

Notice of KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendix 1 is not available for public inspection as it contains commercially sensitive exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972. It is exempt because it includes details of tendered contract prices, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Subject Heading:	Out of Hours Contract Award Report
Cabinet Member:	Cllr Joshua Chapman
SLT Lead:	Patrick Odling-Smee, Director of Housing Services
Report Author and contact details:	Katri Wilson, Assistant Director Supported Housing Katri.wilson@havering.gov.uk Telephone 01708 434581
Policy context:	High quality service in place for residents that meets residents' needs and achieves value for money.
Financial summary:	See Appendix 1, note 1
Reason decision is Key	This decision is key due to the following reasons:- a) This service affects all Council wards b) The contract value is in excess of £500,000
Date notice given of intended decision:	15 th November 2020

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Relevant OSC:	Towns and Communities
Is it an urgent decision?	No.
Is this decision exempt from being called-in?	No.

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input checked="" type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To award a 7 year contract to Pinnacle Connect Ltd. This is for an initial period of 5 years with a 2 year optional extension.

AUTHORITY UNDER WHICH DECISION IS MADE

3.3 Powers of Members of the Senior Leadership Team

Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 above.

General powers

- (a) To take any steps necessary for proper management and administration of allocated portfolios.

- (b) To exercise all the powers delegated to them personally and those powers delegated to Second Tier Managers and other staff members in their directorate where circumstances require and so far as legally permissible. Exercise of such powers should be recorded where appropriate. Where possible, a SLT member should give notice to a relevant staff member that he or she intends to exercise a specified power that is delegated to that staff member.

Contract powers

- (a) To approve commencement of a tendering process for all contracts above a total contract value £500,000.
- (b) To award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract procedure Rule 16.3.
- (c) To sign contracts on behalf of the Council which do not require sealing under paragraph 4 of Article 10 of this constitution.

STATEMENT OF THE REASONS FOR THE DECISION

1. Service Overview

The Council currently delivers an emergency 'Out of Hours' service to provide a response to a range of emergency situations reported by residents by telephone.

At present, the service handles around 25,000 emergency calls per annum on behalf of 27 different Council services. The service operates from 5pm to 9am Monday to Friday and 24 hours over the weekend.

The table below details some of the services the Out of Hours service currently handles calls for.

Housing Repairs	Registrars	Building Maintenance
Social Services	Travellers	Graffiti
Emergency Planning	Trees	Terror Threats
Parks	Data Protection	Street Lighting
Highway Emergencies	Anti -Social Behaviour	Abandoned Vehicles
Noise	Environmental Health	Suicide Calls
Stray Dogs	Dangerous Structures	Estate Services
Homeless	Civil Emergencies	Floods

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Data on call categories has identified that 40% of calls relate to housing repair issues, a further 40% relate to social services calls with the remaining 20% covering all remaining call categories.

2. Service Delivery Arrangements

There have been a number of delivery changes over recent years. Below are details of the main arrangements that have been in place:-

2010-18– GDIT delivered via a pan London partnership.

Sept 2018 – proposed contract with Capita via Pan London Partnership – Havering withdrew from the partnership due to financial reasons.

Oct 2018 - March 2021 – interim contract with Pinnacle Connect Ltd.

For additional information see appendix 1, note 2

3. Previous Decisions

A restricted procurement exercise using a framework was undertaken in December 2019. No bids were received.

On 6th April 2020, the Director of Housing made the following decision:-

- To extend the interim contract with Pinnacle Connect Ltd for a period of 1 year until 31st March 2021.
- To commence a full open procurement process under OJEU

4. Contract Design Considerations

Prior to the commencement of the procurement process, a detailed service specification was developed with input from service areas from across the Council. The service specification included:-

- Service standards;
- Service development requirements;
- Safeguarding;
- Technical requirements;

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- Quality standards;
- Management reporting and governance;
- Mobilisation and exit planning requirements.

5. Financial Considerations

In order to mitigate risks of cost increases in the future, it was decided that any future contract should be based on a fixed annual price rather than one based on fluctuating calls volumes. This would assist in terms of long term financial planning and remove the risk of substantial increases in costs incurred should call volumes increase. This decision represents a move away from the historical position with these service contracts whereby contracts were based on a price per call mechanism depending on call types and volumes.

The tendered prices will also be fixed for the contract duration meaning that we do not need to factor in inflationary increases into future budgetary planning.

6. ICT considerations

A decision was made that we would continue to require any contractor to input data into the CRM system that Havering had previously bought and designed for use specifically within this service. In this way, Havering would own all of the data which assists in terms of monitoring contractor performance, increasing visibility as well as mitigating the risk of service disruption should a contractor either subsequently withdraw during a contractual term or if we decided to terminate a contract.

