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## **Customer and Support Group Year Three Contract Review Project Brief**

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### **Introduction**

At its meeting on 7 January 2016, the Performance and Contract Management Committee considered a report on the year three review of the Customer and Support Group (CSG) contract. The report identified that the current CSG contract, under clause 10.3, allows for a full review in year three of the contract. The contract commenced on 1 September 2013 and the contract states that the review should take place within 40 days of 1 September 2016. The review is designed to give both parties to the contract (Capita Business Services Ltd and the Council) an opportunity to review performance; consider what is going well; and identify areas for improvement in the context of the changing needs and priorities of the council.

The report set out recommendations on conducting this review, as well as identifying key stakeholders to engage and key areas to focus on. The report also established a working group of the Committee for the purpose of conducting the review and reporting its findings to the main Committee on conclusion.

The review may result in a re-shaping of services, some limited changes in the scope of services included in the contract, or changes in priorities. However, it should be noted that this is not a contractual break point as such, nor will it result in any fundamental changes in the scope of services that would have the effect of frustrating the commercial basis of the contract. Other elements of the contract provide for circumstances where the council might wish to terminate all or part of the contract “for its convenience”, but this would be at considerable cost to the council.

The purpose of this project brief is to provide more detail on the scope and conduct of the review.

### **Aims and objectives**

The overall aim of the review is to ensure that the CSG contract remains fit for purpose in the period to 2020, recognising that the strategic context within which the contract operates has changed significantly since it was signed in 2013.

The main objective of the review is to secure a legally binding agreement with Capita Business Services Ltd, by **30 November 2016**, on any changes that the Council requires to the Customer and Support Group contract to deliver:

1. Maximum benefit from the opportunities that exist for the in-scope services;
2. Improvements in the performance of the in-scope services;
3. Budget savings;

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4. The priorities set out in the Council's corporate plan; and
  5. Ongoing flexibility and responsiveness to address changing and emerging needs in the future.

In addition, the review will seek to identify:

1. The benefits and achievements that have been realised through the contract; and
2. Any changes that the Council should make to improve its management of the contract and ensure that its activities add value to the contractual arrangements.

### **Scope**

The review will consider all aspects of each of the eight services that are provided through the contract, including:

- Delivery of contractual commitments and benefits realisation
- Performance against the output specification and method statement
- Appropriateness of the output specification, service performance levels and KPIs in the light of experience and the changing context in which the service is operating
- Benchmarking of the service on cost and quality, including consideration of the value for money that has been secured on additional spend over and above core contract services
- Opportunities for service change and improvement
- Opportunities for budget savings
- Opportunities for income generation and trading

It should be noted that this assessment will consider the provision of project-based services, which are by their nature variable, in addition to the provision of core services to the council.

The review will also consider the operation of the contract in its entirety, in terms of:

- The effectiveness of partnership working
- Its ability to contribute to the strategic development of the Council
- The effectiveness of contract management, performance reporting and client arrangements
- The responsiveness and cost of dealing with changing requirements
- Broader opportunities for developing the partnership
- The overall scope of services

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## Approach

The council will adopt an evidence-based and collaborative approach to conducting the review, recognising that both parties have a valuable contribution to make in developing the contract and the partnership environment within which it operates. It is also recognised that both parties can learn from the operation of the contract and the partnership to date.

The review will focus primarily on future requirements, whilst acknowledging the benefits of identifying and articulating both the successes and frustrations experienced by both parties during the first three years of the contract, with a view to maximising the likelihood of the contract succeeding in the future.

In outline, the review will be carried out in four stages:

1. **Gather evidence:** covering past and current performance, together with developments in the broader market
2. **Review the evidence:** to identify opportunities for improvement and change
3. **Formulate a dialogue approach:** taking into account changes in the council's requirements and priorities, as well as the outcomes of the evidence review
4. **Conduct dialogue:** to agree a set of proposals for consideration by Members

## Desired outcomes

The detailed target outcomes will be developed as a result of the review of evidence and will form the starting point of the dialogue approach. However, initial assessment has identified the following as being the council's likely desired outcomes for the contract review:

### **Strategic development**

1. A clearly articulated statement of the future aims, strategic direction and operating framework for the partnership, which reflects the context in which the council and the partnership is now operating
2. Revised arrangements for the provision of support on the development of key resourcing strategies and associated project delivery
3. A new customer transformation and demand management strategy that builds on achievements to date to maximise the cost and customer satisfaction benefits that can be secured from emerging technology and other opportunities

### **Financial benefits**

4. An appropriate contribution to the achievement of the council's MTFS savings requirements, through cost reduction and/or income generation
5. Greater assurance on the value for money being secured on project spend, together with appropriate cost reductions
6. Increases in collection rates for business rates and council tax
7. Increases in the business rates and council tax base through the enabling work undertaken by the estates team

8. A flexible and cost-effective change management framework that enables greater responsiveness to changing requirements

**Service improvement**

9. Updated service requirements and associated method statements, where these are required

**Governance**

10. An effective and efficient contract and performance management regime
11. Clear and effective client arrangements

Through the evidence review process, it will be necessary to consider each of these initial desired outcomes in terms of potential impact, value and complexity.

**Workstreams**

This section describes the activities that will be undertaken by officers to support the review. However, it should be noted that the review will be directed by a Member Working Group nominated by the Performance and Contract Monitoring Committee. Progress will be reported to that Committee at several points during the process. The Working Group will be meeting at set points throughout the Review to consider performance, opportunities and priorities for different service areas, review information (performance, finance, consultation) to inform priorities, and to agree priorities for dialogue.

**Stage one – evidence collection**

Key activity	Commentary
Carry out an initial SWOT (strengths, weaknesses, opportunities and threats) analysis for each service area	Will consider current performance and future requirements. Particular focus on strengths and weaknesses, but with a view to identifying potential opportunities for improvements and savings, as well as risks. To incorporate an assessment of outstanding contract commitments. Will be reviewed and updated in stage two. This process will be staged in order to manage demands on capacity.
Carry out an initial SWOT analysis of the contract as a whole	Will cover contract management and client arrangements, as well as overall performance of the contract and gainshare arrangements. To include consideration of the council’s contract management arrangements, impact of staff turnover and effectiveness of partnership working.
Best practice	Identify service developments and new approaches that are being used in other councils.
Public Call for Evidence	Review existing customer satisfaction data. Commission a public call for evidence and focus groups.
Produce benchmarking report	Utilise industry-standard and/or London-wide benchmarking information on cost and quality.
Evaluate contract performance	Analyse performance against KPIs over the first three years of the

to date	contract. Summary of benefits realised and contract commitments delivered.
Analyse project spend and cost of change	Produce summary of key areas of project spend and analysis of the impact of that spend. Identify cost of changes to date and assess process for agreeing contract changes.
Internal Call for Evidence	Review existing satisfaction data. Conduct workshops with delivery unit managers and commissioning directors. Commission staff focus groups. Engage with representatives from schools.
Carry out financial analysis	Analyse contract costs and savings to date, including analysis of the costs and causes of change. Identify areas of discretionary spend.

### Stage two – evidence review

Key activity	Commentary
Review case studies	Identify opportunities and consider their relevance to Barnet context.
Evaluate information received from Call for Evidence	Identify key priorities and issues for service users and the public.
Review benchmarking report	Identify key areas where performance exceeds or falls below average.
Review contract performance to date	Identify key areas of over- or under-performance. Review and assess on-going relevance of outstanding contract commitments.
Review financial analysis	Identify overall cost and financial benefit associated with the contract to date. Identify opportunities for cost reduction or reprioritisation.
Review analyses of project spend and cost of change	Identify opportunities for process improvement and cost reduction
Update SWOT analyses to take into account evidence collected during stage one	Use information gathered in stage one to validate and expand on initial views, with particular focus at this stage on opportunities and threats.
Produce summary evaluation report	Identifying key issues and opportunities to be addressed through the dialogue process. To be reported Member Working Group and P&CM as appropriate.

### Stage three – develop dialogue approach

Key activity	Commentary
Review and confirm required outcomes	Consider relevance of initial desired outcomes in light of the review of evidence. Assess potential impact, value and complexity of each desired outcome to produce prioritised list. To be confirmed by Member Working Group.
Identify council levers and potential offers to support bargaining position	Consider those areas where the council can control discretionary spend and unfulfilled contract commitments that could be changed or removed to release resources to meet other priorities.

