

North Somerset Council

Report to the Council

Date of Meeting: 19 September 2023

Subject of Report: Support Services 2025 Commissioning Intentions

Town or Parish: All

Officer/Member Presenting: Cllr Mike Bell, Leader of the Council

Key Decision: N/A

Reason:

Not an Executive decision

Recommendations

That Council approves the commissioning intentions for Support Services as follows:

1. To move toward a multi-provider model.
2. To stagger contract end dates so that existing services are re-procured incrementally.
3. To procure the revenues and benefits service using a government framework.
4. To develop an options appraisal for ICT provision to compare a shared service within the public sector vs. a commercial supplier offer.

1. Summary of Report

This report sets out the commissioning intentions for the procurement of services currently provided under an outsourced contract with Agilisys Ltd (“The Contract”). The Contract delivers core council services, including management of revenues, benefits, exchequer, public-facing call centres and internal corporate functions (ICT provision, business support and transformation, payroll, and facilities management). The Contract has been in place since 2010 and reaches the end of its term in September 2025.

The Contract’s structure is a “Lead Provider” (Agilisys Ltd), sub-contracting significant contract parts to a revenues and benefits solution and support services provider (Liberata Ltd) and further contract parts to additional specialist providers.

The purpose of this report is to seek approval for restructuring the services provided by The Contract, towards multiple provider contracts and supplier relationships, to be incrementally implemented during 2023-25. The first contract part intended to be separated and procured is the revenues and benefits solution with exchequer services and parking administration. Simultaneously the formation of a relationship with a public-sector wholly owned ICT provider as compared with a commercial supplier will be explored in detail to bring back options for future commissioning plans.

This Commissioning Intentions report is separated into 3 sections and documented in ‘section 11. Options Considered’ to articulate the reasons behind each recommendation.

2. Policy

This project forms part of the Corporate Plan:

- Aim: Open and Enabling
- Priority: Manage Our Resources and Invest wisely

3. Details

The Contract delivers essential public services on behalf of the Council to the populace of North Somerset by administering £650million per annum through a range of services including the collection of revenue income from domestic properties and business rates, processing of invoices, collection of sundry debt and payroll.

The cost of The Contract is ~£17-19m per year. The Contract was awarded in 2010 to Agilisys Ltd using a Competitive Dialogue process and has been extended through its full term to 2025. No further extensions to the contract are available therefore steps must be taken now to re-provision the services provided by The Contract through alternative means.

The Contract delivers the services below through a mix of Lead Provider (Agilisys) and sub-contractor (Liberata) (Figure 1).



Further information on The Contract can be found in Appendix 1. Agilisys Contract Introduction

4. Consultation

Consultation with internal stakeholders (officers) was conducted using engagement sessions July – October 2022. When asked to consider what future options could be considered the consensus identified 4 areas for improvement:

- Move towards multiple contracts with stronger alignment with service needs.
- Ensure increased levels of service lead engagement and contract management.
- Have more granular and user-focused performance metrics applied to individual contracts to enable supplier delivery.
- Enhance clarity on costs and resourcing.

Further engagement is planned to shape requirements with colleagues across the organisation via business service leads and will form part of the agenda for forthcoming union liaison meetings.

To assist with transparency the project is also a standing item for Executive member briefings and informal Executive meetings bi-monthly.

5. Financial Implications

The annual cost of The Contract currently stands at ~£17-19m per year. The recommendations within this paper include the procurement plan for the Revenues and Benefits service and associated exchequer related services at £5.4m per year with a recommended contract duration of 7-10 years.

The procurement will target savings against this existing expenditure profile whilst ensuring that a quality service is delivered to residents. The prime contractor margin will also cease under the new arrangements.

Costs

The total cost of the revenues and benefits contract element is expected to be between £38-54m depending on contract duration.

The cost of using the national procurement framework is 1% of the total contract cost and this will be offset by savings made from changing the prime/sub contract relationship.

There will also be a range of one-off costs associated with the procurement process, although internal costs for running the process and facilitating the programme of works are to be met from within existing staffing budgets. External costs will include legal resources to create and modify the framework's standard legal agreements, at an estimated cost of £30k and it is also likely that additional support will be required for the options assessment and procurement of ICT contracts, at an estimated cost of £50-80k.

Funding

Funding for the delivery of the services included within The Contract is included within the revenue base budgets of the council and it is anticipated that an overall budget reduction can be made from this base sum.

The one-off costs associated with the re-procurement will be funded from existing corporate services reserves and their use will be subject to the council's existing governance processes.

6. Legal Powers and Implications

The Council has a statutory obligation to provide the following services delivered by The Contract:

- Revenues and Benefits services
- Exchequer services

All other parts of The Contract are essential corporate functions required for the effective operation of the local authority.

