

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET MEMBER FOR VALUE FOR MONEY AND EFFICIENCY JOINTLY WITH THE STRATEGIC DIRECTOR FOR INTEGRATED SUPPORT SERVICES AND CHANGE
Report of: Date of Decision:	SERVICE DIRECTOR CUSTOMER SERVICES 9th August 2016
SUBJECT:	STRATEGY / AWARD REPORT – CONSULTANCY FOR CONTRACT NEGOTIATIONS – REVENUES SERVICE (PQ135)
Key Decision: No	Relevant Forward Plan Ref: n/a
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Cabinet Member(s):	Councillor Majid Mahmood, Cabinet Member for Value for Money and Efficiency
Relevant O&S Chairman:	Councillor Mohammed Aikhlaq, Corporate Resources and Governance
Wards affected:	ALL

1. Purpose of report:
<p>1.1 This report seeks approval for the award of a contract called off the Crown Commercial Service G-Cloud Framework Agreement for the provision of a consultancy specialist to support the Revenues Service in contract renegotiations.</p> <p>1.2 The private agenda report contains confidential market information.</p>

2. Decision(s) recommended:
That the Cabinet Member for Value for Money and Efficiency jointly with the Strategic Director for Integrated Support Services and Change:
2.1 Notes the content of the report.

Lead Contact Officers:	
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3.	Consultation
3.1	<u>Internal</u>
3.1.1	Officers from City Finance, Corporate Procurement Services and Legal Services have been involved with the preparation of this report.
3.2	<u>External</u>
3.2.1	Officers from Crown Commercial Services have been consulted and confirm the suitability for the Council to use this framework agreement.

4.	Compliance Issues:
4.1	<u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u>
4.1.1	Proposals are consistent with the Council Business Plan and Budget 2016+ outcome 'A healthy, happy city' by providing citizens and businesses with a consistently high level of service so that performance is visible to staff, members and citizens.
4.1.2	Birmingham Business Charter for Social Responsibility (BBC4SR) The recommended consultant is an accredited signatory to the Birmingham Business Charter for Social Responsibility and will be required to provide additional commitments proportionate to the value of this contract.
4.2	<u>Financial Implications</u>
4.2.1	The cost of this consultancy will be funded from one-off performance savings made within the revenues contract with Service Birmingham.
4.3	<u>Legal Implications</u>
4.3.1	The appointment of a consultant to support the Revenues Service in contract renegotiations is provided in support of the Council's primary functions which are contained in a range of legislation pertaining to the individual service areas. It is not practicable to list the complete set of functions underpinning the award of this contract.
4.3.2	<u>Information Management</u> The nature of this contract is service-based and there are no significant information management issues to be addressed.
4.4	<u>Public Sector Equality Duty</u> A relevance test to decide whether the planned procurement for the provision of a consultancy specialist to support the Revenues Service in contract renegotiations has any relevance to the equality duty contained in Section 149 of the Equality Act 2010 in order to eliminate unfair/unlawful discrimination and to promote equality and human rights was conducted on 11 th July 2016.

The screening identified there was no requirement to assess it further and completion of an Equality Assessment form was not required.

5. Relevant background/chronology of key events:

5.1 Background and Service Requirements

- 5.1.1 The Council and Service Birmingham Limited entered into an agreement dated 1st April 2006 under which Service Birmingham Limited agreed to provide services to the Council. The agreement was subsequently amended to include the Revenues Service from April 2011 and this is now run at an annual cost of £4.8m.
- 5.1.2 An assessment of the Revenues Service was undertaken in May 2016 where current performance, recommendations and a report setting out findings was provided.
- 5.1.3 Following the assessment a decision was taken to work with Service Birmingham to improve the service quality and capability to more fully achieve the Council's contractual requirements. Consultancy is required to support the Council by providing expertise to renegotiate the existing SB Revenues contract which expires on 31st March 2021 to ensure that the Council achieves its desired outcomes over the remaining term of the contract.

