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Author/Lead Officer of Report:
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 Development

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Report of: Executive Director of Resources

Report to: Cabinet

Date of Decision: 17th October 2018

Subject: Future Delivery of the Revenues & Benefits and Financial Business Transactions services

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>
- Affects 2 or more Wards	<input type="checkbox"/>
Which Cabinet Member Portfolio does this relate to? Cabinet Member for Finance and Deputy Leader	
Which Scrutiny and Policy Development Committee does this relate to? Overview and Scrutiny Management Committee	
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 324	
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-	
Appendices 3 to 10 are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) in that they include information relating to the financial or business affairs of any particular person (including the Council) and the balance of public interest is in the information not being released.	

Purpose of Report:

The current strategy of insourcing and recommissioning IT services between December 2018 and March 2019 raises the question of how the Council should approach the remaining contract with Capita in relation to Revenues & Benefits & Financial Business Transactions (FBT) services. In the context of ongoing work around the Welfare Review and the need for a more flexible, responsive and

sustainable service delivery model it is proposed that the contract with Capita in relation to those services is brought to an end in 2020. The recommended option at this stage is to insource all services.

Recommendations:

That Cabinet:

- Notes and approves the proposal for the future delivery of the Revenues & Benefits & FBT services outlined in this report and in particular that:
 - These proposals would move the Council towards the delivery of those functions through an in-house service;
 - this will necessitate early termination of the Revenues & Benefits and FBT elements of the Programme Agreement with Capita Business Services Ltd (Capita); and
 - there may be a transfer of staff from Capita into the Council that will require a formal consultation with staff affected and the Trade Unions.
- To the extent not covered by existing delegations grants delegated authority to the Executive Director of Resources in consultation with the Cabinet Member for Finance, the Director of Finance & Commercial Services and the Director of Legal and Governance as necessary to:
 - approve the procurement strategies and contract awards for the various procurements required to deliver transfer and ongoing delivery of the services;
 - utilise the appropriate contractual mechanisms to give notice to Capita to terminate the Revenues and Benefits and FBT services and Partnership elements of the Programme Agreement; and
 - take such other steps as he feels necessary to achieve the outcomes in this report.
- Gives its approval for the budget required to cover the costs of delivering the transfer of the Revenues & Benefits and FBT services to the Council including the one-off implementation and set-up costs, as set out in the financial implications of this report.
- Notes a further report will be presented to Cabinet in due course setting out the strategy for the future delivery of the services in more detail once the proposals have been fully worked up.

Background Papers:

- None

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Paul Schofield
		Legal: David Hollis
		Equalities: Michelle Hawley
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Eugene Walker
3	Cabinet Member consulted:	Olivia Blake
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Tim Hardie	Director Job Title: Head of Commercial Business Development
	Date: 9 th October 2018	

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1. **PROPOSAL**

1.1 **Strategic Context**

The Capita Partnership contract commenced in 2009, under which Capita is responsible for the delivery of various Council services until January 2022. Capita and the Council agreed to insource Customer Services including the Contact Centre in 2016 and Human Resources services in 2017. We have also brought to an end the cashiers and schools HR services. In addition to IT, the following services continue to be part of the Capita contract:

1.1.1 Revenues and Benefits Service

This provides the largest customer service of any part of the Council, comprising the administration and operation of the Council's Council Tax, Business Rates and Benefits services. These services include:

- Housing Benefit and Council Tax Support to over 50,000 residents
- Council Tax billing and collection to over 240,000 households
- Business Rates billing and collection to over 17,000 businesses.

1.1.2 Financial Business Transactions Service (FBT)

Provides a crucial role in ensuring that the Council meets its responsibilities for paying its suppliers and other creditors. Its objectives are to ensure that payments are made quickly and accurately and to provide prompt and appropriate responses to creditor or service enquiries.

1.1.3 In providing these services our aim is to:

- Help support some of our most vulnerable residents through Housing Benefit and Council Tax Support;
- Demonstrate our commitment to customer service;
- Maximise two crucial sources of income through Council Tax and Business Rates; and
- Contribute to the Council's priorities of tackling poverty and increasing social justice.

Our challenge is to deliver these objectives in a way that is responsive

to the challenges of welfare reform, including the introduction of Universal Credit, as well as providing support to our residents and businesses at a time of economic uncertainty.

- 1.1.4 The contract budget for these services in 2018/19 is £7.4m; the detail is shown in Table 1.

Table 1: Contract Budget for Capita Services 2018/19

Service	Contract Budget £'000
Revenues	2,644
Benefits	3,499
Financial Business Transactions	428
Partnership Management (pro-rated)	839
Total	7,410

- 1.1.5 The current strategy of insourcing and recommissioning IT services between December 2018 and March 2019 raises the question of how the Council should approach the contract in relation to Revenues & Benefits & FBT services. The Council has the option of exercising a break clause in the contract in order to terminate it in January 2020 prior to contract expiry in January 2022.

- 1.1.6 Latest national speed of Housing Benefit processing statistics show that Sheffield meets the average processing time of the other Metropolitan District Councils (MDCs). Sheffield's Business Rates collection performance is slightly above the average of MDCs but its in-year Council Tax collection rate is in the bottom quartile. However, our in-year Council Tax collection rates are broadly in line with the average performance of other core cities in England, which is a better comparator in terms of those cities having similar characteristics to Sheffield.

