

Scotland Excel

To: Executive Sub Committee

On: 13 May 2016

**Report
by
Director Scotland Excel**

Tender: Customer Service Platform

Schedule: 04/15

Period: 1 June 2016 until 31 May 2019 with an option to extend for up to one further year until 31 May 2020

1. Introduction and Background

This proposed arrangement is for a new collaborative framework agreement for the provision of a Customer Service Platform solution for councils.

A Customer Service Platform will provide councils with a software solution that staff can use to input and process customer service requests, along with an online portal that allows customers to input these service requests personally, without the need to interact with staff.

Scotland's councils deliver a diverse range of customer services and a key goal for all councils is to ensure each citizen has a positive customer experience. Delivering services to customers is vital to ensure councils fulfil their duty of care to the public.

An effective Customer Service Platform can reduce the administrative burden placed on councils acknowledging and responding to service requests, maintaining records and managing data as well as provide essential reporting tools to council staff. It can also ensure that disparate systems share information to produce a full and accurate customer profile, reducing duplicated effort and associated costs.

A tendering exercise completed by The Improvement Service in 2007 established an agreement with a supplier for a Customer Relationship Management System which several councils utilised. Councils have also developed and maintained similar, in-house systems. Changes in ICT and Customer Service strategies, as well as changing technologies and customer expectations, have resulted in a review of the systems used to deliver service requests in councils and the development of this strategy for a Customer Service Platform.

2. Scope, Participation and Spend

As part of strategy development, the User Intelligence Group (UIG) endorsed the inclusion of two lots as summarised in Table 1. This lotting strategy recognises the current structure of the supply market and was designed to align more closely with council requirements, thus maximising uptake whilst creating opportunities for SME participation.

Table 1: Lotting Structure

Lot No.	Description	Estimated % of spend
1	Hosted solutions	60%
2	On-Premises solutions	40%

Hosted solutions (Lot 1) involve having data stored by the service provider, who owns and maintains infrastructure, software and administrative tasks and makes the system available to clients, usually over the Internet.

On-Premises solutions (Lot 2) involve software that is installed to run on computers, servers, storage devices and any other Council infrastructure in council buildings and data centres.

The nature of the services procured under this framework means that accurately predicting an overall framework spend value is difficult.

Individual council's purchasing decisions will depend on their own IT and Customer Services strategies; as such, it is difficult to predict the split of spend between the lots. It is expected that, as councils move away from having in-house data centres and IT expertise as well as reduced capital budget availability, many may move towards having software on a hosted basis, therefore resulting in an increase in Lot 1 spend.

Sixteen councils have expressed an interest in actively participating in this framework to date. Several councils have contracts in place for this year and therefore do not currently intend to utilise the framework until these arrangements expire. Highland Council, Scottish Borders Council, Edinburgh Council and Argyll and Bute Council have all recently tendered or awarded a contract for similar software packages and therefore do not intend to utilise the framework. The NHS boards and NHS National Shared Services were named on the contract advert and so may use the framework at a later date. In addition, some councils have existing IT outsourcing arrangements and this issue has been identified in the contract notice to ensure that councils with outsourced IT could access and benefit from the framework. Notwithstanding the above, all member Councils and associate members of Scotland Excel were included as potential purchasers in the Contract Notice for this framework and may access it on the advertised terms.

Based on council spend on similar systems and spend data from the previous Improvement Services contract, the framework was advertised at a value of £15 million over the four year period (£3.75m per annum). Due to the nature of the service, spend is likely to increase gradually over the four year period and peak towards the end of the framework as councils ensure they have adequate contract cover for the foreseeable future.

3. Procurement Process

A User Intelligence Group (UIG) consisting of procurement and technical representatives was established and endorsed a procurement strategy to deliver end user requirements. In addition, a working group of IT and Customer Service representatives was formed to fully develop the technical specifications and support the tender evaluation.

As part of preliminary market research, a Prior Information Notice (PIN) was published on 20 May 2015, which resulted in expressions of interest from 79 organisations. Meetings were held with 11 of those organisations including both existing and new suppliers of Scottish councils. During these meetings, technical specifications, market trends, community benefits and licence/pricing models were discussed.

To ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the successor framework to the Improvement Service's 2007 arrangement.

The Scotland Excel framework was advertised on the Official Journal of the European Union (OJEU) and the Public Contracts Scotland (PCS) portal on the 7 January 2016. The tender process was conducted using the Public Contracts Scotland Tender (PCS-T) system.

The procurement process followed a two stage tendering procedure. At the first stage, tender responses were assessed against financial capability, technical/professional capability and business probity requirements. Bidders were required to pass this stage to be eligible for award. At the second stage of the process, the offers were evaluated against 60% Technical and 40% Commercial criteria.

