

REPORT FOR: **CABINET**

Date of Meeting:	15 January 2015
Subject:	Communications Services Re-Tender
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Portfolio Holder:	Councillor David Perry, Leader of the Council and Portfolio Holder for Strategy, Partnerships and Corporate Leadership Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No, except for Appendices B and C (Part 2 Financial Paper), which are exempt from publication under paragraph 3 of part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as they contain information relating to the financial or business affairs of any person (including the authority holding that information)
Decision subject to Call-in:	Yes
Wards affected:	All Wards
Enclosures:	Appendix A: Performance Indicators Part 2, Appendix B: Financial paper including pricing (exempt from publication) Part 2, Appendix C: Overall Moderated Master Score-Sheet (exempt from publication)

Section 1 – Summary and Recommendations

Summary:

This report sets out the current means of providing Harrow Council's (the Council) Communication Services (the Services), the contract for which expires on 31st March 2015. Cabinet is requested to authorise a new contract to enable continuity of the communication services. The Communications Service currently provides the Council with the following:

- Media relations and management;
- Corporate ID, i.e. to act as 'guardian' of the corporate ID and develop and maintain associated guidelines;
- External communications including campaign development and marketing in order to set out core Council messages to residents and other stakeholders;
- Support for major consultations and engagements;
- Delivery of publications, such as Harrow People and Homing In; and
- Internal Communications.

The more detailed specification for the service being tendered for is set out later in this report.

Recommendations:

Cabinet is requested to approve the following procurement and delegate authority to the Corporate Director of Resources in the following actions:

1. To award a Contract to Bidder B (set out in Appendix B) and to finalise the contract;
2. To award the Contract on the basis of the most economically advantageous option to the Council following a competitive tendering procedure.

Reason: (For recommendations)

The current contract with Westminster City Council (Westco) to provide the Services to the Council expires on 31st March 2015. In order to maintain the Services the Council is required to run a competitive process to appoint a contractor under a new contract in accordance with The Public Contracts Regulations 2006, as amended.

Section 2 – Report

1. Introductory paragraph

- 1.1 The Council directly provides a diverse range of services to the community of the Borough of Harrow and to the Council's internal workforce.
- 1.2 Effective and total coverage of communications is critical in enabling the Council to deliver its obligations in providing appropriate information to all of its residents and to its staff in a timely manner, that is clear to understand and that is presented via all media including new and emerging channels such as social media and other forms of digital communication.
- 1.3 Effective communication is critical to the Council's reputation and enables the Council to set out clearly to residents how it is enhancing the quality of life of its residents. Westminster City Council were awarded the contract by the Council to provide the Services in 2008 and have ran the Service since then. They now operate as WestCo, a trading organisation wholly owned by Westminster City Council. The contract with WestCo expires on 31st March 2015. The contract provided for the following activities:
 - Media relations and management;
 - Corporate ID, i.e. to act as 'guardian' of the corporate ID and develop and maintain associated guidelines;
 - External communications including campaign development and marketing in order to develop core Council messages to residents and other stakeholders;
 - Support for major consultations and engagements;
 - Delivery of publications, such as Harrow People and Homing In; and
 - Internal Communications.
- 1.4 To provide business continuity and to ensure that the Council is able to continue to deliver professional, efficient and appropriate Communication Services to all the residents and visitors to the Borough of Harrow including all the Council's staff, a new contract has to be put in place following a competitive tendering procedure.
- 1.5 The Council has performed the required competitive tendering procedure in accordance with the Public Contracts Regulations 2006 and selected a preferred organisation which submitted an offer that provided the most economically advantageous option to the Council based on an agreed price/quality evaluation.

Options considered

- 1.6 A competitive tendering procedure has been carried out initiating with an invitation for organisations to show an interest in bidding for the contract.

This was advertised in the Official Journal of the European Union (OJEU) and on the London Boroughs' e-Tendering Portal.

