

CABINET RESOURCES COMMITTEE

28 February 2012

Public Questions

From John Dix on item 5 – New Support and Customer Services Organisation: Business Case Update and Shortlist for Dialogue 2

- 1. Given that addressable/influenceable spend has dropped from £166 million to £100 million does this have an impact on the ability of contractors to meet their cost savings targets?**

The business case was set prudently based on targeted reductions in the costs of in-scope services and does not rely on assumptions around levels of procurement savings. So this has no impact on the ability to meet cost savings targets.

- 2. Please can we have the evaluation scores of the four bidders so that we can understand the relative positions of the bids and the criteria on which the unsuccessful bidders fell short.**

No. Disclosing scores publicly whilst a procurement is still open may adversely impact the competitive balance between the remaining bidders and put the council at risk of challenge and failure to secure the best possible deal.

- 3. The business plan includes 11 periods not 10 even though this is a 10 year contract. I note that the response to the Trades Union on this point is that the first three months of the contract falls in year 0. However the budget shows the full annual cost and savings of years 0 and 10 and is therefore wholly mis-representative of the actual costs and savings in those periods. Why hasn't the business case been adjusted to reflect that year 0 has only three months and that year 10 has only 9 months or to simply delete year zero.**

You will note that the figure for indicative cost reduction is £532k in year 0 which is reflecting the fact that there are only 3 months in this period. So while the budget is presented as a full year, the savings figures are not misrepresented.

- 4. The council is just going through a series of contract extension including £941,000 of IS contracts identified in agenda item 12. Will these have an impact on the bidders ability to realise savings in years 0 and 1 of the contract.**

The first phase of competitive dialogue has included provision of a data room for the bidders, containing a large amount of information about each service, including existing contracts and projects and procurements underway. This data room was supplemented by due diligence meetings, enabling each bidder to ask the council further questions about each service's information. This information was used by bidders in their preparation of the outline solutions that have been evaluated, and each of the four bids submitted exceeded the prudent financial savings trajectory in the business case financial model.

The council will extend contracts in the period prior to the expected date of service commencement when there is an operational and financial case for doing so. Impact upon longer term flexibility is one of the factors taken into consideration in assessing the optimum length and commercial terms for such extensions.

- 5. Have the council revisited the potential cost savings and income generation assumptions in this version of the business case.**

The assumptions have not been revisited. The council received and evaluated four bids, and each bid included financial benefits which exceeded the prudent assumption in the latest version of the business case financial model.

6. To what extent does the contract encourage or deter bidders from relocating jobs away from Barnet in order to achieve their proposed savings.

The contract will be structured to deliver outputs and outcomes for Barnet. It will not be prescriptive about inputs (including location), save where there is a statutory or operational reason to do so. The partner will be incentivised to deliver these outputs to defined service standards and quality and will base their solution on this requirement. This may include for example a consolidation of certain processes currently performed in Barnet into other clients, and/or the creation of a centre of excellence for certain of the processes from elsewhere to be delivered from Barnet.

7. As part of the evaluation process did anyone from Barnet council (Officer or councillor but not one of the consultants) speak with Liverpool City council over their experiences with BT.

Companies invited to participate in the first phase of dialogue had previously submitted a pre-qualification questionnaire in which references from previous clients were obtained and scored.

However the council has not consulted specifically with any potential reference site as part of this evaluation exercise. The council has set out a clear set of evaluation criteria in accordance with the overarching EU Public Contract Regulations which have been used to identify organisations to take forward to next stage of dialogue. These criteria set out an objective framework pursuant to which the council can award marks to inform its decision. It is inappropriate pursuant to the legislative framework in which the council must operate to seek subjective opinions or views from third parties regarding any of the bidding entities.

There will be formal site visits to reference sites of both downselected bidders as part of the next stage of the procurement.

8. The CRC report in June 2011 stated that “It will be necessary to assess the equalities impact of the project on the different groups of people within the borough, as outlined in the 2011-12 Corporate Plan and work will be undertaken towards this end”. Has this been undertaken yet. If so, why is it not included within the public report. If not, why not.

There are three public facing services within scope: Customer Services, Revenues and Benefits, and Estates. External facing equality impact assessments will be undertaken once the detailed solutions from the two bidders have been received following the end of dialogue 2 in the autumn. In the meantime, these services will be establishing a baseline of the current impact on residents/service users against which to compare the results.