

## NOTICE OF MEETING

# CABINET MEMBER SIGNING

**Wednesday, 7th February, 2018, 10.30 am - Civic Centre, High Road, Wood Green, N22 8LE**

**Members:** Councillor Joseph Ejiofor - Cabinet Member for Customer Services

Quorum: 1

### 1. FILMING AT MEETINGS

Please note that this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Although we ask members of the public recording, filming or reporting on the meeting not to include the public seating areas, members of the public attending the meeting should be aware that we cannot guarantee that they will not be filmed or recorded by others attending the meeting. Members of the public participating in the meeting (e.g. making depositions, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on.

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The chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual or may lead to the breach of a legal obligation by the Council.

### 2. URGENT BUSINESS

The Leader/Cabinet Member will advise of any items they have decided to take as urgent business.

### 3. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and

(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct

**4. AWARD OF CONTRACT FOR THE PROVISION OF OUT OF HOURS CALL-HANDLING - CONTRACT STANDING ORDER (CSO) 16.02 APPLICABLE (PAGES 1 - 24)**

**5. NEW ITEMS OF URGENT BUSINESS**

As per item 2.

**6. EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**

That the press and public be excluded from the remainder of the meeting as the items contained exempt information, as defined under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

**7. AWARD OF CONTRACT FOR THE PROVISION OF OUT OF HOURS CALL-HANDLING - CONTRACT STANDING ORDER (CSO) 16.02 APPLICABLE (PAGES 25 - 36)**

To consider exempt information pertaining to item 4.

**8. NEW ITEMS OF URGENT EXEMPT BUSINESS**

As per item 2.

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Tuesday, 30 January 2018



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**Report for:** Cabinet Member for Customer Services signing 7<sup>th</sup> February 2018

**Item number:** To be added by the Committee Section

**Title:** Award of contract for the provision of out of hours call-handling  
Contract Standing Order (CSO) 16.02 applicable

**Report authorised by :** Richard Grice  
Assistant Director for Transformation and Resources

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**Lead Officer:** Andy Briggs  
Assistant Director - Customer Services and Libraries

**Ward(s) affected:** All

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

**1. Describe the issue under consideration**

1.1. To seek Cabinet Member approval to participate in an overarching agreement to provide a shared out of hours, customer call-handling service with the participating councils and organisations listed in 6.25, and adhere to a services agreement for out of hours customer call handling services of which Ealing Council are the lead authority with the successful tenderer, Capita Business Services Limited, following a full procurement exercise.

**2. Cabinet Member Introduction**

2.1. The Out of Hours telephone service provides an essential emergency contact channel for all residents needing to contact the Council out of core business hours, during evenings, weekends and bank holidays.

2.2. We believe that it is important for people to have emergency access to council services because we continually strive to place residents, communities and business at the heart of everything we do.

2.3. Haringey Council has been part of a well-established framework agreement since 2009 which incorporates 11 other organisations (including 8 other

London Councils) and we contend that we have received, and have therefore delivered a good-value, efficient service throughout.

- 2.4. The current contract will end in September 2018, and the new contract (under the framework) has been awarded to a new supplier. Haringey Council Officers have worked closely with Ealing Council (the lead authority in this framework) to ensure the new contract will deliver a smooth transition of service provision to the new provider, ensuring the residents of Haringey continue to receive the same high standard of service required for contracts of this nature.

### 3. Recommendations

- 3.1. For the Cabinet Member for Customer Services pursuant to CSO 16.02 to approve an Out of Hours Customer Call Handling access agreement, with Capita Business Services Limited, under a new Framework Agreement that was tendered by London Borough of Ealing on behalf of the participating organisations. London Borough of Ealing will be the Lead Authority in the award of the new contract and will carry out the contract management for the contract.

The contract will run from 1<sup>st</sup> October 2018 to 30<sup>th</sup> September 2023, with an annual value for call handling in the region of £135k (approximately £675k over a five-year period). There is an annual lead client management fee payable to Ealing of £8,900 (approximately £45k over a five-year period). The total cost of the contract over five-years will be £720k.

Summary Period	Contract Cost (A)	Fee (B)	A + B
Per annum	£135,000	£8,900	£143,900
5 year period	£675,000	£44,500	£719,500

- 3.2. To approve the continuation of the policy of adopting the “Gold/silver” level service for Haringey Council; where Gold is having 80% of calls answered in 20 seconds and Silver is having 80% of calls answered in 60 seconds. The associated cost of these two service levels, based on the current service provision is explained in **Appendix A**.

### 4. Reasons for decision

- 4.1. The current service is delivered under a framework agreement, that commenced in October 2012. The contract is managed by Ealing Council and service delivery is provided by General Dynamics Information Technology Limited (GDIT). This contract for an Out of Hours call handling service is due to expire on the 30<sup>th</sup> September 2018.
- 4.2. A joint procurement exercise of which Haringey and all of the partners listed in 6.25 have been party to, in accordance with the Memorandum of Understanding between Ealing and all participating organisations was undertaken, and subsequently a new provider has been appointed.

4.3. The new contract will ensure a seamless transfer of the current Out of Hours service to the new provider, continuing the good value approach Haringey has taken since initially joining the framework in August 2009.

