

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 20 MARCH 2007

Report of Strategic Director (Shirlene Adam) and Programme Manager (Jill Sillifant)

(This matter is the responsibility of Executive Councillor T Hall)

IMPROVING SERVICES IN SOMERSET (ISiS) PROGRAMME

EXECUTIVE SUMMARY

This report outlines the process towards the development of a major strategic services partnership. The Partnership will cover corporate and transactional services and organisational transformation and is being undertaken jointly by Taunton Deane Borough Council and Somerset County Council. The report also confirms the possibility of the Avon and Somerset Police Authority joining the two councils and the private sector provider as a founding partner in the new strategic partnership.

The final confidential version of the report's recommendations, with named bidders, will be provided on the day of the meeting.

The purpose of this report is to ask the Executive to recommend the Council appoint a preferred bidder, with whom further negotiations can take place, with a view to contract award in June. This paper sets out the background to the ISiS programme and the procurement and evaluation process that has been followed. However, the scoring of the bids will not be complete until Friday 16 March. It is intended that a set of confidential appendices regarding specific aspects of the bids will be circulated to members prior to the meeting. The final scores and recommendations regarding the appointment of preferred bidder will be tabled and presented to members on the day of the meeting.

1. Background and Introduction

1.1 In early 2005, Somerset County Council and Taunton Deane Borough Council jointly embarked on an ambitious and revolutionary programme to transform public services in Somerset. The programme was developed so that the two councils could realise their shared ambitions to transform the way that the public access (and receive) the services we deliver. In order to achieve this, the councils also recognised the need to transform the way the two organisations work so that we focus on, and are driven by, how closely our customers' expectations of us are matched with their practical experiences.

1.2 This programme is known as Improving Services in Somerset – "ISiS".

Broadly, the ISiS Programme has 3 major strands. It aims to achieve:

- A world class customer service infrastructure;
- Modernised support services – finance, HR, IT, property, facilities management, procurement, revenues & benefits;

Transformational capacity – accessing experience and skills (that we currently do not possess) to help us transform all parts of the Councils.

2. The Drivers For ISiS

2.1 The rationale and detailed outcomes for the ISiS programme can be found in the outline business case (referenced as a background paper). The drivers, both internal and external, remain valid and have been given more strength by the recent White Paper. This business case was discussed and accepted in principle by the Executive Board in April 2006.

2.2 The ISiS Vision

The ISiS vision is to transform both Somerset County Council and Taunton Deane Borough Council into strikingly modern and progressive organisations capable of delivering high quality local services across Somerset through excellence in customer experience

2.3 Better for Less

A specific aim of the programme is to deliver ‘better for less’. Our aspiration is that this programme will provide an improved service for customers that can be quantified in measurable terms, and which will make a significant contribution to future efficiency savings targets.

2.4 ISiS Programme Objectives and Benefits

The high level deliverables of ISiS are summarised in the table below and are contained in more detail at Appendix 1.

Objective	The End Goal	The Culture
To improve access to and delivery of customer-facing services	<ul style="list-style-type: none"> • Customers experience real excellence in both access to and provision of service, through ways which best meet their needs • Customers have a choice of how they access services with 90% of service enquiries resolved at initial point of contact • Customers experience excellence through personalized and localised services, including through local ‘hubs’ – eg village halls/ ‘clubhouse’ model 	<ul style="list-style-type: none"> • Customer driven and customer focused (not inward looking) • We get it right first time, every time
To modernise, reduce the cost of and improve corporate,	<ul style="list-style-type: none"> • Integrated support services and transactional services which meet the precise needs of front line services and represent industry best 	<ul style="list-style-type: none"> • Flexible (not bureaucratic) • Open and inclusive • Information sharing

transactional and support services	<ul style="list-style-type: none"> practice across whole organisation – ‘Better for less’ 	<ul style="list-style-type: none"> Continually improving Multi-skilled Process efficient Cross fertilisation
To help modernise and transform the overall workings of the County Council and Taunton Deane Borough Council	<ul style="list-style-type: none"> A refreshingly modern organisation that puts the needs of customers first and delivers services in the most effective way A market leader partner 	<ul style="list-style-type: none"> Delivery focused, (not service led) Innovative and challenging Accessible and flexible National /International reputation A UK HQ?
To invest in new world class technologies to improve productivity	<ul style="list-style-type: none"> Open new markets Investment in: <ul style="list-style-type: none"> Shared service infrastructure People through skills development and training Business process re-engineering ICT infrastructure Buildings – a property infrastructure to support local service delivery 	<ul style="list-style-type: none"> Able to diversify and expand to incorporate new business Flexibility to support local area working Supporting multi-agency working
To create an excellent working environment and a more sustainable employment future for staff	<ul style="list-style-type: none"> A Somerset business centre based in Taunton Deane providing excellent support services to public authorities in Somerset and across the Region 	The best employer around (not just the local choice)
To generate economic development by attracting a partner willing to invest in Somerset	<ul style="list-style-type: none"> Economic regeneration, investment and employment opportunities 	A culture of compromise in control and support to the partnership which may challenge some areas of public sector ethos

2.5 The business case for ISiS has a number of key features, against which bidder submissions have been measured. One such criteria is the affordability “envelope”, which has been set by both councils as being the budgets currently associated with in scope services. Bidders have been, however, encouraged to look more creatively to see where service improvements and efficiencies might lie outside the initial scope of service. Even so, the bottom line has been very clear - there should be net savings and benefit to the council tax payer from any proposal made. In addition, whilst investment levels alone would not be a factor in deciding the Councils’ commercial partner, there is an expectation that the successful bidder would be prepared to make the appropriate investments required to deliver the Council’s ambitions and accept the delivery risk associated with these benefits.

