



Proposal to commission The Language Shop to provide translation and interpretation services

What is The Language Shop?

The Language Shop is the name of the London Borough of Newham's award winning translation and interpretation service, which is widely considered to be the leading public sector provider. It has obtained a Charter Mark for customer service excellence, has been accredited with Investors in People for over a decade and is currently working towards the ISO 9000 quality mark.

Only 9% of The Language Shop's business comes from the London Borough of Newham. It has an annual turnover of £3m and has successfully applied to be on a number of national procurement frameworks. It has a proven track record of delivering services to a range of public sector organisations in the London area. For example, it successfully delivers to a range of public sector organisations including the London boroughs of Barking and Dagenham, Redbridge, Tower Hamlets, Waltham Forest, Enfield; and local NHS organisations including the East London Mental Health Foundation Trust and North East London Foundation Trust.

The Language Shop is currently exploring alternative models of delivery as part of local transformation and service planning initiatives within the London Borough of Newham. As part of this review, it is seeking permission (June 2013) to establish a trading company to approve The Language Shop's business plan to become a limited company 100% owned by the London Borough of Newham. This will remain the case for at least twelve months and then longer term shares may be divested to employees working for The Language Shop as part of a cooperative model, with the London Borough of Newham and possibly other council stakeholders retaining some shares and therefore say in how the company is run.

The Language Shop operates a full cost recovery model. It considers itself an ethical supplier which upholds public sector values in terms of fair pay to its workers, serving the needs of public sector organisations and not being profit driven (providing good value for money in terms of what it charges).

Background

The existing in house service requires significant investment to implement efficient back office processes, estimated as a one off **cost of between £100-200k**. This is to achieve changes in workflow, develop an online system and review the terms and conditions of interpreters and translators. This cost would be in addition to existing running costs.

The current costs of running the in-house service are:

<i>Cost type</i>	<i>£Amount</i>
Staff costs (includes basic salary with annual on-costs at 28% for National Insurance and Pension contributions)	£55,000
Cost to Council departments for translation/interpretation (includes mark up fees)	£107,500
Total:	£162,500

This cost would increase significantly if a full cost recovery model was introduced.

Proposal

Commission The Language Shop to provide translation and interpretation services on behalf of Nottinghamshire County Council for a 12 month contract.

The contract start date aimed for would be 1 January 2014, subject to the length of time needed to implement the transition. See the outline timeline at the end of this document for more information.

Scope

The Language Shop would provide the following range of services to meet the County Council's needs:

- 24/7 face to face spoken language
- Telephone interpreting
- 24/7 translation of written word into alternative languages
- Braille translation

British Sign Language (BSL) interpreting is out of scope as this is covered by a separate three year contract.

Contract value

The total value of the contract is estimated to be **£107,500**

This is based on work undertaken for the County Council between April 2012 and March 2013 (last financial year) and comprises of:

- 2,082 interpretation and translation jobs with a total value of £106,500 (1,695 interpretation and 387 translation jobs).
- 10 Braille jobs with a total value of up to £1,000.

Savings

Commissioning the Language Shop is expected to achieve **a minimum of £13,750 cashable savings in Year 1 and a minimum of £55,000 in Year 2.**

Year 1

The main saving is the in-house staff cost of £55,000.

In Year 1, this saving is offset against:

- A one-off transition fee for The Language Shop to transfer the service, estimated to be £20,625 (equivalent to 37.5% of the in house staff cost).
- The fee charged by The Language Shop for managing and delivering the service - estimated to be £20,625 (equivalent to 37.5% of the in house staff cost).

The Communications and Marketing team currently delivers the in-house translation and interpretation service. It would cover these costs in Year 1, resulting in a **NET saving of £13,750.**

Year 2

The main saving is the in-house staff cost of **£55,000.**

In Year 2 and thereafter, Council departments would need to pick up any management and delivery fees applied.

If The Language Shop's contract was extended it is expected that the management and delivery cost charged would be reduced by finding further efficiencies (e.g. through bulk bookings). This means **the potential for Council departments to make savings on translation and interpretation work are likely to increase.**

Points to note

Savings have been described in the context of Year 1 and Year 2, so savings represent a full year (12 months). It is worth noting that the contract implementation date proposed is 1 January 2014, which would mean the Year 1 saving would be split over two financial years (a 3 month saving in 2013-14 with the rest being realised in 2014-15).

