

SUSTAINABLE GROWTH AND ENVIRONMENT CAPITAL SCRUTINY COMMITTEE	Agenda Item No. 7
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Report of Service Director Financial Services and Serco's Interim Partnership Director

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REPORT ON THE PERFORMANCE OF THE SERCO PARTNERSHIP (2014/15)

1 PURPOSE

1.1 This is an opportunity for the Committee to hear from and question both officers of the Council and the Serco Interim Partnership Director, Paul Richards on the performance of Serco during 2014/15.

2 RECOMMENDATION

2.1 The Sustainable Growth and Environment Capital Scrutiny Committee are asked to review and comment on this report.

3 LINKS TO SUSTAINABLE COMMUNITY STRATEGY

3.1 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.

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 Peterborough Serco Strategic Partnership 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.

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

4.4 These contracts were previously managed by a Strategic Client team within the council. Following a senior management council restructure implemented on 2 March 2015 these contracts are now managed by the Service Director Financial Services. This restructure included the creation of the post Assistant Director Digital Peterborough. The Financial Services team has been restructured to implement appropriate support to manage both contracts which was formally implemented on 17 August 2015. As such there has been some interim arrangements during this time with some new roles created which are currently being recruited to including the role of ICT Manager to operationally manage the ICT contract.

5 ANNUAL REPORT FOR 2014/15

5.1 The PSSP is structured in four areas namely

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

5.2 **Operations** –In accordance with the original agreement between Serco and the Council the Partnership continues to drive continuous improvement, preparing for strategic service improvements and continuing the change in culture. Whilst the operational environment remains challenging the contract has exceeded a number of Key Performance Indicators (KPIs). In those services where this was not the case both parties agreed mutually to exclude the KPIs and actions have been put in place.

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 all new claims are now made online;
- Commitment to improve debt collection. In the current economic climate this continues to be a challenge; 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 seventh year in 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 three 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 which is now taking shape within the redefined Customer Experience programme, and in supporting Adult Social Care deliver the personalisation agenda. This year, the Adult Social Care inform and advice service function was transferred to Serco. This new service saw five new Serco team members provide the service from within the Customer Contact Centre in Bayard Place.

5.5 **Procurement** - the PSSP contract requires Serco to commit to guaranteed savings on the overall Council procurement spend but currently excludes adult social care spend as at the time the PSSP contract was awarded, adult social care services was delivered by the Primary Care Trust.

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 reports to both the PSSP Strategic Partnership Board (Chaired by Cllr Seaton) and the Financial Services team within the council. 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.

6.3 Contract performance has been good in the period with just one key performance indicator (KPI) failure (ICT Oracle support call – 1 missed call in period). However a number of KPIs are excluded from imposing financial penalties by agreement from both parties. These exclusions relate to (a) increased volumes associated mainly with the introduction of Welfare Reform, (b) the collection of council tax and (c) the introduction of the pilot Customer Relationship Management system in the contact centre.

6.4 Under the contract, there are mechanisms in place to exclude KPIs and put in place appropriate actions to address excluded KPIs and also to review KPIs to ensure that they focus on financial performance, quality, and client / customer satisfaction whilst still achieving the objectives of the partnership agreements. The current KPIs are under review with Serco to better reflect the current circumstances of the existing partnership arrangement.

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

- In January 2015 the Customer Services team started to deliver the new Inform & Advice team as a key early part of the Adult Social Care (ASC) transformation programme. The team is co-located with the PCC See & Solve team in the Customer Service Centre to enable a fully integrated service to be delivered.
- Also in January the call centre team have supported the implementation of a Customer Relationship Management (CRM) system which is a key enabler in advance of the full implementation of the council's Customer Strategy through the Customer Experience programme.
- In June Customer Services were successful in retaining the Customer Service accreditation for another year for the Peterborough Direct Service. The award has now been continuously held since 2009. The assessor advised that all criteria have been fully met and two areas have, for the first time, been assessed as being 'compliance plus'. The two areas are (a) "empowering our staff to participate in the customer-focussed culture of the organisation" and (b) "we identify individual customer needs at the first point of contact and ensure the most appropriate person deals with their query". During the assessment the assessor spoke to five customers and all were positive about the service both now and in the past.
The assessor was also complimentary about the observations he made of customer services staff and shared positive feedback he received from internal 'customers' of the services delivered by Peterborough Direct.
- The team again assisted the council and Amey in signing up customers for the garden waste collection service. Numbers subscribed are similar to last year with over 19,000 sign ups across all access channels including the call centre and cash office.
- Customer surveys completed for the call centre and face to face services confirmed customer satisfaction levels have remained high with 95% of customers participating stating they were either satisfied or very satisfied with the service provided.