4.4. It is recommended that Haringey Council take forward this option.

## **5. Alternative options considered**

5.1. Three options were considered:

- Option A - Do nothing
- Option B - To set up and operate our own in-house operation
- Option C - All participants/organisations to tender individually

5.2. Option A: This is not a viable option due to the current contract ending on the 30<sup>th</sup> September 2018. Haringey and the participating organisations have an obligation to residents to provide this critical emergency service.

5.3. Option B: This is not a viable option, due to the annual cost of running a stand-alone service. To provide an adequate service, a team of eight full-time employees, and management cover would need to be recruited, all of whom would operate on a rota basis covering un-sociable hours. It is unlikely that an acceptable level of service could be provided with this staffing number during unexpected peaks in demand e.g. borough emergencies. The staffing cost of maintaining the service in-house would equate to an estimated £336,000 per annum. Currently the cost for providing the out of hours service is approximately £100,000 per annum. Further, a new location would need to be identified to house the service. The Customer Service Contact Centre, which provides Haringey's daytime service could host an independent Out of Hours team, however there would be additional costs incurred to ensure that Alexandra House is kept open 24/7. If demand for an in-house service were to fall after set up, there would be fixed overheads that Haringey would need to fund for a number of years. Therefore, taking into consideration the costs that would be incurred from Facilities Management, utilities and staffing, setting up a new in-house operation could cost in excess of £400k per year.

Suppliers in this field have advanced supply chains with specialist sub-contractors, that have a greater ability to innovate than would be possible with a traditional in-house service. Consequently, the in-house option, involving investment in the necessary technology, staff and property carries business risk. Suppliers have advised us at soft market testing (carried out in June 2016) that they would typically require 5 years of contract length to repay this investment.

5.4. Option C: Although there would be sufficient time to conduct a separate procurement exercise prior to the current contract expiring (albeit under tight timescales), this would prove to be a costly option. Haringey would need to pay for the procurement exercise, and could not guarantee securing an equivalent level of service provision, with similar levels of flexibility and disaster recovery that is available under the Out of Hours Customer Call Handling services partnership, for a comparable or lower cost. The cost of the contract management would be solely the responsibility of Haringey Council. The

partnership agreement allows for reduced costs due to the collective call volumes and economies of scale. Additional savings may be achieved should new participating organisations join. This would not be available to Haringey if we were to procure a replacement Out of Hours service separately to this framework.

Other public sector call handling frameworks do exist, however most are specialist services aimed at Public Health or Police services. There is no other framework that Haringey could consider joining as an alternative.

## **6. Background information**

6.1. This report is to seek approval to enter into a partnership for the provision of the out of hours joint telephone call handling service with a new provider. The current contractor for the service is General Dynamics Limited (GDIT). The contract with GDIT is due to expire on 30<sup>th</sup> September 2018 (without the ability to extend).

6.2. Haringey Council entered into a contract with the Pan London Out of Hours Services Framework in August 2009, and continued as part of this framework when the contract was re-tendered in 2012. The existing contract has provided major financial and service benefits for Haringey and the other participating organisations.

6.3. Since joining the framework, Haringey Council has benefited from the increased ability for out of hours calls to be handled as this allows for greater flexibility when dealing with fluctuating demand throughout the operating hours. All calls are strictly monitored for quality, receive minimal complaints, and achieve high levels of call answering with minimal waiting times.

Haringey call data:

- 24,279 calls were presented in 2016-17
- 97.5% of these calls were answered
- The average wait time was 24 seconds
- 0 [zero] complaints were received about these calls
- The calls achieved 95% score for expected quality

6.4. The framework retains the ability to provide a remedy for non-compliance, as with the current contract. The framework also allows for disaster recovery for our daytime calls if required. A yearly review is built into the contract to restrict the interest rate increasing beyond RPI or CPI - whichever is the lowest (as with the current contract), and there is a best value money review in year 3 of the contract. The framework agreement allows for costs to reduce when new participating organisations join. We are aware that other organisations are looking to join the framework once the new contract is in place.

6.5. The services that are provided to Haringey under the framework agreement are:

- Social Services (currently gold service)
- Major emergencies (gold)
- Environmental health (gold)
- Dangerous structures (gold)



- Homelessness (silver)
- Noise pollution (silver)
- Registrar emergencies (gold)
- Suicide threats (gold)
- Anti-social behaviour (silver)
- Highways repairs (silver)
- Street lighting (silver)
- Abandoned vehicles (silver)
- Building security/alarms (silver)
- Stray dogs (silver)
- Waste collection (silver)
- Street cleaning (silver)
- CCTV (silver)
- Graffiti removal (silver)

6.6. Haringey Council Customer Services were involved in a joint formal procurement led by Ealing Council. The project took eighteen months, and subsequently a new provider has been appointed. Ealing Council's Cabinet Report relating to the Procurement of an Out of Hours Telephone Service can be found for reference in **Appendix B**. Details of the procurement process and unit costs can be found in **Confidential Appendix C**.

6.7. The contract is for the provision of a weekday telephone call handling service to operate between the hours of 5 pm and 9 am, throughout the weekend and on bank holidays. The service can be utilised during daytime working hours for business continuity purposes.

6.8. There are no upfront implementation costs as this is embedded into the unit price. Upfront individual transition costs would equate to £138,349.

