

Item No. 48	Classification: Open	Date: 15/01/03	MEETING NAME Overview and Scrutiny Committee
Report title:		Re-Negotiation of Council Tax and Housing Benefit Contract	
Ward(s) or groups affected:		All	
From:		Finance and General Purposes Scrutiny Sub-Committee	

RECOMMENDATION

1. That Overview and Scrutiny Committee approves the recommendations made by Finance & General Purposes Scrutiny Sub-Committee in respect of the re-negotiation of the Council Tax and Housing Benefit contract as set out in Appendix A, and refers these recommendations to the Executive for consideration.

BACKGROUND INFORMATION

2. Finance and General Purposes Scrutiny Sub-Committee met on Monday, 13th January 2003 and received a briefing from Keith Brown, Head of Financial Services, on the Liberata Revenues and Benefits Contract and the conference on 'Revenues and Benefits: The Way Forward' held in October 2002.
3. Sub-Committee Members questioned the Head of Financial Services on the detail of the contract with Liberata and future service provision for the processing and collection of council tax and housing benefit, and agreed recommendations as detailed in Appendix A, for consideration by OSC for onward transmission to the Executive.

LEGAL IMPLICATIONS

4. There are no specific legal implications raised by this report.

REASONS FOR LATENESS

5. The meeting of the Finance and General Purposes Scrutiny Sub-Committee was held on Monday, 13th January 2002, less than five clear days before the OSC meeting, and following despatch of the main OSC Agenda.

Background Papers	Held At	Contact
<i>Finance and General Purposes Scrutiny Sub-Committee agenda 13.01.02</i>	<i>Constitutional Support Unit, 3rd Floor, Southwark Town Hall, Peckham Road, London SE5 8UB</i>	<i>Fitzroy Williams Ext. 57238</i>

Audit Trail

Lead Officer	<i>Borough Solicitor and Secretary</i>	
Report Author	<i>Eleanor Rees</i>	
Version	<i>final</i>	
Dated	<i>14 January 2003</i>	
Key Decision?	<i>No</i>	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER		
Officer Title	Comments Sought	Comments included
Borough Solicitor & Secretary	Yes/No	Yes/No
Chief Finance Officer	Yes/No	Yes/No
<i>List other Officers here</i>		
Executive Member	Yes/No	Yes/No
Date final report sent to Constitutional Support Services		

Finance and General Purposes Scrutiny Sub-Committee (13 January 2003)
Recommendations on the Re-negotiation of Council Tax and Housing Benefit Contract

- 1 The Sub-Committee noted the original officer advice had been to extend the contract by 5 years, whereby Liberata were prepared to take risk on investing in future service development to achieve Council targets at no additional cost to the Council, and recommend that the Executive consider the 5 year contract extension proposal in good time before March 2004, when the contract is next reviewed with Liberata.
- 2 The Sub-Committee noted with some concern that there was no provision for liquidated damages from Liberata to the Council in the case of serious, irrecoverable breach of contract, and this be considered by the Executive in time for the annual review in March 2004.
- 3 The Sub-Committee was advised there was no open book accounting as part of the negotiated contract with Liberata, although there were partnership arrangements in place detailed in the contract. The Sub-Committee recommends there should be open book accounts if such bonus schemes exist.
- 4 The Sub-Committee noted the obligations of the Council within the contract, for example the eventuality of failure of IT provision would fall as an obligation to the Council. The Sub-Committee recommends the Executive investigate in some detail the downside of such Council obligations within the contract.
- 5 The Sub-Committee noted the bonus point for collection of Council tax in 2003/04 was expected to be achieved, and was concerned that the Council was not pushing for negotiated harder targets. The Sub-Committee recommends that this be taken into account with the review of contractor performance as a whole, and this be kept under review at annual intervals.
- 6 The Sub-Committee noted external advisors had been brought into negotiations to advise the Council, but that the external advisors had not been part of the annual review of contract arrangements. The Sub-Committee recommends that the Executive enquire further into the past and the appropriate future role of external advisors, particularly in the light of the sizeable bonuses available to the contractor.