



Haringey Council

Report for:	Leader 30th July 2013	Item Number:	
Title:	Procurement of a Strategic Partner to support the Customer Services Transformation Programme [CSTP]		
Report Authorised by:	Stuart Young [Assistant Chief Executive]		
Lead Officer:	Catherine Galvin [Head of Transformation]		
Ward(s) affected: All	Report for Key/Non Key Decisions: Key		

1. Describe the issue under consideration

The purpose of this report is to provide the Leader with an update on the procurement process followed to identify, evaluate and select a Strategic Partner to support the London Borough of Haringey in delivering the CST Programme, and gain approval to appoint the preferred / recommended supplier.

2. Cabinet Member introduction

This is a key Programme for the Council as it will fundamentally improve and reposition our relationship with our customers.

The Programme has as its key outcomes:

- The delivery of a better service offer for Haringey Residents with multiple and complex needs, reducing as it does the need for them to contact multiple services on multiple occasions by dealing with the “whole person” and;
- The delivery of a modern e-enabled service that allows those customers who can to help themselves, transact with the Council and hold their own accounts.

This programme supports the key corporate outcome of “A better Council” by delivering responsive, high quality services and encouraging residents who are able to help themselves to do so.



3. Recommendations

That the Leader provides approval to award the contract for provision of Strategic Partner consultancy services to Agilisys from November 2013 to support delivery of Stage 2 of the CST Programme for a period of up to 12 months from commencement (with an option to extend this by up to a further 12 months for the commencement of Stage 3).

The total indicative contractual spend for the initial Stage 2 support period will not exceed £812k (and should a decision be taken to exercise the extension option for Stage 3 then the total indicative contractual spend will be £1.6m).

4. Alternative options considered

A number of suppliers were identified and assessed as part of this procurement process, and the information contained herein within the remainder of this report will provide details of how these were considered in order to reach the recommendation proposed. An option for Haringey to 'go it alone' was identified as an alternative but this was not taken forward for the following reasons:

- Programmes such as this need flexible resourcing that does not "hard wire" additional capacity into the organisation.
- Haringey needs to learn from others' experience in implementing such a large and far reaching programme.
- An arrangement like this reduces the requirement to individually manage and source specialist resources that may be required

5. Background information

5.1. In Feb 2013, the council decided to take stock and validate the future direction for Haringey Customer Services and the Residents Strategy programme. Following an external review, a number of recommendations were put forward in order to refocus customer service operational improvement and development priorities, crystallise the vision for Haringey customer services and strengthen programme governance, management and delivery arrangements.

As a result Haringey initiated a Customer Services Transformation (CST) Programme in order to deliver major business benefits in terms of operational efficiency and customer satisfaction across key customer facing council functions.

The CST programme will define and deliver a new customer services operating model and capability in response to the drivers and challenges identified. A vision and key design principles for customer services has been developed which will be finalised as part of the programme.



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This is:

“To be a trusted organisation where our customers have confidence that their current and future needs will be met in an efficient and effective way”.

This will be achieved by:

- Digital becoming the primary channel through which customers interact with the council.
- Support all Haringey customers to use the most effective channels according to their needs and encourage opportunities for self-service.
- Bringing more activity to the front end of the process to complete customer transactions end to end and join up services.
- Separating less complex from more complex customer facing transactions and tailoring channels and services to meet both needs.
- Developing a new relationship with customers that builds trust and confidence and a customer service culture that extends beyond the front office.
- Staff are empowered and enabled with the appropriate training and tools to deliver the professional services and new behaviours required.
- Using customer insight to design, target and build services around customer needs.

5.2. The CST programme have designed a phased implementation of change to deliver stabilisation, quick improvement, build momentum, reduce risk and maximise benefits:

- **Stage 1: Short term (May-Oct 2013)** - Deliver a stable customer services, utilise skills and resources more efficiently, clear strategy and plan for future, delivery of operational improvements with largely current technologies, pilot new operating model and plan for customer services growth and consolidation.
- **Stage 2 Medium term (Nov 2013-Nov 2014)** - Implement interim operating model, consolidate contact teams, develop web / CSC offering, implement new technology, develop and embed customer focused culture.
- **Stage 3 Long term (Nov 2014 to 2018)** - Implement full transformation model, web is primary channel, CSC offering fully remodelled, paper and email reduced, partner delivery model supported.

