

GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE	AGENDA ITEM No. 7.
6 NOVEMBER 2019	PUBLIC REPORT

Report of:	Pete Carpenter, Acting Corporate Director of Resources Mark Bennett, Local Government Partnerships Director, Serco	
Cabinet Member(s) responsible:	Councillor Seaton Cabinet Member for Resources Councillor Farooq	
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SERCO ANNUAL REPORT 2018-19

R E C O M M E N D A T I O N S	
FROM: Growth, Environment & Resources Scrutiny Committee	Deadline date: N/A
<p>It is recommended that the Growth, Environment & Resources Scrutiny Committee:</p> <ol style="list-style-type: none"> Review and comment on this report. 	

1. ORIGIN OF REPORT

1.1 This report has been requested by the Growth, Environment and Resources Scrutiny Committee.

2. PURPOSE AND REASON FOR REPORT

2.1 This report allows the Committee to scrutinise the performance of Serco during 2018/19 and to question both officers of the Council and the Serco Partnerships Director, Mark Bennett on this subject.

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 Scrutiny Functions, paragraph No. 2.1 Functions determined by Council:
10. Partnerships and Shared Services
11. Digital Services and Information Management

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?	NO	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 delivers the following services:-

- Shared Transactional Services (e.g. Council Tax, Business Rates, Benefits, Accounts Payable and Receivable and Back-Office Parking Administration);
- Customer Services;
- Procurement;
- Business Transformation and Service Improvement;
- Business Support (including HR admin & Payroll) 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.

Across the two contracts, Serco employ just under 450 staff including 18 on apprenticeships ranging from NVQ level 2 to degree level.

4.3 The PSSP has 22 key performance indicators across 6 Service areas and delivery for 2018/19 is summarised in the following table. More detail of the data is contained in Appendix B:

Service Area	Jun18 Target	Jun18 Hit	Sep18 Target	Sep18 Hit	Mar19 Target	Mar19 Hit
Shared Transactional Services	9	9	9	9	9	9
Business Support	1	1	1	1	1	1
Customer Services	1	1	2	2	1	1
BTSI	1	1	1	1	1	1
Financial Systems Support	1	1	1	1	1	1
Procurement	5	5	5	5	5	5

There were two KPI's currently suspended:

- a) In Customer Services - % of telephone calls answered due to additional time required to populate the Customer Relationship System
- b) In Business Support - % of tasks completed to deadline due to the work management system no longer being supported following the move to the Google Platform

A further KPI in Financial Systems Support is not reported on as no priority 1 calls have been raised in respect of his service.

As a result, no KPI service failures have been experienced and no service credits applied.

4.4 The ICT contract delivery is based on 19 key performance indicators.

For 2018/19 of the 19 indicators:

Two different indicators were not delivered in the first 3 quarters of 2018 - Fulfilment of priority 4 ICT request due to close down of PCC over the Christmas period and the increased call volume

resulting from the move into Sand Martin House. The second was call abandoned rate > 5% due to some issues we had with our new call system.

Four different indicators were not delivered in the month of March, this was due a new incident logging system being implemented which PCC agreed to mitigate any failures within month as the transition to the new system took place.

Further detail is shown in Appendix B

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 The following net figures were reported to members in July 19 as part of the Council's year-end Budget Monitoring Outturn Report:

Department	Council Budget £000	Contributions From Reserve £000	Revised Budget £000	Actual Outturn £000	Variance £000
Peterborough Serco Strategic Partnership	5,952	32	5,984	8,250	2,266
ICT	5,339	314	5,653	6,147	494

Items highlighted in the report were as follows:

Peterborough Serco Strategic Partnership (PSSP)

The overspend in this service is from a combination of three key areas:

- There was a £0.990m pressure due to the Annual Delivery Plan (ADP) and business transformation (strategic improvement core cost). All items on the ADP should be linked to funding streams (Revenue and Capital schemes) as core funding was reduced to nil in last

year's budget. Offsetting this is £0.100m of contract income brought forward, and £0.145m of favourable variances on the costs of changes in the contract.

- Overall variable spend with Serco has not yet reduced by the targeted £1m, due to ongoing programmes of work. This initial work was related to spending on ICT equipment which has been reduced, however it has not been possible to remove budget provision as this was generally one off in nature and the business is now using this to fund other items.
- The Serco Business Support saving of £0.100m was not achieved.

ICT - £0.494m overspent

- Savings that were expected to be generated through the implementation of a technology platform across Social Care (PeopleToo) were not achieved as planned, creating a £0.137m pressure. The budgeted return on loans to partners to deliver this project did not materialise as planned creating a £0.131m pressure through loss of interest receipt.
- Savings targets in relation to Digital Roadmap project, including guaranteed resale income and also savings through decommissioning ICT legacy systems and departmental efficiencies were not been fully achieved, causing a £0.792m pressure.
- There was an overspend against the core contract budget in 2018/19, due to one-off costs associated with new change controls being implemented (£0.219m). However, there has been a £0.741m rebate received in year within the core contract budget, following a prior year change control notice reconciliation.
- Savings off £0.100m were achieved against the corporate computer software budget but other minor overspends (£0.056m) partially offset this.

