

<b>GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE</b>	AGENDA ITEM No. 7
<b>1 NOVEMBER 2017</b>	<b>PUBLIC REPORT</b>

Report of:	Pete Carpenter, Service Director Financial Services Amanda Best, Partnership Director, Serco	
Cabinet Member(s) responsible:	Councillor Seaton Cabinet Member for Resources	
Contact Officer(s):	<a href="mailto:peter.carpenter@peterborough.gov.uk">peter.carpenter@peterborough.gov.uk</a> <a href="mailto:amanda.best@serco.com">amanda.best@serco.com</a>	Tel. 01733 384564

**SERCO ANNUAL REPORT 2016-17**

<b>R E C O M M E N D A T I O N S</b>	
<b>FROM: Interim Corporate Director of Resources</b>	<b>Deadline date: N/A</b>
<p>It is recommended that the Growth, Environment &amp; Resources Scrutiny Committee:</p> <p>1. Review and comment on this report.</p>	

**1. ORIGIN OF REPORT**

1.1 This report has been requested by the Committee as part of their work programme and annual monitoring of the Serco Partnership which falls within the remit of this committee.

**2. PURPOSE AND REASON FOR REPORT**

2.1 This is an opportunity for the Committee to hear from and question both officers of the Council and the Serco Partnership Director, Amanda Best on the performance of Serco during 2016/17.

2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4 - Overview and Scrutiny Functions, paragraph No. 2.1 Functions determined by Council - Partnerships and Shared Services;

2.3 The Serco Partnership 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

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	N/A
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#### 4. BACKGROUND AND KEY ISSUES

4.1 The Peterborough Serco Strategic Partnership (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 Administration);
- Customer Services;
- Procurement;
- Business Transformation and Service Improvement;
- Business Support; and
- Financial Systems Support.

The ICT Managed Service has been operated by Serco Limited since 1 October 2009

4.2 The Report in Appendix A sets out Key Performance Indicators (KPIs) for both contracts as well as describing the main services delivered by Serco to the Council and its Stakeholders. Across the two contracts, Serco has just under 500 staff including 16 on apprenticeships ranging from NVQ level 2 to degree level.

The PSSP contract KPI's were reviewed and refined by the Strategic Partnership Board in early 2006, with a new regime coming into play in April 2016.

4.3 The PSSP has 22 performance indicators across 6 Service Areas and delivery for 2016/17 is summarised in the following table. More detail of the data is contained in Appendix A:

Service Area	Sept Target	Sept Hit	Dec Target	Dec Hit	Mar Target	Mar Hit
Shared Transactional Services	9	9	9	9	9	8
Business Support	1	1	2	1	2	2
Customer Services	3	3	2	2	2	2
BTSI	1	1	1	1	1	1
Financial Systems Support	1	1	1	1	1	1
Procurement	3	3	3	3	3	3

Targets not hit included the overall Council Tax in-year collection rate target for the year, and Business Support tasks completed to deadline in Quarter 2.

For Council Tax, although the in-year collection target was missed by 0.32% (£252k), the arrears (Council Tax debt) target was exceeded by 3.95% (£577k), meaning that the net benefit to PCC was £325k in 2016/17.

In relation to Business Support, the target was missed due to system issues and the ability to report on outputs. Options for a replacement system are currently being reviewed.

As a comparison, July and August indicators for 2017 are also included in the following table:

Service Area	July Indicators	Number Achieved	August Indicators	Number Achieved
Shared Transactional Services	9	9	9	9
Business Support	2	2	2	2
Customer Services	2	1	2	1
BTSI	1	1	1	1
Financial Systems Support	1	1	1	1
Procurement	5	5	4	4

In these periods the only Performance Indicator not achieved was % of telephone calls answered in the Customer Service Contact Centre where against a target of 83% and 86% the achieved rates were 82% and 76%. The KPI was suspended as additional work was being undertaken as part of the front door programme. In addition, approximately 80,000 Household Enquiry Forms were issued by electoral services at the beginning of August which impacted performance for a number of days.

4.4 The ICT contract delivery is based on 19 Indicators.

For 2016/17 of the 19 indicators:

- Five indicators were not delivered in Quarter 3. Non-delivery centred around not achieving target rates for resolution of incidents, not hitting call answering targets and a low level of customer satisfaction. These were all connected and largely due to high volumes of calls received during the roll out of the new fleet of printers (Multi-Functional Devices (MFD)). It was agreed that Service Level Agreements (SLAs) would be suspended over this period.
- One indicator was not delivered in Quarter 4, which was the network availability of all non-resilient Council Premises (IT system down time in certain locations) which was outside Serco's control.

