

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee **DATE:** 11th October, 2011
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PART I **FOR COMMENT AND CONSIDERATION**

PROCUREMENT OF TRANSACTIONAL SERVICES FOR SLOUGH BOROUGH COUNCIL

1. Purpose of Report

To update the Overview and Scrutiny Committee on the progress since our last report in June 2011, on the procurement and establishment of the Transactional Services Centre in Slough as agreed by Cabinet on 9th November 2010

2. Recommendation(s)/Proposed Action

The Committee is requested to:

- (a) To note the progress and status of the contract procurement project
- (b) To review the actions planned to complete the project.

3. Community Strategy Priorities

Transactional service arrangements link to the effective and efficient running of the Council. The aim is to reduce the transactional services costs whilst delivering on agreed quality of service in line with our Medium Term Financial Strategy (MTFS). Many of the transactional functions, including benefits and Council Tax collection service, will support some of the more vulnerable members of the community, but by driving out costs will overall will enable other front line services to continue to meet the needs of the Borough, hence supporting all of the beneath:

- Celebrating Diversity, Enabling inclusion
- Adding years to Life and Life to years
- Being Safe, Feeling Safe
- A Cleaner, Greener place to live, Work and Play
- Prosperity for All

4. Other Implications

(a) Financial

The evaluation of any interests tendered and recommendations for members will be dependent on the financial contribution secured from any such arrangement.

Given cost reductions already agreed in the support services areas (20%), the only way to secure further efficiencies which will be required from 2012 onwards will be via such an arrangement. It is our ability to drive maximum efficiencies in back office and support services that provide protection for our front line and customer facing services in line with Members' expectations.

The detailed clarification submissions received show that the potential cost savings achievable through establishing a contract with a private sector provider based in the town should deliver savings in the region of £1.5 to 2 million on the costs of the functions currently included within this proposal. This figure is in line with the Council's MTFS.

Members should note that a higher saving might be achieved by out-sourcing these services to a provider elsewhere in the country. That would not deliver the community and employment benefits associated with establishing the Transactional Service Centre.

(b) Risk Management

There are significant risks as well as opportunities of entering into such an arrangement. Any risks to the Council will be identified and managed through our existing risk management policies and reported on a regular basis. The key programme risks are identified as:

- Staff disruption and concern about TUPE transfer process – development of a robust short, medium and long term communications plan will ensure staff are regularly briefed on how the project is progressing.
- Desired levels of service are not achieved - clear specification and penalties within contract will deal with poor performance.
- Engaging with a private sector partner for the provision of customer services inherent with risk - Legal Services are fully engaged with the procurement process to protect the Council's interests.
- Project fails to meet the timescales – rigorous project management methodology adhered to; service experts now engaged allows various milestones to be achieved to target.
- Unsuccessful procurement of a partner – Council will continue to adopt a flexible and creative approach to secure a suitable partner. Process to date suggests that there are suppliers who are interested.

All the risks will be reviewed and monitored by the project group.

(c) Human Rights Act and Other Legal Implications

The procurement of an external supplier of services has been conducted pursuant to the European Procurement regime using the competitive dialogue procedure. The process is compliant with all legal requirements and the Council's own procurement procedures. There are no Human Right Act implications.

(d) Equalities Impact Assessment

As details of the proposal become clear these will be checked again, but it is not envisaged that there will be any concerns arising since the intention is to protect existing staff wherever possible and to maintain services to our community.

(e) Workforce

With the setting up of such a mode of service provision there will be TUPE transfer issues of staff in the affected areas moving into the new arrangement. More detail of these will be provided as the proposals are progressed.

5. Supporting Information

5.1 On 9th November 2010 The Cabinet agreed:

- (a) That Officers be instructed to commence the most appropriate procurement process to engage with suitable service providers to attract a partner to establish a regional Transactional Services Hub in Slough with the view to providing transactional services to other public sector organisations and as part of the process in awarding any such contract the following will be a prerequisite:
- (i) Service provider must be located in Slough.
 - (ii) Existing employees engaged in TUPE processes.
 - (iii) Clear performance standards and any new procedures or standards set by the Government will be in place to ensure high quality performance. If standards are not met they will be subject to financial credits.
 - (iv) A robust retained client function is established to ensure effective ongoing contract Monitoring Arrangements are in place and provide regular reports to Members.
 - (v) The Lead Cabinet member be involved from the outset.
- (b) That a report back be brought to a future Cabinet meeting in line with the procurement timetable.

5.2 These services would include the following: Housing Benefits, Council Tax Collection, NNDR (Business Rates), Payroll, Payments, Creditors & Debtors, Cashiers, Accounting Technicians, Recruitment, E-HR, and Telephone Contact Centres. Other functions may be identified in the course of the next year and beyond.

On 13th June 2011 the Cabinet agreed to:

Note the progress so far and to instruct Officers to continue with the Competitive Dialogue Process until the Preparation of the Invitation To Submit a Detailed Solution (ISDS).

