

<p>Cabinet Key Decision Ref FP/189/06/09.</p>	<p><b>CAB/031/09</b></p>
<p>Date: 1 December 2009</p>	

**EssexWorks: Customers First Transformation Programme**

Report by Lord Hanningfield, Leader of the Council

Enquiries to Officer Nick Bell, Deputy Chief Executive and Executive Director for Finance.

**Purpose of report**

To update Cabinet regarding the position of the procurement process and make them aware that the period of contractual clarification has ended. Cabinet is also asked to note the contract structure of the master (partnership) agreement and the details regarding the initial works that are proposed to be undertaken under the new strategic partnership.

**Decision Areas**

Cabinet are asked to take a decision on appointing IBM as our Strategic Partner and signing the contract, and whether to undertake and fund the initial 3 work streams to be delivered in partnership with IBM.

**Recommendation**

That the detailed report in Part II CAB03609 be agreed.

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### **Background and Progress Summary**

#### **EssexWorks: Customers First, Transformation Programme**

In June 2009, Cabinet selected a preferred bidder to work with us to deliver our Transformation Programme EssexWorks: Customers First. The selection of a transformation delivery partner will help us continue to transform into an organisation that delivers world class customer service, outstanding value for money and achieve our overall corporate vision of providing the best quality of life in Britain.

Section 8 of EssexWorks noted that the increased future demand for our services, coupled with a tightening fiscal climate would result in a funding gap of £200m per annum by 2013. Given that information, and following the global economic crisis, there is cross-party consensus about the need for cuts in public spending during the next few years. The Council's funding gap is now likely to be closer to £300m per annum.

The EssexWorks: Customers First Transformation Programme will enable us to divert £300m per annum away from processes, property and procurement increasing our ability to invest into front line services. This will be achieved by identifying commonality, eliminating duplication and embedding an ethos of focusing all of our efforts on increasing customer satisfaction. To build on these ambitious goals, we required the additional capacity, capability and skills of a delivery partner to help us deliver this change.

From 11 initial bidders, senior Members and senior officers selected two companies to enter into detailed dialogue to further develop and evaluate their proposals, senior Members from both the opposition parties also got the opportunity to question the bidders.

In April 2009, the Council delegated power to the Cabinet to select a preferred bidder.

In June 2009, Cabinet selected IBM as the preferred bidder. The Council then entered an interim arrangement for early works with IBM with a view to enter into the full Partnership Agreement at the appropriate time. During this period, the Council has sought contractual clarification in order to secure mutually acceptable contractual positions relating to price, scope and exit arrangements.

This period of clarification has now ended and the next step is to either reject or sign the partnership agreement with IBM. On October 13<sup>th</sup> 2009 Council delegated powers to Cabinet to make this decision. This report will provide all the information required for Cabinet to make this decision. If the recommendations of

this report are accepted IBM and ECC will formally enter a strategic alliance for 8 years and continue to work together towards achieving the outcomes set out in our EssexWorks: Customer First programme and realise our vision of providing the best quality of life in Britain.

### **Background papers**

1. Council Paper dated 21<sup>st</sup> April 2009: EssexWorks Section 8, Our Modernisation Agenda: Improving Our Services.
2. Cabinet Paper dated 23<sup>rd</sup> June 2009: CAB/025/09 (Part II) EssexWorks: Customers First Delivery Programme
3. Key Decision dated 18<sup>th</sup> August 2009: FP/188/06/09 Interim Arrangement: Essex Works Customer First
4. Council Paper dated 13<sup>th</sup> October 2009: Update - EssexWorks: Customers First Transformation Programme.