

Appendix A OOH Report

Financial impacts of leaving the OOH partnership. Final decision date for LBHF is the 7th October 2024.

There are three key elements for consideration:-

1. LBHF would have to give the OOH partnership 12 months' notice and continue to receive and pay for Ealing's services (i.e. monitoring, budget management of monies paid to Capita etc) during that period. Additionally, any reduction in the volume of the calls from LBHF that differ significantly from the original bid model during the notice period, will have impacts on the costs of the service to LBHF and other participating organisations and would therefore potentially result in further additional costs.
2. LBHF must pay the incumbent for any development costs for LBHF which have not yet been billed as included in the current set up. This is because bidders were requested to depreciate set up costs for participating organisations across the 7- year term of the contract so that Councils did not have to pay to get their scripts in place for the new contract. This would be an additional exit charge for LBHF. A full list of the Exit Costs is set out in Annex C to the MOU signed by the Partnership.
3. The call deficit charge is a burden shared by all because two Councils withdrew from the joint service after the procurement had finished and before the new service commenced. This disturbed the financial models of the bidders in terms of them recovering the considerable IT development costs across the specified number of calls with a reduction in partner organisations. As per the Deed of Variation the deficit is £258,612 across the partners for the seven years. Ealing led many interventions including the introduction of a cheaper call handling configuration to significantly reduce the deficit. The exact amount of deficit is defined every year by calculation contrasting actual call volume into the partnership with the figures offered to bidders at the tender stage. Every partner has an equal share of the deficit. The important point to note is that LBHF's call deficit will persist to (a) the end of the contract or (b) sufficient new joiner calls are in place to compensate for LBHF withdrawing its calls.

Comment

1. In view of these factors, if a decision to exit the partnership was made at contract end date, it would increase legal work and administration costs and extra call handling costs for LBHF. This is only 15 months away, and the contract requires 12 months' notice to terminate.
2. If LBHF having left, wanted to rejoin, from October 2025 there will be a 6-month moratorium on any new joiner and LBHF would have to wait until April 2026 to rejoin.
3. The partnership enables load sharing to control variable costs (staffing) and development costs (IT). To cover the hours of the service LBHF would need to resource with 7FTE which would equate to approximately £700k extra per year. The question of covering the costs of the development of scripts of equal quality is also relevant, since LBHF will not be able to export intellectual

property if we leave and there would be a requirement to develop an IT solution for the service at further additional cost.

The table below shows the current tender/procurement process timetable that is underway, led by Ealing.

Dates:-

Task Name	Duration	Start	Finish
Invitation to develop outline solutions	0 days	Wed 10/07/24	Wed 10/07/24
Firms preparing for dialogue	42 days	Thu 11/07/24	Fri 06/09/24
First dialogue meetings (Monday to Thursdays)	20 days	Mon 09/09/24	Fri 04/10/24
Bidders preparing their final dialogue presentations	10 days	Mon 07/10/24	Fri 18/10/24
Second dialogue meetings (Monday to Thursdays)	10 days	Mon 21/10/24	Fri 01/11/24
Firms invited to submit final solutions (tender stage)	0 days	Fri 01/11/24	Fri 01/11/24
Firms working on their tenders pt 1	15 days	Mon 04/11/24	Fri 22/11/24
Deadline for clarifications	0 days	Fri 22/11/24	Fri 22/11/24
Firms working on their tenders pt 2	15 days	Mon 25/11/24	Fri 13/12/24
Tenders received	0 days	Fri 13/12/24	Fri 13/12/24
Tender evaluation	30 days	Mon 16/12/24	Fri 24/01/25
Draft result	0 days	Fri 24/01/25	Fri 24/01/25
Council governance (pre- booked)	40 days	Mon 27/01/25	Fri 21/03/25
Standstill (including safety margin)	15 days	Mon 24/03/25	Fri 11/04/25
Contract engrossment and execution	60 days	Mon 14/04/25	Fri 04/07/25
Mobilisation (and contingency)	134 days	Mon 14/04/25	Wed 15/10/25
New contract live	0 days	Mon 20/10/25	Mon 20/10/25