

Islington Digital Services
7 Newington Barrow Way
N7 7EP

Report of: Corporate Director Resources

Date: 15 March 2023

Ward(s): All

Subject: Procurement strategy report for Contact Centre Omnichannel Technology Solution

1. Synopsis

- 1.1. This report seeks pre-tender approval for the procurement strategy to provide the contact centre with a technology solution to ensure contact centre resilience and to enable the provision of significant resident experience improvements via a unified customer experience (“omnichannel”) solution. This is being done in accordance with Rule 2.8 of the Council’s Procurement Rules
- 1.2. The council’s existing contact centre technology resilience needs to be moved out of its current on-premises location to support the delivery of significant financial benefits through the FutureWork Programme.
- 1.3. The existing contact centre technology is no longer fit for purpose and will not support the ambitious vision of the Resident Experience Programme.

2. Recommendations

- 2.1. To approve the procurement strategy for the council’s contact centre technology as outlined in this report

3. Date the decision is to be taken

3.1. 23 March 2023.

4. Background

4.1. **Nature of the service**

4.1.1. The council's current contact centre telephony system is physically based on-premises in 222 Upper Street, with back up resilience provided from servers located at Newington Barrow Way. This resilience prevents the outage of the council's contact centres.

4.1.2. The FutureWork programme have recommended that the council's existing contact centre technology resilience needs to be moved out of its current on-premises location by the end of September 2023 to support the delivery of significant financial benefits. To meet this deadline a decision on the future provision of the contact centre technology is required immediately.

4.1.3. In addition to the urgent requirement to relocate the contact centre resilience, the current contact centre telephony solution which is supplied and managed by an external provider is end of life and out of support. Temporary support arrangements will be procured to ensure service resilience until the end of December 2023.

4.1.4. Discovery work has confirmed that essential functionality is missing on the current contact centre solution. Basic components of a modern system are missing or not fit for purpose. For example:

- Workforce planning does not support agent scheduling, demand management or adherence.
- Detailed performance data is not available making the impact of change difficult to evaluate
- Real time data is not available for agents
- Call back functionality is not available
- Customer feedback cannot be gathered

4.1.5. This discovery work has confirmed that the current contact centre product cannot provide the solution that Islington requires to deliver a high-quality resident experience. Benchmarking against other local authorities and market analysis has confirmed these findings. Therefore, a different contact centre solution is required.

- 4.1.6. Agreement has been sought from the Resident Experience Board to procure an omnichannel solution that uses hosted, cloud-based contact centre software to handle interactions with customers from multiple channels in a way that allows customers to seamlessly switch back and forth across channels.
- 4.1.7. A new solution will replace the contact centre technology currently in use across the council's three main contact centres: Access Islington, Housing Repairs, and Housing Operations. The solution will be utilised by both daytime and out of hours teams.
- 4.1.8. This Contact Centre as a Service (CCaaS) solution will offer the organisation both scalability and flexibility to purchase and pay for only the components we need at any point in time. A CCaaS solution will offer all the benefits of the latest technology releases and removes any reliance on the council's datacentres for contact centre services. This approach is in line with the Islington Digital Services Cloud First strategy.
- 4.1.9. To enable the delivery of FutureWork savings a solution must be in place by the end of September 2023, thereafter the existing contact centre technology will be transferred to an off-premises data centre managed by a telephony maintenance support company for 6 months. This will allow time to design and deliver a full CCaaS model by the end of 2023.

4.2. **Estimated value**

- 4.2.1. The costs for the new contact centre omnichannel solution will be made up of one-off implementation costs (to be funded from the Transformation Reserve) and ongoing revenue costs which will need to be funded recurrently within the council's General Fund.
- 4.2.2. Year 1 of the contract can also be funded from the Transformation Reserve to allow a period of stabilisation and the considered decommissioning of existing facilities. The estimated ongoing annual net cost of the solution is £367k. This will need to be built into the council's budget from 2024/25 onwards.
- 4.2.3. Cost estimates have been calculated using available cost information on the G-cloud 13 framework. Estimated costs over a 4-year period is shown in the table below

	Year 1	Year 2	Year 3	Year 4	Total
Dual running costs (one off)	£20K				£20K
Implementation Costs (one off)	£60K				£60K
Ongoing licence costs	£400K	£400K	£400K	£400K	£1.6M

Savings on current Adept telephony contract	(£33K)	(£33K)	(£33K)	(£33K)	(132K)
Total	£447K	£367K	£367K	£367K	£1.548M

Licence costs are based on 200 concurrent users and include all essential and desired features.

