

DECISION RECORD ¹

Officer Key Decisions are subject to the Council's Call-In Procedure (Annex 9 of the Council's Constitution <https://www.hertfordshire.gov.uk/about-the-council/freedom-of-information-and-council-data/open-data-statistics-about-hertfordshire/who-we-are-and-what-we-do/who-we-are-and-what-we-do.aspx>)

Subject:

Shared Managed Services (SMS) For Hertfordshire – Contract Extension or Re-procurement (HCC090278).

Staff Contact: Stuart Campbell
Tel: 01992 588397

Executive Member: David Williams
Portfolio: Executive Member for Resources, Property & the Economy

1. Decision

To extend the Shared Managed Services (SMS) contract (in part) by two years from April 2019 to March 2021.

The Council is proposing to remove some services (see section 2 below) from the Serco contract by the end of the initial term (March 2019) where the Council believes there are better solutions available. We have conducted a full value for money analysis on the remaining service which suggests we are currently getting better value for money for the remaining services than if we were to go to open market at this time. We have also been able to negotiate additional guaranteed savings over the term of £1.342m which further improves the value for money position. We are looking to extend the contract for the services outlined below and re-procuring/in-sourcing those services which we propose to terminate with Serco on or before the 31st March 2019.

Services subject to extension with service improvements and guaranteed savings:

- Soft Facilities Management
- HR Transactions, Payroll Services & Controls
- Financial Transactions
- Information Technology
- Customer Contact Services
- Children's Contact Centres
- Social Care Access Services
- Telecare

2. Reasons for the decision

The current contract will end in March 2019, but includes the provision to extend the contract and therefore the Council has the ability to extend some or all of the services for up to 2 years ending in March 2021.

A recent independent benchmark of the current Serco contract showed that it already represents good value for money and if reprocured at this time would likely result in an overall increase in price for these services.

DECISION RECORD

As a result of recent negotiations we have been able to drive out significant additional guaranteed savings of £1.342m and improved service benefits for the extension period up to March 2021. (NB This figure is at 2017/2018 price base prior to annual indexation.) This is a "worst case" savings position – the agreement also outlines a number of areas where Serco and HCC will work together to look to drive out even further savings.

The following services will cease being provided by Serco from, or where beneficial, before the dates outlined below: -

- Hard Facilities Management Services including the Helpdesk by April 2018
- Occupational Health services by April 2019

3. **Alternative options considered and rejected** ²

In assessing HCC's options, the project team considered:

- **Re-procuring the contracted services**
Not recommended as the current contract price has benchmarked significantly below the current market rate, and HCC would incur significant re-procurement costs. Re-procurement would not guarantee better value or service levels given the current financial position.
- **Bring services back in house**
Not recommended as any benefits would be outweighed by the cost of change and the need to invest in in-house skills for these services which are no longer present in the organisation.

4. **Consultation**

(a) **Comments of Executive Member**

David Williams, Executive Member for Resources, Property & the Economy was supportive of the recommendation detailed above and was therefore happy to support the recommendation to implement the extension arrangements.

(b) **Comments of other consultees** ³

5. **Following consultation with, and the concurrence of the Executive Member, I am proceeding with the proposed decision.**

Signed: .

Title: **Owen Mapley, Director of Resources** Date: 16/8/17

6. **Copies of agreed document to:**

- All consultees
- Chairman, and Vice-Chairmen of the Overview and Scrutiny Committee
- hard & electronic copy (for public inspection both at County Hall and on Hertfordshire.gov.uk) Democratic Services Manager - Room 213 County Hall.

DECISION RECORD

¹ for guidance see Chief Legal Officer's note "Taking Decisions"

² details of any alternative options considered and rejected by the officer at the time the decision was made

³ If the matter has local significance, but no general significance for the Council and no controversial aspects, the officer shall consult or inform the local member in writing (or by e mail) and proceed. It is essential that all officers responsible for delivering services ensure that local members are kept well briefed on issues affecting their areas.

