Procurement Board (CCB)	
Contract Award Report PART A FOR PUBLICATION	

Date of meeting	18/11/21
By	Jon Mellor Technology and Architect Manager
Title	Telephony System Contract Award
Project Sponsor	Neil Williams, Chief Digital Officer & Director of Resident Access
Executive Director	Elaine Jackson, Interim Assistant Chief Executive
Lead Member	Cllr Young Cabinet Member for Resources and Financial Governance
Key Decision	**6321RFG** The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.

1. Recommendations

The Contracts and Commissioning Board is asked to recommend to the Cabinet Member for Resources and Financial Governance in consultation with the Leader to approve the award of telephony and contact centre system contract in accordance with Regulation 28.4c of the Council's Tenders and Contracts Regulations system for a contract term of up to 7 years (5 years + 1+1) as set out in detail below.

The Leader of the Council has delegated to the Cabinet Member Resources and Financial Governance in consultation with the Leader the power to make the decisions set out in the recommendations below

1.1   The Cabinet member for Cabinet Member for Resources and Financial Governance in consultation with the Leader is recommended by the Contracts and Commissioning Board to approve the award of a telephony and contact centre system contract in accordance with Regulation 28.4(c) of the Council's Tenders and Contracts Regulations for a contract term of up to 7 years (5 years +1+1) to the contractor and for the value stated in Part B of this report.

Note the contractor name and contract value will be published following contract award.

2. Background & strategic context

This award report sets out the background and rationale for the procurement of a replacement telephony and contact centre solution and recommends a contract award as a result of a competitive tender.

2.1 Renewing Croydon
Croydon Council is facing a serious financial challenge.

2 of the 3 current priorities of the Council for 2021-24 are:
* Live within our means, balance the books and provide value for money for our residents –and:
* Focus on providing the best quality core service we can afford

2.2 The Pandemic has forced changes to how we deliver some services by introducing digital options which are more convenient for residents to use and more efficient for the Council to operate. The Council will also be undertaking significant organisational change over the 12 months to manage service demand and our customer experience. Providing a robust telephony solution directly supports the current and future needs of residents and staff. The Council must have an effective, resilient and agile telephony system for general use as well as a system to meet the needs of the Contact Centre.

2.3 The telephony solution needs to support the Council's Digital Strategy, with a particular focus on:
* Digital Council - how the Council uses digital design, data and technology to work efficiently and collaborate
* Digital Services - transform the relationship between residents and the Council by providing online services so good that most people choose to use them and can do so unaided

2.4 The combined systems of telephony and contact centre must support the broader strategy for resident access and integrate both with each other and with other required Council systems and resident channels. The new telephony system must also enable new and flexible ways of working, including softphones and mobile phones.

2.5 Current Position – rationale and drivers for change

In an average 12-month period, the Council receives approximately 1,000,000- calls which are routed into the main Contact Centre, Revenues and Benefits along with other service-based contact centres such as Adults and Children's Social Care and Parking.

2.6 There have been systems failures and operational difficulties caused by the age and lack of support for the current solution which have led to periodic outages resulting in loss of ability to make calls, loss of ability to receive calls, poor call quality, and connections being lost mid call.

Further details are set out in the following paragraphs.

2.7 Telephony composition

There are several components that make up the current telephony solution which is explained in the table below:

Component	Description	Notes
Call Manager platform supporting general telephony	Phone systems	In scope
Call Manager platform supporting the contact centre	Phone systems	In scope
Interactive Voice Recognition (IVR)	Call routing Interactive Voice recognition system that residents use to get through to the Croydon services. Main services through the contact centre, but there are also several ones like Revenues and Benefits	In scope
Verint	Call recording	In scope
Softext	Call reporting	In scope
Gamma SIP trunks	Phone lines	Brought into scope during tender
Telephone call bundle charges for outbound calls	Out bound calls from the telephony system	Brought into scope during tender

2.8 Operational risks caused by the existing telephony system

The Council's current telephony and contact centre system is old and does not allow for rapid changes to deal with business needs. Systems have grown organically over time to support immediate demands without a clear structured approach to the design.

2.9 In the last 12 months we have had 2421 incidents raised for the telephony system, the fix time for each has ranged from quick issues (up to 1 hour) to the larger ones (over a week) to resolve. This represents approx. 13 working days effort to resolve these issues - this is the minimum so does represent the overall effort.

2.10 The move for a majority of staff to home working because of COVID has caused major issues, from the inability for users to connect at all, to an ongoing issue with transferring calls to internal numbers, this has gone on for weeks, and there is no proper fix in place.

