

# Executive Decision Report

<b>Decision maker and date of Leadership Team meeting, Lead Member meeting or (in the case of individual Lead Member decisions) the earliest date the decision will be taken</b>	Leadership Team – 26 February 2018 Forward Plan reference: KD05172/17/F/AB Leadership Team Portfolio: Lead Member for Corporate Services	 THE ROYAL BOROUGH OF <b>KENSINGTON          AND CHELSEA</b>
<b>Report title (decision subject)</b>	NEW OUT OF HOURS ARRANGEMENTS	
<b>Reporting officer</b>	Ray Brown, Director of Customer Access	
<b>Key decision</b>	Yes	
<b>Access to information classification</b>	Public with Confidential Part B	

## 1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval to enter into a shared service arrangement with Southwark Council for the provision of the Council's out of hours service for three years. The arrangement is for the provision of a telephony service between the hours of 5.30pm and 8.30am, throughout the weekend and on bank holidays.
- 1.2. The Council's out of hours telephony provision has been delivered as part of the pan-London partnership since 2011.

## 2. RECOMMENDATIONS

- 2.1. It is recommended that we enter into a shared service agreement with Southwark Council for the provision of the Council's out of hours call handling. The arrangement will be for 3 years with total costs of £315,000, at £105,000 per annum.

### 3. REASONS FOR DECISION

- 3.1. The current out of hours service is provided by General Dynamics Information Technology Limited (GDIT) from a call centre located in South Yorkshire. The Council joined the pan-London partnership in December 2011.
- 3.2. The current contract with the supplier began in October 2012 and is due to end on 30 September 2018. In the financial year 2016/17 the annual cost of the service was £97,500. The costs are predicted to be £107,000 in 17/18, which takes into account increased call volumes due to Grenfell and includes management fees. A new provider has been appointed following a joint procurement led by Ealing Council, the lead authority in the partnership. The contract for an overarching agreement for Out of Hours Customer Call Handling Service is to be awarded to Capita Business Services Limited for a duration of five years with an option to extend for two periods of one year each.
- 3.3. The new partnership contract has a different pricing model to the pan-London partnership. Joining the partnership with the new pricing model would lead to an increase in costs for the Council. As a result, the opportunity has been taken to explore alternative options for the delivery of this service.

### 4. BACKGROUND

- 4.1. The decision was taken to outsource the Council's Out of Hours call handling service in 2008, and in December 2011 the Council joined the pan-London framework. Ealing has been the lead organisation in respect of management and the contract owner since the first contract, providing a joint out of hours service since October 2008. At the time which the Council joined the pan-London Framework there were twelve participating organisations and the supplier was General Dynamics Information Technology (GDIT). The Council, as well as the other participating authorities, contribute to Ealing Council's costs for acting as the lead organisation.
- 4.2. The current arrangement through the pan-London framework and GDIT as a supplier has enabled RBKC to have a consistent, effective and efficient service. The costs of the service vary depending on the volumes of calls received; in 2016/17 the annual cost was £97,500.
- 4.3. In 2016/17 a total of 23,342 inbound calls were dealt with by the out of hours service. The table below outlines a breakdown by call type of the inbound calls in 2016/17; these calls are in addition to 277 outbound calls over the same period which were mainly calls for housing placements.

Call Type	Number (16/17)	%
Anti-Social Behaviour	53	0.23
Building Maintenance	38	0.16
Dangerous Structures	11	0.05
Emergency Planning	14	0.06

Call Type	Number (16/17)	%
Environmental Health	46	0.20
General Information	2,468	10.57
Graffiti	5	0.02
Highway Emergencies	294	1.26
Homeless	1,127	4.83
Housing Repairs (Redirect to TMO)	334	1.43
Media Enquires	3	0.01
Noise	13,164	56.40
Parking	176	0.75
Parks and Open Spaces	12	0.05
Registrars	31	0.13
Social Services	5,420	23.22
Stray Dogs	59	0.25
Street Lighting	34	0.15
Suicide Calls	5	0.02
Team Leader Line	21	0.09
Trees	27	0.12
<b>Total</b>	<b>23,342</b>	<b>100</b>

