

DECISION REPORT TO CABINET MEMBER TEMPLATE

From: *Amanda Beer – Chief Executive*

To: *Dylan Jeffrey – Cabinet Member for Communications and Democratic Services*

Subject: *Contact Centre Procurement and Award*

Decision no: 24/00101

Key Decision : Yes

- *It affects more than 2 Electoral Divisions*
- *It involves expenditure or savings of maximum £1m*

Classification: ***Part Exempt** – open report with exempt appendix C as per under schedule 12A Section 4 of the LGA Act 1972*

Past Pathway of report: *Policy and Resources Committee 5 March 2024*

Future Pathway of report: Cabinet Member Decision

Electoral Division: *All*

Is the decision eligible for call-in? Yes

Summary: The contact centre contract will come to an end in December 2025, it is necessary to reprocure the provision for telephony services. This paper outlines the options considered and the proposed way forward.

Recommendation(s):

That the Cabinet Member for Communications and Democratic Services:

- APPROVE** the commissioning of a Contact Centre contract for up to 7 years. Initial 4 year term, with the option of 3x one year extensions.
- DELEGATE** authority to the Chief Executive in consultation with the Cabinet Member for Communications and Democratic Services, to take relevant actions, including but not limited to, awarding, finalising the terms of and entering into the relevant

contracts or other legal agreements, as necessary, to implement the decision; and

- c. DELEGATE authority to the Chief Executive in consultation with the Cabinet Member for Communications and Democratic Services, to award extensions of the contract in accordance with the relevant clauses within the contract.**

1. Introduction

- 1.1 The current contract for KCC's Contact Centre reached its initial break clause in December 2022 and will come to an end in December 2025. Procurement law means that it is necessary to reprocure the Council's provision for telephony services.
- 1.2 It is recommended that a telephony service will continue to be part of the mix of KCC's customer contact channels. This enables those who cannot access our services online, those who have emergencies and those who require additional support to continue to access our services by phone.
- 1.3 The Council is procuring provision for an In Hours and Out of Hours telephony service.

2. Key Considerations

- 2.1 Where possible most of the calls from members of public are dealt with at first point of contact, avoiding the use of service's professional time, which means it is far more cost-effective due to the ability to multiskilled advisers and economies of scale.
- 2.2 The EQiA research completed as part of this project highlighted the need for a continued telephony provision to deliver KCC's statutory and emergency provision, to ensure that those who are less able to, have no other means of communication and have emergency need are able to contact the Council for assistance. The EQiA is located in Appendix A
- 2.3 The avoidance of duplication through one centre that handles all KCC calls, means that the customer journey is smoother, quality standards and customer experience is consistent, and the Council can achieve value for money in its service delivery.
- 2.4 Other options considered during this process were to re procure, bring the provision back in house, or Direct Award to KCC's LATCO or a hybrid of some of the options. The majority were either more expensive or were considered unviable after initial investigations.

- 2.5 There is a need to make a saving as already identified against the MTFP. It is anticipated that it will be made against the current contract costs and will result in a first year saving of £290k.
- 2.6 To bring the service back in house would not be cost effective. As well as high pension costs, KCC would need to invest in contact centre systems and implement relevant infrastructure to make this project operational. The costs to implement this far exceeds the available budget for this project and current costs.
- 2.7 KCC's LATCO was considered as an alternative option but there is no current provision of this type of service and would present a risk to both KCC and LATCO in taking this option on. At the time of presenting the business case, it was felt that it was not the right time to be deploying this strategy.
- 2.8 In light of the above, the decision was taken to procure a new call centre service via the Competitive Procedure with Negotiation, in line with the Public Procurement Regulations 2015, due to the delay in the Procurement Act 2023 being implemented.

Proceeding with this route will ensure the Council is able to:

- Test the market fully, increasing options to obtain best value overall including price.
- Will allow the Council to evaluate technological solutions proposed to reduce call volumes over the lifetime of the contract.
- Allow amendments to key documents such as the specification, contract terms and pricing prior to submission of final tender solutions
- Ensure terms and conditions are proportionate and robust to ensure better performance for and reduced risk.

3. Background

- 3.1 In 2015, KCC had ambitions to become a commissioning authority, the Contact Centre was in the initial tranche of services that were selected to be commissioned out to a private sector partner. The contract was intended to be a partnership between the provider and KCC, to ensure that maximum value for money was achieved by working together to achieve the authority's aspirations for channel shift and supporting customers to make the change to self-serve online.
- 3.2 Over the last 9 years much has changed in terms of the landscape in which Contact Centres operate.
- Staff attrition and recruitment. Wages have increased significantly since covid, and all industries have struggled to recruit to lower waged posts.
 - Customers' ability to self-serve has increased.
 - Longer call times as remaining cases are more complex to answer.
 - Operational costs have increased significantly in addition to wages, inflation has increased over the last 10 years beyond expected values.

- Customer expectations have increased.
- 3.3 The current contract terminates in December 2025. The contract has already been extended to maximum number of years allowed within the contract extensions. The Council therefore is required to go out to market to reprocur the provision.

