

**Project Title: Barnet Development & Regulatory Services Project**  
**Local Partnerships Health Check Review Number: 493200HC**

## **Local Partnerships Health Check Review** **Procurement Stage**

**Version number: final client draft**

**Date of issue to PO: 6 December 2011**

**PO: Pam Wharfe**

**Authority: London Borough of Barnet**

**Local Partnerships Health Check Review dates: 30/11/11 and 6/12/11**

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### **Review Team**

Austin Hogger

Paul Monaghan



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**Local Partnerships Health Check Review**

**Summary of findings**

The Review Team finds that the Authority has made an excellent start on the procurement of a range of functions and services set out in the DRS project. There is clear evidence of strong support for the project within the Authority at all levels and a good understanding of the challenges ahead to realise the intended goals. Excellent work has been done on market engagement evidenced by good interest and a strong bidder shortlist.

The next few months will be crucial if the Authority is to realise its ambitions to make the first tangible steps in its proposed move to a “Commissioning Council”. Presenting the bidders with well considered plans processes and documents in the next stage of the procurement process is essential to retain their confidence and support. This may require additional resource and expertise within the project team.

Well considered communication with a range of stakeholders with different interests will also be essential to ensure the smooth transition to the proposed new working model.

This report makes a number of recommendations including building on the lessons learned from the initial stages of the procurement process, reviewing team skills and experience, progressing a range of outstanding tasks prior to commencing the next stage of procurement and developing contract management plans for DRS in good time to engage with the remaining bidders.

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**Summary of Report Recommendations**

The Review Team makes the following recommendations which are prioritised using the definitions set out below the table.

<b>Ref. No.</b>	<b>Recommendation</b>	<b>Critical/ Essential/ Recommended</b>
1.	Ensure all lessons learnt from Competitive Dialogue stage 1 (CD1) are incorporated into the documents and procurement plans for CD2.	Essential (by start of CD2)
2.	Review the skills and experience within the project team and ensure that adequate training and coaching support is provided for the project and wider Authority evaluation team(s).	Essential (by start of CD2)
3.	Define and complete a task and finish pre-ITSD sub-project prior to commencing CD2.	Essential (by start of CD2)
4.	Develop the DRS contract management plan incorporating a clear structure for the new intelligent client side team.	Essential (within 3 months)
5.	Review the resource plan for CD2 taking into account the additional demands of shadow running of services and functions.	Recommended
6.	Develop a detailed communication plan which identifies the needs of different stakeholder groups.	Recommended
7.	Develop an ICT strategy for the DRS contract and the corresponding client side functions.	Recommended

**Critical (Do Now)** – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately

**Essential (Do By)** – To increase the likelihood of a successful outcome the programme/project should take action in the near future.

**Recommended** – The programme/project should benefit from the uptake of this recommendation.

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**Background**

**The aims and objectives of the project:**

The Development & Regulatory Services (DRS) project is part of the “One Barnet” programme. The “One Barnet” programme is the Authority’s corporate change programme; its overarching aim is “to create a citizen-centered council, to ensure that citizens get the services they need to lead successful lives, and to ensure that Barnet is a successful place”. It has three key principles:

- A new relationship with citizens;
- A one public sector approach; and
- A relentless drive for efficiency.

The DRS project is strongly aligned to One Barnet’s overarching aim. It reflects the One Barnet driver of needing to “find new ways of tackling challenging problems”. The services included in the scope of the DRS project includes Planning, Regeneration, Building Control and Highways functions as well as public health, consumer and regulatory services.

**The procurement/delivery status:**

The project is currently reaching the end of the ISOS CD1 stage of the competitive dialogue procurement process. A report will be submitted to Cabinet in early December with the outcome of an evaluation of the 4 bidders who took part in this initial ISOS stage of the project. The intention is to select bidders to enter the second stage of ISOS CD2 which is due to commence early in the new year.

**Record of previous Assurance Reviews:**

This is the first external Assurance review carried out on the project.

**Purposes of this Health Check:**

Appendix A gives the full purposes statement for this stage of review.

**Conduct of the Local Partnerships Health Check:**

This review was carried out from 30 November to 6 December 2011 at the London Borough of Barnet Council Offices, North London Business Park, Oakleigh Road South, London, N11 1NP. The team members are listed on the front cover.

The people interviewed are listed in Appendix B.

The Review Team would like to thank Pam and the DRS Project Team for their support and openness, which contributed to the Review Team’s understanding of the Project and the outcome of this review.

