

# Cheltenham Borough Council

## Cabinet – 12 October 2021

### Agreement for Services between Cheltenham Borough Council and Publica Group (Support) Ltd: Extension of Term

<b>Accountable member</b>	<b>Councillor Rowena Hay, Leader of the Council</b>
<b>Accountable officer</b>	<b>Darren Knight, Executive Director People &amp; Change</b>
<b>Ward(s) affected</b>	<b>None</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<p>Cheltenham Borough Council entered into a five year Agreement for Services with Publica Group (Support) Ltd on 1 November 2017 for the delivery of support services, namely ICT, HR &amp; Payroll, Learning &amp; Development and Finance &amp; Procurement. The Agreement expires on 31 October 2022 and the council is required to give at least 12 months' written notice if it wishes to extend the term of the Agreement, ie by the end of October 2021.</p> <p>The council wishes to extend the term for delivery of services by Publica Group (Support) Ltd for a further four years; however, the list of services the council wishes Publica to deliver is subject to review.</p> <p>The pandemic has had a fundamental and lasting impact on the council and the borough and the council is currently engaged in a number of workstreams to ensure the council and the services it delivers are resilient and financially sustainable going forward. The outcomes of this work may influence and impact on the services the council receives from Publica in the future.</p> <p>The proposed approach, therefore, is to serve an extension notice for four years which notifies Publica Group (Support) Ltd that the council may seek to change or amend services within the current service agreement as part of the annual service review process.</p>
<b>Recommendations</b>	<p><b>That Cabinet:</b></p> <ul style="list-style-type: none"><li><b>(i) approves the extension of the existing Agreement for Services with Publica Group (Support) Ltd for a period of four years, and</b></li><li><b>(ii) delegates authority to the Executive Director People &amp; Change in consultation with the Leader to formally write to Publica Group (Support) Ltd to notify Publica Group (Support) Ltd of the contract extension by 29 October 2021 as outlined within this report</b></li></ul>
<b>Financial implications</b>	<p>There are no direct financial implications from extending the term of the contract. The contract fee is agreed on an annual basis and takes into account any changes to services. An in-year change to services would need to be agreed and budgeted for at the appropriate budget setting period.</p> <p><b>Contact officer: Jon Whitlock, finance business partner,</b></p>

	<b>jon.whitlock@cheltenham.gov.uk, 01242 264354</b>
<b>Legal implications</b>	<p>The council is bound by the terms of the Agreement for Services and is required to give 12 months' written notice if it wishes to extend the term of the contract. The Agreement includes provisions for making changes to the services.</p> <p><b>Contact officer: One Legal, <a href="mailto:legal.services@onelegal.org.uk">legal.services@onelegal.org.uk</a>, 01684 272691</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>There are no direct HR implications from extending the term of the contract. In the event changes are made to service provision, the council will work with Publica Group (Support) Ltd and engage with employees and unions on any relevant employment matters such as the Transfer of Undertakings Protection of Employment regulations (TUPE).</p> <p><b>Contact officer: Julie McCarthy, HR manager – operations and service centre, <a href="mailto:Julie.mccarthy@publicagroup.uk">Julie.mccarthy@publicagroup.uk</a>, 01242 264355</b></p>
<b>Key risks</b>	<p>If the council does not serve notice by the end of October 2021 that it wishes to extend the term of the contract beyond 1 November 2022 then it will not be fulfilling the terms of the contract in order to continue to receive services from Publica Group (Support) Ltd and would put the future delivery of services at risk.</p>
<b>Corporate and community plan Implications</b>	<p>The services provided by Publica Group (Support) Ltd support teams across the council to deliver the priorities in the corporate plan.</p>
<b>Environmental and climate change implications</b>	<p>No direct implications arise from extending the contract term.</p>
<b>Property/Asset Implications</b>	<p>There are no direct property implications arising from extending the term of the contract; however, any changes made to services may require a change to the company annual fee payable to the council by Publica Group (Support) Ltd for use of council assets, premises licence etc.</p> <p><b>Contact officer: Simon Hodges, senior asset management surveyor, <a href="mailto:simon.hodges@cheltenham.gov.uk">simon.hodges@cheltenham.gov.uk</a></b></p>

