SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE	Agenda Item No. 4
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Report of Executive Director – Strategic Resources

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REPORT ON THE PERFORMANCE OF THE SERCO PARTNERSHIP (2012/13)

1 PURPOSE

1.1 This report is submitted to Sustainable Growth and Environment Capital Scrutiny Committee to consider in line with 8.3 of Part 4, Section 9 (Scrutiny Procedure Rules) of the Council's constitution.

1.2 Under paragraph 8.1 of Part 4, Section 9 (Scrutiny Procedure Rules) of the constitution any Councillor may require that an item be placed on the agenda of a Scrutiny Committee.

1.3 The Chair of Sustainable Growth and Environment Capital Scrutiny Committee has requested this report be submitted.

2 RECOMMENDATION

2.1 Committee notes this interim report and that it will receive regular annual reports on the Peterborough – Serco Strategic Partnership (PSSP).

3 LINKS TO SUSTAINABLE COMMUNITY STRATEGY

3.1 The PSSP contributes to all the priorities in the Sustainable Community Strategy:-

- Creating opportunities – tackling inequalities;
- Creating strong and supportive communities;
- Creating the UK's environmental capital; and
- Delivering substantial and truly sustainable growth.

4 BACKGROUND

4.1 On 13 October 2011 Committee received a report on the procurement process, the outcome of the evaluation and award to Serco Limited of services formerly included in the Manor Drive Managed Service.

4.2 The PSSP went live on 28 November 2011 and included the following services:-

- Shared Transactional Services (e.g. Council tax, business rates, benefits, accounts payable and receivable, payroll and back-office parking);
- Customer Services;
- Strategic Property;
- Operational Procurement;
- Business Transformation and Strategic Improvement;

- Business Support; and
- Financial Systems Support.

5 PSSP – ANNUAL REPORT FOR 2012/13

5.1 The PSSP is structured in four areas namely

- Operations;
- Growth;
- Transformation; and
- Procurement.

5.2 **Operations** – contract performance has been good and there were no KPI failures in 2012/13. Since the last report, the Partnership has been focused on driving continuous improvement, preparing for strategic service improvements and continuing the change in culture.

   5.2.1   Service delivery and improvements:

- A revised set of KPIs has been agreed and base lining information has been completed;
- Strategic partnership governance arrangements have been set up including reporting mechanisms;
- The Serco Operations Director has been appointed and now oversees the Serco operations with a management team of Heads of Service in the relevant business areas; and
- Process and procedures are in place that aligns to both PCC requirements and the Serco Management System.

   5.2.2   Service Improvement Plans are in place for each service. Examples of these projects are:-

- The implementation of new technologies in Benefits to improve productivity and the customer experience. The eForms pilot has been successful and full deployment will commence in June 2013;
- Working with Experian to improve debt collection. In addition, Council tax collection performance data for 2012/13 has shown the best results for in 5 years;
- Developing the Customer Services service model to reduce handling times and improved first call resolution. The Customer Service Centre has achieved the prestigious Customer Service Excellence award for the fifth year a row.

5.3 **Growth –** One of the key objectives of the PSSP was to strive for continued growth. The Council remains committed to sharing the benefits of the forward-thinking and wide-ranging OJEU notice which allows for services to be carried out on behalf of other public sector bodies in partnership. The first year of the partnership has seen a focus on the improvement of existing services and internal business cases. The next year is likely to see the Council and Serco bidding together for a range of opportunities which could include commissioning and delivery of health and social care services.

5.4 **Transformation** – the business cases submitted in Serco's original bid have been reviewed and reassessed in this reporting period. The objective of these business cases remains to drive further efficiencies and cost savings for the Council. A comprehensive programme of activity has been agreed and significant progress made to deliver both service improvements and cost savings. The most recent example of these is to transform the way Adult Social Services procure services linked to the personalisation agenda.

5.5 **Procurement –** the PSSP contract requires Serco to commit to guaranteed savings on the overall Council procurement spend. A thorough review of all Council spend continues and savings in the reporting period progress to date to achieve the savings is outlined below. Serco are currently working on addressing this shortfall in the pipeline.