- 1.7 Having subsequently viewed the full scope of the Services and the Council's specification for the Services, 5 organisations confirmed they did wish to bid. Those 5 were taken through a qualification procedure, 3 passed through as capable of providing the Councils requirements.
- 1.8 The 3 successful organisations were subsequently invited to submit a full tender (offer) to the Council for the Contract to provide the Services for an initial period of 3 years 10 months (to align with the Political cycle) with, at the Council's absolute option, extension for further periods up to an additional 4 years.
- 1.9 The Council considered that maintaining an externalised service to provide communications was the best option rather than bringing the service back in house for the following reasons:
 - The rationale for seeking an external partner to provide this function was that the Council was poor at it pre 2007. Bringing the service back in-house assumes we have the skills to recruit and run a successful communications function. At a time when the Council is embarking on major communications campaigns around regeneration, budget and significant service changes, bringing the service back in-house during this time would cause a level of disruption, which through a contracted relationship could be managed more effectively.
 - It is considered that an organisation which has a recognised brand as a provider of communications will find it easier to both recruit and retain sufficiently trained and experienced staff, than Harrow could as a single local authority in this market;
 - Through an externalised service additional expertise has been provided such as customer insight, consultation and making better use of digital channels (which have been advantages of partnering with the current provider). To bring the service back in house would lose this access to additional expertise which the Council has to date had access to without additional cost. We have also been able to bring innovation into the way communications has been developed and delivered by using the expertise of individuals within or connected to the provider that we may not have had access to if we ran the service in house;
 - Greater expertise would not be available when dealing with difficult media issues where an external contractor has the ability to access and bring this in at speed when required;
 - Our experience of having the service ran by an external provider has given us greater knowledge on building government relations on key areas the Council has been keen to bring some influence on, such as the 2013 Fairer Grant campaign.
 - The risk of commercial income would be brought back into the Council, where the market is currently difficult and the current

contract and expected future arrangements has income targets at the contractors' risk.

- 1.10 The Council had initial conversations with other local authorities in 2013 and 2014 to test the appetite for a shared service, and it was concluded that although there was some interest, there was little sign of the necessary commitment to be able to start running a joint procurement exercise which met the Council's timetable and need for change. Therefore this option was not pursued.
- 1.11 From a local partnership perspective, the Council in publishing the OJEU notice indicated that there was scope to work closer with local partners such as the Clinical Commissioning Group and Police, so that should in the future they wish to use the Council Communications Service they will be able to buy into the service without the need for a procurement process.

2 Background

- 2.1 In 2008 Harrow Council made a decision to restructure, develop and outsource its Communication Services to the City of Westminster Council (the WCC). The contract commencement date was 1st May 2008 and expires on 31st March 2015 without the option to extend. A decision was taken in 2012 not to exercise the break clause which could have come into effect on 31st March 2013, on the basis of satisfaction with the current provider and the fact that the end of the contract term in March 2015 enabled a discussion with an incoming Administration in 2014 on their communications priorities, and could then tie the contractual cycle with the political cycle.

Current situation

- 2.2 The current Communications Service is managed within the Strategic Commissioning Division, within the Resources Directorate.
- 2.3 The Tenders have been evaluated in accordance with agreed criteria by:
 - Tom Whiting Corporate Director of Resources
 - Alex Dewsnap, Divisional Director, Strategic Commissioning
 - Lynne Pennington, Divisional Director of Housing Services
 - Funmi Ogunnaike, Service Accountant for the Resources Directorate
 - Graeme Ross, Commercial, Contracts and Procurement.
- 2.4 The outcome of the evaluation has shown that Bidder B has submitted the most economically advantageous offer to the Council to design and deliver the Services.

Why a change is needed

- 2.5 Change is required in order to meet the requirements of the Public Contracts Regulations.

- 2.6 Change is required to ensure that the Services are designed and delivered in the best interests of the Council. Through this procurement process the Council has asked all bidders to put forward innovative solutions to help the Council increase satisfaction and engagement ratings with residents, and has subjected these proposals to robust scrutiny in scoring each of the bids received.

3 Implications of the Recommendation

3.1 Service Specification

The following sets out the service specification that the Council has gone to market with for the Communications Service:

- **CORPORATE ID**

The contractor shall act as 'guardian' of the corporate ID and shall develop and maintain associated guidelines. The corporate ID and associated guidelines already exist, and the contractor will be asked to determine any improvements within the first three months from the contract commencement date.

- **MEDIA RELATIONS**

The Contractor shall ensure receptive and productive media relationships.

The Contractor shall manage positive working relationships with local, regional and national media contractors including specialist media (and where appropriate high-traffic local social media sites), for example, local government journals.

The Contractor shall respond to inquiries relating to Council matters including the provision of out of hours contact including business continuity arrangements, and maintain an auditable log of all media enquiries, detailing related issues.