- 1.1.7 In deciding on the strategic priorities for the Revenues & Benefits service there is a key link with the ongoing work, supported by Future.Gov, on Welfare Review and the replacement of Housing Benefit for those of working age with Universal Credit. The outcome of the Welfare Review will partly shape the future service requirements of Revenues & Benefits. Determining the future of Revenues & Benefits is the key driver for decision making, with FBT dealt with separately under each option.
- 1.1.8 At this point further detailed work is therefore needed to understand the best future operating model for the delivery of the Revenues and Benefits and Financial Business Transactions services. This proposal focuses on short term changes in the delivery of the services. With more granular visibility of how the services operate and the control of service delivery to enable the services to be shaped to meet the Council's future needs around welfare reform.
- 1.1.9 A further report will be brought back to Cabinet at a later date when this design work has been completed, setting out further detail on the options and their implications for future change to how the services will be delivered and the recommended course of action.

1.2 **Options Analysis**

1.2.1 Options

Fully understanding the best service operating model, how this will impact on the customer journey and the commercial and financial implications of a particular approach in relation to these is a complex task. Detailed work has therefore been undertaken to help understand the best overall solution for the delivery of the Revenues & Benefits & FBT services. The Council has now completed its initial analysis of the following options:

1. **Do nothing** – i.e. the baseline position of remaining with Capita under the current contract until 2022
2. Terminate the Capita Contract and **insource all services** in 2020
3. Terminate the Capita Contract and **re-procure all services** in 2020

4. **Hybrid Delivery** – i.e. combination of the insourcing and reprocurement options above
5. **Renegotiation** – i.e. remaining with Capita until either 2020 or 2022 on the basis of reducing the current cost of the contract.

Not shortlisted

6. Recommission a new single supplier for all services – discounted as this would provide no significant benefits over current arrangements;
7. Enter into a shared service with local partners – discounted as there is no specific demand from other partners and this would be complex and risky to establish if there was;
8. Create a mutual organisation to deliver the services – discounted as would introduce large risk for critical services to be delivered by a new organisation with few if any comparator models elsewhere;
9. Set up an Arm's Length Management Organisation – discounted as this would be lengthy to establish and would not enable the Council to have the level of direct control it requires;
10. Decommissioning the service in whole or in part – discounted as services relate to our statutory functions;
11. Transfer some or all responsibilities to the community, trust, charity, service user group or other body (Including Social Enterprises) - discounted as would introduce large risk for critical services to be delivered by a new organisation with few if any comparator models elsewhere;
12. Create a public-private partnership, through a strategic contract or joint venture company – discounted as this would essentially be recreating a similar arrangement to what is currently in place and would, therefore, not deliver any significant benefits.

1.2.2 A detailed SWOT analysis has been completed in respect of the following options. Initial cost modelling has also been undertaken to identify the estimated financial impact of each option.

1.2.3 The analysis is subject to a number of assumptions at this stage, included in Appendix 6. The cost models illustrate the potential savings

and pressures from the different scenarios listed above and is limited to the information we have available at this time. Further analysis will be undertaken on detailed actual primary costs as part of this appraisal process.

1.2.4 **Recommended Option**

The recommended option is to take back direct control of the Revenues, Benefits and FBT services, with transfer or reprocurement of some elements of their supply chain.

Under this option the Council would terminate the Capita Partnership in 2020 and insource Revenues & Benefits & FBT services.

An insourced service could provide opportunities for savings, based on the broad assumptions outlined in Appendix 6. The insourced staff would be auto enrolled into the Local Government Pension Scheme where staff are not already members. The costings produced based on these assumptions are purely to illustrate the level of risk and opportunity in this scenario.

1.2.5 Current modelling indicates the potential savings of the insourcing and reprocurement options are broadly comparable. Whilst a reprocurement could drive savings there is no guarantee of the actual benefits until we have gone to the market. Whether a lower market price could be achieved whilst maintaining current levels of service delivery is also subject to question. The key advantage of the recommended option is this would give the Council control of Revenues & Benefits & FBT from 2020 with full transparency of operations and underlying costs. This would provide better opportunities for joined up working within the Council and developing service delivery to meet changing needs and priorities.

1.2.6 The key risk identified with this option is the potential drop over the longer term in current performance levels for Revenues & Benefits which will have a direct impact on frontline services. This is drawn from lessons learned from the Customer Services insourcing. Further resources could be utilised to maintain current service standards but this would be at additional cost, which would erode the savings opportunity. In addition, the Council has no direct operational experience for running these services in-house, since they were

originally outsourced 20 years ago. Whilst transferring staff will bring knowledge and experience with them, staff at a more senior level may not transfer. This also represents a risk with regards to maintaining current performance levels, particularly in the short-term.

1.2.7 It should also be noted that the current financial guarantees on Council Tax, New Homes Bonus and Single Person Discount would no longer apply. This would leave the risk of under-recovery and/or income generation entirely with the Council.

