

WELWYN HATFIELD BOROUGH COUNCIL  
CABINET – 1 MARCH 2022  
REPORT OF THE CHIEF EXECUTIVE

SOPRA STERIA CONTRACT EXPIRY – PROGRESS UPDATE

**1 Executive Summary**

- 1.1 In 2008, the council entered into a long-term contract for Revenues and Benefits, Contact Centre and Information Communication and Technology (ICT), with options to extend until December 2022. The option to extend was taken, and no further extensions can be agreed which means the contract will end in December this year.
- 1.2 Cabinet previously approved the creation of a special procurement board to oversee the procurement of these services. This report provides Cabinet with an update to the progress of these activities and seeks approval for the insourcing of the Contact Centre and Reception.

**2 Recommendation(s)**

- 2.1 That Cabinet note progress in preparation for end of the contract for the three service strands.
- 2.2 That Cabinet approve the insourcing of the Contact Centre and Reception service.

**3 Background**

- 3.1 In 2008, the council entered into a long-term contract for Revenues and Benefits, Contact Centre and ICT, with options to extend until December 2022. The contract was set up in a way which would enable other councils to join the partnership. Broxbourne council joined the partnership contract in 2016 for ICT and Revenues and Benefits.
- 3.2 Cabinet established a procurement board to oversee the contract review and renewal. Cabinet also agreed that the three elements of the contract would be considered separately as it was considered that the three services were distinct in nature and that economies of scale would not be delivered by reprocurring a single contract.
- 3.3 The first meeting of this board was held in October 2020. At this meeting actions for each service, and main direction for the review of services, were agreed:
- Revenues and Benefits – Undertake a full options appraisal. Continuing in partnership with Broxbourne Borough Council (Broxbourne) would be considered as part of that appraisal.
  - Contact Centre and Reception – Explore insourcing the service as the preferred option.
  - ICT – Undertake a high-level options appraisal, but not in partnership with Broxbourne Borough Council.
- 3.4 This report provides an update against the three strands and seeks approval to insource the Contact Centre and Reception.

### Revenues and Benefits

- 3.5 An independent consultancy firm was commissioned to undertake a high-level options appraisal for the service. This included three key options, and each option was considered for the council acting alone, or for the council acting in partnership with Broxbourne. These options were to insource/deliver directly, to contract out, or, to join an existing partnership.
- 3.6 The options appraisal indicated that continuing in partnership with Broxbourne would be preferable in all three scenarios, and that seeking to join an existing partnership would be the preferable route to ensure that the council's ambitions for the service are delivered for the best value possible. It was noted by the consultant that in all options, it was likely that there would be an increase in cost (although that the cost apportionment may change between Welwyn Hatfield and Broxbourne, with Broxbourne picking up higher share of the increase in costs).
- 3.7 Approval was sought from the procurement board to proceed with exploring this option as the preferred delivery route, which received unanimous support. Discussions have since been held with the East Herts and Stevenage Revenues and Benefits Partnership.
- 3.8 Through these initial discussions it was established that the partnership was potentially a viable option, but due to the resource requirements that would be required to explore in detail and to establish an expanded partnership, that formal engagement would be required.
- 3.9 On consultation with members, a letter was provided to the partnership to formally express our desire to explore joining the partnership, which was well received, and members of East Herts and Stevenage approved that the detailed exploration project proceed. Costs for this initial exploration phase were agreed and will be funded from the Modernisation Earmarked Reserve.
- 3.10 Work has now commenced on this phase, with East Herts (the lead authority) undertaking meetings with officer to fully understand the service position and requirements and to establish the design of an expanded partnership. Following this, annual costs associated with the partnership and apportionment methodology will be fully established for consideration and will be returned to members for a decision.

### Contact Centre and Reception

- 3.11 Following the in-principle decision to explore the insourcing of the service, a high level Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) list was obtained from the current provider.
- 3.12 Initial work established that there would not be a material impact on costs from insourcing the service, but that doing so would bring a number of benefits such as:
  - having greater control of customer service and delivery of the customer first strategy
  - enable flexibility to transfer in additional services to the contact centre and modernise services
  - obtaining the direct benefits associated with any self-service and other digital change
- 3.13 This was returned to the procurement board who gave unanimous support to the insourcing of the contact centre and reception.

- 3.14 An officer group has met to agree the scope of the project, along with the key principles for a review of customer services in conjunction with the direction of our digital strategy and modernisation programme.
- 3.15 A separate report on the digital strategy and direction for the customer services strategy is presented at this meeting and should be considered alongside this update.
- 3.16 It is recommended that Cabinet agree the recommendation of the procurement board to insource the Contact Centre and Reception.

### ICT

- 3.17 Following approval to undertake a high-level options appraisal, a specialist firm were commissioned to deliver this piece of work. Unlike the Revenues and Benefits contract, the ICT service is less closely aligned to Broxbourne Borough Council, and it was agreed that the services would not be commissioned jointly.
- 3.18 The initial findings of this appraisal were to scale up and upskill the inhouse ICT team and have a multi-source arrangement for three key contracts (Helpdesk/Application Support, Networking and Telephony, and consumables) rather than a single contract.
- 3.19 These recommendations were based on a number of assumptions. Of these, there were some material assumptions in the applications area of the appraisal, so a further report was commissioned to review these assumptions to provide assurance that the options appraisal was sound.
- 3.20 This review confirmed that the options appraisal was sound, and procurement board agreed to procure a delivery partner for the detailed design, procurement, implementation, transition and post transition support of the service.
- 3.21 This procurement was completed in January 2022, and work commenced in February 2022, which will ensure that the new service model is designed and in place for the expiry of the existing contract.

