

## Report of Traded Services Project Officer

### Report to Deputy Director Learning, Skills and Universal Services

Date: 5<sup>th</sup> January 2014

**Subject: Recommendation to Waive Contract Procedure Rules (CPR's) 8.1 and 8.2**

**to enter into a contract with Frontline Data Ltd without seeking competition, for the fixed fee of £20,120, to provide the Council an online sales platform and booking tool.**



Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

A report to waive Contract Procedure Rules 8.1 and 8.2 using the authority set out in CPR 1.3 to enable Children's Services to enter into a contract with Frontline Data Ltd, for the fixed fee of £20,120, to provide the Council with an online sales platform and booking tool to facilitate the purchasing of council services, training and events by schools, learning settings and other customers. This will support the budget targets set out in the 2015/16 budgets relating to the increase in income generation for Children's Services. The contract includes provision for initial set up of the sales portal and booking system, a 1 year maintenance and development licence, brochure migration and 5 days user training. The annual licence is offered at a fixed price of £13,495 for 5 years.

### Recommendations

The Deputy Director Learning, Skills and Universal Services is recommended to waive Contract Procedure Rules 8.1 and 8.2 using the authority set out in CPR 1.3 and enter into a contract with Frontline Data Ltd without seeking competition, for the fixed fee of £20,120 for an initial 12 month period. In addition, the Deputy Director is recommended to agree an option to take up four further 12 month periods at an annual cost of £13,495.

This contract will be implemented by the Deputy Director for Learning, Skills and Universal Services on 01/02/2015.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek authority from the Deputy Director Learning, Skills and Universal Services, to waive Contract Procedure Rule 8.1 and 8.2 using the authority set out in CPR 1.3 and to enter into a contract with Frontline Data Ltd without seeking competition, for the fixed fee of £20,120, to provide the Council with online sales platform and booking tool to facilitate the purchasing of council services, training and events by schools, learning settings and other customers. In addition, the Deputy Director is recommended to agree an option to take up four further 12 month periods at an annual cost of £13,495.
- 1.2 The contract will enable the Council and its traded services to work with Frontline Data Ltd to provide a hosted and maintained online sales and booking platform to provide support for the traded services including onsite training for users.

## **2 Background information**

- 1.1 Becoming an enterprising and efficient council is an objective and priority within the Best Council Plan 2013-17, the outcome of which is that it is easier for people to do business with us.
- 1.2 As a result of the continuing budget challenges the local authority faces it is important that we maintain the financial viability of our services through trading with our customers such as schools and other learning settings. This is integral to our ongoing ambitions to deliver the obsessions and priorities identified in the Children and Young people's Plan 2011-15.
- 1.3 The delivery of services to schools is an increasingly competitive marketplace with private and public sector organisations competing to deliver services. It is important that the council is innovative if it is to be at the forefront of delivering quality services that support positive outcomes for children and young people in Leeds.
- 1.4 With resources and capacity increasingly limited, many public services are following the private sector example and utilizing digital solutions to deliver improved customer service more efficiently. Feedback from schools indicated that many are unaware of the vast array of services the council offers and expressed a desire for an online solution was required to make it easier for them to browse, book and purchase our services and training opportunities.
- 1.5 As a result of this feedback we developed requirements to meet the needs of our services and customers. Initial research of the market did not uncover a single solution to meet the requirements. Corporate advice was then followed to pursue a solution via the ongoing Customer Contact Platform project. Due to the high degree of bespoke development required to meet the requirements it was agreed that continuing to pursue this option would be prohibitive due to both costs and timescales.
- 1.6 Further research of the market and discussions with other local authorities led to a meeting with Frontline Data Ltd who provide a solution in the form of 'SLA Online'.

This solution meets both the requirements of both the Council and our customers, requires minimal bespoke development and is considered value for money.

- 1.7 This solution is already used by 31 local authorities to effectively communicate and trade with schools and other organisations. Development of the solution is community led and focused on the specific needs of local authorities and the business models they operate. As a result, many of the specific requirements we identified have already been met or are potential future developments.
- 1.8 Furthermore, it is expected that this solution will help deliver a more efficient council in line with the Better Business Management project

### **3 Main issues**

#### **Reason for Contracts Procedure Rules Waiver**

- 3.1 Ongoing discussions with and research of suppliers suggests that Frontline Data Ltd deliver a single online trading solution which is unique in the marketplace. 31 fellow local authorities have already recognized the value of the product and are using it to trade with their local markets.

Before deciding to pursue this option we seriously considered two alternative solutions which promised to meet part, though not all, of our requirements. The first option considered could deliver a simple booking module for £10k but this only met part of our requirements. Significant bespoke development would have been required delivered to deliver a whole solution. Following this we considered a solution which proposed bespoke development built on top of the corporate customer contact platform. The initial quote for the system demonstration and business analysis work totaled £20-25k. The supplier advised that significant bespoke development would be necessary to meet our business requirements. This would have incurred significant additional cost. Corporate ICT also advised that the bookings module should be a separate solution, either procured externally or developed internally within LCC at additional time and expense with a resulting impact on our ability to increase income generation and develop back office efficiencies. As a result, we are confident that the proposed solution offers value for money, both within the value of the contract with Frontline Data Ltd and the significant impact the timescales for implementation will have on income generation and business efficiencies.

