

Report for: Cabinet Member Signing

Item number: 4

Title: Customer Platform Contract Variation - Extension and Cost Reduction

Report authorised by: Tracie Evans, Chief Operating Officer

Lead Officer: Andy Briggs, AD Customer Services & Libraries

Ward(s) affected: All

Report for Key/ Non Key Decision: **Key Decision**

1. Describe the issue under consideration

- 1.1 The Customer Platform contract was approved at Cabinet in January 2015 and the contract commenced on 27th March 2015. The product of the Customer Platform contract is Haringey's My Account, which has been live since February 2016. The contract was awarded for a period of 3 years with an option to extend for a further two periods of one year. This paper seeks approval to extend the contract for both optional years, through to March 2020.
- 1.2 The scope of the original contract was extensive, and defined prior to other Council initiatives such as the transformation programmes in Adults and Children and Young People's Services and the Shared Digital service for Camden, Haringey and Islington. In some cases the programme also established there was no longer a business case to implement elements of the product.
- 1.3 The Council has worked with the supplier to agree changes required and reflect them in the ongoing costs of the contract, achieving a significant cost reduction subject to contract extension. This paper also seeks approval to implement these changes by contract variation.

2. Cabinet Member Introduction

- 2.1 Significant investment has been made by the Council to implement My Account and we remain committed to the strategy for customers to transact with the Council online wherever possible. Related investment in our libraries also means that the majority of residents should be able to access the Council's online services using Council equipment and with support should it be needed.

- 2.2 To date over 34,000 customer accounts have been set up, driven by public campaigns, staff signposting, support and word of mouth. Over the past ten months, the Council has become mature in its promotion and understanding of My Account and there is evidence of a consequential reduction in demand for face to face and telephone services. The extension of the Customer Platform contract will ensure these achievements continue and will provide a stable foundation for the future considerations for Customer Services.
- 2.3 The negotiated cost reductions mean that the solution represents ongoing value for money to the Council.

3. Recommendations

- 3.1 The Cabinet Member for Customer Services and Culture is asked to:
- 3.1.1 Approve, in accordance with Contract Standing Order (CSO) 10.02.1(b), the extension of the Council's Customer Platform Contract with Agilisys Limited for two further years, 2018/19 and 2019/20, for a value of a further £280k.
- 3.1.2 Approve, in accordance with Contract Standing Order (CSO) 10.02.1(b), the variations to the contract outlined in paragraphs 4.1 to 4.4 of the report with a consequential reduction from the initially envisaged overall 5-year contract value by £782k (see paragraphs 4.8 and 4.9 of this report and the Exempt report).

4. Reasons for decision

- 4.1 Whereas the Customer Platform contract included a broad scope of functionality, the Council's definitive requirements became more focussed throughout the implementation phases, informed by organisational changes such as the Council's transformation programmes in Adults and Children and Young People's Services, the renewal of the Council's contract with Homes for Haringey and the setting up of the Shared Digital service for Camden, Haringey and Islington.
- 4.2 My Account is now live with the following services:
- Council Tax –
 - move in / move out of Haringey
 - view account
 - make a payment
 - set up a direct debit
 - apply for single person discount
 - apply for vacant property discount
 - Benefits
 - make a new claim

- view your claim
- link to tell us about a change
- Environmental Reporting
 - make a report
 - view reports
- Library Services
 - browse catalogue
 - reserve or renew an item

4.3 Work continues with the supplier on the following services:

- Council Tax
 - enquiries
 - application for student discounts
- Benefits
 - enquiries
 - evidence provision
 - free school meals & clothing grant applications
 - discretionary housing payment applications

We also intend to make other improvements relating to the rollout of further functionality such as improved reporting via Insight, the use of eforms, parking services and bookings.

4.4 The programme also established that the business case to implement certain elements of the product within My Account had changed. In particular:

- Registrars services – as the service had already implemented a successful online solution.
- Housing – as Homes for Haringey has its own See My Data customer account solution.
- Social Care – as it was decided that this instead should be led by service specific transformation programmes.
- Highways and Building Control – comparatively low transaction volumes and the service is in the process of making major changes to their systems.
- Pest Control Appointments – low transaction volumes and the solution could not cater for the detailed back office requirements.
- Single sign on from My Account to other online services including School Admissions and Home Connections – not progressed as these are national systems which we subscribe to rather than own so we do not have control over their technical developments.