4. Options considered and dismissed, and associated risk

- 4.1 Initial investigations into available options included the options outlined in section 2.4. We also reviewed the availability of existing services on various procurement frameworks.
- 4.2 A Prior Information Notice (PIN) was released by the Council in 2023, in which the Council asked the market to respond on a number of questions relating to current market conditions and operating models. This resulted in 29 responses from potential suppliers and helped in shaping the Council's tender documents.
- 4.3 The team also have been liaising with and sharing best practice with other Councils who have recently undertaken procurement exercises more recently.
- 4.4 In order to prioritise best value, we have not been prescriptive with regards to the base of the company's location, excepting that it must be within the UK to meet GDPR regulations. This model has already been successfully applied to the Council's out of hours provision to date. This may result in Home Working or Hybrid opportunities for staff employed in the centre, whilst reducing overall costs to the organisation.
- 4.5 This flexibility affords the Council the opportunity to reduce current costs as per its targets within the Medium Term Financial Plan, whilst still delivering a telephony service that supports customers both in hours across a range of services and also out of hours for emergency calls.
- 4.6 The tender seeks providers who are able to implement service transformation opportunities to support KCC to reduce call volumes and costs overall, where customer preference may be to use an alternative method of contact. These tools will aim to help people in the most efficient way on their preferred channel. For example, web chat where customers may need online assistance.

5. Financial Implications

- 5.1 Overall contract costs for year 1 is expected to be no more than £2.5 million, negotiations will be held with potential providers as the measure of increase for subsequent years.
- 5.2 We are seeking up to a 7 year contract term. We are seeking this under 4 + 1 + 1 + 1 arrangement, should Local Government Reorganisation take place during this time, it will ensure greater flexibility.

- 5.3 The estimated total value of the full term of the contract is likely to be between £17.5m and £21m subject to changes in demand and annual inflation pressures. Should call volume demand reduce significantly, the total value of the contract may decrease in line with contractual clauses on gain share.
- 5.4 The contract will be funded from existing budgets and represents a decrease of an agreed percentage on the current contract value as agreed in the Medium Term Financial Plan.
- 5.5 Sufficient time is required for implementation and mobilisation to ensure that there is continuation of service. This is a complex operation to migrate and not providing enough time to complete all tasks risks either an interruption of service or a poor quality provision which could lead to the wrong advice given to public that may lead to a claim.
- 5.6 Procurement began with the Selection Questionnaire opening to suppliers on the 17 February. This was later than originally planned, whilst the Council considered the impact of the bid for devolution on contract terms.
- 5.7 At this time, there are unknown costs in relation to KCC pensions and TUPE of staff and these will be clarified during the procurement process.

6. Legal implications

- 6.1 The current contract has been in place for 10 years, therefore there is a legal obligation to reprocore.
- 6.2 Legal advice will be sought with regards to any TUPE implications.
- 6.3 Legal Advice will also be sought in the drafting of the terms and conditions of any contract entered.

7. Equalities implications

- 7.1 An EqIA has been carried out in relation to the impact to customers using the Contact Centre. (Appendix A)
- 7.2 There is potential with a new contract for new technology to be deployed that hasn't previously been used by the Council (but will have been used elsewhere). For example Web Chat which may be preferable to some who may not wish to speak to a member of staff but would like a quick response to a query. This could also be of benefit to those who are hard of hearing or deaf, as currently we use a text relay service but not everyone will have access to this.
- 7.3 The council is also committing to retaining a telephony service for emergency calls and for those people who rely on the service to contact the Council.
- 7.4 There have been no negative impacts identified as a result of this procurement.
- 7.5 The procurement should not impact customers as they should continue to receive a telephony service and we should be expanding some additional functionality to help others who may wish to have digital support online through

webchat. However, if there is a decision made to change the way in which we deliver services i.e. removal of any services without suitable replacement this could be subject to public consultation and appropriate timelines will need to be factored in for this.

- 7.6 The EQiA is a live document and will be updated as further information becomes available.

8. Data Protection Implications

- 8.1 An initial DPIA has been completed, this will be updated as further information becomes available during the procurement process. (Appendix B)
- 8.2 Any contract awarded will be done in line with current General Data Protection Regulations (GRPR) and Data Protection Act (DPA) Regulations.
- 8.3 These rules will also apply to any subcontractors or systems.

9. Other corporate implications

- 9.1 The Contact Centre handles communications from across KCC's service provision. The draft specification was shared with stakeholders across KCC for comments before any procurement exercise was undertaken.
- 9.2 Support from core corporate services may also be needed, for example finance, legal, and HR. The team are already receiving support from ICT and Commissioning in the drafting of the specifications and in advice on how to proceed.

10. Governance

- 10.1 Amanda Beer as the relevant Corporate Director for the service, should the decision be made to delegate authority, will be the signatory and authority for the final contract.

11. Conclusions

- 11.1 The Council is committed to retaining a telephony service to ensure that those who cannot self-serve or have an emergency can contact the Council by phone.
- 11.2 The procurement offers opportunities to potentially deploy new technologies to assist customers to access our services.
- 11.3 The contract will be funded from an existing budget with a decrease as outlined in the MTFP.

Recommendation(s):

- a. **APPROVE** the commissioning of a Contact Centre contract for up to 7 years. Initial 4 year term, with the option of 3x one year extensions.
 - b. **DELEGATE** authority to the Chief Executive in consultation with the Cabinet Member for Communications and Democratic Services, to take relevant actions, including but not limited to, awarding, finalising the terms of and entering into the relevant contracts or other legal agreements, as necessary, to implement the decision; and
 - c. **DELEGATE** authority to the Chief Executive in consultation with the Cabinet Member for Communications and Democratic Services, to award extensions of the contract in accordance with the relevant clauses within the contract.
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10. Appendices

Appendix A – Equality Impact Assessment
Appendix B – Data Protection Impact Assessment
Appendix C – Exempt Information

11. Contact details

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