



City of Westminster

# Cabinet Member Report

**Meeting or Decision Maker:** Cabinet Member for Finance and Smart City

**Date:** 16 November 2021

**Classification:** General Release

**Title:** Corporate Contact Centre - Future Operating Model

**Wards Affected:** All

**City for All/Policy Context:** To ensure customers choose to use our digital services and to design our services to meet customer needs and to be as inclusive to all residents as possible.

**Key Decision:** Yes

**Financial Summary:** Customer Engagement Contact Centre current budget £1.357m, this report sets out the proposal of in-house service going forward, Future Operating Model budget of £1.760m in Year 1 + transition costs of £0.600m. The annual budget is set to reduce to £1.287m by Year 3.

**Report of:** Gerald Almeroth - Executive Director – Finance & Resources

## 1. Executive Summary

- 1.1 Westminster's corporate contact centre receives over 258,000 calls a year, making it a key access point for customer contact. The vision for the corporate contact centre is to ensure all channels are effective and designed to meet the needs of our customers. In line with the 'City for All' ambition the council aims to transform the way customers interact with us making it easy for them to find the information and services they need to improve their lives.
- 1.2 The current corporate contact centre has been managed by Agilisys Ltd Since 2014. Calls received during daytime hours are answered from Weston Super Mare and calls to the out of hours numbers are handled in Rochdale. The current contract with Agilisys is due to expire in November 2022. To allow for a smooth transition with uninterrupted service provision, agreement on a delivery model is required.

- 1.3 Several delivery options have been considered for the daytime contact centre including consolidation with other contact centres, outsourcing to a third party and direct delivery (insourcing).
- 1.4 The recommended option is to insource the daytime corporate contact centre alongside the existing in-house housing management contact centre to provide the council with greater control over customer experience, performance and transformation.
- 1.5 Insourcing will see an initial operational cost increase which will reduce by year 3. Additional ongoing costs are required to ensure service stability and delivery of improved customer experience. It will also help the creation of local jobs and support for apprenticeships and Kickstart programmes.
- 1.6 Currently, direct delivery of an out-of-hours contact centre would be prohibitively expensive due to high staffing, management and accommodation overheads to maintain the call demand profile. Therefore, the out of hours service will continue to be delivered by an outsourced provider for 24 months following the end of the current contract.

## **2. Recommendations**

- 2.1 That the Cabinet Member for Finance and Smart City approves the recommendation to bring the daytime corporate contact centre in-house for delivery alongside the housing management contact centre.

## **3. Reasons for Decision**

- 3.1 The recommendation made in this paper is based on the following considerations:
  - The current contract with Agilisys to manage the daytime corporate contact centre expires in November 2022. Following two contract extensions no further extensions can be granted.
  - A decision is required on the future operating model for the daytime corporate contact centre which needs to be agreed, planned and in place by November 2022 to ensure continuity of service.
  - Insourcing the daytime corporate contact centre will provide the Council with greater control of performance, resourcing and quality and opportunities to transform the way our customers interact with us.

## **4. Background, including Policy Context**

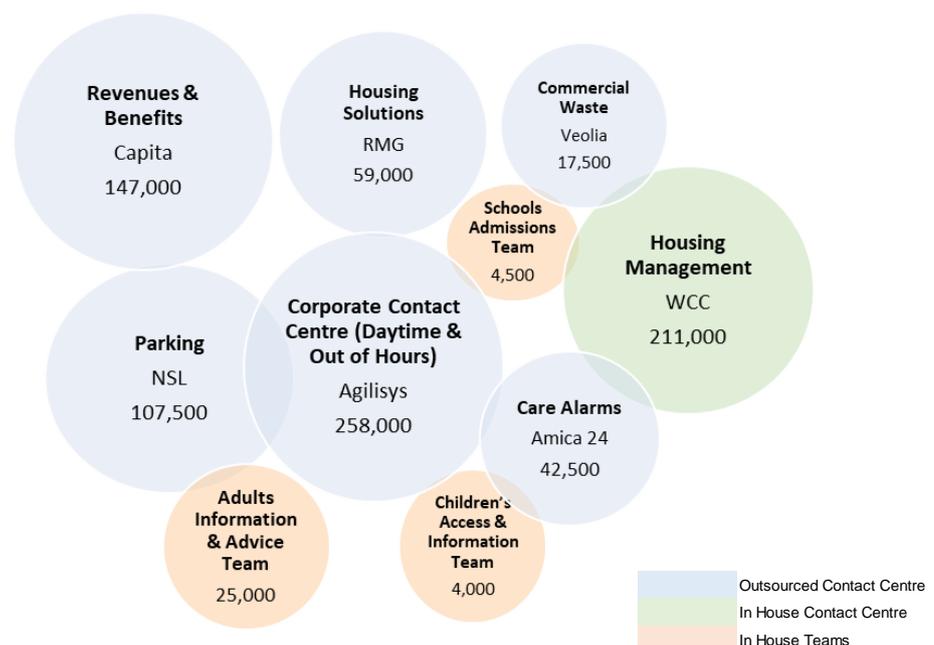
### **Existing Contact Centre Contract**