Through accessing this data directly, it would also make it far easier to investigate customer complaints promptly without having to wait for a contractor to interrogate systems and respond.

Within the next 2 years, it is hoped that this data will be merged into the Council's main CRM system thereby enabling customer service staff across the

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organisation to benefit from a single view of a customer's interaction with the Council.

7. Performance Metrics

The following service standards were included within the service specification:-

Calls answered	>95%
Abandoned calls	<5%
Calls answered within 30 seconds	>85%
Calls categorised correctly	>90%
Referrals made correctly	>90%
Calls meeting quality standard	>80%
Longest wait time	<600 secs

In addition to the above, suppliers are also required to report on the following performance indicators:-

Average wait time
Number of calls received
Number of calls answered
Average handling time
Number of abandoned calls
Type/category of calls
Number referrals made

Both the service standards and performance indicators will be required to be reported upon on a monthly basis.

8. Procurement Process

A full open procurement process under OJEU (ref 2020s 182-440852) has been undertaken. The ITT required suppliers to complete the following:-

- A Selection Questionnaire (SQ)
- Respond to 15 quality questions which covered the following sub-categories:-

Technical Delivery;
Demand Management
Resource Management
Service Levels
Implementation & Mobilisation

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- Submission of two prices (one was for delivering the service against slightly reduced KPI's)

To ensure that sufficient service standards were maintained, we decided to adopt a 70% Quality : 30% Price ratio.

9. Market Response

Following the publication of the ITT, over 40 companies registered on the Capital E-sourcing portal and downloaded the ITT documents.

We received 5 tenders which was a good response to the ITT by the market. Details of the actual companies that bid are listed in Appendix 1, Note 3.

One of the companies failed the Selection Questionnaire assessment leaving the remaining 4 tenders to be fully evaluated. Overall we were generally pleased with the level of interest received from the market and are satisfied that sufficient competition has been generated.

10. Procurement Evaluation

An evaluation panel was drawn from representatives from across a number of different Council services who benefit from the Out of Hours service. Each evaluator was allocated questions to evaluate based on their area of expertise. Responses to questions were marked using a 1-10 scoring scale.

Following the individual marking exercise, scores were then moderated via an exercise facilitated by the Strategic Procurement Team. This took place on 19th November, 2020.

11. Procurement Outcome – Results

The breakdown of scores for each supplier are contained within appendix 1, note 4

The results show that Pinnacle Connect Ltd were the highest scorers for both price and quality.

12. Contract Price

See appendix 1, note 5

13. Recharging

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Until 2019, the cost of this service was met solely by the Housing Revenue Account. The Council then took a decision to recharge service areas for their use of the service from 2019. Recharging is calculated on the basis of calls received per service area. Broadly speaking, this has resulted in costs being split equally between the HRA and General Fund. Therefore for the purpose of calculating cost avoidance savings calculations, they should be split equally between the HRA and General Fund.

14. Mobilisation and Planning

Should this proposal be agreed, it is intended that we will undertake contract mobilisation arrangements during February and March. The new contract would then commence from 1st April 2021.

15. Contract Management

Service units have expressed a wish to be involved in future clienting and contract management arrangements. The service is currently managed via the Out of Hours and Telecare Team. The Out of Hours Project Board has overseen the options appraisal and procurement exercises that have been undertaken. It is intended when existing arrangements end on 31st March 2021, that the Out of Hours Project Board is replaced by a Stakeholder Board. This Board will enable service units to input into the future management and development of the service offer ensuring that it is able to respond to future challenges. This will also provide a formal mechanism for clienting issues such as performance concerns with the contractor to be raised.

16. Covid-19

Being an emergency out of hours responsive service, it has been vital that we have been able to maintain service continuity throughout the pandemic. The

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service also provides an initial response to emergency calls for residents lacking food or medicine and signposts callers to other teams.

This service requirement has been incorporated into the specification.

Furthermore, suppliers were asked to evidence how they have been able to respond effectively to the pandemic, maintain service levels and adapt to the changing situation.

17. Risk Management

In terms of financial risk management, please see appendix 1, note 6

In terms of quality, it will also be important that we gather feedback from key stakeholders across the Council in terms of their client's experience of the service provided. We have mitigated this risk to some extent by requiring the supplier to log calls into Havering's own CRM system. As we will own the data, it will make it easier for us to not only interrogate the records to see what is happening in real time but also, more importantly, the ability to change suppliers is far easier as full data accessibility will be maintained in all possible circumstances.

Further mitigations will be made through ensuring effective clienting and contract management is undertaken.

