

## WORCESTERSHIRE SHARED SERVICES JOINT COMMITTEE

20th February 2014

### Strategic Partner Procurement – Worcestershire Regulatory Services

#### Summary

- 1.1 The purpose of this report is to update the Joint Committee on progress of the project and to seek approval for the Project Board of the Scope and Evaluation Criteria to be included in procurement process.
- 1.2 The report will also provide a summary of the outcomes from the soft market testing conducted by Worcestershire Regulatory Services.

#### Recommendations

- 2.1 **That the Joint Committee notes the outcomes of the soft market testing (Appendix 1).**
- 2.2 **That the Joint Committee approves the scope of the Worcestershire Regulatory Services offer as highlighted in Appendix 2.**
- 2.3 **That the Joint Committee approves the Evaluation Criteria to be used in the procurement process detailed in Appendix 3.**

#### Background

- 3.1 Worcestershire Regulatory Services is faced with the prospect of managing a dwindling service over the next two to three years as a result of partners continued financial pressures.
- 3.2 At its meeting on 21 November 2013 this Committee received an officer presentation and considered a report on Strategic Partnerships. At that meeting this Committee resolved to  
“approve commencement of a procurement process to test the market for interest from commercial organisations developing a strategic partnership for delivery of regulatory services (Recommendation 2) and  
“request partner councils to identify, by 1 March 2014, additional regulatory functions to include within the scope of procurement of a strategic partnership” (Recommendation 3).

## Progress to Date

3.3 Agreement has been reached with to include South Worcestershire Building Control in the scope.

### 4.1 Soft Market Testing

4.1.1 Since that meeting soft market testing has been undertaken involving three commercial companies.

4.1.2 The key findings from the soft market testing indicate that there is interest from commercial companies in partnering WRS in a profit sharing arrangement with possible upfront investment in the service.

4.1.3 Commercial companies are looking to create a centre of excellence within the Midlands region whereby they want to take on more public sector work and see Worcestershire as a good strategic location with its transport links and central location. They are discussing strategic partnering with a number of other Councils both in the region and nationally.

4.1.4 The benefits of a strategic partnership will only accrue to the original partners.

4.1.5 Future growth would be based on utilising existing WRS knowledge and expertise to provide services to others, increasing capacity and resilience where necessary. The commercial company would add marketing and business expertise and draw on their business networks to generate opportunities.

4.1.6 Greater economies of scale can be achieved with transactional work by taking on work for others and reducing costs. This was seen by commercial companies as a way to achieve job protection and job creation, in Worcestershire.

4.1.7 Commercial companies see opportunities to increase/develop income streams through some services areas that cannot currently be developed under the existing arrangements.

4.1.8 Governance was seen as a key issue that would need to be worked through as part of any ongoing discussions, acknowledging that it was important to strike the right balance between a streamlined process that supports growth yet retain partners ability to influence at a strategic level.



4.1.9 Generally it was felt that a 10 year contract was best as it struck a balance between providing enough time to achieve a return on investment and develop the service yet not too long to review the arrangements to make sure that they continue to meet the partner's needs.

4.1.10 The key principles identified from the soft market testing are in (Appendix 1).

## **4.2 Evaluation Criteria**

4.2.1 A workshop was held for Management Board representatives and Joint Committee Members on 20 January to develop a set of key principles that would be used to develop the evaluation criteria to be included in the procurement process.

4.2.2 The common themes that came out of that workshop are detailed below and have been incorporated into the evaluation criteria in Appendix 3.

- a) A clear outline of what is being proposed should be provided including what role the existing services will play.
- b) Details of any potential cost savings will need to be identified together with an outline description of how the savings will be delivered.
- c) Their strategy for generating new business involving WRS and a realistic view of what market/s they would focus on.
- d) Details of how any additional income generated from the partnership would be shared between the partners.
- e) How would such a relationship work with the host and support services such as IT and HR etc. Would WRS have to change its IT system again?
- f) Job protection and job creation are important.
- g) We want to keep WRS and employment in Worcestershire.
- h) Previous experience of working in partnership, delivering quality services and innovation.

## **Next Steps**

5.1 If the recommendations to this report are adopted the procurement process for a strategic partner will begin in early March.

5.2 Member engagement is seen as critical to ensure that all partner authorities remain on board. A range of activities will be undertaken to ensure members and staff remain fully informed and engaged. The Joint Committee and Management Board are seen as critical to the success of this, particularly when it comes to decision making time.



5.3 Regular progress reports will be submitted to this Committee and the Management Board to ensure progress is known and understood.