1.2.8 Table 2 lists a summary of the above potential advantages and disadvantages of this option.

Table 2: Advantages and Disadvantages of the Recommended Option

Advantages	Disadvantages
This option would give the Council control of Revenues & Benefits & FBT to meet changing needs and priorities.	Potential drop over the longer term in current performance levels for Revenues & Benefits without further transformation
Provides full transparency of operations and underlying costs	Economies of scale across the current contract could be lost.
Flexibility to make quick decisions on different elements of service delivery.	Financial guarantees on Council Tax, New Homes Bonus and Single Person Discount would no longer apply
Operating costs savings from partnership cost reductions	Initial investment in transition and exit costs
Provides better opportunities for joined up working within the Council	

1.2.9 As part of planning the transfer of Revenues and Benefits and FBT services comprehensive commercial options are being appraised to determine and inform the make or buy decision in relation to the ancillary services, products and systems upon which the Revenues &

Benefits and FBT services rely. The routes to market will demonstrate the most economically advantageous outcomes for the Council. Where a third party supply is identified as the best value option, the overarching procurement strategy will detail the route to market, which may include calling off from frameworks or running formal tenders.

- 1.2.10 Any tendering activity for the supply chain of the services will be governed in accordance with the Council's Contract Standing Orders and within the Public Contract Regulations 2015. The Council has set out its Ethical Procurement Framework demonstrating our clear commitment to maximise the Council's ability to use its discretion to apply ethical standards to behaviour throughout its supply chain and using the money we spend to increase the social value and benefits for local people and businesses. We expect that the supply chain will share our desire to create a city economy that works for all by paying their taxes, respecting workers' rights and equal opportunities, and invest in the talent of their employees through good training and healthy, safe working conditions.

1.3 **Options Analysis For Third Party Contracts**

Understanding the best operating model for the activities currently delivered by third parties for Revenue, Benefits and FBT services following transfer to the Council is a complex task. How this impacts on the customer journey and the commercial and financial implications of a particular approach needs consideration.

Detailed work needs to be undertaken to understand the best overall solution for the delivery of these services at the point of transfer of the service back to the Council based on the principles of:

- least amount of service disruption for customers
- maximise opportunities to generate cost savings
- delivery of quick wins wherever possible
- low risk to ensure a smooth service transfer

There are six known ICT and non ICT services currently delivered by third parties within the Capita Group:

1. Print and Mail – delivered by CIC (Mansfield)
2. Integra (SCC's finance system) – delivered by CIBS

3. Academy (IT System used by Revenues and Benefits)
4. Scanning (associated with SCC's financial business transactions) – delivered by CIC (Darlington)
5. Flexible Resource (to meet peak periods of activity) – delivered by Capita Local Public Services
6. Bailiff services

We anticipate there may be more third party services delivered via our contractual relationship with Capita which will be confirmed once conversations can be held with Capita subject to the decision on the future of the services. Proposals regarding the above will be developed and brought back to Cabinet in the next report on the future of the services.

1.4 **Key Factors to Consider & Next Steps**

This proposal's focus is on the transfer of the services, as a number of other factors will affect what is required from the future shape of the services. These are outlined below:

1.4.1 Universal Credit (UC)

The roll out of UC is due to recommence in November 2018, with bulk migration of the remaining Housing Benefit cases by March 2023. A multi-agency working group has been established to manage the impact of this change. The exact impact of UC will only become apparent as roll out continues and take up rates become known. However, this is currently considered to be a manageable risk when weighed against the advantages of implementing the identified options prior to the expiry of the Capita Contract in 2022.

1.4.2 Welfare Review

The scale, scope and timescales concerning the city-wide Welfare Review work are still being developed but it is anticipated this will commence in early 2019. This work needs to be kept under review as the options are refined and a strategic approach agreed. If there is a material impact that favours one particular solution then the approach will be re-assessed in the light of this.

1.4.3 Functional Structure

The Council is not bound to deliver its services for Revenues & Benefits and FBT in the same manner as under the Capita contract. It is proposed that different delivery models, aligned around a functional review, will be considered as the options are further developed.

- 1.4.4 Customer Experience
Development of the options will also consider whether a different approach/delivery model is appropriate, taking into account customer expectations, need and ease of access to services.
- 1.4.5 Performance
Existing performance levels are likely to continue unless we resource appropriately to deal with known areas of weakness. Some of the resource saving opportunities identified in the proposed options could be utilised to invest in service delivery and improve the service delivered to Sheffield citizens (and potentially increase council revenue collection).
- 1.4.6 This recommended option is likely to require a new operating model following transfer for the delivery of these services. If this recommendation is accepted, work will be undertaken to bring back to Cabinet a further proposal on how the services will be developed following the transfer back to direct delivery by the Council. This will be informed by developments on the factors outlined above.
- 1.4.7 Governance for a transition project has been established and has been undertaking detailed planning so that if the recommendation is approved, we can mobilise very quickly. We have developed a high level transition plan (see Appendix 4). The plan is subject to refinement once we enter into formal discussions with Capita. Our current target is to have responsibility for Revenues, Benefits and FBT services back under the Council's control, as per this recommended option in 2020.
- 1.4.8 Our strategy will be based on:
- *Transition* – move Revenues, Benefits and FBT services back under the Council's direct control and recommission the replacement services where they are required.
 - *Stabilisation* – deal with any issues that we discover post-transition, put in place the initial operating model for the services and agree the priority areas for transformation; and
 - *Transformation* – we will start the work of developing the services informed by the implementation of Universal Credit and the outcome of the Welfare Review. Further detail on what form this transformation will take will be provided in a future Cabinet report.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 The Council's current Corporate Plan contains five priorities that capture the organisation's ambitions for Sheffield. These proposals support the priorities in the following ways:

- **An in-touch organisation:** Shaping the delivery of Revenues and Benefits services will help the Council to more effectively support the people of Sheffield. It will help to join up how our services deliver and enable us to be more agile in responding to the needs of customers.
- **Strong economy:** By maximising two crucial sources of income through Council Tax and Business Rates
- **Thriving neighbourhoods and communities:** By providing support to our residents, landlords, advice networks and businesses at a time of economic uncertainty
- **Better health and wellbeing:** Health and wellbeing are known to be influenced by indebtedness and quality of housing or lack of it. These proposals will help to ensure that residents receive the financial support required to secure appropriate housing and minimise Council Tax and rent arrears both of which are major contributors to indebtedness
- **Tackling inequalities:** By being responsive to the challenges of welfare reform including the introduction of Universal Credit

3. HAS THERE BEEN ANY CONSULTATION?

3.1 As this report addresses how the Council will continue to deliver the services rather than a change to services that will be seen by customers there is no statutory obligation to consult. Affected staff will be consulted on proposals as they progress and included in formal TUPE consultation if TUPE is found to apply. The approach on public consultation will be reviewed as part of developing our wider strategy and approach, principally in respect of the Welfare Review which will form a separate report.

4 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 There are some risks with the recommended option. The primary risks and their mitigations are:

- Service delivery disruption – If service delivery is disrupted due to service failure by any provider or uncoordinated delivery then support to citizens could be disrupted. To mitigate this, the initial operating model will be focused on prioritising service continuity, rather with transformational improvements aimed for after transfer, as outlined above.
- Information accuracy and availability – If the Council does not receive timely and accurate provision of information from Capita, including TUPE Employee Liability Information and Due Diligence Information, then the decisions taken to set up transferring services may not reflect the way they need to operate and this could lead to service delivery disruption. To mitigate this, we will liaise with Capita at an early stage regarding information requirements, timescales and verification processes and ensure adequate HR resource are available.
- Access to service delivery staff – If the project team and relevant services do not have access to employees to undertake meaningful consultation and gain a deep understanding of operational delivery then the tools and processes set up for the point of transfer may not be appropriate for effective delivery. To mitigate this, we will liaise with Capita at an early stage and agree consultation timescales. We will check contract documentation for responsibilities /requirements on exit and include staff access as an element of overall exit negotiations.
- Third Party TUPE challenge – 3rd party suppliers that are part of the current delivery supply chain could challenge that TUPE applies for any of their staff. To mitigate this, we will seek legal advice at an early stage after any claim to assess TUPE rights.
- Staffing Resource – Lack of visibility and information from Capita on the staffing model in particular around flexible resourcing and functions undertaken in other parts of Capita could lead to the potential that the staff level which transfers be inadequate to deliver the services.

- Staffing Resource – The changes around Universal Credit has led to Authorities increasing their reliance on temporary / short term resourcing therefore there is a potential for difficulties in recruiting additional resources with the relevant skills and experience to deliver the Revenues and Benefits function if these are required
- Financial impact not fully visible – If we discover, through the negotiation with Capita, that our cost model has underestimated costs this may impact the overall financial case for the recommended option. To mitigate this, we have based our modelling on conservative estimates and used actuals from previous impact assessments.

A more detailed analysis of key risks is included in Appendix 2 and a full risk register has been established and will be maintained while implementing the proposal.

4.2 **Equality of Opportunity Implications**

- 4.2.1 A full Equalities Impact Assessment (EIA) has been undertaken to assess the potential impact of the recommendations in this report in terms of equal opportunities. The following is a summary of the findings.
- 4.2.2 There will be staffing implications as a result should TUPE be deemed to apply to the transfer of Capita staff into the Council. However, there is not expected to be any disproportionate impact on staff with a particular protected characteristic.
- 4.2.3 The Council has a wide range of policies and procedures already in place to support employees and reduce potential inequalities in the workplace. Access to these policies and procedures will be available to all transferred staff to support their integration into the Council.
- 4.2.4 It will also be important to ensure that any staff transferring into the Council are given an appropriate induction to the Council so that they are aware of the support offered to staff with protected characteristics.
- 4.2.5 There is a risk of disruption to the services at the point of transfer which may have a negative impact on customers if Benefit payments are delayed or Council Tax payments not collected, however this will be mitigated through appropriate project planning. There is not expected

to be any negative impact on customers as a result of these proposals, as the services largely will deliver positive changes and improvements in the longer-term. The services will initially carry on delivering the same service to customers as they do at the moment and any proposals to change will be developed in partnership with customers and will take account their diverse needs.

- 4.2.6 The EIA has assessed the overall impact of the project as 'low', and a copy of the full EIA document is attached in Appendix 1.

4.3 **Financial and Commercial Implications**

Detailed financial modelling has been undertaken on the recommended option. In order to protect the Council's negotiating position and not prejudice the delivery of the benefits in this proposal, this information is included in the closed Appendices of the report because it is commercially sensitive.

- 4.3.1 The one off costs include the cost of a project team to deliver the change quickly in order to realise the benefits as soon as possible. Adoption of this strategy will require a change in the way the Council manages the services and this will require proper investment in a transition team to ensure the changes are brought in successfully. There will need to be some upfront increase in resource to make this happen successfully in the short project delivery timescale.