OTHER OPTIONS CONSIDERED AND REJECTED

The following options for the service have previously been considered and rejected:-

<u>Option</u>	<u>Reason for Rejection</u>
Cessation of the service	Not feasible as service is critical and necessary
Continue with existing provider	Not possible due to legal reasons
Creation of a joint venture with another organisation	This was explored in detail with another London Borough - .(see Appendix 1,

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	Note 7) Unfortunately we were not subsequently able to take this forward as they were concentrating on their pandemic response.
Joint Commissioning with other organisations	This was the previous arrangement but we withdrew due to financial cost reasons.
Bringing the Service in house	This was subsequently rejected due to organisational capacity issues alongside the increased level of costs compared to the tendered price. As stated earlier, the supplier is able to achieve greater economies of scale.

PRE-DECISION CONSULTATION

To develop the service specification initially, two workshops were held with the 27 service areas who currently have an out of hours service offer. These workshops enabled feedback to be gathered on how the service should be shaped in the future as well as what the criteria of success should be.

The final specification, length of contract and evaluation criteria including the final price quality split were all subject to consultation at the Out of Hours Board. This Board had representative from across the Council.

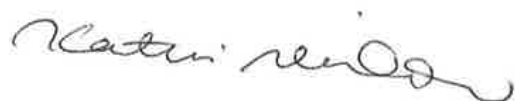
Board members were part of the evaluation panel that marked the tenders.

The decision on the preferred supplier and furthermore, whether we wanted to let a contract at all were all subject to Board consultation.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Katri Wilson

Designation: Assistant Director of Housing



Signature:

Date: 21.01.2021

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

1. The Council has a “general power of competence” under Part 1 Chapter 1 of the Localism Act 2011 which gives it the same power to act as an individual, subject to other statutory provisions limiting or restricting its use of that power. The Council’s decision to procure the out-of-hours telephone service is therefore compatible with the Council’s exercise of its general power of competence.
2. In addition to the general power of competence, the conduct of procurements by the Council must also comply with the provisions of the Public Contracts Regulations (as amended) and the Council’s Contract Procedure Rules (CPR). Paragraph 8 of this report states that an evaluation ratio of 70% (Quality) : 30% (Price) was adopted for this procurement which is contrary to Rule 18.4 of the CPR requiring all procurements to be evaluated on a 70% (Price) : 30% (Quality) basis.
3. Legal have sighted an earlier report dated 7th July 2020 approving the choice of procurement procedure for the procurement of the Out-of-Hours service. Although mention is made in paragraph 19 thereof of the reason for the adoption of 70% (Quality) : 30% (Price) evaluation ratio, no mention is made in that report or any other document that Legal has reviewed that the due approval to circumvent the CPR in this regard was sought or obtained.
4. The CPR at Rule 14 permits its provisions to be waived upon approval of an individual Cabinet Member being obtained. It should be noted that this does not appear to have been done in the process of this procurement and it cannot be done retrospectively.
5. In spite of the omission to obtain approval to waive the 70% (Price) : 30% (Quality) evaluation criteria, the outcome of the procurement would not have been different because Pinnacle Connect, had the lowest price bid and would have still emerged as the successful bidder.
6. In light of (5) above, the risk of a challenge to the outcome of this procurement succeeding is assessed as low. In all other respects, the procurement appears to have been properly conducted and evaluated and a successful bidder selected.

FINANCIAL IMPLICATIONS AND RISKS

See appendix 1, note 8

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The incumbent is the proposed new supplier. Therefore, TUPE does not apply.

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. socio-economics, respectively.

It is recommended that as part of future clienting arrangements, the Contract Management Team check the operation of Pinnacle's Equality Scheme and if necessary, undertake a full Equality Impact Assessment.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

The service provides support and advice to residents who have problems with essential services and issues during out of hours: factors that could affect individual health and wellbeing. It is important to mitigate against the inverse care law; those who are most marginalised being less likely to make contact with the service, and consider how the service is promoted to such groups.

We recommend that the service considers deployment of an effective communications strategy to mitigate this risk as well as to enable residents more generally to be aware of the service offer the Council provides to address emergency situations.

To assess the effectiveness of this and identify any issues affecting marginalised groups, the service should implement systems to regularly monitor the take up of the service by different demographics.

BACKGROUND PAPERS

Appendix 1

Key Executive Decision

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

Details of decision maker

Signed

A handwritten signature in dark ink, reading "Patrick Odling Smee". The signature is written in a cursive style with a trailing flourish.

Name: Patrick Odling Smee

Cabinet Portfolio held: Director of Housing

CMT Member title:

Head of Service title

Other manager title:

Date: 22 January 2021

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Committee Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

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Signed _____