Further detail is shown in appendix A

As a comparison, July and August indicators for 2017 are also included. The only indicator not delivered was the Network availability of all non-resilient Council Premises which was not achieved in July, as above.

4.5 A range of major projects and other service delivery detail is outlined in Appendix A.

These include:

- Delivery of major projects;
- Service delivery improvements;
- Introduction of Innovation;
- Recognition, through awards of services that have been delivered.

## **5. CONSULTATION**

5.1 The Financial Services team, as contract owners continues to engage with stakeholders in relation to the services being provided.

## **6. ANTICIPATED OUTCOMES OR IMPACT**

6.1 The expected outcomes and associated service impacts are set out in the report.

## **7. REASON FOR THE RECOMMENDATION**

7.1 Service delivery of major partnership contracts should be reviewed annually and outcomes of these reviews should be used to improve service provision.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 This report sets out performance of an operational contract. Alternative options would be considered if service delivery is not being delivered, shown via budget spend and Performance Indicator delivery.

## 9. IMPLICATIONS

### Financial Implications

- 9.1 In 2016-17, the PSSP and ICT partnerships incurred cost pressures arising from increased volumes of activity and the costs of supporting the Council's technology strategy and transformation agenda. These pressures were less than previously forecast, and came in at £436k overspent on budget at year end.

Department	Budget £000	Contributions From Reserve £000	Revised Budget £000	Actual Outturn £000	Variance £000
Peterborough Serco Strategic Partnership	8,660	186	8,846	9,193	347
ICT	4,487	-	4,487	4,576	89

These figures were reported to members in July 17 as part of the Council's year-end Budget Monitoring Outturn Report.

### Legal Implications

- 9.2 Service delivery has been measured against the KPI's set out in the contract and appendix A sets out delivery.

### Equalities Implications

- 9.3 This contract delivers to a range of PCC Stakeholders.

### Rural Implications

- 9.4 There are no rural implications to this report – although all parts of the Community are affected by these services.

## 10. BACKGROUND DOCUMENTS

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

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None

## 11. APPENDICES

- 11.1 Appendix A – Serco Performance and KPIs

## **Appendix A**

### **Serco key activities and achievements since March 2016**

#### **Major projects**

Fletton Quays - project management of agile working across council teams to enable smarter working, management of Going Google; 1755 staff to new Gmail and calendar, 38.6 million items and 2.47 Terabytes data. Rollout of new IT – Chromebooks, support for the Town Hall decant and moves.

Customer Access and Engagement – major project streams including channel shift (i.e. moving away from face to face/ telephone contact to digital methods), enhanced digital channels, local support for resident to access digital channel (digital inclusion). Use of the call centre to support contacts through social media enquiries (Twitter and Facebook AskPeterborough).

Successful review of CRM (Salesforce system in contact centre), with over 85% of all calls now being recorded, including the collection of email addresses for future digital communications

Payment strategy - redefining how citizens pay for council service in the most effective way, whilst recognising and meeting the needs of vulnerable citizens.

Implementation of a major programme of ICT infrastructure improvements, including servers, storage, speed of systems, firewall, improved system support and disaster recovery, ability to scale up and down as needed and support agile working.

Implementation of a new e-procurement tool, SourceDogg (a Serco corporate supplier), to help drive consistency, compliance and efficiencies and aligned to the Procure to Pay service area. It also simplifies the process for setting up new suppliers with the Council.

#### **Other service achievements**

Successfully contained the Wannacry ransomware (software virus) attack (which shut down the NHS) and then prevented another shortly afterwards.

In 2016/17 an additional £325k of council tax was collected than budgeted (both in-year collection and council tax debts)

Roll out of new MFDs (printers) across the council to obtain better value for money

Managed roll out of the new digital network (Cityfibre) covering additional locations in Peterborough, including High Definition CCTV and urban traffic control sites

Development of new dashboards for visibility of spend, for example, top spender on Procurement Cards. Plus guides for Small and Medium Enterprises on how to do business with the council.

Successful delivery of the Better Care Fund submission and ongoing work understanding the Sustainability and Transformation Plan with health.

Support for the new Prevention and Enforcement Service (PES) and Home Services Delivery Model.

Launch of the selective licensing system to assist in the requirement for all landlords with residential property to obtain a licence in order to let property to tenants within a designated area, improving the quality of life for all in the area by ensuring a consistent high standard of management of private rented

homes.

Undertook a promotion to encourage council tax payment by direct debit, prizes of £250 x 4 supplied by Serco

New improved process for ordering ICT catalogue and phone items using Google forms removing delays in the process.

Supported the transfer of the Permanency (Fostering and Adoption) service to The Adolescent and Children's Trust (TACT).

