

Scotland Excel

To: Scotland Excel Executive Sub Committee

On: 18 November 2016

**Report
by
Director Scotland Excel**

Update on the provision of procurement support services to Seemis LLP

1 Introduction

The purpose of this report is to provide Members with an update on recent discussions to provide procurement support services to the Seemis Group LLP.

Seemis Group LLP delivers an integrated national education management information system (MIS) for Scottish Local Government and associated supporting organisations (SQA, ScotXed etc). Owned by its members, Seemis was initially established on behalf of the 12 Strathclyde Region councils. However, since 2014, Seemis offers a complete solution that spans all the essential requirements of an Education MIS geared to the needs of all Scottish Local Authorities. Since 2014 a challenging programme has been undertaken to review and stabilise Seemis' product offerings. Whilst the products are now relatively stable it is clear that the current Seemis solution will become increasingly less fit for purpose over the next three to five years, and as such it is the intention to source a suitable partner from the marketplace and develop a new operating platform.

As the organisation pursues the delivery of a solution that will support an expanded operating model, a key enabler will be the implementation of a robust strategic sourcing model. As such, Scotland Excel has developed a proposal to provide a service to support this exercise. Members are requested to review the summary of this proposal and approve the engagement of Scotland Excel with Seemis LLP.

2 Procurement Route

Some analysis of procurement options has been undertaken already, ruling out a complete outsourcing and favouring a partnership approach and some market research and engagement has been conducted. A key outcome of this was that a number of those consulted commented that there was significant risk in such a proposal which made it unlikely that they would consider bidding. It is also clear that there would not be a standard model for contracting for this type of arrangement and significant work would need to be done to specify the risk positions in the contract as well as deciding how to evaluate those complex financial elements during tender.

On this basis, utilising the new competitive procedure with negotiation has been suggested as a possible procedure to conduct the procurement. This may be appropriate and would certainly give some flexibility within the tender process to discuss crucial technical elements of the contract and refine tenders through several rounds of negotiation and subsequent tenders.

Seemis have indicated that advice to date has indicated a 6 month timescale to complete this process; however, this depends on a number of factors which could represent significant risk. The following stages outline the high level plan for this type of procedure as may be applied to this requirement.

- **Preparation of the OJEU advert and the initial documents that accompany the OJEU advert**

This is key step in order to be able to manage the procedure to its conclusion in a structured and compliant way. Whilst the process is designed to allow an element of flexibility, minimum requirements must be detailed at this stage and linked to the authority's needs. This would allow selection of suitable candidates to participate in the procedure.

Depending on the work done to date, and whether the intention is to reduce the number of candidates, this stage of the procedure could take 2-4 months to arrive at a list of candidates to be invited to initial tender.

- **Invitation to submit initial tender documentation**

The high risk and complicated nature of this procedure would suggest that at least the normal 30 days tender period is allowed. This would need to be considered carefully as it may take organisations some time to prepare documents and obtain internal approval to make an offer. There would then be a period of tender evaluation and potential areas for negotiation identified. From this, it is most likely that a round of negotiations would then be held to improve the content of tenders, discuss any technical/specification changes which may allow bidders to improve their offers, however, crucially the minimum requirements and award criteria must not be negotiated. From this, subsequent resubmission of tenders may be conducted over multiple rounds leading to a final tender, throughout which the authority may reduce the number of bidders to be involved in each subsequent round.

Depending on the number of rounds of negotiation, this stage of the process could take between 3 and 6 months

- **Submission of final offer**

The final stage is obviously submission of best and final offers (BAFO) with a period of evaluation and clarification that lead to the conclusion of the negotiation, and award of the contract. This must be based on the award criteria stated in the contract notice and must be a genuine competition (although the requirement to

have three bidders to ensure competition in previous regulations is now largely removed, so two bidders may be considered sufficient). It is also likely that there will be a complex financial model to apply in this case which may be based on life-cycle costing if complex financial proposals are made to take account of the inherent risk in the partnership for a commercial partner.

It is likely to take 1-2 months to complete the necessary procedural elements and there are likely to be considerable clarifications which need to be made and incorporated in to the contract with the successful partner in order to make a recommendation to award.

This recommendation would then be subject to Seemis governance processes for approval and regulatory standstill before final preparation of contract documents could be undertaken and the contract concluded successfully.

3. Resource considerations

Key to successful delivery of the exercise will be allocation of the appropriate level of resource. As such, it is proposed that Scotland Excel will allocate experienced members of the organisation to this project and backfill where appropriate with temporary or contract resources.

Outline requirements most likely delivered by a procurement lead supported by a coordinator or equivalent. Based on the above summary, the exercise may last for up to 12 months, and as such the cost profile should reflect this. Outline costs forecast as follows:

Procurement Lead (1xFTE):	Category Manager	c. £60,000
Support (1xFTE):	Procurement Coordinator	c. £38,000
Legal support (0.5xFTE):	Senior Solicitor	c. £30,000
Additional Expenses:		c. £22,000
Outline total:		c. £150,000

*Note: all sums are provisional and detailed cost breakdown will be agreed on agreement of the commission.

In addition, it is anticipated that throughout the development phase in year 2 there will be a requirement for procurement/commercial support. Requirements would be agreed as appropriate, and as such it is suggested that a nominal sum of £50,000 be allocated to this.

The project costs incurred will be charged on a cost reimbursable basis in line with an agreed delivery plan, which will be agreed following initial detailed evaluation of the current status, and development of the project plan.

4. Recommendation

Executive Committee members are requested to note the content of this report and approve the provision of procurement support services to Seemis LLP