

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Councillor Rowan Ree, Cabinet Member for Finance and Reform

Date: 20/09/2024

Subject: Procurement of Out of Hours Contact Centre Service – Joint Partnership to continue for the OOH telephony service provision

Report of: Nicola Ellis, Director Chief Operating Officer Corporate Services

Report author: Yvonne Hadlames, Assistant Director for Resident Contacts

Responsible Director: Sukvinder Kalsi, Executive Director - Finance and Corporate Services

SUMMARY

- **This report is to request the continuation with the Joint OOH Partnership and participation in the Procurement process**
This report recommends that LBHF remains within the Joint Out-of-Hours (OOH) partnership to deliver comprehensive OOH services, encompassing Adults and Children's Social Care, Environmental Services including noise (highest volumes), Building Control, Highways, and Emergency Services. This collaborative approach leverages shared expertise and resources, ensuring a robust and responsive service provision.
 - **Re-procurement Strategy**
Pursue the competitive re-procurement of a 5-year service contract with an optional 2-year extension. This process, currently underway and requires a conclusive decision from LBHF by **Monday, 7th October 2024** to affirm ongoing participation. Early withdrawal could incur a financial penalty and necessitate an independent procurement process or to bring the service in house (see Appendix A).
 - **Decision Timing**
In the event of a potential exit from the Joint Partnership, a swift decision is preferable. Given that supplier dialogue sessions commence in September 2024, LBHF's attendance will be essential at the September Supplier Dialogues where we have currently shortlisted through a tender process lead by Ealing to four suppliers. An early decision is beneficial for planning.
 - **Contract Award**
Upon receiving a satisfactory tender, the contract award should proceed, with the new contract to begin on **Tuesday, 21st October 2025**.
 - **Financial impacts**
The joint partnership offers value for money with a cost of around **£145,000 per year for 7 years**.
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RECOMMENDATIONS

1. To note that that Appendices B, D and E are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. That LBHF commits and continues to remain part of the Joint partnerships/new contract with the chosen supplier and retain an overarching contract agreement and Memorandum of Understanding (MOU) with other partners. To note that Ealing will also remain as the Lead Partner.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Corporate Plan and the H&F Values
Building shared prosperity	The OOH Joint Partnership offers value for money sharing a service provider.
Creating a compassionate and inclusive council	The current service provision provides a reliable and responsive out of hours service for residents outside the core opening hours.
Doing things with local residents, not to them	The OOH will engage with the Resident Experience and Access Programme (REAP) to consider co-production for the future.
Being ruthlessly, financially efficient	The cost of the OOH service provision offers exceptional value, and all other options would cost the Council significantly more.
Taking pride in H&F	The current service provision has delivered on the Key Performance Indicators (KPIs) to ensure we pride ourselves on an excellent OOH service offer.
Rising to the challenge of the climate and ecological emergency	The OOH service partnership will ensure use hybrid working with one building.

Financial Impact

The estimated annual cost of the Joint Partnership, based on the current arrangements, is approximately £147,000 per annum which includes a £10,500 management fee to Ealing as the Lead Authority.

Costs are funded by £147,000 general fund budget held in Resident Services.

The competitive procurement process will be likely to deliver a similar or reduced cost. The new contract will be over 5 years plus 2. This would mean a total contract value of up to £1,029,000.

All financial aspects of the service are managed by Resident Contacts on behalf of the entire authority. For a detailed breakdown of costs and performance, refer to confidential Appendix B, which includes the monthly overview for June 2024 and corresponding performance reports. The costs per month do slightly vary, as they depend in part on call volumes, giving LBHF the scope to reduce costs over time through channel shift and self-service options which will be considered as part of REAP.