The Contract has exhausted its initial term and all available extensions. The Public Contracts Regulations 2015 restrict the Council's ability to formally extend The Contract outside the term specified in the original procurement, therefore no legal mechanisms exist that allow for the existing Contract to continue in its current form.

7. Climate Change and Environmental Implications

Climate impact and detailed environmental implications will be fully assessed as each part of the services contained within The Contract are procured. These environmental considerations will form a core part of any corporate social responsibility requirements of a tender evaluation.

8. Risk Management

There is a full risk register and monitoring process in place for the Support Services 2025 programme. Following a risk assessment, the highest scoring inherent risks are:

Risk	Inherent risk score	Residual Likelihood	Residual Impact	Residual Risk Score	Mitigations
Lack of internal resources to relet and transition such a large contract whilst maintaining service quality	HIGH	3	3	MED	Move towards a multi-provider model. Stagger contract transition arrangements/end dates. Ensure available support is focussed on the 2025 end date.
Significant specialist resources to advise and ensure the procurement opportunities are maximised	HIGH	3	2	LOW	Quantify the levels of external support required. Use of standard procurement frameworks to ensure best practice and accelerated approaches are followed.
Impact on the council's ability to deliver council priorities by not addressing the challenges defined in the Medium-Term Financial Plan	HIGH	2	4	MED	Conduct regular and detailed commercial assessments. Seek to modify requirements to reduce cost. Savings target developed and assessed alongside transformation plan. Benefits realisation will be subject to formal review by the project board.
Ineffective transition or planning leading to service failure and impact on residents and internal customers	HIGH	2	5	MED	Adopt a structured project management approach. Decision to disaggregate services to avoid concurrent contract transitions/end dates.

9. Equality Implications

Have you undertaken an Equality Impact Assessment? No

As each part of the services is procured or re-provisioned a full equality impact assessment will be undertaken.

10. Corporate Implications

Failure to fully re-procure the services delivered by The Contract will result in the Council being unable to deliver its statutory and essential corporate functions.

11. Options Considered

Section 1: To move toward a multi-provider model & to stagger contract end dates so that existing services are re-procured incrementally.

To move toward a multi-provider model

The Contract provides a large range of services which can be delivered by adopting one of three broad models:

1. Insourced service provision contracting specialist software.
2. Outsourced service provision contracting with multiple providers.
3. Outsourced service provision with one Lead Provider and multiple sub-contractors.

The Contract takes the form of model 3. The recommended model for future delivery is **model 2**, based on an assessment of the market, feedback from Officers and the performance of the Contract.

This approach will:

- Seek agile contracts aligned with the delivery of defined strategic objectives.
- Employ specialists and select the best delivery models on a service-by-service basis.
- Align with business needs from best suppliers.
- Improve business engagement and understanding.
- Increase direct communication between services and suppliers.

To stagger contract end dates so that existing services are re-procured incrementally.

To manage the risk of disruption and deliver continuous service it is recommended that, where possible, the Council should seek to implement an incremental transition from the current form of Contract to the future provision of services to mitigate the resource-related risks associated with the project.

This approach will

- Maximise the use of limited, internal resources to ensure the focus and attention are given to the critical groups of services.
- Deliver new financial savings before the end of the existing term.
- Create multiple points of transition from old to new services.

Section 2: To procure the revenues and benefits service using a government framework.

Revenues and Benefits and Exchequer services are the core statutory services delivered by the Contract. Those services are provided by a very limited number of market operators in the UK, limiting the benefits to be gained from open competition. It is recommended that

NSC make use of government commissioned framework agreements to streamline our route to market and mitigate the resource-related risks associated with the project.

This approach will:

- Represent a stable delivery model with established route to market.
- A limited supplier marketplace reduces the benefits of a wider open competition.
- Avoid protracted contract development because procurement framework provides an established and accelerated route with pre-agreed terms and conditions.

Section 3: To develop an options appraisal for ICT provision to compare a shared service within the public sector vs. a commercial supplier offer.

NSC commissioned an assessment report by an independent consultancy (SOCITM) of the ICT services provided, which acknowledged the strength of the current offer when compared to cost. However, it also recommended developing a service roadmap for existing solutions to better understand our technology estate and designing a future IT architecture blueprint with roadmaps for delivery. Coinciding with the recommendations being actioned, it is proposed that a full assessment will be undertaken to assess the benefits and disadvantages of a public sector shared ICT service in comparison with a fully outsourced commercial model.

Justification of the approach:

- Inform a future decision point.
- Establish the opportunities for a step change in service delivery.
- To ensure we create visibility of costs, assets and resources.
- Understand the requirements for a competitive process.

Detailed SWOT Analysis for each Section can be found in Appendix 2

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Appendices:

Appendix 1 - Agilisys Contract Introduction May 2023

Appendix 2 – Support Services Partnership 2025 SWOT

Background Papers:

None