

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 10 JANUARY 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 UPDATE

EXECUTIVE SUMMARY

This report provides an update on progress with the ISiS programme and how TDBC is preparing for its implementation, and summarises the anticipated next steps in the procurement process.

1. Background and Introduction

- 1.1 Members of the Executive last considered progress on the ISiS Programme at its meeting on 5th April 2006. At that meeting, Members received a presentation and in particular reviewed;
 - The Outline Business Case
 - The selection of shortlisted bidders
 - The options appraisal undertaken
 - Consultation arrangements
 - The next steps
- 1.2 All Members have since had the opportunity to hear from the shortlisted bidders directly (presentations at the Old Municipal Buildings and the PCR in July) and to hear a presentation on project progress at the December Members Briefing.
- 1.3 This report presents an update on the overall ISiS Programme, and in particular:-
 - The procurement process so far (including the ITN, evaluation, and programme to closure).
 - An update on the position of Avon and Somerset Constabulary.
 - An update on Programme risks.
 - An update on the external view of ISiS.
 - The arrangements for managing the change process within TDBC.
 - And finally, the Programme budget position.

3. The Procurement Process So Far

3.1 Issuing of the ITN (Invitation to Negotiate)

After short-listing the three potential bidders in March, the two Councils further refined their requirements for the Partnership, including setting out clearly the benefits they expect the Partnership to deliver to the two councils and their wider communities. These requirements and the benefits we expect the Partnership to deliver are set out in the formal “Invitation to Negotiate”, which was issued to bidders in June and is the specification the bidders must address in submitting their bids.

3.2 Bid Submission

All three bidders submitted their bids on the due date of 28 November. These bids fall into two categories:

Standard bids

These indicate how the bidders will help us run the “in scope” services within our current affordability limits (ie the investment levels and the corresponding savings proposed in these bids are based on the current budgets for running the in scope services).

Variant bids

These show how the inclusion of services beyond the scope of those specified for the Partnership can deliver wider, strategic benefits (and savings) for the two councils and their communities.

3.3 The Evaluation process

Both standard and variant bids are currently in the process of being evaluated. The evaluation model is complex; but necessarily so for a programme of this nature. The process includes assessments of how the bidders plan to operate (and improve) the services that will be run by the Partnership, as well as evaluating the wider economic, social and financial benefits that prospective partners indicate they can bring to the councils.

The evaluation process is in four stages:-

Stage 1 – Services

Review of service stream proposals by service managers from both Councils, together with “buddies” from out of scope service areas. This stage will be completed by Christmas 06.

Stage 2 – Organisational criteria

This stage is the core of the evaluation and looks at the five main evaluation criteria (Price and Affordability, Deliverables and Quality, Contract and Risk, Governance and Compliance, and Culture and Partnership). Five separate “segment” panels will establish scores for each bid using these criteria, and will complete this work by mid-January.

Stage 3 – Site Visits and Further Review

This stage involves visits to at least two reference sites for each bidder and their principal subcontractors. These visits will pursue lines of enquiry raised by the previous two stages. Two site visit teams will be making their visits in late January 07.

Stage 4 - Plenary Panel

This comprises the chairs of the five segment panels and will review the evaluation scores in light of the additional information gleaned through Stage 3. The Panel will make draft recommendations to the Joint Programme Board and the Joint Members Advisory Panel; in turn these recommendations will form the basis of advice to Taunton Deane Borough Council's Executive and full Council.

3.4 Programme To Closure

It is expected that the process should by March 2007, be able to offer the authorities a choice around either:-

- Announce the Preferred Bidder; or
- Require further tendering (BAFO); or
- Abandon the process.

The detailed negotiations around financial closure will take around another three months. It is hoped it will be possible to enter into an interim service contract with the Preferred Bidder to start some services running straight away.

4. Avon and Somerset Constabulary

- 4.1 Members will be aware that there is a possibility that the Constabulary may rejoin the ISiS Programme. The Constabulary is working on its own business case and services specification, for review by the Police Authority imminently. Both Councils are negotiating terms of entry for the Constabulary to the programme. A verbal update on this will be provided at the meeting.

5. Programme Risks

- 5.1 There is a rigorous process of programme and contract risk identification and mitigation in place for the ISiS Programme. This is reviewed monthly by the Joint Programme Board.

6. The External View of ISiS

- 6.1 The framework arrangements for the Partnership were drawn up so that other public sector organisations in the South West could also join, or benefit from the services that the Partnership will offer. To date, over 30 local authorities have expressed an interest in joining the arrangement. This particular initiative is being supported and developed on a regional basis through the South West Centre of Excellence.

6.2 Further national interest is also gathering a head of steam, including interest from the Cabinet Office, at whose request a case study article has been written and published in their national Shared Services Bulletin. A copy of this article is attached at Appendix A.

