

Finance and Resources Committee

10.00am, Thursday 24 September 2015

Provision of External Offsite Revenues and Benefits Processing - Award of Contract

Item number	7.11
Report number	
Executive/routine	Executive
Wards	All

Executive summary

This report seeks the approval of the Committee to award a Framework Agreement for the provision of external offsite revenues and benefits processing support following a competitive procurement process to identify the three most economically advantageous bidders.

Links

Coalition pledges	
Council outcomes	CO25, CO26
Single Outcome Agreement	

Provision of External Offsite Benefits Processing – Award of Contract

Recommendations

- 1.1 Approve the award of a Framework Agreement for the provision of an external offsite revenues and benefits processing service to Civica Ltd, Capita Group Plc and Liberata UK Ltd under a ranked Framework Agreement for a period of two years with the option to extend annually for a further two years. The contract will be utilised on an ad-hoc basis with an estimated value of up to £265,000 per annum.

Background

- 2.1 The UK Government's Welfare Reform agenda is the biggest change to the welfare system in over 60 years and has had a significant and unpredictable impact on Local Authorities and the services they provide. The Council has, and will continue to, face increased demand for the processing of Housing Benefit, Council Tax Reduction, Discretionary Housing Payments and Universal Credit in the coming years. In addition, the Council continues to face increasing demand for Council Tax and other revenues related services.
- 2.2 This increase in demand has resulted in a requirement for external offsite benefits processing to ensure that the Council meets its commitment to provide a high quality, customer focussed Revenues and Benefits service.
- 2.3 The requirement for additional support fluctuates and therefore seeking more full time staff resources for the Council is not cost effective. In order to ensure satisfactory processing times and maintain a high level of customer satisfaction, the Council wishes to contract with external organisations to provide this service on an ad-hoc basis.
- 2.4 This service is currently provided by the Capita Group Plc following an approved waiver report which expired on 30 August 2015.

Main report

- 3.1 The City of Edinburgh Council wishes to appoint three suitably qualified and experienced service providers for the provision of external offsite benefits processing services.

- 3.2 Commercial and Procurement Services (CPS) conducted the tender and evaluation process in accordance with EU Procurement Regulations and Council Standing Orders.
- 3.3 CPS, in conjunction with Revenues and Benefits, undertook a fully compliant tender exercise by placing a contract notice on the Public Contracts Scotland Portal and The Journal of the European Union as an open procedure on 20 April 2015. Five organisations submitted compliant bids by the closing date of 12 June 2015.
- 3.4 In the invitation to tender it was stated that the contract would be awarded on the basis of the Most Economically Advantageous Tender with 60% of the overall score being given to quality and 40% given to price. This ratio was determined due to the high level of accuracy and high quality processes and procedures required.
- 3.5 The five tender submissions received were evaluated individually by the evaluation team to determine a score for quality. In accordance with the agreed ratio the weighted maximum score for quality was 60. Five evaluation criteria areas were identified, each having different weightings and being scored between 0 and 10 in accordance with the Evaluation Criteria Scoring Definitions included in the tender instructions issued to the bidders. Further details of the procurement process, including the members of the evaluation team and the five quality evaluation criteria and their respective weightings, are provided in Appendix 1.
- 3.6 On completion of the individual evaluation process a consensus meeting was held attended by the members of the evaluation team and the procurement lead from Commercial and Procurement Services. Individual evaluation criteria scores were reviewed and debated and a consensus score reached for each bidder. The appropriate weighting was then applied to each of the individual evaluation criteria to arrive at a final quality score.
- 3.7 A threshold of 60% of the total available marks for quality was set to ensure that any bidder failing to provide a satisfactory response to the published evaluation criteria requested within the tender documentation would not be considered further and would not have their pricing bid opened.
- 3.8 Following completion of the quality analysis, one bidder failed to achieve the pre-set quality threshold. The remaining four fee bids were opened and subject to a cost analysis.
- 3.9 The lowest priced tender was received which was awarded the maximum score of 40 for price. All other bids were then scored on a pro-rata basis against this lowest bid i.e. for each of the other bids the lowest bid price was divided by that bid price and multiplied by the maximum score of 40.
- 3.10 The quality scores were then combined with the scores from the cost analysis to derive an overall score for each bidder out of a maximum of 100.