- 4.1 Westminster's daytime corporate contact centre currently handles calls and emails for approximately 30 Council services including adults, children's, environmental, streets, registrars, planning, licensing and free school meals. The contract has been delivered by Agilisys Ltd since 2014. Daytime services are delivered from a contact centre in Weston Super Mare and out of hours services are delivered from Rochdale. Agilisys handle on average 189,000 daytime calls, 69,000 out of hours calls and 11,500 emails a year. Over the last 7 years of the contract, volumes have been decreasing at a steady rate as contacts shift to online channels.

- 4.2 During the last 7 years of the contract performance levels have mainly been achieved. A dip in performance was seen during April – July 2021 caused by unplanned resourcing issues and unexpected high call volumes particularly related to flooding. Performance is now back to expected levels. The contract manager reviews performance daily and by monitoring weekly contractual service levels addresses any major dips in performance with Agilisys immediately. If contractual targets are not met service credits are deducted for poor performance from Agilisys’s monthly invoice.
- 4.3 Agilisys provide their own telephony, resource planning, training and management information technology. The remainder of the technology (CRM, IVR, payment systems, back-office systems etc.) is owned and managed by the Council with access being granted to agents.
- 4.4 The current contact centre contract was awarded to Agilisys Ltd. in 2014 for a 3-year period with an option to extend for up to a further 3 years. Approval to extend for 3 years was gained in 2017 for the 3 years up to 3rd November 2020. Several contract amendments were agreed as part of this extension including: revised KPIs, streamlined pricing model and relocation of out of hours service delivery from Barking to Rochdale. All other contractual terms and conditions remained the same.
- 4.5 In July 2020 agreement was gained to extend the contract with Agilisys Ltd for a further period of 24 months from 4th November 2020 to 3rd November 2022. The extension was granted as it was impractical to carry out a procurement at the time due to potential providers being unlikely to have the resources or capacity to bid as they were severely affected by the Covid-19 pandemic.

### Contact Centre Consolidation

- 4.6 The Council currently operates six outsourced contact centres, one insourced contact centre and has three in-house teams who manage customer contact. The volumes and suppliers of each of these contracts is shown below.



- 4.7 A contact centre review project explored opportunities for consolidation and identification of benefits in the areas of customer experience, finance, technology and operations. Work concluded that there were limited benefits to the customer by consolidating services.
- 4.8 Exploratory work also took place to examine the feasibility of incorporating additional simple contacts into the existing Agilisys contact centre. A detailed review of Parking and Housing Solutions services confirmed that contacts from either service area were not considered suitable to transfer across to the Agilisys contact centre. Reasons included: specialist service requirements, risk of disaggregation from remaining service could dilute the offer, high cost of transition and difficulties with contract service exit.

