



Decision Maker:	Cllr Paul Swaddle - Cabinet Member for Community Services and Digital
Date:	10 September 2020
Classification:	Public with confidential/exempt appendix part B Part B – confidential exempt from disclosure on the grounds that: it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
Title:	Extension of the contract for contact centre and back office processing services
Wards Affected:	All
Key Decision:	An entry was included in the Forward Plan of Key Decisions
Financial Summary:	The proposed extension is estimated to cost circa £1.8m. The cost of the Agilisys contract from 2014 – 2020 was estimated to total £6.31m.
Report of:	Gerald Almeroth, Executive Director, Finance & Resources

1. Executive Summary

- 1.1 To continue to provide Westminster's in and out of hours contact centre delivery for inbound and outbound telephone call handling, email handling and back office processing the contract with Agilisys Ltd needs to be extended. This will allow time to work with Agilisys to design a contact centre target operating model that provides consistent and improved customer experience with higher first contact resolution, in line with the agreed Contact Centre Review project and as detailed in this report.
- 1.2 The Contact Centre Review project business case was approved by the Change Board on 10th June. The next few months will be focused on undertaking a proof of concept with key services to ensure that potential issues, if any, are addressed and the

transition of services at a future date reflects the same. We expect to go to market to re-procure the contract in 2021 as per the indicative timeline set out in this report.

- 1.3 It is therefore recommended that Westminster City Council extends the current contract with Agilisys Limited for a period of 24 months from 4th November 2020 to 3rd November 2022 for the out of hours services and a period of 18 months with an option to extend for a further 3 + 3 months for the in hours services.
- 1.4 The City Council is looking to deliver a long term strategic operating model once the Contact Centre and Future City Management reviews (including parking) are completed.

2. Recommendations

- 2.1 That Appendix B to the report be classified as not for publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
- 2.2 That the Cabinet Member approves the Waiver to the Procurement Code and the recommendation to extend the current contract with Agilisys Limited for a period of 24 months from 4th November 2020 to 3rd November 2022 for the out of hours services and a period of 18 months with an option to extend for a further 3 + 3 months for the in hours services for an estimated total sum of £1.8m.
- 2.3 That the Cabinet Member delegates authority to the Executive Director, Finance & Resources to make any further decisions required to give effect to the further 3 - 6 months extension referred to in 2.2 above.

3. Reasons for Decision

- 3.1 The Contact Centre Review business case was approved by the Change Board on 10th June. Once this review, as well as others including the future of city management/parking, are complete and recommendations for the shape of future contact centre service provision can be approved by ELT and Cabinet Members, we will then be in a position to go to the market to re-procure a new contract for contact centre services.
- 3.2 Over the last few months, the COVID 19 crisis has impacted in various ways. Some staff have been redeployed to support WCC's vulnerable people and some resources have been affected by sickness and absence. Furthermore, a number of companies who would have been expected to participate in any market engagement activities may not have been in a position to do so and more so very unlikely to have been in a position to embark on a bid preparation or full procurement exercise with us at this time.

- 3.3 Discussions in early 2020 did suggest that a specification could be shared with the market to test whether the concept of an assisted services hub model would attract contact centre providers. However, it was agreed that it would be better to conduct a proof of concept exercise using the established incumbents Agilisys and this option was agreed by the Change Board. The subsequent impact of Covid-19 proved this to be the best option but things will need to be closely monitored to mitigate against any further Covid-19 resurgence that could again jeopardise any future procurement exercise.
- 3.4 A report was submitted to the Commercial Gateway Review Board on 28th July and subsequently to the Head of Procurement and Director of Finance and Resources and the Waiver of the Procurement Code to extend the contract with Agilisys was approved.

4. Background, including Policy Context

- 4.1 A restricted OJEU procurement process was conducted, and a contract was awarded to Agilisys Ltd. in May 2014. The contract was awarded for a 3-year period with an option to extend for up to a further 3 years with an estimated value of £3.68m. The contract commenced on 4th November 2014 and the original term ended on 3rd November 2017.
- 4.2 Following the decision to discontinue the integrated customer services (ICS) project to consolidate contact centre contracts, the Agilisys contract needed to be extended. It was agreed this approach could be taken following legal and procurement advice and the approval to extend was given in 2017 at an estimated value of £2.63m for the 3 years to 3rd November 2020.
- 4.3 The contract includes inbound and outbound telephone call handling, email handling and back office processing for some 30 services. It is a volume/transaction-based contract with a monthly fixed term element.