5.3. Outlined in the table below are the key projects within the CST programme:

No	Project	Focus	Scope	Alignment of current initiatives
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No	Project	Focus	Scope	Alignment of current initiatives
1	Shaping Future Service (SFS)	Define future service offer	<ul style="list-style-type: none"> • Development of the Access Channel / Channel shift Strategy and Operating models • Outline Business Case and Detailed Business case • Customer insight to drive access channel and service design 	<ul style="list-style-type: none"> • Access Strategy • New Operating model • Delivery model options • Outline Business case
2	Customer Services Operational (CSO)	Improve current service offer and embed future service changes	<ul style="list-style-type: none"> • Implementation of the key operational improvements required to stabilise existing services • Prepare customer services for service development • Delivery of main benefits from transformation • Making operational changes stick 	<ul style="list-style-type: none"> • Implementation of Customer Service Centre (CSC) operational improvements
3	Customer Services Develop't (CSD)	Deliver future service offer	<ul style="list-style-type: none"> • Future access channel and service transformation (3 tier model) • End to End Business Process Re-engineering • Detailed design and requirements gathering • Migration of services to contact centre, CSCs and web 	<ul style="list-style-type: none"> • Online Feasibility study • Plan for web development • Delivery of web developments • Service design / implementation of 3 tier model • Pilot 3 tier operating model delivery
4	Culture Change	Identify, reinforce and embed service offer/new customer culture	<ul style="list-style-type: none"> • Implementation of a culture change programme • Implementation of customer care standards • Support changing customer behaviours 	<ul style="list-style-type: none"> • Implementation of Customer Care standards

As part of undertaking the projects above, any proposals arising from these that might potentially propose a change to future customer service delivery models will be subject to appropriate prior consultation processes.

5.4. Timing for appointment of a Strategic Partner

Given the likely timescales for a procurement exercise of this nature, Haringey have assumed that Stage 1 of the CST Programme will be delivered internally, with the intention that a Strategic Partner will be appointed and in place prior to completion of Stage 1. The appointed partner will be expected to work with Haringey to update the outline business case and develop a final business case for approval to commence and jointly implement Stage 2.



5.5. Procurement Process

Haringey invited tenders for the provision of consultancy services to assist in the implementation of the CST Programme in accordance with the terms and conditions of the MCAS Framework (ref RM662 – Lot 3).

- *AgilisysLtd**
- Amtec Consulting
- Capgemini UK PLC
- *Capita Consulting**
- Deloitte LLP
- Mott Macdonald Ltd
- Mouchel Management Consulting
- *PricewaterhouseCoopers LLP**

**denotes those suppliers who submitted a bid*

The table below provides details of the timetable of key activities involved in this procurement.

No	Activity	Date completed
1	ITT developed	10 May 2013
2	ITT published	17 May 2013
3	Market day with potential bidders	22 May 2013
4	Formal Bids submitted	14 June 2013
5	Clarification meeting with bidders	4 July 2013
6	Evaluation panel	17 July 2013
7	Final report	22 July 2013
8	Leader Decision meeting	30 July 2013
9	Send contract award letter to preferred supplier	8 August 2013

5.6. Evaluation of bids

In order to be considered, prospective bidders were asked to provide formal responses to questions set out in the tender documentation, and were told that all responses would be considered in terms of ‘Quality of service’ and ‘Pricing’, with the following splits applied:

Quality of Service Delivery	70%
Pricing	30%

An evaluation panel was formed to formally evaluate all submitted bids. The membership for this panel was comprised of senior officers from Customer Services, Transformation, IT and Procurement, and the panel was chaired by the Assistant Chief Executive.



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A list of the questions put to all bidders in order to assist the panel in evaluating / assessing all responses received (specifically in relation to the two dimensions of 'Quality' and 'Price' stipulated above), have been included within Appendix 1 for reference.

All bidders were asked to submit their quotes for potential / indicative costs to deliver Stage 2. These were illustrative figures and did not form part of the evaluation as there is no minimum guaranteed spend level. The pricing evaluation was undertaken on a submitted schedule of rates.

The costs incurred as part of this procurement can be met from the budget already identified by Council for the Customer Services Transformation Programme.

It is expected that the work undertaken in Stage 2, as set out in paragraph 5.2 above, will identify a series of more detailed projects which might require further investment. Appropriate business case(s) will be developed for each which will include the identification of, and agreement to, funding

5.7. Final table of scores

Company	Quality score	Price Score	Total score
Agilisys	54.78%	30.00%	84.78%
Bidder 1	49.00%	28.30%	77.30%
Bidder 2	41.13%	11.71%	52.84%

5.8. Preferred / recommended bidder

As a result of the evaluation scoring it is recommended that a decision be taken to appoint Agilisys as the preferred bidder. This recommendation is made on the basis that they attained the highest score (both in terms of Quality and Price).

All bidders were asked at the outset to submit their quotes for potential / indicative costs to deliver Stage 2. Whilst there is no minimum value for this contract officers have used this assessment to gauge the total indicative contractual spend with Agilisys to deliver Stage 2, which is not expected to exceed £812k.