5.3 The original procurement timetable was:

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| • OJEU Notice Published | 02 November 2010 |
| • Deadline for return of PQQ | 14 March |
| • Notification of short listed suppliers | 24 March |
| • Supplier Workshop | 28 March |
| • Issue ITPD/ISOS | 01 April |
| • Deadline for return of ITPD/ISOS | 10 May |
| • Dialogue Meetings week commencing | 06 June |
| • Site Visits (where necessary) | w/c13 June |
| • Issue ISDS | 22 June |

- Deadline for return of ISDS 13 July
- Dialogue Meetings week commencing 25 July
- Issue ISFT 1 August
- Deadline for return of ISFT 22 August
- Final Dialogue/Clarification meetings 05 September
- Contract Award 09 September

5.4 The Procurement Phase is still in progress and was on schedule up to the issue of the ISDS. The Project has completed the ISDS evaluation which results in suppliers being shortlisted to complete dialogue and then through to ISFT stage.

5.5 As part of the process staff visited each supplier and the information gathered used to inform the questions and discussions held as part of Competitive Dialogue.

5.6 The evaluation process has taken longer than originally specified within the timetable and this has been due to the need to clarify technical and financial aspects of the submissions received. The Tender Evaluation Panel also responded to requests to allow more time for Competitive Dialogue and to allow the bidders time to undertake Due Diligence.

5.7 The impact of seeking further clarification on the submissions has led to revisions being made to the timetable to allow the evaluation team to be confident in making an informed decision on which supplier will be shortlisted. The justification and need to revise the procurement timetable has resulted in:

- Additional time for the suppliers to submit detailed responses to the technical and financial clarification questions
- Additional time for the evaluation panel to review the responses and complete a consistent, fair and transparent evaluation of the submissions received.
- Two stages of competitive dialogue which will allow both parties to formally engage in discussions relating to their proposed models of service delivery. The dialogue meetings will help to inform the ISFT tender specification
- Sufficient time to run a series of qualitative workshops with the retained organisation to understand the needs and requirements of the retained services.
- The outcome of these workshops will also help to inform the ISFT Tender specification

- 5.8 This revision to the timetable (shown below) will not impact on the contract start date and still allows for an effective and efficient handover and transition period. The shaded elements of the timetable below demonstrate key milestones completed to date.

Revised Timetable		
Issue ITPD/ISOS		01 April 2011
Questions deadline		13 April 2011
Answers deadline		20 April 2011
ITPD/ISOS Return Date		10 May 2011
Evaluation & clarification of ITPD1		27 May 2011
Agree ISOS Short-list		03 June 2011
Competitive Dialogue Meetings		06 June 2011
Agree ISDS shortlist		21 June 2011
Issue ISDS		22 June 2011
Questions deadline		29 June 2011
Answers deadline		06 July 2011
Complete site visits if appropriate		11 July 2011
ISDS Return Date		13 July 2011
Issue Clarification Questions to suppliers		26 July 2011
Issue Budget & Tupe Information to Suppliers		03 August 2011
Return of clarification Questions from Suppliers	noon	10 August 2011
Evaluation ISDS	Commence	10 August 2011 pm
Evaluation ISDS	Ends	15 August 2011
One to One meetings with Suppliers	Commence	19 August 2011
Financial Submission Deadline from Suppliers	Ends	5th Sept 2011
Evaluation of Financial Clarifications	Commence	13th Sept 2011
Clarification Questions to suppliers		19th Sept 2011
Return of clarification Questions from Suppliers	5pm	21st Sept 2011
Evaluation	Ends	22nd Sept 2011
Notify Suppliers of Evaluation Outcome		22nd Sept 2011
Competitive Dialogue (Stage 1)	Commence	26th Sept 2011
Competitive Dialogue (Stage 1)	Ends	30th September 2011
Due Diligence	Commence	3rd October 2011
Due Diligence	Ends	6th October 2011
Competitive Dialogue (Stage 2)	Commence	10th October 2011
Close Dialogue (Stage 2)	Ends	14th October 2011
Issue ISFT		21st October 2011
Supplier Clarification Questions deadline		28th October 2011
Answers Supplier Clarification Questions deadline		4th November 2011
ISFT Return Date		11th November 2011
Evaluation of ISFT	Commence	14th November 2011
Evaluation of ISFT by Noon	Ends	25th November 2011
Notify Suppliers		25th November 2011
Alcatel Period	Ends	9th December 2011
Contract Award Date		9th December 2011

- 5.9 The programme group continue to ensure that all key stakeholders are kept fully informed of progress. This becomes even more critical as we move forward to the final stage of procurement leading to award in November.

- 5.10 The Programme Group held a workshop with Service Managers. The workshops will assist in developing service standards / requirements relating to the ISFT specification.

- 5.11 The Invitation to Submit a Final Tender (ISFT) is currently being developed. The procurement aspects of the specification are now in draft and detailed work is underway between the project manager and the appropriate heads of service to finalise details relating to service credits, service standards, SLA's etc to ensure that a robust specification is put together for release on the 21st October.
- 5.12 The ISFT Specification will need to take into consideration the models put forward by the suppliers relating to those services in and out of scope to deliver the Council's required efficiency services as outlined in the Medium Term Financial Strategy of £1.5m.

6. Comments of Other Committees

- 6.1 None. This report has not being considered by another Committee. However, it is intended to keep Members informed of progress via Cabinet and Overview & Scrutiny.

7. Conclusion

- 7.1 The procurement phase is going well and is proceeding on schedule to start the contract in April 2012 with all the qualified suppliers participating in Competitive Dialogue and expressing a commitment to participating in the ISFT stage of the procurement.

8. Background Papers

None.