6.9. On entering into the Out of Hours Customer Call Handling Service framework agreement, and during the transition period, Customer Services will work with all relevant Haringey back office service areas to investigate potential efficiency savings under the new delivery model, by reviewing the current delivery options for each service, ensuring they continue to meet the needs of Haringey residents.

6.10. The framework works well and suits Haringey and all other participants' needs. All of the participants pay a quarterly fee of £2,225 to Ealing; the monies collected contribute towards the contract management role, and are banked to ensure there are sufficient funds to pay for the best value money review (mid contract), the re-procurement (at the end of the contract), and any legal assistance required throughout the life of the contract.

6.11. The contract cost estimate for Haringey Council can be found in **Appendix A**.

6.12. Ealing Council is the Lead authority and led on the procurement of this service in accordance with the Memorandum of Understanding (MoU) between Ealing Council and all of the Participating Organisations (PO) - there is currently a total of twelve participating organisations, of which Haringey Council is one. Ealing will sign an overarching agreement for an Out of Hours Handling

Service with Capita Business Services Limited, on behalf of all of the partners. The contract will be for a duration of 5 years with an option to extend for two years, and a break clause after one year into the extension.

- 6.13. The existing contract for an Out of Hours call handling service has provided major financial and service benefits for Haringey and the other eleven participating organisations, collectively saving over £5,000,000.
- 6.14. The existing service is delivered under the framework agreement which commenced in October 2012 provided by General Dynamics Information Technology Limited (GDIT).
- 6.15. The existing contract has enabled Haringey Council to have a consistent, effective and efficient out of hours service with continuous minimal costs.
- 6.16. The costs associated with participating in the framework have not increased since 2008, therefore an increase in cost was anticipated under the new contract. The additional cost of £35k per year may be mitigated by a full review of the services prior to the start of the new contract.
- 6.17. The OJEU notice states the current value of the service is £9 million, and there is room for contract value growth as it is now open nationally. Under the current contract the partnership is open to London Councils, members of the London Suppliers Group, Association of Greater Manchester Association (AGMA) and the southern housing groups.
- 6.18. In addition to the established financial benefit, the current contractual arrangement has also achieved the following:
- **Excellent call waiting times** – Comparisons to Haringey performance pre-framework is not possible as there were no internal reports collated at that time to quantify this, however the average waiting time delivered in 2016-17 was 24 seconds
  - **Excellent call handling times** – Comparisons to Haringey performance pre-framework is not possible as there were no internal reports collated at that time to quantify this, however the average call handling time for 2016-17 was 4 minutes
  - **Raised service standards** – All calls are recorded and regularly monitored for quality, with a large amount of data available to support this
  - **A complete audit trail for all back offices** – The new contract enables robust cross-referencing against on-call officer/contractor overtime submissions & invoices
  - **More resilient, robust and efficient processes** - Under the new contract, line connectivity is tested hourly (exceeding daytime line tests). Business Continuity is tested every six months, and there is a clear escalation process should an initial contact fail.
  - **Partnership and collaborative working enabling end to end service improvements** – achieved by adopting best practice and sharing service knowledge, technical developments, and service specific change in legislation which is implemented to all POs. Workshops have resulted in improving services such as Major Emergencies, Homelessness and Highways.

- **Provided resilience for the organisation daytime operation in respect of business continuity** - Should Haringey daytime connectivity fail, the suppliers are contracted to take calls within 1 (one) hour of notification.

6.19. The service has been successful and the other participating organisations wish to continue with a similar arrangement.

6.20. The Lead Client Contract Monitoring Manager role was assigned to Ealing by agreement amongst the current participating organisations. The key objectives for this role are:

- **Drive down costs** – By seeking additional new members to assist in achieving lower costs.
- **Monitor contract performance** - The Lead authority undertakes quality monitoring of calls for all POs (with the exception of social service calls), review invoices to ensure charges are correct for related call volumes and challenge where appropriate, chase POs when in arrears to the contractor, monitor daily reports and perform analysis of the service and fortnightly conference service meetings. It conducts service improvement workshops, actively monitors non-conformance and reviews investigations.
- **Produce service quality reports for the partnership**
- **Offers legal and finance advice and support to the partnership in the role as the lead borough**
- **Oversees management and contract board meetings**
- **Support individual POs with service changes and delivery**
- **Negotiate and liaise with all parties** – e.g. negotiating costs if a PO requires a change to service which means IT development, both for localised service review, or collective service improvement.
- **Continuously drive improvement within the service delivery model**
- **Manage the partnership funding and budget for the contract**

6.21. Ealing has been the lead organisation in respect of management, and has been the contract owner since the first contract, providing a joint Out of Hours service in October 2008 (on a non-profit making basis)

6.22. The participating organisations are required to make monthly financial contributions towards this role; for 2017/18 £8,900 per organisation for the year. This money is used to part fund the role, undertake procurement and manage the best value review in year three. This agreement was made in 2011 after the previous procurement because the partnership felt it more palatable to pay for future procurement and legal costs in interim payments throughout the life of the contract.

6.23. There will be no upfront set up costs in respect of transition. Under the previous contract, set up costs of £138,349 were paid at the commencement of the contract. For this new contract the set up costs have been included within the cost of calls.

