


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">27 MARCH 2017</p>	
<p style="text-align: center;">RECOMMENDATION ON OUT OF HOURS CALL CENTRE CONTRACT</p>	
<p>Report of the Cabinet Member for Commercial Revenue and Resident Satisfaction - Councillor Ben Coleman</p>	
<p>Open Report</p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt information</p>	
<p>Classification - For Decision</p> <p>Key Decision: YES</p>	
<p>Consultation:</p> <p>This has been part of the Resident, Business and Visitor Satisfaction Strategy and progress has been regularly brought before the Board which includes senior officers from Customer Services, Information Technology and Innovation & Change Management.</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Belinda Black, Director for Resident and Business Satisfaction</p>	
<p>Report Author: John Cordani, Head of Customer Service</p>	<p>Contact Details: 020 8753 1318 john.cordani@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 A key part of the council's ambitions to improve resident satisfaction is to create a cost effective model for the council's corporate call centre services. The current service is provided by Agilisys Ltd. This report outlines an opportunity for the council to improve resident satisfaction with the Out of Hours service, and save money by reducing the cost per incoming calls.

2. RECOMMENDATIONS

- 2.1 That the Council serves six months' notice before 1 April 2017 to terminate the contract in part in relation to the Out of Hours component of the current

contract with Agilisys Ltd and negotiate a contract price for the second year for the Day Time contact centre component only.

- 2.2 That the Council calls off the Pan London Framework Agreement for Out of Hours Call Handling set up by the London Borough of Ealing and award a contract to General Dynamics Information Technology Ltd (GDIT) for one year and two months commencing on 1 August 2017.
- 2.3 That the Cabinet delegates authority to the Director for Resident and Business Satisfaction, in consultation with the Cabinet Member of Commercial Revenue and Resident Satisfaction, to award a call-off contract under the new Pan London Framework for Out of Hours Call Handling for a period of six years with the option to extend for a further period of 2 years which may be exercised annually

3. REASONS FOR DECISION

- 3.1 Calling off the Framework Agreement will cost the Council approximately 20% more in Year One and save the Council approximately 10% of current costs in subsequent years (see Appendix 2 for six year costings). It also reduces costs that would be incurred if the Council needs to re-procure an Out of Hours service outside of the framework.
- 3.2 There are potentially further savings if council services decide to transfer some on-call services to the Framework Agreement e.g. finding emergency shelter for homeless residents. These savings will be identified during the transition period if the decision is made to call off the Framework. While adding more services to the Framework would increase the costs of the contract, these additional costs would allow efficiencies to be found elsewhere in the Council.
- 3.3 Calling off the Framework also gives the Council much greater control over the cost of the service as it can flex up and down for call volumes. Changes to Out of Hours services are potentially less expensive though the Framework than through the current contract (see example in Appendix 2).
- 3.4 The Framework Agreement is currently being re-procured and the new service will take advantage of the latest technology to provide a more seamless service for customers. Current partners cite improved call waiting times, reduced call handling times, raised service standards, a complete audit trail for all back offices, more efficient processes and partnership enabling end to end service improvements as reasons to continue with the partnership.

4. PROPOSAL

- 4.1 LBHF's Corporate Daytime and Out of Hours Call Centre Services are provided by Agilisys through a 24-month contract that will expire on 31 October 2018, unless terminated earlier in accordance with the Contract.

- 4.2 The Out of Hours component is approximately 22% of the current contract. These costs will increase under the conditions of the current contract if services decide to extend out of hours services.
- 4.3 A competitive dialogue tender process is underway for the new Out of Hours Framework and is being led by the London Borough of Ealing. This is a single-supplier framework so no mini-competition is required.
- 4.4 Joining the Framework Agreement will allow the Council to take advantage of the latest technological advances in order to improve the service and offer further cost savings. There is also significant potential for cost reductions through expanding take-up of the service by public sector organisations in London and other parts of the UK.

5. OPTION ANALYSIS FOR OUT OF HOURS SERVICE

- 5.1 The viable option analysis prepared for the May 2016 Cabinet Report has been updated and included in Appendix 3. A summary of the four options reviewed are:
 - 5.2 **Option A – Allow the contract to run for another year**
 - 5.2.1 The current contract was signed in October 2016 and runs from 1 November 2016 until 31 October 2018 with no option to extend.
 - 5.2.2 If the contract is allowed to roll over for another year, the service would end on 31 October 2018. As noted in section 4.3, Ealing Council is currently running a re-procurement exercise on behalf of the Framework partners. If another provider is awarded the pan-London Framework, LBHF would not be able to join until April 2019.
 - 5.2.3 This would effectively remove the option of calling off the Framework as the Council could not be without an Out of Hours service for five months. For this reason, Option A is not considered viable.
 - 5.3 **Option B – Call off the current Pan-London Out of Hours Framework Agreement in August 2017 and the re-procured Framework in October 2018.**
 - 5.3.1 The Framework is used by 8 London boroughs (and three other partners) and the Council could directly call off, without having to run its own procurement exercise.
 - 5.3.2 The Framework re-procurement process is underway and the new Framework Agreement contract is due to be awarded in September 2017 and services are due to begin in October 2018. If the current provider is not awarded the new Framework Agreement then it would not be possible for the Council to join the new Framework Agreement until April 2019. This is because there will be significant work to do to ensure that the mobilisation of the service is completed within the year.