4.4 **Legal Implications**

- 4.4.1 The Council has a Best Value Duty to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" as well as the published guidance.
- 4.4.2 There are a number of legal issues that arise as a consequence of this proposal, which are summarised in Appendix 3 as part of the Commercial Negotiation Strategy.
- 4.4.3 There are no other direct legal implications from this report other than that in reaching the decisions cabinet will need to have regard to the Public Sector Equality Duty under the Equality Act 2010.
- 4.4.4 The implementation of the proposals and decisions under the delegations will pick up any necessary legal implications at that stage and these will include the following;

- Public Services (Social Value) Act 2012;
- The Public Contracts Regulations 2015 (the Regulations) – Procurements of the supporting services may be caught by EU procurement law as codified in the Regulations and will need to be compliant. The Capita Programme Agreement provides provision for the termination of services but the operation of this will still need to be compliant, in particular with Regulation 72 in respect of modifications and the requirement they must not change the economic balance of the contract in favour of the contractor in a manner which was not provided for in the initial contract; and
- Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended.

4.5 **Other Implications**

Any other implications are outlined in the report.

4.5.1 HR implications

At this stage, it is not possible to provide a complete assessment on all HR implications that could result from the proposals in this paper. However, the immediate apparent implications include the potential for the TUPE transfer of Capita staff.

4.5.2 These staff may include ex-Council employees who have transferred multiple times as the services have been provided by different organisations.

4.5.3 Although TUPE could apply, the proper assessment of whether TUPE will apply and which staff would be in scope of TUPE will require employee information from Capita that the Council does not have access to at this stage. If TUPE does apply, the Council will need to have sufficient time in the implementation period to make an assessment of the implications of this and undertake meaningful consultation on the transfer in accordance with the TUPE Regulations 2006 (Amended).

4.5.4 In the event that staff did transfer to SCC under the TUPE Regulations 2006 (Amended) if pay rates are currently below the Foundation Living Wage these pay rates would be uplifted to the Foundation Living Wage level.

5 **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Four other options were shortlisted for detailed analysis:

- 'Do nothing' and allow the contract to run until 2022.
- Reprocurement of all services.
- Hybrid Delivery
- Renegotiation

These are covered in further detail in Appendix 5

6 **REASONS FOR RECOMMENDATIONS**

6.1 The detailed rationale for the recommendations is set out in the report. Insourcing the services will give the Council direct control over the delivery of Revenues, Benefits and FBT services especially given the changing political and legal factors around Welfare Review and Universal Credit. It will enable the Council to implement the necessary changes to transform the services to adapt to these environmental demands in the most effective way we see fit and deliver these changes more quickly and more cost-effectively than if the services were managed by a strategic partner. This option gives us the opportunity to take back control over the future direction of the services and continue to deliver high performance through our own workforce.

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Appendix 1: Equality Impact Assessment

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 Equality Impact Assessment » EIAs: Future of Revenues and Benefits Service  

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Equality Impact Assessment and Consultation

Submitted for approval

Equality Impact Assessment

Introductory Information

Reference number
324

Proposal type
 Budget Project

Project name
Future of Revenues and Benefits Service

Decision Type

Type of decision

- Cabinet
- Cabinet Committee (e.g. Cabinet Highways Committee)
- Leader
- Individual Cabinet Member
- Executive Director/Director
- Officer Decisions (Non-Key)
- Council (e.g. Budget and Housing Revenue Account)
- Regulatory Committees (e.g. Licensing Committee)

Lead Cabinet Member
Blake Olivia (LAB CLLR)

Entered on Q Tier
 Yes No

Year(s)

EIA date
24/07/2018

EIA lead
Hawley Michelle

EIA contact
Markham Rob (NCC)

Lead officer
Hardie Tim (CEX)

Lead Corporate Plan priority
Strong Economy

Portfolio, Service and Team

Cross Portfolio
 Yes No

Portfolio

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/displayifs.aspx?List=2a277a5a%2D75ec%...> 04/10/2018

Resources

Resources service(s)

Finance and Commercial Services

Resources team(s)

Revenues and Benefits

Is the EIA joint with another organisation (eg NHS)?

No Yes

Brief aim(s) of the proposal and the outcome(s) you want to achieve

The current strategy of insourcing and recommissioning IT Services between December 2018 and March 2019 raises the question of how the Council should approach the contract in relation to Revenues & Benefits (R&B) & Financial Business Transaction (FBT) services. In the context of ongoing work around the Welfare Review and the need for a more flexible, responsive and sustainable service delivery model it is proposed that the contract with Capita in relation to those services is brought to an end in 2020.

The recommended option at this stage is to terminate the Capita Contract and insource all services with effect from 2020.

Impact

Under the [Public Sector Equality Duty](#) we have to pay due regard to the need to:

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity
- foster good relations

More information is available on the [Council website](#) including the [Community Knowledge Profiles](#).

Note the EIA should describe impact before any action/mitigation. If there are both negatives and positives, please outline these - positives will be part of any mitigation. The action plan should detail any mitigation.

