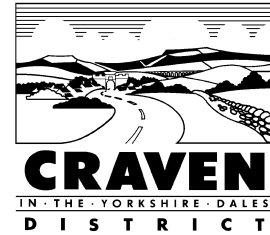


Policy Committee – 7th June 2016

STRATEGIC PARTNERSHIP - UPDATE



Report of the Corporate Head – Business Support

Lead Member: Internal Services

Ward(s) affected:

1. **Purpose of Report** – To update Members on the progress of establishing a strategic partnership for the delivery of Revenue, Benefit and IT services.
2. **Recommendations** – Members are recommended to:-
 - 2.1 Note that Officers have completed the first round of competitive dialogue in the procurement process authorised by the Decision of Policy Committee on 3 November 2015, however having considered the submissions received it has been decided not to proceed to stage 2 of the process or seek approval to proceed to final tenders.
3. **Background**
 - 3.1 In January 2015 Policy Committee considered a report which set out the potential to test the market and identify a commercial partner for the delivery of the Council's Revenues, Benefits and IT services. This was in conjunction with Selby District Council who were also seeking a partner for the delivery of their Revenue and Benefits service. Policy Committee authorised Officers to join with Selby District Council to invite Expressions of Interest through a competitive dialogue process with a view to establishing a Joint Venture for the delivery of these services. This report provides an update on the progress to date.
4. **Summary**
 - 4.1 A Project Board was established to ensure effective oversight of the process. The Board received legal and procurement advice on an on-going basis from the North Yorkshire Procurement Partnership. Officers undertook pre-market discussions with a number of potential providers. It was clear from the discussions that stipulating a Joint Venture as the legal structure of any commercial entity would severely limit interest in the Councils' offer. Therefore, the Councils took a less prescriptive approach and sought a strategic partner.

4.2 The key objectives for the partnership were:

- to ensure cost effective IT and Revenues and Benefits Services as well as continual improvement and transformation;
- to deliver service innovation potentially through investment to deal with continually changing service demands;
- to generate capacity to trade services and provide a sustainable income source to all partners;
- to protect local employment but provide resource flexibility and enable resilience;
- to develop the service through ICT and channel shift to reduce customer contact and demand;
- to deliver guaranteed savings.

4.3 As the procurement process moved through Pre-Qualification Questionnaire and into the dialogue phase, the initial commercial interest in the proposal quickly reduced. In withdrawing from the process and setting out their reasons for this decision, a number of companies articulated that they did not consider the outcomes relating to the level of savings and income generation to be achievable in the current market place. Three companies did engage in initial dialogue with the Councils in January 2015. However, only one submitted an Outline Solution in February 2016.

4.4 The Project Board has reviewed the submission and it is clear that it does not meet the Councils' aspirations for the project. In respect of Income Generation, the amount offered was insufficient to justify the level of proposed up-front investment in technology. Furthermore, proposals regarding increasing income through reviews of Empty Property and Single Person Discounts were found to be unrealistic based on the Councils' existing successful track records in reviewing these.

4.5 Given that there is only one remaining bidder and the gap between the Councils' aspirations for the partnership and the outline submission received, the Project Board considered it appropriate to stop the current procurement process and reconsider options for the services in question.

4.6 Throughout the process officers from both Councils have worked closely together, both were signed up to the key outcomes of the project. Having considered the Outline Solution received and the lack of interest from the market place, officers at both Councils agree that the Councils should now stop the procurement process.

On 19th May 2016, Selby's Executive approved the recommendation to not proceed to stage 2 of the process or seek approval to proceed to final tenders.

- 4.7 Whilst the officer decision is to close the competitive dialogue process, the need to achieve efficiencies and ongoing resilience remains and officers will review options for the service in due course.

5. **Financial and Value for Money (vfm) Implications**

Whilst there has been some officer time spent on the project, the direct cost of the competitive dialogue process has been relatively low and the competitive dialogue discussions with bidders provide useful insight to the market and future developments for the service.

Whilst this report sets out the officer decision to end the procurement process, the need for financial savings and efficiencies remains. A savings target of £10,000 linked to the procurement project remains for 2016/17. Officers will now review options for the service (including the potential for collaboration with other councils) to identify opportunities for efficiencies, savings and income generation.

6. **Legal Implications**

Officers have taken legal and procurement advice in order to close the procurement process in accordance with the relevant legislation.

7. **Contribution to Council Priorities** – A strategic partnership aim was to support the Council Plan 2015 – 2018 through the Enterprising Craven and Financial Resilience priority.

8. **Risk Management** – All risks have been managed in accordance with Procurement processes.

9. **Equality Analysis** – As the process is closing an impact assessment is not necessary

10. **Consultations with Others** – Staff and unions have been continuously consulted and engaged throughout the process.

11. **Access to Information : Background Documents** – None

12. **Author of the Report** – Samia Hussain, Corporate Head – Business Support. email shussain@cravencd.gov.uk telephone 01756 706207

Note : Members are invited to contact the author in advance of the meeting with any detailed queries or questions.