

Future Manufacturing - Establishing a new integrated Manufacturing Productivity service post 2008

Introduction

The transition of One North East's in-house manufacturing services to an external provider was an overall positive experience. The North East Productivity Alliance (NEPA) was created by the Agency as a way to assist in improving overall productivity levels in the region. It had gained a credible reputation amongst leading players in manufacturing and was a unique service offer in the UK. The transition process was managed by a corporate team that managed the complex, national government approval and competitive dialogue process. As the project moved from tendering to transfer, a new team emerged that led the transition process. The transition process was very smooth and quick and was primarily due to the early engagement of PA consulting with the staff team. Overall the chosen deliverer has performed well and manufacturing businesses continue to benefit from the advisory services.

Background and Context

In January 2007, BERR (formerly DTI) led a review of the Manufacturing Advisory Service (MAS) as part of the current Comprehensive Spending Review (CSR) Its purpose was to inform policy making and give a view on the overarching Government approach to business support delivery models. Following on from the review, BERR stated that MAS had a fundamental role to play in manufacturing business support and stated that the MAS brand an image should be used for all publicly funded manufacturing support.

In May 2007, One NorthEast made a decision to move towards providing an integrated, regional manufacturing and productivity service post 2008. The new service would combine a number of projects including the enhanced Manufacturing Advisory Service (MAS) as well as the North East Productivity Alliance (NEPA) service. There were clear reasons for this, firstly there were real opportunities to combine activities that were currently taking place separately which would lead to considerable benefits in respect of efficiencies of expertise. The Department of Business, Enterprise and Regulatory Reform (BERR) had made it very clear that they would not be prepared to approve any continuation funding for NEPA under its current delivery arrangements when its approved funding ran out at the end of March 2009. One North East was keen to ensure that the integrity of the NEPA brand and the quality of the services on offer were protected in the new integrated offer. The decision was therefore taken at the to undertake a full procurement for the service, which would follow European procurement procedures and one that would also require full CPRG and Treasury approval because the scale of the project was £25 million over 5 years.

The Project Process

Due to the significance of the project, both high value and high risk, it was agreed that a cross agency project team was put in place to ensure the project was managed well and that certain core objectives had to be fulfilled. These were to protect the integrity of the MAS and NEPA brands and maintain continued association of the NEPA brand with One NorthEast, safeguard the quality of the MAS and NEPA service, The Corporate project team included representatives from Business Support, Manufacturing and Productivity, Legal, Marketing, HR, Strategy and Organisational Development. The team members changed as the timeline for the project progressed and the requirements changed. In June 2007, an initial meeting was held by the team through the detailed information that would be required to write up a **Project Initiation Document (PID)**¹. Around the same time the **project time plan**² was established. The team used Sharepoint software to keep up to speed with progress on the various workstreams.(management and co-ordination, communications, legal, procurement process, funding and the business process, European funding and the transition. The last workstream transition would take over as the new project once it was achieved with workstreams of its own.

In August 2007, Tribal Consulting was appointed to conduct an **economic appraisal**³ on the project according to the Treasury's Green book rules. The economic appraisal evidenced the integrated manufacturing services was good value for money. The economic appraisal was based on detailed costs provided by One North East on all of the projects that were part of the integrated services. Having to hand such detailed information proved useful for the tendering process as well.

During the summer of 2007 the business case for the fully integrated service was developed. The business case was entitled **MAS-NEPA Service**⁴. As part of both the Business Case and the economic appraisal, an options analysis was undertaken. Three main options were short-listed from a long list of seven. These were, to continue to deliver the projects as four individual projects, deliver the four projects as part of an integrated programme under the management of a special purpose vehicle (SPV) and the chosen option which was to deliver the four projects as part of an integrated programme via a contract with a third party operator. (or consortium of operators) The total cost of the project was just over £35 million and the project is forecast to create 6898 jobs, support 3642 businesses and upskill 11171 individuals. The economic appraisal conducted a full financial analysis of the preferred option and outlines details of what the new service will entail.

¹ 1MAS NEPA PID 190707

² Public MASNEPA Timing Plan

³ Final Economic Appraisal

⁴ Business Case NE004084 26 9 07

In November 2007 the Business Case was approved by the One North East Board of Directors and in January 2008 a full submission was made to Central Project Review Group (CPRG) a national government body that was jointly led by the former DTI and the Treasury. Formal CPRG approval was given in 2008. The project then went through a full competitive tendering process.

Lessons Learnt from the project process.

- The initial meeting that took place to identify what needed to go into the Project Initiation Document was extremely valuable in setting the project team off on the right lines.
- All the members of the Cross Agency project remarked on what a positive experience it had been to have been involved in this way of working and the strong leadership of the Chair of the Group.
- Sharepoint could have been utilised to a greater extent by the project.
- Working closely with the consultants on the CPRG economic appraisal proved extremely beneficial in having detailed information and understanding of the costings. The economists within CPRG commented positively on this approach.

The Tendering Process

Initial work on the tendering process had begun in July 2007, it was agreed that the process would be to Issue an **Invitation to Participate in Competitive Dialogue (IPCD)**⁵, Competitive Dialogue is public sector tendering option that allows bidders to develop alternative proposal in response to a client's outline requirements. It is only after the dialogue stage, where bidders and the tenderer have engaged in detailed conversations about the service delivery options that an invitation to tender is issued. It was viewed as the most appropriate tendering process due to the complex nature of service deliver, where a range of services needed to be delivered. The other useful advantage of the competitive dialogue process is that it allows for different solutions to be provided by the various bidders, which is not an option in other forms of tendering. The dialogue process helped the bidders and the Agency to clarify their understanding of various aspects of the service. It also enabled the Agency to get a feel for the various organisations that were tendering.

