

3 Presentation of officer reports

3.1 Boroondara Customer First Program External Delivery Partner - Contract No. 2020/27

Abstract

This report seeks Council endorsement for the award of Contract No. 2020/27, Boroondara Customer First Program External Delivery Partner.

A Business Case for the Customer First Program (Program) was finalised in April 2019 and funding for implementation of the Business Case was included in the 2019/20 Council Budget and Long Term Financial Strategy. The Business Case includes a roadmap setting out 19 initiatives to be delivered over a five-year Program implementation period. The first phase of activity under the roadmap is mobilisation, which includes a number of activities essential to establishing the Program and setting it up for success. The Business Case anticipates the Program to be resourced by a mix of Council personnel and a contracted delivery partner.

This tender seeks an External Delivery Partner to support the Council to plan, design and manage the implementation of the Program.

The tender comprises two key components:

1. a fixed price Stage 1 engagement involving the delivery of key Business Case mobilisation outcomes; and
2. the ability for Council to engage the External Delivery Partner as a strategic partner to assist in delivery of the Program set out in the Business Case adopted by Council as part of the 2019/20 budget over the five-year implementation period.

The tender was publicly advertised on 14 September 2019 in accordance with the requirements of section 186 of the *Local Government Act 1989* and tenders closed on 14 October. 11 submissions were received.

Following a detailed evaluation process, this report recommends Council enter into contract 2020/27 with Deloitte Consulting Pty Ltd and approve expenditure of up to \$3,190,000 (including GST) comprising Stage 1 services at a fixed price of \$1,434,225 (including GST) and further services associated with the implementation of the Boroondara Customer First Program business case to be incurred by 30 June 2021 for a total cost not exceeding \$1,765,775 (including GST).

Following the detailed program plan being developed as part of the Stage 1 activities, a report will be presented to Council relating to future expenditure for services under the contract.

With the exception of the items noted above, Council does not guarantee the appointed contractor a minimum quantity of work in relation to any of the contract components. The amount of further works performed will be in accordance with the need for an External Delivery Partner to assist the delivery of future stages of work under the Customer First Program and budgetary allocations each year.

Confidential information is contained in **Attachment 1**, as circulated in the confidential section of the agenda attachments, in accordance with Section 89(2) of the *Local Government Act 1989*, as the information relates to contractual matters and premature disclosure of the information could be prejudicial to the interests of Council or other persons. This item has been included in the public agenda to facilitate transparency and accountability in Council's decision making.

If discussion of the confidential information in the attachments to this report is required in order for Council to make a decision, this item will be deferred to the confidential section of the agenda.

Officers' recommendation

1. Award Contract No. 2020/27, Boroondara Customer First Program External Delivery Partner, to Deloitte Consulting Pty Ltd (ACN 611 750 648) and enter into a Master Services Agreement with Deloitte for a period of up to 5 years.
2. Approve expenditure of up to \$3,190,000 (including GST) under this contract comprising:
 - a. Stage 1 services at a fixed price cost of \$1,434,225 (including GST); and
 - b. Further services associated with implementation of the Boroondara Customer First Program business case to be incurred by 30 June 2021 at the Service Category schedule of rates contained within the confidential section of this report for a total cost not exceeding \$1,765,775 (including GST).
3. Note the cost to Council after the return of GST Input Credits is \$2,900,000.
4. Authorise the Director Customer Experience and Business Transformation to execute the contract agreement with Deloitte Consulting Pty Ltd.
5. Note this contract provides the ability for Deloitte Consulting Pty Ltd as External Delivery Partner to be engaged through statements of work for further services associated with implementation of the Boroondara Customer First Program over a period of up to five years from the contract commencement date, in accordance with the Service Category schedule of rates included in the confidential section of this report.
6. Note a report will be provided to Council in relation to future expenditure for services under this contract beyond the commitment in item 1 of this resolution following the detailed program planning being undertaken as part of the Stage 1 activities.
7. Note expenditure under this contract relating to item 1 above is in accordance with Council's 2019/20 adopted budget and expenditure in future years will be in accordance with Council's approved budget allocations.

