



Please ask for Charlotte Kearsey
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The Chair and Members of Joint
Cabinet and Employment & General
Committee

6 January 2020

Dear Councillor,

Please attend a meeting of the JOINT CABINET AND EMPLOYMENT & GENERAL COMMITTEE to be held on TUESDAY, 14 JANUARY 2020 at 10.00 am in Committee Room 1, Town Hall, the agenda for which is set out below.

AGENDA

Part 1(Public Information)

1. Declaration of Members' and Officers' Interests relating to items on the Agenda
2. Apologies for Absence
3. Minutes (Pages 3 - 4)
4. The Arvato Public Private Partnership (Pages 5 - 16)

EXCLUSION OF THE PUBLIC

To move "That under Regulation 21(1)(b) of the Local Authorities (Executive Arrangements)(Access to Information) (England) Regulations 2000, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 4 of Part 1 of Schedule 12A to the Local Government Act 1972."

Part 2 (Non-Public Information)

Chesterfield Borough Council, Town Hall, Rose Hill, Chesterfield S40 1LP

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4a. The Arvato Public Private Partnership – Appendix 1 (Pages 17 - 24)

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Randy', written in a cursive style.

Local Government and Regulatory Law Manager and Monitoring Officer

JOINT CABINET AND EMPLOYMENT & GENERAL COMMITTEE

Tuesday, 17th December, 2019

Present:-

Councillor P Gilby (Chair)

Councillors	Blank	Councillors	Sarvent
	Davenport		Brittain
	T Gilby		Holmes
	Ludlow		J Innes
	Serjeant		T Murphy
	Mannion-Brunt		K Falconer

*Matters dealt with under the Delegation Scheme

25 **DECLARATION OF MEMBERS' AND OFFICERS' INTERESTS
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

26 **APOLOGIES FOR ABSENCE**

No apologies for absence were received.

27 **MINUTES**

RESOLVED –

That the Minutes of the meeting of the Joint Cabinet and Employment and General Committee of 3 December, 2019 be approved as a correct record and signed by the Chair.

28 **PEOPLE PLAN 2019 - 2023**

The Assistant Director – Customers, Commissioning and Change submitted a report seeking approval for the Council's workforce strategy, known as the 'People Plan 2019-2023'.

The Council's workforce strategy had been approved in 2016. The strategy identified a range of projects and actions related to the ongoing development of the workforce.

Work had been undertaken to refresh the Workforce Strategy and develop a delivery plan which would ensure the Council workforce is trained and supported to achieve the Council's vision and priorities for Chesterfield Borough.

***RESOLVED –**

That it be recommended to Full Council that the People Plan 2019 – 2023 be approved and adopted.

REASON FOR DECISIONS

To provide the Council with a clear strategic framework within which decisions could be made about workforce allocation and effectively manage and monitor performance in relation to the strategy.

For publication

The Arvato Public Private Partnership Arrangement

Meeting:	Joint Cabinet and Employment and General Committee
Date:	14 January 2019
Cabinet portfolio:	Business Transformation and Customers
Report by:	Assistant Director – Customers, Commissioning and Change

For publication – main report

Not for publication – Appendix 1 to this report is exempt from publication by virtue of Part 3 of schedule 12A of the Local Government Act 1972

1.0 **Purpose of report**

1.1 The Council's existing Public Private Partnership arrangement with Arvato ends in 2020. This report provides details on the recommended approach to the future delivery of services from 18 October 2020.

2.0 **Recommendations**

2.1 To approve the transition of Arvato services to in-house service delivery at the end of the contractual arrangement on 18 October 2020.

- 2.2 To approve that a letter of confirmation is issued to Arvato and their subcontractor Kier, confirming the existing partnership arrangement will not be extended.
- 2.3 To delegate authority to the Assistant Director – Customers, Commissioning and Change, in consultation with the Cabinet Member for Business Transformation and Customers and the Executive Director, to make arrangements to secure a robust transition of services.
- 2.4 To delegate authority to the Assistant Director – Customers, Commissioning and Change, in consultation with the Cabinet Member for Business Transformation and Customers and the Executive Director, to finalise the contractual agreement with Derbyshire Dales District Council to deliver a shared service delivery model for Revenues and Benefits services from 18 October 2020.

3.0 **Report details**

Background

- 3.1 Following a competitive dialogue process, on 18 October 2010, Chesterfield Borough Council entered into a partnership arrangement with Arvato to deliver a range of council services, including Customer Services, Revenues and Benefits, Information and Communications Technology (ICT), Human Resources (HR) and Payroll and Creditor Payments. Property Services are delivered by Kier, as a subcontractor within the Arvato partnership arrangement.
- 3.2 At the time, entering into a partnership arrangement with Arvato represented a step change for Chesterfield Borough Council in the way that its services were delivered. The arrangement reduced the total cost of service delivery at transfer by 8%. Costs of the arrangement have since risen

each year in line with the Consumer Price Index and have increased where changes to the original specification have been required.