	Sum of 2012/13	Sum of 2013/14	Sum of 2014/15	Sum of TOTAL 10 yrs
Approved	372,209	330,274	179,018	1,130,492
Submitted	0	178,174	88,836	330,538
Pipeline	0	627,219	1,446,530	11,757,518
Savings still to be identified	823,242	1,094,571	821,345	6,947,758
	1,195,451	**2,230,238**	**2,535,729**	**20,166,306**

A recent example of this service is the rationalisation of the various Highways contracts with disparate suppliers into one contract with one single supplier. The Procurement of this service is close to completion with calls for tender planned for July 2013. Significant savings from this procurement process are anticipated.

6 PERFORMANCE DATA

6.1 The Operational Services Agreement (OSA) between the Council and Serco contains Key Performance Indicators (KPIs) and Performance Indicators (PIs) against which the service performance is measured.

6.2 As part of the Monitoring and Reporting Framework and under the OSA, Serco provides monthly reports to the Strategic Client Services team to demonstrate to the Council which performance levels are being achieved against all of the KPIs and PIs and also to highlight any trends in service performance.   A sample of the dashboard of measures is at Appendix A and the governance structure is shown in Appendix B.

6.3 **Customer Services (CS)** - the annual performance for 2012/13 reported that all KPIs and PIs were met and exceeded. They also showed a significant improvement compared to the previous year.
- Work has continued in the Customer Service Centre (CSC) on creating the self service area for the on-line benefits claims ready for customer use in April;
- Work has commenced on upgrading the telephony system in the CSC. This will drive a number of benefits including greater call management control and PCI compliance. This project will include the replacement of a fragile and unsupported telephony switch; and
- CS staff played a central part in ensuring the 'Ready to Switch' campaign was successful.

Customer Service performance data for 2012/13 is as follows:

Measure	KPI	Actual to Jan 12	Variance	KPI	Actual to March 13	Variance
Customer Satisfaction	92%	93.6%	+1.6%	95%	96%	+1%
Percentage of calls answered	86%	89%	+3.0%	89%	90%	+1%
Percentage of face to face customers with an appointment seen within 30mins	95%	96%	+1.0%	95%	98%	+3%
Percentage of calls answered in 20 seconds	61%	60%	+1.0%	61%	63%	+2%
Average times to answer	27secs	27 secs	0%	27secs	23secs	+4 sec s
First call resolution	80%	80%	0%	83%	86%	+3%

6.4 **Shared Transactional Services** -   Serco has carried out the following performance activities in Shared Transactional Services (Council Tax Collections, Benefits and Invoices):

- The Benefits service showed a significant increase in volumes due to the quadrupling of ATLAS cases (a new automated process from DWP). The backlog has been addressed with a dedicated team supplemented by additional Serco resources. This backlog was cleared on 31 March 2013;
- As part of the commitment to support Welfare Reform, Benefits Officers and now in situ at Bayard Place to assist customers;
- On-line claims and Risk Based Verification went live on 5 March 2013 with the first claim submitted 7 March 2013. Further roll out is planned and this will be fully implemented by the end of June 2013. The transformation aims to improve productivity and dramatically reduce the number of days it takes to assess a new claim. This new service has been received positively by claimants with social media compliments received in the first few days e.g. "Tweet-tastic – great to see PCC has joined the 21st Century!" (Via Twitter); and
- Council tax collection performance data for 2012/13 has shown the best results for in 5 years.
- Welfare reform has resulted in a larger number of people who were formerly in receipt of full benefits now having to pay Council Tax. The increase in numbers of customers has placed an initial strain on resources but action plans are in place to ensure that a full and responsive service is available.

