



Reigate & Banstead
BOROUGH COUNCIL
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REPORT OF:	HEAD OF PEOPLE AND COMMUNITIES
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TO:	EXECUTIVE
DATE:	18 May 2017
EXECUTIVE MEMBER:	COUNCILLOR MRS R RENTON

KEY DECISION REQUIRED:	YES
WARD (S) AFFECTED:	ALL

SUBJECT:	REVENUES & BENEFITS BUSINESS OPPORTUNITY
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RECOMMENDATIONS:

- (i) That the Executive indicates support, in principle, for the Council to enter into an agreement with Horsham District Council to deliver its Revenue and Benefits service, with effect from 1 April 2018, for a three year period with a possible extension to five years;
- (ii) That subject to acceptable due diligence, the Revenues, Benefits & Fraud Manager be authorised, in consultation with the Head of Peoples and Communities and the Executive Members with responsibility for Planning Policy and Finance and Community Support, to negotiate the details of a contract to provide revenues and benefits services for Horsham District Council; and
- (iii) That a further report be made to the Executive to approve the legal framework and necessary financial implications once the details of the contract are identified.

REASONS FOR RECOMMENDATIONS:

The Revenues, Benefits & Fraud service currently provides services for a number of other Councils and housing providers. An opportunity has arisen to provide a full service for Horsham District Council which is anticipated to provide gross revenue income to the Council as set out in the exempt part of this agenda (Part 2).

Approval is sought to continue with these negotiations, and provide reassurance to Horsham DC that the Council is supportive of these negotiations.

Any contract would be subject to due diligence.

EXECUTIVE SUMMARY:

Horsham District Council is part of the Census Partnership, with Mid-Sussex District Council and Adur & Worthing Councils. Horsham DC receives its revenues and benefits services through this partnership, but has given notice to withdraw from April 2018. This

was confirmed by the Horsham DC Cabinet meeting in March. On 25 May 2017 the Horsham DC Cabinet will consider options for a service provider from April 2018. Horsham DC are looking at alternative ways to deliver these services from April 2018.

An initial proposal has been put forward to Horsham DC at high level, which will involve a contract between Reigate & Banstead BC and Horsham DC. Part of the services will be carried out directly by Reigate & Banstead BC, and some parts will be sub-contracted to a private sector partner.

Horsham DC are likely to receive proposals from other private sector companies for full outsourcing of the services, and therefore would need to commence a full procurement process promptly after their Cabinet decision on 25 May 2017.

The purpose of this Executive decision will be to provide relevant delegation of powers to officers to proceed with negotiations, and to provide reassurance to Horsham DC that Reigate & Banstead BC is committed to this proposal.

Executive has authority to approve the above recommendations.

STATUTORY POWERS

1. Section 101 of the Local Government Act 1972 provides a legal framework for Councils to arrange for services and functions to be delivered on their behalf by another local authority. It is this legislation under which any contract between the Council and Horsham District Council is expected to be made.

BACKGROUND

2. Reigate & Banstead BC already provide a number of services to other local authorities and housing providers relating to revenues, benefits, fraud investigations and debt recovery.
3. The Council has an ambition to acquire further contracts and generate more income. The Council has gained experience and skills from existing contracts to look to fully manage a revenues and benefits service for another local authority.
4. Horsham DC is of similar size to Reigate & Banstead BC, in relation to the number of commercial and domestic properties, and benefits caseload.
5. A contract to provide services for Horsham DC would require growth in the number of staff based at Reigate, but would result in a net income for the Council.

URGENCY

6. Key decisions to be considered by the Executive, should be included in a 28 Day Notice indicating the business that is to be transacted in public and private meetings of the Executive.
7. As this matter has only recently been identified the proposed business was not included on the published 28 Day Notices for both public and private business at this meeting of the Executive.
8. As required by the regulations, in this unusual event the Chairman of the Overview and Scrutiny Committee has been consulted about this matter being brought forward to the Executive. The reasons for urgency are:

- (i) The Council was not aware of this opportunity with sufficient notice to seek Executive approval in time to meet the 28 day notice requirement for the May meeting.
 - (ii) A delay of this matter to the June meeting of the Executive would not allow the timetable to be adhered to and the opportunity to secure this contract could be lost;
 - (iii) In the circumstances the Executive is requested to consider this matter urgently so that consideration can be given to the “in principle” decision to enter into an agreement with Horsham District Council to deliver their Revenue and benefits service.
9. The Executive is also asked to note that the Mayor has approved, under the above urgency grounds that the Call-In procedure (as provided for under the Overview and Scrutiny Procedure Rule 15.5) be disapplied.