3. The Strategy for Delivering this Programme

3.1 Both councils considered a range of different models for delivering this Programme and its associated benefits. Members, officers and trade unions from both councils were involved in appraising these options which ranged from

delivering the programme in house, through to outsourcing. Following these appraisals, the Joint Venture Strategic Partnership model was identified by both councils, independently, as being the model best placed to deliver the Programme.

3.2 The Outline Business Case approved by the Councils in 2006 sets out full details of the options considered, and the outcome of their appraisal.

4. Summary of Key Developments since April 2006

4.1 At the point both Councils' Executives approved the Joint Outline Business Case, three private sector partners had been short listed as potential partners to join the councils in a proposed Joint Venture Strategic Partnership. These prospective partners are;

- BT (consortium with Carillion and Xerox)
- Capita
- IBM (consortium with HBS and Mouchel Parkman)

4.2 Both councils agreed at that stage that the procurement process should continue to the stage of identifying a Preferred Bidder, who would join the two councils in a Strategic Partnership to deliver the aspirations and objectives of the ISiS Programme as described above and in more detail in Appendix 1. We have now reached that stage of the process. In addition, Avon and Somerset Police Authority have also signalled their interest in rejoining the Partnership. Whilst this approach was welcomed by the two councils, agreement to the Police Authority rejoining was conditional on there being no delays to the procurement timescale, or any adverse impact on the Council's business case. Consequently, since November 2006, there has been a parallel stream of activity to enable the Police Authority to evaluate their own business case for ISiS and to satisfy themselves of the selection process and suitability of any preferred bidder recommendation. The Councils have also considered the outcome of this process on their positions and will report on this at the meeting.

4.3 Key Milestones and Activities

The key milestones and activities since the short listing of the three bidders together with the key stages ahead are illustrated in the table below.

Event	Date
Issue of Invitation to Negotiate (ITN)	June and July 2006
Clarification meetings with Bidders	July-November 2006
Outline presentations of bids	7 November 2006
Tender receipt based on June/July ITN	28 November 2006
Evaluation of bids, including formal evaluation through service, segment and plenary panels, site visits, feedback from OJEU Signatories, Schools client, UNISON, Staff Forum etc	4 December 2006 – 9 March 2007
Police ITN issued	22 January 2007
Police tenders received	27 February 2007
Evaluation of Police tenders including service, segment and plenary panels	1 March – 14 March 2007
Final meeting of Plenary Panel, to confirm recommendations	16 March 2007
Approvals process	19 March – 21 March 2007
Contract closure	29 June 2007
Services commencement	2 July 2007

5. Process For Evaluating The Bids

General

- 5.1 The evaluation strategy and process is set out in more detail in Appendix 2.
- 5.2 Bids for the ISiS contract were returned from all three bidders on the due date of 28 November 2006.
- 5.3 Each bidder submitted both standard and variant bids. A standard bid covered the minimum range of services for which the councils requested a submission. The purpose of defining a standard bid was that it provided a baseline for the comparison of different types of bids. Variant bids allowed bidders to utilise their own commercial experience to expand the ITN scope, methodology or delivery mechanisms – allowing maximum innovation from the private sector
- 5.4 It was recognised early on that if we are to achieve the outcomes, and the futures that we wish for both our councils and for our customers, it is critical that we select

the bid (and therefore the partner) that best meets our joint requirements. The evaluation process is therefore critical in ensuring we make the right choice of bid and the right choice of partner. It was decided early on, that in order to accurately reflect the Councils priorities, the evaluation would comprise the following headings and weights:

5.5 The overall evaluation criteria, and respective weightings, are:

- (A) Price and Affordability (25%)
- (B) Deliverables and Quality (40%)
- (C) Contract and Risk (10%)
- (D) Governance and Compliance (10%)
- (E) Culture and Partnership (15%)

The scale of the councils' ambitions, and the responses of the bidders (through both standard and variant bids) has warranted an intricate, sophisticated and necessarily complex evaluation process. In summary, the whole process (which has taken some 17 weeks to complete) has involved:

- Formal and quantitative evaluation of proposals
- Informal evaluation groupings with a range of stakeholders,
- General and topical presentations from bidders,
- Staff consultations,
- Formal reference site visits,
- Formal clarification meetings with bidders
- Formal commercial negotiations in meetings with bidders.

5.6 **Property Proposals**

All three bidders have submitted variant bid proposals pertaining to property assets. Whilst these have formed part of the deliberations of the Deliverables and Quality Panel, it was felt that the councils should work with the preferred bidder in order to realistically shape the property offering – particularly in light of the opportunities presented in working with Avon and Somerset Constabulary.

5.7 **Quality Assurance and Independent Process Control**

To ensure probity, and to ensure the process was carried out in accordance with the published strategy, the entire evaluation process was scrutinised by an independent process controller (KPMG), by the South West Audit Partnership and by S.151 officers of the 2 Authorities. In addition to this, the Plenary Panel Review (Stage 4) was also scrutinised by the monitoring officers of the two councils. The independent process controller from KPMG will be available for questions during the Councils' approvals process. A letter of assurance from KPMG as to the integrity of the procurement and evaluation process is attached in Appendix 3 to this report.