Alex Pygram, Head of Finance, Finance and Corporate Services, 13 August 2024
Verified by James Newman, AD Finance, 14 August 2024

Legal Implications (please refer to section 24 for the full details of why competitive dialogue was applied)

This report recommends that the Out of Hours service is procured using the competitive dialogue procurement procedure under regulation 30 of the Public Contracts Regulations 2015 ('PCR'). Contracting authorities may apply the competitive dialogue procedure where one or more of the following criteria is satisfied. In the following situations:

- (i) the needs of the contracting authority cannot be met without adaptation of readily available solutions.
- (ii) they include design or innovative solutions.
- (iii) the contract cannot be awarded without prior negotiations because of specific circumstances related to the nature, the complexity or the legal and financial makeup or because of risks attached to them.
- (iv) the technical specifications cannot be established with sufficient precision by the contracting authority with reference to a standard, European Technical Assessment, common technical specification or technical reference; (reg 26)

The procurement will be undertaken by Ealing Council as Lead Authority using its CSOs. The value of the proposed contract is estimated to be £147,000 over 7 years, i.e., £1,029,000. The proposed procurement route is compliant with the PCRs provided the decision can be justified on one of the criteria set out in regulation 26.

The Head of Procurement is required to give prior approval for the use of the Competitive Dialogue procedure (CSO 34.4.6.2). The award criteria must be set out

in the report (CSO 36.4.12.5). If any of Ealing's CSOs are to be applied rather than the Council's CSOs, a waiver is required from the s151 Officer.

The appropriate decision maker is the Cabinet Member.

The decision is a Key Decision (see Article 12 of the Constitution), and the report must be submitted to Committee Services for publication on the Council's website.

*Angela Hogan, Chief Solicitor (Contracts and Procurement) 19th August 2024
updated 28th August 2024*

Background Papers Used in Preparing This Report

None other than those cited.

DETAILED ANALYSIS

Proposals and Analysis of Options

1. Option 1: Do nothing – Current contract expires, and no new contract is procured (Not Recommended)

Advantages

- None. The Council has a statutory obligation to process some of the out of hours calls received.

Disadvantages

- There would be a significant risk that an important out of hours calls would be missed or mishandled leading to death or significant avoidable damage to health.

2. Option 2: Deliver the service in-house (make/buy decision) (Not Recommended)

Advantages

- A possible limited number of local jobs would be created, but at an uneconomic cost as compared with alternative social value interventions.

Disadvantages

- The service was outsourced originally to take advantage of the lower costs per annum. This was because of the requirement to provide continuous out of hours staff cover for overtime, sickness and leave on top of routine staffing costs.
- The estimated cost per annum directly in house would be a minimum of around £700,000 per annum with oncosts for staffing minimum plus for 4 CSA's (scale 6), a Team leader (PO1), 1 Manager (PO4) this is based on 36 hours a week contract for staff. Resourcing a Contact Centre Monday - Friday 5pm till 9am, all weekends and Bank Holidays which are payable to staff at a higher hourly rate would increase the hourly rate and further add

to the costs for staffing. This does not include system costs and the cost to deliver this in house project.

- Possibly challenges in recruitment to OOH. In addition, there is/was no competent information technology offer.
- Would require a complex Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) exercise in which the existing Capita workforce (which passed the “TUPE test”) would have to split between the current partners.
- Would require additional agile IT specialist support to maintain the technology and this cost could not be shared (as currently) with partners.
- Significant capacity challenges in insourcing the service.

3. Option 3: The Council undertakes a full regulated procurement process, advertised to the market, directly (Not Recommended)

Advantages

- Less reliance on coordination and collaboration with other authorities.
- Need to opt out by Monday, 7th October 2024.
- Capita must be given 12 months’ notice.
- Procurement and delivery would need to be fully carried out by LBHF, we would require the business requirements to procure/utilise our own Customer Relationship Management (CRM), create end to end process from scratch and possibly employ LBHF staff directly and/or offer Overtime in OOH to cover the contact.

Disadvantages

- LBHF covers all the legal costs of procurement.
- LBHF does not benefit from “best practice” meetings with partner boroughs.
- Removes the ability to share risk and reward with partners.
- Reduced opportunities for joint innovation.
- Reduces opportunity for reducing cost through economies of scale.
- Could be less reactive to large scale emergencies.
- Difficulty managing a small team for out of hours.

