

**THE CABINET**

**Tuesday, 8 June 2010**

**Agenda Item 4. Strategic Partner Programme Phase 1 - Scope of Services (Pages 1 - 6)**

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**CABINET****8 JUNE 2010****REPORT OF THE CORPORATE DIRECTOR OF FINANCE AND  
COMMERCIAL SERVICES**

This report is submitted under Agenda Item 4. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B (4) (b) of the Local Government Act 1972 as a matter of urgency in order to avoid any delay in appointing the Strategic Partner.

<b>Title:</b> Strategic Partner Programme	<b>For Decision</b>
<p><b>Summary:</b></p> <p>The council will need to deliver better services with fewer resources over the next few years in an environment where resources will reduce significantly and demand for service will increase. It is no longer tenable for the Council to work in the same way as it has done. In the future, the Council will need to work more closely with other Barking and Dagenham public and private services and work in different ways to create a modern public sector that is able to deliver what its community wants and needs.</p> <p>Over 18 months ago, the Council made a decision to procure a strategic partner to help the Council;</p> <ul style="list-style-type: none"> <li>• eliminate duplication</li> <li>• introduce streamlined processes</li> <li>• focus efforts on increasing customer satisfaction</li> <li>• in bringing best practice from all sectors</li> <li>• use state of the art technology to drive efficiencies</li> <li>• achieve savings targets</li> <li>• optimise return on investment</li> </ul> <p>At the time, members agreed that the “in-scope” services would be ICT assets and delivery and also transformation.</p> <p>We now have a shortlist of two Bidders – Agilisys and Capita – and are requesting a decision on the scope of Phase 1 services. ICT and transformation is currently in Phase 1 and we are requesting that Procurement &amp; Accounts Payable, Revenues &amp; Benefits and B&amp;D Direct be included.</p> <p><i>(It should be noted that this is a decision to ask the bidders to bid and not a decision on a recommendation)</i></p> <p><b>Wards Affected: All</b></p>	

## **Recommendation(s)**

The Cabinet is recommended to approve:

- that the scope for Phase One of the Strategic Partner procurement increases to include the following additional services:
  - Procurement & Accounts Payable
  - Revenues and Benefits services
  - B&D Direct.

## **Reason(s)**

The benefits of including the additional services in Phase 1 scope include:

- the larger package of services presents us a better opportunity to gain contractual bidder commitment to fostering opportunities in the Borough, e.g. job creation and apprenticeships;
- to assist the Council in accelerating benefits realisation and achieving more savings earlier to address budget pressures;
- to assist the council to increase its revenue through increased collection rates.

## **Implications**

### **Financial**

The report is concerned specifically with the scope of the procurement process, and no financial commitments are being made into at this stage. However, the rationale for extending the scope of the process involves the opportunities to make efficiency savings which are detailed throughout the report.

### **Legal**

The Council is able to extend the scope of the procurement exercise for the Strategic Partnership Contract where such additional services were notified as potential in-scope services in the Council's official OJEU Notice at the commencement of the exercise.

The services recommended in this report as additions to the scope of Phase 1 of this procurement exercise, namely Procurement & Accounts Payable, Revenues & Benefits and B&D Direct, were contained within the in-scope services as set out in the Council's OJEU Notice.

### **Contractual**

This report seeks to increase the scope of phase one of the strategic partner contract.

### **Risk Management**

The procurement of a strategic partner is part of our strategy to mitigate the risk posed by our need to reduce resources, improve services and increase customer satisfaction.

### **Staffing**

The Strategic Partner agreement involves the TUPE transfer of staff from LBBD to the partnership. The detail of this will be contained in the main report due in early August.

### **Customer Impact**

The strategic partner contract will embed improved services in the areas in scope, providing more efficient and effective services to customers.

**Safeguarding Children**

No specific implications

**Crime and Disorder**

No specific implications

**Property/Assets**

No specific implications

**Options appraisal**

Not applicable

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**1. Background****2. Report detail****2.1 Context**

The council will need to deliver better services with fewer resources over the next few years in an environment where resources will reduce significantly and demand for service will increase. It is no longer tenable for the Council to work in the same way as it has done. In the future, the Council will need to work more closely with other Barking and Dagenham public and private services and work in different ways to create a modern public sector that is able to deliver what its community wants and needs.

