

OVERVIEW AND PERFORMANCE SCRUTINY FORUM

Thursday, 17th December, 2020

Present:-

Councillor L Collins (Chair)

<p>Councillors Borrell Caulfield Catt Dyke Flood Fordham Kellman</p>	<p>Councillors Snowdon Kelly Coy Brittain T Gilby</p>
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Councillor Tricia Gilby, Leader +
Councillor Jean Innes, Cabinet Member for Business Transformation and Customers +
Charlotte Kearsey, Democratic and Scrutiny Officer
Rachel O'Neil, Service Director – Digital, HR and Customer Services +

+ Attended for Minute No.79

76 DECLARATIONS OF MEMBERS' AND OFFICERS INTERESTS RELATING TO ITEMS ON THE AGENDA

No declarations of interest were received.

77 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Hollingworth.

78 LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF PUBLIC

RESOLVED –

That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

79 **LEADER AND CABINET MEMBER FOR BUSINESS TRANSFORMATION AND CUSTOMERS - ARVATO AND KIER TRANSITION: LESSONS LEARNT**

The Leader, Cabinet Member for Business Transformation and Customers and the Service Director – Digital, HR and Customer Services attended to present a report about the lessons learnt from the Arvato and Kier services transitioning in-house.

On 24 April, 2018, members approved the early return of the ICT and Human Resources services in-house service delivery from Arvato to support the successful implementation of the Council's ICT Improvement Programme. These services were transitioned on 18 October, 2018. Nineteen employees from ICT and Human Resources were successfully transferred to the council. The transition project which enabled this transfer was completed within a three month timescale. Positive feedback was received from the Unions and from ICT and Human Resources employees on the process which was followed. The ICT and Human Resources teams have been strengthened following their return.

On 14 January, 2020 the Joint Cabinet and Employment and General Committee approved that the remaining services, delivered through the Public Private Partnership arrangement with Arvato, would be returned to in-house service delivery at the end of the 10 year partnership arrangement. The Assistant Director – Customers, Commissioning and Change was granted delegated authority to make arrangements for the transition of these services.

On 9 June, 2020, members subsequently approved an accelerated transfer of Kier employees and that transition of the remaining services managed by Arvato should be moved to 17 January, 2021. These changes were made to protect the employment of Kier employees working on the Chesterfield Borough Council (CBC) contract whilst also enabling key officers to focus on the development and delivery of critical services during the Covid-19 pandemic.

The Kier services were transferred to the Council on 31 July 2020. Twenty-seven Kier employees were successfully transferred to the council. This transition project was completed within a seven-week timescale, which was extremely challenging to deliver. The project members worked collaboratively to achieve such a stretching timescale

and again, the transition process was well received by the transferring employees.

A team had been implemented to deliver the transition projects, consisting of officers from Legal, Finance, Information Security, Human Resources and ICT services within CBC, Arvato and Kier. The CBC team members were co-ordinated by a Transition Project Manager who had been recruited on a fixed term basis, until 31 March 2021. The project team was now working towards transferring the remaining services to the Council, with 148 employees due to transfer to Chesterfield Borough Council from 18 January 2021. The transition project was in its final phase and planned activities remained on track.

A transition management board, made up of senior officers from Arvato or Kier and the Council, was put in place to ensure successful delivery of the transition. The Board meets monthly, or more frequently, as required by the programme.

A jointly agreed plan had been developed for each of the three transition projects. The plans detailed the activities which needed to be completed in order to deliver a successful transition and covered three workstreams: Human Resources, Operations and Commercial and Legal. The plans had been incorporated into the Council's partnership arrangement and acted as a legal document. Alongside these plans, CBC developed a change management plan and stakeholder engagement plan, in recognition of the changes which will occur as services return to the Council.

Trade Unions and employee representatives had been supporting the consultation activities which were required in order to deliver a successful TUPE transfer. Training had been provided to employee representatives to enable them to complete their roles effectively. Positive engagement had been received throughout the consultation processes.

The officer's report reviewed the costs of transition. To enable the TUPE transfer to take place, the transferring company would be responsible for providing anonymised 'early liability information (ELI)' to CBC. This information was used to help determine the likely cost of the service on its return and to develop the future budget working papers. This data also enabled the Council to determine any 'measures' or changes which it intended to implement at transfer. Consultation was then undertaken on

the proposed measures. No later than 28 days before the transfer date, the transferring company would be required to provide named liability information. This would enable the Council to set up payroll records for the transferring employees and ensure that the correct TUPE terms and conditions were implemented. Only at the point of transfer can the final costs be accurately confirmed.

