



Cabinet

23 APRIL 2012

LEADER

Councillor Stephen Greenhalgh

AWARD OF A CONTRACT AND FRAMEWORK AGREEMENT FOR THE PROVISION OF SERVICE FOR FACE TO FACE CUSTOMER TRANSACTIONS

**Wards:
All**

This report informs the Cabinet of the background to and benefits of this project.

A separate report on the exempt Cabinet agenda provides information about the procurement process and its outcome.

CONTRIBUTORS

AD (H&F Direct)
AD (IT and Procurement)
ADFCG
ADLDS

Recommendations:

- 1. That approval be given to award a contract and framework agreement for the Provision of Service for Face to Face Customer Transactions to Post Office Ltd to commence in mid May 2012 for a period of 4 years.**
- 2. That the contract award for the services be as outlined in the report.**

HAS AN EIA BEEN COMPLETED?YES
See equalities statement section 4

HAS THE REPORT CONTENT BEEN RISK ASSESSED?
YES

1. BACKGROUND

- 1.1 The contract for the Provision of Service for Face to Face Customer Transactions represents an essential component of the Council's ongoing customer access strategy and an important way to deliver significant future savings by reducing cost per transaction charges. The contract incorporates a variety of transactional activities, including high volume payment services currently processed via intermediaries and managed through two separate contracts.
- 1.2 The Council has traditionally managed face to face transactional services in response to customer demand, but with each element in isolation. The consequences of this approach have meant that the Council has failed to gain maximum efficiency with regard to both price and service. Implementation of the new contract will address these issues.
- 1.3 In addition to maximising potential savings, it was also considered that service users would benefit from having more than one service delivery point to carry out their transactions. In view of this, it was a requirement for the tenderer to have the ability to provide face to face transactional services from six or more establishments located across the borough.
- 1.4. In order to capitalise on potential savings whilst at the same time merge comparable services, the Council chose to seek a market provider to carry out a series of face to face transactional services.
- 1.5 An OJEU notice was published on 16 December 2011, using an open process, inviting tenders for the Provision of Service for Face to Face Customer Transactions. The contract will also set up a Pan London framework agreement allowing other London Councils to benefit from very competitive rates without the need for further procurement.
- 1.6 In addition, independent Legal advice was sought in conjunction with the Council's own Legal Services Department.

2. KEY BENEFITS OF NEW CONTRACT

- 2.1 The new contract will enable the Council to combine face to face transactional services and place them under one agreement, thus eliminating existing and costly contractual arrangements and exerting some overall control of this transaction type.
- 2.2 The key benefits for the Council are substantial and will not only offer significant savings but, at the same time, will enhance service delivery by introducing multiple access points across the borough.
- 2.3 The successful contractor is a trusted and very well established organisation which deals with high volume transactions on behalf of a variety of agencies on a daily basis.

- 2.4 The contract is flexible with no guarantee of volumes and specific types of transactions. It allows a phased approach to the addition of services as and when there is a supporting business case to do so.
- 2.5 It offers the opportunity to move to a more flexible per transaction cost to enable the removal of fixed fees and to continue to reduce expenditure as self service increases.
- 2.6 The provider will work with the Council to ensure that it maintains the required high level of customer service and will carry out a programme of rolling reviews to identify possible improvements.
- 2.7 The contract sets up a Pan London framework agreement which will provide an opportunity for other London Councils to, on payment of an access fee, benefit from attractive per transaction rates without the need for further procurement.

3. RISK MITIGATION

- 3.1 The Council proposes a mobilisation period in order to ensure a smooth and seamless implementation, and to mitigate the risk of service disruption.
- 3.2 Risks have been considered throughout the procurement process and as part of the Corporate Risk and Assurance register under entry number 11, Market Testing of Services. Risks have been discussed and reviewed as part of the project management.

4. EQUALITIES STATEMENT

- 4.1 As per the Equality Act 2010, the Council must consider its obligations with regard to the Public Sector Equality Duty (PSED). It must carry out its functions (as defined by the Human Rights Act 1998) with due regard to the duty and its effect on the protected in a relevant and proportionate way. The duty came into effect on 6 April 2011.
- 4.2 As part of the development of the contract, prospective tenders were scored on their ability to deliver services in such a way that takes into account the diversity of the borough. The successful provider is committed to complying with the Council's requirements to promote a Borough of opportunity and will be required to maintain this compliancy as required by the Council throughout the term of the Contract.

5. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

5.1 As set out in the exempt report, the initial savings expected from the contract are predicted to be minimal due to the anticipated saving from reductions in transactional costs of £44k (£7k General fund and £37k Housing Revenue Account (HRA)) in 2012/13 being mostly offset by one-off implementation costs which are yet to be finally quantified. Full year savings of £88k (£14k General Fund and £74k HRA) are expected to be delivered in 2013/14 onwards. These savings will need to be allowed for within the Medium Term Financial Strategy and HRA budget. Further savings may also arise should additional services be included within the contract.

5.2 In the HRA, the budget from which savings will be derived is held on cost code 31100 RES501.

6. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

6.1 The Assistant Director (Legal and Democratic Services) supports the recommendation in this report.

7. COMMENTS OF THE ASSISTANT DIRECTOR – PROCUREMENT AND IT STRATEGY

7.1 The Corporate Procurement Team has advised on this procurement and is content that both the Public Contracts Regulations and the Council’s Contracts Standing Orders have been satisfied.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	All background papers, including: Contract advert; Contract specifications; Tender evaluation models; Letter and tendering instructions. Tender submissions Written Clarifications Notes of TAP meetings	John Collins/Sue Evans AD – H&F Direct / Head of Pay and Park(Finance& Corporate Services) 020 8753	H&F Direct, Finance & Corporate Services Hammersmith Town Hall Extension, King Street, W6 9JU

		1544/1852	
2.			
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