4.2.4. The contract term for this procurement strategy will be two years with an option for a further two one-year extensions with a total estimated contract value of £1.680m.

4.2.5. Illustrated costs have been estimated on a worst-case scenario. Following a detailed evaluation of all contact centres the number of required concurrent licences may be reduced.

4.3. **Timetable**

4.3.1. The following timescales have been approved by the Resident Experience board which is made up of senior representatives from every council directorate including Access Islington, Housing and Islington Digital Services.

Task	Date
Commissioning and Procurement board	23 rd February 2023
Corporate Management Board	7 th March 2023
Issue requirements via lot 2 of the G-cloud 13 framework RM1557	March 2023
Supplier demonstrations and further clarification	April 2023
Requirements evaluation/ moderation	April 2023
Contract award	May 2023
Start date for new contract	June 2023
System Design	July 2023
System Build	August 2023
System Testing	September 2023
System Training	September 2023
Contact Centre first go live	October 2023
Contact Centre second go live	November 2023
Contact centre third go live	December 2023

4.4. Options appraisal

4.4.1. The following options were considered for the procurement of a contact centre omnichannel solution

4.4.2. Option 1 Insourcing

Islington Digital Services do not have the in-house resource or capability to build a modern and fit for purpose solution based on the contact centre omnichannel requirements. The solution required involves integration with Customer Relationship Management (CRM) systems and application programming interfaces (APIs) for future system integration. If we were to attempt an in-house development then a team will need to be recruited to build a bespoke system and maintain the system throughout the duration of the contract term, this option would prove to be prohibitive on cost and the timescales to go live.

4.4.3. Option 2 –Procurement via a framework agreement

The recommended route to market is to undertake an evaluation based on the council's requirements and then enter a call-off contract pursuant to Crown Commercial Services (CCS) framework agreement RM1557.13, Lot 2 Cloud Software. This option provides a compliant route to market and can offer a quicker route to market than option 3. Other framework agreements have been considered but not taken forward for recommendation as the Crown Commercial Services framework agreement offers a good range of suppliers and services together with competitive pricing.

4.4.4. Option 3 – Full market procurement

Procuring a contact centre omnichannel solution via a full market procurement will not support the timescales outlined in this report. The process would take up an additional two to three months which would leave the council with an unsupported contact centre solution and limited opportunities to improve resident experience. Furthermore, all the major market suppliers are listed on Crown Commercial Services (CCS) framework agreement RM1557.13, Lot 2 Cloud Software. Additional project resources would also be required to support a full market procurement which would bring additional resource cost on top of the cost for the solution.

4.4.5. Option 4 - Collaboration with other authorities

Collaboration with other authorities has been considered. However, as the proposed CCaaS solution is licence based there are no benefits to be gained in sharing a solution with another partner. Sharing a CCaaS solution would also mean that corporate wide changes would impact all parties. This would make it difficult to deliver against different sovereign digital strategies.

4.5. **Key Considerations**

- 4.5.1. Delivering a contribution to the council's social value objectives is a key element of this procurement strategy and contract award. The supplier must demonstrate their contribution over the duration of the contract to economic, environmental, and social benefits.
- 4.5.2. The CCS (Crown Commercial Services) RM1557, Lot 2 framework agreement provides sufficient flexibility to ensure that any call-off contract will address the following social value commitments:
- What employment and local business development social value benefits will the supplier deliver within London Borough of Islington e.g., contribution of expert volunteering hours and or expert business advice.
 - What environmental benefits will the supplier contribute to London Borough of Islington e.g., contribution to the Council's net zero ambition (including use of renewable power): support to local small and microbusinesses within as part of their supply chain.
 - How will their Digital Platform support social value within London Borough of Islington e.g., participation in the Council's 100 Hours of the World of Work Programme.
 - How will the supplier contribute towards digital inclusion within the London Borough of Islington for our residents and businesses e.g., offering digital development and skills opportunities, better connectivity, and greater accessibility to meet service user needs including those dependent on assistive technology to access digital services.
 - What social value donations can be delivered by the supplier for this contract e.g., equipment or resources donated to Voluntary, Community and Social Enterprise (VCSEs) and or donations or in-kind contributions to local community projects.
- 4.5.3. A commitment by the successful provider to pay at least the London Living Wage will be a requirement of the final call-off contract agreement.
- 4.5.4. There are no TUPE, pensions or staffing implications associated with this procurement.

