

Notice of Non-key Executive Decision

Subject Heading:	The Commencement of tendering for benefit processing services, through Bloom Procurement Services Limited
Cabinet Member:	Councillor Roger Ramsey
SLT Lead:	Jane West – Chief Operating Officer
Report Author and contact details:	Chris Henry – 01708 432413
Policy context:	To procure a contract with a Service Provider to process Housing Benefit and Council Tax Support new and change in circumstance claims as required.
Financial summary:	The proposal is for a four year contract that will not exceed £200,000. The contract will be funded from the Business Rates Reserve.
Relevant OSC:	Overview and Scrutiny Board
Is this decision exempt from being called-in?	No

Non-key Executive Decision

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input checked="" type="checkbox"/>
Connections making Havering	<input checked="" type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Authority is sought to instruct Bloom Procurement Services Limited to tender for a service provider that can supply benefits processing staff in the form of a resilience contract to assess claims for Housing Benefit and Council Tax Support (HB & CTS) for a term not exceeding four years in total with effect from 29 July 2020.

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3 Section 3.4 of the Constitution. Powers of Members of the Senior Leadership Team and Second Tier Managers, Contract Powers Paragraph (a) To approve commencement of a tendering process for all contracts below a total value of £500,000.

STATEMENT OF THE REASONS FOR THE DECISION

Introduction

This submission is for the procurement of resilience services in respect of Benefit Processing. The Council has a contract with Bloom Procurement Services Limited (“Bloom”). The current supplier, Serco Ltd, was contracted via Bloom for the period 1 June 2018 to 31 May 2021. Serco is withdrawing from the Revenues & Benefits market and has given 90 days’ notice to Bloom to terminate the contract with effect from 28 July 2020.

Benefit processing resilience services have been used for many years since the Government announced that Universal Credit (UC) would replace Housing Benefits (HB) from 2013 for working age people. Permanent staff reductions and savings were made in anticipation of the timely roll out of the UC programme by the Department for Work and Pensions (DWP). However, since 2013, the DWP UC programme has been postponed and then more recently phased in, in a peripatetic manner, which has resulted in the Council being more reliant on a resilience contract to manage HB and Council Tax Support (CTS) workloads.

Current Position

It was expected that Benefit Services would see a reduction in workload as a result of Havering becoming a UC site from 2016. Working age claimants would no-longer be eligible for HB (note: pension age residents continue to claim HB) but would need to make an application for UC through the DWP.

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The tables below showing the number of New Claim assessments and change in circumstance assessments indicated that workloads were just starting to reduce significantly from December 2019.

The Coronavirus has impacted HB & CTS claims significantly and Benefit processing resilience services continue to be required.

New HB and CTS Claim Assessments

	May-20	Apr-20	Mar-20	Feb-20	Jan-20	Dec-19	Nov-19	Oct-19
CTS	340	426	259	201	202	140	216	214
HB	55	71	72	58	62	38	62	73
HB/CTS via UC	504	2173	628	265	328	265	334	358
Total New Claims	899	2670	959	524	525	443	612	645

Changes to existing Claim Assessments

	May-20	Apr-20	Mar-20	Feb-20	Jan-20	Dec-19	Nov-19	Oct-19
HB & CTS Changes	3912	13724*	3767	35643**	2691	1991	2676	3105
Changes via UC	5909	6563	4044	3124	3179	2930	2989	2951
Total Claims	9821	20287	7811	38767	5870	4921	5665	6056

*includes Covid19 changes to HB

**includes annual billing and benefit uprating changes to HB & CTS

Outputs and Costs

The contract will be designed to call off varying levels of specified outputs depending on the requirements of the service and workload levels.

To provider will be expected to complete the following Benefit Assessments in months 1 to 6 below. This will require up to £132,000 (£22,000 excluding VAT x 6 months).

Benefit Assessments:-

Months 1-6	Aug - Oct	Nov - Jan	Total
Change in Circs	7920	7920	15,840
Combined CICS	6840	6840	13,680

In month five, a review will take place to determine the work required for month seven to nine based on the remaining budget. Thereafter, regular reviews will occur based on funding available and workload outstanding.

To ensure efficiency by reducing further procurements, the contract will be procured for four years.

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Conclusion

The additional tasks and activities required by the DWP have overextended Benefits Services despite maximising system automation and the continuing work to streamline processes where possible.

Due to the prolonged implementation of Universal Credit and more recently the impact on the economy of Coronavirus, it is anticipated HB & CTS workloads cannot be contained without significant additional temporary resources.

The current benefit processing resilience contract has helped reduce delays to assessing and awarding benefit entitlement, reduced workloads and as a result, significantly improved the quality of life for low income households. There is a need to replace the current contract to continue with this service.

Exchequer Services will work with the neutral vendor service, Bloom, to tender and engage a supplier to provide specialist professional benefits processing resilience services thus replacing the work undertaken by Serco Ltd.

The contract will be designed to call off varying levels of specified outputs depending on the requirements of the service and workload levels. The requirements will state that with four weeks' notice, the terms of the services required can be varied down to nil in any period. Then should workloads increase in future and further funds become available, with four weeks' notice, the service can be reactivated.