4. Option 4: Procure using a compliant framework or Dynamic Purchasing System (DPS), using a mini competition (Not Recommended)

Advantages

- Can drive competitive pricing.
- New suppliers can join at any time (DPS only).
- Pre-approved supplier can speed up the process.

Disadvantages

- Setting up a framework and for a DPS, managing new supplier on-boarders can be time consuming and complex.
- May not be suitable as this is a specialised service requirement.
- Can limit the choice to certain suppliers within a framework.

5. Option 5: Procure using a compliant framework, using a direct award (Not Recommended)

Advantages

- Can speed up the procurement process by relying on the pre-procured competitive tender process.
- Pre-established T&C.
- Can reduce costs of implementing and managing a competitive tender.
- Pre negotiated pricing terms.

Disadvantages

- Limits competition and may lead to less favorable pricing or terms.
- Suppliers could become complacent if they are not in competition.
- Frameworks may not always offer the best market rates as a single buyer.

6. Option 6: The Council continues to remain part of the Joint Partnership, and is part of the collaborative procurement led by Ealing Council (Recommended)

This option enables a new contract to be established with the procured supplier and enables LBHF to retain an overarching contract agreement and MOU with other partners. Ealing will also remain as the Lead Partner (Appendix D and E current overarching agreement and MOU).

Advantages

- Shared procurement costs.
- Shared experiences through “best practice” meetings.
- Significant opportunity to reduce costs as fixed costs would be shared across multiple users.
- Consistent performance.
- Ability to respond to large scale emergencies.
- Back up for daytime contacts, if losing own contact centre service.

Disadvantages

- Procurement is coordinated with other authorities on shared schedules and with risk of slippage, but this is unlikely as robustly managed and on schedule currently for supplier presentation to start in September 2024.
- Risk of other partners leaving partnership.

Reasons for Decision

7. The proposal is for LBHF to remain within the Joint OOH Partnership and participate in the competitive dialogue procurement for the Joint Out of Hours Telephony contract as the current contract ends on Monday, 20th October 2025.
8. The current contract with Capita was of 7 years’ duration, and there is no option to extend.
9. Ealing Council is the Lead Organisation on a joint service arrangement for the current contract. The proposal will remain as is now, with other organisations being able to join the partnership. There is currently and would remain an Overarching Agreement between Ealing as Lead Organisation and the new supplier, a MOU between each user organisation and Ealing (allowing Ealing to recover reasonable management and procurement costs, set out earlier in this

report) and individual Service Agreements between the successful supplier and each individual user.

10. The contract is charged on a call volumes basis and when negotiating with suppliers in the tender process the volumes of calls are shared so the supplier is clear on the average calls for the partnership, this drives the cost per call charge. Every partner can reduce calls to lower their costs throughout the contract period - for example creating better self-service options for reporting non-emergency incidents to reduce those types of calls. Or creating a service app to update on an absconded child for example to reduce a call to the OOH Contact Centre.
11. Within the 7-year contract period, the partners with the Lead Authority being Ealing Council, has enacted 2 Deeds of Variation to the contract. They were as follows:
 - To vary the call handling KPIs to allow reduced staffing levels to reduce costs.
 - To introduce a new call handling system, based on Power Apps to significantly reduce the annual costs of sustaining the IT offer.
12. Under the contract all intellectual property including configurations and scripts relating to the CRM will pass to Ealing (as lead authority, holding the same in trust for all partner organisations). Suppliers will be asked to consider the option for the new contract to use this already developed solution for managing customer cases for smooth transition and reduced cost of any new contract. (A specialist IT resource will be required to maintain this already developed complex functionality).
13. A telephony solution will need to be provided by the new supplier.
14. The lead of the Joint Out of Hours Service role was assigned to Ealing Council by agreement amongst the current participating organisations; a monthly financial contribution towards this role is made by all participating organisations. Participants include the London Boroughs of Barnet, Enfield, Haringey, Homes for Haringey, Hammersmith and Fulham and Barking and Dagenham and Barking & Dagenham Homes.
15. During the life of the current contract, the call handling system has been constructed by Capita. The IPR (Intellectual Property Rights) in the configuration of the system which includes the scripts is held by the Council on behalf of the participating organisations. This ownership of the system which will transfer across, means that the costs per call for the new contract will be lower than for the current contract. Further benefits of the contract have been achieved as follows:
 - Economies of scale
 - Improved call waiting times
 - Reduced call handling times
 - Raised service standards
 - A complete audit trail for all service users
 - More efficient processes
 - Partnership and collaborative working enabling end-to-end service