5.3.3 The Council therefore must join the current Framework in August 2017 before the re-procurement is complete. This will allow the Council to call off the new Framework when it begins in October 2018.

5.3.4 If the Council joins the current Framework in August 2017, it will need to continue paying Agilisys for Out of Hours services for three months. This requirement increases the cost of the Framework in year one but breaks even within three years and saves £31,084 within six years.

5.4 **Option C – Re-procuring the Out of Hours Service**

5.4.1 Re-procuring the service was considered in the May 2016 Cabinet Paper and discarded on the basis of complexity, risk of service disruption and cost. For a full estimate of costs, refer to Appendix 3.

5.5 **Option D – Transfer the Out of Hours Service In-House**

5.5.1 Transferring the service in-house was considered in the May 2016 Cabinet Paper and discarded on the basis of complexity, risk of service disruption and cost. In-house capability would need to be rebuilt from scratch, including call operators, management, process mapping, handover, etc. (see Appendix 3)

5.6 In summary, Option B represents the most economical, efficient and effective long-term solution for the Council. It provides the best opportunity for the Council to provide an effective service for residents at a lower cost as residents increasingly choose to shift to self-service digital services.

6. **CONSULTATION**

6.1 Refer to Section 5.7 – 5.9 of the Procurement Strategy (Appendix 1). Feedback from Framework partners has been solicited and is consistently positive.

6.2 As part of RBVSS Board, key internal stakeholders are involved and able to contribute to the discussions on the potential options

7. **EQUALITY IMPLICATIONS**

7.1 No risk of negative equality impacts has been identified arising from the recommendation of this report to call off the Pan-London Out of Hours Framework. The impacts on the residents of the borough and therefore those individuals or groups having one or more of the protected characteristics is expected to be directly neutral as the new contract arrangement will provide an equivalent or enhanced level of service to the current provision.

8. **LEGAL IMPLICATIONS**

8.1 The Council entered into a contract with Agilisys Limited for the provision of contact centre services on 31 October 2016 (the Contract). In accordance with clause 30.4, the Council may terminate the contract in part by giving Agilisys at least 6 months' notice, and in any event the notice must be served

before 1 April 2017. Following this the contract price should be adjusted to reflect fairly the Services which remain and if the Parties are unable to agree such adjustment, the matter should be referred to the Dispute Resolution Procedure and if necessary to the Expert or Mediator.

8.2 In relation to the award of the two proposed call-off contracts, this should be made in accordance with Regulation 33 of the Public Contracts Regulations 2015. The Council should ensure that it is named in the OJEU Notice before it calls off the framework agreements.

8.3 Implications verified/completed by: Kar-Yee Chan, Acting Principal Solicitor, Shared Legal Services, 020 8753 2772

9. FINANCIAL IMPLICATIONS

9.1 As set out in Appendix 2 the proposed new arrangements for the Out of Hours Call Centre Contract will eventually deliver estimated full-year savings of £10,000 under current arrangements. These savings may increase should council services adopt the same processes as other Framework partners e.g. call-offs on noise and nuisance calls and emergency accommodation.

9.2 9.1.2 However in the first year, there will be a cost of £21,000 over the current budget. This is largely due to the requirement to double pay on the Agilisys contract for three months.

9.3 Implications verified by: Andrew Lord, Head of Strategic Planning and Monitoring 020 8753 2531

10. IMPLICATIONS FOR BUSINESS

10.1 If the recommendations contained in this report are agreed, the benefits in terms of local buying and generating local employment are limited. The preferred option however does achieve other benefits as identified in 3.4 above as well as managing calls from local businesses in relation to emergency services out of normal Council working.

10.2 It is expected that economic and community benefit, where possible, will be identified and detailed in the new contract; and that in addition, these benefits are monitored by the client management team for this contract, and reported back to economic development and Members on a regular basis

10.3 Implications verified by: Antonia Hollingsworth, Economic Development, 020 8753 1698

11. COMMERCIAL AND PROCUREMENT IMPLICATIONS

11.1 These are set out in Section 8 of Appendix 1 (Procurement Strategy)

11.2 Comments verified by: Alan Parry, Interim Head of Procurement (Job-share). Telephone 020 8753 2581.

LIST OF APPENDICES

APPENDIX 1 – Procurement Strategy & Business Case Out of Hours Contact Centre (contained in the exempt report on the exempt Cabinet agenda).