

SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE	Agenda Item No. 6
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Report of Executive Director – Resources

Report Author – John Harrison, Executive Director – Resources
Contact Details - John Harrison, Executive Director – Resources
Tel: 01733 452520
Email: john.harrison@peterborough.gov.uk

REPORT ON THE PERFORMANCE OF THE SERCO PARTNERSHIP (2013/14)

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.

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.

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

1.1 RECOMMENDATION

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

2 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.

3 BACKGROUND

3.1 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.

4 PSSP – ANNUAL REPORT FOR 2013/14

5.1 The PSSP is structured in four areas namely

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

5.2 Operations – Since the last report, the Partnership has been focused on driving continuous improvement, preparing for strategic service improvements and continuing the change in culture. Contract performance reported a number of Key Performance Indicators (KPIs) that exceeded the agreed target. These exceptions were caused by increased volumes associated mainly with the introduction of Welfare Reform. Details of the impact Welfare Reform has on the various service lines are detailed below. The Council decided to only part-fund the requested increase in resources to support this additional demand and therefore created exemptions to the affected KPIs.

5.2.1 Service delivery and improvements:

- Strategic partnership governance arrangements have been set up including reporting mechanisms via an Operational Delivery Group;
- The Serco Operations Director 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 was extremely successful and the vast majority of new claims are now made online;
- Working to improve debt collection. Proposals are before the Council to vastly improve debt recovery with improved processes; and
- 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 sixth 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 initial two years of the partnership has seen a focus on the improvement of existing services and internal business cases (for example the transfer of around 50 PCC Adult Social Care staff to Serco in 2013). Future years are likely to see the Council and Serco bidding together for a range of opportunities which could include shared service and ICT opportunities.

5.4 Transformation – There has been progress in some areas, particularly in supporting the Council's Customer Strategy last Autumn, which is now taking shape within the Customer Experience programme, and in supporting Adult Social Care deliver 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 the shortfalls identified:

	2012/13	2013/14	Total
	£	£	£
Approved	372,209	547,029	919,238
Submitted		230,000	230,000
Savings still to be identified	823,242	1,453,209	2,276,451
	1,195,451	2,230,238	3,425,689

An example of this service in 13/14 was the rationalisation of the various Highways contracts with disparate suppliers into one contract with one single supplier. The highways procurement was concluded & awarded to Skanska with the contract beginning 1st October 2013. Revenue savings delivered in FY 13/14 of £206k.

5 PERFORMANCE DATA

5.1 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.

5.2 As part of the Monitoring and Reporting Framework and under the OSA, Serco provides monthly reports to both the PSSP Strategic Partnership Board (Chaired by Cllr Seaton) and the Strategic Client Services team. The reports 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.

5.3 Most KPIs have been met in the reporting period. There were some KPI failures attributable to very specific reasons.

5.4 **Customer Services (CS)** - Serco has carried out the following performance activities in CS

- The impact of the Council Tax Support scheme created unprecedented demand on the Customer Contact Centre (CSC) for several months.
- The CSC received formal notification that they had achieved the Customer Service Excellence award. This is the sixth year in a row that the CSC has achieved this prestigious award. Cllr Seaton kindly lent his support and was interviewed by the Assessor;
- In January 2013 Adult Social Care transferred the complaints administration for the service to Customer Services. Feedback to date has been positive and is the natural place for the service to sit alongside Children's Services complaints and corporate complaints administration;
- Customer surveys were completed for the call centre and face to face services. Overall the result was that 95% of customers were either satisfied or very satisfied with the service provided; and
- The first year review of Family Information Service contract has been very positive in terms of performance and client feedback. The CSC provide a dedicated service to support this vital function.

Customer Service performance data for 2013/14 is as follows:

Measure	KPI	Actual to March 13	Variance	KPI	Actual to March 14	Variance
Customer Satisfaction	95%	96%	+1%	95%	95%	0%
Percentage of calls answered	89%	90%	+1%	91%	85%	-6%
Percentage of face to face customers with an appointment seen within 30mins	95%	98%	+3%	95%	99%	+4%
Percentage of calls answered in 20 seconds	61%	63%	+2%	63%	59%	-4%
Average times to answer	27 secs	23 secs	+4 secs	25 secs	25 secs	0 secs
First call resolution	83%	86%	+3%	85%	86%	+1%

