

14 November 2013		ITEM: 6
Corporate Overview and Scrutiny Committee		
Variation of Serco/Europa Services provided under the SSP agreement		
Report of: Nigel Byatt, Head of Business Services		
Wards and communities affected: All	Key Decision: Key	
Accountable Head of Service: Nigel Byatt, Head of Business Services		
Accountable Director: Barbara Brownlee, Director of Housing		
Purpose of Report: The purpose of this report is to provide the reason for the urgent action taken on 19 th June 2013 to facilitate the return of some Serco services to the council.		

EXECUTIVE SUMMARY

The Council is in contract with Serco Limited (Serco) as its Strategic Partner under a Strategic Services Partnership Agreement (SSPA) and under which Serco directly or indirectly (through its own Nominated Subcontractor (Europa Facilities Management Limited (Europa)) provided and delivered certain specified services to and for the Council. These services included the Lands & Property (including Facilities Management) services and the Highways and Engineering services (as defined in the SSPA).

The SSPA, which was entered in to in November 2004, is due to expire in 2020 unless extended by the Council in accordance with its terms.

The Council and Serco entered into discussions on the future shape and management of the SSPA services performed by Serco via Europa. These discussions reached a stage where formal agreement was required from Cabinet to initiate the transfer of the Lands & Property (excluding Facilities Management) services and the Highways and Engineering services back into direct Council management.

The transfer was intended to reshape the SSPA to better meet the Council's needs going forward, specifically through developing a strong in-house capacity to deliver the major new Housing capital programme (Beyond Decency) and Highway sustainable transport programme.

At the same time these changes strengthened the facilities services delivered by Europa at a time when the council's Transformation programme demands this.

Reason for Urgency

The transfer activities could only commence once the cabinet report was agreed and the Letter of Intent signed. In order to achieve the critical deadline of the 31st July it was essential to have this report agreed as an urgent item prior to the next planned Cabinet meeting.

As shown below the due diligence and TUPE requirements required a period of 5 weeks which meant that any further delays in obtaining the cabinet report agreement would have potentially derail the initiative.

The critical path from the transfer date included:

- 1 week for TUPE final administration
- 4 weeks consultation
- 1 day to issue the Measure Letter to TUs/lay staff representatives (may have been included in the consultation)

This activity chain gives an incompressible period of 5 weeks following approval from the Council and signing of the letter of intent and also ensured that the transfer occurred at the end of a payroll period minimising the impact to the transferring staff.

Asset management information

Under the SSPA the strategic partner's nominated subcontractor (Europa) held the role of Corporate Property Officer, with responsibility for the strategic management of the Council's property portfolio, The partner's contractual responsibility included the requirement to produce and manage the delivery of the Asset Management Plan. The Council was without such a plan for a period and this was eventually addressed by the internal production of such a strategic plan; agreed by Cabinet in February 2011 and supplemented with a more detailed Delivery Plan in February 2012.

A key commitment within these strategic documents was the return of the Corporate Property Officer role to the Council and the establishment of a single corporate property team focused on the further development and implementation of the asset management strategy. The return of the "Property Care Building and Services" and the "Lands Service", respectively identified in the contract as specific contractual elements of the partnership, were considered vital to meeting this element of the asset management strategy.

1. RECOMMENDATIONS:

1.1. That Corporate Overview and Scrutiny Committee note the report.

2. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

2.1 Continuation or variation of the current services delivered under the SSPA was considered and discussed between the Heads of Services, Directors and strategic partner. However it was not deemed by the Council as meeting the longer term needs of the housing capital programme and sustainable transport programme.

3. REASONS FOR RECOMMENDATION:

3.1 The SSP agreement has been in operation since April 2005, and during this time the shape and structure of some of the services being delivered specifically around the areas of Property (including Lands) and Transport & Engineering had remained unchanged.

3.2 At the same time the Housing department had developed its capital and revenue programmes to a level previously unseen and the SSPA service simply could not meet these demands. There was a need to deliver a more technically proficient, client-focused and robust property client side for Housing which could only be achieved by fundamentally changing the delivery model. To meet this demand, a clear need to bring the above services back in-house was identified.

3.3 Similarly with Transport & Planning the same range of issues and requirements were identified to support its future plans for sustainable transport programmes.

3.4 This has facilitated the streamlining and reshaping of how services are delivered to residents and businesses going forward. Whilst allowing the Council and Serco to better engage in assessing how other services can be developed and enhanced to meet the changing needs of the Council.

4. CONSULTATION (including Overview and Scrutiny, if applicable)

4.1 Not applicable

5. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

5.1 Not applicable

6. IMPLICATIONS

6.1 **Financial**

Implications verified by: **Sean Clark**
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The financial responsibilities for the transfer of services are set-out within the SSP agreement, the Council has negotiated a preferential settlement

compared to these proposals and minimised financial costs associated with the transfer.

There are also likely to be some running costs to be added to the cost of in-house provision but these will be minor when compared to the overall savings of the transfer.

6.2 **Legal**

Implications verified by: **Eldred Taylor-Camara (Legal Group Manager)**
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Under the Strategic Services Partnership Agreement (SSPA), Serco via its Nominated Subcontractor (Europa) provided the Lands & Property (including Facilities Management) services and the Highways and Engineering services to and for the Council.

The SSPA, provides that where the Council or Serco see a need for a change to the Services or the SSPA, either of them can request a change and/or propose amendments to the SSPA under the Change Control Provisions of the SSPA.

In order to effect a change, a Change Control Note (CCN) needs to be signed by both parties. The CCN, amongst other things, sets out full details of the changes (including any specifications), as well as the price/cost of the changes (including any schedule of payments), a description of the impact the changes will have on the Services and the SSPA and a timetable for implementation.

Under the SSPA, any change resulting in financial consequences would necessitate an adjustment to the Service Charge such that Serco is left in a position which is no better and no worse in relation to the Financial Model applicable prior to the changes, than if the change had not been made.

In accordance with the requirements of the SSPA, the Council and Serco agreed to a variation of the SSPA under which the Lands & Property (excluding Facilities Management) services and the Highways and Engineering services would be transferred back into direct Council management.

The proposed changes to the SSPA constitute a Key Decision and accordingly needed to be approved by Cabinet. However, the agreement required the transfers to take effect from 1st August but due the Cabinet scheduling, this deadline would not have been met. The proposal was therefore placed before the Leader for decision as an urgent action in order to meet the deadline and thereby effect the change to the SSPA.

6.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
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Transfer of staff was governed under TUPE regulations as such no diversity & equality issues were identified at the time,

6.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

Not applicable

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- None

APPENDICES TO THIS REPORT:

- None

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