2.11 The existing system (Cisco Call Manager) has been in use for over 10 years; it is beyond the supplier's End of Life date (31 Dec 2018) and so is no longer supported by the manufacturer (CISCO). Hardware is difficult to replace and there are no longer any software support releases from Cisco. Whilst the system still functions this means that there is a business continuity risk should there be any issues. Support is provided by Capita as part of the outsourced IT services contract on a best endeavours basis with failures being difficult and time consuming to fix causing business impact on a regular basis.

The business continuity risk is exacerbated due to issues with system resilience. The existing systems are difficult and expensive to support and maintain; changes need to be made via requests to Capita which is not responsive to business needs. The lack of manufacturer support means that Capita cannot commit to SLAs for support.

2.12 The contact centre uses Interactive Voice Recognition (IVR) to route calls (e.g., for press 1 for service a, press 2 for service b, etc.), The system has capacity issues which result in new calls from residents not getting through to the contact centre or left hanging on the phone line.   There is no self-management functionality available within in the current IVR. **This means Council officers do not have the ability to add, amend or delete messages a caller hears when phoning the Council**. The Services need to engage the current suppliers of the IVR (rather than being able to self-serve), to get these changes processed and this can take over three weeks. This is especially problematic when implementing any high priority or strategic messages (e.g. if the Services need to put an immediate message about new business hours due to COVID).

2.13 There are regular problems with voice quality. There is static on the line, crackling or no audio at all. Often no root cause can be identified, and so no resolution can be worked on. This is a regular occurrence and staff have to end the call and try to call the resident back.

2.14 Consultation on a new telephony solution

Prior to tendering, CDS conducted a consultation in summer/autumn 2020 with the contact centre(s), revenue & benefits, licencing, adults & children social care, enforcement and public safety. The consultation undertook a number (circa 25) of workshops with a sample of core / high telephony users from across the Council to provide a robust sample size to ascertain their opinions of the telephony systems currently in place, and how they would like to be able to operate in future.

3.   Contract Providing for a Statutory Requirement

3.1 Telephony remains the main point of contact for many vulnerable citizens accessing statutory services who are not digitally literate or have limited or no access to online services. . Without access to contacting the council by telephone, many residents would not be able to access services at all and many residents would require face-to-face appointments which is more expensive for the council to provide.

4.   Financial implications

4.1 Essential Spend Criteria
The requirement is considered to meet the essential spend criteria and has been approved by the Executive Director on 26th November 2020.

Note from the Chief Digital Officer: The need to replace our telephony system has been agreed already at ELT, is known to Cabinet following high-profile outages of the current technology, and corresponds to a high-rated risk on the corporate risk log (the current system is on life support, in extra time with a reluctant supplier, and unreliable). Capital budget has been allocated for the project, and future running costs are within CDS's revenue cash limit.

The expenditure meets the following essential spend criteria:

- Urgent expenditure required to safeguard vulnerable citizens:
  - Telephony remains the main point of contact for many vulnerable citizens who are not digitally literate or have limited or no access to online services. . Without access to contacting the council by telephone, many

residents would not be able to access services at all and many residents would require face-to-face appointments which is more expensive for the council to provide.

- Expenditure required to deliver the council's provision of essential statutory services at a minimum possible level:
  - the procurement of a new telephony, IVR and contact centre solution is essential expenditure as the current solution is end of life, out of support for upgrades and is running at high risk of failure. A functioning and adaptable telephony solution is essential for the day to day running of the council and for residents to access services. It is urgent and important that the current telephony systems are replaced so that the council can continue to function effectively.

4.2 A telephony budget exists to cover the following items:

    Telephony maintenance and support for the existing contact centre and phone system
    SIP costs (voice calls)
    Landlines and connections.

4.3 There is an MTFS savings target of £150k from the gross budget for a net reduction in telephony expenditure by financial year 2022-2023.

4.4 Capital funds have been allocated for this procurement and for transition and implementation costs of the new telephony and call centre solution from the CDS capital programme. This capital budget shall fund resource, implementation, third party supplier and equipment costs.

Award of the contract will commit the council to up to 7 years contract charges.

Further financial details are set out in Part B

5. Supporting information

	Required Input	Details
5.1	Procurement Process followed: Incl. details of the competition, advertisement, tenders received and any clarifications or issues.	A further competition was conducted using the Crown Commercial Services Framework ref RM3808 Network Services Lot 5 IP Telephony.

Expressions of interest were issued to the 37 suppliers on the framework Lot and the suppliers were invited to register with the London Tenders Portal if that had not already done so.