The issues identified above are being addressed in 2019/20 through the Council's budget setting programme and ongoing transformation work.

Legal Implications

9.2 N/A

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

11. APPENDICES

11.1 Appendix A - Serco key activities and achievements since April 2018
Appendix B – Serco Performance and KPIs

Appendix A

Serco key activities and achievements since April 2018

Major projects

Sand Martin House programme – Serco continued with managing the Sand Martin House programme, moving from the set-up of the new building last year, to managing the moves into the building. This included more agile working promotion, to ensure that the reduction in desks across the council did not impact any ways of working.

This move project was enhanced with a further change management project ensuring that all staff were aware of the digital ways of working that were available to them to assist them in working from home and at other locations.

Introduction of further technology within Sand Martin House to facilitate meetings to take place within the offices, including the introduction of screen's, camera's and audio facilities within the majority of the meeting rooms.

The customer service teams from Bayard Place - reception/face to face services and the call centre successfully relocated to the new Bridge Street Customer Services unit and the Town Hall respectively. There was no break in service provision and both services have settled in well.

The new Customer Service facility on Bridge Street has been well received by customers and staff alike. There are self-service PC's where customers can access the people's information network and a wide range of council services, either on their own or assisted by staff if required. In addition, there are self-service phones where customers can also speak to staff in other service areas to resolve their queries.

Assisted the council in delivering a programme of improvement within the Children's Social Care arena, following a less than satisfactory Ofsted report.

Commenced the discovery phase of moving the council from the Google suite offering to a Microsoft 365 collaboration platform in preparation for a move in 2019/20.

Carried out a number of ICT system upgrades to key systems used by service departments including IDOX, Civica Flare and Frameworki.

Other service achievements

In the latest customer satisfaction survey undertaken by the customer services team, 97% of the 407 customers surveyed were either satisfied or very satisfied with the service they received.

The reception team successfully produced ID cards that were required for all PCC/Serco staff due to the opening of SMH and continue to deliver this service for new staff and those who need replacement cards, as well as initial cards for Aragon and CITB.

Citizenview online parking appeals system introduced in April 2018. This has streamlined the payments and appeals process for Penalty Charge Notices.

Change to the Council Tax Support Scheme successfully implemented in March 2019 ready for 2019/20, with a forecast saving of £230k.

Additional debt recovery processes in Housing Benefit and Sundry Debt has improved council revenue from aged debt by £360k.

Benefits and Council Tax end of year processes made more efficient and now run during the same weekend. This has resulted in all related correspondence now able to be sent to customers in the same envelope, making this more convenient and easy to understand for those in receipt of benefit.

Cross training of staff between Council Tax and Benefits, enabling more efficient processing and ability to provide better service to customers.

18 staff undertaking apprenticeships including Level 2 up to CMDA courses.

Business Support worked in conjunction with the council to adapt its delivery to those services developing joint working with CCC

Business Support took on the centralised ordering of Stationery for the council in January 2019, running this across six sites. This has ensured improved stock level management and financial control.

Payroll provided services to support Electoral Services with 6 elections between May 2018 and June 2019 and successfully implemented the April 2019 pay award for NJC staff which involved a complete restructure of the grading. Payroll and HR Support also provided services on 2 restructures and 3 TUPE undertakings during 2018/19.

The use of the Council's e-sourcing system SourceDogg continues to be developed and a 3 year deal has been agreed delivering further savings.

During the last 12 months Procurement team has undertaken in excess of 30 Strategic Sourcing Initiatives (OJEU level) across the Council.

Procurement team delivered £1.43m in savings during 2018/19. However, these savings were offset by cost pressures across other areas of the council.

Supported the newly formed Aragon Ltd with the implementation of their IT.

Created in excess of £200k savings from ICT procurement.

Innovation

Texting process undertaken for all customers due council tax reminders, final notices and summons letters during the busier summer months.

Further implementation of agile working in Shared Transactional Services has reduced the desk/person ratio to below 3:10, freeing up accommodation space at Sand Martin House.

Home visit trials undertaken by Council Tax staff for some of the higher debtors, where other collection methods have failed (including enforcement agent action).

Electronic files now being produced for Cross Keys in relation to Housing Benefit awards for individual tenants which has resulted in a significant reduction in paper notifications.

The take on of AWS support (cloud environment) saw a 30% reduction in billing for a like for like environment from April 18 to March 19.

Our implementation of Smartscale for the Citrix environment which enables servers to be automatically switched off during hours of inactivity has demonstrated savings beyond the original business case and has decreased the monthly bill by £15k

Our AskOscer drop-in desk has increased its opening times providing greater flexibility for staff needing to resolve ICT issues.

A new world class IT call logging system has been implemented that enables end users to get more help when needed which is being enhanced to provide further self-help and workflow.