6.4.1   Business Rates and Council Tax performance for 2012/13 is as follows (with a comparison to the last reporting period):below:

	08/09	09/10	10/11	11/12	12/13
NDR collection	96.90%	95.06%	96.31%	96.37%	97.15%
CTX collection	96.24%	96.06%	95.76%	95.73%	96.15%

6.4.2   Benefits performance (average number of days to process) for the last 5 years is shown in the table below:

	08/09	09/10	10/11	11/12	12/13
NI 181	18.82	13.52	18.54	28.75	29.28
new claims	31.22	23.33	35.18	48.51	46.62
changes	13.47	10.28	14.10	23.44	25.74

6.4.3   **Invoice Payments -** Performance information in relation to payment of Invoices is as follows::

Serco & PCC Performance combined	Target	11/12	12/13
Ensure all statutory Accounts Payable returns meet deadlines	100.0%	100.0%	100.0%
Percentage of invoices paid within 30 days of receipt BVPI8	97.00%	93.54%	93.63%

Serco only performance	Feb 13	Mar 13
Percentage of invoices paid within 30 days of receipt BVPI8	99.43%	99.49%

6.5 **Business Services (BS)** - Serco has carried out the following performance activities in Business Services:-

- Flexible resourcing continues to be in high demand areas across the service. BS also supported Children's Services throughout their recent Ofsted inspection;
- Work has been completed to renew staff parking permits for PCC, Serco and Vivacity. There were approx 900 permits issued. The permits were then distributed from both at Bayard Place where approx 750 permits were collected all in agreed timescales;
- A backlog in Child Protection minutes has now been cleared, however volumes of conferences remain high. Additional staff have been drafted in from other teams to support this increase;
- BS are working with Adult Social Care and the Serco Transformation Team to manage the transfer of circa 50 ASC staff from PCC to Serco as part of the Personalisation project; and
- Output based Service Provision Agreement arrangements have been discussed and agreed with the Council Heads of Service. These were applied as from 1 April 2013.

6.6 **Strategic Property** - Serco has carried out the following performance activities in Strategic Property services:-

- Ongoing management of approximately 30 capital projects;
- The Premises management team has worked on staff relocation and moves to enable good reductions. This has freed up space which will enable a review of leased properties to ensure savings are delivered;
- The implementation of process mapping and the production of Method Statements for all key activities have concluded;
- In line with the above, all Performance Measures have now been reviewed and have, for the most part, been aligned to the Method Statements. Other original Performance Measures have either been deleted or modified to reflect the needs of the partnership;
- Serco and Enterprise continue to meet with the objective to improve the end-to-end business process and to improve overall service delivery.

6.7 **Procurement** - Serco has carried out the following performance activities in Procurement.

- Serco has developed a Procurement savings governance group with PCC, including the extension of membership to include PCC legal services. The Serco savings tracker is distributed to Strategic Resources on a weekly basis;
- Serco and PCC have agreed the definition of non-compliance spend and the impact that this has on delivery; and
- The Highways Project stakeholders remain engaged, however there remain challenges related to affordability & change in focus regards what is in/out of scope out (e.g. Additional Services);

6.8 **ICT** - Serco has carried out the following performance activities

- A draft Architecture Roadmap has been completed and an initial review with client team which took place was well received. The PCC client team is reviewing an overarching ICT strategy to support the roadmap;
- The Members ICT support function continues to receive an excellent service. This was recognised at the Members Office Working Board;
- Procurement recovery plan has reduced the amount of outstanding calls and the backlog has now been cleared. Plans are in place to implement and Online Shop for procuring ICT;
- Following a power outage in January, plans are in place to review the current facilities to ensure they are fit for purpose and meet the needs of the business. Continuing work on this plans underway to design and implement final solution at the SunGard data centre. This was discussed at CMT and a comprehensive plan is being agreed with the Client team; and
- All performance measures were exceeded during this period;

Measure	KPI	Actual to Mar 13	Variance
Percentage of calls answered in 20 seconds	80%	81%	+1%
First call resolution	50%	71%	+21%
Network availability	99%	99%	0%
Percentage of incidents resolved on time	90%	99%	+9%
Percentage of service requests resolved on time	90%	98%	+8%
Customer Satisfaction	70%	91%	+21%

6.9 **Business Transformation and Strategic Improvement** (BT&SI) - Serco has carried out the following performance activities:-