The Contractor shall ensure that:

- i) leading members and senior officers are speedily briefed with appropriate advice on all issues that may result in media enquiries, particularly those of a high visibility or political nature;
 - ii) members and senior officers are equipped to respond to media enquiries and announcements via the media by providing training and preparation for television and radio interviews; and
 - iii) a protocol is developed for members and officers for managing contact with the media.
- a) The Contractor shall:
- i) promote Authority events and initiatives on a daily basis and, with stakeholders, prepare, manage and issue related press releases;

- ii) support the portfolio holder and all stakeholders in their dealings with the press;
- iii) maintain updates on media communication issues daily or weekly as appropriate, including coverage of Authority news stories and positive/negative coverages (quantitatively);
- iv) ensure that the communication services (e.g. telephones/emails) are covered at all times during normal opening hours (other than during emergencies); and
- v) provide media relations liaison during an emergency as part of the Authority's emergency plan, fulfilling all requirements of the communications function as set out in the Authority's emergency plan.

- **CORPORATE MARKETING AND COMMERCIALISATION**

The Contractor shall take appropriate measures to influence policy delivery in key areas of the Borough by organising suitable events, forums and associated campaigns, involving key local stakeholders and aiming for suitable attendance at such events and fora.

The Contractor shall advise the Authority on key national stakeholder events to engage bodies such as the Local Government Association, Department for Communities and Local Government and HM Treasury, in discussion about local achievements and policy developments and communicate forthcoming events, initiatives and activities on an ongoing basis.

The contractor will deliver timely and effective communications to households (either through print publications or digital means) which contribute to informed ratings and getting the Council's message to residents. This will include responsibility for arranging design, production and distribution. The Organisation will be required to maximise commercial income opportunities from this channel to off-set costs.

The contractor will demonstrate awareness of the Council's diversity in the approach to marketing and campaign development, using insight on the Councils population to build innovative campaigns which improve impact

The Contractor shall work with the Authority's web team to market and develop the Authority's website and Intranet and ensure they comply with corporate branding.

The Contractor shall innovatively extend the footprint of the Authority's Brand and in doing so take full advantage of opportunities to increase advertising revenue.

The Contractor shall procure appropriate advertising for the Authority's website, working with the Authority's web team to ensure all round compatibility.

The Contractor shall advise on corporate initiatives and provide appropriate resource to help develop those initiatives into deliverables.

The Contractor shall:

- Develop and maintain an online photo library;
- Manage the public notices budget and place statutory advertisements in the national, local and regional press on behalf of all Authority services;
- Quality assure and set up major consultations for the Council, including managing the Council's digital consultation processes;
- Be responsible for external consultation standards for the Council and set up appropriate governance to ensure compliance; and
- Lead on the delivery of major consultations and engagement activity as agreed by the Authority.

The Contractor will set out means of measuring the key external outcomes of the service with a statistically robust methodology which the Council would want to approve.

The Contractor shall promote the Authority's brand through innovatively developing projects in line with the Authority's priorities and the creation of social value.

• **QUALITY ASSURANCE**

The Contractor shall produce a quality assurance policy for the Services together with an auditable compliance process within one month of the contract commencement date, for approval by the Authority.

The Contractor shall maintain ongoing, auditable performance measures against all KPI's. The Contractor will verify these through externally commissioned surveys as appropriate, from time to time.

The Contractor shall maintain auditable accounts on a granular, open book basis to the satisfaction of the Authority.

• **SERVICE MARKETING**

The Contractor shall:

- Deliver marketing campaigns for the Authority related to the Council's agreed Corporate Priorities and within the agreed corporate brand;
- Discuss with and advise stakeholders on the objectives, design and delivery and recommended frequency of campaigns specific to each Corporate Priority;
- Design and deliver marketing materials;

- Discuss with and advise stakeholders on the objectives, design and production of marketing material and publicity including content, design, print and distribution; and
- Produce key Authority publications including the Authority's Council Tax leaflet and Council magazine.

- **INTERNAL COMMUNICATION**

The Contractor shall:

- Produce an agreed set of staff communications annually which support the improvement of staff informed levels;
- Lead staff campaigns (including work-life balance, vision and priorities, staff achievements and change programme);
- To organise management conferences (top 250 managers of the Council) and support the development of agendas with senior officers to ensure that such events are well attended and relevant to managers;
- Coordinate the Chief Executive's visits to the Services centres to meet staff;
- To organise 12 staff forums (6 in June, 6 in December for the Chief Executive and the Corporate Strategy Board (CSB) to meet frontline staff);
- Provide communications support to staff events including staff achievement awards;
- Approve and issue all global emails to staff in accordance with the Authority's policy and agreed specific policy as relevant; and
- Make presentations at the regular corporate induction events explain the roles and responsibilities of the communications team and the Services generally.