Responsible director: Bruce Dobson
Customer Experience and Business Transformation

1. Purpose

To seek approval to engage Deloitte Consulting Pty Ltd under Contract No. 2020/27 as Council's External Delivery Partner for the Boroondara Customer First Program for a period of 5 years, and approve expenditure comprising a fixed cost for Stage 1 of \$1,434,225 (including GST) and further services associated with the implementation of the Boroondara Customer First Program business case to be incurred by 30 June 2021 for a total cost not exceeding \$1,765,775 (including GST).

2. Policy implications and relevance to community plan and council plan

This procurement process has been carried out in accordance with the requirements of Council's Contracts and Tendering Probitry Policy and Council's Procurement Policy.

This contract aligns with:

- Council Plan 2017-21
- Boroondara Community Plan 2017-27
- Strategic Objective 7 *'Ensure that ethical financial and socially responsible decision making reflects community needs and is based on principles of accountability, transparency, responsiveness and consultation'*.
- Strategy 7.4 is particularly relevant to the delivery of the Customer First Program - *'Provide enhanced online services to our community, placing the customer at the centre of everything we do, with a focus on making Council more efficient and effective'*.
- Council's Customer Experience Improvement Strategy (CEIS).

3. Background

In 2015, Council recognised a need to develop a Customer Experience and Improvement Strategy (CEIS) to set a high-level direction for Council's customer experience into the future and position Council for the next five to ten years for technological, economic and community change.

The CEIS outlines the vision for the future to transform the Council into one that places the customer at the centre and delivers a more seamless, convenient and empowering experience for all customers. Delivering on this vision, the Boroondara Customer First Program – a key enabler of the CEIS – was launched to support the transformation of people, processes, systems, and data.

A Business Case for the Customer First Program was finalised in April 2019 and funding for implementation of the Business Case was included in the 2019/20 Council Budget and long term financial strategy. The Business Case includes a roadmap setting out 19 initiatives to be delivered over a five-year Program implementation period. The first phase of activity under the roadmap is mobilisation, which includes a number of activities essential to establishing the Program and setting it up for success.

The Business Case anticipates the Program to be resourced by a mix of Council personnel and a contracted delivery partner.

Invitation to tender

In accordance with Council's procurement procedures and Section 186 of the *Local Government Act 1989*, Council invited public tenders from suitably qualified organisations for the role of External Delivery Partner of the Boroondara Customer First Program. An Invitation to tender was advertised in the local government tenders section of "The Age" newspaper on Saturday 14 September 2019 and on Council's website. The closing date for submissions was 12 noon, Monday 14 October 2019.

In response to the advertisement, Council received eleven (11) submissions:

- Cognitivo Consulting
- Deloitte Consulting Pty Ltd
- DWS Group
- Ernst & Young
- IE
- KPMG Australia
- MK Datanet Pty Ltd
- PricewaterhouseCoopers Consulting (Australia)
- Terra Firma Pty Ltd
- Votar Partners Pty Ltd
- Wipro Technology Australia Pty Ltd

Tender probity

A Probity Advisor and Probity Auditor were appointed to ensure the procurement process met all probity requirements.

4. Outline of key issues/options

This tender seeks an External Delivery Partner to support the Council to plan, design and manage the implementation of the Customer First Program.

The tender comprises two key components:

1. a fixed price Stage 1 engagement involving the delivery of key Business Case mobilisation outcomes; and
2. the ability for Council to engage the External Delivery Partner as a strategic partner to assist in delivery of the Program over the five-year implementation period.

The mobilisation outcomes to be delivered through the fixed price Stage 1 engagement under this tender are:

- Program Governance and Management Framework - this is to put in place the people, data and processes to ensure the Program is delivered within budget, with appropriate resourcing and in accordance with identified project scope and milestones. This includes establishing fit for purpose decision making forums and reporting on the Program. With many projects running in parallel, and in a way not undertaken before within the organisation, this framework is critical to the Program delivering the desired benefits for the community.