Overview

Overview (describe how the proposal helps to meet the Public Sector Duty outlined above), Supporting Evidence (Please detail all your evidence used to support the EIA)

Some of our Revenues and Benefits customers are among the most financially vulnerable in the city however, there is not expected to be any negative impact on customers as a result of these proposals, as the Service largely will deliver positive changes and improvements in the longer-term. The service will initially carry on delivering the same service to customers as it does at the moment, and any proposals to change this service will be developed in partnership with customers and will take account their diverse needs. Furthermore, shaping the delivery of the Revenues and Benefits Service will help the Council to more effectively support the people of Sheffield by joining up our service delivery, enabling us to be more agile in responding to the needs of customers and by being responsive to the challenges of welfare reform including the introduction of Universal Credit . These proposals will also support the health and wellbeing of our residents by ensuring that they receive the financial support required to secure appropriate housing and minimise council tax and rent arrears both of which are major contributors to indebtedness.

The main staffing implications from this proposal will be as a result of the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) transfer of Capita staff into the Council. However, there is not expected to be any disproportionate impact on staff with a particular protected characteristic. The Council has a wide range of policies and procedures already in place to support employees and reduce potential inequalities in the workplace. Access to these policies and procedures will be available to all transferred staff to support their integration into the Council. As part of the TUPE transfer of staff the Council will consult on any changes. This will include a series of consultation meetings with Trade unions, affected Capita staff and potentially affected Council

Impacts

Proposal has an impact on

Health

<https://apps.sheffield.gov.uk/equality-impact-assessment/Lists/EIAs/Item/displayifs.aspx?List=2a277a5a%2D75ec%...> 04/10/2018

Does the Proposal have a significant impact on health and well-being (including effects on the wider determinants of health)?

Yes No

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The potential transfer of staff in the Revenues and Benefits and FBT services between employers could be a cause of concern and uncertainty for staff both working as part of the service for Capita and within potentially affected services within the Council.

These concerns could negatively impact on the mental and physical health of affected staff in both areas and they may also be concerned over how their new employer will support them with any health issues.

Affected staff within the Revenues and Benefits and FBT services and potentially affected Council services will be consulted with to understand and identify any concerns they have around service transfers and the impact this may have on them and their health. This will include explaining to them the policies and support mechanisms that the Council offer to support them with any health issues and will identify any reasonable adjustments the Council will put in place ahead of them transferring to the council.

The impact on employees who are away from work on sickness absence may be negative and again will be managed by including them in communications.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers

Yes No

Comprehensive Health Impact Assessment being complete

Yes No

Please attach health impact assessment as a supporting document below.

Public Health Leads has signed off the health impact(s) of this EIA

Yes No

Health Lead

Age

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

There are a minority of Revenues and Benefits staff within the Council under the age of 35 (12%) and over the age of 56 (17%). The age profile of staff in the current Revenues and Benefits and FBT service in Capita is unknown. For Capita staff transferring, they would join a workforce with a different age distribution and may experience difficulties integrating because of this. If transferring staff have a more diverse age profile then this will increase the age diversity of the Revenues and Benefits service within the Council, which existing staff may benefit from. If they do not then as part of service continuity planning the age profiles of staff and opportunities to bring in staff with a more diverse age range will be addressed.

Some Capita staff have already experienced a previous TUPE process from previous transfers. These changes may cause concerns for Capita staff, regarding places of work and line management.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options

Customers

Yes No

Disability

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

8% of Revenues and Benefits staff within the Council report that they consider themselves disabled. The proportion of staff in the Revenues and Benefits and FBT services within Capita that consider themselves disabled is not currently known, if this is higher than Revenues and Benefits staff within the Council then disabled staff transferring from Capita will join a service that has a lower proportion of disabled staff and so could be concerned over how well they will be supported by the Council.

Consultation with staff transferring to the Council will enable staff to raise and discuss concerns and to highlight any reasonable adjustments required to support staff in their work for staff that consider themselves to have a disability and these would be set up and applied following the standard Council procedures. The Council is a member of the 'Two Ticks' scheme providing support and development opportunities for disabled people. Potentially affected staff that consider themselves to be disabled will still be able to access support and these will be considered as part of changes to how people work.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers

Yes No

Race

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

8% of Revenues and Benefits staff within the Council are from a black and minority ethnic (BME) background, the ethnicity of the Revenues and Benefits and FBT staff within Capita is unknown. If the Capita workforce that may transfer to the Council have a greater ethnic diversity in their staff than any ethnic minority members of their staff would transfer to be part of a less ethnically diverse workforce and this may cause concern around how this may impact how they are treated.

The representation of BME staff in the workforce will need to be considered further once staff transfer. The TUPE process should not result in any negative impact on individual members of staff as a result of their equality profile. Any changes identified as a part of the TUPE process will be subject to full consultation.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options

Customers

Yes No

Sex

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

The Revenues and Benefits service within the Council has more female(66%) staff than male (33%). The split of male and female staff in the Revenues and Benefits and FBT service within Capita is unknown. If there are a more even gender balance in the Capita workforce than in the Council service then staff working in the Council would experience a shift in the makeup of their service once Capita staff transfer in, as would the transferring staff. This may cause staff on either side concern on what possible impact this may have on workplace culture and how they are treated.