Opportunity

10. The proposal for Horsham DC would enable Reigate & Banstead BC to provide excellent services on their behalf, and to widen its own reputation for doing so.
11. As set out above, it is anticipated that any contract will be agreed under Section 101 of the Local Government Act 1972, which provides for Councils to enter into agreements to deliver services on behalf of another authority. This is a tried and tested method, and was most recently utilised in the creation of the Building Control shared service across East Surrey.
12. A successful bid would result in a new income stream for the Council, and also provide further opportunities to work with a local Council, which would lead to the sharing of best practices and better ways of working in a number of areas.
13. There would be no impact on the level of service provided to Reigate & Banstead residents and businesses. Additional staff will be employed to support the delivery of any contract with Horsham DC.
14. The contract will further increase the council’s reputation as a centre of excellence in this area, which will improve opportunities for further contracts and recruitment and retention of staff.
15. Due diligence will be carried out by the Council and its private sector partner should Horsham DC decide to pursue this option at the Cabinet meeting on 25 May 2017.

OPTIONS

16. The following options are available to the Executive:
 - a. Approve the recommendations and authorise the Revenues, Benefits & Fraud Manager to enter into further negotiations with Horsham DC, with the aim of providing its revenues and benefits services from April 2018. This is the recommended option.
 - b. Request further work be undertaken before providing in principle agreement. This is not recommended, as Horsham DC requires confirmation of the Councils intent. Any delay would risk losing the opportunity.
 - c. Reject the recommendations and not pursue the opportunity to provide services for Horsham DC. This is not recommended. The opportunity is in accordance

with our 5 Year Plan objectives and the Business Plan for the Revenues, Benefits & Fraud Service.

17. This is an excellent opportunity for the Council, and the option of withdrawing from the proposal is not recommended.

LEGAL IMPLICATIONS

18. There are no legal implications at this stage. Legal services will provide full support in the due diligence phase and in preparing any proposed contract.

FINANCIAL IMPLICATIONS

19. At a high level this proposal presents an opportunity for the Council to raise additional income. At this stage there are only high level figures as set out in the exempt part 2 section of the Executive's agenda.
20. The proposed further report, referenced above, would also include the necessary financial implications for the authority in delivering these services on behalf of Horsham District Council for a three year period that could be extended to five years.
21. The opportunity to undertake this work on behalf of Horsham District Council is projected to result in a net income stream for the Council as it bears the risk of managing this service. It will therefore be necessary, if the negotiations are satisfactorily completed, for the appropriate investment to be made by the Council to establish the team in readiness to deliver the contract. This is envisaged to be managed through the Corporate Plan Delivery Fund to get the team in place by 1 April 2018. The subsequent resources required to manage the service would be taken through the Service and Financial Planning processes for setting the budget in 2018/19 onwards. It is anticipated that growth will be required in the Revenue Budget for 2018/19 onwards but would be off set by the value of the contract that would provide a net income stream to the Council.
22. The detailed level of investment would require further work once the contract has been negotiated and would be the subject of a further report.

EQUALITIES IMPLICATIONS

23. There are no equalities implications at this stage to consider.

COMMUNICATION IMPLICATIONS

24. There are none.

RISK MANAGEMENT CONSIDERATIONS

25. The Council already delivers these services to residents and businesses within the borough, as well as for other local authorities. The proposal is therefore an extension of existing services. Any service risks will continue to be managed well.
26. Any contract between the two councils will set out clear management arrangements and minimise risks to both councils.
27. If authorisation is not provided and the proposal is not supported in principle, there is a higher risk that Horsham DC will lack the confidence of the proposal and could revert to a contract with an alternative private sector provider.

28. Horsham DC will need to begin a procurement exercise shortly after the Cabinet meeting on 25 May 2017, so a commitment by the Executive would be beneficial before that date.

CONSULTATION

29. Consultation on these proposals has been undertaken with the relevant Portfolio Holders and the Management Team.

POLICY FRAMEWORK

30. The report supports the Council's 5-Year Plan, to become financially self-sufficient.

Background Papers: None.