6.24. A bespoke computer system, electronic rostering, communication reporting portal and telephony platform will be built specifically for the partnership. At the end of the term of the contract, ownership of the complete technical infrastructure will belong to the partnership collectively (enabling the partnership to benefit further from potential future savings).

6.25. Participants currently include Haringey, Ealing, Barnet, Enfield, Hammersmith & Fulham, Havering, Homes for Haringey, Peabody Housing, Royal Borough of Kensington & Chelsea, Tower Hamlets, Waltham Forest and Wandle Housing.

6.26. The new overarching agreement is between Ealing Council and Capita Business Services Limited and deals with issues which impact on all the participating organisations (PO) including overall governance and management, implementation and set up of the call handling IT system, mobilisation, the process of each PO to enter into its services agreements, best value review, discounts, and call volume changes amongst others. The total value of the overarching agreement is considered to be the total sum of all the services agreements that the POs, existing and future, will enter into over its term.

6.27. Each PO, including Haringey, will enter into a services agreement with Capita on completion of the implementation and mobilisation and this agreement sets out the terms under which the services will be provided.

6.28. Memorandum of Understanding: the MoU will be entered into by all the POs and will govern the relationship between all the POs and Ealing in relation to the management of the out hours service.

## **7. Contribution to strategic outcomes**

- Priority 1: Enable every child and young person to have the best start in life, with high quality education
- Priority 2: Empower all adults to live healthy, long and fulfilling lives
- Priority 3: A clean and safe borough where people are proud to live

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **8.1. Finance**

This report requests permission to enter into the Out of Hours Customer Call Handling services agreement between Ealing and Capita Business Services Limited, with an annual value up to £135k. This contract can be amended and the actual annual cost is sustained at the budget level.

The current budget provision for this service is £100k. Customer Services continue to work with all participating services to ensure that the annual cost of the contract does not exceed the current budget.

Customer services have historically been able to manage the contract at the £100k budget provision and have not requested growth budget because are confident that this can still be sustained in future years.

Officers carry out an annual review of the services provided within the contract to ensure that costs are contained within the budget while still maintaining a high level of service.

## 8.2. Procurement

Strategic Procurement notes that the current contract cost of £100,000 per annum (5.3) has risen to £134,400 (3.1). This represents an increased cost of 34%. There is no indication that the scope for this service has increased. Whilst there is no obvious justification in the increase, however, Strategic Procurement understands that procurement approach (Competitive Dialogue) led by Ealing Council yielded only one bidder (Capita), and therefore possibly a lack of competition has led to an increase in cost.

Service have identified that the Ealing led procurement process was the only justified viable solution available to Haringey Council. On that basis, Strategic Procurement endorses the award.

## 8.3. Legal

The Assistant Director of Corporate Governance notes the contents of the report.

Haringey Council was identified in the OJEU contract notice. Therefore it is permissible for the Council to access the agreement with Capita Business Services Limited.

This is a key decision and the Service has confirmed this is on the Forward Plan.

The Assistant Director of Corporate Governance sees no legal reasons preventing the Cabinet Member for Customer Services from approving the recommendations in section 3 of the report.

## 8.4. Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to the need to:

- a) 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;
- b) Advance equality of opportunity between people who share those protected characteristics and people who do not;
- c) Foster good relations between people who share those characteristics and people who do not.

The Council's Equal Opportunities Policy (2012) details how equality considerations are factored into the procurement process. The tendering process requires the contractors to demonstrate their compliance with the Equality Act (2010).

Due to the nature of the service, the selection process was conducted in accordance with the procurement legislation associated with social services, data protection and industry standard.

Equality considerations were factored into the Selection Questionnaire and the overarching agreement makes it clear that equalities duties and responsibilities are built into the terms and conditions of the contract.

It has been identified that the level of service will not change as a result of the change in contract. The service will continue the policy of adopting the 'Gold/silver' service; where Gold requires 80% of calls answered in 20 seconds and Silver requires 80% of calls answered in 60 seconds.

The Council will continue to monitor equality considerations, identify vulnerabilities and refer to statutory services, in line with current service provision.

**9. Use of Appendices**

- Appendix A – Contract cost estimate (5+1+1 years)
- Appendix B – Ealing Council OOH Cabinet report award 2018 contract
- **Appendix C – CONFIDENTIAL Ealing Council Procurement Evaluation Finances**

**10. Local Government (Access to Information) Act 1985**

Background Documents

- Ealing Council OOH Cabinet report award 2018 contract

Ealing Council, in their capacity of Lead Authority in this framework, have provided their Cabinet Report as background information. **Ealing have also provided the procurement evaluation which is a confidential document and is not for publication By virtue of paragraph(s) 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972 (see paragraph 10 to the Access to Information Procedure Rules)**

## Appendix A – Contract cost estimate (5+1+1 years)

Service Type	Basis	Unit Cost	Annual Call Volume	01-Oct- 18 to 30- Sep-19	01-Oct- 19 to 30- Sep-20	01-Oct- 20 to 30- Sep-21	01-Oct- 21 to 30- Sep-22	01-Oct- 22 to 30- Sep-23	01-Oct- 23 to 30- Sep-24	01-Oct- 24 to 30- Sep-25	Total Contract Value (5+1+1 yrs)
Annual Management Fee	monthly	£1,200.00		£14,400	£14,400	£14,400	£14,400	£14,400	£14,400	£14,400	£100,800
Rostering Service*	annual per service	£750.00									£0
Fixed Costs				£14,400	£14,400	£14,400	£14,400	£14,400	£14,400	£14,400	£100,800