A range of **non-cashable savings** are also expected to be made by stopping back office activity relating to ceasing the in-house service. For example:

- manual processing of payments to interpreters
- processing of invoices, credit control and cash flow
- management costs of running the service

Other benefits

In addition to the savings outlined above, the advantages for Nottinghamshire County Council are substantial and include:

- Best value for money
 - No need for costly investment in the existing in-house service to recover costs and further develop the service to remain financially stable on an ongoing basis
 - Significant cashable and non-cashable savings (as outlined above) – through improved back office efficiency (online ordering, standard costs etc)
 - A reduced cost to Council departments for ordering translation and interpretation in Year 1 (with Communications and Marketing picking up the management and delivery cost of the service)
 - Savings on procurement costs as the contract award can be done through an existing framework
 - Supports channel shift – online ordering and customer portal (easy to use out of hours etc)
 - Some knowledge transfer – expertise and knowledge gained from the Language Shop to support the Council's equalities agenda
- Improved quality of service and customer experience
 - Same quality checks (e.g. security checks will be undertaken in line with prevailing DBS guidelines and best practice)
 - A single point of contact telephone helpline for Council staff
 - Quicker and more convenient ordering through availability of 24/7 online portal
 - Improved out of hours service through 24/7 portal
 - Better management information – e.g. regular performance reports and easier to understand costs through standard payments
 - Improved performance management of translators/interpreters
 - Improved two-way feedback mechanisms
- Supports local translators and interpreters
 - Supports the continued future engagement of local translators and interpreters - all would have the opportunity to apply to work for the Language Shop, which may increase the availability of potential future work from other organisations for which the Language Shop delivers

- Translators and interpreters would receive a comparable rate of pay from The Language Shop compared to what the Council currently pays – the savings outlined in the proposal are by improving ‘back-office’ efficiency and not by reducing their rate of pay
- Translators and interpreters would receive additional benefits from The Language Shop (e.g. access to a specially designed Continuous Professional Development programme)
- The Language Shop positions itself as an ethical supplier, committed to the well-being of their interpreters (e.g. its interpreters have access to professional counselling and advice)
- Opportunity to have a potential future stake in The Language Shop (e.g. through a co-operative model)
- Low risk to the Council
 - Language Shop has a proven track record of delivery
 - Exploration of 3 month break clause provision in the contract
 - Removes existing risk resulting from historic arrangements with translators and interpreters
 - Possible opportunity to have a future stake in governance of The Language Shop (e.g. an influence over how it is run) if desirable
 - Contract can be awarded quickly as The Language Shop is part of two national frameworks – no need for a long tender exercise
 - The Language Shop will also offer a service to any local residents and partners wishing to use its service

Risks and impacts

There are a number of risks and impacts for Nottinghamshire County Council to consider.

Risk	Mitigation
Complaints/challenge around the proposed contract	Effective information and engagement. Follow appropriate Legal and HR advice/processes.
Issues arising from historic arrangements with translators/interpreters	Follow appropriate Legal and HR advice/processes
Local translators/interpreter choose not to work for The Language Shop	Low risk based on experience of The Language Shop delivering services for other local authorities (e.g. 95% transfer rate for London Borough of Hackney’s existing interpreters/translators). Support translators/interpreters with application process.
Costs increase for translation/interpretation	Fixed prices comparable with existing costs for contract duration
Quality of service declines	Contract management and consideration of 3 month break clause
Language Shop fails to deliver contract	Contract management and 3 month break clause. Nottingham City Council’s Language Solutions service could be used as a potential contingency to deliver work on a short term basis. Low risk due to The Language Shop’s proven track record of delivery. Two references relating to The Language Shop’s performance have been followed up and they confirm a positive experience. The charging model reflects the small amount of additional resources needed by The Language Shop to deliver the contract – it involves mainly using or

	expanding existing resources.
Two in house staff placed at risk	HR support processes (e.g. redeployment, redundancy etc)
Complaints from external customers currently using the in-house service	Good communication and 3 month notice period to allow an alternative provider to be found
Affects Nottingham City Council's translation and interpretation service	Consultation with the City Council to ensure any necessary partnership working arrangements are formalised and included in the contract. Any issues arising to be discussed as part of ongoing contract management
The contract has a disproportionate or negative affect on stakeholders, including the end service user	Due consideration given through an Equality Impact Assessment (EIA), no negative impact anticipated to end service users
The Council's reputation is affected/damaged	Low risk – mitigate through effective communication, consultation and the EIA.
The Language Shop no longer qualifies to be on the HealthTrust Europe framework	If The Language Shop becomes a company limited by shares 100% owned by the London Borough of Newham, it is anticipated that it will remain compliant to the conditions of the framework agreement as a public sector owned organisation.

