

SCRUTINY BOARD

Agenda Item: 8

Ward: All

Portfolio: Cross Cutting

FROM: Head of Law &
Governance Services

Date: 18 March 2021

SUBJECT: Five Councils Corporate Services Contract Update

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Report Sign off	Seen by:	Name	Date
	Chief Executive/ Deputy Chief Executive(s)	Stuart Brown	09/03/21
	Legal	Lesley Dolan	09/03/21
	Finance	Richard Bates	09/03/21
	Head of service	N/A	
	Portfolio Holder	Leader of the Council	08/03/21
	Ward Member(s)	N/A	
Summary:	<p>In September 2020 a report was brought before the Scrutiny Board which detailed the proposal to remove the Procurement and Exchequer Services from the Five Councils Corporate Services Contract. The two services would be returned to Mendip District Council to be delivered in-house from 1 January 2021 and 1 April 2021 respectively.</p> <p>At the September meeting the Board asked for regular reports to be brought back to them to keep them apprised of progress. This paper represents the second such report and is the final opportunity to update Scrutiny before the Exchequer Service returns to MDC in approximately 2 weeks' time.</p>		
Recommendation:	<p>That the Scrutiny Board note the progress that has been made in respect of exiting both the Procurement and Exchequer Services from the Five Councils Corporate Services Contract.</p>		
Direct and/or indirect impact on service delivery to our customers and communities:	<p>The effective delivery of the Council's Contract for Corporate Services directly impacts on the quality and cost of service delivery to our customers and communities. Any savings accrued in respect of exiting elements of the contract will be used to provide the services in-house.</p>		
	<p>The efficient and effective delivery of the services originally included in the Five Council's Corporate Services Contract underpins the strategic priorities of the Council.</p>		

Contribution to Corporate Priorities:	
Legal Implications:	Extensive legal implications were considered under the original September 2020 report. The governance structures across the Five Councils' partnership took advice from the Councils' Monitoring Officers as well as support from external lawyers.
Financial Implications:	Extensive financial implications were considered under the original September 2020 report. The governance structures across the Five Council's partnerships took advice from the Councils' Section 151 Officers who provided guidance on the anticipated costs of exiting the services and the associated settlement of disputes.
Climate Change Risks and Opportunities:	There are no direct climate change implications, however where possible, we will ensure that improved services are delivered with minimal environmental impact. Improving the Financial systems and in particular the ability to take online payments will reduce paper usage and possibly travel by customers/residents who pay by cash and cheque and will support the digital strategy
Impact on Service Plans:	While the negotiations between the 5 Council's Partnership and the service provider were forecast for 2020/21 the extensive support required for the insourcing of services could not be accurately predicted. The 'location' and hosting of the in-sourced services could not be predicted and was therefore not included as part of service planning for 2020/21. Resources have therefore had to be redeployed to prioritise these matters. The ongoing transition and transformation of the Exchequer and Procurement services will form part of the relevant service planning for 2021/22.
Crime and Disorder Implications:	None as a result of this report
Equalities Implications:	None as a result of this report
Risk Assessment and Adverse Impact on Corporate Actions:	Detailed risk registers have been maintained as part of the project to in-source these two services.

INTRODUCTION

Mendip District Council, South Oxfordshire District Council, Vale of White Horse District Council and Hart District Councils and Havant Borough Council entered into a contract with Capita Business Services Limited (“Capita”) on 4th April 2016. East Hampshire District Council was not a part of the original procurement but receives services under the contract through its own collaboration agreement with Havant Borough Council.

In December 2017 the Authorities authorised a review of the contract and Mendip delegated the negotiation of the revised offer to the Chief Executive in consultation with the Section 151 Officer, the Deputy Chief Executive and Monitoring Officer and the Leader of the Council.

On 29th March 2018 the negotiations in respect of some of the services were concluded, and a Deed of Variation was entered into to reshape the Innovation Hub and Procurement Services and return the Licensing Service to the Authorities.

Negotiations on the remaining services proceeded throughout 2019 under Without Prejudice Heads of Terms agreed with the supplier. While all services supplied through the contract were originally in scope the complexity of the contract and the impact assessments received from Capita necessitated that the negotiations ultimately focussed on the following services: HR, Payroll and Finance.

In February 2020 Cabinet approved the return of the HR and payroll service, which was successfully accomplished with effect from 1 April 2020.

Cabinet also approved the two-stage return of the finance service. With effect from 1 April 2020 the accountancy service was removed from the contract and returned to the Councils.

