

Chief Officer Decision Notice

For non-key decisions



Notice is hereby given that the following Chief Officer Decision has been made, as delegated by the Cabinet/Cabinet Member or under their delegated authority in the Council's Constitution.

1. NOTICE FOR PUBLICATION

Title of decision	Implementation of AI Resident Assistant
Name and Title of Chief Officer(s) making the decision	Matthew Wallbridge – Chief Operating Officer
Directorate	Corporate Services
Reference No.	1324
Date of decision	6 February 2025
Relevant Ward	All

Details of Decision Taken

Decision	<p>The Chief Officer agrees to:</p> <ol style="list-style-type: none">Accept the single tender from ICS via the G Cloud 14 Framework for the value of £1,053k for the provision of AI Resident Assistant across web and phone channels to the London Borough of Hillingdon for an initial two-year period.Implement the AI Resident Assistant across web and phone channels.
Reason for decision	<p>The implementation aims to further enhance customer experience and achieve operational efficiencies by providing 24/7 digital self-service, reducing wait times, and enabling self-service for a variety of queries.</p> <p>The proposed AI Resident Assistant will leverage generative AI to manage resident inquiries through a multi-channel AI assistant using pre-trained AI language models. This includes deploying SMART Chatbot and SMART Phone technologies for 24/7 digital self-service. The digital assistant will be capable of understanding natural language queries and providing accurate and relevant responses, creating a user-friendly and intuitive platform that caters to the diverse needs of residents.</p> <p>The benefits of this proposal are significant. By implementing the AI Resident Assistant, the council aims to achieve the following:</p> <ol style="list-style-type: none">Enhanced Customer Experience: The AI assistant will provide

	<p>residents with a convenient and efficient way to access information, whether through a web interface or over the phone. This will reduce wait times and improve the overall customer experience.</p> <ol style="list-style-type: none"> 2. Operational Efficiencies: The AI assistant will enable self-service for common queries, signposting to non-council services, and ultimately reduce demand on council services. This will free up staff time and allow them to focus on more complex tasks. 3. Support for Priority Projects: The AI assistant will support multiple priority projects, including Integrated Front Door and Resident Support, Adults' capacity and demand, Improving income and reducing debt, and Children's capacity and demand. This will help the council achieve its savings targets and improve service delivery. 4. Future Potential: The proposal includes an assessment to identify potential areas where AI solutions can be implemented, with 14 specific areas already identified. This will enable further efficiencies, in-line with the Digital Strategy and wider Council Strategy.
Alternative options considered and rejected	<p>To go through a competitive tendering process, however, it was determined that a direct award (single tender) would be the most beneficial route.</p> <p>Direct awards can be made under multi-supplier framework arrangements which set out all the terms under which contracts may be called off without further agreement. Regulation 33(8)(a) of the Public Contracts Regulations 2015 (PCR 2015) sets out the criteria for making a direct award:</p> <ul style="list-style-type: none"> • all the terms governing the provision of the works, services and supplies concerned are set out in the framework agreement, and • the objective conditions for determining which of the suppliers on the framework agreement shall perform them are set out in the procurement documents. <p>Procurement are satisfied that the proposed direct award route to market via the G Cloud 14 will result in a compliant award in accordance with the Public Contract Regulations. The Framework offers a compliant route to market for the procurement of multi-channel AI assistant solutions, for up to 3 years.</p>
Factors taken into account	<p>No Equalities Impact Assessment (EIA) is required at this point.</p> <p>However, an EIA will be undertaken pre-implementation of any new AI technology deployment.</p> <p>Stringent governance and related policies will be developed as part of this project and prior to any implementation of the technology.</p> <p>This project is part of the Digital Strategy approved by Cabinet</p>

	(October 2024), which sets out a vision ‘closely aligned to service transformation and focused on leveraging technology to further enhance and streamline the Council’s business operations, alongside promoting self-service models internally and externally’. £5,270k is earmarked in the Council’s savings programme in relation to the overall investment of the Digital Strategy, rising to £5,670k by 2028/29. The investment recommended in this paper will enable a proportion of this savings.
Report Author & Directorate	Darren Persaud – Head of Digital, Corporate Services

Legal and Finance Comments

Finance comments	Finance Support the implementation of the ICS Resident Assistant.				
	AI Resident Assistant Web and Phone Channels	Capital (£)	Implementation Costs (£)	Revenue (£)	Total (£)
	<u>Expenditure</u>				
	Capital AI Resident Assistant - WEB	399,222			399,222
	Capitalisation Transformation AI Resident Assistant - Telephony		397,456		397,456
	Capitalisation Transformation AI Resident Assistant - Telephony			261,500	261,500
	Gross Total	399,222	397,456	261,500	1,058,178
	Supplier Discount		(5,000)		(5,000)
	Total Expenditure	399,222	392,456	261,500	1,053,178
	<u>Funded By</u>				
	Capital Expenditure	(399,222)			(399,222)
	Transformation Capitalisation		(392,456)		(392,456)
	Revenue Budget			(224,000)	(224,000)
	Savings Generated*			(37,500)	(37,500)
	Funding Total	(399,222)	(392,456)	(261,500)	(1,053,178)
<p>*Savings are expected to be achieved as part of the Reshaping Customer Experience and Business Support Star Chamber Saving estimated at £2.4m over the next 3 years. 70% of this saving i.e. £1.7m is dependent upon the delivery of the AI Resident Assistant. A savings target of £1.1m has been identified in 24/25 predicated on the implementation of the AI project. This will be achieved by deleting vacant posts and holding posts as they become vacant.</p> <p>Capital expenditure of £399k is to be funded from the Corporate Technology & Innovation Capital Programme budget from the Customer Experience allocation of £1.7m. This is part of the Digital and Intelligence Investment Plan and Roadmap totalling £9m agreed in January 2024.</p> <p>The initial outlay of the capitalised A1 Resident Assistant costs (£399,222) will be incurred in 25/26 together with the implementation costs (capitalised) of £392,456. This project will generate savings/efficiencies of £2.4m over a 3-year period with the Council incurring revenue costs of £261,500 over the</p>					