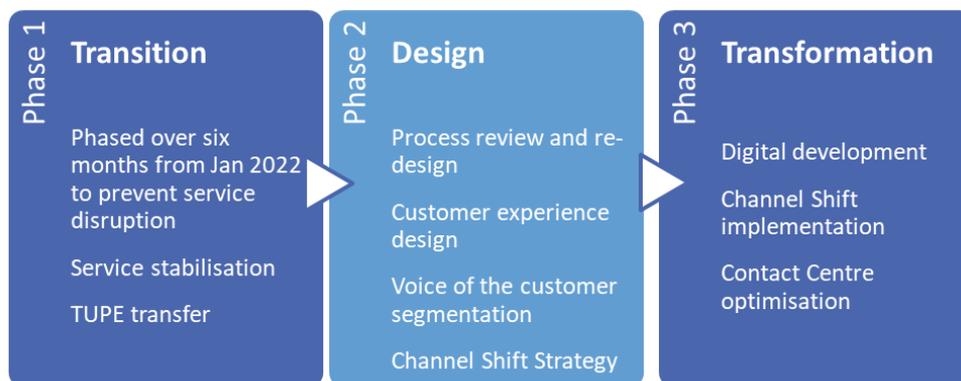
#### **Insourced delivery option**

- 4.9 Research suggests insourcing services is a rapidly growing area within local government. A number of authorities have recently insourced their contact centres these include Hammersmith and Fulham, Rochdale, Barking and Dagenham and Birmingham. Authorities state that insourcing has provided them with a greater level of control and flexibility to transform their contact centres.
- 4.10 The housing management contact centre was brought back in house in 2019 as part of the transition away from City West Homes. Using data and speech analytics, call trends and points of failure were identified and new processes were designed to bring efficiency and improved customer experience. This review saw an increase in customer satisfaction feedback scores from 82% to 91%. This contact centre has received many awards since the transfer back into the council.
- 4.11 The option for direct delivery of a daytime contact centre has been examined based on insourcing the corporate contact centre alongside housing management to deliver shared technology, telephony and management overheads. The team would be primarily based in a small section of City Hall but would have the flexibility to utilise other council offices and work from home. Opportunities to combine management roles and share contact centre staff has been built in from year 3.
- 4.12 Direct delivery of an out-of-hours contact centre would be prohibitively expensive due to high staffing costs, management overheads and call demand profile and is therefore better suited to being placed with an outsourced provider as part of a shared service.
- 4.13 Having contact centre, technology, service processes and website together will enable greater channel shift and transformation of the service and provide ease of access to data to support user research and service design for improved customer experience. Insourcing will also provide better visibility and immediate action relating to performance issues and utilisation of back-office services to support peaks in demand.
- 4.14 Insourcing the contact centre will provide improved conditions for staff which in turn will lead to increased retention, fewer days lost to sickness, improved motivation and increased retainment of subject matter expertise. It will also help provide local jobs and allow opportunities to create apprenticeships and kickstart placements.

- 4.15 The main risk associated with insourcing the corporate contact centre is a potential reduction in quality that may be experienced due to loss of expertise during transition. Exit management arrangements will be put in place to identify strategies to ensure high quality service provision continues to the end of the Agilisys contract.

## 5. Approach

- 5.1 Insourcing of the daytime contact centre will be delivered in three phases. During phase 1 services will transition across to the council from August 2022 with Agilisys still in place to pick up call volumes in case of any issues. Phase 2 will see a period of redesign where processes will be streamlined and transformation planned. The transformation phase will see implementation of new processes, technology and channel shift delivering improvements to customer experience and delivery of financial benefits.



## 6. Staffing Implications

- 6.1 The corporate contact centre team will be established as part of the Customer Experience and Digital Team in the Finance and Resources Department. This team will report into the Head of Customer Experience and Digital and will include existing staffing resources currently associated with the corporate contact centre contract management.
- 6.2 The contact centre structure will have 2 Team Manager posts, who in turn will manage 10-12 advisor roles each. The team will also include a Senior Contact Centre Manager, a Customer Engagement Manager responsible for training and quality, a CRM Manager and a Data Analytics Manager. The financial implications of these posts are shown in section 7.
- 6.3 Work is underway to establish the team structure and work will begin on recruitment in early 2022.

## 7. Financial Implications

- 7.1 The current corporate contact centre budget is £1,357,000. This includes the Agilisys contract costs, contract management staffing and some telephony costs.
- 7.2 A one-off cost is required to implement the contact centre insourcing. This is estimated to be around £600,000 and this can be funded from the Smart City reserve. This will provide a small project team and cover the cost of

dual running and transition to ensure continuity and quality of service. These costs would also be required if the contact centre were to be outsourced to a new third-party provider.