- 3.3 In the main, Arvato and Kier have maintained service delivery levels in line with established Key Performance Indicators. Some improvements have been made to Customer Service delivery, with the introduction of a Customer Service Centre in the early years of the contract and achievement of the Customer Service Excellence standard.
- 3.4 However, few technology changes have been implemented to improve the outsourced services over the period of the contract and Revenues and Benefits benchmarking performance remains bottom quartile against our Local Government comparators. Additional client management resource above that originally anticipated at the outset of the arrangement has been required and improvements to service delivery have required additional investment outside of the agreed cost model.
- 3.5 The performance and structure of the ICT service did not meet the Council's future needs and significant investment has been required by Chesterfield Borough Council to improve ongoing ICT resilience and security
- 3.6 The context facing the Council has changed substantially since the partnership arrangement was signed in 2010. The existing political leadership at Chesterfield Borough Council has a preferred policy of public service delivery first. In addition, Local Authorities more urgently need to modernise and transform their service delivery, comply with data security standards and act more commercially and flexibly. The expectations of our residents, businesses and visitors are increasing, with higher demands for quicker and more responsive service delivery. These are challenges that need to be achieved in the context of the Council becoming financially

self-sufficient, so that we can continue to deliver the services our communities need.

- 3.7 In the 2017/2018 financial year, the council undertook a contractual review to determine whether it wished to extend the partnership arrangement until 18 October 2025, which the terms of the existing arrangement allow. The results and conclusions of the contractual review are detailed in Appendix 1 of this report, which has been considered as commercially sensitive and will be covered in the confidential part of the meeting.

Future service delivery

- 3.8 The conclusion of the contractual review recommends that the services are brought back in house at the end of the existing partnership arrangement.
- 3.9 Subject to member approval, Arvato has requested formal confirmation that Chesterfield Borough Council does not intend to exercise its right to extend the partnership arrangement to October 2025. Whilst this is not contractually required at this time, it is recommended that Cabinet support this proposal. In agreeing to this request from Arvato, this will enable a discussion with regards to planning contract exit activities. Although July 2020 is the formal date when Arvato are contractually required to begin exit activities, any agreement that we can secure to start work on the transition arrangements earlier than this will be extremely beneficial.

Derbyshire Dales District Council Shared Service

- 3.10 The Revenues and Benefits service for Derbyshire Dales District Council (DDDC) is also provided by Arvato and their contract end date aligns with that of Chesterfield Borough Council.
- 3.11 Early discussions have taken place regarding the potential for shared service delivery between Chesterfield Borough Council

and Derbyshire Dales District Council. A shared service will result in efficient utilisation of resources for both Local Authorities and is anticipated to reduce costs of service delivery.

3.12 Derbyshire Dales District Council has received political approval to pursue a new model of delivery, which would result in Chesterfield Borough Council delivering Revenues and Benefits services on their behalf.

3.13 Heads of terms for this proposed new model of service are close to agreement and permission is sought for the Assistant Director – Customers, Commissioning and Change to finalise the contract, supported by colleagues in Legal and Finance. Once agreed, Arvato staff members working on Chesterfield Borough Council and Derbyshire Dales District Council services will have TUPE rights when transferring their employment to Chesterfield Borough Council.

4.0 HR / People Management Implications

4.1 In order to safely and successfully transition from the partnership arrangement, project management resources, together with specialist support from Legal, Finance and Human Resources services will be required to support exit activities.

4.2 The council has begun to develop a detailed transition plan and has appointed a project manager to support contract exit activities, under delegation from the Cabinet Member for Business Transformation and Customers, utilising pre-approved reserves. Delivery of the transition plan is being overseen by the Council's Executive Director and Assistant Director - Customers, Commissioning and Change.

4.3 The Council will begin to work with Arvato and Kier managers, as soon as possible, to determine the future shape of services post October 2020 and will work closely with the relevant Trade

Unions and with Arvato and Kier colleagues to formally manage communication and consultation with affected staff. Regular progress reports will be provided to Finance and Performance Board and to the Overview and Performance Scrutiny Committee.

4.4 Reports detailing changes to structures which may arise from the transitioning services will be brought to Joint Cabinet and Employment and General Committee for approval.

4.5 In order to comply with TUPE regulations the Council will need to develop policies which support transferring staff members who are employed on Arvato and Kier Terms and Conditions. Development work will be undertaken during the first half of 2020, ready for adoption by Joint Cabinet and Employment and General Committee prior to October 2020.

5.0 Financial implications

5.1 Arvato are not contractually obliged to share detailed financial data with the Council until July 2020, although it is hoped that through negotiation this can be achieved earlier. Future service delivery costs can only be estimated until this detailed financial data is received.