Contract Performance and management

- 4.4 The current contract with Agilisys has performed well. There have been dips in service levels due to the implementation of a new CRM system in 2019 which was expected and managed. During the Covid-19 pandemic, Agilisys have been exceptional in working with WCC to ensure all agents could work from home and deliver the same standards of service to all customers including the first point of contact for Westminster Connects services for vulnerable residents.
- 4.5 KPIs have not been changed as part of this extension proposal and will remain as set out below:
- Call handling:
- 95% of all calls answered in and out of hours
 - 70% of calls answered in 30 seconds in and out of hours
 - Maximum wait time of 8 minutes in hours
 - Maximum wait time of 15 minutes out of hours.

Email handling:

- 90% of emails to be handled within 72 working hours.

Quality:

- Customer satisfaction >90%
- No more than 5 critical/10 non-critical complaints/issues to be upheld
- No more than 10 data capture quality issues to be identified.

- 4.6 It is expected that KPIs will be reviewed as part of the contact centre review project and design of a new operating model to ensure consistency of quality and service levels for all customers.
- 4.7 There will be no changes to the current contract management and governance structure. The contract will continue to be managed directly with the Agilisys Director of Customer Services and Head of Customer Services by the Customer Engagement Manager in Finance and Resources to maintain and build on the strong working relationships established over the last six years. Performance will continue to be measured against the current set of KPI's and the next steps will be communicated to all stakeholders following extension approval.

Timeline

- 4.8 The procurement timeline set out below is indicative and will be dependent on the outcome of the corporate Contact Centre Review:

Issue PIN	September 2020
Contact centre review project/proof of concept for new operating model	November 2020 – April 2021
Market engagement	January 2021 – March 2021
Draft selection questionnaire, specification and ITT	January - March 2021
Procurement strategy approved	March 2021
Issue OJEU notice and selection questionnaire	March 2021
Questionnaire returned and evaluated	April 2021
Shortlisted suppliers notified	May 2021
Issue ITT	May 2021
ITT return	June 2021
Clarifications, evaluation and moderation	June – August 2021
New supplier approval process	September – October 2021
Contract award and notification	October 2021
Contract finalised and signed	December 2021
Transition and mobilisation	January – April 2022
New contract start date	4 th May 2022

5. Financial Implications

5.1 Budget and financial arrangements

- 5.1.1 Customer Engagement budget is £1.2m per annum of which, £0.900m is allocated to the Contact Centre contract.
- 5.1.2 The contract is volume/transaction-based with a monthly fixed term element. The cost of the proposed extension is estimated at circa £1.8m based on a forecast of volumes from the previous 24-month period, April 2018 to March 2020. This estimate volume forecast is something we are expecting to reduce in future months.
- 5.1.3 Trends are showing that volumes are decreasing year on year. Further volume reductions and savings will be driven through digitisation, channel shift and service led transformation outcomes. It is therefore anticipated that the full contract cost can continue to be met from the Customer Engagement budget/cost centre.
- 5.1.4 Agilisys are the current provider of the contact centre service and as existing systems and equipment would continue to be used there are no transition costs to consider as part of this proposed extension.
- 5.1.5 Any extension period shorter than the 18 – 24 months recommended would risk WCC being in a procurement at the same time as undertaking key reviews and trying to implement digital functionality to support channel shift strategies. Extending the Agilisys contract will allow WCC time to fully design the best contact centre operating model having taken into account the outcomes of other reviews which could have a significant impact e.g. parking and housing solutions. It will allow digital functionality to be implemented in order to support channel shift strategies e.g. forms, CRM and outcomes of service led transformation projects. Once a new re-procurement or contract expiry is known, staff retention will be harder and we will lose knowledge and expertise and quality will suffer.
- 5.1.6 If there is a need for the use of the contact centre for Covid-19 again for the weekend calls at £0.008m per month then Agilisys is already set up to process this. These costs would fall outside the contract extension and would be met by government funding for the pandemic.