Service Type	Basis	Unit Cost	Annual Call Volume	01-Oct-18 to 30-Sep-19	01-Oct-19 to 30-Sep-20	01-Oct-20 to 30-Sep-21	01-Oct-21 to 30-Sep-22	01-Oct-22 to 30-Sep-23	01-Oct-23 to 30-Sep-24	01-Oct-24 to 30-Sep-25	Total Contract Value (5 + 1 + 1)
Electronic Gold Calls	per call	£6.23	10,205	£63,577	£63,577	£63,577	£63,577	£63,577	£63,577	£63,577	£445,040
Electronic Silver Calls	per call	£5.78	9,761	£56,419	£56,419	£56,419	£56,419	£56,419	£56,419	£56,419	£394,930
Total Cost of Calls (Variable)			19,966	£119,996	£119,996	£119,996	£119,996	£119,996	£119,996	£119,996	£839,970

<b>Total Contract Value</b>	<b>19,966</b>	<b>£134,396</b>	<b>£134,396</b>	<b>£134,396</b>	<b>£134,396</b>	<b>£134,396</b>	<b>£134,396</b>	<b>£134,396</b>	<b>£134,396</b>	<b>£134,396</b>	<b>£940,770</b>
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\*Haringey administers the rosters in-house, so there will be no charge for this service

Note: the number of calls received by Haringey during the current contract has reduced by approximately 5% per year for the past three years, and are on track to repeat this reduction for 2017-18, therefore contingency to cover call increases has not been factored into costs

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## Appendix B



Report for:  
**ACTION/INFORMATION V Final02/11**

Item Number:

<b>Contains Confidential or Exempt Information</b>	<b>Yes Part Appendix 1</b>  Appendix 1 contains financial details of the proposal and legal advice which are not for publication and are Exempt Information by virtue of Paragraphs 3 and 5 of Schedule 12A to the Local Government Act 1972 (see para.10 to the Access to Information Procedure Rules)
<b>Title</b>	Procurement of an Out of Hours Telephone Service
<b>Responsible Officer(s)</b>	Alison Reynolds – Director of Customer Services <a href="mailto:Reynolda@ealing.gov.uk">Reynolda@ealing.gov.uk</a>
<b>Author(s)</b>	Michelle Bernard – Contract & Project Manager <a href="mailto:bernardm@ealing.gov.uk">bernardm@ealing.gov.uk</a>
<b>Portfolio(s)</b>	Cllr– Yvonne Johnson – Finance and Performance
<b>For Consideration By</b>	Cabinet
<b>Date to be Considered</b>	14 <sup>th</sup> November 2017
<b>Implementation Date if Not Called In</b>	December 2017 To be confirmed
<b>Affected Wards</b>	“All”
<b>Keywords/Index</b>	Out of hours telephone service

**Purpose of Report:**

To seek approval to award an overarching agreement to provide a shared out of hours customer call handling service to the participating organisations listed in paragraph 2 and a services agreement for out of hours customer call handling services to Ealing Council to the successful tenderer Capita Business Services Limited, following a full procurement exercise.

**1. Recommendations**

1.1 It is recommended that Cabinet authorises the Executive Director of Environment and Customer Services:

- a) to award the Out of Hours Customer Call Handling Service overarching agreement to Capita Business Services Limited for a duration of 5 years with an option to extend for two periods of one year each, with a total current value of approximately £7.00m over the 7 year period;
- b) to enter into the Out of Hours Customer Call Handling services agreement between Ealing and Capita Business Services Limited, with a

## Appendix B

total Ealing's contract value for the services agreement to be in the region of at £0.646m over a 7 year period on the completion of the transition and implementation process.

- 1.2 It is recommended that Cabinet delegates authority to the Executive Director of Environment and Customer Services following consultation with the Director of Legal and Democratic Services and the Director of Finance in order to:
  - a) finalise the terms of the overarching and service agreements; and
  - b) enter into a memorandum of understanding (MOU) with the other participating organisations.
- 1.3 It is recommended that Cabinet delegates authority to the Executive Director of Environment and Customer Services to manage the overarching agreement on behalf of all the participating organisations pursuant to the MOU, costs of which will be recharged equally amongst the participating organisations.
- 1.4 It is recommended that Cabinet delegates authority to the Executive Director of Environment and Customer Services to commence and finalise the transition and implementation process with Capita Business Services Limited prior to entering into the services agreement referred to in recommendation 1.1 (b).

## 2. Reason for Decision and Options Considered

### 2.1 Background

#### Contractual Set Up

The structure of the arrangements is governed by;

- a. An overarching agreement
- b. Services agreements
- c. Memorandum of Understanding

The overarching agreement is between Ealing Council and Capita Business Services Limited and deals with issues which impact on all the participating organisations (PO) including overall governance and management, implementation and set up of the call handling IT system, mobilisation, the process of each PO to enter into its services agreements, best value review, discounts, call volume changes amongst others. The total value of the overarching agreement is considered to be the total sum of all the services agreements that the POs existing and future will enter into over its term. For the purposes of this report the value inserted is that of all the services agreements for the existing POs who are identified in a paragraph below.