## **Findings and recommendations**

### **1: Assessment of delivery approach**

The Review Team (RT) has found evidence that the Authority has a clearly considered approach to outsourcing a range of functions and services. There is a well organised procurement process. A rigorous Invitation to Submit Outline Solutions (ISOS) Competitive Dialogue stage 1 (CD1) evaluation was recently completed by a strongly committed team of Authority evaluators determined to deliver an objective assessment of the strengths and weaknesses of the four bidding consortia. Plans are well advanced to put in place arrangements for the second stage of the Competitive Dialogue (CD2) bidding in early 2012. There is a good level of understanding of what needs to be done in preparation for the next stage. It will be important to ensure any lessons from ISOS CD1 are learnt and implemented into the CD2 process.

#### **Recommendation 1**

**Ensure all lessons learnt from CDI are incorporated into the documents and procurement plans for CD2**

The RT has been advised that some training in the CD process was carried out in advance of the commencement of ISOS CDI. However, the next stage of the CD process is likely to be more challenging and additional experience and training may be helpful to ensure a successful outcome.

#### **Recommendation 2**

**Review the skills and experience within the project team and ensure that adequate training and coaching support is provided for the project and wider authority evaluation team(s).**

### **2: Business case and stakeholders**

The RT note that the project is part of a well structured strategic “One Barnet” transformational programme designed to deliver a set of clear outcomes. The programme and this DRS project have well defined governance and strong top level support.

The RT has reviewed the March 2011 version of the Business Case and has also seen the recently updated version. Overall this appears a well considered document. There is a good awareness of the strengths and weaknesses of the document. In particular the RT notes the sensible intention to develop the benefits realisation and performance management sections of the Business Case.

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### **3: Review of procurement phase**

#### **Project Programme prior to start of ISDS CD2**

The current DRS project programme shows Invitation to Submit Detailed Solutions (ISDS) CD2 commencing in mid January 2012. Project team members are very committed to achieving programme dates and the project's delivery culture and values are likely to ensure that timescales will be met. However, there is a great deal still to be done before starting the main dialogue stage and it would be a significant risk to the project to start the next stage prematurely or to decide that tasks and issues that should be completed prior to main dialogue are actually completed during the CD2 stage.

The RT consider that the following issues and tasks need to be developed and in most cases completed prior to CD2 commencement.

- documentation (ISDS, draft contract T&Cs, etc)
- project timetables: detailed programme
- processes, project and evaluator team roles and responsibilities
- resource planning including resource volumes and skills required
- training for CD2 demands
- capturing and sharing lessons learned from ISOS CD1
- developing benefits realisation planning
- developing KPIs and baselining current performance against them
- finalising output specifications
- being clear on how the contract is to be managed

Evidence from this review indicates that whilst many of these issues are recognised by the project team and in some cases the team have started work on them, there is a lack of clarity on when, how and by whom these issues are to be progressed. Accordingly, these issues and tasks could usefully be developed into a sub-project or task and finish group with the sub-project completion date determining the appropriate CD2 commencement date (ie go when the Authority is ready, not before).

#### **Recommendation 3**

**Define and complete a task and finish pre-ISDS sub-project prior to commencing CD2.**

#### **Project post CD2**

The RT feel that the project programme post close of CD2 is very optimistic. Milestones to achieve Contract Award by November 2012 and Service Commencement by April 2013 are possibly achievable in a best case scenario but are probably unachievable in all other scenarios. The Authority may,

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therefore, wish to introduce some flexibility into the current project milestones and to prepare stakeholders for a wider range of likely milestone achievement dates.

**4: Risk management**

There is strong evidence of the clear and considered use of risk management on the project.

Good market engagement prior to the commencement of the project has resulted in an ISOS shortlist of four good bidders. Retaining the support of shortlisted bidders through the remaining procurement process will be key to a successful outcome of the project.

**5: Readiness for Delivery / Contract Management phase**

In order to realise the successful outsource of functions and services contained within the DRS project it will be essential to create a strong independent “intelligent client” team to interface with the DRS outsourced delivery agents. This will be essential to ensure a strong partnership is developed between the Authority and its outsourcing contractor based on mutual respect and understanding and the delivery of high quality value for money services.

The RT understands that future contract management arrangements at Barnet will be embraced within the Authority’s wider ambitions to evolve into a commissioning model of service delivery. However, since the DRS project is the first in a number of outsourced service areas, it is important that its contract management plans and resources are developed in a timescale commensurate with the DRS procurement rather than with the Authority’s broader strategic transformation programme.

