

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Overview and Scrutiny Management Board
Date:	26 January 2023
Subject:	Corporate Support Services Recommissioning Update

Summary:

On 24 March 2014 the Council entered into the corporate support services contract with Serco. The contract has been extended twice and is due to expire at the end of March 2024. The contract delivers a range of corporate support services covering:

- a. Information Communications and Technology (IMT);
- b. People Management including HR Administration and Payroll;
- c. Finance including Adult Care Finance and Exchequer Services;
- d. Customer Service Centre (CSC).

The Executive on 4 May 2022 approved the future IMT services design and sourcing approach.

The Executive on 7 June 2022 approved the future service design and sourcing approach for the remaining corporate support services.

The purpose of this report is to provide an update on the recommissioning programme for these corporate support services following the decisions made by the Executive.

Actions Required:

The Overview and Scrutiny Management Board is invited to review and seek assurance on the contents of this report.

1. Background

1.1 On the 24 March 2014 the Council entered into the corporate support services contract with Serco. The contract has been extended twice and is due to expire at the end of March 2024. The contract delivers a range of corporate support services covering:

- a. Information Communications and Technology (IMT);
- b. People Management including HR Administration and Payroll;

- c. Finance including Exchequer Services and Adult Care Finance;
 - d. Customer Service Centre (CSC).
- 1.2 The Executive on 4 May 2022 approved the future IMT services design and sourcing approach as follows:
- a. The implementation of a multi-supplier IMT service delivery model involving external suppliers who are specialists in specific areas of IMT service delivery, supplemented by some in-house delivery.
 - b. The outsourcing of the following IMT services to external suppliers:
 - i. Support Desk and Operations (including end user device management and device security services)
 - ii. Managed Cloud Services and Enhanced Security Services
 - c. The insourcing of the following IMT services:
 - i. Service Integration and Management (SIaM)
 - ii. Application Support
 - iii. VIP Support
 - iv. Technical Operations (datacentres)
 - v. Vendor and Licence Management

- 1.3 The Executive on 7 June 2022 approved the future services design and sourcing approach for the remaining Corporate Support Services as follows:

- d. Entering into a shared service arrangement with Hoople Limited for the delivery of HR Administration and Payroll to the Council and to schools;
- e. The outsourcing of the operation of the Customer Service Centre services to external suppliers;
- f. The Council retains responsibility for digital transformation and the technology that supports it using a mixed model for resourcing transformation with a combination of in-house resource and external expertise secured as and when required;
- g. The insourcing of the Adult Care Finance and Exchequer services.

- 1.4 The Corporate Support Services Implementation (CSSI) programme was commissioned to implement the above Executive decisions.

2. Programme Governance

- 2.1 A Programme Director has been appointed to manage the Corporate Support Services Implementation (CSSI) programme and a governance structure has been implemented.

- 2.2 The CSSI Programme reports into the Corporate Support Services Optimisation Board, which is chaired by the Deputy Chief Executive and Executive Director of Resources, who is the CSSI Programme Strategic Corporate Leadership Team (CLT) Lead.

- 2.3 The CSSI Programme also reports into the Transformation Board through a monthly highlight report demonstrating progress within the Programme.
- 2.4 A CSSI Programme Board made up of key stakeholders is in place to review progress, approve activities, resolve issues, and manage risks. The Programme Board has approved the programme scope, a Project Initiation Document (PID) for the overall programme, a high-level plan of key activity required, and other key documentation developed.
- 2.5 Individual Project Boards reporting into the CSSI Programme Board have been introduced. Each project has its own individual Project Initiation Documents (PID), work packages, plan and other documentation developed. The projects are as follows:
- a. Customer Service Centre (CSC) Project:
 - The exit from the Serco Contract
 - The commissioning of a CSC Service Provider; and as and when required external expertise resourcing transformation
 - b. Information Communications and Technology (IMT) Project:
 - The exit from the Serco Contract
 - The commissioning of the following IMT services to external suppliers:
 - Support Desk and Operations (including end user device management and device security services)
 - Managed Cloud Services and Enhanced Security Services
 - The exit from the Kingston Communications (KCOM) Contract for delivery of the Wide Area Network (the WAN)
 - The commissioning of a Wide Area Network (WAN) and Local Area Network (LAN)
 - The insourcing of the remaining IMT services
 - c. HR Administration and Payroll Project:
 - The exit from the Serco Contract
 - Entering into a shared service arrangement with Hoople Limited for the delivery of HR Administration and Payroll to the Council
 - Hoople direct contracting of services to maintained schools
 - The renewal or re-tendering of the West Yorkshire Pension Fund (WYPF) arrangements
 - d. Adult Care Finance and Exchequer Project:
 - The exit from the Serco Contract
 - The insourcing of Adult Care Finance Services and Exchequer Services