Each PO including Ealing Council will enter into a services agreement with Capita on completion of the implementation and mobilisation and this agreement sets out the terms under which the services will be provided.

## Appendix B

The MOU will be entered into by all the POs and will govern the relationship between all the POs and Ealing in relation to the management of the out hours service.

### Current Contractual Arrangement

There is an existing contract for an Out of Hours call handling service, which has provided major financial and service benefits for Ealing and the twelve participating organisations. Ealing has been the lead organisation in respect of management and contract owner since the first contract, providing a joint Out of Hour's service in October 2008. The current contract commencement date was October 2012 and is due to expire on the 30th September 2018.

The current service is delivered under the framework agreement which commenced in October 2012 and is provided by General Dynamics Information Technology Limited (GDIT) from a call centre located in South Yorkshire.

Previous to entering into the existing framework agreement, the average cost of providing an Out of Hours service across each participating organisation was approximately £0.258m per annum. In comparison Ealing's average cost was £0.255m per annum, based on the average cost of its in-house service.

The annual cost of providing the service has reduced significantly since joining the joint contract agreement. Under the existing contract agreement, the average cost across the participating organisations is £0.100m and Ealing pay approximately £0.096m per annum.

The current contract has enabled Ealing to have a consistent effective and efficient service with continuous minimal costs.

In addition to the financial benefit the current contractual arrangement has also achieved the following benefits:

- Improved call waiting times
- Reduced call handling times
- Raised service standards
- A complete audit trail for all back offices
- More efficient processes
- Partnership and collaborative working enabling end to end service improvements.

The service has been successful, such of which is that the participating organisations are wishing to continue with a similar arrangement.

**Appendix B**Participating Organisations (PO)

The Lead Client Contract Monitoring Manager role was assigned to Ealing by agreement amongst the current participating organisations. The key objectives for this role are:

- Drive down costs;
- Monitor contract performance;
- Producing service quality reports for the partnership and Ealing's Contract Board;
- Offering legal and finance advice and support to the partnership in our role as the lead borough;
- Over see both management and contract board meetings;
- Support individual participating organisations with service changes and delivery;
- Negotiate and liaise with all parties;
- Continuously drive for improvement with the service delivery model;
- Manage the partnership funding and budget for the contract; and
- General contract monitoring activity.

The participating organisations are required to make monthly financial contribution towards this role, for 2017/18 this equates to £106,800 (£8,900 per organisation for the year). This money is used to fund the role, undertake procurement and the best value review in year 3.

Participants currently include Barnet, Enfield, Hammersmith & Fulham, Haringey, Havering, Homes for Haringey, Peabody Housing, Royal Borough of Kensington & Chelsea, Tower Hamlets, Waltham Forest and Wandle Housing. Wandle Housing have confirmed that they will not be participating in the future contract, however Tower Hamlets Homes will be replacing them as a separate entity from Tower Hamlets Council.

**2.2 Options Considered**

In previous report to Cabinet the partnership considered the following three options and agreed to take forward Option A following approval from the partnership in summer of 2016. This report is an implementation of that decision.

1. Option A - As a collective group, seek a service provider for a further contract
2. Option B - All participants to set up and operate their own in-house operation
3. Option C – All participants/organisations to tender individually

## Appendix B

### 2.3 Procurement Process

Whilst the current contract has proven to be a great success, GDIT have made a corporate decision to retract from being a contact centre provider and to concentrate on their core business which is technology and defence. Hence the reason why they did not submit a tender for the new contract.

Permission was originally obtained from Cabinet to tender the Service on 15<sup>th</sup> September 2016; the procurement exercise has now been completed and contract award is required.

Following the approval from Cabinet to invite and evaluate tenders, a competitive procurement exercise was undertaken using the competitive dialogue procedure under the Public Contract Regulations 2015.

#### Expected Outcome

The key outcome of the procurement process which the participating organisations expected were:

- Value for money;
- To pay no upfront costs or fees with regards to implementation or TUPE, with an expectation for these to be imbedded within the contract price;
- Three year best value review; and
- A modern and flexible service using current technology with the ability to change in line with business needs of individual participating organisations and the partnership over the five year period.

#### Service Being Procured

The new contract is taking into account digitalisation and technological advancement which is something that all participating organisations are working towards, especially around contacts and channel shift.

The following are changes to the current service contract and pricing model that have been negotiated during the tender process. These provide the participating organisations the ability to reduce costs further whilst maintaining quality and efficiency of service delivery:

- Email hand offs to back office staff and contractors;
- Email day to day management;
- Automated call handling options for non-urgent enquiries;
- Integration with back office systems;
- Customer satisfaction and market research surveys which can be utilised by the day time service delivery;
- Ability to monitor and respond to social media i.e. twitter, which will also assist in managing call volumes; and
- Electronic line testing which provides the ability to diagnose telephone line failure at no additional charge.

**Appendix B**Competitive Dialogue Process

The investment in a competitive dialogue process enabled the participating organisations to shape the emerging commercial offer of the bidders in the dialogue room. Thus, bidders shared their business case and it was possible to interrogate this for evidence of risk- based pricing. Where risk- based pricing was detected the participating organisations had options of;

- (a) taking the risk to reduce the price;
- (b) providing more information to reduce the risk in the eyes of the bidder; or
- (c) re- profiling the service to remove the risk.