Within the technical section, bidders were required to evidence their knowledge and experience by responding to questions covering the following areas:

Technical
System Usability
Customer Data
Relevant User Access and Administration
Defining and Managing Workflow
Raising and Managing Service Requests
Customer Self Service
Reporting and Performance Management
Audit, Logging and Archiving
Technical Requirements

Service Requirements
Integrations
Community Benefits

As part of the technical evaluation, Scotland Excel reserved the right to ask bidders to demonstrate aspects of the solution to the work group to verify and clarify aspects of their bid.

Within the commercial section, bidders were invited to offer on a lot by lot basis and their offers were evaluated as such.

4. Report on Offers Received

The tender document was downloaded by 94 organisations, with 10 tender responses received. A summary of the offers received is provided in Appendix 1.

The technical evaluation was carried out by the technical panel members and facilitated by Scotland Excel. As part of the technical evaluation, demonstrations were held with several tenderers in order to verify and clarify aspects of their bids. This allowed technical panel members the chance to ask tenderers specific questions in relation to their bids.

In particular, the technical panel members evaluated all of the proposals to meet the technical and functional requirements set out in the tender document and reached consensus on the technical scoring attributed to each offer.

The commercial evaluation was carried out by Scotland Excel based on the methodology stated in the tender documents.

Based on the criteria and scoring methodology as set out in the tender documents, a full evaluation of the offers received was completed. Appendix 2 confirms the scoring achieved by each bidder.

5. Recommendations

Under EU procurement legislation a framework agreement can be concluded with a single supplier or more than one supplier. If the framework agreement is concluded with more than one supplier, the minimum number of suppliers must be three (provided there is a sufficient, acceptable number of suppliers satisfying the selection criteria and meeting the award criteria).

Based on the evaluation undertaken, and in line with the criteria and weightings set out above and in the published tender documents, it is recommended that a multi supplier framework agreement is awarded to 2 suppliers in Lot 1, and to 3 suppliers in Lot 2 as detailed in Appendix 2.

Potential bidders were advised in the published tender documents that it was anticipated that the number of providers appointed to each lot would be one, as long as there were sufficient numbers of acceptable bids received however

Scotland Excel reserved the right to appoint more than one provider to each lot if required to meet the needs of its members and achieve best value. In the case of lot 1 of this framework, considered evaluation of submitted bids has resulted in 2 suppliers being recommended as acceptable bids providing the most economically advantageous tenders in accordance with the published tender requirements, ensuring competitive value and sufficient capacity to meet the needs of potential participating authorities. In the case of lot 2, similar considered evaluation of submitted bids has led to a recommendation that 3 suppliers be appointed as the most economically advantageous tenders in accordance with the published tender requirements.

The recommended suppliers offer best value and represent a mix of small and large organisations. The range of suppliers recommended also provides competitive options for all participating councils, high quality software solutions as well as offering a degree of choice and capacity that will allow councils to consider which bidder is most suitable dependent on the current IT set up and infrastructure within the council.

6. Benefits

Savings

As this framework is for a new service that has not previously been procured by councils, Scotland Excel has been unable to conduct a traditional benchmarking exercise against current costs and volumes provided by councils. Current rates that are paid for systems that councils have in place do not represent the technical specifications or license requirements requested in the tender. Furthermore, the discounting structure within the contract is particular to each supplier and it is not possible to calculate an exact saving before it becomes clear which supplier each council will select, as the discounting methodology within the tender relates to aggregation of volume.

However, market intelligence indicates that the framework has achieved favourable rates that achieve better value for Scottish councils compared to other UK government frameworks.

Scotland Excel therefore proposes that, although we cannot report a savings figure, we will work closely with councils over the next year to provide accurate savings figures. These will be reported as part of the Contract Delivery Plan update at relevant governance meetings.

It should be noted that, along with the favourable market rates, there are several other benefits, as per the list below, which will provide the councils with efficiencies and cost savings. These include:

- Rationalisation of and reduction in IT systems used within councils, reducing maintenance and service costs
- Improved interoperability with existing council systems
- Reduction in number of servers if Lot 1 (Hosted solutions) is used
- Reduction in rekeying between different systems leading to more efficient use of staff members' time

- Improved knowledge sharing

The framework also gives the opportunity to reduce costs for integrations and/or system developments by ensuring that, if these are paid for by one council using the framework, they are made available for all councils free of charge*. This has been included within the terms and conditions of the framework and provides councils with the opportunity to share development costs as well as reduce the overall costs associated with integrations.

Price Stability

Due to the nature of the service, individual councils will be required to submit detailed requirements to bidders in order to receive an accurate cost for their specific council needs. Councils will have access to the tendered prices in order to compare and query any discrepancies between them and the prices submitted for each council's requirements.

Sustainable Procurement Benefits

The main aim of the Customer Service Platform framework is to ensure that councils have a user friendly solution that allows the public to communicate with the council and allows the council to efficiently and effectively deal with these service requests from the public.

The recommended providers and their offerings provide innovative and forward-looking solutions to common council issues including: reduced rekeying between different systems, improved integration between council systems, improved public access via different channels and the option to integrate with the Improvement Service's "myaccount" authentication solution, giving councils the opportunity to offer services online via their website.