Tenders were issued via the London Tenders portal to 36 suppliers who had either expressed an interest or who had not responded (in accordance with the framework terms of use).

The tender was administered using the Council e-tendering solution.

Tenders were returned electronically via the e-tendering portal.

Questions from the SSQ template were used to form part of the tender documentation to ensure the following criteria were met: Exclusion grounds, suitability thresholds, economic and financial standing, technical and professional ability, Modern Slavery Act compliance, equality and diversity, London Living wage, Insurance.

Method statements were required to evidence ability to meet the requirements. A target quality score was set for evaluation below which the Council reserved the right to decide not to award a contract to a bidder. There were mandatory requirements marked on a pass/fail basis ensure quality requirements were met.

References were taken up and there was a process of clarifications and demonstrations carried out as part of the process to inform scoring.

Overall evaluation ratios were 70% Price and 30% Quality in accordance with the approved Strategy.

Price Evaluation

The lowest bona fide Total Contract Value Tender price received the maximum price score of 70(%). Scores for other Tenderers are calculated on the following basis:

The lowest submitted total price divided by a bidder's submitted total price multiplied by 70%

Quality Scoring was based on the following:

A weighting was applied to each Method Statement/requirement. Each Method Statement/requirement which is not pass/fail was scored by the evaluation panel awarding marks in a range of 0 to 5. A score of 3 or more was deemed fully compliant. |

5	Excellent	Exceeds the requirement. Exceptional demonstration by the Tenderer of their relevant understanding, skills, resource and quality measures provided in the method statement. Response identifies factors that demonstrate

			added value, with evidence to support the response.
	4	Good	Satisfies the requirement with minor additional benefits. Above average demonstration by the Tenderer of the relevant understanding, skills, resource and quality measures provided in the method statement. Response identifies factors that demonstrate added value, with evidence to support the response.
	3	Acceptable	Satisfies the requirement. Demonstration by the Tenderer of the relevant understanding, skills, resource and quality measures provided in the method statement, with evidence to support the response.
	2	Minor Reservations	Satisfies the requirement with minor reservations. Some minor reservations of the Tenderer's relevant understanding, skills, resource and quality measures provided in the method statement, with limited evidence to support the response.
	1	Serious Reservations	Satisfies the requirement with serious reservations. Serious reservations of the Tenderer's relevant understanding, skills, resource and quality measures provided in the method statement, with little or no evidence to support the response.
	0	Unacceptable	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the Tenderer has the necessary understanding, skills, resource and quality measure, with little or no evidence to support the response.

Total weighted quality scores for each bidder were assigned a percentage against the % available for Quality.

Criteria	Percentage Weightings *(NB each quality criteria % is a % of the quality section, e.g 10% of the available 30%)*
Technical merit/functionality Aesthetic and functional characteristics ease of use	30 %
Social Value	10 %

Technical assistance/ Support and After sales service	23
Implementation/Mobilisation	35%
Early Payment Programme	2%
QUALITY TOTAL	Quality sub-total 100 = 30% of overall ratio
Price Total	*70%*
TOTAL Quality + Price	*100%*

Total
A combination of weighted quality scores and weighted price scores was used to identify the preferred bidder subject to attainment of a suitable quality target score and meeting the pass/fail requirements.

The evaluation team
An evaluation panel comprising officers from the contact centre service, Revenues and Benefits, supported by CDS, Finance, legal and procurement evaluated tenders.

5.2	Evaluation results: Incl. each providers scores in accordance with the published criteria. Winning providers VFM offer	

19 suppliers did not bid.

10 suppliers declined with reasons including: not competitive, unable to meet requirements, insufficient resources, unable to meet some mandatory aspects of Council terms and conditions

9 bids were received and evaluated.

Overall scores are set out below. The recommended bidder is Bidder H

Bidder	Total Score
H	132.22
E	109.61
D	96.31
A	93.94
I	93.25
G	93.01
F	92.59
C	85.79
B	84.31