- 4.4. The current contract commencement date was October 2012 and is due to expire on 30 September 2018. A retender process was initiated in 2016 and representatives from each of the participating organisations contributed to a competitive dialogue process which ultimately selected a successful supplier, Capita Business Services Limited, for a duration of five years with an option to extend for two periods of one year each.
- 4.5. Participants in the competitive dialogue process included Barnet, Enfield, Hammersmith & Fulham, Haringey, Havering, Homes for Haringey, Peabody Housing, Royal Borough of Kensington & Chelsea, Tower Hamlets, Waltham Forest and Wandle Housing. Wandle Housing have confirmed that they will not be participating in the future contract, however Tower Hamlets Homes will be replacing them as a separate entity from Tower Hamlets Council. It is not clear which of these local authorities will proceed with entering into the new partnership.
- 4.6. Following the provision of the commercial model for the new framework on 16 November 2017, an exercise was undertaken to identify the out of hours call handling arrangements for other inner- and outer-London authorities. The table below outlines the responses that were received as a result of this exercise. In addition, the availability of other frameworks for the provision of an out of hours telephony service were explored, however no appropriate frameworks were identified.

<b>Local Authority</b>	<b>Model</b>	<b>Comments</b>
Barking and Dagenham	Outsourced	
Barnet	Pan-London Framework	
Brent	Outsourced / Partnership	Social Service calls handled by Harrow
Bromley	Outsourced	
Camden	In House	
Ealing	Pan-London Framework	
Enfield	Pan-London Framework	
Greenwich	In House	Deliver a service for Lewisham in addition to their own
Hammersmith and Fulham	Outsourced	Exploring the partnership option
Haringey	Pan-London Framework	
Harrow	In house	Deal with Social Service calls for Brent
Hounslow	In house	
Kingston upon Thames	Outsourced	
Lambeth	Outsourced	
Lewisham	Partnership	Service delivered by Greenwich and Southwark (homelessness calls)
Newham	In house	
Redbridge	In house	
Southwark	In house	Deliver a service for Lewisham in addition to their own
Sutton	Outsourced	
Tower Hamlets	Pan-London Framework	
Waltham Forest	Pan-London Framework	
Wandsworth	In house	Restructure taking place
Westminster	Outsourced	

## **5. PROPOSAL AND ISSUES**

- 5.1. It is proposed that we enter into an arrangement with Southwark Council to deliver the out of hours service on the Council's behalf. Southwark have agreed to deliver the service in line with processes agreed with the current supplier.
- 5.2. As the current contract ends on 30 September 2018 there is insufficient time to go through an EU procurement exercise. As a framework has not been identified to call down the out of hours telephony service there is an imperative to find a solution which can be implemented swiftly whilst maintaining a robust service.

## **6. OPTIONS AND ANALYSIS**

- 6.1. Four options are available to the Council:

- Option A – enter into an arrangement with Southwark Council to deliver the service
- Option B – continue with the pan-London partnership as a collective group and enter into the agreement with Capita
- Option C – go out to procurement for a 12 month and five year contract simultaneously
- Option D – bring the service back in house

6.2. An outline of the associated costs for these options can be found in Part B of the report.

### **Option A – enter into an arrangement with Southwark Council**

6.3. This option will involve entering into an arrangement with Southwark Council to deliver the out of hours service on behalf of the Royal Borough of Kensington and Chelsea. Southwark Council have a large out of hours contact centre set up, with thirty members of operational staff in the service with a manager or team leader present during their operating hours. Their out of hours service takes approximately 120,000 calls per annum.

6.4. In addition to delivering their own out of hours service, Southwark have delivered the out of hours homeless service for Lewisham since 2015. This amounts to approximately 3,000 calls per annum and is delivered in accordance with an SLA agreement between the boroughs which sets expectations of their partnership arrangement.