Finally, the solution gives councils the opportunity to reduce their in-house IT hardware, for example, reducing the number of servers they operate, reducing their energy consumption and removing legacy hardware that is no longer efficient, if they choose to purchase from Lot 1 (Hosted solutions).

Community Benefits

As well as the sustainable benefits associated with the services offered under the framework, community benefits have been offered from recommended suppliers including ICT based apprenticeships placements for local university or college students and white paper creation for use across the Scottish public sector.

Recommended suppliers also offered school talks regarding IT career paths and support for "Code Club" initiatives. The initiative gives school children, aged 9 to 11, the opportunity to learn how to code and aims to provide new skills they can use in everyday life as well as give them an awareness of how technology is created.

*The only fees that will be paid are those related to an integrations implementation

Fair work practices including living wage

An unscored question asked bidders to confirm their living wage status. Of the 4 recommended suppliers:

- Three have confirmed that they pay the living wage to all employees (except volunteers, apprentices and interns).
- One confirmed that they pay the living wage to all employees except a small proportion of their workforce. After further investigation, the supplier stated that this was due to using contractors to supplement their own workforce. Scotland Excel will work with this supplier to discuss why this is and whether this can be improved upon during the lifetime of the framework.

Other Benefits

Further benefits offered by recommended suppliers through the framework are outlined below;

- Discounting methodology to support the uptake of the framework by councils
- Integrations paid for by one council are available for all councils utilising the framework at no additional cost (except for specific costs to install them)
- Provision of hosted solution options for councils wishing to move towards hosted IT provision
- Mobile application modules and social media modules to support the mobile working and channel shift agenda respectively
- Sharing of processes and forms across councils to ensure best practice is communicated across the local authority community

7. Contract Mobilisation and Management

Each participating supplier will be invited to a mobilisation meeting to enable Scotland Excel to outline the operation of the framework, roles and responsibilities, management information requirements and community benefits commitments.

Both suppliers and participating members will be issued with a mobilisation pack containing all required details to launch and engage in procurement activities within the framework.

In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a level 2 arrangement in terms of both risk and spend requiring annual supplier and user group reviews as appropriate.

Scotland Excel will conduct supplier reviews on a six monthly basis and meet with the UIG on a regular basis throughout the lifetime of the framework to ensure that the services delivered under the framework continue to meet councils' needs and identify any required "roadmap" developments.

8. Summary

This framework is for a Customer Service Platform solution, including all relevant installation and maintenance, and aims to maximise collaboration both at the outset and during the framework lifetime, facilitates the procurement of high quality software solutions, promotes added value and delivers best value.

A range of benefits can be reported to Councils over the life of the framework in relation to savings, innovation and community benefits. The framework also seeks to encourage the uptake of hosted solutions by councils and provide adequate coverage for those councils wishing to stay with on-premises solutions. The framework can aid councils to achieve their Digital First, Channel Shift and Cost Reduction strategies by providing them with best value in the marketplace and ensure a future-proof, innovative solution to aid their customer service teams.

- 9.** The Executive Sub Committee is requested to approve the recommendation to award this framework agreement to the tenderers as detailed in Appendix 2.

Appendix 1 - SME Status

Tenderer's Name	SME Status	Location	Lots Tendered
Agilisys Limited	Large	London	1 and 2
Civica UK Limited	Large	Leeds	1 and 2
Connect Assist Ltd	Small	Nantgarw	1
Evolutionary Systems Company Ltd.	Small	London	1
Firmstep Limited	Small	London	1
IEG4 Limited	Small	Alderley Edge	1
KANA Software Ireland Limited	Large	Belfast	1 and 2
Methods Digital Ltd	Small	London	1 and 2
Netcall telecom Limited	Large	Hemel Hempstead	1 and 2
Optevia Limited	Small	Maidstone	1 and 2

Appendix 2 - Scoring and Recommendations

Lot 1 – Hosted solutions		
Tenderer	Company Number	Score
Firmstep Limited*	4283951	80.5
Netcall telecom Limited*	02831215	68.3
Civica UK Limited	01628868	57.6
KANA Software Ireland Limited	441149	57.0
Connect Assist Ltd	5540728	56.5
Evolutionary Systems Company Ltd.	07559069	53.5
Optevia Limited	04310773	51.8
IEG4 Limited	5733146	49.2
Methods Digital Ltd	08906750	46.6
Agilisys Limited	04327369	40.8

Lot 2 – On-Premises solutions		
Tenderer	Company Number	Score
Civica UK Limited*	01628868	81.0
Netcall telecom Limited*	02831215	78.5
KANA Software Ireland Limited*	441149	69.1
Optevia Limited	04310773	56.4
Methods Digital Ltd	08906750	50.7
Agilisys Limited	04327369	44.8

*Denotes recommended supplier