improvements

16. LBHFs current OOH Contact Centre performance.

KPI	2023/24 performance
60% of calls answered within 40 seconds	67.90%
Abandoned 7.5% or below	6.38%

17. There are no customer satisfaction surveys or data for the OOH service, currently. Due to the nature of the calls and emergency element as a Partnership we have not implemented this. This will be something we look at with the successful supplier in the future.
18. Due to the success of the service, in consideration of the KPIs, all the current participating organisations wish to continue with a similar arrangement, informing the likely economies of scale to be achieved if we are to proceed.
19. Within the current contract, 75% of the call handlers have been in the service from commencement. All employees are paid above the Real Living Wage. The continuity of service provides current users of the out of hours call handling service and, equally important for any potential new joiners, in depth knowledge and experience.
20. As the existing contract comes to an end the intention is to renew the arrangement and to offer the opportunity for more public bodies to join. Attracting new organisations to the service will produce further efficiencies and opportunities for savings for the existing participants.
21. To maximise the efficiency of the arrangement, the supplier will be required to undertake integration of the already provided CRM solution with the service-office function of each individual participant.
22. On this basis, it is recommended LBHF commits and continues to remain part of the Joint partnerships/new contract with the chosen supplier and retain and overarching contract agreement and MOU with other partners. Ealing Council will also remain as the Lead Partner. This service provision currently in place for the last 6 years with the Joint Partnership module has been successfully implemented and delivered good value for money and a good level of service. Collaborative partnership working has aided delivery of good service and has supported LBHF six key values and will be able to continue to do so.
23. Procurement competitive dialogues weightings

Primary Criteria	Weightings
1. Deliverability and Service Performance	40%
2. Sustainability	5%
3. Social Value	10%
4. Derogations to the Overarching Agreement (including the Services Agreement)	5%
5. Business and Financial	40%
TOTAL	100%

24. With reference to the Legal Implications. Ealing Council (Lead Authority) have clarified the reason for the competitive dialogue procedure being followed.
- **The needs of the contracting authority cannot be met without adaptation of readily available solutions** – This justification applies because the participating organisations have unique procedures and scripts. In order to deliver these a supplier must inevitably undertake software development. The participating organisations need to check, in dialogue, that the bidders have a full understanding of what is required before tenders are submitted. This is to ensure that the appointed firm is capable of delivery an important service (which for some scripts is life-critical) from the first day of the contract.
 - **They include design or innovative solutions** – This justification applies because the technology used to deliver the service is rapidly developing. The participating organisations wish to receive proposals for radical ways of delivering the service including Artificial Intelligence and the use of customer “apps”.
 - **The contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity or the legal and financial make-up or because of risks attaching to them** – This justification applies because there is a very complex financial bid back document to be completed as part of the final tender. There is a high probability of serious errors being made in the completion of this document without appropriate discussions. In addition, in view of the complexity of the requirement there is a need to ensure that risk-based pricing is reduced to the minimum to ensure value for money for the participating organisations.
 - **The technical specifications cannot be established with sufficient precision by the contracting authority with reference to a standard, European Technical Assessment, common technical specification or**

technical reference – This justification applies because each of the 8 participating organisations delivers the service in a unique way. Whilst there may be commonality by chance in places, generally each participating organisation uses a unique set of scripts which need to be written and then uploaded into the IT system of the successful supplier.