Thirteen meetings were held over a course of 4 months.

Evaluation of Bids

Bidders had 4 weeks to submit their bids, following the end of dialogue, and the tender return date was Monday 18<sup>th</sup> September 2017.

Details of the evaluation criteria and score are set out in Confidential Appendix 1.

As per the overall evaluation score for Capita's price submission at least meets the requirements whilst the quality score generally exceeds the Council's requirements.

**3. Key Implications**

3.1 Previously the service was restricted by the nature of the OJEU notice, limiting the number of participating organisations joining the arrangement. The OJEU for the new services contract expands the organisations who can join the arrangement to include also all UK Councils and Housing Sector Arm's Length Management Organisations (ALMO) who offer an out of hours service and the new service specification provides significant potential to expand the service in the following areas which will enable cost reductions and service efficiency through:

- Expanding the take-up of the out of hours service by public sector organisations in London
- The development and enhancement of the service itself, for example by improved use of technology.
- Enable more joiners from, the Midlands, Sunderland, Scotland and Wales

3.2 The previous contract provided participating organisations to opt for daytime call handing, which is no longer an option under the new contract specification.

## Appendix B

### 3.3 Key Risks and Benefits

Due to commercial sensitivity of the offer from Capita details of the key risks and benefits are set out in Confidential Appendix 1.

## 4. Financial

### 4.1 Cost of Procurement

The procurement of the services will be funded by all of the Participating Organisations as they pursuant to the terms of an existing MOU with Ealing. Whereby a yearly contribution has been paid to Ealing since the commencement of the current contract in 2012 of £0.009m, this payment will continue throughout the duration of the current contract. There is a further understanding that should any interested party contractually enter into the current shared service prior to October 2018 that they would then contribute £0.009m pa.

Ealing's finance team on behalf of all participants will continue to manage the budget. The funds will be used for legal, procurement, promotion, management of various meetings, project resource and ICT.

A review is currently being undertaken to determine the annual contribution to the Council for continuing to manage the joint contract over the next three years until the third year Best Value Review. Currently £0.107m is paid by the all the participating organisations to the Council (including Ealing's share) which is mainly used to fund officer time in managing the contract. The funds are held separately on the Council's ledger, with any surplus rolled forward and additional costs recharged to the participating organisations on an annual basis.

### 4.2 Transition Costs

The cost of building up the system, including software licences, configuration, project management and the updating and commissioning of scripts is £1.5m. This includes the upgrade of the current Microsoft licences to the latest version (In Ealing's name) and the migration to a secure cloud environment. The cost are incorporated within the call unit price.

The uniform transition costs act as a disincentive against participating organisations terminating their services agreements early and leaving the collaborative arrangement.

### 4.3 Contract Value for the Partnership

The current contract costs has cost the Partnership on average £1m per year. Under the new contract arrangement it is estimated to cost the Partnership £1.205m per year.

## Appendix B

### 4.4 Contract Value to Ealing

Ealing are currently to pay an estimated sum of £0.096m in 2017/18 for approximately 40,000 calls. Over the current contract period (2012-2017) Ealing have reduced their call volume by 6,000 and anticipate for the call volume to remain at the current levels.

Under the new contract Ealing will approximately pay £0.092m per year for the same number of calls and will see an annual cost reduction of £4k.

	£m								
	2018/19 (part year)	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 (part year)	Total
Contract Cost at 10,199 calls	£0.046	£0.092	£0.092	£0.092	£0.092	£0.092	£0.092	£0.046	£0.646
2017/18 Budget	£0.020	£0.041	£0.041	£0.041	£0.041	£0.041	£0.041	£0.020	£0.284
<b>Budget Pressure</b>	<b>£0.026</b>	<b>£0.052</b>	<b>£0.052</b>	<b>£0.052</b>	<b>£0.052</b>	<b>£0.052</b>	<b>£0.052</b>	<b>£0.026</b>	<b>£0.362</b>
Efficiency Savings from within department	£0.026	£0.052	£0.052	£0.052	£0.052	£0.052	£0.052	£0.026	£0.362
<b>Net Budget Pressure</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>	<b>£0.000</b>

The budget shortfall will be fully met from management efficiency savings currently being implemented for 1 April 2018, from across the department.

Due to commercial sensitivity details of the unit prices and contract costs are set out in Confidential Appendix 1.

## 5. Legal

5.1 A competitive dialogue tender process was followed in order to let the contract, which was compliant with the Council's own Contract Procedure Rules and the Public Contracts Regulations 2015 (as amended). The competitive dialogue procedure permits negotiations with the bidder identified as having submitted the tender presenting the most economically advantageous tender to be carried out to confirm financial commitments or other terms contained in the tender in order to finalise the contract. Any such clarification, specification, optimisation, additional information or negotiations must not involve changes to the essential aspects of the tender or the procurement where such changes are likely to distort competition or cause discrimination.

5.2 For Ealing and the other current participants there were no immediate implications for staff as the Out of Hours Service is operated externally,



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however if in the future any more services were to be included under the new contract then the advice from Legal Services is that TUPE could apply, however any permanent staff would be offered redeployment where possible within the Council's/organisations.

