

## London Borough of Enfield

### Operational Decision

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**Subject:** Civica on Demand telephony contract extension  
**Director** Sue Nelson – Director of Customer Experience

**Key Decision:** KD 5138

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### Purpose of Report

1. The purpose of this report is to gain approval to make a new call off agreement for Civic on Demand to meet the demand for benefit advice over the phone.

### Proposal(s)

2. To use the single provider Kingston Framework to make a new call off to Civica On Demand for the provision of Revenues and Benefits telephony services between the 30<sup>th</sup> April 2021 to the 29<sup>th</sup> April 2023.

To review the current contract in late 2021 with a view to in sourcing in the longer term.

That through the life of this contract, tier one services currently delivered by Civic on Demand are gradually increasingly delivered by the Council.

### Reason for Proposal(s)

3. The current call off agreement for Civica On Demand Services takes the Council to May 2021 and there is no facility to extend. The current term of the Kingston Framework ends on 31<sup>st</sup> October 2022. The framework gives the Council the right to call off for a further two years. This report seeks approval to agree a two-year call off agreement from the 30<sup>th</sup> April 2021 to the 29<sup>th</sup> April 2023.

The cost would be split between the Customer Services Centre, Income and Debt and Financial Services.

### Relevance to the Council's Plan

4. This is in line with the Council Plan to; reduce poverty and support families to ensure they get the right financial support.

### Background

5. In November 2016 the Council entered into a contract through the Kingston Framework with Civica on Demand to provide telephony support for the council tax and benefit service. The current term of the call off agreement is due to end in May 2021. It is recommended that a two year call off agreement under the Kingston Framework is evoked. This is being reviewed now as part of the proactive Contract Register Review, to allow all options to be considered. It is felt in the current climate that to remain with Civica on Demand, represents the best option for the Council.

Prior to the Civica on Demand service the telephony service was as follows:

- Council tax and housing benefit customer calls were predominantly routed via the 0208 379 1000 customer service centre number.
- When ringing, customers selected option 2 for council tax and benefits and were put through to a specific IVR product provided by Inform Communications PLC which offered the customer different options to make a payment, self-serve or speak to an operator.
- If an operator was selected calls were routed back to a customer service adviser within the customer service centre who could provide basic 'Tier 1' advice.
- If customer services are unable to assist, customers were transferred to Civica on Demand to deal with general 'Tier 2' level enquiries.
- If Civica on Demand were unable to deal with the call the customer was transferred to the council tax team for 'Tier 3' specialist enquiries

The previous service did not provide the level of service required as:

- The IVR service was outdated, expensive and frustrated or delayed customers without adding any value.
- The customer service centre had a high turnover of staff which made it difficult to provide fully trained staff for this technical area. There were delays in getting through to the team and some quality issues regarding advice given.
- The handover to Civica on Demand took up to 60 minutes as the service was under resourced
- Callers transferred to Tier 3 faced further delays as this line was also under resourced.

Prior to Civica on Demand, there were a high level of complaints regarding the telephony service, delays in getting through and some poor-quality advice.

The combined overall cost of the service previously was approximately £600k.

In April 2018 it was decided to give the whole telephony service to Civica on Demand and the following improvements have been made:

- One telephone number is able to deal with Tier 1, 2 and 3 level customer enquiries. Any enquiries that can't be dealt with at first point of contact are referred back to the council for a call back.
- Over £103k calls answered (92k from May 19 to Feb 20)
- Performance has improved with average call answering rates of 94%
- Calls analysed by nature of the call e.g. benefit change of circumstances, council tax move in or out
- The quality of advice provided has improved
- Complaints reduced to minimal level
- Customised IVR introduced to reduce wait times
- Average call handle time 8:21 minutes in 2018/19 (7:28 for year 2 to date)

In January 2019 a contract variation was signed to agree a lower average call handling target of 88% because call volumes had been above the agreed levels in the contract incurring a surcharge of £57k in year one. Average call handle times consistently have been above the agreed 6 minutes.