	<p>following 2-year period. It is anticipated that the capital and revenue costs will be more than offset by the savings/efficiencies from the A1 implementation and will eventually benefit other areas of the Council (such as Adult Social Care) generating further savings which at this stage will be difficult to quantify.</p> <p>Further savings are expected to arise from the implementation of the AI Resident assistant. The exact savings that can be attributed to this project can only be calculated once the software has been implemented and additional assessments (Stage 2) have been completed. Table 6 identifies other Star Chamber savings where it's expected the AI Resident Assistant can further assist in making savings.</p> <p>The risks of not implementing AI are as follows.</p> <ol style="list-style-type: none"> 1) Current costs of AWS (Amazon WEB Services) system will increase as new services are added to the platform, for example Parking. The ICS Delivery allows for growth e.g. for other services to be onboarded. 2) Savings made in advance of the AI delivery within Customer Experience will be at risk if The AI project is not delivered. 3) Costs of the feasibility studies forming part of the Stage 2 implementation cannot be capitalised if we do not continue with the development of Apps. <p><u>Procurement Financial Health Assessment</u></p> <p>The Dun & Bradstreet supplier risk report indicates that ICT.AI Ltd has low-moderate business risk with low risk of failure. The current economic climate and specific market conditions demand an ongoing focus on the way in which Hillingdon measures and manages supplier risk from selection and contract award through to expiry. As detailed in financial implications a supplier health assessment has been undertaken and the contract will be managed closely with full oversight of performance.</p> <p>Any deterioration owing to financial challenges on the suppliers would be identified and steps taken to mitigate risks</p>
Finance Officer name and Title	Andy Goodwin Head of Strategic Finance & Deputy S151
Legal Comments	The decision is within the terms of the Cabinet delegation referred to below.
Legal Officer Name and Title	Daniel Dickinson Head of Legal Services

Appendices / report attached

List here any appendices / reports e.g. tender	Confidential – Appendix A: ICS AI Business Case Template commercial panel version
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evaluations or other documentation to be included in support of this decision	
Exempt Classification	That the appendices be declared as exempt from publication as it involves the disclosure of information in accordance with Section 100(A) and paragraph 3 of Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended), in that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information) and that the public interest in withholding the information outweighs the public interest in disclosing it.

Cabinet Member & other Chief Officer consultation

Name and Title of any other Chief Officer(s) you have consulted with and as per any delegation.	Richard Ennis Corporate Director of Finance. Agreed given this delivers £1.7m of the savings as set out above and copied here and is funded as set out above. Expenditure is £1.053m. *Savings are expected to be achieved as part of the Reshaping Customer Experience and Business Support Star Chamber Saving estimated at £2.4m over the next 3 years. 70% of this saving i.e. £1.7m is dependent upon the delivery of the AI Resident Assistant.
Name and Title of the Cabinet Member you have consulted, and as per any delegation	Cllr Martin Goddard, Cabinet Member for Finance and Transformation Agreed
Any conflicts of interest declared by the Chief Officer making this decision and/or Cabinet Member who is consulted by the officer which relates to the decision - or if dispensation by the CEO was granted to them.	N/A

Authority for this decision

Detail authority	Cabinet 10 October 2024:
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<p>from Cabinet or under delegated authority in the Constitution / Officer Scheme of Delegations</p>	<p>London Borough of Hillingdon - Agenda for CABINET on Thursday, 10th October, 2024, 7.00 pm</p> <p>Cabinet agreed the Digital Strategy projects and expenditure and then delegated authority to the Chief Digital & Information Officer (now Chief Operating Officer) and Corporate Director of Finance (S151), in consultation with the Cabinet portfolio holder, to incur expenditure within this budget and make all necessary procurement decisions on the programmes and projects set out in the report, reporting decisions for transparency as required and to agree that any variations to specific projects within the programme for 2024/25 and 2025/26 be subject to i) being within the Strategy's objectives, ii) being within the approved budget and associated aggregate savings for the financial year and iii) having the agreement of the Chief Digital & Information Officer and Corporate Director of Finance (S151), in consultation with the Cabinet portfolio holder.</p>
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2. APPROVAL

Report author - complete the Notice above, and along with any supporting appendices or report send it to the Chief Officer to decide.

Chief Officer making the decision - please review the draft decision notice, amend if required, along with all information provided. Indicate above whether you have a conflict of interest or not. When you wish to approve this, please sign/date below indicating your approval, then follow next steps....

Formal approval by Chief Officer making the decision

Signed *Matthew Wallbridge*

Date 6 February 2025



Chief Operating Officer