The outputs that the consultant(s) will deliver are:

- Lead on and develop a detailed negotiation strategy
- Facilitate meetings to negotiate agreed points
- Agree Critical Success Factors and commercial principles
- Provide an implementation plan, scenario analysis and review of risks
- Provide an operating model for the contract management function along with proposals for KPIs
- Work with the Council to identify and document the savings realised from the re-negotiated agreement
- Work with the Council to ensure effective governance arrangements are in place to measure and monitor the renegotiated contract

5.2 Outcomes Expected

- 5.2.1 The following outcomes are anticipated as a result of the proposed procurement process to be carried out:
- Conclusion of the negotiations by December 2016
 - Established corporate goals of both parties to ensure the contract is negotiated quickly with minimal disruption to the service.
 - Identified savings over the remaining contract period.
 - Proven knowledge of Revenues Service contracts, including experience of managing negotiation strategies which can then be transferred to Council Officers.
 - Resource requirement and Target Operating Model for Service Delivery identified

5.3 Market Analysis

5.3.1 The market for the provision of a consultancy specialist to support the Revenues Service in contract renegotiations is a niche market with only a small number of providers who can meet the requirements of the Council.

5.4 Procurement Options

5.4.1 The following options were considered:

- In house – The Council recognises that it does not have the experience in house to manage this process without expert support.
- Tender as a Council only contract – There is insufficient time to complete a tender process due to the urgency of the contract renegotiations. In addition in the current economic climate this would not be cost effective or a prudent use of funds of resources where no additional value would be gained against using a collaborative framework agreement.
- Use a Collaborative Framework Agreement – There are currently two collaborative framework agreements in place that cover the provision of consultancy both of which are tendered by the Crown Commercial Service (CCS) that are suitable for use by other public sector bodies.

CCS G-Cloud 6 Framework Agreement

The CCS G-Cloud 6 framework agreement commenced in February 2015 and expires in August 2016. It is permissible to award a contract for a duration beyond the expiry of the framework agreement. This framework offers the specialist consultancy required and is therefore the recommended option to use. The protocol of the framework agreement allows for a direct award. Further details are in paragraph 5.5.

CCS ConsultancyONE Framework Agreement

The ConsultancyONE framework agreement commenced in May 2013 until February 2017. After review it was concluded that the suppliers did not cover consultancy services specifically for the Revenues Service and was therefore deemed not suitable for use.

5.5 Procurement Approach

5.5.1 The recommended option is a direct award calling off the CCS G-Cloud 6 Framework Agreement commencing in August 2016 for a period of 5 months.

5.5.2 Call-Off Protocol

The protocol for awarding a contract from the framework agreement is to identify a supplier from the list of framework providers that has the appropriate capability and experience to deliver the requirements. A direct award can then be made. An extensive search was undertaken by Corporate Procurement and Client Services and one supplier was identified as meeting the specific requirements. The supplier submitted a proposal

to the Council of how the outputs in 5.1.3 would be met and the associated costs. After evaluation by the Head of Client Services, the submission was deemed suitable for the Council's requirements.

5.5.3 The recommended company has worked with the Council previously providing advice to Revenues and has invaluable background knowledge that will further reduce the call on Council resources required and therefore costs associated with the project.

5.6 Risk

5.6.1 The CPS approach is to follow the Council Risk Management Methodology and the Procurement and Client Team will be responsible for local risk management. CPS maintains a risk management register and documentation relevant to each contract. The risk register for the service has been jointly produced and owned by the Client Team and CPS with arrangements put in place to ensure that operational risks are mitigated.

5.7 Service Delivery Management

5.7.1 The contract will be managed operationally by the Service Director Customer Services.

6. **Evaluation of alternative option(s):**

6.1 An analysis and evaluation of the alternative options is included in 5.4 above.

6.2 Do nothing

6.2.1 This will impact on the outcomes of the work to achieve the improvements required to collection rates and has the potential to result in significant loss of income to the council from the collection of Council Tax and NNDR.

7. **Reasons for Decision(s):**

7.1 To enable a contract to be awarded for the provision of a consultancy specialist to support the Revenues Service in contract renegotiations utilising the CCS G-Cloud Framework Agreement.

Signatures:

Councillor Majid MahmoodDate.....
Cabinet Member for Value for Money and Efficiency

Angela Probert.....Date.....
Strategic Director for Integrated Support Services and Change

List of Background Documents used to compile this Report:

None

List of Appendices accompanying this Report (if any):

None.