

CABINET

17 February 2020

Title: Procurement of a Strategic Advisory Framework	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Hilary Morris, Commercial Director	Contact Details: Tel: 0208 227 3017 E-mail: hilary.morris@lbbd.gov.uk
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	
Summary: This report seeks approval for the procurement of a Strategic Advisory Framework, as it is considered to be the preferred method of securing strategic services over the next four years. The Framework seeks to bring together the Council's recent requirements for specific technical and investment due diligence advisors for its commercial investments as well the provision of services currently delivered via Elevate which cannot be procured via that route post December 2020. A Framework would enable the Council to procure a wide range of services, broken down into service specific lots, which could be capable of being procured quickly and in a legally compliant manner via a mini-competition or a direct award.	
Recommendation(s) The Cabinet is recommended to: (i) Approve the procurement of a Strategic Advisory Framework in accordance with the strategy set out in the report; and (ii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to enter into the framework agreements, call off contracts and all other necessary or ancillary agreements with the successful bidder(s) plus any access agreements with participating authorities.	
Reason(s) To assist the Council in achieving its vision and priorities, particularly in respect of a "well run organisation". This framework will allow the Council to meet the changing face and operational nature of the Council post 2020 but specifically in relation to; 1) meeting the Council's need to secure Strategic Advisory services post the end of the Elevate Joint Venture in December 2020	

2) meeting the Council's requirements to secure strategic advisory, consultancy, property and asset management services as required to deliver the Council's commercial aspirations in regard to investment opportunities.

1. Introduction and Background

- 1.1 This report is seeking approval for the procurement of a Strategic Advisory Framework as it is considered to be the preferred method of securing strategic services over the next four years. The Framework seeks to bring together the Council's recent requirements for specific technical and investment due diligence advisors for its commercial investments as well the provision of services currently delivered via Elevate which cannot be procured via that route post December 2020.
- 1.2 A Framework would enable the Council to procure a wide range of services, broken down into service specific lots, which could be capable of being procured quickly and in a legally compliant manner via a mini-competition or a direct award. The Framework will be looking to secure the following high-level service blocks for the following reasons:

- **Services currently delivered via Elevate**

The Elevate East London LLP (Elevate) joint venture between the Council and Agilisys was formed on 10th December 2010 and at the same time the Council entered into a contract with Elevate for a range of services including ICT, Revenues and Benefits and Customer Services (B&D Direct), Procurement and Accounts Payable.

Although Elevate deliver the Council's ICT service and Customer Contact Service not all elements are delivered by directly employed resources; some are contracted to specialist suppliers or procured through Agilisys.

In addition to the services provided directly under the Services Contract the Council were able to secure strategic advisory and ancillary services such as transformation resources (particularly used in delivering the A2020 programme), the IaaS consumption based ICT storage platform and several other ICT related services. The estimated cost per annum is circa £3m.

The ability to secure these services via a strategic partner has enabled the Council to secure resources when needed, scalable and chargeable under agreed rates (where applicable). This has ensured value for money, saved costs associated with scoping, procuring and mobilizing these disparate requirements as single stand-alone contracts and although it is not envisaged that the Council will require the level of transformation resources required over the last four years the Council will need to have a compliant route to market to secure these on an ad hoc basis as well as the other services currently sourced via the Joint Venture before the end of the contract in December 2020.

- **Investment Advisors**

In addition to these requirements, the Council has, via its Investment and Acquisition Strategy, sought to leverage its significant borrowing capacity and covenant to secure innovative revenue generating investment and development opportunities. These transactions are often required to be completed within tight timelines but require quite resource heavy technical and specialist due diligence work which due to the variable nature of these transactions is not best secured by procuring a single provider.

The Council has spent c£300k on Investment Advisors and due diligence support during the recent two investments and therefore the ability to direct award or secure the required services by a mini competition of pre-procured specialists from a variety of investment backgrounds is the best way of meeting the Council's needs in a timely and legally compliant manner.