3.11 The estimated value of the Framework Agreement is £265,000 per annum. Bidders were invited to provide a rate for a range of benefit and council tax claims. The rates were then multiplied against a notional quantity of claims to create a fee bid. The successful bidders fee bids ranged from £243,801 - £334,122.

3.12 The results are detailed in the table below.

Bidder	Quality Score	Price Score	Total Score
Civica	56.40	40.0	96.40
The Capita Group Plc	54.30	33.6	87.92
Liberata UK Ltd	49.80	35.5	85.25
Bidder 4	54.60	29.6	84.15
Bidder 5	42.90	29.2	72.09
Bidder 6	20.70	0.0	20.70

3.13 As set out in 3.4, the Most Economically Advantageous Tender is determined based on 60% of the overall score being given to quality and 40% given to price.

3.14 As the three highest scoring bidders, it is therefore recommended that the Framework Agreement be awarded to Civica Ltd, Capita Group Plc and Liberata UK Ltd.

3.15 The Framework Agreement Call Off Methodology outlines that all service requirement will be offered to the first ranked provider of the evaluation in the first instance. If Civica Ltd cannot fulfil the service requirement, this will then be offered to the 2nd ranked (The Capita Group Plc) followed by the 3rd ranked (Liberata). Should there be a requirement for a larger one off demand, the Council reserves the right to mini competition to facilitate increase competition between providers.

3.16 Following the decision regarding a preferred contractor there is a mandatory 10 day standstill period which must, and will, be followed before the contract would be awarded.

Measures of success

4.1 The Framework Agreement has a detailed set of Key Performance Indicators with Service Level Credits should performance fall below expected levels.

4.2 Ability for the Council's Revenues and Benefits services to meet increased demand for the processing of Housing Benefit, Council Tax Reduction, Discretionary Housing Payments, Council Tax and Non-Domestic Rates.

Financial impact

- 5.1 The cost for any services commissioned utilising this Framework Agreement will be accommodated within the Customer Services budget.
- 5.2 The procurement of this service has demonstrated a financial saving of approximately 20% based on the new rates secured under this Framework compared with the previous contract. This equates to approximately £50,000 per annum.
- 5.2 The costs associated with procuring this contract are estimated at under £10,000.

Risk, policy, compliance and governance impact

- 6.1 There are no negative risk, policy, compliance and governance impacts arising from this report.

Equalities impact

- 7.1 There are no negative equality or human rights impacts arising from this report.

Sustainability impact

- 8.1 There are no sustainability impacts arising from this report.

Consultation and engagement

- 9.1 Not applicable

Background reading/external references

- 10.1 Not applicable

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Links

Coalition pledges

Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives CO26 – The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
Single Outcome Agreement	
Appendices	Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Provision of External Benefits Processing
Contract period	2 years with the option to extend annually for a further two years
Contract value	£1,060,000 over the four years
Standing Orders observed	2.4 Requirement to advertise 5.1.b Selection of the most economically advantageous tender
Portal used to advertise	www.publiccontractsscotland.co.uk
EU Procedure chosen	Open
Tenders returned	Six
Tenders fully compliant	Five
Recommended supplier/s	Civica Ltd, The Capita Group Plc and Liberata
Primary criterion	Most economically advantageous tender to have met the qualitative and technical specification of the client department
Evaluation criteria and weightings	Written responses were provided for the following award criteria areas: <ol style="list-style-type: none"> 1. Capacity & Available Resources – 30% 2. Experience – 25% 3. Quality Assurance – 20% 4. Contract Delivery – 20% 5. Training & Knowledge – 5%
Evaluation Team	Benefits Manager – Corporate Governance Income Manager – Corporate Governance