The selling of services to schools and other customers is an increasingly competitive marketplace and one in which customers expect 21<sup>st</sup> century solutions. Whilst we remain confident that our customers wish to buy services from the local authority, they have expressed a preference to conduct business more efficiently and effectively online. Many of our competitors and fellow local authorities offer their services online and if we wish to remain competitive then we must move with the times.

Furthermore, in order to generate the income necessary to ensure services remain financially viable it is essential that we are able to deliver current and potentially increasing levels of business with our customers effectively to ensure costs are manageable but customer service standards remain high. This solution offers that ability through its personalised pages which direct customers to the services and offers they may wish to access before needing to contact a member of staff.

If, having decided to purchase the SLA Online solution, we wish to continue to use it there is an annual cost of £13,495. This incorporates the annual license for the product and ongoing development as agreed by the SLA Online. The £13,495 price is guaranteed for 5 years and would represent a total outlay of £74,100 over 5 years. We feel this is still significant value for money

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 There are no specific consultation and engagement requirements in connection with the implementation of an online trading solution for children's services. Services which already trade with schools have sought feedback which led us to seek an online solution for trading and this is a continued channel of communication.

4.1.2 Children's services have held significant discussions with corporate ICT partners with updates on potential solutions shared at portfolio review board. Corporate ICT colleagues have been keenly involved in discussions with potential suppliers throughout.

4.1.3 Children's services have engaged with other directorates to ensure that no solutions already exist and to discuss the potential benefits of the proposed solution to other business areas. The solution allows for an unlimited number of users and can therefore be used by other directorates within the authority if it is decided that this solution best fits them.

4.1.4 Leeds children's services sought the views of local authorities who already purchase the SLA Online solution. The feedback was overwhelmingly positive with Dorset County Council highlighting Frontline Data Ltd.'s "previous history of working in local authorities themselves enables a really effective working relationship as they understand our needs" and stating "I could never recommend something so highly. It has totally transformed the way we work with our customers".

4.1.5 Warrington Borough Council are equally positive in their feedback, describing their working relationship with Frontline Data as "excellent" and explaining that in purchasing "the system has saved use significant labour in the billing process – The cost was £00s and the savings £000s". When asked if they would recommend the SLA Online platform the response was "Yes, categorically".

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 The primary consideration is one of accessibility and assurances have been given by the supplier that accessibility options are available for the solution. In addition, other methods of communication will remain in place for users who are unable to use the online solution.

### **4.3 Council Policies and City Priorities**

4.3.1 Delivery of an online solution aimed at improving the efficiency and effectiveness of our trading activity positively impacts on a number of key council plans and strategies including:

- Best Council Plan 2013-17

- Children and Young People's Plan 2013-15
- Learning Improvement Strategy

#### **4.4 Resources and Value for Money**

- 4.4.1 The fixed cost for completion of the set up and first year license is £20,120 and funding is available in the Children's services budget.

The annual license is available at a fixed cost of £13,495 for a further 4 years. It is anticipated all expenditure will be recovered as overheads in current and future trading activity.

The terms of the license allow for an unlimited number of users so, if required, the solution could be rolled out across other areas of the business at minimal or even zero cost.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The decision taken will be an operational decision and is therefore not subject to call in. There are no grounds for keeping the contents of this report confidential under the Access to Information rules.

Awarding contracts directly to the providers identified above in this way could leave the council open to a potential claim from other providers, to whom this contract could be of interest, that it has not been wholly transparent. In terms of transparency it should be noted that European case law suggests that contracts of this value should be subject to a degree of advertising if it is considered that it would be of interest to contractors operating in another member state. It is up to the Council to decide what degree of advertising is appropriate. In particular, consideration should be given to the subject-matter of the contract, its estimated value, and the specifics of the sector concerned.

Having considered this, and due to the nature of the services being delivered and the lack of alternative solutions currently offered to other local authorities, we are of the view that the scope and nature of the services is such that it would not interest other member states.

There is a risk of an ombudsman investigation arising from a complaint that the Council has not followed reasonable procedures, resulting in a loss of opportunity. Obviously, the complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration however such investigations are by their nature more subjective than legal proceedings.

Although there are no overriding legal obstacles preventing the waiver of CPR 8.1 and 8.2 the above comments should be noted. In making their final decision, the Deputy Director, Learning, Skills and Universal Services should be satisfied that the course of action chosen represents Best Value for the Council.

#### **4.6 Risk Management**

- 4.6.1 The continued engagement of Services, customers and the supplier is intended to ensure the continued development and delivery of a high quality online solution for traded services.

## **5 Conclusions**

5.1 The marketplace for selling services to schools has changed and expanded rapidly. To ensure the continued delivery of services which contribute to key council plans and positive outcomes for children and young people it is imperative that we make it as easy as possible for customers to do business with us.

5.2 Delivering a quality, value for money online solution for the advertising and selling of courses and services is the most efficient and effective way for children's services to sell its products.

5.3 Should the establishment of a contract not be approved it would be extremely difficult to implement a solution of the same quality within sufficient time and costs to meet the needs that our services and customers have identified as required now.

## **6 Recommendations**

6.1 The Deputy Director for Learning, Skills and Universal Services is recommended to waive Contract Procedure Rules 8.1 and 8.2 using the authority set out in CPR 1.3 and enter into a contract with Frontline Data Ltd without seeking competition for the fixed fee of £20,120 for an initial 12 month period with the option to extend for four further 12 month periods at an annual cost of £13,495

6.2 The contract will be implemented by the Deputy Director for Learning, Skills and Universal services on 01/02/2015

## **7 Background documents<sup>1</sup>**

7.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.