4.6. **Evaluation**

- 4.6.1. The procurement requirements exercise will be undertaken using CCS framework RM1557.13, Lot 2 Cloud Software.

- 4.6.2. The requirements exercise will be evaluated following the proposed award criteria
 Cost 40%
 Quality 60%

- 4.6.3. Quality criteria (60%) will be split as outlined below:

Criteria	Details	
Social Value	contribution over the duration of the contract to economic, environmental, and social benefits	20%
Automatic Call Distribution (ACD)	The ability to distribute incoming telephone calls and other types of contacts to specific agents or groups based on logic	5%
Interactive Voice Response (IVR)	Menu selections to direct inbound calls	5%
Customer Relationship Management Integration	The ability to integrate with various CRMs to enable feature-rich capabilities, such as Caller Line Identification (CLI), case management, data quality	5%
Workforce Management	Solution to support accurate forecasting and the ability to plan the staffing levels for voice, email, and chat interactions.	5%
Quality Management	Solution to monitor and scores agent interactions	5%
Reporting and Insight	Call tracking view, configurability of reports, integration with Power BI	5%
Channels	Including email, chat, social media, mobile and WhatsApp	5%
Non-Functional requirements	Including security considerations, software update deployment, business continuity, single sign on and accessibility	5%

4.7. Business risks

- 4.7.1. The business risks and mitigating actions are listed in the table below.

Risk Description	Mitigation
Service capacity to support transition Due to the ambitious project timescales, service representatives may be divided over conflicting priorities.	<ul style="list-style-type: none"> • Clear responsibilities and timescales set out from project onset to allow selection of appropriate staff. • Range of service representatives selected to join project to allow cover when required
Delivery of full system functionality	<ul style="list-style-type: none"> • Phase roll out of functionality based on feature prioritisation

Project timescales may prevent delivery of all solution functionality from day one.	<ul style="list-style-type: none"> Existing telephony platform will be migrated to cloud solution for 6 months support transition
Change management / operational readiness Due to the large number of services and staff and the variation in current ways of working the size there change management will be significant	<ul style="list-style-type: none"> Involve key stakeholders from all service areas in project at design stage Identification of business changes management resources to support new ways of working
Requirements gathering If requirements are not captured accurately and signed off by all stakeholders, acceptance of deliverables may be compromised	<ul style="list-style-type: none"> Detailed workshops will be carried out to review the requirements with representation from all service areas and key support services. Any changes to requirements post sign off to business case, will be processed through change control
Number porting If there are problems with porting individual contact centre numbers from the on-premise system to the CCaaS this will cause delays in delivery of the solution and potentially impact CC operational services.	<ul style="list-style-type: none"> Numbers will be delivered in a phased approach and dual running with current solution will provide resilience
Lack of supplier response No response is received from suppliers	<ul style="list-style-type: none"> Evaluate requirements on CCS framework RM1557.13, Lot 2 Cloud Software to ensure their products deliver to our requirements Utilise networks and existing relationships to ensure suppliers are aware of the opportunity