6.5. Due to the comparatively low call volumes of our Council's out of hours service Southwark are confident that our calls can be contained within their existing operational capacity, with no need to recruit additional staff. This will keep the costs of this option low.

6.6. A key risk of proceeding with this option is one which will be present for all of the options presented in this paper; that moving to a different provider or model presents a risk to the continuous delivery of the service. There is a relatively short timeframe to implement the decision made by the Leadership Team, and the risk is mitigated somewhat for all options by the Council's detailed processes for each out of hours contact types which have been signed off by internal services. In addition, Option A will enable a phased handover of calls from the current supplier to Southwark prior to 1 October 2018 as the only costs involved are the costs per call.

6.7. The benefit of Option A is that there would be no need for a procurement process to enter into an agreement with Southwark to deliver the service on behalf of the Council. This would not only provide more time for implementation but it also means that resources would be focused on implementation as soon as the decision were made, as opposed to needing to resource a procurement activity also. An additional benefit of the option is that it will enable a partnership approach with Southwark as opposed to a more rigid contractual relationship with a supplier.

## **Option B – continue with the pan-London partnership**

- 6.8. This option would involve the borough signing up to the pan-London partnership and entering into an agreement with Capita and Ealing for the provision of this service. As the procurement has already taken place the Council would need to make a decision to sign up to the partnership to proceed, which would be for a duration of five years with an option to extend for two periods of one year each.
- 6.9. In addition to the risk of continuity of service as outlined in 6.5 there is an additional risk that the partnership model means that the management costs are split between the participating organisations (POs). If one or more POs leave the collective, then the costs will be higher for those remaining; conversely, the costs would come down if more organisations were to join the collective. This means that whilst the posts outlined in Part B of this report provide an indication of the cost of this option, the decisions made by the other Local Authorities who participated in the competitive dialogue process may yet lead to changes in these figures. Whilst this option means that we would continue with a partnership with Local Authorities with Ealing Council as the lead authority, as a new supplier is the provider for this arrangement there is a risk that the service is moving to a new provider. All local authorities who sign up will need to transfer to a new provider to tight timescales simultaneous, whilst the supplier will also be building a new system to deal with the contract.
- 6.10. The benefit of proceeding with Option B is that Ealing as the lead authority have already undertaken the procurement for the partnership and will also provide some resources to support local authority leads to transfer the services.

## **Option C – go out to procurement**

- 6.11. This option would involve undertaking a procurement exercise on the open market for out of hours call centre services. In order to provide some stability for the out of hours services a five year contract would be desirable, however as this would need to be an EU procurement which can take a year to 18 months, there is not sufficient time to have a new supplier in place by 1 October 2018. As such this option would involve two simultaneous procurement exercises, one for twelve months and the other for five years. The former contract would act as a means to ensure that there is service provision from when the current contract ends on 30 September.
- 6.12. In addition to the risk that we may not have a service in place by 1 October 2018 there is a risk that going out to tender does not provide a more cost effective solution than that provided by the existing partnership. We would not know if this is the case until time has been spent investing in a procurement exercise and the opportunity would have been missed to join the partnership to start the service on 1 October 2018. This option is likely to be more resource intensive both for the Customer Access department and the other service areas involved, as there will need to be engagement with two tender and moderation processes, as well as potentially two different transfers to service providers within a relatively short space of time.

- 6.13. The benefit of this option is that we would be able to go out to market with our own requirements as opposed to the collective requirements of the number of authorities involved in the competitive dialogue for the partnership contract in Option B.

### **Option D – bring the service back in house**

- 6.14. This option will involve returning to the model the Council operated prior to December 2011, with the service in-house. This would involve the need to recruit staff to operate out of hours and identify the availability of support services such as IT and Property to facilitate the delivery of a 24 hour service by the Council.
- 6.15. The benefit of proceeding with this option is that there would be no need for a procurement activity. However, there are significant risks and issues with this model which is what led to the decision undertaken in 2008 to move to an outsourced delivery model. There are high cost implications of running an in-house out of hours service as whilst there is a relatively low volume of calls, in order to mitigate the risks associated with lone working, staff falling unwell, or an unexpected peak in call volumes, the team would need to be over-resourced. The in-house service also experienced issues with high staff turnover and high sickness and absence rates.