In September 2020 a further report was brought before Cabinet and the Scrutiny Board which detailed the proposal to remove the Procurement and Exchequer Services from the Five Councils Corporate Services Contract. The two services would be returned to Mendip District Council to be delivered in-house from 1 January 2021 and 1 April 2021 respectively.

At the September meeting the Board asked for regular reports to be brought back to them to keep them apprised of progress. This paper represents the second such report and is the final opportunity to update Scrutiny before the Exchequer Service returns to MDC in approximately 2 weeks’ time.

MILESTONES ACHIEVED

Procurement Service

- Procurement successfully exited the contract 31 December 2020.
- Engagement with Somerset authorities continues to seek collaboration opportunities for the Procurement service.
- Recruitment to the temporary Procurement Officer position has been successful on 2 occasions however due to personal reasons both candidates have only

stayed in post for short periods. A third candidate, started working for Mendip on 8 March.

- The migration to the South West Procurement Portal utilised by the Public Sector across the South West continues with contracts having been provided and currently being reviewed by Mendip's SHAPE Legal. Further dialogue is needed with Proactis which is being led by the new Procurement Officer. This piece of work is scheduled to be concluded in March.

Exchequer Service

- Identified that Redundancy costs are not applicable as all staff have been redeployed or identified for TUPE. For Mendip only one Cashier post is subject to the TUPE provisions.
- Recruitment to vacant posts within the Exchequer Service commenced in late December and the post of Exchequer Business Partner was successfully recruited to.
- The Accounts Payable/Accounts Receivable positions have been filled and start dates are currently being agreed. 2 positions have been filled by existing Capita staff working on the 5 Council's Contract therefore they are already familiar with operating systems.
- An experienced System Accountant joined Mendip on 14 December 2020. The main focus of the post holder has been the upgrade of Mendip's financial management system Agresso to Unit4, Pay360 Secure Card Portal upgrade and the implementation of the BACs portal.
- Financial Management System – Unit 4 Business World (Agresso)
 - Productions and Preview environments built.
 - User Acceptance Testing (UAT) ran from 27 January until 11 March with no major issues identified.
 - Configuration of the Production environment to align the old version of the application with the latest version has taken place and training has been provided via workshops where necessary.
 - Training sessions for staff will take place at the end of March via Teams and video resource. Invites to training has been provided via My Mendip.
 - Additional support from Unit4 was purchased as part of the contract due to Mendip being on such as old version. A kick-off session with the Application Management Support (AMS) team took place in January, due diligence is ongoing by the Unit4 team so they can present to Mendip the finding and proposal for transition to much improved processes. AMS timescales have being pushed back by 4 weeks to ensure that Mendip concentrate on Go Live of the upgraded solution all AMS activity will therefore conclude by the end of April. AMS will then support Mendip going forward from May.
 - Go Live is still on track for 6 April 2021. To enable Go Live the existing version of Agresso will be unavailable from 26 March until 6 April. This has meant Year End has been brought forward and communication has been disseminated to staff regarding the earlier deadlines.
- Income Management System – Pay360
 - Secure Card Payment Portal upgrade kicked off in January. This will ensure Mendip meets the requirements for taking payment online. Capita have configured the portal and GOSS have completed the field updates for the website. UAT has commenced and no significant issues have been identified. Go live is still expected on 23 March.

- Pay360 upgrade to Version 13 – Mendip will commence the upgrade of AIM to Pay360 on 12 March 2021 and this will conclude in November 2021. This project will migrate the software to the Cloud and upgrade to the latest version.
- Banker Automated Clearing Services (BACS) software
 - Mendip procured the services of Bottomline for BACs software. This software is compatible with Unit4 ERP.
 - The software has been configured for Mendip.
 - A handover and training workshop took place in February and testing has commenced and conclude mid-March. Go Live is on target for the end of March.
- Operational processes and procedures
 - Process notes continue to be updated to reflect the changes in operational procedures that will be adopted from 1 April following the exit from Capita.
 - Discussions continue with NatWest regarding Cash/Cheque transfer and this will be finalised this month.

Capita will be providing 2 workshops in March for operational handover to Mendip staff which will conclude Mendip's understanding of associated processes ready for 1 April 2021.

RECOMMENDATION

That the Scrutiny Board note the progress that has been made in respect of exiting both the Procurement and Exchequer Services from the Five Councils Corporate Services Contract.

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Background Papers