2. Proposed Procurement Strategy

2.1 Outline specification of the works, goods or services being procured.

An indicative overview of the proposed lots is shown within Appendix A however there may be additions or amendments to the lots as shown following further stakeholder discussions. Any increase in scope may impact on the total value of the framework and will be adjusted to ensure the requirements can be purchased within the overarching advertised cost envelope.

2.2 Estimated Contract Value, including the value of any uplift or extension period.

There is no specific commitment to spend in setting up the Framework. Any call-off of services from the Framework by LBBB would be subject to the Council's Constitution which would require the specific contract to be approved via a Procurement Strategy Report approved by the relevant approver in line with the values set out in the Contract Rules.

LBBB has however spent approximately £4.2m on these services in the 18/19 financial year. Therefore, the estimated spend for the Council over the term of the framework is estimated to be approximately £16.8m.

It is anticipated that other organisations such as other Local Authorities or Public Bodies may be interested in calling-off services and therefore the Framework will be procured with a value of £40m. In such an event additional resources may be required to manage enquiries, clarifications and disputes arising however this would be recovered from the proposed levy to be applied to any contract accessed by organisations other than LBBB.

Please note the indicative total cost envelope outlined above may be subject to change before the final procurement is issued, this will be adjusted according to any additional requirements or anticipated call off from external Authorities.

2.3 Duration of the contract, including any options for extension.

No specific contractual commitment arises however the Framework will be set up for a duration of four years.

2.4 Recommended procurement procedure and reasons for the recommendation.

The Open process will allow for an uncapped number of providers to submit tender responses, which will ensure local and SME providers will be able to view and bid for the Lots and will also allow for consortium bids as well as single larger multi-faceted providers.

An open process should encourage competition and therefore secure better value across the range of services offered on the Framework

The tender will be formally advertised on:

- 1.- Contracts Finder
- 2.- TED (Tenders Daily Europe), or the UK equivalent after completion of BREXIT
- 3.- Council website
- 4.- Bravo Solutions website (e-portal)

2.5 The contract delivery methodology and documentation to be adopted.

To be agreed at point of drafting the ITT and for each individual call off.

2.6 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.

Procuring the Framework as outlined will provide the Council with a timely and compliant route to market for a variety of services which will save costs in procuring, scoping and mobilising these as individual stand-alone contracts.

The Council intends to apply a levy of 0.5% to the spend serviced by any provider that conducts services through this framework to non-Barking and Dagenham service blocks in each annual period (contract annual period).

Each external Authority will be responsible for entering into its own contract, conducting contract management and remediation at a local level, unless there is a need to escalate as a breach of framework, when the Council would then support.

2.7 Criteria against which the tenderers are to be selected and contract is to be awarded

To be awarded onto the framework the recommended criteria is:
60% Quality and 40% Cost

The recommended criteria to a mini competition should be flexible based on risk/outline of requirements and as such is reflected in the ranges below:

- 80% to 20% Quality
- 80% to 20% Cost

The criteria for a direct award will be defined as part of the pre-procurement outline which will be contained in the tender documents.

2.8 How the procurement will address and implement the Council's Social Value policies.

The tender documents will include a requirement for each bidder to provide examples of how they will deliver additional social value to the borough from any award placed to them from the framework, although the specifics of deliverable social value will need to be agreed as part of the direct award process or via provided as a core requirement under the mini competition process.

3. Options Appraisal

3.1 Do nothing (rejected)

A number of these services are required for the effective delivery of front-line Customer Contact and ICT services as well as transformation services and will not be available via the existing supplier post the end of the Joint Venture contract in December 2020. As a result, doing nothing is not an option. The Council will need to procure these in another manner if these are not pre-procured via this framework agreement.

3.2 Source all requirements as stand-alone contracts (rejected)

The Council requires the ability to procure these services in a financially efficient, timely and compliant manner. Procuring each service as a stand alone contract will increase procurement costs and require greater levels of resources in a critical transformation year. Procuring these as single stand-alone contracts is not considered a financially or operational efficient way of procuring the required services.