7. Preparing the council for change At TDBC

7.1 Staff who fall within the scope of the ISiS Partnership and who will move to the Joint Venture arrangement need to be properly prepared for, and supported through the significant change that lies ahead. Work is already taking place within the corporate services headship to ensure there is a smooth and successful transition to the new arrangements and that staff and managers are properly prepared for this new environment.

7.2 This work is being supported by the 4Ps, who are taking a keen interest in our plans and see our programme as a potential national model for establishing good practice.

7.3 Planning and preparation for change will not however be confined purely to these services that are “in scope” – setting up the Partnership is intended to help the *whole* Council transform the way that customers access and receive their services.

7.4 Front line services therefore also need to be prepared for, and involved in the significant change that the Partnership will bring to the council’s ways of working. The planning work referred to above therefore covers the preparation we need to make across the council as a whole, to ensure we optimise the benefits that this new Partnership can bring.

8. The TDBC ISiS Programme Budget Position

8.1 We are currently predicting that the overall ISiS Programme budget will overspend. TDBC’s share of the overspend (approx 20%) is forecast to be £92k.

8.2 This is based on “best estimates” of expected costs (staff and consultancy) needed to bring the programme to closure by 1st July 07.

8.3 TDBC can part fund this predicted overspend from some funds that were earmarked over 18 months ago to fund a new financial management system. This will no longer be required as the ISiS Programme will deliver this for the Council.

8.4 The expected position is therefore:-

	£'000
Predicted Budget Overspend on ISiS Programme (TDBC)	92
Less/ Funding Earmarked for New Finance System	47
Latest Forecast of Expected Overspend	45

8.5 This overspend will be reviewed again when the final terms of entry have been agreed with Avon and Somerset Constabulary.

9. Recommendation

9.1 Members are requested to note the updated position on the ISiS Programme.

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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”

Improving Services in Somerset

Cabinet Office – Shared Services Bulletin - Case Study

The Improving Services in Somerset (ISiS) programme was originally developed as a response to the multiple challenges faced by local government in particular, though it has resonance for the wider public sector in general. ISiS is a public private partnership which, amongst other things, includes the development of a shared service infrastructure which could potentially span all public agencies in the South West region.

ISiS has a number of unusual features:

- It was originally developed by two tiers of local government (Somerset County Council and Taunton Deane Borough Council) – these councils will be the founding partner councils in the partnership
- Avon and Somerset Constabulary are currently seeking to join the partnership – subject to police authority approval of the business case in December. If successful this will be the first multi-agency shared service environment in the public sector
- The contract has been advertised as (and will be let as) a framework arrangement which can be of benefit to other agencies in the South West.
- It is envisaged that the delivery vehicle for ISiS will be a Joint Venture Company, with the founding public sector agencies being significant shareholders.

One of the key strands of ISiS is the creation of a shared service infrastructure. One of the issues common to the founding ISiS partners was recognition that, despite being well run organisations, future financial settlements required a quantum shift in resource alignment and management, including the need to improve the efficiency of the back office functions. The service areas being considered for the partnership are: human resources, finance (including procurement), ICT, property services, facilities management, design and print, customer contact and, for Taunton Deane only, revenues and benefits. Across the two councils some 800 staff are employed in these service areas and the net contract value is estimated to be £360 million over 10 years. The inclusion of police business could increase the contract value to £500 million.

The ambitions of ISiS are, however, greater than shared services. ISiS is about providing an infrastructure and capability to transform the public sector roadmap over the next decade. At the heart of the ISiS philosophy is an absolute commitment by the public sector partners to putting the customer first. That means three things

- creating a customer service infrastructure which allows easy and timely access to the widest possible range of public services – with the majority of interactions being completed at the first point of contact
- using property and IT assets as enablers across the whole spectrum of public services – including shared office accommodation and mobile working for staff and the creation of a whole range of conveniently located, multi-agency face to face contact points which, by virtue of their cross-cutting nature, will provide a more cost effective way to retain a public service presence in rural communities .
- creating a capacity and culture which puts customer need at the heart of service design and delivery and which continually seeks to improve public services

The public sector partners recognised that these ambitions would need investment, skills and capacity which they did not have. The formal procurement to secure a private sector partner was commenced in December 2005. After an initial longlisting process, three shortlisted companies were invited to submit bids. These companies are BT, IBM and Capita and the bid submission date is November 28, 2006. It is anticipated that a preferred bidder announcement will be made in the spring of 2007, with service commencement shortly thereafter.

The South West Centre of Excellence has been actively involved in the programme, initially providing advice and support funding and, latterly, agreeing funding for marketing the programme across the region.

For further information contact **Sue Barnes**, ISiS Programme Director (SCC)
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