The term of four years will provide best value for this call off contract as a shorter contract period will be resource intensive for the departments involved. In addition, a four year prospect is a more appetising opportunity for the market.

OTHER OPTIONS CONSIDERED AND REJECTED

To not engage a resilience Service Provider

To do nothing is an option that has been considered.

The Council has a statutory duty to process new and change in circumstance claim assessments within 14 days or as soon as reasonably practicable thereafter. To administer the service at the current level solely with the existing establishment would be unsustainable at this time.

Despite continuing to prioritise new claims, increased delays would become inevitable, causing hardship to and potential evictions of private tenants, who by the nature of Benefit Services, are already financially vulnerable and at risk of being made homeless due to unpaid rent.

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The Council administers benefit claims on behalf of the DWP who reimburse the Council through Benefit Subsidy. While new claims would still be prioritised if a new contract for resilience was not engaged, delays and errors due to the pressures of increased volumes of work could result in Benefit Subsidy loss and reduced income to the Council.

Housing Benefit overpayments would increase as a result of delays in processing changes to entitlement. This would affect cash flow over time to claimants as repayment is less likely the older the debt is.

The Council would not be fulfilling its statutory obligation if it were to not process these claims at all rather than process them late and ultimately would risk Government intervention.

Recruit Benefit Processing staff

Having pursued a policy of removing vacant posts naturally from the Benefits Service establishment in readiness for UC, it would be expensive and resource intensive to recruit new staff on a short term basis to reduce the current workload.

It is also unlikely that experienced Benefit Assessment Officers will be attracted to work at Havering on short term contracts due the grade offered. Recruiting Officers without experience would require a long term training programme that would delay clearing the workloads, divert additional resources away from assessments and would not be good value for money.

Utilising Capacity at Other Authorities

Newham Council currently support their service with Agency Workers, their capacity is therefore already limited. Bexley's Council Tax & Benefits service is outsourced to Capita. Capita will be invited to tender for the Benefits resilience contract along with other suppliers via Bloom.

Engage Agency Workers

Engaging a team of Agency workers to assess benefit claims would increase the burden on an already reduced management team. To locate experienced Officers would take time and monitoring their work would be resource intensive. By using a Benefits processing resilience service, the supplier would be responsible for ensuring the quality and volume of assessments as part of the contract.

PRE-DECISION CONSULTATION

There is no statutory requirement for a pre-decision consultation for this procurement.

Non-key Executive Decision

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Chris Henry

Designation: Head of Council Tax & Benefits

Signature:



Date: 10 June 2020

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The report is seeking authority to initiate procurement activity in respect of a contract proposed over a four year period from 29 July 2020. The Council will utilise its neutral vendor professional services provider, Bloom to procure a services arrangement to replace the present arrangements when the contract between Serco Ltd and Bloom terminates.

The Council has the general power of competence under s1 Localism Act 2011 to do anything an individual may generally do, together with the power under s111 Local Government Act 1972 to do anything ancillary to or which facilitates any of its functions. The contract may be procured in accordance with these powers.

The proposed contract value is above the EU threshold for Service contracts; therefore accordingly, the procurement exercise needed to comply with Public Contract Regulations 2015. Utilising existing framework route is lawful for the purposes of the Regulations.

There is a cohort of staff attached to the Serco provision. It is anticipated that providers will engage and be supplied with any TUPE information where these are required.

FINANCIAL IMPLICATIONS AND RISKS

Costs

The contract will be designed to call off varying levels of specified outputs depending on the requirements of the service and workload levels.

To complete the outputs in months 1 to 6 below, will require up to £132,000 (£22,000 excluding VAT x 6 months).

Benefit Assessments:-

Months 1-6	Aug - Oct	Nov - Jan	Total
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In month five, outputs for month seven to nine will be determined based on the remaining budget.

To ensure efficiency by reducing further procurements, the contract will be procured for four years.

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Total Spend £200,000

The contract will provide a mechanism to scale requirements up or down depending on the budget available and the workload.

Funding has previously been approved to come from the Business Rates Reserve.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations in this report do not give rise to any identifiable HR risks or implications that would directly affect the Council's workforce.

The current provider now uses the equivalent of seven FTE staff to process claims for HB/CTS. The Council is not the employer or the anticipated employer with regard to TUPE.

There is a need to assist providers to facilitate any transfer where Serco confirm the potential TUPE impact. That would mean that any new prospective provider needs to be given an idea of the potential TUPE impact so that they can appropriately cost up the contract on their tender. We anticipate that Bloom will be assisting in this mobilisation activity. Once the favourable contractor is awarded the contract, the current and new employers can liaise direct, where TUPE is assessed.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

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The assessment of Housing Benefit and Council Tax Support is even more essential to support the financial health of low income households due to the Coronavirus.

BACKGROUND PAPERS

None

Non-key Executive Decision

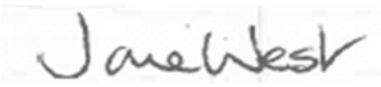
Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed 

Name: Jane West

Cabinet Portfolio held:
CMT Member title: Chief Operating Officer
Head of Service title
Other manager title:

Date: 15/06/2020

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____