How would it work in practice?

Contract management:

- By Communications and Marketing (Group Manager, Marketing and Engagement) in partnership with Procurement
- Quarterly face to face/video conference meeting with The Language Shop
- Monthly performance report provided by The Language Shop
- 3 month break clause provision included in contract

Ordering of translation and interpretation services:

- Council staff would do this through the Language Shop's online portal/website
- The Language Shop to arrange all bookings, logistics, processing and payments

Fees and charges:

- A fixed charging model will be used for the duration of the contract – this will include:
 - a one-off fixed transition fee for transferring the service
 - a management and delivery cost
 - standard costs for providing interpretation and translation
- The average cost of a translation/interpretation job will be comparable to the current costs
- In Year 1, Council departments would only be charged for the cost of the job (paying the interpreter/translator) with Communications and Marketing picking up the management and delivery cost

Payments:

- The Language Shop would provide one single monthly invoice to Nottinghamshire County Council with 30 day payment terms
- An electronic file would be provided to the Council, containing a breakdown of jobs so effective internal recharging of departments can take place
- Internal recharges would be done by the Business Service Centre

Local translators and interpreters:

- Would need to apply to work for The Language Shop
- Fair allocation of jobs managed through the online system
- Performance management undertaken by The Language Shop
- Paid using standard rate cost model – expected to be comparable pay overall to what the Council’s in-house service would have paid them
- Paid by BACS monthly by The Language Shop
- Access to the bespoke CPD programme to be established by The Language Shop
- Possible future opportunity to have shares in The Language Shop as part of co-operative model

Timescale

The transition to the proposed contract implementation is estimated to take 3-6 months, to allow enough time for:

- Political approval
- Consultation with all stakeholders
- Local translators/interpreters to apply to work for The Language Shop
- Cost model to be finalised
- Payment processes to be set up
- Contract finalisation
- Appropriate HR and legal processes to be followed
- Appropriate notice to be given of the changes

An outline of the proposed anticipated timeline if this proposal is approved is shown below:

9 May	JCNP (PPCS) union meeting – update to be provided
22 May	Policy Committee decision on whether the proposal can be taken forward
23 May onwards	Key stakeholders informed of Nottinghamshire County Council decision
Late May to end of June	<ul style="list-style-type: none"> • Consultation conducted with 2 affected employees • Briefings held with translators/interpreters • Update given to external clients
1 July	<ul style="list-style-type: none"> • Internal communication – latest update. • 3 months notice formally given to external clients (cease external service 27 September). • Contract drafted. Practical details to be agreed including payment mechanism to The Language Shop and process for how dept budgets will be recharged.
7 August	JCNP (PPCS) union meeting – update to be provided as required
August	<ul style="list-style-type: none"> • Consultation results communicated • Contract finalised and signed • Transition plan to be finalised
27 August	<ul style="list-style-type: none"> • No further external work undertaken (reduces processing etc) • Council work continues
September	<ul style="list-style-type: none"> • Transition plan implementation in partnership with The Language Shop • Translators and interpreters apply to work for The Language Shop • The Language Shop deals with applications, queries and arranging DBS checks for local translators/interpreters
October	<ul style="list-style-type: none"> • Translators and interpreters apply to work for The Language Shop – continued

	<ul style="list-style-type: none"> The Language Shop deals with applications, queries and arranging DBS checks for local translators/interpreters - continued
6 November	JCNP (PPCS) union meeting - – update to be provided as required
1 January	Implementation date – Language Shop delivers the service for 12 months (until 31 December 2014)
September/ October	Decide whether to continue/extend contract with The Language Shop or commission an alternative organisation

Next steps

If Policy Committee gives approval for translation and interpretation services to be commissioned, the following will take place:

- Appropriate consultation with all stakeholders will take place as part of managing the transition to the new arrangements with The Language Shop.
- Detailed contract discussions will take place before finalising the contract.
- Progression of the timetable outlined above.