## **7. CONSULTATION**

- 7.1. Consultation has taken place with key service areas: Social Services, Noise and Nuisance, Housing, and Contingency Planning. When approached to provide their views on Option A, Housing and Noise and Nuisance expressed some concerns regarding the bedding in of the service with a new provider and the impact this may have on their teams. As GDIT, the current provider, will no longer be providing the out of hours service on the pan London framework, this concern will apply to all options. In order to address this, the Customer Services Contact Centre Manager will be on site with the new provider to provide support during this transition.
- 7.2. The other service areas highlighted no concerns with proceeding with Option A. They raised that their primary concern was that any new provider adheres to the processes and service descriptions that had been agreed. The Social Service Manager also identified that whilst he was agnostic as to a potential provider, he had done some auditing for Southwark in the past and had been impressed.

## **8. EQUALITY IMPLICATIONS**

- 8.1. There are no equalities implications relating to the options considered within this report.

## **9. LEGAL IMPLICATIONS**

- 9.1. The proposal is to enter into an agreement with Southwark Council for the delivery of an out of hours service. The general rule is that public contracts between contracting authorities are subject to regulation by the Public Contract Regulations 2015, however Regulation 12 (7) of the PCR 2015 sets out the following exception:
- 9.2. A contract concluded exclusively between 2 or more contracting authorities shall fall outside the scope of Part 2 of the PCR 2015 where all of the following conditions are fulfilled:
- The contract establishes or implements a co-operation between the participating contracting authorities with the aim of ensuring that the public services they have to perform are provided with a view to achieving objectives they have in common.
  - The implementation of that co-operation is governed solely by considerations relating to the public interest.
  - The participating contracting authorities perform on the open market less than 20% of the activities concerned by the co-operation.
- 9.3. Officers are to ensure that each of criteria listed above have been satisfied in order to rely on the exemption. Failure to do so will mean that the officers will have to procure delivery of the service using one of the procedures set out under the Public Contracts Regulations 2015 (provided the contract value is above the applicable threshold for public service contracts).
- 9.4. Officers are to confirm whether or not the provisions of the TUPE 2006 legislation will apply given the fact that there will be a service provision change from the current provider (General Dynamics Information Technology Limited) to Southwark Council.

Legal implications provided by Pamela Igbo, Senior Solicitor, Triborough Shared Legal Services tel:0207 641 4246

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. The Group Finance Manager (Corporate Services) has been consulted and is satisfied that the Service has sufficiently explored the expected costs of all key Options for the provision of the Out of Hours Telephony service, and that the proposal to enter into a shared service agreement with Southwark Council, is the lowest cost option.
- 10.2. The costs of this Out of hours Service will need to be managed within the Services revenue budget and for which there is adequate budget provision for 2018-19 available.

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## ***Other Implications***

### **1. Business Plan**

There are no implications associated with the report

### **2. Risk Management**

The risk that a service is not in place in line with the end of the current contract. This is reflected in the options analysis.

### **3. Health and Wellbeing, including Health and Safety Implications**

There are no implications associated with the report

### **4. Crime and Disorder**

There are no implications associated with the report

### **5. Staffing**

Resources in Customer Access responsible for maintaining the relationship with the current supplier will be used for the implementation of the decision.

### **6. Human Rights**

There are no implications associated with the report

### **7. Impact on the Environment**

There are no implications associated with the report

### **8. Energy measure issues**

There are no implications associated with the report

### **9. Sustainability**

There are no implications associated with the report

### **10. Communications**

Internal communications will be managed by the operational lead for out of hours within Customer Access. External communications will not be required as the service provided will not change.