**6. Value For Money**

- 6.1 The decision to move the out of hours service to the joint out of hours service was made by cabinet in November 2007. The main reason for doing so was due to the high cost of the in-house out of hours operations and the need to maintain a basic level of staffing and cover over very long hours.
- 6.2 It has been proven that recruiting to a service outside of what is deemed to be normal working hours can be very problematic, with regards to staff retention, reliability and commitment together with high sickness levels, can hinder the ability to provide continuity of service. Due to the importance of the Out of Hours service in relation to the vulnerable customers that it may impact upon and the fundamental wellbeing of the borough in respect of vital key life and limb back office services; it is strongly advised by officers to continue with the joint out of hours service approach to ensure Ealing's residents are safeguarded.
- 6.3 Ealing along with the other current aforementioned participants do not have the provision, neither financial nor staffing resource to move the current out of hour's service back in-house. Therefore a retender for a Framework Agreement for the service is required in accordance to the EU Procurement Regulations. The current contract is due to terminate on the 30th September 2018.
- 6.4 As prices have been fixed since the Best Value Money Review in October 2015, the Partnership were aware of a probability of a price increase.
- 6.5 The new contract is estimated to provide Ealing with annual efficiency savings of £4k. Due to improvement in technology, further cost reduction is anticipated by the Council, following completion of Best Value Review in year 3.
- 6.6 Call handling volumes for London Borough of Hammersmith & Fulham have been omitted as they recently joined the service and went live on the 31<sup>st</sup> August 2017.
- 6.7 In addition to the current joint out of hours shared service there is interest from other organisations from, the Midlands, Sunderland, Scotland and Wales to join the arrangement. Over the last three years Ealing has been approached by various organisations outside of the current remit. Currently the arrangement is restricted to members of the London Contracts and Supplies Group (LCSG), which include all 33 London Boroughs, Housing Associations, Arm's Length Management Organisations and public bodies in London and south-east England, as well as other public bodies and members of AGMA located in the Manchester area. By including all UK Councils and Housing Sector Arm's Length Management Organisations (ALMO) who offer an out of hours service in

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the OJEU it will make this a national service. It will also make the service more appealing to prospective suppliers in the future when we retender in 5 or 7 years' time. It is imperative to attract suitable prospective suppliers, as private sector investment and technology in the OOH's service will develop and provide further collective efficiencies.

### **7. Sustainability Impact Appraisal**

7.1 Not applicable.

### **8. Risk Management**

8.1 Use of the joint out of hours shared service is a low risk opportunity to increase capacity and reduce costs.

8.2 There is a risk of the project not being delivered on time and contingencies are in place to ensure that key dates can still be achieved.

### **9. Community Safety**

9.1 Not applicable.

### **10. Links to the 6 Priorities for the Borough**

- Prosperity – Ealing reputation as the leader in providing a successful cost effective OOH's service that has a proven record of its overall success.
- Safer – improved quality and safeguarding of vulnerable adults, children, homelessness persons and assisting the police and the emergency planning team in times of borough emergencies.
- Healthier – enabling customers to access services that are pertinent to their quality of life outside of normal working hours when they, are at their most vulnerable.
- Cleaner - enabling customers a safer home environment as the service works across all service area, inclusive of Street Services, High Ways, Parking and the like.
- Accessible – This contract will enable 24/7 access to key services for residents.

### **11. Equalities, Human Rights and Community Cohesion**

11.1 EIA previously completed

### **12. Staffing/Workforce and Accommodation implications:**

12.1 There is currently a team of 38 staff employed by the incumbent supplier however; in accordance with option A TUPE would not apply.

### **13. Property and Assets**

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13.1 There would be no impact on Ealing's property or assets.

### **14. Any other implications:**

14.1 None.

### **15. Consultation**

15.1 None.

### **16. Timetable for Implementation**

- Current out of Hours service Cabinet permission to award contract October 2017.
- Supplier due diligence period
- Standstill period & tenderer debriefs,
- Contract signature
- Implementation Contract Start 1st October 2018

### **17. Appendices**

Confidential Appendix 1 – Competitive Dialogue, Tender Evaluation, Key risks/benefits and financials

### **18. Background Information**

18.1 Permission to Procure Cabinet Report dated 15<sup>th</sup> November 2016 and the Commercial Strategy 27<sup>th</sup> September 2016.

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**Consultation (Mandatory)**

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
<b>Internal</b>				
e.g.	Executive Director			
Chuhr Nijjar	Senior Contracts Lawyer, Legal & Democratic Services	29/06/2017	02/11/2017	Throughout
Shabana Kausar	Finance Business Partner - Consultancy	29/06/2017	02/11/2017	Throughout
Flora Osiyemi	Finance Business Partner - Consultancy	19/10/2017	02/11/2017	Throughout
Chris Neale	Strategic Finance Partner – Accountancy	19/11/2017	02/11/2017	Throughout
Rakhee Vyas	Commercial and Procurement Partner	29/06/2017	01/10/2017	Throughout

**Report History**

<b>Decision type:</b> EITHER: Key decision OR Non-key decision OR For information (delete as applicable)	<b>Urgency item?</b> Yes
Report no.:	Report author and contact for queries:
	First and surname, job title Michelle Bernard Contract & Project Manager Ext: 6522

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is exempt

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