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

- The implementation of the CTS scheme affected circa 11,000 households who will either pay Council tax for the first time or have increased payments. The Shared Transactional Services teams have seen significant increases in workload with enquiries and calls up by around 60% in April and May 2013;
- The approach to Council tax recovery was impacted by CTS. Several inter-departmental reviews were conducted to ensure that recovery action was measured and appropriate given that some vulnerable residents were paying a proportion of their Council Tax for the first time. However due to increased number of properties, a number of council tax legislative changes and effective recovery action an additional £4.3m of council tax was collected during the year. This was despite the obvious challenge of collecting tax due from many who were paying for the first time;
- Following a successful pilot, the Benefits on line form is now live and had an immediate impact. All paper application forms have now been removed from the customer service centre with no adverse reaction to date. On line applications have now reached over 95% and demonstrated a successful 'channel shift'. This award winning service is the precursor to the forthcoming on line Universal Credit and ensured that the most vulnerable in our society had access to an on line facility. By working with the third sector (e.g. Age Concern), this successful project was more about community engagement than the roll-out of a sophisticated IT system;
- DWP's consultancy team came to site and delivered positive feedback in respect of staff morale and staff inclusion. No new issues were uncovered and the DWP Team will return to undertake some process mapping later in the year; and
- Peterborough Homes Board, a group made up of Senior Council Housing Officers and large RSL's working together to tackle housing issues in the borough, fed back positively about the Benefits Service and the noticeable improvements since Serco took over.

5.5.1 In-year Business Rates and Council Tax performance for 2013/14 is as follows (with a comparison to the last reporting period):

	09/10	10/11	11/12	12/13	13/14
NDR collection	95.06%	96.31%	96.37%	97.15%	96.92%
CTX collection	96.06%	95.76%	95.73%	96.15%	95.26%

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

	09/10	10/11	11/12	12/13	13/14
NI 181	13.52	18.54	28.75	29.28	24.04
new claims	23.33	35.18	48.51	46.62	32.24
changes	10.28	14.10	23.44	25.74	22.72

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

Serco & PCC Performance combined	Target	11/12	12/13	13/14
Ensure all statutory Accounts Payable returns meet deadlines	100.0%	100.0%	100.0%	100%
Percentage of invoices paid within 30 days of receipt BVPI8	97.00%	93.54%	93.63%	90.84%

Serco only performance	Mar 13	Mar 14
Percentage of invoices paid within 30 days of receipt BVPI8	99.49%	99.82%

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

- The transfer of circa 50 ASC staff from PCC to Serco as part of the Personalisation project was achieved and the new team have been integrated into Serco;
- The BS Payroll team implemented the very complex PCC Pensions Auto-Enrolment scheme. The PCC steering group signed off the project and documented the lessons learnt. This has been a great example of partnership working to achieve a successful outcome for the Council;
- The BS payroll team commenced discussion with the School's community to offer a HR service to complement the existing payroll service. There is substantial demand for these services and, with the full support of PCC, Serco will design and implement a fully integrated service in 2014; and

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

- The announcement of 'InvestCo' and the potential move to a civic suite at Fletton Quay prompted a visit by the PCC senior client team to see Serco's 'Tomorrow's Office' at their Glasgow Access Contract. The team saw first-hand Serco's deployment of agile working spaces and the flexible approach to desking, ICT and remote working. The need for flexible and agile working arrangements will be crucial to ensure the proposed new civic suite delivers a cost effective building solution;
- Serco acted as the Council's Agent for the high profile development at the Hampton Leisure Centre. The Serco team were rewarded for their hard work and efforts by an award of gym membership at the Leisure Centre;
- The team helped a TV make over show (DIY SOS) and attended the celebration party for completion of a local community centre;

- Agreement was reached to provide a part time Serco FM Surveyor to support the Education PFI project. This appointment has been well received;
- Bridge Street – Working with the appointed agent, Serco has agreed a number of lettings of the vacant properties and have accepted an early surrender on the former Santander unit.
- Ongoing management of approximately 30 capital projects; and
- 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.

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

- The largest procurement during this reporting period was to merge four highways contracts into one preferred supplier. Skanska was appointed in October 2014 with estimated annual savings reported to be in the order of £750,000 pa. Savings in year 2013/14 totalled £206,000;
- The Serco Procurement Team worked with Adult Social Care to identify a range of savings which could be achieved through better contracts and procurement. The framework agreement for home care was one of these areas and was recently re-procured and will achieve significant savings in 2014/15;
- The PCC client team has established a Procurement savings governance group. Serco produces savings tracking and contract registers for review each month by this group which includes directorate representatives; and
- Serco and PCC have agreed the definition of non-compliance spend and the impact that this has on delivery.