## **Innovation**

Launch of a Financial System (Agresso) hub using a small number of super-users to streamline finance processes and improve accuracy

Robotics scanning work funded by Serco, in partnership with CapGemini, to review process that could be automated to generate savings. Aim to implement some pilots in 2017/18

Work with Serco's international user-experience arm, ExperienceLab to work with Peterborough residents on improvements to the council website through techniques such as eye-tracking technology. Funded by Serco.

Supported a pilot data insight project funded by Serco and in partnership with CapGemini to assess whether analysing council tax data could indicate residents propensity to pay.

Launched an Apprentice Academy to bring together apprentices across Serco and PCC for mutual support and development. Serco has apprentices studying for qualifications from NVQ level 2, to degree-level.

## **Awards and recognition**

Revenues and Benefits team won the IRRV (Institute for Rating, Revenues and Valuation) for the 'most improved team' of the year.

Procurement award winners in the Public Sector National Go Awards, for Contract Management Initiative of the year 2017

Achieved the national Customer Service Excellence award for the eighth and ninth year running. In 2016 achieved two 'compliance plus' areas; in 2017 that increased to five.

Procurement team finalists in national CIPS/SM awards for Relationship Management.

Five articles published in the LGC around successful projects undertaken between Serco and the council including the turnaround of housing benefits.

**Appendix A – Serco Performance and KPIs**

KPI Performance - PSSP Sep 2016 - Aug 2017

Exceeded

Summary of Performance Measures		Measurement Criteria												
Service Area	Performance Measure Ref	Description	Measure Frequency	Measure Criteria	September Performance Target	Sep-16	December Performance Target	Dec-16	March Performance Target	Mar-17	July Performance Target	Jul-17	August Performance Target	Aug-17
<b>KPI's</b>														
STS	STS-K-009	Completion of statutory returns	Monthly	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	R&B-K-001	Achievement of the in year Council Tax collection rate target	Annual	%	95.80	95.80	95.80	95.80	95.80	95.48	95.80	95.80	95.80	95.80
	R&B-K-002	Achievement of the in year business rates collection rate target	Annual	%	97.80	97.80	97.80	97.80	97.80	97.90	97.80	97.80	97.80	97.80
	R&B-K-007	Council Tax arrears collection	Annual	%	14.31	14.31	14.31	14.31	14.31	18.26	14.31	14.31	14.31	14.31
	R&B-K-008	Percentage collection of former years arrears to be within agreed annual target agreed with the authority (Business Rates)	Annual	%	30.00	30.00	30.00	30.00	30.00	30.23	30.00	30.00	30.00	30.00
	R&B-K-009	Debt recovery - Parking	Monthly	days	14.00	10.66	14.00	2.35	14.00	1.26	14.00	1.22	14.00	1.12
	R&B-K-009a	Debt recovery - Housing Benefit Overpayment	Annual	days	26.00	26.00	26.00	26.00	26.00	30.01	26.00	26.00	26.00	26.00
	R&B-K-009b	Debt recovery - Sundry Debt	Annual	%	63.00	63.00	63.00	63.00	63.00	61.71	63.00	63.00	63.00	63.00
	R&B-K-011	Average time to process housing benefit claims and changes	Annual	days	16.00	16.00	16.00	16.00	16.00	15.60	16.00	16.00	16.00	16.00
9														
BS	PAY-K-001	Ensure all payroll deadlines are met	Monthly	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	BS-K-002	Business support tasks completed to deadline	Monthly	%	97.00	Not Measurable	97.00	95.42	97.00	97.45	97.00	97.65	97.00	98.12
2														
CS	CS-K-001	% of customers satisfied with the service they received	6 Monthly	%	95.00	99.00	95.00	Not Measured in December - No Survey	95.00	Not Measured in March - No Survey	95.00	Not Measured in July - no Survey	95.00	Not Measured in August - no Survey
	CS-K-002	% of telephone calls answered	Monthly	%	86.00	86.00	88.00	89.00	83.00	84.00	83.00	82.00	86.00	76.00
	CS-K-006	% of First Call resolution in Call Centre (excluding switch)	Monthly	%	85.00	90.00	85.00	91.00	85.00	92.00	85.00	89.00	85.00	87.00
3														
BTSI	BT-K-002	Delivery of outputs as agreed in the annual delivery plan. Performance to be tracked against milestones as agreed in the annual delivery plan	Annual	%	85.00	100.00	85.00	100.00	85.00	100.00	85.00	90.00	85.00	90.00



