

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 12th December 2011

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WARD(S): All

PART I **KEY DECISION**

AWARD OF CONTRACT FOR PROVISION OF TRANSACTIONAL SERVICES FOR SLOUGH BOROUGH COUNCIL

1. Purpose of Report

To update the Cabinet on the procurement and establishment of the Transactional Services Centre in Slough as agreed by Cabinet on 9th November 2010 and to agree the preferred supplier. The Cabinet is requested to consider the report and make a decision as a matter of urgency to enable the revised procurement timetable to be followed and for the contract to commence as scheduled in April 2012

2. Recommendation(s)/Proposed Action

The Cabinet is requested to resolve:

- (a) That the progress and status of the contract procurement project be noted.
- (b) That Company 1 (as detailed in the Part II Appendices to this report) be appointed as the preferred supplier.

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. 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 overall it 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 minimum savings required are £700k in 2012-13 and a further £700K in 2013-14 to deliver our medium term financial strategy.

(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 were 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
- Challenge to process and contract award from unsuccessful Tenderer

It is apparent that the actions of the project group have mitigated many of the risks and the following have been successfully managed:

- A successful partner has been procured
- The project has met timescales.
- TUPE risks have been addressed
- Desired levels of service are being maintained
- Robust Procurement Process and evaluation criteria implemented

These last two issues will become even more crucial during the transition period and these risks will continue to be reviewed and monitored by the project group.

(c) Human Rights Act and Other Legal Implications

The Council will obviously be engaging with a private sector supplier for the provision of services. Legal advice sought to ensure the process and arrangements entered into protect Slough's interest.

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. This includes TUPE transfer of all Transactional Staff to the chosen supplier on the 2nd April 2011.

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 Revenues and Benefits Telephone Contact.

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:

| | |
|--|------------------|
| • 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 core project team is shown in the table below. Other service specialists were invited to join the team as and when required.

| Area of responsibility | Member of staff |
|-------------------------------|---|
| Project Sponsor | Roger Parkin - Strategic Director Customer and Transactional Services |
| Project Manager | Philip Hamberger – Assistant Director Commercial and Transactional Services |
| Project support | Vijay McGuire – Business Transformation Officer |
| Procurement process | Jo Head - Assistant Director Commissioning, Procurement and Shared Services |
| HR Issues | Surjit Nagra - HR Business Partner |
| IT requirement/considerations | Simon Pallet - Head of IT |
| Financial Processing | Eugene Spellman – Service Manager Transactional Finance |
| Legal | Graham White - Interim Head of Legal |
| Finance | Emma Foy – Acting Head Of Finance |
| Communications and engagement | Sue Binfield - Internal Communications Officer |

- 5.5 Following the evaluation a workshop was held on the 28th March 2011. This covered: SBC Overview, Project timetable and Q & A and opportunity to clarify council's position and respond to supplier questions. All the potential suppliers attended and the feedback from them was positive. Appendix 1 lists the companies involved in the procurement process.
- 5.6 An Invitation to submit Outline Solution / Invitation to Participate in Dialogue (ISOS) was issued on the 1st April – as per timetable. Over 300 questions were raised by suppliers and all these were answered in line with the timetable. The deadline for submission was 10th May 2011 and all eight companies submitted bids. Dialogue meetings took place in the week commencing 13th June 2011.

- 5.7 The table below shows the headline criteria that were applied and their associated weightings.

| Technical Proposal Section | Weighting |
|--|------------------|
| Experience | 15 |
| Business Continuity | 10 |
| Operational Procedures | 10 |
| Service Levels | 10 |
| TUPE | 10 |
| Innovation | 10 |
| Performance Management and Quality Assurance | 10 |
| Financial Management | 10 |
| IT Requirements | 15 |
| TOTAL | 100% |

- 5.8 Following commercial dialogue and evaluation of the submissions Tenders 4 and 8 were not invited to take any further part in the procurement.
- 5.9 The Invitations to Submit a Detailed Specification were issued on 22nd June in line with the original time scale. The table below shows the headline criteria that were applied and their associated weightings

| Request/Requirement | Weighting |
|--|------------------|
| Executive Summary | 2 |
| Service Delivery Proposals | 20 |
| Job Retention and Creation | 20 |
| Added value to Slough Residents & Slough Borough Council | 10 |
| Employee Proposals | 8 |
| Commercial and Financial Proposals | 10 |
| IT Solutions | 10 |
| Legal Information and Partnership Proposals | 5 |
| Quality Assurance and Performance Measurement System Proposals | 10 |
| Implementation Planning | 5 |
| TOTAL | 100 |

- 5.10 As part of the process staff, leading members and Trade Union representatives visited each supplier and the information gathered used to inform the questions and discussions held as part of Competitive Dialogue.

