

London Borough of Hammersmith & Fulham

Report to: Strategic Director of Environment

Date: 25 October 2019

Subject: AWARD OF CONTRACT FOR THE PROVISION OF DAYTIME CONTACT CENTRE SERVICES

Report of: Nicola Ellis, Assistant Director Residents' Services

Summary

Agilisys have provided the Council's daytime Contact Centre service since 2009. This contact centre handles approximately 133,000 calls per year covering the Council's switchboard, Environment, Cleaner Greener, Electoral Services and Registrars. The intention is to bring the contact centre in-house which relies on other corporate programmes including those covering accommodation and technology. Since October 2018 work has been ongoing in respect of planning for a move of the contact centre in-house but changes in key personnel and a commitment to other large-scale projects has meant that this has been slow to progress. This programme of work has been subject to a full review by an independent consultant and by the recently appointed Assistant Director Resident Services.

It was concluded that a move to an in-house contact centre with effect from 1st November 2019 poses significant risk to the Council and services to its residents. In view of this, this report recommends a direct award to Agilisys for a further 12 months (to 31st October 2020) to enable the effective insourcing of this contract.

Recommendations

1. Appendix 1 is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
2. That a waiver to CSOs 10.2 and 11.2 be granted to enable a direct award of contract to Agilisys Ltd to provide contact centre services for 12 months from 1st November 2019 to 31st October 2020.
3. That a contract be directly awarded to Agilisys Ltd to provide contact centre services for 12 months from 1st November 2019 to 31st October 2020 at a total contract sum as set out in exempt Appendix 1.

4. That one-off additional funding as detailed in exempt Appendix 1 is made available from corporate reserves to fund the contract. The financial details are contained within the exempt appendix.
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Wards Affected: All

H&F Priorities

Please state how the outcome will contribute to our priorities

Our Priorities	Summary of how this report aligns to the H & F Priorities
<ul style="list-style-type: none">• Creating a compassionate council	The daytime contact centre is the prime contact point for residents accessing council services including vulnerable residents and those accessing key services, eg electoral services.
<ul style="list-style-type: none">• Taking pride in H&F	Ceasing or severely degrading the service quality of the daytime call handling would cause reputational damage to the Council and would have a negative impact upon our residents.

Financial Impact

Detailed financial information is contained in exempt Appendix 1. Officers should continue to progress plans to redesign the service so that the in-house service from November 2020 is as cost effective as possible. Any resulting budget savings should be factored into the Council's medium-term financial plans from 2021/22.

Legal Implications

The thresholds for decision making were revised at full council on 16th October 2019. Consequently, this award of contract can now be taken by the Strategic Director in consultation with the relevant Cabinet Member. Although the Contract Standing Orders have not been formally updated to reflect the new thresholds, the Monitoring Officer has delegated authority to do so, the Monitoring Officer has been consulted and confirms that the Strategic Director has the appropriate authority to take this decision as the decision at Full Council takes immediate effect whilst the updating of the CSOs is an administrative process. Further legal implications are contained within exempt Appendix 1.

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Background papers used in preparing this report

None

DETAILED ANALYSIS

1. Proposals And Analysis Of Options

The proposal to award the contract for a further 12 months would provide sufficient time to address issues with the current in-sourcing project and ensure that delivery is effective. These issues and the proposals to address them are detailed below.

1.2 Project Governance and Engagement

The current project has been running without a formal governance structure including project board. This has resulted in limited engagement from relevant parties. The project board should include representation from relevant areas: People and Talent – to advise on TUPE implications and minimise risk; IT – System and hardware procurement and implementation; Service areas – To ensure effective processes for handling and reducing contact and analysis of reasons for contact. The project will report to the Major Programme Board and follow the established governance to ensure delivery.

1.3 Financial

With the business case for change having been developed in 2017, current indicative costs exceed those identified at the time and the cost of the in-house service will exceed the cost of the current contract. No significant work has been completed to reduce customer contact and ensure efficient processes. A reduction in customer contact would mean that the service could potentially be delivered with fewer resources and at reduced cost. This work should be completed at the earliest opportunity so that we can work with Agilisys to manage this and support our residents.

The council is upgrading the method through which remote access to processing systems is provided (technically from VDI to Citrix) which will entail an additional cost of up to £25,000 to enable the contact centre to access line of business council systems. This cost would be incurred whether the service was in-house or remains with Agilisys for a further 12 months.

1.4 Systems/Processes

Quotes have been obtained for changes to the telephony system but these have not been progressed and no change control notice issued as budget not identified. Time to test and implement system changes is not factored into the current project plan. It is anticipated that this could be between 3-6 months.

Some key processes have been reviewed but this was early in the project and these need further work with service areas to identify improvements and to ensure that self-service is supported and encouraged. Opportunities to reengineer and promote channel shift in the lead up to bringing the service in house need to be exploited.

1.5 Staffing

There is no impact on current staffing as a consequence of this direct award of contract. Existing Agilisys staff would be subject to TUPE at the time of a transfer in-house. Despite the original plan to have insourced the service by 1st November 2019, the necessary TUPE process which includes staff consultation has not yet taken place. This will commence and be completed during the next 12 months.