5.9 Potential Issues / Risks

See section(s) 1.2 and 1.3 of the CSTP SP Leader report exempt

5.10 Next steps



No	Activity	Date completed
1	Leader decision	30 July 13
2	End of 'Call in' period	8 Aug 13
3	Send Contract award letter and commence mobilisation	9 Aug 13
4	Develop detailed contract	By Sep 13
5	Joint approval of detailed contract	By Oct 13
6	Joint commencement of Stage 2	From Nov 13

6. Comments of the Chief Finance Officer and financial implications

To date, the Council has agreed the following capital funding for the Customer Services Transformation Programme: £0.505m for 13/14 and a further £1.5m indicative for 14/15. The estimated maximum spend through this contract as set out in paragraph 3 is circa £814k (with a further £800k should the option to extend be exercised). This can be met from within these resources. Paragraph 5.6 confirms that the Council will not be committed to any minimum level of spend.

The lead officer will need to develop a spend profile for the initial 12 month period of the contract which will need to be closely monitored to ensure that costs are contained and that the Council receives the expected outputs

Any development / implementation costs identified as part of the Stage 2 work will require business case(s) including identification of funding, as set out in paragraph 5.6.

7. Head of Legal Services and legal implications

- 7.1 The report relates to the award of services which are Part A services subject to the EU tender regime, as reflected in the Public Contract Regulations 2006 ("PCR 2006").
- 7.2 Contract Standing Orders (CSOs) also apply to this tender in as far as they allow the Council to award a contract to a contractor selected from a framework established by another public sector body under the body's own standing orders or the PCR 2006. It is proposed to award a contract to a contractor selected from the Management Consultancy and Accounting Services Framework Agreement. This was set up by the Government Procurement Service (GPS) after a tender under the PCR 2006.
- 7.3 As a result, the Council's proposed award will be compliant with EU procurement rules to the extent that the Council's has followed PCR 2006 procedures applicable to the use of frameworks as well as the terms of the specific framework agreement.



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- 7.4 The contractors on the framework were invited to submit tenders under a mini competition procedure, a process which complies with the PCR. See the additional considerations in the exempt report.
- 7.5 As the award is a Key Decision, 28 clear days' notice of intention to make the decision should normally be given through publication in the Council's Forward Plan. This has been done.
- 7.6 Because the value of the proposed contract exceeds £250,000, under Contract Standing Orders (CSO) it may be awarded by Cabinet (CSO 9.07.1d) or, in urgent cases involving Key Decisions, may be awarded by the Leader of the Council (CSO 16.03).
- 7.7 During the CST Programme, the Council should conduct any necessary consultation that may be warranted by the nature of the proposals for changes to its service delivery models having regard to its best value and public sector equality duties. Legal Services should be consulted further on this at appropriate stages.
- 7.8 Subject to the additional considerations set out in the exempt report, the Head of Legal Services confirms that there is no legal reason preventing Cabinet from approving the recommendations in paragraph 3 of this report.

8. Equalities and Community Cohesion Comments

Customer Services is a frontline service and as such should be considered a high risk area in terms of possible legal challenge in regard to the Council's public sector equality duty. It is recommended that a full equality impact assessment including formal consultation be carried out on the overall strategic direction and operating model being developed to support the new vision for customer services

9. Head of Procurement Comments

- a. Consultancy Services is classified as a Part A service and is subject to the full EU Procurement regulations. Accessing the national GPS RM662 Management Consultancy & Accounting Services (MCAS) framework saved the use of a considerable amount of time resources by avoiding carrying out a full OJEU tender. The framework provides high-level business strategy consultancy tailored for the local government.

The benefits include:

- Provision of objective advice and assistance relating to strategy, structure, management or operations.



- Competitive maximum rates which may be reduced through further competition including allowing alternative pricing models such as shared risk.
- b. Corporate Procurement supported the mini tender competition process where all eight applicants on the framework were invited to obtain and submit the procurement documentation on the Delta e-sourcing portal. Three suppliers responded and the recommended supplier demonstrated overall best value by obtaining the highest total score.
- c. The services seeks to create a strategic partnership

10. Policy Implication

Approval of this report has no direct impact on Council policy

11. Reasons for Decision

The council has initiated the Customer Services Transformation programme and has decided to seek the services of specialist consultancy to support the delivery of this (in line with the reasons set out in Section 4).