6. **Remaining Stages of Procurement & Preparation for Services Commencement**

6.1 From the choice of preferred bidder through to financial closure of the deal, and the commencement of services, a considerable amount of work remains to be done with a series of inter-related projects within the framework of one programme plan owned jointly with the preferred bidder.

6.2 Very broadly this includes;

- Programme Management – the overall management of a series of project plans, many of them jointly with the preferred bidder, and to include the conduct of due diligence on the bidder's proposals and the refresh of the councils' business case
- Stakeholder Relationship Management – management of communications across both councils and the bidder and its partners or sub-contractors, including the formal process of consulting with staff on the transition to the JVCo through secondment, press and media coverage, and the need to communicate fully with many other stakeholders including schools, trade unions, other local authorities and suppliers.
- Establishment of the 'Intelligent Client' – agreeing the structure of this function, and getting it into place prior to contract close, to include consideration of roles and responsibilities, and to make the appropriate appointments
- Contract and legal work – includes concluding high level deal negotiations, managing the bidder interface, conducting and agreeing all commercial and legal negotiations, preparation of interim service agreements (for projects which will start as soon as possible), preparing for ongoing contract management
- Change Management – including preparing for and establishing the shadow Joint Board
- Transition Planning – to include working jointly with the preferred bidder on staff structure and transfer, accommodation, client liaison, financial and performance management and control
- Transformational change – to outline the early transformational projects with in scope and out of scope services as appropriate.

7. Consultations Undertaken

Staff

7.1 Implementing the ISiS Programme, and achieving its objectives clearly has some significant implications for the way that staff will work.

7.2 The importance of involving and consulting staff about these changes was recognised at the outset of the Programme and consequently, in 2005, a combined Joint Consultative Committee for the two councils was set up so that discussions could be held with Unison. At the same time, Staff Consultation Forums were also established in both councils so that staff on a wider basis could be consulted about, and involved in the continued development of the Programme. During 2006, the two Staff Forums merged into one and there is now a combined Staff Forum for both councils.

- 7.3 Formal meetings have been held with both the JCC and the Staff Consultation Forums on a monthly basis since 2005. Further, the Staff Consultation Forum participated in the bid evaluation process.
- 7.4 In addition to this, both councils have held regular face to face briefings for staff who are likely to fall within the scope of ISiS, and have issued monthly updates and newsletters to help keep staff informed about the developments of the Programme.
- 7.5 Each of the three shortlisted bidders has held open days for staff to become more familiar with and find out more about each bidder, and has held briefing sessions, by service area, for staff who are in scope.
- 7.6 In addition, a large number of departmental/team meetings have taken place over the period to discuss the ISiS programme.

Members

- 7.7 Members have similarly been able to attend open days hosted by the bidders. Additionally each bidder has held dedicated sessions with both councils' sets of members; firstly to present a resumé of initial thoughts about the Programme and its objectives, and secondly to present a general overview of their bids.
- 7.8 Regular update and briefing sheets have also been produced to help keep Members informed about the Programme.

8. Financial Implications

- 8.1 The detailed presentation to be made in confidence at your meetings will outline the affordability of the preferred option. Any impact of the addition of the Police contract to the main ISiS contract will be explained. The annual charge to be paid for these services under the contract will – like any other contractual arrangement - form a first call on the councils' budgets. Although it may be possible over time to further reduce the costs of services, and therefore the call on budget, this would need to be negotiated within the overall contractual arrangements.

9. Legal Implications

- 9.1 The Councils will enter, separately, into a series of contracts, which will include the Joint Venture and Shareholders' Agreement, which establishes the Joint Venture Company

10. Other Implications

Growth of Joint Venture

- 10.1 Members will be aware that an important element of the proposed Joint Venture is that it will become a focus for shared services and other collaborative ventures between public bodies in the South West, and this was included in the original OJEU notice in December 2005. Bidders, in submitting their tenders, have variously estimated the value of this potential business. It should be noted that

over 30 public bodies signed up to the OJEU notice as part of the procurement process.

10.2 At the suggestion of the South West Centre for Excellence, and at their cost, we are seeking Counsel's Opinion on the proposed framework agreement which will enable other third parties to purchase services from the Joint Venture. Currently, it is expected that the broad scope of the framework will enable it to be available to and benefit all public sector agencies in the South West region.

10.3 **Equalities**

Staff from the two councils can elect to be seconded on the same terms and conditions as currently enjoyed, and with the same rights and expectations as to equalities. The bidders have been required to develop their policies in this area and their responses have formed part of the evaluation.

10.4 **Business Continuity**

The principle of business continuity applies equally in relation to the commencement, continuation and conclusion of the services.

The first is managed through the process of transition, a joint activity with the preferred bidder. The other two are both anticipated contractually and will be important areas of commercial negotiation to come. Assurances though have been given by the bidders within their submitted tenders.

10.5 **Management of Risk**

Members will already be aware that considerable efforts are being made to identify, and to mitigate, risks which might arise during the procurement phase of this project. Also, risks which might arise during the currency of the contract are identified in advance, and the allocation of these risks between the private sector contractor and public sector partners is critical to the success of the venture and to the right of allocation of risk to the party that is best equipped to deal with it.