- 7.3 If additional resources are required by the new corporate contact centre to ensure higher levels of service and manage transition risks, then supplementary funding will be requested from the corporate contingency.
- 7.4 Capital funding has been requested to cover the cost of equipment and technology required to set up the contact centre and extend the current telephony platform. £26,000 is required to purchase equipment for agents, £5,000 contact centre equipment and £20,000 for telephony implementation and expansion. This total of £51,000 will be provided through capital funding, subject to CPSR approval.
- 7.5 Details of the ongoing revenue budget over the next 3 years are set out below. Higher costs are required in year one followed by a reduction in headcount with associated savings in years 2 and 3. It is expected that further savings will be achieved as investment in improving the online experience implemented.

	Y1	Y2	Y3
<b>2021/22 Budget £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
1,357	1,759	1,594	1,287

## 8. Legal Implications

- 8.1 The Council is seeking the approval of a delivery plan management of the corporate contact centre due to expire in November 2022. Further for the approval of the Insourcing of the daytime contact centre to the Council.
- 8.2 Section 1 of the Localism Act 2011 provides the Council with the power to do anything that individuals generally may do. This power can be used for commercial purposes or otherwise for a charge, or without a charge. The Council may exercise this power for the benefit of the authority, its area, or persons resident or present in its area. This general power is limited by any restrictions in any existing or future legislation. It should be noted that the implementation of this decision is subject to the community right to challenge under the Localism Act.
- 8.3 Section 111 of the Local Government Act 1972 provides powers for a local authority to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 8.4 Under section 3 of the Local Government Act 1999 the Council has a general 'best value' duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In amplification. Best Value is a mandatorily relevant consideration, being a positive duty. Best Value consultation is required, under Section 3(2).

- 8.5 Consultation must be carried out while proposals are at a formative stage, must give sufficient reasons for proposals and allow adequate time for consideration and response. The Council has it must state its preferred option in the consultation process. The decision maker must give conscientious consideration to the responses to the consultation.
- 8.6 The Council should equally demonstrate due regard for the Public Sector Equality Duty and the Council's fiduciary duty to its electorate.
- 8.7 The Council will need to consider TUPE "the Regulations" and, will in this matter, be engaged where; on a relevant transfer which occurs: where a client engages a contractor to do work on its behalf; engages a different contractor to that work in place of the first contractor; or brings the work in house (a service provision change) regulation 3(1)(b) of the Regulations. The Council will need to ensure that it complies with the said requirements of the Regulations where applicable. Depending on whether the service is in-sourced or out-sourced, the Council will need to provide the Employment Liability information to the bidder as well as adhering to the requirements of informing and consulting employees via their representatives especially if the decision is made to bring the service in house.
- 8.8 Upon exit of the Contract in November 2022, the Council should note that value of the contract would mean that the full implications of the Public Contracts Regulations (PCR 2015) and if contract is to be modified then such changes will need to comply with the PCR 2015.
- 8.9 Any transfer of services to the Council will be facilitated through any exit management plan which has been agreed under the existing contract including TUPE with the incumbent. The Council will also need to be diligent on any financial implications in doing so.
- 8.10 This proposed decision is a 'key decision' and as such the decision taker may only make a key decision in accordance with the requirements of the Executive Procedure Rules and in its publication and call-in as set out in Constitution.

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

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**APPENDICES**

**LIST APPENDICES ABOVE BACKGROUND PAPERS**

**BACKGROUND PAPERS:**

- Background papers should list the documents on which the report author has relied in compiling the report.
- Confidential background papers (i.e. papers not available for public inspection) should have an asterisk against them and an indication of the grounds for exemption

*NB: For individual Cabinet Member reports only*

For completion by the **Cabinet Member** for Finance and Smart City

**Declaration of Interest**

I have <no interest to declare / to declare an interest> in respect of this report

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

NAME: \_\_\_\_\_

State nature of interest if any

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*(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

**Corporate Contact Centre - Future Operating Model** and reject any alternative options which are referred to but not recommended.

Signed .....

Cabinet Member for Finance and Smart City

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:

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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 Director of Law, City Treasurer 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.

