

<b>Report for:</b>	<b>Overview &amp; Scrutiny Committee</b>	<b>Item Number:</b>	
<b>Title:</b>	<b>Call In – Procurement of Strategic Partner to Support the Customer Services Transformation Programme.</b>		
<b>Report Authorised by:</b>	<b>Stuart Young, Assistant Chief Executive</b>		
<b>Lead Officer:</b>	<b>Catherine Galvin, Head of Transformation</b>		
<b>Ward(s) affected: All</b>		<b>Report for Key/Non Key Decisions:</b>	

## **1. Describe the issue under consideration**

- 1.1 The Call-In of a decision to award a contract for the provision of strategic partner services to Agilysis from November 2013 to support delivery of stage 2 of the Customer Services Transformation Programme.

## **2. Cabinet Member introduction**

- 2.1 I must express my surprise at this call-in, not least because of the signatory's complaints about the standard of customer services in Haringey and the fact that this one-off investment is designed to drive improvements that I would have hoped we would all want to see.
- 2.2 I also find myself surprised by this call-in as no representations or amendments were proposed when we decided to put money into the Capital Programme when the Budget was agreed for this municipal year either in the Cabinet meeting or the following Full Council where the Mid-Term Financial Plan was agreed.
- 2.3 The decision to Call-in an award of contract, rather than the Budget to pay for it does leave me somewhat perplexed. Either there is a belief that customer services are of a satisfactory and the investment is unnecessary or the service is



in need of improvement and requires investment and the advice of fresh and outside expertise.

- 2.4 Personally I believe we must aim higher for our residents, and strive to improve the standards of service they receive. To maintain the status quo could be seen as devoid of ambition.
- 2.5 I believe this investment will be considerably less than the top-end figure laid out in the original report, but it is absolutely necessary, along with the original decision in February, not only because I am determined to ensure that the resident experience is significantly improved – which means being served faster, finding our processes easier to navigate, use and understand, and dealing with issues at first point of contact more often, getting it right first time more often.
- 2.6 I would also note that we are at the very beginnings of a Zero Based Budget exercise. It is regrettable that I need to continuously refer back to the impact of the Government's austerity agenda but the £144m savings from a base of £287m – a 51% cut to the Council's services -requires us to radically rethink the way we deliver our services. Reducing the money we spend on the Corporate centre – of which customer services is a significant part I would have thought would have been a laudable objective.
- 2.7 The Call-in does not make clear how else savings will be made but when we are facing such levels of cuts as outlined in the previous paragraph it hardly seems like the solution is to plough more money into our base budget without at least evaluating how else we might organise our service when we continue to face such a significant level of cuts.
- 2.8 I am interested to hear any ideas at Overview and Scrutiny Committee - but would note the many authorities who have chosen a similar route to ourselves – namely to either reduce demand or to design more efficient processes as a means to make savings. Moreover, I would note that such strategies seem to be being pursued by authorities of various political persuasions including Kingston and Bath and North East Somerset.
- 2.9 I believe we can make significant savings in our baseline budget through this external advice. This has been outlined in this report and will enable us to protect money for delivering core services – such as maintaining parks, libraries, levels of street cleanliness, services for the elderly, youth services and support for families. This will be achieved by bringing key staff from each of our services closer to the 'front desk' and by making information streams more efficient. It will also drive residents to self-serve where appropriate and in areas where there is greater demand for such system of delivering such as parking.
- 2.10 In conclusion I believe the award of contract will deliver both significant savings and an improved customer experience, and is why I would urge Overview and Scrutiny to support the Leader's decision to award the contract.

### **3. Recommendations**

- 3.1 That the decision of the Leader as detailed in the attached minute taken on 30<sup>th</sup> July 2013 be upheld.

### **4. Alternative options considered**

- 4.1 As per the report to the Leader and set out in paragraph 4 of the report.

### **5. Background information**

- 5.1 The Customer Services Transformation Programme will deliver a better service for Haringey residents. It will provide a suite of online services to allow those customers who can help themselves to transact with the Council. It will also better co-ordinate resources for residents with multiple and often complex needs requiring more dedicated services.
- 5.2 The Council has a role to encourage residents to feel included. The future of public services, be they national initiatives such as Universal Credit or locally delivered is going to be predominantly digital. In Haringey approximately 20% of the population report themselves as excluded from digital channels of service. The customer services programme will promote inclusion.
- 5.3 Demand for services continues to grow. The implementation of national policies on welfare reform, housing and social care has seen an increase in resident queries and requests for assistance.
- 5.4 The current Council offer to residents is not fit to meet increased demand or to enable the scale of budget reduction required. A fundamental reworking of the Council (and partner) relationship with residents is required. As an example 25% of all current contact through Customer services relates to Benefits, and a third of this relates specifically to 'changes in circumstances'. If Haringey were able to fully exploit new digital advances for handling these types of contact then customers could be encouraged to use this as an opportunity for self service. Much of the current performance challenge is driven by the way services are organised, the systems deployed, and the expectations of residents.
- 5.5 Officers of the Council are delivering improvements to the current ways of working. Examples include skills-based routing of telephone queries which will reduce repeat calls; better messaging while callers wait to inform of online services which will encourage greater web use; and training for staff in the customer service centres. These improvements will have some impact on current



performance but will not, by themselves deliver the fundamental redesign required.