The top risks and mitigating actions will be presented as part of the confidential appendices.

11. Recommendations

The Executive Board makes the recommendation that the following be accepted at the Full Council meeting of 20 March 2007:-

1. To accept the bid by [x=company name] for the purposes of allowing further clarification, evaluation and negotiation, with a view to the Council entering into a contract at the conclusion of the process. This effectively appoints x as preferred bidder to the Council, subject to recommendation 3 below.
2. To agree that, in consultation with the Portfolio Holder Resources, the Strategic Director (Shirlene Adam) be authorised to take forward such negotiations as may be necessary with [x] to enable the contract to be finalised.

3. To agree that appointment of preferred bidder should be contingent on securing key contractual principles within 6 weeks of appointment and to approve the appointment of [y] as reserve bidder, with whom negotiations can be resumed should the Council be unable to reach satisfactory agreement with preferred bidder on said principles. This will ensure the continuance of a commercially competitive process.
4. To agree that, on satisfactory conclusion of the further negotiations which may be necessary, and in consultation with the Portfolio Holder Resources, the Strategic Director (Shirlene Adam) will bring details of the commercial option to the Executive for final approval prior to contract signature.
5. That the publication of these recommendations to the press and public be delayed to 22 March 2007, to allow a consistent release of information from both councils.

Contact officers:-

Shirlene Adam, Strategic Director

Tel: 01823 356310; email: s.adam@tauntondeane.gov.uk

Jill Sillifant, ISiS Programme Manager

Tel: 01823 356309; email: j.sillifant@tauntondeane.gov.uk

Background Papers:-

Executive 24 May 2005 – “Joint Venture Arrangements For Corporate Services”

Executive 22 June 2005 – “Joint Venture Arrangements For Corporate Services”

Executive 20 July 2005 – “Joint Venture Arrangements For Corporate Services”

Executive 24 August 2005– “Joint Venture Arrangements For Corporate Services”

Executive 5 April 2006 – “Improving Services In Somerset – Business Case Update”



This paper sets out the objectives behind the ISiS Programme, and the key results which it is anticipated the new partnership will achieve.

Objective 1: To improve access to and delivery of customer facing services

Customers experience excellence in both access to, and the provision of, services through ways which best meet their needs:

Key results

- *Top quartile satisfaction levels amongst all customer groups accessing the authorities*
- *A clear and affordable strategy, driven by service quality to manage and improve all points of access with the councils*
- *A change in culture that empowers frontline staff with the authorities to do their job and to innovate and “go the extra mile” for their customers*
- *A complete customer service which maximises the potential opportunity for collaboration with key service partners across the whole of Somerset, including for example other district councils, health services and so on*

Customers have a choice of how they access services with 90% of service enquiries resolved at the initial point of contact:

Key results

- *An organisational and technological solution which promotes choice of access to services and achieves as a minimum 90% resolution at first point of contact*
- *Customer feedback mechanisms seeking continuous improvement of all points of contact with the councils*
- *Technology based personalised access for customers with specific needs or for specific target markets*
- *A customer access solution which takes into account the rural nature of Somerset (90% classified as rural) and the requirement for local access in both the county and Taunton Deane*

- *A strategy for property used for customer access that reflects the rural nature of Somerset, its demographics, the different geographical spread of service provision across the two authorities, and the need for customers to be able to access services locally in a way that maximises environmental sustainability*

Objective 2: To modernise, reduce the cost of and improve corporate, transactional and support services

Integrated support services and transactional services which meet the precise needs of the front line services and represent industry best practice across the whole organisation:

Key results

- *Partnership services delivering a minimum 2.5% reduction in net cost year on year to the councils*
- *The councils continuing to be rated as at least 'Good' in the Audit Commission's Comprehensive Performance Assessment*
- *Service performance, as measured by agreed key performance indicators, in the top quartile by reference to local government peer grouping, the wider public sector and comparable private sector organisations*
- *Cost per transaction for key processes and activities reflecting 'top quartile' performance across any sector*
- *Annual measurable gains of at least 2.5% per annum are being achieved for all services within the Partnership*

Objective 3: To help modernise and transform the overall workings of the County Council and the Borough Council

Refreshingly modern organisations that put the needs of customers first and deliver services in the most effective way:

Key results

- *Services that are driven by the needs and priorities of the customer (Somerset citizens)*
- *A clear strategy to enable more self service for both customers, staff and partners*
- *An increase in the percentage of the councils' overall budget which can be targeted at frontline services*
- *Training and skills transfer in business process re-engineering for the staff of the councils to ensure that the transformation agenda is sustainable*

- *Investments in 'world class technologies' that enable opportunities to review and redesign organisational processes (both our own and those of our partners, where accountability for service delivery is shared).*
- *A partner that has similar (or complementary) corporate values and business ethos*
- *A partner that has complementary skills to those of the councils and in particular fills any skills gaps*
- *A property strategy based on adding value for the councils, improving property utilisation, supporting mobile and partnership working and enhancing the working environment*
- *A partner with a clear understanding of the broader strategic objectives of the councils.*
- *A partner with proven relevant experience of successfully enabling transformation of public sector services and with all of the attributes associated with a market leader*

