

Authority to directly award a new contract to KPMG LLP by way of a call-off under Lot 3: Cloud Support of the Crown Commercial Services G-Cloud 13 Framework, for the provision of delivery of the Customer Contact Transformation Programme.

Date: 30th September 2024

Report of: Chief Officer, Community Hubs, Welfare and Business Support

Report to: Interim Assistant Chief Executive – People, Digital and Change

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

Approval to direct award a new contract for the provision of services under Lot 3: Cloud Support of the Crown Commercial Services G-Cloud 13 Framework for the Customer Contact Transformation programme.

As part of the financial challenge, the Council is planning to transform our current “Customer Contact” offering that will drive efficiencies and ensure consistent, joined up and accessible customer services across the whole organisation. KPMG LLP has worked with the Council between April-July 2024 to support the development of a customer strategy, the high-level design of a unified customer front door, a transformation outline business case and roadmap, and a proof of concept using Microsoft Dynamics 365.

The Council now needs to prepare a more detailed business case for transformation and wish to build on the work from the prior provision of services provided by KPMG LLP that will drive forward this major transformational programme at pace and secure the financial investment to deliver the organisational and technical change. KPMG LLP have delivered similar transformational programmes and as they are already engaged with this programme of work the Council wishes to partner with KPMG LLP on the next phase of work, to utilise their

Recommendations

The Interim Assistant Chief Executive – People, Digital and Change is recommended to approve the direct award of a new call-off contract to KPMG LLP (‘KPMG’) under the Lot 3: Cloud Support of the Crown Commercial Services G-Cloud 13 Framework (‘Framework’) for a term of 9 weeks from 14th October to 13th December 2024. This will be for provision of specialist transformation resources to plan what the Council needs to do organisationally and across services to get ready for transformation; determine the priority order of services for redesign and customer journeys for

digitisation, and the potential productivity and financial benefits their transformation will bring. The total estimated cost of the contract is £249,500.

What is this report about?

- 1 The purpose of this report is to set out the reasons for seeking approval to award a new direct award contract under the Framework to KPMG for specialist resources in this field.
- 2 The proposal is for the Council to enter into a short-term contract with KPMG to support us in delivering a full business case for transformation, as part of our supporting the Best Council Plan ambitions of being an efficient, enterprising, and healthy organisation.
- 3 The Council faces significant budget challenges over the next 3 years and needs to transform the way it delivers our services to make the best use of our resources and delivering best value to our customers. (Customers here is the term used within the programme to cover anyone who lives, works, studies or visits Leeds, businesses within Leeds and third-sector organisations).
- 4 It is intended that the supplier (of which we are proposing KPMG) will provide the Council with further services that will enable us to successfully plan the delivery of the wider Customer Contact Transformation Programme which will run for a number of years.
- 5 As part of the work proposal with KPMG, this builds upon the previous deliverables of the Council's customer strategy, a high-level design of a unified customer front door, a transformational outline business case and roadmap, as well as a technical proof of concept using Microsoft Dynamics. During this previous engagement with KPMG a number of key activities and next steps were identified, which we aim to address in the next phase of engagement, to ensure the success of the transformational programme.
- 6 With this next piece of engagement, there are four main streams of delivery. The first stream is around organisational readiness including engagement with the wider organisation and the second focuses on service readiness for the transformational change including further insight for 54 key services. The third stream focuses on the transformational prioritisation and benefits and the final stream looks at assessment of current projects/programmes that impact customer and improved efficiencies through prioritisation.
- 7 It is intended that the direct award of this contract with KPMG will provide the Council with critical insights, information and plans that will enable the Council to successfully plan the delivery of the wider Customer Contact Transformation Programme which will run for a number of years. These outputs will also contribute towards the production of a detailed business case for the programme.
- 8 The outputs of the project will be an organisational readiness report, a service readiness assessment (which will encompass both the service readiness workstream and the transformational priorities and benefits) and a customer projects assessment report.

What impact will this proposal have?