5.6 The Council is experiencing a period of unprecedented financial reduction. The financial planning report to Cabinet on 12<sup>th</sup> February 2013 noted that by the end of 2016/17 the Council will have made savings of circa £144 million since 2010.

5.7 Against this context full Council in February 2013 agreed the medium term financial plan including the inclusion of funding in the capital programme specifically to improve customer services.

5.8 Transformational change of the order planned requires specialist assistance. It is usual to contract for such services rather than to employ directly as the programme of change is finite and expert.

5.9 A survey of London boroughs and other councils indicated that a number are undergoing similar customer improvement change initiatives with partners providing specialist assistance:

- Barnet (*Capita*)
- Barking & Dagenham (*Agilisys*)
- Hammersmith & Fulham (*Agilisys*)
- Harrow (*Capita*)
- Kingston (*Agilisys*)
- Bath & NE Somerset (*PWC*)
- Birmingham (*Capita*)
- Essex (*PWC*)
- Oldham (*Agilisys*)
- Swindon (*Capita*)

5.10 Officers were unable to find a single example of customer transformation on this scale being undertaken by in house staff only.

5.11 The report to the Leader dated 30<sup>th</sup> July 2013 noted that costs arising from the engagement of a strategic partner will be contained within the budget agreed for the customer services transformation programme. Given the scale of change and the savings required the Council expects to see a return on its investment.

## **6. Call In Reasons & Responses**

6.1 Two reasons are provided for the call-in. Responses to these are as follow.

6.2 *We do not believe it is necessary for the Council should spend up to £1.6 million on employing consultant to improve the customer service when this could be done internally instead.*



- 6.3 **Response** – Council staff are deployed to deliver improvements to customer services. Examples are provided at paragraph 5.5 above. The scale of change requires a fundamental redesign of services, systems and ways of working. Council staff do not possess the experience to facilitate such change. As paragraph 5.9 demonstrates it is usual practice to engage expert and finite resource to deliver such change.
- 6.4 *We believe that spending up to £1.6 million on employing external consultant to undertake this work does not represent good value for money for the council or for local taxpayers.*
- 6.5 **Response** – the report to the Leader provides details of a procurement exercise. The exercise involved competitive tenders against a specification; a market day and a clarification event for suppliers to engage; and an evaluation based on quality and cost. As the report details, the recommended supplier achieved the highest scores of the bids received against both quality and cost. Taken together with the response at paragraph 6.3 above, officers recommend that the award does represent good value for money. The recommended supplier provided the cheapest highest quality bid against a need that cannot be met from alternative sources. Officers have visited upwards of 10 other local authorities to research a scope for the work. In each the use of external specialist consultancy has delivered a significant return on investment. A business case is scheduled for presentation in September 2013 including the financial modelling to deliver a return on investment. The reason for a September business case is to allow the completion of stage one activity, an analysis of four Council services from which modelling of the future service and savings may be derived.
- 6.6 The report to the Leader detailed the contract duration and price. The contract period is one year with the potential for an extension for a further 12 months. It is normal practice to provide an extension period as a contingency for programmes. Officers have produced a plan for stage two of the customer transformation programme over 12 months. The contract price for 12 months is circa £800K. One way of considering value for money is to compare improvements for residents to the costs of delivery. The cost of delivering improvements at stage two of the programme is a one-off circa £4 per resident. In return the report to the Leader detailed improvements in speed, quality and cost of service. Such improvements will be sustainable in return for the one off investments requested.
- 6.7 A budget for the customer services transformation programme was subject to a public decision at both Cabinet and Full Council both held in February 2013. That report highlighted the financial challenges facing the Council to 2015/6 and that fundamental service change was required. The budget of £2 million was agreed specifically for the purpose of delivering better performance and value from the Council's customer services. The decision now subject to call-in is the implementation of that budget agreement.

## **7. Comments of the Chief Finance Officer and financial implications**



- 7.1 The comments of the Chief Finance Officer have already been provided in the report that went to the Leader for decision.

## **8. Head of Legal Services and legal implications**

- 8.1 The comments of the Head of Legal Services have already been provided in the report that went to the Leader for decision. A further report has also been provided by the Head of Legal Services and Monitoring Officer confirming this procurement decision is within the Policy and Budgetary framework.

## **9. Equalities and Community Cohesion Comments**

- 9.1 As provided in the report to the Leader at paragraph 8.

## **10. Head of Procurement Comments**

- 10.1 As provided in the report to the Leader at paragraph 9.

## **11. Use of Appendices**

- 11.1 Appendix 1 – Minute of Decision by Leader 30<sup>th</sup> July 2013