3. Working with Serco

- 3.1 Twelve months before their exit from the Lincolnshire Corporate Support Services contract, Serco will appoint an experienced Exit Project Manager to assist in the orderly transition of the Services from themselves to the Council and/or any replacement service provider.
- 3.2 The Council and Serco will jointly establish an Exit Team to co-ordinate the transition of the Services and to oversee the implementation of the provisions of an agreed Exit Plan and Integrated Transition Plan developed with any replacement service providers.
- 3.3 In advance of the arrival of an Exit Project Manager, Serco has worked with the Council to facilitate project planning activity and to provide an understanding of their current delivery model in more detail.
- 3.4 A series of Discovery Meetings have taken place within each Service to understand the existing Serco team structure, services provided by the wider Serco organisation and third-party providers, processes, and assets used.
- 3.5 Serco has provided TUPE information and other data to support the CSC procurement and the move into a shared service arrangement with Hoople Limited.
- 3.6 It is important for the successful transfer of services to the Council, Hoople Limited or a replacement service provider, that as many experienced Serco employees with the right to TUPE as possible are retained. The Council and Hoople Ltd have engaged with Serco to deliver joint briefing sessions, provide answers to Frequently Asked Questions (FAQ's) and initial introductory meetings.
- 3.7 Serco will be joining the Project Boards for Finance including Exchequer Services and Adult Care Finance and People Management including HR Administration and Payroll from January.

4. CSSI Programme Progress Update

- 4.1 To date the focus of the CSSI Programme activity has been primarily on the development of a governance structure, individual project planning, and commencing commissioning activity for replacement service providers for the CSC, IMT and Hoople.

5. Customer Service Centre (CSC)

- 5.1 Given the value of the proposed outsourcing, the Council is required to comply with the Public Contracts Regulations 2015.

- 5.2 The approach adopted is a full tender process with the ability to negotiate the Council's requirements, with that part of the market which is experienced in the delivery of CSC services. This approach will help the Council ensure the right balance of risk transfer in the contract and to pre-select those bidders best suited to deliver the services.
- 5.3 A Pre-Market Procurement Exercise to understand the market for the CSC contract and to help inform the development of a specification of requirements and draft contractual terms and conditions was undertaken. A questionnaire was published on the Government's Find a Tender site, and this attracted ten responses from the market. This was followed up with a series of interviews with respondents who demonstrated some experience within similar services to the Council's.
- 5.4 A specification and contract were produced taking account of the feedback received from the Pre-Market Procurement Exercise.
- 5.5 In August 2022 the commissioning process was commenced with a Selection Questionnaire (SQ) being made available on the Find a Tender site. The questionnaire was designed to develop a shortlist of service providers based on company standing and experience in delivering similar services to the CSC, especially Adults and Children's services. The draft specification and contract were also included as part of the SQ to provide prospective service providers with greater insight into the Council's requirements.
- 5.6 Four SQ responses were received back in September 2022. These were evaluated by a panel of officers and a shortlist of three tenderers was established. Tenderers were notified in writing of the outcome of the SQ.
- 5.7 In November 2022, shortlisted tenderers were invited to submit their initial tenders (ISIT) for return in January 2023. Evaluation criteria for tenders is based on 50% on service delivery, 40% on pricing and 10% on commercial terms.
- 5.8 Tenderers are required to submit a series of method statements demonstrating how the tenderer proposes to meet the Council's requirement in the Specification and the Contract and take on service delivery from 1 April 2024, covering:
- Transition
 - CSC operational delivery
 - Support to the digital transformation programme
 - Social value

6. Information Communications and Technology (IMT)

- 6.1 This is more complex than the existing model with Serco and therefore higher risk for the delivery of IT critical to all service delivery within the Council.

a. Wide Area Network Services (WAN)

A Commissioning project commenced in December 2020 to reprocur WAN services for the Council as the existing contract ended in October 2022.

The existing WAN services were managed and operated by KCOM over a network owned by emPSN.

The commissioning was undertaken in partnership with emPSN using a Crown Commercial Services Framework. The decision was taken to award the contract to Nasstar, who had recently completed a takeover of KCOM, and a contract was subsequently signed in September 2022.

One significant change is that the Council no longer has any responsibility for network connectivity for the district councils and Lincolnshire schools who now contract directly with emPSN.

b. Local Area Network Services (LAN)

The LAN is currently provided by Serco and is due to end with the Corporate Support Services contract. The current contract for the WAN with Nasstar provides for the addition of LAN services.

A LAN specification of requirements has been developed and provided to Nasstar. Discussions are currently ongoing and we are awaiting a solution design and pricing from Nasstar to inform a Value For Money decision on commissioning.

c. Outsourcing Support Desk and Operations and Managed Cloud Services and Enhanced Security Services

These services are currently delivered by Serco. Given the value of the proposed services, the Council is required to comply with the Public Contracts Regulations 2015 for any outsourcing.

The agreed approach was to go down a tender process with the ability to negotiate the Council's requirements.

In advance of any commissioning activity, IMT developed high-level Service Integration and Management (SIAM) procedures for managing multiple suppliers of services.

