



**Cabinet**  
13 October 2014

**Report from the  
Chief Finance Officer**

For Action

Wards Affected:  
[ALL]

**Authority to tender a contract for Automated Call  
Distribution (ACD) system**

**1.0 Summary**

- 1.1 This report concerns the procurement of an Automated Call Distribution (ACD) system to replace the existing solution provided to the council by Interactive Intelligence. This report requests approval, as required by Contract Standing Orders 88 and 89, to invite tenders in respect of a solution to enable the council to manage and handle incoming telephone calls, customer emails, webchat and social media customer interaction.

**2.0 Recommendations**

- 2.1 The Cabinet to give approval to invite tenders for an Automated Call distribution (ACD) solution to enable the council to manage and handle incoming telephone calls, customer emails, webchat and social media customer interaction on the basis of the considerations set out in paragraph 3.6 of the report.
- 2.2 The Cabinet to give approval to officers to evaluate the tenders referred to in 2.1 above on the basis of the evaluation criteria set out in paragraph 3.6(vi) of the report.
- 2.3 The Cabinet to approve a waiver from Contract Standing Orders for the requirement to seek written quotations and to give approval to the direct award of a short-term contract to Interactive Intelligence for a period of six months in the circumstances and for the reasons set out in paragraph 3.7 of the report.

### 3.0 Detail

- 3.1 The Purpose of this report is to get agreement from the Cabinet to invite tenders for a new ACD solution for handling and managing customer contacts.
- 3.2 The current supplier of this solution is Interactive Intelligence. The existing contract is due to expire on 31 March 2015 and there is no further contractual provision to extend this. This means that a competitive procurement process now needs to be undertaken to enable a new contract to be in place.
- 3.3 The current ACD solution is used to handle incoming telephone calls to the customer services contact centre, as well as smaller contact centres in Finance, Registrars, Housing and Brent Housing Partnership. Officers are also currently piloting the use of the solution to administer incoming customer emails and in the future anticipate exploring the use of the ACD solution for webchat and social media customer interaction.
- 3.4 The solution is a key component of a new customer access strategy which is aiming to improve residents' experience when they contact the Council. In order to achieve this a new Operating Model is planned which includes the use of ACD technology to manage the majority of customer telephone calls. The Council currently has up to 120 concurrent users using the ACD system, however we are licensed for 300 concurrent users and we expect to be increasing our use of the solution significantly.
- 3.5 The contract for the current system has already been extended and is ending on 15th March 2015.
- 3.6 In accordance with Contract Standing Orders 88 and 89, considerations have been set out below for the approval of the Cabinet.
- 3.6.1 Officers are proposing to conduct a further competition exercise under the Crown Commercial Service framework RM1498 PSN Services, Lot 5 Contact Centre Services ("The Framework"). This framework was established in June 2012, and expires on 26<sup>th</sup> June 2015. There are 11 suppliers on Lot 5.
- 3.6.2 The suppliers were appointed to the framework based on the most economically advantageous tenders.
- 3.6.3 Use of the framework will enable a faster procurement process, and will save considerable officer resources, as the suppliers have already been prequalified by the Crown Commercial Service.

There is no charge to the Council for using the framework.

Ref.	Requirement	
(i)	The nature of the	Solution to enable the council to manage and handle

Ref.	Requirement		
	service.	incoming telephone calls, customer emails and social media customer interaction by the call centre	
(ii)	The estimated value.	£75K per annum	
(iii)	The contract term.	3 Years with two optional 1 Year extensions	
(iv)	The tender procedure to be adopted.	Further competition exercise from Crown Commercial Services framework RM1498, Lot 5.	
v)	The procurement timetable.	<b>Indicative dates are:</b>	<b>Dates</b>
		Invite to tender	Nov 2014
		Deadline for tender submissions	Dec 2014
		Panel evaluation and shortlist for interview	Dec 2014
		Interviews and contract decision	Dec 2014
		Report recommending Contract award circulated internally for comment	22/12/14
		Cabinet approval	26/01/15
		Contract Mobilisation	Feb 2015
		Contract start date	01/04/15
(vi)	The evaluation criteria and process.	<p>At tender evaluation stage, the panel will evaluate the tenders against the following criteria:</p> <ul style="list-style-type: none"> <li>• Quality criteria consisting of: <ul style="list-style-type: none"> <li>▪ Fitness for purpose including quality</li> <li>▪ Delivery</li> </ul> </li> <li>• Price criterion consisting of: <ul style="list-style-type: none"> <li>▪ Total Lifecycle costs</li> </ul> </li> </ul> <p>The criteria will be a 60/40 Quality to Price %</p>	

Ref.	Requirement	
		weighting for the tender assessment.
(vii)	Any business risks associated with entering the contract.	The main risk in entering a new contract for this solution is business disruption during the service transition to a new supplier. This risk will be mitigated through the planning, setting up a dedicated project team, effective communication and training of all staff impacted by these changes
(viii)	The Council's Best Value duties.	The council has a duty to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This procurement will assist the council in fulfilling this duty.
(ix)	Consideration of Public Services (Social Value) Act 2012	See Section 8 below.
(x)	Any staffing implications, including TUPE and pensions.	See section 7.0 below.
(xi)	The relevant financial, legal and other considerations.	See sections 4.0 and 5.0 below.