Whilst notional funding has been identified in the project (and programme) budget for a client side organisation, DRS's contract management plans are not yet in evidence and this should be addressed early in the CD2 stage of the procurement.

The emerging demands of contract management are already evidenced by the Authority’s interface with its consultant legal services supplier. There are signs that the procurement process is being driven by the consultant rather than by Authority due to their much greater experience on the CD process and clearly there are risks if that is the case.

**Recommendation 4**

**Develop the DRS contract management plan incorporating a clear structure for the new intelligent client side team.**

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The RT understands that the Authority will be moving to a shadow structure in the new year to mimic the proposed future shape of the service and functions when the Outsourcing contractor is appointed. Key managers within the areas affected by the DRS project will need to manage both the implications of these changes as well as the time demands of the DRS procurement process. It will be important to ensure that consideration is given to the exceptional staff resources needed at this time of major change so that business as usual is maintained in the various service areas and also so that service performance does not tail off prior to outsourcing. The RT has been advised some backfilling was undertaken at CD1 but this may need to be extended at the more demanding CD2 stage.

**Recommendation 5**

**Review the resource plan for CD2 taking into account the additional demands of shadow running of services and functions.**

During a period of major change it is important to have a clear and well considered stakeholder management strategy and allied communication plans. The RT has been advised that communication has been set up for staff in the form of a weekly newsletter and that other internal groups are being kept advised of progress in the DRS and wider One Barnet programme. Thought will need to be given during the next stage as to what should be communicated to the wider audience beyond the Authority. It will also be important to create an agreed protocol for any bidder communication.

**Recommendation 6**

**Develop a detailed communication plan which identifies the needs of different stakeholder groups.**

Looking forward to a time when the outsourced services and functions are in place, it will be important to ensure that the Authority's ICT strategies and systems facilitate an effective contractual interface and an effective intelligent client function. The RT has seen clear evidence that early consideration has been given to the shape of a future "Commissioning Authority" and how this will be communicated and data will flow both internally and with future contract partners. It will be important this is developed and in place for the start up of the DRS contract.

**Recommendation 7**

**Develop an ICT strategy for the DRS contract and the corresponding client side functions.**

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**The next Gateway Review would be a Gateway Review 3 Investment Decision undertaken prior to Contract Award**

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**APPENDIX A**

**Purpose of Health Check: Procurement Stage**

- Confirm the Outline Business Case now the project is fully defined, and appropriate approvals are in place.
- Ensure that the procurement strategy is robust and appropriate.
- Ensure that the project's plan through to completion is appropriately detailed and realistic, including the contract management strategy.
- Ensure that the project controls and organisation are defined, financial controls are in place and the resources are available.
- Confirm funding availability for the whole project.
- Confirm that the development and delivery approach and mechanisms are still appropriate and manageable.
- Check that the supplier market capability and track record are fully understood (or existing supplier's capability and performance).
- Confirm that the project will facilitate good client/supplier relationships in accordance with government initiatives such as Achieving Excellence in Construction.
- Confirm that there is an appropriate procurement plan in place that will keep procurement timescales to a minimum.
- Confirm appropriate evaluation processes are in place.
- Confirm that appropriate project performance measures and tools are being used.
- Confirm that quality procedures have been applied consistently since the previous review.
- For IT-enabled projects, confirm compliance with IT security requirements.
- For construction projects, confirm compliance with health and safety and sustainability requirements.

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**APPENDIX B**

**Interviewees**

<b>NAME</b>	<b>ROLE</b>
Pam Wharfe	LBB Director, Incoming DRS Project Owner DRS
Andrew Travers	Outgoing DRS Project Owner (now Programme Manager for One Barnet Programme)
Nick Walkley	CX London Borough of Barnet
<i>Meeting one:-</i>	
Linda Spiers	LBB DRS Project Manager
Claire Johnston	Outgoing LBB DRS Project Director
Ed Gowan	Incoming Programme Manager, Director Assistant Director Transportation
<i>Meeting two:-</i>	
Martin Cowie	LBB Deputy Head of Planning - (now Technical Lead for DRS)
Nieves Childerley	LBB Procurement officer
Rick Mason	LBB Head of Environmental health - (evaluation team member)
Paul Bragg	LBB Highways manager - (evaluation team member)