A detailed specification has been developed for each of the two services to be commissioned.

7. HR Administration and Payroll

7.1 The Council is to enter a shared service arrangement with Hoople Limited for the delivery of HR Administration and Payroll to the Council and to schools.

7.2 The Executive requested that additional due diligence of Hoople Limited be undertaken to reassure the Council of its decision. The Council had previously conducted a due diligence exercise for the provision of the Business World system for the Council. The additional due diligence exercise was concluded in October 2022 and provided reassurance that Hoople Limited is a stable and well-run business. The review was approved by the Deputy Chief Executive and Executive Director of Resources and covered the following areas:

- Customer References
- Financial Assessment
- External Accreditations
- External Audit of Hoople
- Confirmation of Insurance
- Information Security Management
- Business Continuity and Disaster Recovery Planning (BCDR)

A draft specification of requirements for HR Administration and Payroll services has been developed for issue in January 2023 along with supporting data to enable Hoople to commence the development of their solution design and pricing. Pricing will be on the basis that Hoople's cost of delivering the services and a reasonable contribution to their overheads will be covered.

7.3 The joint development of drafting of contract terms and conditions has commenced.

8. Next Steps

8.1 The Council and Serco will jointly establish an Exit Team to co-ordinate the transition of the Services and to oversee the implementation of the provisions of an agreed Exit Plan and Integrated Transition Plan developed with any replacement service providers including Hoople Limited.

8.2 Planning for services to return to the Lincoln Campus will be progressed.

Adult Care Finance and Exchequer Services

8.3 Discovery Meetings with Serco have identified several areas of the current service provision that will not be available to the Council when services transfer. One example of this is the Bankers' Automated Clearing System (BACs) bureau which enables the Council to make payments directly into other bank or building society accounts. This is currently provided by a Serco shared service centre and will end on the expiry of the existing contract.

- 8.4 Work is being undertaken to understand these areas in more detail. The focus within these services will be to develop the Council's own solutions to ensure that services operate effectively from April 2024.

Customer Service Centre (CSC)

- 8.5 For the commissioning of the CSC, an initial review of pricing and commercial responses will be undertaken when ISIT responses are received to determine whether to move to tender evaluation or to negotiate with tenderers.
- 8.6 The aim of the negotiation would be to provide the opportunity for the Council and tenderers to engage in discussions and negotiation to seek improvements to the delivery and costs associated with the Contract.
- 8.7 Following negotiation, a Final Tender would be submitted by each tenderer for evaluation.
- 8.8 It is anticipated that a contract award will be made in July 2023.

Information Communications and Technology (IMT)

- 8.9 The commissioning decision in May 2022 referred to in paragraph 1.2 above relied on the Council itself to deliver those services referred to in paragraph c. (i) –(v). Since then, it has become clear that the Council will have difficulty in staffing the proposed model and that the Council's IMT Service is not yet sufficiently mature to manage and deliver a more complex arrangement with confidence.
- 8.10 For the above reasons the new model presents a significant risk to the Council.
- 8.11 The Deputy Chief Executive and Executive Director of Resources, in consultation with the Leader of the Council and the Executive Councillor for Highways, Transport and IT, has determined that a review of the commissioning decision of May 2022 should be undertaken to look again at possible options for future service delivery. To enable that review to take place, the Executive Director has determined that Termination Services under the existing contract will be commissioned for IMT services which allows all those services referred to in paragraph 1.2 (b) and (c) to continue to be provided by Serco until 1 April 2026, though the Council will have the opportunity to end the Termination Services as from 1 April 2025.

HR Administration and Payroll

- 8.12 Hoople Limited will develop their service solution design, pricing, and transition plans in collaboration with the Council. In addition, terms and conditions will be agreed to enable contract drafting to be commenced.

8.13 It is anticipated that a position will be agreed with Hoople Limited in July 2023.

9. Conclusion

9.1 Programme and project governance has been implemented across all corporate support services recommissioning activity.

9.2 The Council and Serco are working co-operatively to facilitate commissioning activity in advance of the joint establishment of an Exit Team and appointment of the Serco Project Manager.

9.3 The commissioning of a CSC service provider is progressing against plan with initial tenders expected at the end of January.

9.4 An initial specification of requirements for HR administration and Payroll Services is to be issued shortly to Hoople Limited.

9.5 IMT services will continue to be provided by Serco until 1 April 2026, though the Council will have the opportunity to end the Termination Services as from 1 April 2025.

10. Consultation

a) Risks and Impact Analysis

The risks and impacts are as set out in the main body of the report.

11. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Options for the Future Delivery of IMT Services	Agenda for Executive on Wednesday, 4th May, 2022, 10.30 am (moderngov.co.uk)
Delivery of HR Administration, Payroll, Exchequer, Adult Care Finance and the Customer Service Centre (CSC)	Agenda for Executive on Tuesday, 7th June, 2022, 10.30 am (moderngov.co.uk)

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