If there is an under representation of staff of either gender in the combined workforce following any staff transfers then options to reduce any overall disparity would need to be considered further to ensure there is not a disproportionate impact on staff of either gender.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks
- The range of flexible working options
- Employment policies and support mechanisms to promote health and wellbeing

Customers

Yes No

Sexual Orientation

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

12% of Revenues and Benefits staff in the council did not declare their sexual orientation and of those that did declare this 5% report themselves as lesbian, gay, bisexual, and transgender (LGBT). There is not a more detailed breakdown available to identify the sexual orientation with this group. The proportion of staff within the Capita Revenues and Benefits and FBT service that identify as LGBT is unknown. If there are a greater proportion of staff in the Capita workforce that identify as LGBT compared to the Revenues and Benefits service in the Council then these staff could experience a shift in the makeup of their service once they transfer. This may cause them concern on what possible impact this may have on workplace culture and how they are treated.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks

Customers

Yes No

Transgender

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

12% of Revenues and Benefits staff in the council did not declare their sexual orientation and of those that did declare this 5% report themselves as LGBT. There is not a more detailed breakdown available to identify which of these identify as transgender. The proportion of staff in the Capita Revenues and Benefits and FBT workforce that report as LGBT is unknown. If there are a greater proportion of staff in the Capita workforce that identify as transgender compared to the equivalent workforce in the Council then these staff could experience a shift in the makeup of their service once they transfer. This may cause them concern on what possible impact this may have on workplace culture and how they are treated, though the Council has been recognised by Stonewall as an employer that promotes equality and diversity.

The Council will be in regular contact with all staff to make them aware of the key Council commitments to equality and dignity within the workforce including:

- Dignity and Respect at Work policy
- Access to Staff Equality and Inclusion Networks

Customers

Yes No

Poverty & Financial Inclusion

Staff

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

25% of staff in the Council's Revenues and Benefits Service earn below £20,000. There is limited visibility of the Revenues and Benefits and FBT service in Capita's current wage structure, however historic information suggests poverty and financial inclusion could be an issue for some staff who were not previously paid at levels above the Foundation Living Wage.

Any staff that may transfer into the Council would be paid at least the Foundation living wage and any staff that move to new suppliers would also be expected to be paid Foundation Living Wage as part of the terms of ethical procurement used to setup new suppliers.

Furthermore any staff that transfer to the Council would be eligible to join the Local Government Pension Scheme and likely receive an increase in employer pension contributions. Any staff that transfer to new suppliers may also have this opportunity if the Council can negotiate with suppliers to obtain admitted bodies status with the South Yorkshire Pensions Authority.

Customers

Yes No

Impact

Positive Neutral Negative

Level

None Low Medium High

Details of impact

Some of our Revenues and Benefits customers are among the most financially vulnerable in the city. There is not expected to be any negative impact on them as a result of these proposals as the intention is that the service will deliver positive service changes over the longer-term. However, any service disruption at the point of transfer may lead to short term hardship, for example, if benefits payments are delayed or customers are unable to pay their council tax, consequently a thorough implementation plan will be developed to mitigate the likelihood of this risk materialising.

Staff Medium

Poverty & financial inclusion has been recorded as Medium/High impact, this EIA will be escalated to Adele Robinson for corporate consideration

Supporting Documentation

Cumulative impact

Proposal has a cumulative impact

Yes No

Proposal has geographical impact across Sheffield

Yes No

Local Partnership Area(s) impacted

All Specific

Action Plan and Supporting Evidence

Action plan

Full consultation and communication with staff is paramount to the successful transition of the service and supporting staff through this. This will require managers and supervisors to remain open and honest with staff. The change may be perceived as negative by some staff. The impact and expectation from staff will be managed through consultation and induction for any new staff or staff that transfer.

Any changes identified as part of a TUPE process will be subject to full consultation with affected staff. Some of the changes may result in a positive impact where the Council's 'offer' as part of the transfer provides additional benefits. Any staff transferring into the Council will be covered by the Council's 'Dignity and Respect at Work' policy or a transferred Capita equivalent policy, providing support for the resolution of any equality issues.

Any TUPE process should not result in any negative impact on individual members of staff as a result of their equality profile. Any changes identified as a part of the TUPE process will be subject to full consultation.

All staff will be made aware of the key Council commitments to equality and dignity within the workforce including:

Dignity and respect at work policy

Access to staff equality and inclusion networks

the range of flexible working options

Employment policies and support mechanisms to promote health and wellbeing

This EIA will be reviewed once further staff demographic information is known.

Supporting Evidence (Please detail all your evidence used to support the EIA)

Demographic information on the Council's Revenues and Benefits service
2015 contract restatement information on Capita pay structures

Consultation

Consultation required

Yes No

Consultation start date

01/01/2019

Consultation end date

31/12/2020

Details of consultation

As part of the TUPE transfer of staff the Council will consult on any changes. This will include a series of consultation meetings with Trade unions, affected Capita staff and potentially affected Council staff. There will also be one to one consultations with individual staff.

Are Staff who may be affected by these proposals aware of them

Yes No

Are Customers who may be affected by these proposals aware of them

Yes No

If you have said no to either please say why

The proposal is not yet public, but will be communicated to the staff ahead of the cabinet decision. The customers of the service are also council staff so will be communicated to at the same time.

Summary of overall impact

Summary of overall impact

There will be significant staffing implications as a result of the TUPE transfer of Capita staff into the Council. There is not expected to be any disproportionate impact on staff with a particular protected characteristic however the Council has a wide range of policies and procedures already in place to support employees reduce potential inequalities in the workplace. Access to these policies and procedures will be available to all transferred staff to support their integration into the Council. There is a small risk that some transferring staff may not be fully included in the consultation process due to their characteristics - in particular those staff on pregnancy/maternity/paternity leave or those absent from work due to illness or disability. This risk is covered in the action plan and managers will be expected to ensure that these staff are involved wherever possible in consultation arrangements in a manner appropriate to their needs. It is important to ensure that staff transferring into the Council are given an appropriate induction to the Council so that they are aware of the support offered to staff with protected characteristics. This is also captured in the action plan attached to this EIA.