- 3.7 The current contract with Interactive Intelligence expires on 31<sup>st</sup> March 2015. It is possible that the successful tenderer will be proposing to supply the solution using the services of Interactive Intelligence. It is also possible that the successful tenderer will be proposing a different solution. In these circumstances, the implementation timescales would risk significant disruption to the service at what is a very busy time for customer contact, as it is the time when Council Tax bills are received by customers, and the charging for green waste collection will also be being initiated. It is therefore proposed that, if a new system is to be implemented, the current service is extended for six months until 30<sup>th</sup> September 2015, through the award of a contract to Interactive Intelligence. This will allow for the new system to be implemented at a time when the impact of any disruption will be significantly lower, and will also allow for a longer lead in period which will ensure a high quality, thoroughly tested implementation. The cost of the current contract is approximately £75k per annum.

The Cabinet is asked to give its approval to these proposals as set out in the recommendations and in accordance with Standing Order 89.

## **4.0 Financial Implications**

- 4.1 The estimated value of this contract is £75k per annum for a period of 3 years plus two optional 1 year extensions.
- 4.2 It is anticipated that the cost of this contract will be funded from existing revenue budgets for the maintenance of the existing ACD solution.

## **5.0 Legal Implications**

- 5.1 The proposed contract is for a managed telecommunications software and maintenance service. Therefore, the proposed contract is classified as a Part A (category 5) services contract under the Public Contracts Regulations 2006 (as amended) (the “EU Regulations”). In addition, the estimated value of the proposed contract is likely to be above the EU threshold for Services (currently £172,514); therefore the procurement process is subject to the full application of the EU Regulations. The proposed contract is classified as a Medium Value Contract under the Council’s Contract Standing Orders and Financial Regulations.
- 5.2 Ordinarily, for Medium Value Contracts, Chief Officer approval to award the proposed contract would be sought; however Officers have thought it prudent to seek the prior approval of the Council’s Cabinet with regards to the pre-tender considerations set out in the table at paragraph 3.6 above and the shortlisting, invitation of tenders and subsequent evaluation.
- 5.3 Once the tendering process is undertaken Officers intend to report back to Cabinet, explaining the process undertaken in tendering the contracts and recommending award.
- 5.4 Call off contracts concluded off a framework do not have to include provision for a standstill period, as this would have been observed by the procuring Contracting Authority (in this case the Crown Commercial Services) prior to appointing contractors onto the Framework. Members will note that Officers are intending to observe a voluntary standstill period of a minimum of 10 calendar days. The requirements of a standstill period includes notifying all tenderers in writing of the Council’s pending decision to award and providing additional debrief information to unsuccessful tenderers on receipt of a written request. The standstill period provides unsuccessful tenderers with an opportunity to challenge the Council’s award decision if such challenge is justifiable. However if no challenge or successful challenge is brought during the period, at the end of the standstill period the Council can issue a letter of acceptance to the successful tenderer and the contract may be formally entered into, should Members decide to approve the award recommendations.

- 5.5 Further, Officers are seeking a waiver from Contract Standing Orders and Member approval for a direct award of a short-term interim contract to the incumbent contractor, for the reasons set out in paragraph 3.7 citing good operational and/or financial reasons for doing so. The value of the proposed interim contract to the incumbent contractor is likely to be classified as a Low Value Contract under the Council's Contract Standing Orders and as such would ordinarily require at least three written quotations. However, for the reasons set out in the body of this report the award of the proposed interim contract, should Members be minded to approve, would seem reasonable and justified considering the need for Officers to mitigate risk in disruption to the service.

## **6.0 Diversity Implications**

- 6.1 As part of the process Officers would ensure that any diversity implications relating to service delivery are considered and addressed in any proposed solution.

## **7.0 Staffing/Accommodation Implications**

- 7.1 There are no implications for council staff arising from re-procuring the proposed contract.
- 7.2 In view of the nature of the service delivery model with contractors able to provide a service from any location, it is not considered appropriate to require the London Living Wage as part of the contract terms. In any event, salaries and wages within the IT industry are generally above the level of the LLW.

## **8.0 Public Services (Social Value) Act 2012**

- 8.1 Since 31 January 2013, the council, in common with all public authorities subject to the EU Regulations, has been under duty pursuant to the Public Services (Social Value) Act 2012 to consider how the services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the council might act with a view to securing that improvement; and whether the council should undertake consultation. This duty applies to the procurement of the proposed contract as Part A Services over the threshold for application of the EU Regulations are subject to the requirements of the Public Services (Social Value) Act 2012.
- 8.2 There is a limited market for the delivery of these services; however, officers will endeavour to describe the scope of service in such a way as to further meet the requirements of the Act during the procurement process as well as ensuring that contractors responses address issues of social value.

## **9.0 Background Papers**

9.1 None Applicable

### **Contact Officer(s)**

Prod Sarigianis  
Head of Programmes and Transformation  
Email: Prod.Sarigianis@Brent.gov.uk  
Tel: 020 8937 1400

**CONRAD HALL**  
**Chief Finance Officer**