- **STRATEGIC COMMISSIONING DIVISION**

The Contractor will meet Authority requirements for performance management, service planning, financial management; attend meetings in accordance with Schedule 5 of the draft contract and other meetings and away days as reasonably required by the Authority.

Produce an annual communications and marketing strategy for the life of the contract.

Comply with the Authority's Code of Conduct for Officers.

Look to create opportunities within the Authority for apprenticeships and develop relations with local supply chains to support the local economy

- **CONTRACT MONITORING**

The client for the contract will be the Divisional Director, Strategic Commissioning or his/her representative. The Contractor's operational manager for this contract will meet the client on a fortnightly basis, or such other period as agreed from time to time, to monitor performance.

Targets, KPI's and progress against the Communications Plan will be monitored each month. Stakeholders will be asked for feedback on the performance of the contractor at regular intervals.

Any complaints received about the conduct or behaviour of a member of the contractor's staff will be dealt with under the contract and not the Authority's employee procedures.

3.2 Performance Issues

- 3.2.1 The performance framework for the contract is set out at Appendix A. The contract will be managed on an outcomes basis, where shifts in residents perceptions of the council in terms of reputation, involvement and engagement will be measured and used to performance manage the contractor. For external measurement, the contractor will be expected to provide a robust source of evidence which is expected to be measured every six months.
- 3.2.2 The original contract performance management framework focused on outputs such as numbers of issues of Harrow People or internal newsletters. Given the rise of social media and other forms of digital communication the new contractor will be expected to use the range of communications channels which they feel will best deliver the improvement in the outcomes measures set out in Appendix A and as such we do not intend to set clear output targets as we have previously.
- 3.2.3 An annual communications plan will be developed and agreed with Members which will set out the campaigns and delivery channels to achieve the outcomes in the performance framework, and will have targets agreed as appropriate on an annual basis.
- 3.2.4 The contract also provides for commercial income to be generated, some of which is at the contractors risk to deliver. In this circumstance the Council receives an additional service worth the value of the income target on top of what it pays, and a gain share agreement will be agreed with the contractor as part of the contract negotiations following award. Proposals to deliver this income were considered through the tender phase so that the Council has an understanding of the potential in each of these areas. To support this, an asset list was provided to the bidders which the Council's Commercial and Procurement Team cleared from the perspective of not putting forward any assets with live contracts with other providers to deliver commercial income.

4. Environmental Implications

- 4.1 There are no environmental implications as a result of this report.

5. Risk Management Implications

- 5.1 The risk of delivering ineffective communications is a risk on the Directorate risk register and as part of the contracting a new risk register for the Communications Service will be developed, which will be signed off by the Divisional Director, Strategic Commissioning.

- 5.2 The risk on the Directorate risk register is around the delivery of ineffective communications. This will be managed through the contract management arrangements of the service.

6. Legal Implications

- 6.1 The current contract with Westminster City Council to provide the Services to the Council expires on 31st March 2015. In order to maintain the Services the Council is required to run a competitive process to appoint a contractor under a new contract in accordance with The Public Contracts Regulations 2006, as amended.

7. Financial Implications

- 7.1 The total annual budget for the Services in 2015/16 is approximately £457,000 which is following a 20% reduction from the 2014/15 Communications spend of approximately £571,000, as set out in the draft Medium Term Financial Strategy (MTFS) considered at Cabinet in December 2014. For further years the draft MTFS sets out an additional 20% reduction (of the 2014/15 budget level) in the contractual spend which the Council expects to be made in two tranches of £57,000 in 2016/17 and again in 2017/18. Figure 1 below sets out the following budget profile for the Communications Service:

Figure 1: Expected Contracted Spend for Communications Services

	Contract Year 1	Contract Year 2	Contract Year 3	Contract Year 4
Direct Cost	£457k	£400k	£343k	£343k

- 7.2 The Council will provide accommodation and IT for the service, as it does currently. The costs above do not therefore take such costs into account.
- 7.3 Bidders were also asked to put forward innovative proposals to maximise income from advertising and other sources, and in so doing outline what levels of sustainable income could be raised for the Council.

8. Consultation

- 8.1 In the process of briefing the Administration, the Opposition Portfolio Holder has also been consulted on the process for re-procuring the communications service, one change of which was to bring forward the end of the contract period to 31st January 2019 which was subsequently published in the OJEU notice. The PQQ and ITT documentation was also shared with the Opposition Portfolio Holder.
- 8.2 The Council's Corporate Strategic Board has also been advised of the re-procurement of the Communications Service.