- Initial design of a customer-centric Target Operating Model - this will outline how Council can best be organised to deliver its Program vision, focusing on organisational design, people, technology, governance, processes and services. With the customer being the focus, it describes a future desired operating model, its structure and functional design. This operating model will be continually updated across the life of the Program as required to reflect changing needs.
- Detailed program plan - while the Business Case includes a high-level roadmap of initiatives, the program plan will provide a detailed view forward of the work to be undertaken, with a focus on delivering benefits for the community at an early stage. This planning will define the relationships and interdependencies between each of the initiatives, and define in detail what needs to be achieved by when and by whom. In conjunction with developing the detailed plan, an expression of interest process will be conducted to seek market responses on the technology elements which will form part of the Program delivery. This will enable assumptions made within the Business Case to be tested / validated, and will set Council up for the future tender processes that will be required for technology procurements under the Program.

Beyond the mobilisation Stage 1 work, the tender has sought responses to 12 categories of service that may be required to deliver the Customer First initiatives. Levels of capability have been assessed and schedules of rates have been provided for each of these service categories. The contract has been structured to allow Council to engage the External Delivery Partner based on its tendered schedule of rates to assist in delivery of the Program over the five-year implementation period.

Tender Evaluation

The tender evaluation criteria for this contract were:

- **Compliance with specifications** – respondents demonstrate an understanding of both the intent and specifics of the requirements, and have provided a compliant Response based on the requirement's compliance type;
- **Capability** – respondents demonstrate the capabilities, via methodologies and techniques, to deliver the deliverables and outcomes requested by the RFT;
- **Past performance and current work** – respondents demonstrate relevant and contemporary experience in past and current work, and have identified the success factors of these engagements and how they are relevant to their Response;
- **Customer services** – respondents demonstrate an effective approach to customer services, build appropriate relationships in “partnership” engagements;
- **Innovation and value add** – respondents demonstrate innovative approaches and cross-industry and sector thinking that can result in function, cost or timeline value-adds; and
- **Total price and best value to Council.**

In addition to Stage 1 requirements, the Evaluation Team also evaluated the responses to the Service Categories that may be required to deliver the Customer First initiatives.

5. Consultation/communication

As noted earlier, a Probity Advisor and Probity Auditor were appointed to ensure the procurement process met all probity requirements. The Customer First Steering Committee (including five Councillors and an independent member) has been briefed on this procurement process.

6. Financial and resource implications

Council's 2019/2020 budget account number 80968 provides \$4,296,965 for Boroondara Customer First Delivery and Project Support. This budget allocation provides for an External Delivery Partner. The appointment of an External Delivery Partner to deliver Stage 1 at a fixed price of \$1,434,225 (including GST) and additional services up to \$1,765,775 (including GST) as per the officer recommendation is within budget and is consistent with the intended scope of works.

With the exception of the items noted above, Council does not guarantee the appointed contractor(s) a minimum quantity of work in relation to any of the contract components. The amount of further works performed will be in accordance with the need for an External Delivery Partner to assist the delivery of future stages of work under the Customer First Program and budgetary allocations each year.

7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

The officers responsible for this report have no direct or indirect interests requiring disclosure.

This tender process has been carried out in accordance with the requirements of section 186 of the *Local Government Act* 1989, Council's Contracts and Tendering Probity Policy and Council's Procurement Policy.

8. Social and environmental issues

No issues were identified.

9. Evaluation and review

The tender evaluation report is provided as **Confidential Attachment 1**.

As a result of the tender evaluation, the evaluation panel recommends in this report that Council award Contract No. 2020/27, Boroondara Customer First Program Delivery Partner to Deloitte Consulting Pty Ltd (ACN 611 750 648) for a period of 5 years and approve expenditure of up to \$3,190,000 (including GST). The cost to Council after the return of the GST Tax Input Credits is \$2,900,000.

Manager: Mans Bassi, Program Director

Report officer: Jennifer Reid, Business Process Optimisation Lead and Jacinta Stevens, Program Management Office Lead.