3.3 Source all requirements from existing external frameworks (rejected)

Consideration was given to procuring these services via a mini competition or direct award from an/other existing framework/s however this would still mean the Council would need to source a suitable framework for each service. Such a search would need to ensure the framework had acceptable terms and call-off arrangements as well the required specification and range of suppliers required by the Council and would mean the Council could only procure the services in compliance with the terms and specifications of the framework being chosen. Whilst this is an acceptable option it is not considered a financially or operationally efficient way of procuring the required services.

3.4 Procurement of a Strategic Advisory Framework (preferred)

Although options 3.2 and 3.3 would enable the Council to procure the required services, procuring our own Strategic Advisory Framework is considered the best option for the following reasons;

- Procuring our own Framework enables the Council to set its own framework terms and conditions
- Procuring our own framework means the Council is able to procure suppliers against its own specifications, ensuring all future contracts secured through the framework meet our individual requirements.
- The requirements of some aspects of the proposed framework such as the investment advisor are variable and likely will be required at short notice. Securing a single contractor on a call-off basis will not provide the range of expertise that would be available to us by having multiple suppliers on a pre-procured framework
- Procuring our own framework means we can advertise this to other organisations who may wish to call-off services from it. Any such access/call-off would be subject to a levy thereby potentially off-setting some of the set-up and management costs.

4. Waiver

4.1 Not applicable

5 Equalities and other Customer Impact

5.1 There is no impact on equality or external customers.

6. Consultation

6.1 The proposals in this report were considered and endorsed by the Procurement Board on 20 January 2020.

7. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

- 7.1 The Councils Contract Rules require any spend of £50k to be formally tendered, the recommendations in this paper will be for the Council to set up its own strategic advisory framework, which will be procured in the open market. This route to market complies with the Councils Contract Rules and at the time of this report EU Legislation.
- 7.2 The evaluation criteria to be awarded onto the framework is proposed at 60% Quality and 40% Cost, this should ensure the providers who are accepted onto the framework can satisfy the Councils Quality requirements. The mini competition ratios will fluctuate between 80% to 20% Quality and 80% to 20% Cost, this can be flexed based on the risk profile of the project requirements. Both sets of criteria are acceptable for this type of procurement and process.
- 7.3 It has been noted that there maybe an element that can be awarded through direct award, and as long as the process is adhered to it can be used compliantly. The proposed levy of 0.5% is acceptable and should be applied through rebate to any supplier that is commissioned through the framework by an external public body.

This will be captured through the access agreement and it is noted each Authority will be responsible for its own contract management, so the liability to the Council is minimal.

8. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

- 8.1 There is no specific budget within the Council for Strategic Advisory Services and the requirement for this varies considerably from year to year. Before drawing on this contract framework, service and programme managers will need to ensure that they have sufficient funding allocated for this use.

9. Legal Implications

Implications completed by: Kayleigh Eaton, Senior Contracts and Procurement Solicitor, Law & Governance

- 9.1 This report is seeking approval to tender a four-year framework for a Strategic Advisory Service from December 2020 on behalf of itself and other local authorities and public bodies.
- 9.2 It is anticipated that the estimated value of the new framework agreement will be in excess of the threshold for services (currently set at £189,330) under the Public Contracts Regulations 2015 (the Regulations) and therefore a competitive tendering process will be required, which will be subject to the full application of the Regulations. The anticipated spend over the life of the framework for both the Council and other participating authorities should be set out in the requisite notice.
- 9.3 As it is the intention to procure on behalf of other local authorities the Contract Notice must specify this in order to be compliant with the Regulations.
- 9.4 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval.
- 9.5 In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contracts following the procurement process with the approval of Corporate Finance.
- 9.6 The procurement procedure anticipated by this report would appear to be following a compliant tender exercise and Legal Services will be available to assist and advise upon further instruction.

Public Background Papers Used in the Preparation of the Report: None

List of appendices: None