Customer Service performance data for 2014/15 is as follows:

Measure	KPI	Actual to March 14	Variance	KPI	Actual to March 15	Variance
Customer Satisfaction	95%	95%	0%	95%	95%	0%
Percentage of calls answered	91%	85%	-6%	91%	90%	-1% but KPI suspended for May 2014 and from 1/1/15. 92% up to 31/12/14
Percentage of face to face customers with an appointment seen within 30mins	95%	99%	+4%	95%	100%	+5%
Percentage of calls answered in 20 seconds	63%	59%	-4%	63%	57%	-6% but KPI suspended for April and May 2014 and from 1/1/15. 64% performance outside exclude periods
Average times to answer	25 secs	25 secs	0 secs	25 secs	34 secs	-9% but KPI suspended for April and May 2014 and from 1/1/15. 19 secs performance outside exclude periods
First call resolution	85%	86%	+1%	85%	89%	+4%

*April – May 2014 exclusion is due to excessive demand within the contact centre following the introduction of garden waste charges

* 1 January 2015 exclusion is due to the introduction of the pilot Customer Relationship Management system in the contact centre

6.6 Shared Transactional Services (STS) - Serco has carried out the following performance activities in Shared Transactional Services:

- The Benefits team has continued to improve the service following the successful introduction of the on line claim form. The focus this year has been on improving the speed of processing new claims for benefit and reported changes to existing claims. This has seen all new claims and changes being processed more quickly with pending work being reduced by 80%. New claims are currently being processed in an average of 16 days and changes in 13 days.
- The Business Rates team delivered a similar notable improvement by collecting 97.8% of rates due by 31 March 2015. This was not only an improvement of 0.9% on last year but the highest achieved in Peterborough for seven years.
- The challenge of collecting council tax has continued following the implementation of the council tax support (CTS) scheme in 2013 when 11,000 households in Peterborough either had to pay council tax for the first time or had to pay more. However there are signs that customer demand is reducing as those impacted most by CTS are becoming more familiar with the scheme. Although 'in year' council tax collection is recorded it is important to also consider 'current' council tax collection levels to highlight that recovery action does not stop on 31 March which is 96.1% for 2014/15 and 97.5% for 2013/14. The council continues to collect outstanding council tax.

6.6.1 In-year Business Rates and Council Tax performance for 2014/15 is as follows (with a comparison to the last reporting periods):

	09/10	10/11	11/12	12/13	13/14	14/15
NDR collection	95.06%	96.31%	96.37%	97.15%	96.92%	97.78%
CTX collection	96.06%	95.76%	95.73%	96.15%	95.26%	94.78%
CTX collection as at 31 August 2015					97.50%	96.10%

6.6.2 Benefits performance (average number of days to process) for the last 6 years is shown in the table below:

	09/10	10/11	11/12	12/13	13/14	14/15
new claims / changes	13.52	18.54	28.75	29.28	24.04	22.55
new claims	23.33	35.18	48.51	46.62	32.24	25.66
changes	10.28	14.10	23.44	25.74	22.72	22.12

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

Serco & PCC Performance combined	Target	11/12	12/13	13/14	14/15
Ensure all statutory Accounts Payable returns meet deadlines	100.0%	100.0%	100.0%	100%	100%
Percentage of invoices paid within 30 days of receipt BVPI8	97.00%	93.54%	93.63%	90.84%	90.58%

Serco only performance	Mar 13	Mar 14	Mar 15
Percentage of invoices paid within 30 days of receipt BVPI8	99.49%	99.82%	99.73%

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

- The new Head of Business Support, Chris Nixon, commenced on 11 May 2015.
- Achievement of business support savings within Children Services and Public Health for 2014/15.
- A number of meetings have taken place with council Service Directors, Assistant Directors and Heads of Service with regards to the reduction to the level of Business Support to enable savings to be made in 2015/16 savings. Initial proposals for savings have been reviewed and discussed and further analysis has been carried out by Business Support.
- 125 Business Support staff who primarily work in Children's Social Care and Adults Social Care have had standard DBS checks carried out and have received clearance.

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

- Managed the marketing and letting of Bridge Street units and continued to manage the tenants on the industrial estates on behalf of the council. For example, the opening of the Argo Lounge on Bridge Street before Christmas and has continued to trade well and meeting the letting agents to agree a new marketing budget ad strategy for the Alfric Square.
- The Team has continued to support the fit-out of the Skills Centre at the Moyes End Stand at PUFC. This work has included supporting the Growth Team with showing parties over the building together with match day duties. Recently a team member has been seconded for a day a week in March to support the Growth Team in their work at Fenland BC.