Objective 4: To invest in world class technologies to improve productivity

A modern, reliable, secure and responsive technological infrastructure that provides sufficient capability and flexibility to handle both future growth and new innovative solutions:

Key results

- *Technology in place which enables remote, flexible and mobile working across Somerset and takes account of opportunities brought about by the convergence of voice and data technologies*
- *Implementation of service specific and enterprise wide systems and applications to reduce duplication, manage information and maximise economies of scale across both organisations*
- *The ability to understand the business needs of frontline services and to translate that into innovative technical solutions*
- *Technology scaleable for business growth*
- *Business and customer focussed information management approaches*
- *Introduction of customer focussed, self service solutions delivering a greater breadth and depth of service.*
- *Information and data strategies to maximise the potential to share / transfer data across service areas within the authorities and with partner organisations*
- *Technology that interfaces with all government tiers*

Objective 5: To create an excellent working environment and a more sustainable employment for council staff in the future

A Somerset business with a base in Taunton Deane providing excellent support and transactional services to public authorities in Somerset and across the South West:

Key results

- *Business expansion and development – in both partnership and other council services*
- *Enhanced career paths and opportunities for all staff, whether in the partnership or not, through workforce and personal development strategies*
- *The creation of a high quality physical working environment*
- *Flexible work-style approaches – including mobile and home working*
- *Excellent employee relations recognising equality and diversity*
- *A Business Centre in Taunton*
- *High quality leadership*
- *Excellent internal communications*
- *The partnership and councils to be – the employer of choice in Somerset.*

Objective 6: To generate economic investment by attracting a partner willing to invest in Somerset

Economic regeneration, investment and employment opportunities:

Key results

- *Capital investment in economic development and regeneration*
- *A regional centre for the partnership work established in Taunton Deane area, bringing in new jobs*
- *Providing employment opportunities and training of the highest standards*
- *Working with the councils and other agencies including the South West Regional Development Agency to assist in raising the investment potential profile for the South West*
- *An ethical investment policy*
- *Helping to raise skill levels in the local economy*

- *Making a strong contribution in relation to community and voluntary sector initiative and activity*
- *Acting in a way that contributes to sustainable economic development and business practice*
- *Providing support for small businesses*

Evaluation Strategy

An evaluation strategy was approved by the Joint Programme Board in June. This described the evaluation criteria the councils planned to use to assess the bids, as well as some broad principles for the process and the methodology for evaluation. Each bid was assessed on two principal grounds-

- (1) Compliance (Section 4 and Appendix 4 of ITN), and
- (2) Evaluation against criteria (Section 6 of ITN)

(1) Compliance

Each bid was first tested for compliance with the key requirements of the councils, which are;

- The establishment of a joint venture company (JVCo) in which Taunton Deane Borough Council, Somerset County Council and the private sector contractor are the founding partners
- The transfer of staff to the JVCo on the basis of secondment
- The establishment of the headquarters of the JVCo in Taunton Deane
- A standard bid which comes within the affordability envelope set by the councils (essentially the current revenue budget for the services concerned)

These tests include compliance with the ITN instructions, and completeness. Any bid that was unaffordable, or failed to meet the councils' output specifications, or failed to provide all the information sought in the ITN could have been rejected with no further bid from that particular bidder allowed. In the event, no bid was rejected for being non-compliant.

(2) Evaluation Criteria

Bids which met the councils' basic compliance requirements were then assessed against a set of evaluation criteria. Two levels of criteria were established and shared with the bidders as part of the release of ITN documentation on 30 June. Level 1 criteria are shown at A –E below; Level 2 sub-criteria (Level 2) are shown in the diagram below. A further level of more detailed sub-criteria was developed in order to assist the consistency of panels.

Further work was then completed to refine these criteria so that the evaluation was as closely aligned to our desired outcomes (i.e. our "deliverables") as possible, and to help us to appropriately differentiate between the bids.

The overall evaluation criteria, and respective weightings, are:

- (A) Price and Affordability (25%)
- (B) Deliverables and Quality (40%)

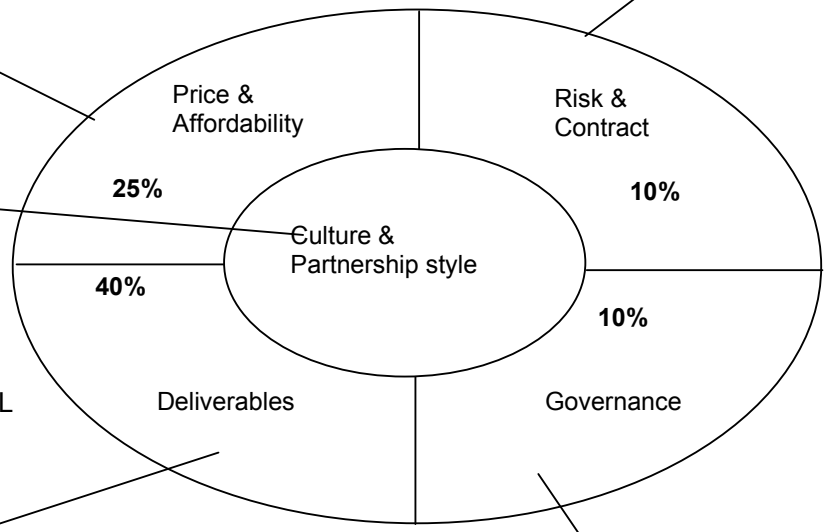
- (C) Contract and Risk (10%)
- (D) Governance and Compliance (10%)
- (E) Culture and Partnership (15%)