1.6 Proposal for the future delivery of the project

To address these issues and risks and ensure the project is successful, the project needs to be reviewed and relaunched. It is essential that the following are addressed in future delivery plan:

- Formal project governance - A project initiation document will be created. A formal project board will be established including representation from all relevant areas. A communication strategy and timetable will be agreed for the project. Communication and engagement with Agilisys will be included.
- Budget and cost – A budget needs to be identified for continuing delivery of the service under the award of the contract. The cost of future service delivery needs to be identified at the earliest possible stage and the budget approved. This should include a budget for implementation so that this does not hold up action with regard to system and telephony changes.
- Project Plan – Project plan will be reviewed and revised and will include key milestones throughout the duration of the project in order that progress can be monitored to ensure successful completion on time.
- Phased approach – The project board will consider a phased approach to bringing the service in house and include this in the project plan. A phased approach of bringing in one service area at a time will minimise risk to service delivery and allow new ways of working to bed in.
- Process re-engineering and improvement – A programme of process reviews and will be included in the project plan. This will allow for inks to the self-service programme to be identified at an early stage and for relevant self-service processes to be created. Working with Agilisys we will introduce self service processes and support and encourage customers to use these to ensure efficiencies. Analysis of current contact will enable work to be done to address root cause and so ai for a reduction in the need for our residents to contact us by phone.

2. Options and analysis of options

The following options have been considered:

2.1 In-source service from 1st November 2019

In order to do this additional and significant resources would need to be deployed. Even with additional resources it is considered that effective delivery of

the project would not be possible in the current timescales. There is insufficient time to recruit and train staff to deliver and deliver the IT changes. There is therefore an extremely high risk of a poor service for residents. This will have an impact on back office services, lead to an increase in complaints and member enquiries and thus will deliver reputational damage to the Council. In addition the cost of the service is likely to increase. There is also a potential risk in relation to not following due process with regard to TUPE.

2.2 Continue to current timetable but deliver the service from Rochdale with existing staff

This option allows us to retain skilled and knowledgeable staff to continue to deliver the service. It reduces the risk of challenge in respect of TUPE although we may want to introduce some measures to allow for home working. The timescales do not allow for sufficient 'meaningful consultation' and the IBC system does not allow us to support differing terms and conditions and so a process would need to be followed to migrate Agilisys staff to Hammersmith and Fulham terms and conditions immediately. If homeworking is not considered, then accommodation would need to be secured. This approach does not offer the opportunity to review processes and reduce contact. The timescales are challenging and it is unlikely that we would be able to make the relevant system changes and deliver the service from our network including provision of hardware. This option would be a short-term solution as a fully remote call centre which does not give the opportunity to integrate with other contact centre services is not an ideal solution for the future delivery of the service.

2.3 Award a further 12-month contract to Agilisys and review project approach to deliver a re-engineered service in house after 12 months

This is the recommended option as it allows the opportunity to ensure that we are taking every opportunity to deliver the most effective service to residents which is financially efficient. This approach minimises the risk of poor service delivery and a higher cost service. It is recognised that this contract has already been extended and the insourcing of the service has not been successfully delivered. Ensuring formal governance and approach to the project will reduce any risk of non-delivery in the future. This approach allows the opportunity to work in conjunction with other programmes such as the self-service project and Resident Access Programme to ensure that the new service supports those principles. There is little risk of any challenge from competitors in respect of the direct award as the market has previously been tested and there was little interest in the contract.

2.4 Do Nothing

The contract to provide the council's main daytime contact centre will end on 31st October and calls from 1st November onwards would have to be answered by other LBHF call handling teams without training, access to the necessary systems or adequate resourcing in place to handle a high level of demand for a range of sensitive services including electoral services. Service levels would deteriorate to critical levels with the risk of service failure and severe reputational damage.

3 Reasons for Decision

Following a review of the project and progress to date it has been determined that continuing to proceed with insourcing the contact centre with effect from 1st November 2019 poses a number of risks to the Council and the provision of services to our residents. In August it was established that progress to date has meant that there is insufficient time to adequately complete key tasks, in order to ensure that the service can continue to meet the residents' needs. Specifically:

Insufficient time to conduct 'meaningful consultation' as required under TUPE and redundancy legislation when transferring a service in-house.

Migration of ICT systems and setting up relevant telephony systems are estimated to take between 3-6 months.

There is a high likelihood of a general election in the short term and this will mean increased demand for call handling for electoral services. Insourcing the service at this stage would risk service failure at a time of peak demand.

Extending the contract for a further year will enable the new in-house service to be redesigned and enable opportunities for us to work in partnership with Agilisys and service areas to re-engineer the service prior to taking in house. The aim will be to reduce the need for our residents to contact us which will enable us to provide a more efficient service and will ultimately reduce cost as volumes of contacts reduce. This work is essential to enable the in-house service to be delivered at a cost that does not exceed the contract cost and aims to deliver savings.

The incumbent supplier is providing a value for money service that is adequately meeting our residents' needs.

4 Equality Implications

This award maintains an existing service and accordingly it is not considered that there will be any additional equality implications that the Council need to consider at this stage.

5 Risk Management Implications

The absence of a formal governance structure for the project has resulted in the realisation of some risks and consequences particularly project slippage, additional costs and need to award a contract for a further year without competition and that in mitigation the Programme Management Office has been approached to provide support, mentoring, additional governance and scrutiny. Service continuity is a corporate risk, number 5 on the council's corporate risk register. In this situation the needs and expectations of our residents are foremost in supporting the proposals and recommendations. Our council priority includes Being ruthlessly financially efficient, therefore the recommendation set out in 10.1 of the Financial and

resources implications should be actively pursued as use of the council's reserves is a measure of last resort having explored other strategies and opportunities.

Implications completed by: Michael Sloniowski, Risk Manager, telephone 020 8753 2587

6 Other Implications

Procurement implications are detailed in Exempt Appendix 1.

List of Appendices:

Exempt Appendix 1 – Financial information, legal advice and procurement