- 9 The proposal will underpin overarching proposed changes for the Council's ways of working and delivering efficiencies but does not have an immediate impact on members of Council staff or service delivery. During this proposal, we will be building on the positive intentions for our staff by working on cross-cutting efficiencies, better use of digital channels and technologies

including automations which will lead to more consistent, improved experiences for our customers.

- 10 There will be a short-term impact on resources across the organisation to ensure the success and confidence in the deliverables by engaging with KPMG during the 9-week period of the proposal. To mitigate the impact of this, we plan to communicate with Directors and Chief Officers in advance of the work beginning so we can ensure the internal efforts on Council staff are understood and appropriately resourced.
- 11 With the short-term engagement across the breadth of the organisation, it will strengthen our understanding of the Council's current position for change within the Council, provide further depth to our identified financial benefits including savings and ensuring that staff across the organisation feel engaged and working collaboratively on this change, as opposed to directive change which risks the success of the wider change programme.
- 12 The wider impact on the Council's customer base is that this will provide us the opportunity to improve and deliver services that are consistent, accessible, and clear which also will serve to reduce direct contact with the Council because they are able to access services in a way that suits their needs.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 13 As part of the proposed Customer Contact Transformation work taking place within the Council, any improvements driven by this contract would directly help to deliver on the three pillars of the Best City Ambition.
- 14 As mentioned in the Best City Ambition, the Customer Contact Transformation Programme recognises the need for customers to have accessible, easy-to-use services that empower them to self-serve more widely. This is intended to also help tackle systemic inequalities and that our work would be driven by co-production through the lens of our customers.
- 15 Having more consistent and dynamic customer-led approaches will also ensure that businesses and public institutions are able to engage effectively with the Council, encouraging the Inclusive Growth pillar.
- 16 Ensuring equitable access to essential services, creating cycles of improvement within all Council services and the ability to model more joined-up services serves to drive the Health and Wellbeing pillar.
- 17 This proposal relates to the digitisation of services, improving our customer contact through digital means and therefore its impact on climate change initiatives is through the support it gives those services using it.

What consultation and engagement has taken place?

Wards affected: City-wide

Have ward members been consulted?

Yes

No

18 Consultation has taken place with the Director of Strategy and Resources, the Director of Communities Housing and Environment and the Executive Member for Communities, Customer Service and Community Safety. Owing to the financial challenge the Council faces it must look to deliver services and work with customers in a more efficient way. It is in the Customer Contact Transformation plan to engage with elected members and the general public in acknowledgement that their engagement and participation is crucial to achieving the goals of this programme.

What are the resource implications?

19 The resource implications of this proposal will be short-term for the period of 9 weeks, which will be clearly defined and communicated to the identified members of the organisation. The commitment has been given from Corporate Leadership Team on the workstream related to Customer, and many of the resources who would be engaged with this work have previously been engaged with KPMG on the Customer Strategy, Blueprint and Outline Business Case deliverables.

What are the key risks and how are they being managed?

20 The key risk in not engaging KPMG is that the internal organisational resource may not be able to produce similar outputs within a timeframe that allows us to build a resilient case for change to fund this work through. This is a risk that we might find acceptable considering our financial challenge considerations and accept the slower delivering of doing this work internally – which creates its own risk of not delivering transformational change that delivers key financial savings that have already been built into the Council budget.

21 Secondary risks of not awarding this contract are, presently we do not have the transformational maturity skills that are available to us within KPMG to successfully deliver this major programme of change. If this risk is accepted, and the work is done internally within the Council with staff who are new to delivering major transformational change or assessing organisational readiness it could have a negative impact on the programme's success, as well as increased pressure on staff.