8.3 The Head of Communications has been advised of the timetable and process for both the PQQ and the ITT stages since the 'soft market' testing exercise was completed during June 2014, and the Divisional Director, Strategic Commissioning met the Communications team at the end of November, before the final deadline for bidders to submit their proposals, to answer any questions on the process and when the final decision was expected to take place. The Communications team also has one member of Harrow staff within it, who has been advised of the implications of the re-tendering of the service (see also Paragraph 9.1) in advance of the publication of the OJEU notice.

9. Equalities implications / Public Sector Equality Duty

9.1 There are no adverse equalities implications to the Council in making this decision. Communications is an outsourced service already and TUPE applies to the one Harrow member of staff who is impacted by this decision, who has been briefed in detail throughout.

10. Council Priorities

10.1 The Communications Service delivers against the Council's priorities by setting out a communications plan annually which provides the capacity and resource to ensure such messages are being communicated to residents and staff in a clear and transparent way.

10.2 The Council Pledge to create 500 Apprenticeships for young people will be explored as part of this contract, with an expectation that the new provider will look to employ at least one apprentice or young person as part of the Harrow service.

Section 3 - Statutory Officer Clearance

Name: Simon George	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 23 December 2014		
Name: Hugh Peart	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 23 December 2014		

Ward Councillors notified:

NO, as it impacts on all Wards

EqIA carried out:	YES
EqIA cleared by:	Alex Dewsnap, Chair of the Directorate Equality Task Groups for Resources

Section 6 - Contact Details and Background Papers

Contact: Alex Dewsnap, Divisional Director, Strategic Commissioning,
Email: alex.dewsnap@harrow.gov.uk
Tel: 020 8416 8250, ext 8250

Background Papers: None

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
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APPENDIX A

KEY PERFORMANCE INDICATORS

Key performance indicators are fundamental to delivery of the Services. The following are the performance measures that the contractor will be held accountable to (NB, the baseline for each KPI will be 2014/15 performance measurement):

1. External: measurement by external survey; percentage improvement from 2014/15 baseline:
 - a) residents feel well informed about Council's activity (percentage); *
 - b) residents feel satisfied with the Council (percentage); *
 - c) residents have a perception that the Council offers value for money (percentage);
 - d) residents feel that the Council treats them with respect and consideration (percentage); *
 - e) residents feel that the Council does act on the concerns of local residents (percentage); *
 - f) residents feel that the Council does take account of residents' views when making decisions (percentage);
 - g) residents feel that they can influence decisions in their local area (percentage).

2. Internal measurement by the bi-annual staff survey; percentage improvement from 2014/15 baseline:
 - a) staff feel that the Council keeps them well informed (percentage); *
 - b) staff are clear on the Councils vision (percentage);
 - c) staff understand their role in helping the Council achieve its vision (percentage);
 - d) staff feel that the Council communicates information that is clear and easy to understand (percentage); *
 - e) staff who feel information that they receive from the Council is relevant to their job (percentage). *

3. Other Measures:
 - a) Media scores (measured monthly to include a net position against positive and negative media stories involving the Council);

- b) Communications Plan Delivery (The Communications Plan will be agreed annually and the Contractor will be expected to set out how it is delivering against the key activity within it).

** Is defined as a key KPI for contract monitoring purposes.*

The Council may modify or add KPI's in order to manage on-going performance.

KPI's to cover revenue and sponsorship will be discussed with the successful Bidder and included.

(The Authority recognises that in some of the KPI's a number of reasons may exist for unsatisfactory results that are not directly in the control of the Contractor. In those circumstances the results will be fully investigated to ensure that the appropriate corrective and preventative actions are taken forward).

The method and frequency of on-going measurement will be discussed with the successful Bidder.

Contract Failure and Exit

Should performance be unsatisfactory the Council has built into the contract how it will manage consistent failure of the contractor. Consistent failure is defined below:

- (a) a failure to meet:
 - (i) 2 or more of the Target KEY KPIs labelled in a rolling 6 month period; or
 - (ii) 5 or more Target KPIs other than Key KPI in a rolling 6 month period.
 - (iii) The Threshold of 1 Key KPI or 3 KPI's more than twice in any 12 month period
- (b) the Authority serving 3 Remediation Notices in a rolling 6 month period or 2 Default Notices in a rolling 12 month period
or
the Contractor repeatedly breaching any of the terms of this agreement in such a manner as to reasonably justify the opinion that its conduct is inconsistent with it having the intention or ability to give effect to the terms of this agreement.