4.8. The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

4.9. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1. Nature of the service	<p>Contact centre technology solution to ensure contact centre resilience and to enable the provision of significant resident experience</p> <p>See paragraph [4.1]</p>
2. Estimated value	<p>The estimated value per year is £367K.</p> <p>The agreement is proposed to run for a period of '2' with an optional extension of '2' years.</p> <p>See paragraph [4.2.3]</p>
3. Timetable	<p>The timetable is set out in paragraph [4.3]</p>
4. Options appraisal for tender procedure including consideration of collaboration opportunities	<p>A full list of options appraised is set out in paragraph [4.4]</p> <p>Option 2, to procure via G-cloud framework 13 is recommended</p>
5. Consideration of: <ul style="list-style-type: none"> • Social benefit clauses; • London Living Wage; • Best value; • TUPE, pensions and other staffing implications 	<p>Considerations set out in paragraph [4.5]</p>
6. Award criteria	<p>Specific award criteria are set out in paragraph 40% cost 40% quality and 20% social value</p> <p>See paragraph [4.6]</p>
7. Any business risks associated with entering the contract	<p>Specific business and procurement risks are contained within paragraph [4.7]</p>

8. Any other relevant financial, legal or other considerations.	<p>Financial implications provided in paragraph [5.1]</p> <p>Legal Implications provided in paragraph [5.2]</p> <p>Environmental Implications provided in paragraph [5.3]</p>
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5. Implications

5.1. Financial Implications

- 5.1.1. The report states that Year 1 (2023/24) of the procurement strategy can be funded from reserves to allow for a period of stabilisation and the considered decommissioning of existing facilities. The ongoing net cost will need to be factored into the Council's budget from 2024/25 onwards.
- 5.1.2. The Contact Centre currently receives calls on behalf of the HRA and the General Fund. The current split for the Contact Centre staff is 50% to the HRA and 50% to the General Fund (to be reviewed).
- 5.1.3. The total cost of the project is £1.548m (over 4 year), it is recommended that the Year 1 costs of £0.447m will be funded by the Budget Strategy Reserve (50%) – £0.224m and the HRA (50%) - £0.224m. A further £0.184m ongoing expenditure to be incurred from 2024/25 will be factored into the 2024/25 budget process, for agreement, as a base budget adjustment in the MTFS, and the remaining £0.184m factored into the 2024/24 HRA budget process, for agreement as a base budget adjustment.

5.2. Legal Implications

- 5.2.1. The contract referred to in this Procurement Strategy Report is a proposed 4-year contract (2 years plus optional council extensions up to a maximum of a further 2 years) with a total contract value over 4 years of £1.66m.
- 5.2.2. The council has power to procure and enter into the proposed contract under section 111 of the Local Government Act 1972 and section 1 of the Local Government (Contracts) Act 1997 which enable the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions, and to enter contracts accordingly.
- 5.2.3. The procurement route of evaluating requirements under CCS framework RM1557.13 (Lot 2, Cloud Software) is a compliant route to market under both the Public Contracts Regulations 2015 and the council's Procurement Rules.

- 5.2.4. Framework RM1557.13 is valid from 9th November 2022 to 8th November 2023 and a call-off contract based on the Framework can validly run for up to 4 years as long as the contract commences before the Framework itself expires.

A Contract Award Report will need to be signed by the Corporate Director once the results of the requirements evaluation are available.

5.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 5.3.1. Transitioning the contact centre telephony away from on-premise data centres to a cloud-based solution has two main environmental impacts. The first is that the existing systems will need to be disposed of, creating electrical waste. The second is that while no electricity will be needed on-site for the new system, the new cloud-based service will still use electricity at the data centres hosting the system.

5.4. **Equalities Impact Assessment**

- 5.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 5.4.2. An Equalities Impact Assessment was completed on 06/02/23. The main findings are that:
- The new technology will provide a platform to enable residents to get to the right place, in a timely manner and leave feedback regarding their interaction.
 - The delivery of a single solution across all 3 contact centres will help ensure the delivery of consistent, high-quality service regardless of how and where residents contact us.
 - Through greater data capture and reporting the new omni channels will enable root cause analysis to help understand demand and design solutions to support residents.
- 5.4.3. The full Equalities Impact Assessment is appended.

6. Conclusion and reasons for the decision

- 6.1. To support the council's ambition to improve resident experience a new contact centre platform is required. This will also ensure resilience of the telephony solution following the transfer as part of the FutureWork Programme.

7. Record of the decision

- 7.1. I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

(The following section is to be left blank, and then completed at the point the decision is taken and re-submitted to Democratic Services)

Signed by:

Corporate Director of Resources

Date:

Appendices:

- Equalities Impact Assessment

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