- The support of the welfare reform initiatives through the Neighbourhood Window ensures a joined up approach with PCC, Serco and external stakeholders e.g. CAB, Age Concern etc. This complex subject area has been the attention of both national and local press and the wider stakeholder engagement has been successful. Age Concern said "*Age UK Peterborough welcomed the invitation to be consulted and be part of partnership working for this project. [The project Team have]…… been supportive and receptive throughout this process and has been a pleasure to work with*";
- Contact has been made with the Local Enterprise Partnership to support the 2014-2020 EU structural funds regional strategy;
- BT&SI continue to lead and support the Welfare Reform changes necessary across Customer Services and Shared Transactional Service. The team have also project managed the E-claim forms solution and Risk Based Verification project; and
- The Annual Delivery Plan (ADP) has been developed to reflect the services to be delivered to PCC during their financial year 2013/14.

7 COMPLAINTS

7.1 The Strategic Client Team has not received any complaints about Serco's delivery of the services since the strategic partnership commenced. .

7.2 The following complaints have been received regarding Shared Transactional Services & Customer Services during the 2012/ 2013 financial year:

Department	No.
Customer Services	49
Revenues and Benefits	92

7.3 The complaints about Customer Services relate to:-

- Not to standard   2
- Staff attitude/ conduct   26
- Breach of Confidentiality   2
- Delayed/ Failed Service   17
- Lack of/ Incorrect information about a service   2

7.4 The Complaints related to Revenues and Benefits refer to:-

- Broken Promise/ appointment 5
- Staff attitude/ conduct 1
- Breach of Confidentiality 1
- Denial/ Withdrawal of service 2
- Delayed/ Failed Service 72
- Lack of/ Incorrect information about a service 2
- About Legislation 7
- Other 2

7.5 All of the Customer Service complaints were resolved at stage 1. Of the 92 Revenue & Benefit complaints, 84 were resolved at stage 1, five at stage 2 and three were escalated to the LGO.

8 PETERBOROUGH – SERCO – THE NEXT 12 MONTHS

8.1 In the next 12 months, Serco is working on the following:-

- continuing to develop the operational Service Improvement Plans to refine and advance services to both the Council and the residents of Peterborough;
- continue to deliver transformational change with agreed business cases in order to both improve services and lower costs to the Council; and
- continue to drive out savings via the strategic procurement function.

9 IMPLICATIONS

9.1 The partnership enables the Council to continue to provide efficient, economic and effective services through its strategic partner.

10 CONSULTATION

10.1 The Strategic Client Team continues to engage with stakeholders in relation to the services being provided.

11 EXPECTED OUTCOMES

11.1 The expected outcomes are set out in the report.

12 BACKGROUND DOCUMENTS:

12.1 Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- Operational Services Agreement with Serco Limited (parts of which are exempt)

13 APPENDICES:

Appendix A – Sample Performance Dashboard
Appendix B – Governance Structure

APPENDIX A

SAMPLE PERFORMANCE DASHBOARD

	PM Type	PM status - for Reporting Frequency
Service Performance	KPI	Above Target
		On Target
		Below Target - Minor
		Below Target - Medium
		Below Target - Major
		Below Target - Unacceptable
	PI	Above Target
		On Target
		Below Target - Minor
		Below Target - Medium
		Below Target - Major
		Below Target - Unacceptable
TOTALS		KPIs and PIs On or Above Target
		KPIs Below Target
		PIs Below Target

	Description
KPI Performance Deductions	For Consideration
	Waived
	Taken (Before Monthly Cap Applied)
	Waived (Amount over the Monthly Cap)
	Taken (After Monthly Cap Applied)

	KPI Rule	Description
Schedule 11 (Para 5)	5.1	Failure to meet one or more KPIs where Performance Deductions apply
	5.2	Failure to meet one or more PIs
	5.3	Monthly Service Element Performance Deduction Cap Not Exceeded
	5.4.1	1st Incident of Failure of one or more KPIs in Monitoring Period
	5.4.2	2nd Incident of Failure of one or more KPIs in Monitoring Period
	5.4.3	3rd Incident of Failure of one or more KPIs in Monitoring Period
	5.4.4	Clause 28 Triggered - Corrective Action Procedure