The overall evaluation process, and the main criteria, are shown in the 'rugby ball' diagram below:-

0 ANNUALISED REVENUE COST
 50 FINANCIAL MODEL
 20 PPM
 30 INWARD INVESTMENT

CONTRACT AMENDMENTS 30
 RISK ACCEPTANCE 70
 DELIVERABILITY 0

CULTURE & PARTNERHSIP STYLE:
 40 ALIGNMENT/COMPATIBILITY OF PARTNER WITH TDBC/SCC CORE VALUES
 - HOW WERE VALUES ARRIVED AT?
 - HOW WERE THEY PRACTISED?
 15 "FIT" OF KEY PERSONNEL
 - BALANCE OF PUBLIC/PRIVATE SECTOR EXP
 - PARTNERSHIP EXPERIENCE (OF THIS TYPE)
 - STYLE/APPROACH/COMPATABILITY
 40 ABILITY TO ACHIEVE/EVIDENCE OF HAVING ACHIEVED CULTURAL AND TRANSFORMATIONAL CHANGE
 5 "QUALITY" MEASURES
 - IIP
 - EFQM/TOTAL QUALITY ETC



30 CUSTOMER ACCESS
 10 { MODERNISATION OF TRANSACTIONAL CORP. SERVICES
 15 { MODERNISE OVERALL
 5 { INVEST IN TECHNOLOGY
 15 STAFF FUTURES
 10 ECONOMIC DEVELOPMENT
 15 SERVICE DELIVERABILITY

JVC ARRANGEMENTS 50
 STRATEGIC PARTNERING 25
 ETHICAL & OTHER ISSUES 25

6.2.1 Evaluation process – the detail

It is essential that the evaluation process is objective, robust and transparent, and capable of withstanding any challenge. It must also be fair, and be *seen* to be fair. It is critical that, in reaching the decision to select a preferred bidder, the decision is arrived at through a clear and evidenced recommendation.

The evaluation process includes elements where each aspect of the bid was scored, and other elements where a more qualitative assessment has been made. As described below, both methods have contributed to the overall outcome of the evaluation process.

One of the success factors for successful implementation of the partnership is the extent to which the solution has been arrived at, and is “owned” across both authorities. Consequently, the evaluation process was built on our view that the evaluation *must* involve cross-organisation representation, i.e. it must involve “out of scope” services and all appropriate stakeholders. This principle has undoubtedly increased the level of complexity of the evaluation process – particularly when combined with the nature of the evaluation criteria we have developed, but was seen to be a critical factor in ensuring the evaluation process produces the bid that best meets our two councils’ aspirations.

There were effectively four stages of evaluation (once the basic compliance tests were passed), and these are set out in the attached schematic diagram at Appendix 1:

1. Reviews of service plans for in scope services. These reviews feed into the next stage;
2. Reviews and scoring of proposals put forward against the key evaluation segments (price & affordability, deliverables & quality, governance and compliance, contract and risk, culture and partnership);
3. Informal and qualitative evaluations based on reference site visits, further bidder presentations and stakeholder feedback, including feedback from staff, Staff Consultation Forum, JCC and OJEU signatories;
4. Plenary review, which took into account the segment scores from (2) together with qualitative input from (3) above. This culminated in a report presenting the conclusions of the evaluation process, and consequent recommendations. These conclusions were then presented to the Joint Programme Board and the Joint Member Advisory Panel.

The four stages are described in more detail below and will be shown schematically during the presentations to be made to Executive & Full Council. In order to ensure complete clarity, and for avoidance of doubt, frequent opportunities were taken by the Programme Team and advisors to clarify aspects of the bids with bidders.

Stage One – Services Review

These reviews were conducted by teams drawn from the relevant service area in each council, together with representatives of front-line services and help from external specialists as appropriate. This aspect of evaluation concentrated on the specific proposals made in all bids (standard and variant) for each “in scope” service area. Conclusions from these service evaluations were then reported to those conducting the Stage Two evaluations. Points for clarification were passed to the Programme Team and were either raised at bidder clarification meetings or referred to the site reference visits

Stage Two – Segment Review

The segment teams (A –E above) looked more generically across the bids.

The Stage 2 teams were made up as follows:

- Each segment had a “Leader” who co-ordinated, and oversaw their particular segment, but did not (himself or herself) score the bids
- Both in and out of scope services were represented and, where appropriate, other stakeholders (e.g. schools client group)
- Members of the JMAP attended panel meetings as observers

The segment review process was overseen by an independent process controller/moderator (KPMG) who produced a summary report showing the strengths and weaknesses of each bid, an aggregate score for that bid, a full understanding of the risks and any particular areas warranting focus during the reference site visits or in clarification meetings with the bidders.

Stage Three (Further qualitative evaluations)

Reference Site visits

Site visits were made to locations of our choice, for each bidder (including sites of their principal sub contractors). These locations were a mixture of existing partnerships bidders are currently a partner in, or alternatively another site that was judged to be appropriate and relevant to visit.

The visits provided bidders with the opportunity to demonstrate and evidence their written submissions, but as importantly allowed the site visit teams to pursue Key Lines of Enquiry raised from Stages 1 and 2 of the process.