The costs to date are:

Year 1 £489,000 plus £57,000 call variation costs = £546,000  
 Year 2 £439,000 plus £14,048 rpi % age increase = £453,048  
 Year 3 (est) £453,048 plus £14,498 rpi = £467,546

During 19/20 Civica on Demand took 112,342 Revenues and Benefits calls (62,871 Revenues and 47,786 Benefits) of which 30% are the types of calls that will reduce the call volumes as a result of more online functionality. We will look to insource calls relating to the navigation of this functionality, using contact centre staff. The types of calls this relates to are:

|   |
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| CTAX - Applying for Discounts & Exemptions                  |
| CTAX - Checking status of Discounts & Exemptions            |
| CTAX - Change of Address (Move in or Out)                   |
| CTAX - Create or amend Direct Debit                         |
| CTAX - Change Payment Method                                |
| CTAX - Refund Request/Transferring payments                 |
| CTAX - Balance Query  |
| CTAX - Copy Letter or Bill                                  |
| BENS - Change In circumstances (Income, household, address) |
| BENS - Change of Payee                                      |
| BENS - Report a Fraud                                       |
| BENS - Copy Letter, notifications or application            |
| BENS - Name/Contact details change                          |
| BENS - Chasing Change of Circumstances                      |

## Main Considerations for the Council

6. The main consideration for the Council is the cost of a new two-year call off agreement is up to a maximum of £528,220 for the first year and £528,220, for the second.

This is a reduction on the original quotation of £63,560 (this discounted price is time limited till 30<sup>th</sup> June 2020).

This provides for:

- 88% calls answered measured on a monthly basis
- A maximum annual volume of 134,266 calls across the three service lines with an Average Handle Time (AHT) of 7.5 minutes per call.

| <b>Month</b> | <b>Volume</b>  | <b>Ave Handling time</b> |
|--------------|----------------|--------------------------|
| May-21       | 12084          | 90627                    |
| Jun-21       | 10947          | 82101                    |
| Jul-21       | 12096          | 90718                    |
| Aug-21       | 9504           | 71283                    |
| Sep-21       | 11295          | 84711                    |
| Oct-21       | 14013          | 105095                   |
| Nov-21       | 10941          | 82058                    |
| Dec-21       | 8641           | 64805                    |
| Jan-22       | 11313          | 84846                    |
| Feb-22       | 10629          | 79719                    |
| Mar-22       | 11244          | 84332                    |
| Apr-22       | 11560          | 86701                    |
| <b>Total</b> | <b>134,266</b> | <b>1,006,994</b>         |

- Volume variation charges for a 5% increase or a 25% reduction in call volumes

Enfield's call volumes remain high due to:

- the continued delay in the transfer of working age housing benefit claimants to Universal Credit;
- lack of on-line options for council tax and benefit service
- the increased level of deprivation in the borough
- increased level of council debt due to welfare reform

The estimated staffing cost of providing the service in-house would be around £650k (15 sc6 officers and 2 x SO 2 training officers). This does not take into account accommodation, IT and other costs which may be incurred.

## Safeguarding Implications

7. This service support vulnerable people access the right benefits.

## **Public Health Implications**

8. This service reduces public health implications by addressing Financial needs of residents it supports

## **Equalities Impact of the Proposal**

9. This service is available to all residents wanting to communicate with the council by telephone, which is one of many channels of communication

## **Environmental and Climate Change Considerations**

10. If the proposal is not approved and the service needs to move in house; then there may be an impact on additional travel within the borough due to additional staff, and increase in energy consumption.

## **Risks that may arise if the proposed decision and related work is not taken**

11. If the proposal is not taken then the Council has until October 2022; to look for an alternative proposal or insource the work. Given the current situation with Covid-19 and increase in workload this may pose a risk to the quality of the service provided.

## **Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks**

12. If this proposal is taken then the risk is that the Council continues to have its benefits telephony service provided by a 3<sup>rd</sup> party. To mitigate this regular reviews of the service and volumes will be undertaken to see if more cost effective opportunities are available. One of these reviews will take place in late 2021.