Over 18 months ago, the Council made a decision to procure a strategic partner to help the Council;

- eliminate duplication
- introduce streamlined processes
- focus efforts on increasing customer satisfaction
- bringing best practice from all sectors
- use state of the art technology to drive efficiencies
- achieve savings targets
- optimise return on investment

At the time, members agreed that the “in-scope” services would be ICT assets and delivery and also transformation.

**2.2 The Partnership Agreement**

The partnership offered through the procurement will cover a seven year period with the opportunity to be extended by a further three years. Additionally, there will be annual review points where we have the opportunity to terminate the partnership if we believe that this is the right course of action.

The key elements of the partnership are;

- Where staff are transferred to the partnership they will transfer with Council Terms and Conditions including pension rights for the duration of the contract.
- The partnership will help create jobs in Barking and Dagenham, not transfer them to another part of the country
- Flexibility will be built into the contract terms so as to ease any national or local transitions
- The Council's transformational activity will be managed holistically so as to maximise the amount of transformation that occurs at any one time within the level of resources available to the Council and with the delivery of intended benefits.
- Services delivered by the partnership will improve.

### **2.3 The Procurement Process**

The Council advertised its OJEU notice to look for a strategic partner in August 2009. LBBD are using the Competitive Dialogue (CD) process (part of the OJUE procurement process) for the Strategic Partner programme. This is the approach recommended for complex procurement situations and is suited to the degree of complexity involved.

The competitive dialogue procedure enables the contracting authority (LBBD) to enter into a dialogue with a number of bidders with the aim of identifying and defining solutions which meet the contracting authority's needs before the contract is signed.

At each stage of dialogue, bidders are asked to submit a written response to our invitation to submit a tender and also deliver a presentation in support of this response.

After both the written submission and the presentation have been evaluated a weighted score is calculated and a short list is created taking the top scorers through to the next stage.

### **2.4 Progress to Date**

Around forty expressions of interest were received to our initial OJEU procurement notice published in August 2009. In response to our Pre-Qualification Questionnaire, we received fifteen responses.

After evaluating these responses, five organisations were invited to participate in competitive dialogue in November 2009. Following evaluation of the submitted responses and presentations by senior officers and service experts in January, it was decided to reduce the number of participants further, leaving a shortlist of two bidders to take into the second stage of competitive dialogue.

### **2.5 Current Position**

The two shortlisted bidders are:

- **Agilisys**

- **Capita**

Each bidder is refining their bids by entering into a significant period of dialogue with LBBB. We are sharing data with the bidders to allow them to understand the scale, complexity and structure of our organisation, while also giving them the opportunity to test out and develop their ideas using our staff as a guide and sounding board. Additionally, contractual aspects such as price, termination, payment mechanisms, risk and their commitment to fostering opportunity within the borough are all being negotiated.

On the 28 of June both bidders will submit their final written responses and in early July will deliver their final presentations.

## **2.6 Next Steps**

- **Approval for Phase 1 services in scope (June 8<sup>th</sup>)**

To proceed to the next stage - "the evaluation stage" - we are requesting approval from members to increase the services that are in scope for phase one. Currently ICT services and transformation has been formally approved as in scope for Phase 1. Through dialogue bidders have expressed a wish to discuss with us additional services to add to phase one, these are

- Procurement & Accounts Payable
- Revenues and Benefits services
- B&D Direct.

This is a decision to ask the bidders to bid for these services and not a decision to transfer.

- **Recommend Preferred Bidder (end July)**

The next stage in the procurement process is to evaluate the final submissions (due on the 28<sup>th</sup> June) and select a single "Preferred Bidder" from the two who will submit responses. Between June 28<sup>th</sup> and July 30<sup>th</sup> the final submissions from the two shortlisted bidders will be evaluated using set evaluation criteria. Selecting a Preferred Bidder does not enter LBBB into any contractual agreement but it does allow LBBB to refine and clarify mutually acceptable contractual positions relating to price, scope and exit.

- **Sign Partnership Agreement (October)**

After this period of contractual clarification (early August) a report will be brought to Cabinet making a recommendation to enter the partnership. Should the business cases be unsound at this point, the recommendation will be not to go ahead.

## **3. Links to Corporate and other Plans and Strategies**

### **4. Consultees**

4.1 The following were consulted in the preparation of this report:

Director of Finance and Commercial Services  
Lead Member for Customer Services

**5. Background Papers Used in the Preparation of the Report:**

None

**6. List of appendices:**

None