22 Another risk is that the organisation will be engaging on the Customer Contact Transformation proposal with KPMG at a time when there are various other proposals to address other necessary organisational savings. This could impact on key resources being available during the engagement with KPMG or a lack of clarity on a service or directorate level because of the impact of the various proposals, which in turn could lead to a lack of confidence in the outputs. It is proposed that we mitigate this risk by having early conversations with key stakeholders in directorates and services before the work commences to understand the proposals. From there, the programme team can consider the various levels of impact on this engagement and the wider Customer Contact Transformation proposals that come from this piece of work.

What are the legal implications?

23 This is a Publishable Administrative Decision which is not subject to Call In. There are no grounds for keeping the contents of the report confidential under the Access to Information Rules.

24 The Framework has been established by a third-party and the Council is entitled to procure contractors from this framework by way of a direct award. The overarching framework terms and conditions, along with the call-off terms, have been reviewed and approved by the

Procurement and Commercial Services (PACS) Legal Team, in line with CPR 12.2. The PACS Legal Team is satisfied that the third-party framework was procured in accordance with the Public Contracts Regulations 2015 (PCRs), and any subsequent call-offs in line with the requisite terms are a compliant route to market.

25 The Interim Assistant Chief Executive – People, Digital and Change should note the contents of this report when making their final decision and should be satisfied directly awarding this contract to KPMG represents best value for the Council.

26

Options, timescales and measuring success

What other options were considered?

27 Option 1 – Do nothing. This was not considered a viable option as KPMG have the necessary available resource, transformational skillsets and market understanding for proposals of this nature. Utilising internal resource was considered, but because of the current organisational resource pressures, the organic delay this would add to the programme timescales meant that we would risk adding considering time onto our business case work, leading to longer delays in starting the transformation and risking more pressure on our organisational finances.

28 Option 2 – Use of an Internal Service Provider (ISP). In line with the obligations set out at CPR 3.1.4, the use of an ISP was considered. However, it has materialised that no suitable ISP exists for the provision of the service sought.

29 Option 3 – Undertake a new procurement exercise. The Council has also considered directly awarding this contract under Regulation 32(2)(b)(ii) of the PCRs – negotiated procedure without prior publication of a Contract Notice, to procure these services. However, in doing so there is potential risk of challenge that there are no real reasons justifying the use of Regulation 32(2)(b)(ii) that competition is absent for any technical reasons, and that the Council is simply seeking to circumvent the application of the PCRs.

How will success be measured?

30 Success will be measured against KPMG's identified outputs which will be agreed with the Chief Officer, Community Hubs, Welfare and Business Support and the Chief Officer, Strategy and Performance. Specifically identified deliverables are:

- a) An organisational readiness report, including an organisational readiness plan, summary of the risks and impacts of not addressing the challenges identified and assessing readiness against six operating model layers.
- b) A service readiness report which will have a baseline assessment of interviewed services against the six operating model layers, a high-level heatmap of service readiness for 54 customer facing services, a dashboard of the 54 services and a service catalogue which builds upon KPMG's previous Service Catalogue delivered.
- c) A productivity and financial benefits report that assesses the potential FTE effort benefits both in productivity and financial benefits of customer journey transformations for reach service, the potential technological cost savings through moving to Microsoft Dynamics D365, a prioritised list for customer journeys for redesign, a prioritised list of services for

service redesign and a benefits roadmap which shows the potential productivity and financial benefits aligned with the prioritisation lists mentioned previously.

- 31 Success will also be measured against KPMG's methods and delivery approach, including adherence to the timescales, budget, project goals, inclusion, equality and diversity, stakeholder satisfaction and communications, to ensure quality of delivery throughout the lifecycle of this project.
- 32 Final aspects of success will also be subject to review and approval by the programme team, including the sponsor (Chief Officer, Community Hubs, Welfare and Business Support) plus the Best Council Team – Customer group.

What is the timetable and who will be responsible for implementation?

- 33 Following approval of the decision to award the contract by the Interim Assistant Chief Executive – People, Digital and Change, the programme team lead by the Chief Officer and the author of this paper will engage in the awarding of the contract and seeking to start the engagement with KPMG within one calendar month from approval.

Appendices

- None.

Background papers

- None.