Membership of the two site visit teams included:

- Leadership from the two SROs
- In scope and out of scope managers
- Staff Consultation Forum representatives
- JMAP representatives.

Each Team Leader produced a summary report from the whole team, which was fed back into the Plenary Panel (at Stage 4).

Bidder presentations

Bidders were required to make the following types of presentation:

- Whole bid presentations – all evaluators attended a bid overview presentation in order to get a wider context for the part of the submission they were to evaluate. The audience for whole bid presentations included:
 - Joint TDBC /SCC Working Group
 - TDBC and SCC Steering Groups
 - JPB/JMAP
 - OJEU signatories (for a view only) through RCoE
 - Schools Client Group and other schools reps
- Topic specific presentations (e.g. Customer access, Transformation, Governance, Financials and Commercials) which were made to Segment Panels
- Service specific presentations, which were made to the service managers assessing Stage I Service proposals.

Stakeholder Feedback

All stakeholders, including staff, had the opportunity to provide feedback to the Plenary Panel. Staff representatives did this in person, based on having seen bid presentations, having read the Executive summaries of the bid proposals, and having attended site visits. Unison were similarly invited to give feedback, although declined to do so.

The schools client group and the OJEU Signatories were also able to submit their views.

Stage Four (Plenary Panel)

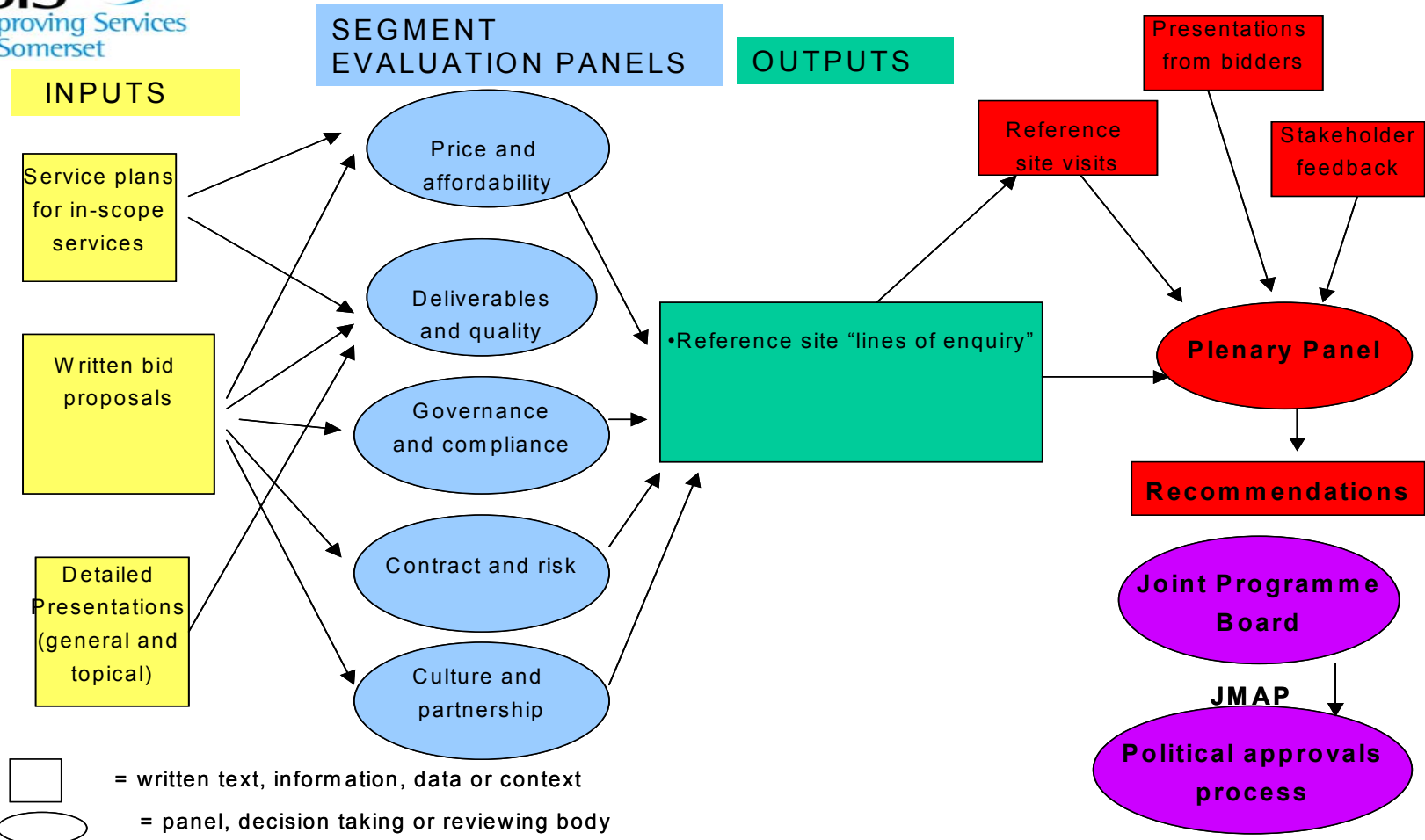
This constituted the formal review and moderation stage for the whole process, where the scores, evidence and conclusions were collated and subsequently challenged. The Panel assimilated the evaluations already conducted, both scored and informal, and reviewed the performance of Bidders during the evaluation process. The Panel were advised and assisted in this by the independent process controller (KPMG), independent Quality Assurance personnel (South West Audit Partnership) and the monitoring officers of the two councils

The outcome of the Panel's debate will be recommendations, via the Joint Programme Board and the Joint Members' Advisory Panel, to the Executives of the two councils. SCC's Scrutiny Committee, and all Taunton Deane's members are expected to be involved fully in reviewing the Board's recommendations and the decision-making of the two Executives.

