

REPORT TO: CITY GOVERNANCE COMMITTEE – 23 OCTOBER 2023

REPORT ON: PROCUREMENT OF OMNICHANNEL DIGITAL SERVICES

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 258-2023

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update on the development of a sourcing strategy for the competitive procurement of Omnichannel digital services and to seek approval to commence a compliant procurement process, leading to the award of a contract for these services.

2.0 RECOMMENDATIONS

It is recommended that the Committee: -

- (a) Approves the commencement of a procurement exercise in respect of the project described, based on the sourcing strategy, summarised in this report.
- (b) Delegates authority to the Executive Director of Corporate Services to award a contract to the successful bidder, following an open tender process carried out in compliance with the Public Contracts (Scotland) Regulations of 2015.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications associated with this report, other than the estimated cost of the contract to be awarded, the sum of which has already been approved in the relevant budget. From previous experience and market testing carried out, the total cost of the contracts awarded is anticipated to be up to £147,000. Any material deviation from this sum, resulting from the tender process that is above the amount allowed for contingencies, will require further approval from this Committee, prior to the contract being awarded.

3.2 The total projected cost of the initial purchase and implementation of the new Omni Channel Digital Services is estimated at £47,000 to be funded from the Change Fund. This is included in the estimated overall cost of the project.

3.3 Initial annual support costs of the new services are estimated at £100,000 over a 5-year period and will be met from existing Corporate Services revenue budgets. These are included in the overall estimated cost of the project.

3.4 Staffing costs to support the deployment of the products to be met from existing staffing budgets.

4.0 DETAILS OF THE PROJECT BEING COMMISSIONED

- 4.1 The purpose of the report is to progress a compliant procurement route for the establishment of modern communication channels by the Council. Greatly increasing the attraction of and facilities provided by the Council to interact digitally with the Council.
- 4.2 This report supports the Council's Digital Strategy 2023-27 which was approved at Policy and Resources Committee on 15th May 2023 (Report 141-2023). The Council's Digital strategy sets out to increase Council services to be delivered through integrated end to end Digital & IT services.
- 4.3 There is an opportunity to implement automation and robotics into services within the Council, allowing for faster processing of applications, requests, and queries. As well as extending the use of existing resources. This project aims to roll out automation and robotic processes onto our website targeting high volume customer enquiries and transactions.
- 4.4 Automation will be extended further by the introduction of webchat which will enable current staff engaged solely in dealing with telephone calls to be able to deal with multiple customer enquiries simultaneously via the webchat channel.
- 4.5 On implementation focus will be on Customer Services processes for customer enquiries and transactions. The facilities will see Council website users being given the opportunity to have their enquiry automatically handled by a chatbot. Where the chatbot is unable to provide a full response, the enquiry will be passed on to a live chat agent who would have a full view of the chat log.
- 4.6 This project will build on existing successes and changes which have been made within the Council, learning from, and expanding in key areas and learning from other councils who have seen success in this area. It is recommended that the project initially focuses on specific areas for automation and further work will be carried out to identify suitable robotics areas to focus on to provide the greatest return on investment.
- 4.7 After an initial investment the project will be reviewed and its success in reducing customer contact time and delivering savings will be evaluated. If successful, the facilities can be expanded into wider areas of the Council. Enlargement and extension of the service would be funded by initial savings alongside projected further savings and efficiencies to be achieved by the extension. An update will be brought to Committee on the success of the project and seeking further approval if any extension of the service is recommended.
- 4.8 A marketplace assessment has been carried out with the products of several different suppliers reviewed. This procurement involves several varying factors including innovation and requirements to integrate with existing Council systems. Marketplace research has identified a wide variety of potential suppliers of various sizes and offering varying solutions. Available frameworks have been considered.
- 4.9 The procurement is for cloud-based services and will ensure cyber security and information protection requirements are safeguarded.

5.0 SOURCING STRATEGY SUMMARY

- 5.1 The objective is to establish of modern communication channels by the Council. Greatly increasing the attraction of and facilities provided by the Council to interact digitally with the Council.
- 5.2 No specific framework has been identified to meet Council requirements. Therefore, an open tender is seen as the best way of providing the Council with the best quality and value whilst also guaranteeing the innovation defined within the specification.
- 5.3 This will be a 'Regulated' procurement exercise and the procurement procedure used will be the 'Open' procedure with the opportunity published on the Public Contracts Scotland Portal (PCS).
- 5.4 The opportunity will include a section, to be evaluated on how suppliers can contribute to Community Wealth Building in Dundee.
- 5.5 The proposed Tender Evaluation Methodology is as follows:

Qualification Stage

<p><u>Economic and Financial Standing</u></p> <p>In line with the Scottish Procurement Guidance ('Scottish Procurement Document'), Tenderers will be required to submit financial overview statements to support the sustainability of their bid. Their financial viability will be fully evaluated, prior to Contract Award, again in line with Scottish Procurement Guidance.</p> <p>Employer's Liability Insurance covering the death of or bodily injuries to employees of the bidder arising out of and in the course of their employment in connection with this contract to the level of 10,000,000 GBP in respect of each claim.</p> <p>Public Liability Insurance covering the death of or bodily injury to a person (not an employee of the bidder) or loss of or damage to property resulting from an action or failure to act by the bidder to the level of 5,000,000 GBP in respect of each claim.</p> <p>Professional Indemnity Insurance/Medical Malpractice Insurance covering the failure of the bidder to use the skill and care normally used by professionals providing the services described in this tender to the level of 2,000,000 GBP in the aggregate.</p> <p>(Pass/Fail)</p>
<p><u>Experience (Pass/Fail)</u></p> <p>2 x Contract examples.</p>

Only those suppliers meeting the Qualification Stage requirements proceed to the compliance stage.

Compliance

<p><u>Compliance (in full) with the specification of Requirements</u></p> <p>Bidding Organisations must meet all mandatory requirements.</p> <p>(Pass/Fail).</p>
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Only those suppliers meeting compliance requirements will proceed to the evaluation stage.

Evaluation

The tenders will be evaluated based on the most economically advantageous tender having regard to the Price and Quality of the Tender, as follows: Quality 60% and Price 40%.

Quality elements to be measured are:

- Technical Specification to meet Council requirements.
- Service and Consultancy
- Delivery Plan (MS)
- Community Benefits
- Fair Working Practices

6.0 RISK ANALYSIS

Description of Risk	Actions required to manage Risk
Commercial Risk – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	The Council’s specification will contain all the works expected for the contractor to undertake to allow for most accurate pricing.
Technical Risk – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	A preliminary DPIA will be completed prior to publishing the tender. The technical specification will be included within the tender. The procurement is for cloud-based services and will consider cyber security and information protection requirements.
Performance Risk – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	The contract will contain several KPIs governing service response times. These will cover: - <ul style="list-style-type: none"> • time from the award of contract to the implementation of services • system availability • recovery time objective • recovery point objective
Contractual Risk – Being able to remedy the shortcomings in the contractor’s performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	The contract will put a reliance on contractors but there will be reviews and contact with the contractor to assure the fulfilment of duties.
Procurement Risk – where a procurement is found unsound in law, through the public procurement rules	Procurement will be carried in a compliant manner (open tender procedure).

7.0 CONCLUSION

The approval of this report will allow for tendering to begin as soon as possible, the delivery of process efficiencies within the Council and improvements in service and choice to citizens and businesses.

8.0 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

9.0 CONSULTATIONS

The Council Leadership Team were consulted in the preparation of this report.

10.0 BACKGROUND PAPERS

None.

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