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**Background Papers**

Appendix 1 - Soft Market Testing – Key Principles  
Appendix 2 - Scope  
Appendix 3 - DRAFT Evaluation Criteria



## Soft Market Testing – Key Principles

Worcestershire Regulatory Services and South Worcestershire Building Control along with the Management Board have met with three commercial companies on separate occasions to establish:

1. Interest in strategic partnering.
2. Viability of such an approach.
3. Key principles of any offer.

As a result of that soft market testing the following key principles have been identified:

- There is interest from commercial companies to enter into a strategic partnership with Worcestershire Regulatory Services and South Worcestershire Building Control.
- Commercial companies believe that there is a market for such a partnership that has the potential to deliver financial benefits for both sets of partners.
- Worcestershire is seen as an ideal location to set up a regional centre of excellence to develop business opportunities with the public sector due to its central location and proximity to good transport links.
- Commercial companies are talking to other councils but see WRS as a good strategic partner due to its national profile and reputation for innovation. All companies highlighted that speed was of the essence as many organisations were looking at the strategic partnering model. Those that are first in will gain the most benefit.
- Income can be generated through developing services that can generate income in a way that the current arrangements can't. Other opportunities include doing work for other Councils. In particular transactional work such as licensing/permit processing was seen as having significant opportunities to not only do work for others but reduce costs through greater economies of scale.
- A different delivery model would need to be developed so as to maximise market and efficiency opportunities. Profit would be shared between the WRS partnership and the commercial partner.
- The commercial partner would bring marketing, business expertise to the table and use their existing business networks to generate growth opportunities.
- Investment in the service is a key offer; including ensuring staff are developed, trained and competent to do the job. All companies identified job security, job creation and keeping jobs in Worcestershire as important. With the taking on of work for others there will be opportunities to take on more staff in Worcestershire and improve resilience.
- Governance arrangements would need to be simplified and streamlined.
- Opportunities for 'quick wins' on transactional parts of the service, particularly in the back office.



- The wider scope of the Worcestershire Regulatory Services / South Worcestershire Building Control offer the more attractive a strategic partnership is. Any potential to add other services at a later date is seen as very attractive and widens the scope of works that can be done for others.
- Savings of around 10-15% on total operational budget are possible.
- A 10 year contract is preferred so as to allow time for a return on investment.
- Partner commitment is seen as essential.



**Scope:**

The scope of the Strategic Partnership procurement process includes Worcestershire Regulatory Services (Trading Standards, Licensing and Environmental Health) and South Worcestershire Building Control.



**DRAFT Evaluation Criteria:**

The Evaluation Criteria below have been adapted from the information provided by those Management Board Reps and Joint Committee Members that attended the workshop conducted at Wychavon DC on the 20<sup>th</sup> January 2014.

**TECHNICAL AND PROFESSIONAL ABILITY**

**A. Weighting – Technical and Professional Ability**

Question 2	-	40%
Question 3	-	20%
Question 4	-	15%
Question 5	-	10%
Question 6	-	10%
Question 7	-	5%

**B. Score**

0 = Fail	Fails to provide any information
1 = Fails most and meets some	Provides limited or unclear information
2 = Meets most and fails some	Provides details for most elements and or some unclear information
3 = Meets all	Provides clear details for all elements of the service
4 = Meets all and exceeds some	Provides comprehensive and clear details for all elements

**Evaluation Criteria**

	<p>References</p> <p>Please provide details of three organisations (preferably in the public sector) for which your company is carrying, or has recently carried, out work or supplied goods/services and who are able to provide a general reference.</p> <p>To assist your referees, please inform them that you have provided them as a reference and mention the nature of the work you applying for. These references will be used to confirm short listing prior to the issues by the Councils of the Invitation to participate in Dialogue (ITPD). Site visits may be requested during the dialogue phase to validate candidates proposed approach to service delivery. Different and/or additional references may be provided at this point.</p>	<p>Name of Organisation Address Telephone Number Name of contact Email Address Brief details of the contract/work undertaken (including value of total contract/work)</p>	
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2	<p>Please outline your vision for a mutually beneficial partnership and detail how you will work with us to provide a comprehensive and high performing regulatory service (to include trading standards, licensing and environmental health and if appropriate building control) over the next 7 or more years. This should include;</p> <ul style="list-style-type: none"> <li>i) An outline of your proposed approach to this innovative project and the role you envisage for the existing service/s</li> <li>j) Details of any potential cost savings identified together with an outline description of how you will go about delivering these savings and any transformation required</li> <li>k) Your strategy for generating new business involving WRS and provide a realistic view of the market you would focus on.</li> <li>l) Outline your views on how any additional income generated from the partnership would be shared between the partners.</li> <li>m) Describe how you would propose to manage support services including human resources, finance and ICT. What would you propose with regards our existing ICT contracts? For example, do you envisage a change of system requiring data conversion? Would you prefer existing contracts remaining within the host authority?</li> <li>n) We want to protect jobs for the current number of employees within WRS. Tell us how you would achieve this, or if you do not believe this to be achievable, outline what impact you anticipate during the term of the contract.</li> <li>o) We have expressed a preference to keep employment within Worcestershire. Tell us how you will achieve this, or if not achievable in your view, from where would you propose to run the service.</li> </ul>	40%
3	<p>Please describe your approach to innovation within the regulatory arena and provide evidence of at least one successful transformation change project within a specific trading standards, environmental health or licensing environment or other local authority function / service.</p>	20%
4	<p>What experience do you have of delivering a high quality regulatory service on behalf of one or more local authorities? Please include key achievements and performance against agreed key performance indicators, targets, savings and costs. Please provide reference site(s)</p>	15%
5	<p>How would you go about ensuring partners, particularly members and stakeholders are fully engaged in the work of the service.</p>	10%
6	<p>Outline your plans for ensuring a competent workforce and your approach to training and development.</p>	10%
7	<p>Outline your views on what governance arrangements would be put in place.</p>	5%