## **Financial Implications**

13. There is a Customer Service (CC0003) budget provision of £510k to fund the costs of the new two year call off agreement of £528k per annum. The additional cost of £36k over the two-year period will need to be met across the existing Customer Service, Income and Debt Team and Financial Assessments Team budgets. Although this is an increase in cost compared with the cost of £450k in 2019/20, this is due to a 2.5% RPI increase and due to an increase in workload absorbed under this new agreement.

## **Legal Implications**

14. The content of this report constitutes a Key Decision and this item has been included in the Key Decision List reference: KD5138. Once approved the decision to proceed will be subject to the usual five-day call-in period.

The Council, under s.111 Local Government Act 1972 has power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Council also has a general power of competence under

s.1(1) Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to Public Law principles.

The value of the contract exceeds the relevant EU threshold, which means that the Public Contracts Regulations 2015 (PCR 2015) apply to the procurement. The use of a framework is a compliant route to award, provided that the procurement process complies with the PCR 2015, the Council's Contract Procedure Rules (CPR), and the terms of the framework itself. The P&C Hub carried out due diligence on the framework.

The Council will need to ensure that it obtains Best Value for the services as required under the Local Government Act 1999. Where a single supplier framework is to be used, the evidence that this provides the Best Value must be provided to the P&C Hub prior to approval (CPR 4.1.2).

The terms of the contract procured must be consistent with the framework, and in a form approved by the Director of Law and Governance.

In respect of any contract with a value of £1m and over (as is the case here), the Council's CPRs (s.1.18) state that the contractor must be required to provide sufficient security. 'Sufficient security', means one of the following: (i) parent company, ultimate holding company or holding company guarantee where their finances prove acceptable; (ii) director's guarantee or personal guarantee where their finances prove acceptable; (iii) performance bond, retained funds or cash deposit; or (iv) any other security as determined by Financial Management Services and/or Legal Services. Evidence of the form of security required or why no security was required must be stored on the E-Tendering Portal for audit purposes. The Council should liaise with the Procurement & Commissioning Hub for assistance on this.

### **Workforce Implications**

15. There will be no implications to workforce if the 3<sup>rd</sup> party contract is agreed. If not agreed then there may be a requirement to take the working in house which will involve a re-structure to create posts and recruitment to these.

### **Property Implications**

16. If the 3<sup>rd</sup> party contract is not approved; then there will be a requirement to house additional staff needed to carry out the work.

### **Other Implications**

#### **17. Procurement Implications**

Any procurement must be undertaken in accordance with the Councils Contract Procedure Rules (CPR's) and the Public Contracts Regulations (2015).

The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be

undertaken on the London Tenders Portal including future management of the contract.

All awarded projects must be promoted to Contracts Finder to comply with the Government's transparency requirements.

Any framework must be accessed in accordance with the Framework rules, and the terms and conditions of the framework used. Due diligence has been carried out on the Kingston Framework and is legally compliant and accessible to Enfield Council.

***Imps provided by C E Reilly 01/04/2020***

## **Options Considered**

### **18. Option 1 – Provide the service in-house**

While considering in sourcing for the longer term we need to ensure that the needs of our customers, particularly during this time of challenge and increased financial hardship, are met. The estimated staffing cost of providing the service in-house would be c£650k (15 sc6 officers and 2 x SO 2 training officers). This does not take into account accommodation, IT and other costs which may be incurred. To create a viable team the council would need to start recruitment and training at least 6 months prior to contract start date creating additional costs. There is also a lack of management capacity within the in-house teams to manage this key project and a high risk of service failure at go live.

Given the current Covid-19 situation it would be too risky to divert staff from the increased demands on the service to focus on an insourcing programme. It is likely that the effects of the Covid-19 situation will be felt for more than 1 year; which is why a new two-year call off agreement is recommended.

### **Option 2 – Tender the service**

This option would require substantial project management resource to meet the necessary deadlines. Market intelligence from other boroughs suggests that Revenues and Benefits service providers do not have the expertise to view Civica Open Revs and EDMS document management systems used at Enfield. As a call off option exists this option would appear high risk.

Given the current Covid-19 situation it would be too risky to divert staff from the increased demands on the service to focus on a full EU procurement exercise, and 'on-boarding' of a new provider.

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**Appendices**

None

**Background Papers**

None