4.5 The Council and supplier have been working to agree on the final changes as well as an appropriate reduction of the implementation and ongoing support costs under the contract to reflect the changes as well as to obtain better value for money for the optional years.

- 4.6 Cabinet awarded the existing contract with Agilisys in January 15 for 3 years through to March 18, at a cost of £1735k for the initial 3-year contract term with an option to extend for a further two years costed at the time at £848k, giving a full anticipated 5 years cost of £2583k.
- 4.7 Funding for years one and two of the contract comes from the Customer Service Transformation Programme capital budget. Year 3 requires revenue budget funding which Customer Services and Libraries have bid to have included in their budgets. The optional contract years would also require funding from the revenue budget.
- 4.8 Following rescoping efforts, Agilisys have offered a Year 3 cost reduction and have made an attractive proposition on the further two year contract extension that would bring the total five-year cost of the contract down by £782k from £2583k to £1801k. Some of the cost reduction is a result of not implementing some of the original products and services in My Account while agreeing new features in other areas, such as better customer data via Insight.
- 4.9 A fuller breakdown of the original contract costs and the proposed new contract costs are set out in the Exempt Information.

5. **Alternative options considered**

5.1 **Do nothing:**

5.1.1 If we made no change to the current contract with Agilisys, we would be liable for higher year two implementation costs and higher year three support costs than now proposed (see further details in the Exempt Information), and would need to decide on decommissioning, extension or a replacement solution this year in advance of the contract end date of March 2018.

5.1.2 With over 35,000 customers using our online account, it is highly unlikely that we will cease use of this digital channel over the recommended extension period given we have invested heavily over the last few years to achieve this.

5.1.3 The digital platform for customer services and its customers / residents is fundamental to us reducing face to face and telephony contact.

5.2 **Merging or switching to Camden or Islington's solution facilitated by the Shared Digital service:**

5.2.1 Shared Digital is reviewing applications in use across the three Councils, including the equivalents of My Account in Camden and Islington.

Personnel from Haringey are working with Camden and Islington colleagues to compare each offer and share learning in this area. Any potential converging of technologies would only be implemented after the initial three year contract term and would benefit from the stability of an incumbent supplier. See section 8 for comments from the Chief Digital Information Officer (CDIO) for Shared Digital.

5.2.2 In addition to shared technologies, any future proposed shared service arrangements for customer services is at least 2 years away and therefore Haringey would have to extend the current arrangement with Agilisys in 2018 and at that point we would be unlikely to obtain such a favourable cost reduction offer from Agilisys.

5.3 **Procure a new maintenance & support provider:**

5.3.1 My Account is an Agilisys product and is not available from any other supplier; neither can it be transferred to be supported by another supplier. Agilisys provide the My Account Customer Platform for Haringey as 'software as a service' and the availability, support and maintenance of My Account is only available from Agilisys.

6. **Background information**

6.1 The requirements for the Customer Platform were collated from services by the Customer Service Transformation programme in 2013-14 and the contract went out to tender in 2014.

6.2 The Customer Platform contract was awarded to Agilisys Limited. This was approved at Cabinet in January 2015 and the contract came into effect on 27th March 2015. The contract was awarded for a period of 3 years with an option to extend for two further one year periods.

6.3 In 2015 Customer Services and Libraries were brought together under a new Assistant Directorate.

6.4 The Council continues to strive for services which are digital by default / digital by choice, in line with Government expectations and the need to make services as efficient as possible.

6.5 Whilst years one and two of the Customer Platform contract are funded, year 3 and optional years 4 and 5 are subject to a budget bid by Customer Services & Libraries for increased funding. If the recommendations in this report are approved then this will reduce the increase in funding still needed.

6.6 Decisions on the scope for My Account implementations were made throughout the process. But the final scope was reviewed and ratified at the Customer Service Transformation Board of October 2016.

7. **Contribution to strategic outcomes**

7.1 My Account fully supports our Customer Services Transformation programme Corporate Plan vision statement which states:

“[The programme] will fundamentally change and improve the way in which people interact with the council to access services. We will ensure customers are able to interact with us in the way they choose to and that their experience is a positive one.”