Establish dialogue team	Ensure appropriate mix to bring commercial, financial and commercial perspective.
Agree dialogue protocol	Will provide the “rules of engagement” for conducting the dialogue sessions and associated activity, such as provision of information during the process and confidentiality.
Agree overall dialogue approach	Will incorporate required outcomes as per direction set by Members.

### Stage four – conduct dialogue

Key activity	Commentary
Dialogue phase I	Sessions with both parties presenting key challenges, opportunities and requests. Identify matters on which there is early agreement and those that will require further consideration.
Review outcome of phase I and update strategy for phase II	Identify amendments that need to be made to the dialogue strategy as a result of views put forward by Capita.
Dialogue phase II	A further four or five sessions, with a view to reaching agreement on the proposals for change that will be put before Elected Members.
Report to Performance and Contract Management Committee on 15 <sup>th</sup> November 2016	Provide overview of process, summary of the benefits and achievements of the contract to date, summary of the findings from the review the outcomes of the dialogue process. Seek approval to implement the necessary changes to the contract and associated arrangements.
Formulate and execute the legal documents required to implement the agreed contract changes	Deed of variation that for the required changes, including those to the performance management regime. Further reports may be required to execute any internal structure or role changes that arise from the review.

### Deliverables

The key deliverables from the review will be:

#### **SRO assessments**

Covering SWOT analysis, case studies, detailed position statements, cost reduction options.

#### **Baseline position**

Incorporating benchmarking data, performance data and satisfaction surveys.

#### **Member pack**

Providing summary information on the contract, key terms, original aims and scope, along with a high-level SWOT analysis and plan.

#### **Committee materials**

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For Member Working Group public and private sessions and for the Performance and Contract Management Committee.

**Dialogue approach**

Together with any supporting documents.

**Contract variation documents**

Likely to take the form of a deed of variation, with associated reports to execute any internal changes that are required.

**Governance**

A Member Working Group, reporting to the Performance and Contract Management Committee, will:

- provide strategic direction to the review
- agree the overall aims, objectives and desired outcomes
- consider and challenge the evidence
- agree the dialogue strategy
- agree the recommendations to Committee

Within the framework set by the Member Working Group, and the Leader and Deputy Leader, the review will be governed by a Project Board comprising:

John Hooton – Chief Operating Officer and Interim Chief Executive (project sponsor)  
Deborah Hinde – Review Manager  
Caroline Woolf – Interim Commercial Director  
Philip Hamberger – Partnership Relationship Manager  
Anisa Darr – Resources Director  
Tom Pike – Strategic Lead Programmes and Performance

The Project Board will meet monthly and report to SCB by exception. There will also be regular joint meetings of the Project Board and the CSG leadership team.

In addition there will be an SRO working group, chaired by the Review Manager. There will also be a number of other stakeholder meetings, including with schools representatives.

**Timetable**

<b>Month</b>	<b>Activity</b>
February 2016	Initiation meeting with Capita Business Services Ltd Identify and commence collation of existing evidence (surveys, benchmarking data etc.)
March 2016	Prepare detailed project brief

	<p>Commission SROs and CSG service leads to prepare SWOT analysis for each service</p> <p>Commission benchmarking information</p>
April 2016	<p>Member Working Group - agree project brief and consider purpose and structure of public session(s)</p> <p>Initial evaluation of evidence</p> <p>Develop proposals for public call for evidence</p> <p>Commence internal workshops and interviews with DU and Commissioning Directors</p>
May – June 2016	<p>Complete initial collection and evaluation of evidence</p> <p>Formulate dialogue approach</p> <p>Member Working Group – review initial evidence and opportunities</p>
July 2016	<p>Member Working Group – complete initial review of evidence and opportunities; consider high level approach to dialogue and desired outcomes; overall review of evidence</p> <p>Dialogue</p>
August 2016	<p>Dialogue</p> <p>Prepare interim Committee report</p>
September 2016	<p>Progress report to PCM</p> <p>Member Working Group – consider report on outcomes of dialogue</p> <p>Finalise proposed changes</p>
October 2016	<p>Prepare final Committee report</p> <p>Draw up legal documentation</p>
November 2016	<p>Final report to PCM</p> <p>Finalise legal documentation</p>