

Report for: Cabinet Member for Customer Services signing 7th 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

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 1st October 2018 to 30th 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 30th 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 30th 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-social 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 30th 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 contact 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)**