The budgets which were required to successfully deliver ICT and HR services were identified as part of the Council's ICT Improvement transformation programme which was approved on 25 April, 2018. Both of the service areas had undergone planned growth as the Council worked towards strengthening its ICT resilience and digital capability. The ICT Improvement programme remained on track and within budget.

The Service Director – Digital, HR and Customer Services, in conjunction with the Executive Director and Cabinet Member for Business Transformation and Customers, agreed a one-off settlement fee to facilitate the early transfer of Kier services. This was funded from within the existing budget approved by Council for the financial year 2020/2021. The Council also paid additional fees to Kier for the 'non-core' activities that their staff completed. Non-core activities typically related to the Council's capital programmes activity or to the commission generated through property sales.

The council had received the first set of anonymised ELI data for the Arvato employees who would return in January 2021. This information had helped to shape an early working budget and had informed the content of the 'measures' letter which had been provided to Arvato. The Council was now participating in consultation with affected employees on these measures. As final costs could not be confirmed accurately until the transfer of the service was complete, it was not yet possible to determine exact savings with certainty.

The Council had a suite of Key Performance Indicators (KPI's) which have been used to measure the performance of Arvato services, detailed in Appendix B of the officer's report. As transactional services would be reviewed upon their return to in-house delivery, an updated suite of performance indicators would be introduced.

The officer's report noted the lessons learned from transitioning services;

- A collaborative approach to designing and delivering the exit plan had helped ensure that transferring employees were engaged in the transfer.
- Implementing cross service project teams at the start of the transfer in 2018 and using these same employees to complete the remaining transition projects had helped to improve efficiency. Where personnel changes had occurred, it had taken time to rebuild trust and collaboration.
- Detailed technical information had not been readily available from Arvato or Kier. Pragmatic decisions have been taken on the level of information which was acceptable to receive at transfer. The project team had completed 'lessons learned' exercises at the end of each transition project and used this data to inform future transfers.

Barriers and obstacles to the successful transition included the Covid-19 pandemic which had added extra complexity as staff have needed to balance business as usual activities, transition activities and the additional workloads brought about because of the coronavirus pandemic. This has resulted in the final transfer of staff being delayed from October 2020 to January 2021. Good progress had been made in transferring the Arvato and Kier services to in-house delivery and the programme was on track to complete the final transfer by 18 January 2021.

Members asked about the number of staff transitioning who had previously worked for CBC and the Service Director advised that the vast number of staff transitioning were on Arvato terms and conditions.

Members enquired about how successful consultation and working with the Trade Unions had been. The Leader and Service Director informed the Forum that the Trade Unions had given positive feedback about previous transitions. The Service Director noted that the most difficult issue had been removing the bonus in the terms and conditions of some Arvato staff but all staff had been offered the National Joint Council pay in line with the other CBC staff.

Members sought clarification of the cost savings detailed in the officer's report and enquired what would happen to the non-core payment activities going forward. The Service Director advised that a service charge had been agreed in the contract with Arvato and, as CBC had been unable to specify what capital and regeneration work would take

place, payment for non-core work had been agreed. However, CBC had been paying twice for this work as it was being carried out by Arvato staff at the same time as the core work. The staff transitioning would be carrying out both core and non-core work as these tasks would continue to be required.

The Service Director was asked what had not improved since the ICT and HR teams had transferred in 2018 and whether the ICT process papers had been completed. The Forum was advised that the Arvato ICT team had not been asked to write down processes because there would be significant change very quickly after the transition. Instead multiple workshops were organised to obtain information from the Arvato ICT team. Process papers had now been put in place for the CBC ICT team which was a significant improvement. Regarding the Kier transition there were 7 weeks to complete the whole transition so it had not been possible to put process papers in place. It had been the intention to push for the processes to be in place on the transition of the remaining Arvato staff but due to the Covid-19 pandemic this had not been possible and a pragmatic approach had been taken to focus on key tasks.

Members noted the amount of work needed to complete TUPE transfers which could be very challenging and enquired about the review of KPI's, including the difference in CBC KPI's and the timeframes. The Service Director explained that the services needed to be understood in detail before KPI's could be set and the pandemic would have significantly impacted services going forward. The KPI's were very important but they would not be like for like and they would not be revised immediately.

RESOLVED –

1. That the Arvato and Keir transition: lessons learned report be noted.
2. That an annual update on the lessons learned from the Arvato and Keir transitions be brought to the Overview and Performance Scrutiny Forum.