

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET
Report of: Date of Decision:	Strategic Director for Change and Support Services 15th November 2016
SUBJECT:	SERVICE BIRMINGHAM REVENUES CONTRACT
Key Decision: Yes	Relevant Forward Plan Ref: 002605/2016
If not in the Forward Plan: (please "X" box)	Chief Executive approved O&S Chairman approved
Relevant Cabinet Member(s)	Cllr Ian Ward - Deputy Leader Cllr Majid Mahmood - Cabinet Member for Value for Money and Efficiency
Relevant O&S Chairman:	Councillor Mohammed Aikhlaq Corporate Resources and Governance
Wards affected:	All

1. Purpose of report:
1.1 To advise Members of the proposed termination of the Revenues element of the Service Birmingham Contract other than the retention of the Enforcement Agent (Bailiff) services, as contained within the existing Service Delivery Agreement – Schedule 1.
1.2 To note that the key decisions and commercial details are included in the private report elsewhere on this agenda.
1.3 To advise of the intention to amend the Service Birmingham contract as a result of the termination of the Revenues element of the contract.

2. Decision(s) recommended:	
That Cabinet:	
2.1 Notes the contents of this report	
Lead Contact Officer(s):	Chris Gibbs
Telephone No: E-mail address:	464 6387 Chris.gibbs@birmingham.gov.uk

3. Consultation

Consultation should include those that have an interest in the decisions recommended

3.1 Internal

The Leader of the Council, the Cabinet Member for Transparency, Openness and Equality, the Chief Executive and the Strategic Directors for Change and Support Services and Legal and Finance, are supportive of the recommendations. Officers from City Finance, Legal Services and Procurement have been involved in the preparation of this report.

3.2 External

None.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The Council's key priorities of prosperity and a strong economy are intrinsically linked to this decision. In the region of £750m of Council Tax and Business rates per annum is collected within the scope of this contract and the maximisation of the taxable base together with the realisation of the collection of these taxes is vital to the ongoing viability of the City Council's budget. In addition to this, how the Council applies its policies in relation to the collection of business rates and council tax has a direct impact upon of the livelihood of both citizens and businesses within Birmingham.

4.2 Financial Implications

Further details are contained in the Private report.

4.3 Legal Implications

The Council's functions in relation to the collection of council tax are set out in the Local Government Finance Act 1992 and for the collection of national non domestic rates are in Part III Local Government Finance Act 1988.

Under Section 3 Local Government Act 1999 the Council as best value authority must 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.

4.4 Public Sector Equality Duty (see separate guidance note)

An initial screening has indicated that there are no contra indicators in relation to the Council's public sector reporting duty in relation to this decision.

5. Relevant background/chronology of key events:

- 5.1 The Revenues Service was included within the overall Service Birmingham contract from 1st April 2011. At this point, the Council collected Business Rates on behalf of the Government and the relevant pooling arrangements for the financial distribution of this income were in place. The contract was let on the basis of a fixed price per annum (plus indexation) on a reducing basis over a ten year term.
- 5.2 From April 2013 Council Tax Benefit was replaced with a Local Council Tax Support Scheme. The local retention of Business Rates also came into effect.
- 5.3 An internal review of the Revenues Service was undertaken by the Service Director of Customer Services Division in June 2016.
- 5.4 Following this review it was determined by the Strategic Directors of Change and Support Services and Finance and Legal that further work needed to be undertaken with Service Birmingham to ensure that the Revenues Service was delivering a service that both met the priorities of the City Council and achieved the contractual requirements.
- 5.5 Service Birmingham put forward alternative proposals during July and August. These were considered and it was concluded that they did not meet the current requirements of the Council.
- 5.6 The Revenues contract was let in 2011 before the introduction of a number of Local Welfare reforms in 2013 which have resulted in the council wishing to deal with Revenues matters differently. By delivering the Revenues Service in house the Council will be able to react to both existing reforms and any future reforms and allow for greater flexibility of the operation without the constraints of formal change control processes.
- 5.7 As part of new working arrangements the Council also intend to alter how it enforces collection of council tax for those citizens in receipt of council tax support. The Council will continue to seek collection of the council tax due; however, these particular debts will no longer be referred to the enforcement agents (previously known as bailiffs). In the main these debts will be recovered by either payment arrangements with the citizen or direct deductions from welfare benefits as a preferred option before considering what other recovery methods are utilised. All other debts will continue to be pursued through the usual recovery and enforcement methods.
- 5.8 Cabinet on 18 October 2016 authorised the Strategic Director of Change and Support Services to negotiate with Service Birmingham in order to evaluate the Council's contractual options for the termination of the Revenues element of the Service Birmingham Contract.
- 5.9 Following this negotiation it is now recommended that the Council terminate the Revenues element of the Service Birmingham Contract.

- 5.10 The existing enforcement agent (bailiff) function will be retained in order to facilitate continuity of service and minimise the risks of transition to the new arrangement. This will also avoid the additional costs that would be incurred if the current enforcement arrangements were changed around the existing I.T. systems. The scope of the bailiff function will also be varied to meet the current requirements of the Council to ensure a more bespoke approach to the recovery and enforcement of council tax and business rates debt and to continue to maximise collection rates.
- 5.11 The Revenues service will therefore transfer to the Council with effect from 1st February 2017. It is estimated that approximately 150 employees of Service Birmingham Limited will transfer to the Council under TUPE.

6. Evaluation of alternative option(s):

- 6.1 Remain with the existing Revenues contract – this was discounted as the review carried out by the Council concluded that the options available under the current Service Birmingham contract (as described in 5.4) did not meet the requirements of the Council

7. Reasons for Decision(s):

- 7.1 The decision to terminate the Revenues Services within the Service Birmingham Contract is due to the need of the Council to achieve best value.
- 7.2 The Council will be able to take greater control of and maximise the tax base through new approaches by identifying those properties and businesses currently avoiding Council Tax and Business Rates.
- 7.3 By taking greater control, the Council will be able to apply flexibility and discretion to the collection of debt owed by those customers receiving Local Council Tax Support and to prevent these customers becoming burdened with unmanageable debt.
- 7.4 The decision to bring the Revenues Service in-house meets the current requirements for the Council in terms of welfare reform, new legislation and administration and collection of Council Tax and Business Rates.

Signatures

Date

Deputy Leader
Cllr Ian Ward

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Cabinet Member for Value for
Money & Efficiency
Cllr Majid Mahmood

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Strategic Director – Change
and Support Services
Angela Probert

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List of Background Documents used to compile this Report:
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Cabinet 18 October 2016 – Service Birmingham Revenue Contract

List of Appendices accompanying this Report (if any):
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| <ol style="list-style-type: none">1.2.3.4.5. |
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PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty – see page 9 (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none">(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) tackle prejudice, and(b) promote understanding.
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none">(a) age(b) disability(c) gender reassignment(d) pregnancy and maternity(e) race(f) religion or belief(g) sex(h) sexual orientation