FSS	FS-K-001	Complete month and year end BCR and DCAL processes	Monthly	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	FS-K-002	Within the working hours 09:00am and 17:00pm Monday to Friday (excl public holidays) to respond to all priority 1 calls within 1 hour	Monthly	%	90.00	Not measurable no calls received	90.00	Not measurable no calls received	90.00	Not measurable no calls received	90.00	Not measurable no calls received	90.00	Not measurable no calls received
	2													
PROC	PRO-K-002	Deliver key stages of procurement strategy	Quarterly	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	PRO-K-004	Produce a Quarterly Report on procurement and supplier management covering; Directorate spend, Expenditure by commodity, Expenditure on/off contract by owner of the contract (non-CPU and CPU); Contracts falling due for renewal where known to CPU, Identification of opportunities for savings and efficiencies, Purchase order compliance, Sourcing activities where known to the CPU and other activities where known to the Partner' P-Card usage and exceptions, Spend analysis activities, Exemption requests (i.e. requests for exemptions from Contract Regulations).	Quarterly	%	100.00	Not measured as qtrly report	100.00	Not measured as qtrly report	100.00	Not measured as qtrly report	100.00	100.00	100.00	Not Measured as qtrly report
	PRO-K-005	Create & Maintain a contract register for all Corporate Contracts and Non - Corporate contracts (where known).	Monthly	%	100.00	Not Measurable	100.00	Not Measurable	100.00	Not Measurable	100.00	100.00	100.00	100.00
	PRO-K-006	Co-operate with the Authority's Legal Services to provide timely and appropriate documentation and other necessary information to enable the Authority's Legal Services to prepare the contracts for signing.	Monthly	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	PRO-K-007	Provide a monthly compliance report on Purchase Cards	Monthly	%	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	5													
SPS	SP-K-009	Percentage of tasks completed within timescale as outlined in the agreed method statements	Quarterly	%	N/A	Removed from Contract through NoC 041	N/A	Removed from Contract through NoC 041	N/A	Removed from Contract through NoC 041	N/A	Removed from Contract through NoC 041	N/A	Removed from Contract through NoC 041

ICT KPI Performance

Key

Summary of Performance Measures		Measurement Criteria												
Service Area	Performance Measure Ref	Description	Measure Frequency	Target	Detriment	Failure	Jun-16	Sep-16	Dec-16	Mar-17	Apr-17	Jul-17	Aug-17	
<b>KPI's</b>														
ICT	1	Resolution of severity 1 incidents (2 hrs)	Monthly	0 failures	1 failure	2 failures	100	100	N/A	0	0	0	100	
	2	Resolution of severity 2 incidents (1 business day)	Monthly	0 failures	1 failure	2 failures	100	100	0	0	100	0	100	
	3	Resolution of severity 3 incidents (2 business days)	Monthly	90.0%	87.0%	84.0%	90.65	93.33	84.42	97	100	97	99	
	4	Resolution of severity 4 incidents (4 business days)	Monthly	90.0%			93.2	98.64	94.34	97	98	98	98	
	7	Fulfillment of priority 3 service requests (4 business days)	Monthly	90%	87%	84%	88.61	93.11	58.89	96	99	98	96	
	8	Fulfillment of priority 4 service requests (8 business days)	Monthly	90%			93.13	91.98	78.5	95	95	95	93	
	9	Call answering (within 20 seconds)	Monthly	80%	77%	74%	87.01	85.02	74.24	91	80	79	80	
	10	Call abandoned rate	Monthly	< 5%			1.8	1.4	2.07	1	1	3	2	
	11	First point of contact fix	Monthly	50%	46%	42%	64.84	70.51	65.49	63	54	59	64	
	12	Key application availability	Monthly	0 failures	1 failure	2 failures	0.00	0	0	0	0	0	0	
	13	Gold application availability	Monthly	1 failure	3 failures	4 failures	0.00	0	0	0	0	0	0	
	14	Silver application availability	Monthly	98%			100	100	100	100	100	100	100	
	15	Network availability of individual primary Council Premises	Monthly	0 failures	1 failure	2 failures	0.00	0	0	0	0	0	0	
	16	Network availability of all resilient Council Premises	Monthly	99.50%	99.00%	98.50%	100	100	100	100	100	100	100	
	17	Network availability of all non-resilient Council Premises	Monthly	99%			99	99.98	99	97.5	99	98	99	
18	Project success index	Monthly	1 failure	2 failures	3 failures	0.00	0	0	0	0	0	0		
19	Measurement of customer satisfaction	Monthly	> 3.5			4.2	4.1	3.4	3.9	4.3	3.9	3.9		
20	Response to incidents raised by a call	Monthly	90%			N/a	N/a	N/a	N/a	N/a	N/a	N/a		
21	Response to incidents raised via web browser	Monthly	90%			N/a	N/a	N/a	N/a	N/a	N/a	N/a		