12. Use of Appendices

Appendix 1 has been used to provide extracts from the ITT that was published to all bidders

13. Local Government (Access to Information) Act 1985

This report contains exempt and non-exempt information. Exempt information is contained in the exempt report and is not for publication. The information is exempt under the following categories (identified in the amended Schedule 12 A of the Local Government Act 1972):

3. Information relating to financial or business affairs of any particular person (including the authority holding that information)
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

Appendix 1: Extract from ITT



1.1. Copy of questions

Question	Weighting	Score	Weighted Score
4.1.1 Please provide a method statement setting out how you would undertake the Engagement Stage (Stage 2) of the programme. Please highlight the benefits of this approach and any risks and issues that you foresee. Use the table below to indicate the resources which would be required for this stage.	5		0
	5		0
4.1.2 Please provide a method statement setting out how you would undertake the Analysis Stage (Stage 2) of the programme, undertaking the activities listed under point 3.2.2 to deliver the CSTP. Please highlight the benefits of this approach and any risks and issues that you foresee, as well as providing details of how you would mitigate the issues/risks. Use the table below to indicate the resources which would be required for this.	5		0
	5		0
4.1.3 Please provide a method statement setting out how you would undertake the Design Stage (Stage 2) of the programme, undertaking the activities listed under point 3.2.3. to deliver the CSTP. Please highlight the benefits of this approach and any risks and issues that you foresee, as well as providing details of how you would mitigate the issues/risks. Use the table below to indicate the resources which would be required for this.	5		0
	5		0
4.1.4 Please provide a method statement setting out how you would undertake the Implementation Stage (Stage 2) of the programme, following on from the Analysis and Design Stages. Please highlight the benefits of this approach and any risks and issues that you foresee, as well as providing details of how you would mitigate the issues/risks. Use the table below to indicate the resources which would be required for this.	5		0
	5		0
4.1.5 Please provide a statement setting out how you will use your experience, competence, expertise and capacity of your organisation to enter into a partnership agreement with Haringey in order to undertake a programme of this nature. Please refer to real experience of implementing similar programmes in other organisations. Your approach to partnership and risk sharing + Your expertise that will be used to support the identified business process review projects Success in Improving customer satisfaction + Delivering efficiency savings	7		0
	18		0
4.1.6 Please set out your proposals for managing this project related activity, highlighting the roles and responsibilities of key personnel, reporting and escalation arrangements.	5		0
4.1.7 Please provide a narrative as to how you would ensure that any consideration/options appraisal on enabling products will be made, separate and totally independent of any product the partner may have developed or any relationship with suppliers the partner may have.	10		0
TOTAL	80		0

1.2. Copy of the scoring criteria

Score	Criterion
0	Question not answered.
1	Very poor – criteria not addressed or processes not acceptable
2	Poor – missing major areas and not showing sufficient understanding of key requirements.
3	Minimum / satisfactory – awareness of the issues – but with some reservations.
4	Good – competent response, showing a high level of understanding and working practices.
5	Excellent – detailed understanding with a high level of understanding of the requirements, of working practices and of quality measures that provide the potential for real service provision – no reservation.



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Question	Weighting
4.1.1	10
4.1.2	10
4.1.3	10
4.1.4	Info only
4.1.5	25
4.1.6	5
4.1.7	10

1.3. Scoring Process

Quality

Bidders were informed that each question set would be marked in accordance with the scoring chart and agreed 'weightings' for each question.

They were informed that marks would be adjusted accordingly based on the allocated weighting for each question.

Example:

- Question 4.1.7 has a maximum weighting of 10.
- A rating of 'good' would give a score of 4.
- The score would then be adjusted by the weighting score of 10, i.e. $(4/5) \times 10 = 8$.

The Bidder with the highest score is awarded the maximum quality score of 70% and scores of the other Bidders are adjusted proportionally against the maximum possible score for each Bidder.

Example: Total possible score = 70

- Tender A obtains the highest score of 50, so receives a score of 70%
- Tender B scores 30 out of 70. Tender B therefore scores $30/50 \times 70\% = 42\%$
- Tender C scores 40 out of 70. Tender C therefore scores $40/50 \times 70\% = 56\%$

Pricing

Bidders were asked to provide the day rates for the following levels of consultants supplied by their organisation for the project and the corresponding number of days (taken from points 4.1.1 to 4.1.4) that would apply to the project.

£ Day
rate



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Junior Consultant	
Consultant	
Senior Consultant	
Principal Consultant	
Partner	
Other roles (please specify)	
TOTAL	

Bidders were advised that the total sum across all levels of consultants will be used in the calculation of their price score. The lowest submitted total price would receive the maximum price score of 30%. Other bids will receive a score based on the following formula:

$$\frac{\text{Lowest submitted total price}}{\text{Bidder's submitted total price}} \times 30\%$$

Bidder's submitted total price

Example:

Tender A total price = £200,000
Tender B total price = £180,000
Tender C total price = £150,000

In the example above the lowest submitted total price = £150,000, therefore Tender C would receive 30%

Tender A would receive a score of $(£150,000 \div £200,000) \times 30\% = 24\%$

Tender B would receive a score of $(£150,000 \div £180,000) \times 30\% = 25\%$

COUNCILLOR CLAIRE KOBER

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DATE

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