5.9 ICT - Serco has carried out the following performance activities

- Following a series of significant power outages, the disaster recovery function was reviewed and a new service was provided via SunGard (one of the world's leading DR providers). This will provide a more cost effective service together with improved application support compared to the previous local solution;
- A contract was agreed with PCC, Serco and CityFibre to build a pure fibre network to bring Gigabit internet speeds to the City. CityFibre will privately invest £30million to create the network and install 90km of fibre optic cable. Serco's role will be to project manage the installation, transfer existing Council BT circuits and deploy the necessary infrastructure across all Council buildings and schools. Reduced costs through this new broadband provision will see savings to the Council of £141k in 2014/15 and £271k in 2015/16;
- The Serco ICT team designed and installed a pilot City Wi-Fi scheme. Launched by the Council Leader in September 2013, the new service will allow anyone to log on to their emails or browse the internet on their smart phone, laptop or tablet at no charge. Transmitters, situated on lampposts, allow access in Cathedral Square, St John's Square, the top end of Bridge Street, the lower end of Long Causeway and part of Cowgate. The intention is to extend the Wi-Fi coverage in the future and also potentially use it for council services, so for instance connecting our CCTV cameras via the network;
- The Members ICT support function continues to receive an excellent service. This was recognised at the Members Office Working Board;
- Serco and the Council signed a Notice of Change to remove the two remaining break clauses for the ICT contract. The ICT contract will now expire in October 2020;
- As part of the Council's Microsoft Enterprise agreement, Council/Serco staff with Peterborough.gov.uk email addresses were offered Microsoft's Professional Office software at the significantly reduced price of £8.95; and
- The deployment and roll-out of Office 2013 and the latest version of Internet Explorer to the majority of the Council ICT estate was the biggest implementation update to date. Despite some local teething issues (mainly application support for non-standard packages), the roll-out was successful;

Measure	KPI	Actual to Mar 14	Variance
Percentage of calls answered in 20 seconds	80%	85%	+5%
First call resolution	50%	51%	+3%
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%	86%	+16%

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

- Work is on-going to develop the high level costs and benefits for the customer experience programme working with a range of key stakeholders to prioritise the areas of focus for the strategic case. This has included a specific focus upon the changes to the future operating model for the customer service centre and mapping existing service journeys across the Council;
- An application to the Homeless Transition Fund was successful, with an overall allocation of £98,000. BT&SI provided data analysis services;
- The Team brokered a successful joint meeting between PCC and Cambridgeshire County Council to develop a list of projects for the new EU funding period 2014-2020 and have also been involved in the development of an application to the Transformation Challenge Award, which will be aligned to the Customer Experience Programme;
- BT&SI have been involved in the development of the programme to respond to the Children and Families Act, delivering changes to the services provided to children and young people with special education needs and disabilities;
- Further work has been completed to develop the pipeline for the central funding unit with a regular review of the funding opportunities against the PCC priority projects, which is now considered by the Delivery and Commissioning Board to agree the funding opportunities to be pursued..
- The Annual Delivery Plan (ADP) has been developed to reflect the services to be delivered to PCC during their financial year 2014/15 to provide a strong focus upon the delivery of priority projects; and
- The Team responded quickly to an urgent request from PCC to provide a Project Manager for the English Defence League march. The BT&SI PM coordinated inter-departmental activity as requested by the Chief Executive.

6 COMPLAINTS

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

Department	No.
Customer Services	63
Revenues and Benefits	185

6.2 The complaints about Customer Services relate to:-

- Staff Attitude/Conduct 20
- Delayed/Failed Service 35
- Lack of/Incorrect Info about a service 4
- Poor Facilities/Building 2
- Denial/Withdrawal of Service 1
- Other 1

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

- delayed / failed service - 157¹
- Denial and/or withdrawal of service 5
- Staff attitude / conduct - 5
- Query about legislation - 17
- Other 1

6.4 Customer Service complaints were resolved at stage 1 except 1 case which went to Stage 2. Shared Transactional Services had 16 cases which escalated to Stage 2, three of these were escalated to Stage 3.

7 IMPLICATIONS

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

8 CONSULTATION

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

9 EXPECTED OUTCOMES

9.1 The expected outcomes are set out in the report.

10 BACKGROUND DOCUMENTS:

10.1 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)

11 APPENDICES:

None

¹ Primarily due to unanswered calls arising from increased demand on the customer contact centre