5.2 A ring fenced reserve of £750,000 was identified in 2018 to support the outcomes of service redesign and this is being utilised to support transition project management costs.

5.3 Any financial implications resulting from proposed structure changes will be incorporated into subsequent reports to Joint Cabinet and Employment and General Committee.

5.4 Derbyshire Dales District Council heads of terms are being developed in conjunction with Finance and Legal officers. Final delivery costs will be confirmed once detailed financial data is received from Arvato.

6.0 Legal and Data Protection implications

- 6.1 Under the Access to Information Regulations we are required to report why part of this report should not be made public. Appendix 1 is the only part of the report that is exempt from publication as it contains commercially sensitive information relating to the financial or business affairs arising between Chesterfield Borough Council and Arvato.
- 6.2 The Council's Legal Services team is engaged in transition and is reviewing exit arrangements.
- 6.3 The council has a legal duty to comply with TUPE legislation and this will be managed by the Assistant Director - Customers, Commissioning and Change.
- 6.4 Data protection and data security will need to be controlled safely as data transfers from Arvato to Chesterfield Borough Council and from Derbyshire Dales District Council to Chesterfield Borough Council. This is a separate work-stream in the Council's transition plan and will be managed by the Council's Transition Manager, supported by Information Assurance and Legal colleagues and in conjunction with Arvato and with Derbyshire Dales District Council.

7.0 Consultation

- 7.1 The Council's Assistant Director – Customers, Commissioning and Change is currently undertaking Heads of Terms negotiations with Derbyshire Dales District Council, supported by legal and finance colleagues.
- 7.2 Detailed consultation will take place with affected Arvato and Kier staff and with the Trade Unions once formal notification of our intentions have been provided to Arvato and Kier.

8.0 Risk Management

8.1 A detailed transition risk register is in place. The table below details the main risks relating to this work.

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
The DDDC shared service does not achieve expected outcomes	H	M	Negotiation on service delivery & flexibility built into contract end dates	M	M
Key team members lack of capacity	M	H	Realistic assessment of workload. Early discussions with relevant service managers and a detailed project plan highlighting key milestones	M	L
Changes in legislation or government policy	H	M	Update contract specification and assess potential cost, utilise new burdens funding	M	M
Lack of co-operation from Arvato and Kier	H	M	Maintain a close working relationship with key contacts. Implement project governance.	H	L

Critical resources not replaced by Arvato or Kier resulting in service deterioration	H	M	Performance monitored through PPP Operational Board. Flexibility provided for recruitment to be completed by CBC and recharged	H	L
TUPE due diligence info delayed, resulting in unclear financial position	H	M	Implement project governance. Identify actions which can be completed prior to data submission, to minimise delays	H	M

9.0 Equalities Impact Assessment (EIA)

9.1 A draft Equalities Impact Assessment is in place. A finalised EIA will be drawn up in consultation with Arvato and with colleagues within the Policy and Communications Service, once formal notice has been provided to Arvato and data gathering is complete.

10.0 Alternative options and reasons for rejection

10.1 The council has reviewed three options for service delivery as part of the contractual review and the advantages and disadvantages of each are detailed in Appendix 1.

11.0 Recommendations

- 11.1 To approve the transition of Arvato services to in-house service delivery at the end of the contractual arrangement on 18 October 2020.
- 11.2 To approve that a letter of confirmation is issued to Arvato and their subcontractor Kier, confirming the existing partnership arrangement will not be extended.
- 11.3 To delegate authority to the Assistant Director – Customers, Commissioning and Change, in consultation with the Cabinet Member for Business Transformation and Customers and the Executive Director, to make arrangements to secure a robust transition of services.
- 11.4 To delegate authority to the Assistant Director – Customers, Commissioning and Change, in consultation with the Cabinet Member for Business Transformation and Customers and the Executive Director, to finalise the contractual agreement with Derbyshire Dales District Council to deliver a shared service delivery model for Revenues and Benefits services from 18 October 2020.

12.0 Reasons for recommendations

- 12.1 The recommendations will enable the Council to implement the conclusions of the contractual review, which is to bring services back in house. The recommendations will also enable a shared service arrangement with Derbyshire Dales District Council, resulting in efficient utilisation of resources for both Local Authorities.

Decision information

Key decision number	
Wards affected	All wards

Links to Council Plan priorities	The recommendations in this report support the delivery of Value for Money services.
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Document information

Report author	Contact number/email
Rachel O’Neil	Rachel.Oneil@chesterfield.gov.uk

Background documents

These are unpublished works which have been relied on to a material extent when the report was prepared.

This must be made available to the public for up to 4 years.

Appendices to the report

Appendix 1	Arvato Public Private Partnership Options Appraisal summary (Not for Publication)
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By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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