The contract notice was issued in August 2007, with a view to evaluating the **Pre Qualifying Questionnaires (PQQ)**⁶ by September 2007. In October 2007 the IPCD was issued and the dialogue stage took place from December 2007 to January 2008. The final tender was issued out in January and tenders were evaluated in February 2008. After the 10 day stand still period, the successful bidder – PA consulting was announced in March 2008. The dialogue process was really useful in engaging with bidders to understand their proposed approach and to explain in more detail how the service had been running up until that point. It also

⁵ MASNEPA IPCD Final

⁶ PQQ Instructions and Contract Needs Final 21 Sept 07

really helped in establishing and building a working relationship with prospective tenderers. It enabled the Agency to really get a feel for what it would be like to work with each of the bidders engaged in the dialogue process.

As a process competitive dialogue is a resource intensive process, from both the organisation putting out the invitation and the bidding organisation, it is however very useful for more complex projects and can smooth the next transition and delivery phases of the contract.

The cross working project group had established a **Communication Plan**⁷ for the project. This identified all the key stakeholders both internal and external. Communicating to the staff that would be directly impacted by the contracting out of the services was a key part of the process. In particular once the successful bidder had been identified it was critical for regular staff meetings to keep everyone posted about progress. It was also seen as important to communicate to external stakeholders and the wider partners and networks to inform them of how the project was progressing.

Transition Process

Once the tendering process was complete, the Transition Workstream took over and the cross working project team was disbanded. The Transition group now created their own workstreams which included Management and Co-ordination, the Customer Journey, CRM and data transfer reporting, Integration of services, Stakeholders, partnerships and project governance, pensions and HR issues and financial proposals including KPI's. Josey Wardle headed up this group and worked closely with PA consulting in ensuring the transition process went smoothly. Staff were tupe'd from the Regional Technology Centre and One North East and PA consulting also recruited new staff.

PA Consulting drew up a business plan to deliver the contract.

Future Manufacturing in Delivery Phase

Unfortunately having MAS-NEPA as a brand was not compliant with the Business Support Simplification Project. After long discussions with BERR, it was agreed that the service in the region would be referred to as MAS-NE. The NEPA service has continued to exist as the MAS-NE offering, so regional manufacturing customers received training as well as the standard MAS consultancy. Traditionally NEPA had worked with large companies in the region. The North East service continued to enhance the existing MAS offer and a fair bit of cross fertilisation takes place between the two. The service employed 19 advisors in total; this has dropped to 17 due to the final year budget cuts.

⁷ Communications Plan for MAS-NEPA Annex H

Within One North East the Business Support team managed the MAS-NEPA contract, the same team are also responsible for the Business Link contract and so have significant experience working with complex large scale projects with multiple funding sources. The project teams and PA consulting have regular reviews of their performance against targets. The contract is tightly defined and both teams work closely together to ensure the project is on track.

The MAS-NE contract has been delivered by PA consulting for four years from 2008/9, and will be completed by 2011/12. National Government has taken a decision to terminate the regional MAS contracts early – December 2011 and let one national contract to start in January 2012.

The people behind the competitive dialogue process

Dorothy Kelly

Dorothy led on the entire business process and tendering process for this project, helping to define, articulate and design the future manufacturing service. Dorothy chaired the cross working agency group and reported directly to both the Director of Business and Industry and the extended enterprise lead on the progress of the project.

Colin Herron

Colin was the NEPA manager at the time, responsible for the delivery of all the manufacturing services that were part of the programme. Colin provided technical expertise on the design and delivery of the services, he was also responsible for developing and designing the NEPA services.

Sanjee Ratnatunga

Sanjee commissioned and managed the consultants responsible for the Economic Appraisal of the project and led on the submission to CPRG for approval. Sanjee also wrote the Initial communications plan.

Anne Van't Hoff

Anne was the senior manager within the legal team that led the full Competitive dialogue process for the project and was heavily involved in the project through out the process.

Josey Wardle –

Josey provided the comprehensive technical knowledge about the manufacturing services that were being delivered, from costings, funding, to outputs and value for money. Josey's breadth of knowledge at all levels enabled her to provide invaluable information to the competitive dialogue process and lead the transition process from the Agency's side.

Helen Armstrong

Helen covered Josey's maternity leave for the initial part of the competitive dialogue process and was an integral part of the project team.

Maeve Collier

Maeve wrote the Business Case for the programme and ensured the project went through the Internal Business process on time.

Tim Pain

Tim was involved in the latter stages of the dialogue process, working closely with the Directors, the legal team and the Corporate projects team to ensure that the dialogue process and the transition were on track. Tim took on responsibility for the contract management of the MAS-NEPA service as part of the Business Support team, as it was contracted out.

Simon Allen

Simon's team has been directly responsible for managing the MAS-NE contract since 2008/9. He liaises closely at a strategic level with PA consulting to ensure that the service offering is delivering what regional companies need.

Jenny Taylor -

Jenny is the operational manager for the MAS-NE contract. Working closely with the PA consulting team on the technical details of the contract in particular the complex financial package of funding that is resourcing the contract and the output delivery.

References

1.	MAS NEPA PID 190707
2.	Public MASNEPA Timing Plan
3.	Final Economic Appraisal
4.	Business Case NE004084 26 9 07
5.	MASNEPA IPCD Final
6.	PQQ Instructions and Contract Needs
7.	Communications Plan for MAS-NEPA Annex H