- The Team have supported the Transparency Agenda Team in providing property records for the new website

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

- Team resources have been reviewed with experienced Category Managers now appointed to replace procurement generalists. The procurement approach for current procurement activity is now outlined in sourcing and category plans documentation.
- Procurement team are supporting the delivery of the adult social care savings programme on a times and material basis. By working with the Council commissioning teams, significant savings have been achieved with more identified for 2015/16.
- A commercial review of the contract year three milestone payment is under review.

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

- A support model for the new Agresso Financial system has been proposed. The new model will be delivered from the Serco Shared Service Centre to provide the specialist knowledge when required. Migration to the new model is well underway to ensure that there is a seamless transition when the new system goes live.
- A project has been proposed and is currently being evaluated to migrate the remaining one hundred and twenty active machines running Windows XP to Windows 7. The Microsoft XP operating system is now obsolete and is not supported by Microsoft and is therefore a potential security threat to the PCC infrastructure.
- Of the 107 sites included in the CityFibre phase 1 project only 8 remain outstanding to be connected. The timeline has been extended to address dependencies such as diocese and wayleave approvals being delayed.
- The Partnership continues to develop innovative solutions to deliver ICT that supports modern day service delivery. Two examples of that are the work to migrate the server estate to Amazon Web Services and the piloting of Google Chrome books as an alternative to more traditional hardware. We will update Members on the progress of these initiatives

Measure	KPI	Actual to Mar 15	Variance
Percentage of calls answered in 20 seconds	80%	84.75%	+4.75%
First call resolution	50%	59.47%	+9.47%
Network availability	99%	98.36%	-0.64% ¹
Percentage of incidents resolved on time	90%	95.44%	+5.44%
Percentage of service requests resolved on time	90%	96.57%	+6.57%
Customer Satisfaction	70%	84.41%	+14.41%

6.11 **Business Transformation and Strategic Improvement (BT&SI)** - Serco has provided project resource and expertise to support the council in delivering the following programmes during 2014/15 :-

- Customer Experience Programme – Project Management and Business Analysts
- Adult Social Care Front Door – Project Management and Business Analysis

¹ The Network availability network KPI is shown as failed however is report as compliant in the monthly report. Users at remote sites shut down their network which means that we are unable to monitor the service

- Adult Social Care Transformation Programme Implementation – Care Act, Better Care Fund and Savings Initiatives. Transformation and Project Management and project support.
- Business Intelligence to include Customer Access Hub, customer insight, Digital Inclusion, analysis and Customer Relationship Management (CRM) system administration.

These programmes have continued into 2015/16 and has highlighted a requirement for further resource in relation to project management, project support, business analysis and Project Management Office and has been planned into the Annual Delivery Plan for 2015/16.

7 COMPLAINTS

7.1 There has been a significant improvement with regards to a reduction in complaints compared to 2013/14. The following complaints have been received regarding Shared Transactional Services & Customer Services during the 2014/ 2015 financial year:

Department	2014/15	2013/14
Customer Services	29	63
Shared Transactional Services	128	185

7.2 The following table breaks down the number of complaints in that the complaint was either not upheld, partially upheld or fully upheld.

	Customer Services	Shared Transactional Services
Not Upheld	7	63
Partially Upheld	6	26
Fully Upheld	16	39
	29	128

7.3 The complaints about Customer Services relate to:-

- Staff Attitude/Conduct 15
- Delayed/Failed Service 11
- Lack of/Incorrect Info about a service 1
- Poor Facilities/Building 0
- Denial/Withdrawal of Service 0
- Other 2

7.4 The Complaints related to Shared Transactional Services refer to:-

- delayed / failed service - 120
- Denial and/or withdrawal of service 2
- Staff attitude / conduct - 6
- Query about legislation - 0
- Other 0

7.5 Customer Service complaints were resolved at stage 1 except 2 cases which went to Stage 2. Shared Transactional Services had eight cases which escalated to Stage 2, two of these were escalated to Stage 3.

8 IMPLICATIONS

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

9 CONSULTATION

9.1 The Financial Services team continues to engage with stakeholders in relation to the services being provided.

10 EXPECTED OUTCOMES

10.1 The expected outcomes are set out in the report.

11 BACKGROUND DOCUMENTS:

11.1 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)

12 APPENDICES:

None