

<b>Subject:</b>	Contract Renewal: Revenues, Benefits, Customer Contact, Out of Hours and supporting ICT systems	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	12 <sup>th</sup> September 2018
<b>Report of:</b>	Head of Finance	<b>Portfolio Holder:</b>	Resources
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required: No	<b>Attached:</b>	No
<b>Biodiversity Impact Assessment</b>	Required: No	<b>Attached:</b>	No
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1.	<b>RECOMMENDATION</b>
1.1	That Members note the contents of the report and grant approval to Officers to seek tenders for the provision of Revenues, Benefits, Customer Contact, Out of Hours and supporting ICT systems.

## 2. PURPOSE OF REPORT

- 2.1 To consider the tender process of a new contract for the provision of: Revenues, Benefits, Customer Contact, Out of Hours and supporting ICT systems.

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **A connected and successful Rossendale that welcomes sustainable growth:** our priority is to ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us.
  - **A proud, healthy and vibrant Rossendale:** our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit.

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- The new contract arrangements are likely to be the largest service contract (both value and term) the Council commits to in the foreseeable future. The Council must ensure that the procurement process and contractual arrangements of a new contract are robust in all aspects of the Council's requirements.
  - The Council is seeking that the new contract terms will have a positive impact on its MTFS. The current contact payments are published on the Council's website as part the Council's quarterly Corporate Spend Analysis.
  - The service represents the Council's largest customer facing area as administrator for: Council Tax, Business rate, Housing benefits/support and other enquiries to Council. The reputational impact and exposure of this service is therefore high. The Council must ensure that all management control systems are in place to protect and promote

the Council's reputation.

## 5. BACKGROUND AND OPTIONS

5.1 The current 13 year contractual arrangements with Capita end on 30<sup>th</sup> September 2019. Originally it was a 10 year relationship; however, this was extended for a further 3 years in 2016. The service provision currently consists of:

- Council Tax and NNDR administration (administration in conjunction with Valuation Office, billing, collection, debt recovery etc.)
- Council Tax Support and Housing Benefits administration.
- Call centre management including switchboard located at Futures Park.
- Out of hours emergency call handling.
- Management of the Council's customer front facing One Stop Shop based at Futures Park, Bacup.
- Revenues and Benefits ICT including Northgate application, document management, online web forms and reporting applications.
- Corporate digital scanning for all Revenues and Benefits documents.
- Provision of the Government's Public Service Network (PSN) requirements for service delivery, information management and hosting.

5.2 As part of the process, officers consider various options, with the considerations being:

- Competitive tender all or part of the service
  - Transparent process.
  - Tests the market as to price and quality.
  - Does not commit the Council to accepting an offer.
  - Contract and the service specification can be designed to ensure delivery of the Council's required outcomes.
  - Flexibility with Change Management Schedule that allows additional Council services to be delivered by the vendor in the future if commercially viable.
- Bring back in-house
  - Historically a poor performer when last in-house.
  - Size of the Council is not conducive to the skills and knowledge required for this complex service.
  - Uncertainty over the future requirements of Universal Credit and any other relevant changes in legislation.
- Set up own operating company / secondment
  - Similar to the in-house consideration with further added complexity.
  - Potentially creates a two tier Council work force.
- Service delivery approach preferred digital by default
  - This is likely to be a future consideration as customer interactions move online and not one that dominates the initial contract renewal options.
- Corporate customer contact
  - This again has potential for further development as the Council streamlines its other forms of customer contact across other Council services. That all said, the Council's existing arrangements do give the impression of one point of contact particularly in the use of telephone contact, through the use of Interactive Voice Response (IVR) and the behaviours and actions of the OSS staff.

- Shared service working with another authority
  - This option is still available as part of the tender process and gives equal consideration to the private and public sector.
- Mix of the above based on the main services
  - This was particularly a thought in our early consideration for Customer Contact (face to face, telephone, digital, etc.) regarding the One Stop Shop (OSS) and potentially bringing this element back in-house. This has been discounted on the basis of avoiding any conflict between customer facing functions and those of the back office. Retaining the OSS within the core contract ensures that the potential service provider has ownership and responsibility over all functions involving customers.

5.3 On balance the option for formal tender compliant with the European procurement rules was considered the most favourable option. Given the potential value European procurement rules, commonly referred to as OJEU do apply.

5.4 As part of the tender project an internal team was created including:

1. Service Assurance (SA):
  - a. SA Team leader
  - b. SA Officer
2. Head of Customer Services and ICT
3. Head of Finance

Supported by external professionals:

1. ArranJay Consulting – specialist in the provision of revenues, housing benefits and customer contact.
2. Hyland Legal – specialists in legal and procurement matters.