APPENDIX B

GOVERNANCE STRUCTURE

This Appendix is referred to paragraph 6.1 of the report titled First Interim Report on the Performance of the Serco Partnership.
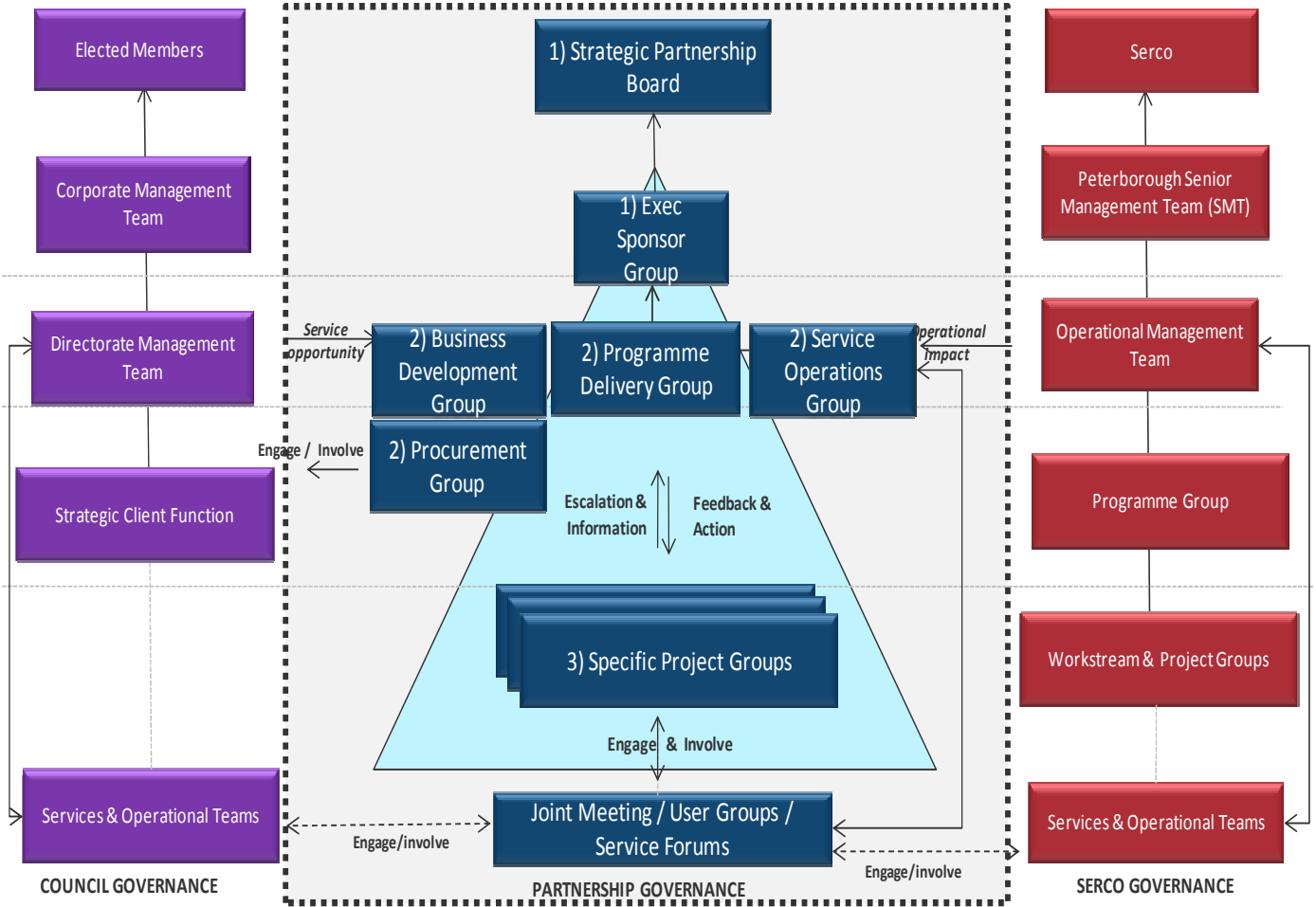
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