There is not expected to be any negative impact on customers as a result of these proposals and the intention is that the service will deliver positive service changes over the longer-term. The service will initially carry on delivering the same service to customers as it does at the moment. Proposals to change this service will be developed in partnership with customers and will take account of their diverse needs. The aim of bringing the Revenues and Benefits service back into the Council is to improve the overall service to customers and enable future changes in service delivery.

Summary of evidence**Changes made as a result of the EIA**

The current action plan is based on the standard TUPE process. This will be amended once further information on transferring staff is obtained and this EIA reviewed.

Escalation plan**Is there a high impact in any area?**

Yes No

Overall risk rating after any mitigations have been put in place

High Medium Low None

Review date**Review date**

07/01/2019

If a review date is specified, it will appear in the 'Upcoming Reviews' view when the EIA review is within 30 days.

Submitted for approval

[Type text]

Appendix 2: Risk Assessment

Risk Description	Risk Owner	Before Mitigation			Risk Controls / Mitigation	After Mitigation		
		Probability	Impact	Level - RAG		Residual Probability	Residual Impact	Residual Risk RAG
<i>Service delivery disruption</i> – If service delivery is disrupted due to service failure by any provider or uncoordinated delivery between multiple vendors then broader service delivery could be disrupted across the Council.	Tim Hardie	Likely	High	Red	Reduce - The initial operating model will be focused on prioritising service continuity rather with transformational improvements aimed for after transfer.	Likely	Marginal	Amber
<i>Information accuracy and availability</i> – If the Council does not receive timely and accurate provision of information from Capita, including TUPE Employee Liability Information and Due Diligence Information, then the decisions taken to set up transferring services may not reflect the way they need to operate and this could lead to service delivery disruption for Financial & Commercial Services and other Council services.	Tim Hardie	Likely	Moderate	Amber	Reduce - Liaise with Capita at an early stage regarding information requirements, timescales and verification processes and ensure adequate resources are available. Requests for information to be under contract exit arrangements and options to maintain a cooperative relationship between both parties will be considered as part of negotiations. Fall-back – additional resource to be available to identify and rectify issues during and after service transfer.	Possible	Marginal	Amber
<i>Access to Revenues and Benefits delivery staff</i> – If the project team and relevant services do not have access to employees to undertake	Tim Hardie	Likely	Moderate	Amber	Reduce – discussion between both parties through transition governance arrangements will manage requests for access to	Unlikely	Marginal	Green

meaningful consultation and gain a deep understanding of operational delivery then the tools and processes setup for the point of transfer may not be appropriate for effective delivery.					staff. We will check contract documentation for responsibilities /requirements on exit and include staff access as an element of overall exit negotiations. This will include assessment of the impact on service delivery to ensure that disruption is minimised. TUPE consultation activity will be agreed in advance at an early stage including consultation timescales.			
<i>Third Party TUPE challenge</i> – If 3rd party suppliers claim TUPE applies for any of their staff, because they believe they are mostly or wholly assigned to this contract, then more staff may transfer to the Council than are needed to run the service.	Linsey Linton	Possible	Marginal	Amber	Reduce – The Council will seek legal advice at an early stage after any claim to assess TUPE rights and assess the service staffing needs.	Unlikely	Marginal	Green
Staffing Resource – Lack of visibility and information from Capita on the staffing model in particular around flexible resourcing and functions undertaken in other parts of Capita could lead to the potential that the staff level which transfers be inadequate to deliver the service	Liz Snape	Possible	Moderate	Amber	Reduce – gain a clear understanding of Capita current staffing model and identify at an early stage roles/areas where staff may not transfer	Unlikely	Marginal	Green
Staffing Resource – The changes around Universal Credit have led to Authorities increasing their reliance on temporary / short term	Liz Snape	Possible	Moderate	Amber	Investigate options to ensure SCC can source additional resources through a range of providers/recruitment	Unlikely	Moderate	Green

resourcing therefore there is a potential for difficulties in recruiting additional resources with the relevant skills and experience to deliver the Revenues and Benefits function if these are required								
<i>Financial impact not fully visible</i> – If we discover, through the negotiation with Capita, that our cost model has underestimated costs this may impact the overall financial case for the recommended option.	Jane Wilby	Possible	High	Amber	Reduce – Cost modelling has been based on conservative estimates and wherever possible evidence of actual costs have been used to test modelling assumptions e.g. from previous impact assessments.	Unlikely	Moderate	Amber
<i>Supply chain novations</i> If we are unable to novate contracts from 3rd Party or inter company suppliers that support the Revs & Bens service to the Council in the required timescales, due to contractual complexity or resourcing, then relationships with these suppliers would not be transferred by the point the Revs & Bens service transfers to continue the support delivered for other services.	Jon West	Possible	High	Amber	Engage with Capita and suppliers at earliest opportunity to share deadlines and plan necessary contractual activities. Ensure Capita have novatable arrangements in place prior to transfer. Plan business continuity arrangements as a fallback position to cover and short term gaps in provision.	Unlikely	Moderate	Amber