5.5 The project has followed the Councils project framework reporting regularly to the Programme Board. The final procurement outputs of the project, culminating in an invitation to tender for three separate lots. The separate lots were established on the basis that one or more services providers may be appointed and that in breaking the service into three parts may lead to both price transparency and potential savings. The Lots are as follows

1. Revenues, Housing benefits and customer contact
2. Northgate Revenues & Benefits ICT systems
3. Emergency Out of Hours (OOH's)

The project's document outputs for the tender are as follows:

**Schedule 1 - Specification**

- a) Lot 1 service specification requirements
- b) Lot 2 service specification requirements
- c) Lot 3 service specification requirements

**Schedule 2 – Pricing Schedule**

- a) Lot 1 pricing schedule
- b) Lot 2 pricing schedule
- c) Lot 3 pricing schedule
- d) Discounted pricing schedule for all (if applicable)

**Schedule 3 - Form of Tender Lot1/2/3**

- a) Applicants confirmation of accepting the tender terms

**Schedule 4 – Evaluation**

- a) General company details (in order to establish the applicants capacity and qualifications)
- b) Applicant’s response to the Council’s specification requirements
  - a. Lot 1 evaluation
  - b. Lot 2 evaluation
  - c. Lot 3 evaluation

**Schedule 5 – Non-collusion / Non-canvassing Certificates**

**Schedule 6 – Form of required contracts for Lots 1, 2 & 3 (being the legal documentation required to establish the contractual relationship)**

5.6 The scoring evaluation and maximum scores are as follows:

	<b>Lot 1</b>	<b>Lot 2</b>	<b>Lot 3</b>
Price	50%	60%	80%
Response to service requirements	50%	40%	20%
<i>Service sub-set:</i>			
Revenues and benefits	40%	N/A	N/A
One Stop Shop	10%	N/A	N/A

5.7 The contract terms being procured are as follows:

Lot 1	10 years with two 3 year extension options
Lot 2 (part A)	7 years with three 3 year extension options
Lot 2 (part B)	2 years with one 2 year extension option
Lot 3	4 years with three 3 year extension options

The initial term for Lot 1 (parts A and B) needs to be of sufficient length as to be able to attract alternative competitors to the incumbent. The extension periods give future options to the Council within OJEU rules without commitment.

The contract term for Lot 2 (part B) has been kept relatively short because changes in ICT particularly around the Digital element and also the advancement in Technology makes it impossible to predict the future with any degree of certainty. In addition, the uncertainty around Universal Credit makes it very difficult to predict the long term future for any Digital application.

With regard to Lot 3 the contract has been kept relatively short in case a new vendor is selected following the Tender. This provides flexibility for change if required, while at the same time allowing for the contract to be extended with no procurement activity being

required.

5.8 The remaining timetable outline is as follows:

1. Sep – Oct 2018: Invitation to tender (c.9 weeks)
2. Nov 2018: RBC officer evaluation (c.4 weeks)
3. Private all member briefing session 26<sup>th</sup> November
4. Council approval 12<sup>th</sup> December 2018
5. Award contract following stand still period January 2019
6. Nine months allowance for any transitional requirements
7. New contract and service commences 1<sup>st</sup> October 2019

#### **COMMENTS FROM STATUTORY OFFICERS:**

##### **6. SECTION 151 OFFICER**

6.1 Financial matters are noted within the report and in particular the confidential report on this agenda.

##### **7. MONITORING OFFICER**

7.1 The Council's Constitution requires officers to obtain prior approval of Cabinet and the Senior Management Team to seek tenders on all contracts over £100,000. The Council has appointed a specialist to provide the Procurement and Legal advice to support the OJEU procurement process for the Revenues, Benefits, Customer Contact, associated ICT and Emergency Out of Hours contract. The tender process will comply with all necessary regulations and the Council's Constitution. A further report will follow to approve the successful tenderer.

##### **8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

8.1 The portfolio holders for Resources and Health, Housing, Communities and Customer Service have been updated regarding progress so far.

8.2 There are no direct policy implications other than as part of the tender evaluation and the final contractual terms and conditions.

The winning vendor will have to TUPE the existing Capita staff to their organisation, this is detailed in the contract requirements for Lot 1 Parts A and B. An indication to the TUPE requirements has been included in the ITT but the final list will be provided 28 days before contract transfer. There is no Council staff involved in the TUPE process.

##### **9. CONCLUSION**

9.1 The report is to provide Members with the information necessary to consider approval to seek tenders: the background of the current contract arrangements, the procurement process to date and future timelines, for what is the Council's largest single service contractual commitment.

Based on the current timeline, a further decision making report will be brought to Members in December 2018.

Background Papers

Document	Place of Inspection
Project Initiation Document	Council Offices
Invitation to Tender and accompanying information documentation.	Website / Council Offices