordshire and Vale of White Horse District Councils



Thursday 28 January 2016 at 6pm  
at 135 Eastern Avenue, Milton Park

#### Present:

South Cabinet members: John Cotton (Leader), Jane Murphy (Deputy Leader), Elizabeth Gillespie, Will Hall, Tony Harbour, Lynn Lloyd, and Robert Simister

Vale Cabinet members: Matthew Barber (Leader), Roger Cox (Deputy Leader), Eric Batts, Charlotte Dickson, Mohinder Kainth, Sandy Lovatt, Mike Murray, and Elaine Ware

Officers: Steve Bishop, David Buckle, Steve Culliford, and Margaret Reed

Non-Cabinet members: Yvonne Constance and Robert Sharp (both Vale councillors)

**Apologies:** Anna Badcock (South Cabinet member)

### Corporate services procurement – designation of preferred bidders

The Cabinets of South Oxfordshire District Council and Vale of White Horse District Council met separately on 28 January 2016 to discuss the procurement of corporate services. The formal meetings of each Cabinet considered a report from the strategic director, which recommended each Cabinet took decisions to designate preferred bidders and authorise joint agreements with other partner district councils to monitor and manage the contracts. Prior to each formal Cabinet meeting, both councils' Cabinets met informally to discuss the proposals, ask questions, debate the options set out in the report, and consider reasons why options should be approved or rejected. These notes are a record of that debate and form an appendix to the South and Vale Cabinets' minutes.

With the agreement of both Cabinets, the Vale's leader, Councillor Matthew Barber, chaired this meeting.

Steve Bishop, the strategic director updated the report by setting out the options open to the two Cabinets; these were to:

- adopt recommendation (a) in his report to designate Capita as the preferred bidder for Lot 1 of the five councils' new joint corporate services contract from 1 August 2016, and adopt recommendation (b) in his report to designate Vinci as the preferred bidder for Lot 2
- reject recommendation (a) and instead urgently re-contract out the revenues and benefits' services by way of a framework arrangement in time for 1 August 2016 and operate the remaining Lot 1 services in-house
- reject recommendation (b) to either continue operating the Lot 2 services in-house or to investigate re-tendering these services later on

Two of the partner councils (Hart and Mendip) had held their Cabinet meetings and approved similar recommendations to those set out in the strategic director's report. Havant Borough Council's Cabinet was due to meet on 3 February 2016.

The South and Vale Cabinets discussed the report. Some concerns were raised over the proposed delegated authority to complete the contract documents and finalise the inter-authority agreement. However, it was noted that the Cabinets were not being asked to award the contract at this stage but instead were being recommended to designate two contractors as preferred bidders. There was still much detail to be resolved with the other partner councils before the contracts could be awarded. Some of the detail missing from the schedules was contained in the draft inter-authority agreement, and other details were contained in supporting documents that had not been circulated to the Cabinets, such as key performance targets. Cabinet members asked to be briefed on the detail before it was agreed. This would provide a member-level oversight and help to reduce risk to the councils. Officers agreed that if the terms of reference of the joint committee or the joint scrutiny committee changed in a significant way, this would be brought back to Cabinet members before committing the two councils. Likewise, if the mutual aims of the five partner councils changed significantly before letting the contract, this would be brought to Cabinet members' attention.

The Cabinets recognised that the biggest risk to the joint contract procurement was a disagreement between two or more partner councils. The success of the project relied on co-operation between the five councils throughout the contract period. Cabinet noted that if this failed, there would be a right for any partner council to terminate its participation in the agreement, even if there was no breach of contract by the contractor, subject to contractual compensation.

Cabinet members asked what involvement they would have in ensuring the contract ran smoothly. Officers reported that there would be a client team to monitor the contractors' performance and the client team manager would report to the management boards of all five partner councils, as well as a joint committee and the joint scrutiny committee that would oversee the contracts. An advertisement for the client team manager was due to be published shortly. The manager would have an important role in managing the contractors, the client team, and the five councils' expectations. Cabinet members asked if they would have any involvement in the client team manager's appointment. The chief executive reported that he was consulting the other partner councils over the possibility of the councils' leaders being involved.

When asked what access councillors would have to the client team manager, officers reported that the post holder would be contactable by telephone and email but would not be present at the councils' offices every day. The client side manager would be shared between the five councils. Cabinet asked for a briefing on how client services would work from a councillor's perspective.

Cabinet members agreed that the relevant Cabinet member should be consulted before officers finalised the terms of reference of the joint committee. Likewise, the chairman of the scrutiny committee should be consulted before officers finalised the terms of reference of the joint scrutiny committee.

Cabinet members noted that some of the partner councils would not commence the new contract until later in 2017, and asked whether the existing South and Vale revenues and benefits contract with Capita could be extended until then. Officers confirmed that the existing contract could not be extended any further without the risk of legal challenge. It was noted that the other partner councils were investigating commencing the new contract earlier than they had first planned.

It was noted that the South and Vale councils' Internal Audit could be undertaking audit work on the corporate services project next year. The head of legal and democratic services reported that an external consultant had been working on the process and procurement, and external specialist lawyers had prepared the draft contract in consultation with the councils' legal officers. Partner councils had been involved in the legal dialogue, and the detailed contract specifications and service delivery plans had also been prepared in consultation with the lead officers across all five councils. The tenders had been assessed against the quality and financial criteria. Officers would consult Cabinet members if any significant issues arose during finalisation of the agreements. It was hoped that contracts could be signed by the end of March or early April 2016.

The councils' internal audit function would continue much as before. However, as the large majority of functions audited were covered by the proposed contracts, internal audit functions could be aligned across the five councils in years to come.

Cabinet members stressed the importance of correct branding. Staff and vehicles employed by the council to provide the contracted out services must show the correct council branding when in public. For example, car parks were provided by the council, not the contractor, therefore signage, car park patrollers' clothing and service vehicles should all be branded with the council's name and logo.

In conclusion, Cabinet members from both South and Vale councils supported designating the preferred bidders for Lots 1 and 2 corporate services contracts but asked for briefings on how client services would work from a councillor's perspective, and on the detail within the contract such as key performance targets. Once finalised, such detail should be shared with other councillors.

Cabinet members considered that the contracts for Lots 1 and 2 would achieve the councils' project objectives of the excellent delivery of key services, and the effective management of resources, in particular the councils continuing to work together to extend the sharing of services and resources, through a shared client team and a private sector service provider. By awarding these contracts to the preferred bidders, the councils would achieve greater value in terms of cost and quality than the alternatives of not awarding the contracts. The preferred bidders would provide:

- transition arrangements to transfer the current operations
- ability to improve day-to-day services
- capacity to deliver continuous improvement throughout the contract term
- robust plans to properly resource for future change
- investment in better software, equipment and technology
- best practice to overcome the future pressures on local government

Cabinet members agreed that the recommendations in the report should be amended so that the relevant Cabinet member should be consulted on finalising the terms of reference of the joint committee, and the chairman of the scrutiny committee should be consulted on finalising the terms of reference of the joint scrutiny committee.

The informal meeting of the South and Vale Cabinets closed at 7.12pm