A process of financial due diligence will be conducted in parallel by the Finance Departments of the two councils.

6.2.2 Quality assurance and independent process control

To ensure probity, and to ensure the process was carried out in accordance with the published strategy, the entire evaluation process was scrutinised by an independent process controller (KPMG), by the South West Audit Partnership and by S.151 officers of the 2 Authorities. In addition to this, the Plenary Panel Review (Stage 4) was also scrutinised by the monitoring officers of the two councils. The individual who undertook the role of independent process controller will be available for questions during the Councils' approvals process.





KPMG LLP
Advisory
Canary Wharf (38th Floor)
1 Canada Square
London E14 5AG
United Kingdom

Tel +44 (0) 20 7311 4049
Fax +44 (0) 20 7311 3311
DX 38050 Blackfriars

Simon Hurrell
ISiS Programme Manager
Somerset County Council
C/O Taunton Deane Borough Council
Taunton
Somerset TA1 1HE

Our ref pk/mt

13 March 2007

Dear Simon

Assessment of the ISiS Partnership Procurement Evaluation Process

As part of our role as financial advisers to Somerset County Council and Taunton Deane Borough Council on the ISiS procurement, we were asked to offer an independent and objective view of the evaluation process. This work has been referred to as the 'Process Controller' role.

The main focus of the Process Controller role has been to offer advice and assurance to the Councils, via the Evaluation Coordinator (Caroline Adams) with regard to the appropriateness and probity of the process. The main Process Control activities have been to:

- review and comment on the overall evaluation process;
- review and comment upon the supporting documentation and guidance describing the evaluation process;
- offer on-going advice and support to the ISiS Evaluation Coordinator;
- attend the final evaluation plenary meetings; and
- liaise with the Council's appointed independent Quality Assurance (QA) officers (the heads of internal audit for the two Councils, Jacky Barnes and Gerry Cox) who have observed the process.

This letter sets out our views on the evaluation process in relation to our role as Process Controller.

Limitations

Our comments and views should be considered in light of the following points:

- the Process Control role has not included direct involvement in, or oversight of, all aspects of the evaluation process. Therefore, our comments and conclusions are based on our impression of the overall process, visibility of a number of key stages and activities through our involvement as financial advisers and the views of the independent QA officers. As a result, we are not able to confirm or guarantee that the agreed and documented processes have been followed without exception;
- our comments should also be considered in conjunction with the reports of the designated QA officers;
- our comments relate only to the process adopted by Somerset County Council and Taunton Deane Borough Council; and
- as with any evaluation process, the integrity of the process is ultimately dependent on the diligence and care of all those taking part.

The evaluation process

The ISiS Programme established a clear, staged evaluation process, which has included the following components:

- formal training for all those to be involved in the evaluation process, provided by The 4Ps;
- clear definition and allocation of roles and responsibilities within the process;
- clear confidentiality requirements, evidenced by signed confidentiality forms;
- the creation of a robust evaluation model used to evaluate ITN responses, developed prior to the receipt of ITN responses and linked to the Council's objectives and stated award criteria;
- a staged evaluation process allowing opportunity for review of service proposals by service specialists (Stage 1) and overall evaluation of bidders proposals against the Council's objectives (Stage 2);
- the use of external specialist advisers to contribute to the evaluation process, providing both expertise and challenge; and
- a series of plenary panel sessions to review, challenge and moderate evaluation scores, including individuals not directly involved in the evaluation process itself.

Assessment of the evaluation process

It is our view that the evaluation process adopted for the ISiS procurement has been adequate and appropriate for a procurement of this type. Further, with regard to the level of visibility we have had of the process, it appears to have facilitated a robust and transparent evaluation of bidders proposals.

Although our comments are not intended to endorse the decision regarding the specific bidder selected (since this is outside the remit of Process Controller role), we do consider that the evaluation process adopted should have been sufficient to allow a reliable appraisal of bidders' proposals and the extent to which these proposals meet the Councils' stated requirements.

No issues that would materially undermine the probity of the process have been brought to our attention.

Other considerations

The evaluation process is designed only to allow the selection of a preferred bidder with whom to enter detailed negotiations. Once in negotiations with a single preferred bidder, the competitive pressure on the bidder is significantly reduced. Therefore, we strongly advise the Councils to consider the following:

- there is significant benefit in seeking to maximise the leverage that the Councils have over the preferred bidder by vigorously seeking to resolve material issues prior to formally granting unconditional preferred bidder status; and
- once in negotiations, the Councils should regularly assess and challenge the contract being negotiated and only conclude negotiations when it is considered that issues have been properly and appropriately addressed.

Yours sincerely

A handwritten signature in blue ink that reads "Paul Kirby". The signature is written in a cursive, slightly slanted style.

Paul Kirby
Partner