6. Legal Implications

- 6.1 The Council has two main customer contact centres which provide call and email handling services for about 30 services both delivered by Agilisys Ltd. The contract has already been extended – initially awarded for 3 years from 2014 – 2017 and extended for a further 3 years until 3rd November 2020. The cumulative value of the original contract was estimated at £6.31m.
- 6.2 This report recommends extending the contract for the in hours contact centre for 18 months from 4th November 2020 to 3rd April 2022 to align with the Parking Services contact centre contract extension approval. There is also a request that the Council has the option of extending for a further period of up to 6 months (with two 3 month

periods) which, if exercised, makes the period of extension recommended in this report a total of 24 months.

- 6.3 The report recommends extending the contract for the out of hours contact centre for 24 months from 4th November 2020 to 3rd November 2022. This will allow Agilisys to offer WCC a reduced call cost as they will not have to reconfigure a shared service. This will not impact any future procurement exercise as this can be built into a new specification and transition to any potential new supplier under a new contract in the future.
- 6.4 The full contract price for the 24 months period of extension is estimated at £1.8m.
- 6.5 The Contract is a contract for 'services' within the meaning of the Public Contracts Regulations ("the PCR") and the value is above the relevant threshold stipulated, therefore, the full implications of the PCR will apply
- 6.6 The proposed additional term of twenty four (24) months to deliver the same service amount to a variation to the contract and under EU procurement rules if it falls under one of the permitted regulations as set out under Regulation 72 of the PCR. If not, a re-procurement for the service should take place. The most appropriate regulation would be regulation 72 (1) (c). The value of the extension does not exceed 50% of the original contract value and provided the modification does not alter the overall nature of the contract and the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen, the extension would fall under this regulation.
- 6.7 In addition, Procurement Policy Note – Responding to Covid-19 Information Note PPN 01/20 states that Contracting authorities should keep a written justification that satisfies these conditions, including limiting any extension or other modification to what is absolutely necessary to address the unforeseeable circumstance. This justification should demonstrate that the decision to extend or modify the particular contract(s) was related to the COVID-19 outbreak with reference to specific facts including resourcing issues. The modification should be published by way of an OJEU notice to say that reliance has been placed on regulation 72(1)(c).
- 6.8 There is no provision under the contract for it to be extended for up to a further 24 months so a waiver is required in accordance with Section 3.15 of the Procurement Code ("the Code") from the relevant Cabinet Member. Subject to the waiver being approved, the decision to authorise the contract extension is also made by the Cabinet Member following a recommendation to approve from the appropriate Executive Director as stated under section 3.20 of the Code.
- 6.9 A Deed of Variation will be required to vary the contract to extend the current term. As required by section 3.18.9 of the Code all contracts with a value of over £0.175m must be signed by at least 2 authorised officers of the Council or made under the common seal attested by the Chief Executive, Director of Law or authorised solicitors in accordance with the correct Standing Order in the Council's Constitution.

6.10 Further legal implications which are legally privileged and/or commercially sensitive are contained in Appendix B to this Report in accordance with Schedule 12A of the Local Government Act 1972.

7. Consultation

7.1 Key stakeholders across the Council have been consulted throughout.

**If you have any queries about this Report or wish to inspect any of the
Background Papers please contact:**

Paula Norris, Customer Engagement Manager, Finance & Resources
pnorris@westminster.gov.uk

BACKGROUND PAPERS

None.

For completion by the **Cabinet Member for Community Services and Digital**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of the proposed extension to Agilisys Ltd for the contact centre and back office processing contract

Signed: _____ Date: _____

NAME: **Councillor Paul Swaddle**

State nature of interest if any

.....
(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled Extension of the contract for contact centre and back office processing services.

Signed

Cabinet Member for **Community Services and Digital**

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
.....
.....

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal and Democratic Services, Executive Director Finance and Resources and if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

Appendix A

Other Implications

- 1. Resources Implications - None**
- 2. Business Plan Implications - None**
- 3. Risk Management Implications – None**
- 4. Crime and Disorder Implications – None**
- 5. Impact on the Environment – None**
- 6. Equalities Implications – None**
- 7. Human Rights Implications – None**
- 8. Energy Measure Implications – None**