		Features of the recommended bidder. A compliant bid was received. Terms and conditions were accepted as were the milestone payments proposed by the Council for the implementation charges. The tender passed all mandatory requirements. The tendered solution met all quality requirements. A social value offering. Commitment to the council early payment programme at the highest rebate level. The lowest price was tendered. More details are set out in Part B.
5.3	Any compliance issues with PCR or TCR?	None
5.4	Contract Management: Please detail how this will be delivered and by who?	The contract will be managed commercially, financially and operationally jointly within the CDS Business Operations and CDS Service Operations teams and managed overall by the Head of Digital Operations. There will also be representation from Gateway with the Contact Centre Manager a key stakeholder. Post transition, it is proposed monthly commercial and finance meetings for the first 3 – 6 months to build an effective supplier relationship and ensure effective and efficient processes are in place. Thereafter moving to quarterly commercial/finance reviews. Similarly, propose monthly operational meetings for first 3-6 months moving to quarterly if appropriate. A Service review meeting will be held post contract signature, this meeting will detail the following as part of the contract management plan: • Agreed set of KPI's and Service level agreements • Names of who will be managing the contract on the supplier's side. • Escalation process for failed KPI's, complaints, failed SLA's and breach of contract. • Create a strategy with the supplier to ensure the contract is managed effectively and detail ways to remedy performance issues before it is escalated. • Agreed quarterly review meetings with contract managers, finance and project managers if required. • MI data to be sent to Croydon's contract manager on a monthly basis, this will be reviewed during the contract review meetings. • Contract details to be added to the contract's tracker • Contract manager to ensure termination period is managed, including providing the relevant notice when required. **Performance Monitoring** Any new implementation will require detailed agreed project plans and milestones which will be payment related and built into the contract. A contract management plan will be implemented. For ongoing support, the contracts will incorporate regular performance review meetings with agreed escalation paths. The meetings will review performance against the service level regime established in the contract – covering such areas as: performance against contracted targets and service levels • Availability of the system, • System response and report times, • Incident resolution • User satisfaction • Service credits. • Social value deliverables

5.5	Risks: Incl. how they will be managed	A number of risks have been identified which will be managed by the service and programme leads who will ensure any mitigations are undertaken. A programme board will oversee the progress and status. A risk log will be maintained throughout the programme and for ensuing contracts.
		The main risk of not procuring a new telephony solution or of an extended time remaining on the current system are that faults and outages will continue and as the system ages the risk of major failure increases and Croydon residents will not be able to contact the Council by telephone.
		It is important to note that although the risk of a telephony failure will be mitigated by the implementation of a new solution, rushing the implementation is not recommended. Getting the right solution successfully implemented will avoid the need for future rectification works and additional associated costs. A total failure now could be addressed by using emergency procedures to implement a replacement contact centre, however this will duplicate the work needed to integrate with the back end desktop telephony when that is then replaced. The preferred approach is proceed with the procurement and although implementation may take longer than wished, – it can be phased to migrate key functions such as contact centre earlier. Market testing has shown that integrated solutions are now more readily available to allow for this approach.
		More risks are set out below:

No.	Risk	Potential impact	Controls / Commentary
1	Resources – unable to provide staff for project or provide the time.	Project stalls – delivery of procurement programme fails and existing contract expires.	e.g. Resource plan has been developed and agreed. Funding is in place for resource to be dedicated to this project.
2.	Council CDS (ICT) Resource requirements.	If requirements across the Council and providers resources are not aligned, delays in implementation will ensue.	Regular dialogue already established with CDS and regular meetings established to ensure co-ordination. Mitigation such as a short extension of up to 12 months can be agreed be negotiated to ensure continuity of service however we expect to be able to implement a new solution in time.
3.	Migration phase requires significant resource and skills expertise	Information does not migrate over in a timely manner. Critical path timescales slip.	Ensure detailed mapping and migration plan completed by new supplier. Ensure migration is fully

				resourced to avoid slippage.
	4.	The procurement exercise does not bring forward a suitable supplier.	Existing contract due to expire.	Market engagement was good, making sure opportunity tendered attracted suppliers 9 bids were received ensuring suitable competition.
	5.	Procurement is challenged by unsuccessful bidders	Delays implementation past the contract expiry date or prevents the award of the new contract	A compliant tender and evaluation has taken place with the involvement of external legal advice.
	6.	Successful bidder has resourcing issues	Implementation delayed past the contract expiry date	Council has evaluated bid and taken up references with other customers
	7.	Data protection risks	This will conduct the way data is transferred the controls that need to be put in place.	Data processing issues are kept under review during the project. DPIA is under review now we have identified a recommended bidder and solution and will be updated . Contract and contract management to include compliance with the requirements of the DPIA and general requirements of GDPR.
	8	The procurement exercise results in tenders that are greater than budget available	This will result in a budget shortfall and inability to achieve MTFS savings for financial year 2022-2023.	Pricing evaluation 70% weighting used to ensure value for money. Affordable tender recommended.

5.6	Mobilisation plan How will it be managed?	Mobilisation and implementation approach was a requirement of the tender and obligations will be captured in the contract schedules.
5.7	Decommissioning plans: How will they be managed between providers?	Exit provisions for the current solutions are within the current contract and include assistance to move to a new provider and obligations to dispose of equipment in accordance with WEEE directives.