### Implications

#### **4 Legal Implication(s)**

- 4.1 TUPE is referenced in the main body of the report
- 4.2 Section 1 of the Local Authorities (Goods and Services) Act 1970 enables a local authority to enter into an agreement to provide another local authority with goods and services, including administrative, professional or technical services.
- 4.3 Section 1 of the Localism Act 2011 confers a general power of competence on local authorities to do anything that individuals generally may do.
- 4.4 There are contractual terms that apply to the existing arrangements and these will have to be adhered to as part of any exit arrangements.

#### **5 Financial Implication(s)**

- 5.1 There are no direct financial implications from the recommendations in the report in relation to Revenues and Benefits and ICT. Budgetary provision has been made for the ICT delivery partner works, along with the Revenues and Benefits exploration phase.
- 5.2 Initial work undertaken on the Contact Centre and Reception suggests there would be no material impact on cost associated with insourcing this service. This is due

to the fact that increases in cost associated with the local government pension scheme (for those staff which are not already on council terms and conditions) will be broadly offset by the reductions in costs for overheads and profit. The Council already provides the accommodation and ICT associated with this service, so no charges are expected in those costs.

- 5.3 Bringing the contact centre and reception in house will enable the council to fully maximise the benefits of digital services and self-service, and to work with services to increase the use of the contact centre to reduce back off queries and administration.

## **6 Risk Management Implications**

- 6.1 The key risks related to this proposal are:

- 6.2 That the council will not be ready for the expiry of the contract in December 2022: Background work and clear direction has been set for the three services delivered by this contract, and work is well underway to transition services. Each of the strands will bring its own challenges and the project groups will oversee the critical project activities. Of the three strands the highest risk relates to revenues and benefits, as if on detailed exploration of the shared partnership, this option is not feasible, the council would need to revert to undertaking a procurement exercise. For these reasons additional resource is being utilised to deliver the exploration phase.

Inherent risk: Likelihood High / Impact High

Managed risk: Likelihood Low / Impact High

- 6.3 That services being delivered suffer deterioration over the remaining term of the contract:

An exit plan is currently being agreed with Sopra Steria, and detailed discussions are being held around risk mitigations of staff turnover. Sopra Steria are committed to delivering service levels to the end of the contract, and additional resource has been brought in to support the exit plan in order to reduce the impact to staff delivering the services operationally.

Inherent risk: Likelihood High / Impact Medium

Managed risk: Likelihood Low / Impact Medium

## **7 Security and Terrorism Implication(s)**

- 7.1 There are no direct security and terrorism implications arising directly from this report. Detailed consideration will be given to the management of cyber security at the design phase of the ICT contracts and service model.

## **8 Procurement Implication(s)**

- 8.1 An exit plan is currently being agreed between the council and Sopra Steria. The contract makes provision for a certain level of activities to be delivered by Sopra Steria as part of the exit from the contract, along with post contract support.
- 8.2 The ICT delivery partner was sourced through the Constellia framework and was procured in line with councils Contract Procedure Rules.
- 8.3 The Revenues and Benefits partnership being explored would be managed by East Herts Council as the lead authority, and staff would transfer under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) (TUPE) to East Herts District Council. An award for the service directly

to East Herts District Council would be excluded from the Public Contracts Regulations 2015, in accordance with Regulation 12 (Public contracts between entities within the public sector) because the following three areas are met:

- the contract establishes or implements cooperation between the participating contracting authorities with the aim of ensuring that public services they have to perform are provided with a view to achieving objectives they have in common.
- the implementation of that cooperation is governed solely by considerations relating to the public interest.
- the participating contracting authorities perform less than 20% of the activities concerned by the cooperation on the open market.

## **9 Climate Change Implication(s)**

9.1 There are no direct climate change implications arising from this report.

## **10 Human Resources Implication(s)**

10.1 In relation to the Contact Centre and Reception, TUPE would apply and staff delivering these services would TUPE to the council on existing terms and conditions. There are some employees who transferred from the Council to Sopra Steria, who will still be on Council terms and conditions and in the Local Government Pension Scheme. For those who did not transfer but were employed by Sopra Steria, when transferred to be an employee of the Council, they would be eligible for entry into the Local Government Pension Scheme. The Council would work directly with Sopra Steria to make arrangements in relation to TUPE.

10.2 For Revenues and Benefits, if the East Herts / Stevenage Partnership were to be agreed, there would be a TUPE of staff delivering the contract between Sopra Steria and East Herts District Council and may be TUPE implications for staff in the Councils Client team, where functions could transfer to East Herts. The Council would support Sopra Steria and East Herts in relation to TUPE of Sopra Steria staff, and would work directly with East Herts in relation to TUPE of members of the Client team.

10.3 For ICT services, it is unclear whether there would be any staff TUPE implications for the council at this stage. This will become clearer after detailed design work is completed. The Council will support the TUPE of staff between Sopra Steria and any new service providers procured, but the majority of work will be undertaken directly between the contracted parties.

## **11 Health and Wellbeing Implication(s)**

11.1 There are no direct Health and Wellbeing implications arising from this report.

## **12 Communication and Engagement Implication(s)**

12.1 Sopra Steria are aware of these plans and have communicated with the teams to ensure that they are aware of the direction of travel.

12.2 A detailed communication and engagement plan will be considered as part of each of the three service strands as we move further along the project.

## **13 Link to Corporate Priorities**

13.1 The subject of this report is linked to being a well-run council which puts the customer first.

## **14 Equality and Diversity**

- 14.1 The EQIA will be completed for each service later this year, on agreement of the detailed design of each service.

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