Equality Implications

25. The Equality Impact Assessment has been completed (Appendix F). The EIA shows there is no perceived negative impact to any groups that share protected characteristics, and the OOH will continue to provide a service for all residents. Further enhancements on accessibility will be in place with the successful supplier.

Yvonne Okiyo, Strategic Lead Equity Diversity and Inclusion, 19th August 2024

Risk Management Implications

26. As noted above, there is an operational risk that other partners will leave the partnership resulting in a potential increase in costs, cessation of the service or a reduction in support, and quality of service as Ealing aim to cover costs. The likelihood of this risk occurring must be accepted but can be offset through monitoring the service quality of service and contacts with other engaged local authorities.

Jules Binney, Risk and Assurance Manager, 21st August 2024

Climate and Ecological Emergency Implications

27. Please see Appendix G for the Climate implications document completed. There are no negative impacts identified within the climate implications review.

Hinesh Mehta, Assistant Director Climate Change, 20th August 2024

Procurement Implications

28. The recommendation is for Ealing Council to lead a collaborative procurement for the OOH Contact Centre. This is a compliant route to market under the Public Contracts Regulations 2015, and the requirements of Ealing Council's local rules (their Contract Standing Orders) will take precedent so far as assuring the procurement process.
29. It is recommended the procuring officer works with the Procurement and Commercial team to ensure the Council's obligations regarding its governance own processes (e.g., contract award presented to the Contracts Assurance Board, prior to award), publication of notices and entry on the Council's Contracts Register, etc. are undertaken compliantly and in accordance with the Public Contracts Regulations 2015, and the Council's own Contract Standing Orders.

Chris Everett, Category Lead – Procurement and Commercial, 15th August 2024

Digital and Information Management Implications

30. It is important that Digital Services be engaged in this procurement for the OOH Contact Centre being pursued jointly with partner boroughs to ensure that any H&F IT requirements are identified and understood early. The H&F DPO should also be consulted to ensure that all data protection requirements are understood and fulfilled.
31. A Data Privacy Impact Assessment (DPIA) will need to be completed with successful supplier to ensure that all the potential data protection risks around this OOH service are properly assessed with mitigating actions agreed and implemented.
32. The incumbent supplier will be expected to have a Data Protection policy in place and staff will be expected to have received Data Protection training. The supplier will also need to complete a (Cloud) Supplier Security Questionnaire, and the final contract will need to include H&F's data protection and processing schedule.

Cinar Altun, Strategy Lead – Digital Service, 15th August 2024

Information Management

33. Will be engaged with on the completion of the Procurement process as not required at this time.

Local Economy and Social Value

34. As Ealing Council is the lead authority for this procurement exercise, Ealing's Social Value policy will apply.
35. This paper confirms that local economy and social value will be part of the competitive dialogue sessions as detailed in section 23 about weighting.
36. It is recommended that the commissioner works with Ealing Council and the Social Value Officer in H&F to ensure that commitments secured through Social Value are deliverable, providing proportionate benefits to H&F residents, and as aligned to H&F's Social Value policy as far as Ealing's policy allows. Including for example, the right of the commissioning authority to seek remedies should Social Value not be delivered to the levels agreed through contracts.

Oliur Rahman, Head of Employment and Skills, 21st August 2024

Commercial

37. Part of the supplier dialogue sessions.

List of Appendices

The report and all the appendices below are exempt from publication as commercially sensitive

Appendices

- A – Financial impacts of leaving the current provider and partnership
- B – LBHF example month performance report and costs for June 2024
(Confidential)
- C – Dialogue roster for engagement with supplier at the presentations in September
- D – Current overarching contract with Capita (Confidential)
- E – Current MOU October 2023 (Confidential)
- F – EIA completed
- G – Climate impacts document