5.11 A separate Tender Evaluation Panel was formed with the tender submissions being evaluated by senior managers and service specialists. The Tender Evaluation Panel consisted of:

| Member of staff |
|---|
| Roger Parkin - Strategic Director Customer and Transactional Services |
| Philip Hamberger – Assistant Director Commercial and Transactional Services |
| Judith Davids – Assistant Director of IT and Customers Services |
| Jo Head - Assistant Director Commissioning, Procurement and Shared Services |
| Neil Aves – Assistant Director of Housing Services |
| Emma Foy – Acting Head Of Finance |
| Surjit Nagra - HR Business Partner |
| Simon Pallet - Head of IT |
| Dave Churchfield – Head of Logistics |
| Charlie McKenna – Service Manager Revenues and Benefits |
| Eugene Spellman – Service Manager Transactional Finance |
| Graham White - Interim Head of Legal |
| Alan Spratt - Procurement Specialist |

In addition the Strategic Director of Resources & Regeneration, as the Council's S151 Officer reviewed the bids of each supplier and provided analysis of the financial bids.

5.12 The Procurement Phase was on schedule up to the issue of the ISDS. The evaluation process of the ISDS took longer than originally specified within the timetable 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 bidder's time to undertake Due Diligence.

5.13 The impact of seeking further clarification on the submissions 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 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 help to inform the ISFT Tender specification

5.14 This revision to the timetable (shown below) has not impacted on the contract start date and still allows for a effective and efficient handover and transition period

| 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 – (Subject to Member Ratification) | | 25th November 2011 |
| Alcatel Period | Ends | 9th December 2011 |
| Contract Award Date - (Subject to Member Ratification) | | 9th December 2011 |

- 5.14 The Tender Evaluation Panel completed the ISDS evaluation which results in suppliers being shortlisted to complete dialogue and then through to ISFT stage and Bidders 1 and 5 were invited to participate in the Invitation to Submit a Final Tender (ISFT)
- 5.15 Throughout the process the programme group ensured 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.
- 5.16 The Programme Group held a workshop with service managers. These workshops assisted in developing service standards / requirements for the ISFT specification
- 5.17 The Invitation to Submit a Final Tender (ISFT) was issued on 21st October in line with the revised timetable. The document contained detailed service specifications and key performance indicators together with proposals for service credit, governance arrangements and contracts based on the discussions held during competitive dialogue.
- 5.18 Two sets of competitive dialogue were undertaken with each supplier where a clear understanding of Sloughs needs and the proposed ideas of each supplier were discussed.
- 5.19 In addition each contractor undertook due diligence to establish for themselves the accuracy of the information provided in the ISFT. SBC also undertook due diligence and two service managers visited two clients of each contractor where they particularly questioned the following
- Contract Implementation
 - Performance
 - Service Improvements
 - Staff Development and Retention
 - Contractual Issues
 - Change Management
- 5.20 The ISFT Specification took 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 £1.4m.
- 5.22 The evaluation panel consisting of the core project team and service managers have evaluated the tenders submitted and the Evaluation Questions and Scores for each supplier are contained in Appendix 2. A summary of the offer made by each bidder is included in Appendix 3. Appendix 4 provided a financial analysis of each bid The Council's Section 151 Officer has approved the financial analysis and the Commissioners for the service area have also been consulted.
- 5.23 The process was robust and led to two first class bids being submitted. Both met our financial targets and would have been able to provide a good level of service. The Evaluation Panel recommends that Cabinet endorse the appointment of Company 1 as the preferred supplier for the provision of the Thames Valley Transactional Services Centre.

6. Comments of Other Committees

- 6.1 None. A presentation on the Award of Contract for Transactional Services will be made at the Overview and Scrutiny Committee at its meeting on 6th December 2011. . Any comments from the Committee will be reported to the Cabinet. at the meeting

7. Conclusion

- 7.1 The procurement phase has gone well and is on schedule to start the contract in April 2012. A robust and thorough process has identified a strong preferred supplier.
- 7.2 The procurement process has identified a suitable supplier who can deliver the savings and meet the objectives of the TVTSC.

8. Appendices Attached

All Part 2 Documents as Commercially Confidential

Appendix 1 List of Companies involved in the bidding process

Appendix 2 ISFT Evaluation Scores

Appendix 3 Summary of the offers of the final two bidders

Appendix 4 Bid Analysis

9. Background Papers

None.

Appendices Part 2