## 1. Background

- 1.1 Cheltenham Borough Council entered into a five year Agreement for Services with Publica Group (Support) Ltd on 1 November 2017 for the delivery of support services, namely ICT, HR & Payroll, Learning & Development and Finance & Procurement. The Agreement expires on 31 October 2022 and, in accordance with clause 29 of the Agreement, the council is required to give at least 12 months' written notice if it wishes to extend the term of the contract, ie by the end of October 2021. The council is able to extend the contract for two successive periods of four years.
- 1.2 During the 12 months to November 2022 the council will review the annual fee (payable by the council for the services) and company annual fee (payable to the council by Publica Group (Support) Ltd for use of council assets, premises licence etc) with Publica. The revised fee will take effect from the first working day of the extension period.

## **2. Service delivery from November 2022**

- 2.1 The council wishes to extend the term for the delivery of services by Publica Group (Support) Ltd for a further four years, however the services the council wishes to receive from Publica is subject to review.

## **3. Proposed approach to extending term of contract**

- 3.1 The pandemic has had a fundamental and lasting impact on Cheltenham Borough Council and has had far reaching implications for how residents, businesses and customers interact with and access services from the Council and its partner organisations. This is changing the way in which services are provided and may change the council's needs going forward.
- 3.2 The council is currently engaged in a number of workstreams to ensure the council and the services it delivers are resilient and financially sustainable going forward. Examples of these workstreams include:
- A transformation programme in partnership with Cheltenham Borough Homes
  - Development and implementation of a new operating model together with other modernisation activities
  - Accommodation strategy
- 3.3 The outcomes of these workstreams may influence and impact on services the council receives from Publica in future.
- 3.4 Publica Group (Support) Ltd is a teckal company and one of the benefits of the teckal model is that it enables the company owners (local authorities) to procure services from the company in a flexible way.
- 3.5 The Agreement with the company enables the council to make changes to the services (whether by way of the removal of services, the addition of new services, increasing or decreasing the services, specifying the order in which the services are to be performed or the locations where the services are to be provided) through the annual review process or in the event of an urgent matter on giving reasonable written notice for any reasons whatsoever.
- 3.6 This year the council is required to give notice of its intention to renew the Agreement at the same time as the usual annual review process takes place. The council's approach, therefore, is to serve an extension notice for four years by 29 October 2021 which notifies Publica Group (Support) Ltd that the council may seek to change or amend services from the current service agreement as part of the annual service review process in partnership with the company.
- 3.7 In the event a decision is taken to change service provision, for example the council may choose to remove or expand services provided by Publica, the council will work with Publica Group (Support) Ltd and engage with employees and unions on any relevant employment matters such as the Transfer of Undertakings Protection of Employment regulations (TUPE), contractual arrangements and changes to the annual fee arising from that decision, in accordance with the Agreement.
- 3.8 Approval from Cabinet will be sought as appropriate.

## **4. Alternative options considered**

- 4.1 The council receives excellent service delivery from Publica Group (Support) Ltd in some areas, notably ICT, and therefore the option of terminating the contract with Publica Group (Support) Ltd was not considered a viable option. However, as outlined above, some service areas are currently under review. It is also worth noting that the option to remove services through the

procedure outlined in 3.5 above will remain open to the council throughout the extension period.

## 5. How this initiative contributes to the corporate plan

- 5.1 The services provided by Publica Group (Support) Ltd support teams across the council to deliver the corporate plan priorities.

## 6. Performance management – monitoring and review

- 6.1 The services provided by Publica Group (Support) Ltd are subject to regular monitoring and review.

<b>Report author</b>	<b>Contact officer: Gill Morris, Client Officer, gill.morris@cheltenham.gov.uk, 01242 264229</b>
<b>Appendices</b>	1. Risk Assessment
<b>Background information</b>	None

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council does not serve notice by the end of October 2021 that it wishes to extend the term of the contract beyond 1 November 2022 then it will not be fulfilling the terms of the contract in order to continue to receive services from Publica Group (Support) Ltd and would put the future delivery of services at risk	Darren Knight	12/10/21	2	2	4	Reduce	Serve notice to extend the contract in accordance with the contract terms	29/10/21	Gill Morris	
<p><b>Explanatory notes</b></p> <p><b>Impact</b> – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p><b>Likelihood</b> – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p><b>Control</b> - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											