		The new solution is cloud based and after preparatory work such as set up, configuration and data migration, there will be a single cutover from the old solution to the new solution which includes migration of connections and lines. Telephone numbers will not change.
5.8	TUPE: If applicable, how will it be managed?	TUPE does not apply
5.9	Interdependencies – If any: Incl. details of any arrangements i.e. Landlords, Consortiums, Assets connections and how they will be managed	There are technical interdependencies with the current telephony infrastructure which will be managed during the mobilisation period of the new solution and the transition and exit from the existing solution and supplier. There are no other identified interdependencies.
5.10	GDPR implications: Has an assessment been completed, do legal know to include in t&cs?	*Further information and support can be found at the link below:* https://intranet.croydon.gov.uk/resources/information-management/gdpr/gdpr-overview **GDPR** Compliance with GDPR was a mandatory requirement and also forms part of the contract terms. **DPIA** An initial DPIA has been drafted and sent Information Governance for their review. A revised DPIA will be submitted as part of the contract mobilisation. The bulk of the DPIA was completed before going out to tender to ensure that any stricter requirements for processing are accounted for in the tender documents & contract); then once the provider has been selected the DPIA can be amended to name that provider and set out their specific measures for data security. It is not possible to carry out a complete DPIA until the tender identifies the preferred solution and a detailed assessment can be conducted. The contract requires the successful bidder complies with all data protection requirements and enter into a data processing agreement. A Data Privacy Impact Assessment will be carried out before contract signature. As soon as the final DPIA has been prepared this will be submitted to DPO for formal sign off when the solution is identified and before entering into any contract. Call recording for training purposes and in assessing complaints although not currently done will be introduced with the new solution and the DPIA will need to reflect that new requirement and usage. Privacy notices for the contact centre and the associated services are published on the council web site and may need to be amended to reflect the recording of calls.

5.11	Equalities: Please confirm how the proposed contract will support the EQIA?	The Equalities analysis has been completed and signed off by the Equalities Manager, Yvonne Okiyo on the 15/01/2021 and the Chief Digital Officer, Neil Williams on the 22/01/2021. In summary across all the protected characteristic groups the procurement is not expected to have a more positive impact on this group compared to other groups. To cavass the landscape for a new telephony system CDS undertook a number (circa 25) workshops from July to November 2020 with a sample of core / high telephony users from across the council to provide a robust sample size to ascertain their opinions of the telephony systems currently in place, and how they would like to be able to operate in future. User testing is part of the requirements – this will be covered once a supplier has been appointed and will be part of the on-boarding process before system go-live (this is particularly for individually with a disability such as hearing impairments).
5.12	Social Value: Please confirm how the provider will deliver the 10%?	Social value formed 10% of tender quality section weightings for evaluation. The tendered deliverables and outcomes will be built into contract obligations, and the performance monitoring framework for the contract. More details are included in Part B.
5.13	London Living Wage (LLW): Please confirm the provider pays LLW?	Bidders were required to confirm payment of LLW. The recommended bidder has confirmed in their tender response.
5.14	Premier Supplier Scheme (PSP): Please confirm this is included in the requirements	PSP was included in requirements. The recommended bidder confirmed they are willing to sign up to the scheme.

6.   Conclusion and reasons for recommendations

6.1 The report recommends the award of a contact to the preferred bidder following a competitive tender in compliance with the Council Tenders and Contract Regulations and Public Contract Regulations.

6.2 The preferred bidder is the lowest price, meets all mandatory and minimum requirements and financial checks and adds value with a social value offer which will benefit local residents providing the most economically advantageous tender.

7. Outcome and approvals

Outcome	Date agreed	
Insert outcome of Board discussion	Service Director *(to confirm Executive Director has approved the report)*	*9/11/21*
	Cabinet Member for Resources & Financial Governance	*Sent 9/11/21*
	Legal Sonia Likhari CCBReportsforlegal@croydon.gov.uk	*15.11.2021*
	Head of Finance	*18/11/21*

	Human Resources (if applicable)	*n/a*
	C&P Head of Service	*11/11/21*
	Lead Member *(for contract award over £500k)*	*25/11/21*
	Procurement Board	*CCB1710/21-22 – 25/11/21*

8. Legal considerations

There are no additional legal considerations directly arising from the report

Approved by Sonia LIkhari on behalf of the Director of Law and Governance

9. Chief Finance Officer comments on the financial implications

Approved

Approved by [Matt Davis] Interim Director of Finance