7.2 By directing customers to self serve online, we free up resources in Customer Services and Libraries to support people with more complex needs and those that support initiatives which contribute to delivery of the Corporate Plan.

8. **Shared Digital Chief Digital Information Officer comments**

8.1 Haringey and other councils are increasingly dependent on new digital channels to cater for both their citizens and residents needs and preferences for online services and information. My Account is the strategic solution for digital customer service in Haringey and has been used to set-up and establish over 35,000 online accounts in its first year of operation. Maintaining and enhancing the solution presents a key opportunity for the council.

9. **Statutory Officers comments (Finance, Procurement, Legal and Equalities)**

9.1 **Finance**

9.1.1 The report is a variation to the Agilisys Customer Platform Contract which would otherwise have ended in March 2018. Currently the first 2 years are funded from the customer service transformation programme capital budget; the third year is expected to be funded by Customer Services and Libraries. There is no budget for this at present but there is a current unapproved growth bid in the 17/18 MTFS proposal for c.£223k revenue expenditure.

9.1.2 The extension approval would reduce the current growth bid for 2017/18 to £140k, however there will be a requirement for additional revenue budget for the following 2 years. The total revenue requirement up to the end of 2019/20 is therefore £420k.

9.1.3 Since any future proposed shared arrangements for customer services is at least 2 years away the current arrangement with Agilisys would probably need

to be extended in March 2018 and it may not be possible to negotiate the current deal.

- 9.1.4 Any future scope for changes to contract that will require additional costs will have to be addressed at such time.

9.2 Procurement

- 9.2.1 The procurement process has been correctly followed and CPU does not object to the procurement going ahead. Although there is a change in the scope of the contract, Customer Service Transformation Programme on behalf of Customer Service and Libraries have delivered a substantial cost saving against the original proposed costs.

9.3 Legal

- 9.3.1 The report is seeking a variation including 2-year extension of the Council's existing Customer Platform contract with Agilisys Ltd which is for services that are subject to EU procurement rules as reflected in the Public Contract Regulations 2015 ("PCR 2015"). As such, the contract variations proposed in paragraph 3.1 of this report may be approved provided that to do so is compliant with the PCR 2015.
- 9.3.2 Under PCR 2015 reg. 72(1)(e), it is permissible to modify a contract after it has been awarded where the modifications, irrespective of their value, are not substantial for the purposes of reg. 72(8). The contract variations proposed in para. 3.1 of this report are not substantial for these purposes as they will not make the contract materially different from the one originally awarded. This is because the extension was provided for within the terms of the original contract and the revisions to the functionality to be provided remain within the scope of the original contract and involve reductions, rather than increases, in the overall contract value and as such do not change the economic balance of the contract in favour of the contractor.
- 9.3.3 The proposed variations to the existing contract involve a significant saving of some £782k over the total value of the fully extended contract as anticipated when the contract was awarded. As a result, the approval of the variation is a Key Decision which must be published in the Forward Plan, which has been done, and must be taken at Cabinet level.
- 9.3.4 The Assistant Director of Corporate Governance is of the view that there is no legal bar to approval of the recommendation in paragraph 3.1.

9.4 Equalities

- 9.4.1 The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:
- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
 - advance equality of opportunity between people who share those protected characteristics and people who do not;
 - foster good relations between people who share those characteristics and people who do not.
- 9.4.2 An equality impact assessment was completed to inform the customer services transformation programme in June 2014, and assessed the impact of shifting towards new customer access channels such as the My Account online platform for different groups. The EqIA put in place a series of mitigating actions which are continuing to be reviewed and updated as part of the customer services transformation programme.
- 9.4.3 By promoting self service online, the Council is able to free up more officer time to deal with our most vulnerable customers. Customer Services can still be contacted by telephone or through face to face services. Staff in Customer Services and Libraries are available to support customers with using My Account, following central government's Assisted Digital model to ensure those less able are not excluded from services delivered digitally.
- 9.4.4 Additionally customers can access online help and make requests for assistance. We have built in feedback mechanisms on the usability of the My Account online site to continue to improve its access and functionality.

10. Appendices

- 10.1 There are no appendices to this report

11. Local Government (Access to Information) Act 1985

- 11.1 This report contains exempt and non exempt information. Exempt information is contained in the exempt report and is not for publication. The exempt information is exempt under Paragraph 3, Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).