Supporting the joint PCC /CCC IT strategy by:

- >leading the way in implementing Office365
- >supporting CCC colleagues for their move to Alconbury and close down of their data centre with our expertise and lessons learnt from PCC's transformative move into Fletton Quays
- >devising joint working policies and process
- >Putting in place a coherent Cyber Security policy
- >Supporting the upgrade and migration to new Social care environments for both adults and childrens

Awards and recognition

Achieved the national Customer Service Excellence award for the eleventh year running. In addition to being fully compliant the customers services team achieved 15 'compliance plus' areas which was an increase of 3 on the previous year.

Official DWP performance statistics confirm the best ever performance in Peterborough for benefits processing in 2018/19 at 5.7 days, with new claims in the top 10% in the country.

Revenues and Benefits team were finalist in the IRRV's Performance Awards for Excellence in Partnership Working.

Appendix B – Serco Performance and KPIs

Summary of Performance Measures															
Service Area	Performance Measure Ref	Description	Freq	June Target	June-18	Sept Target	Sept-18	Dec Target	Dec-18	Mar Target	Mar-19	Jun Target	Jun-19	Sept Target	Sep-19
	KPI's														
STS	STS-K-009	Completion of statutory returns	M	100.00	100.00	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	A	95.80	95.80	95.80	95.80	95.80	95.80	95.80	95.83	95.80	95.80	95.80	95.80
	R&B-K-002	Achievement of the in year business rates collection rate target	A	97.80	97.80	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	A	14.31	14.31	14.31	14.31	14.31	14.31	14.31	15.76	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)	A	30.00	30.00	30.00	30.00	30.00	30.00	30.00	33.53	30.00	30.00	30.00	30.00
	R&B-K-009	Debt recovery - Parking	M	14.00	2.96	14.00	3.50	14.00	2.39	14.00	8.00	14.00	6.06	14.00	6.50
	R&B-K-009a	Debt recovery - Housing Benefit Overpayment	A	26.00	26.00	26.00	26.00	26.00	26.00	26.00	28.38	26.00	26.00	26.00	26.00
	R&B-K-009b	Debt recovery - Sundry Debt	A	63.00	63.00	63.00	63.00	63.00	63.00	63.00	45.93	63.00	63.00	63.00	63.00
	R&B-K-011	Average time to process housing benefit claims and changes	A	16.00	16.00	16.00	16.00	16.00	16.00	16.00	6.02	16.00	16.00	16.00	16.00
	9														
BS	PAY-K-001	Ensure all payroll deadlines are met	M	100.00	100.00	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	M	97.00	92.86	97.00	Suspended	97.00	Suspended	97.00	Suspended	97.00	Suspended	97.00	Suspended
	2														
CS	CS-K-001	% of customers satisfied with the service they received	M	95.00	Not Measured in June - no Survey	95.00	98.00	95.00	Not Measured in Dec - no Survey	95.00	Not Measured in Mar - no Survey	95.00	Not Measured in June - no Survey	95.00	97.00
	CS-K-002	% of telephone calls answered	M	83.00	80.00	86.00	81.00	88.00	85.00	87.00	79.00	83.00	76.00	86.00	83.00
	CS-K-006	% of First Call resolution in Call Centre (excluding switch)	M	85.00	89.00	85.00	90.00	85.00	89.00	85.00	92.00	85.00	93.00	85.00	95.00

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.	M	100.00	100.00	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	M	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
5														

ICT

KPI	Performance Indicator	Target	Detriment	Failure	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
1	Resolution of severity 1 incidents (2 hrs)	0 failures	1 failure	2 failures	0	1	0	1	0	0
2	Resolution of severity 2 incidents (1 business day)	0 failures	1 failure	2 failures	0	0	0	1	0	0
3	Resolution of severity 3 incidents (2 business days)	90%	87%	84%	98%	93%	96%	86%	100%	100%
4	Resolution of severity 4 incidents (4 business days)	90%			97%	94%	95%	94%	97%	97%
7	Fulfilment of priority 3 service requests (4 business days)	90%	87%	84%	100%	96%	98%	100%	100%	100%
8	Fulfilment of priority 4 service requests (8 business days)	90%			95%	78%	86%	86%	97%	90%
9	Call answering (within 20 seconds)	80%	77%	74%	85%	85%	84%	80%	81%	85%
10	Call abandoned rate	< 5%			2%	2%	1%	2%	3%	2%
11	First point of contact fix	50%	46%	42%	54%	51%	53%	56%	38%	n/a
12	Key application availability	0 failures	1 failure	2 failures	0	0	0	0.00	0.00	0.00
13	Gold application availability	1 failure	3 failures	4 failures	0	0	0	0.00	0.00	0.00
14	Silver application availability	98%			100%	100%	100%	100%	100%	100%
15	Network availability of individual primary Council Premises	0 failures	1 failure	2 failures	0	0	0	100%	100%	100%
16	Network availability of all resilient Council Premises	99.50%	99.00%	98.50%	99.70%	100%	100.00%	100%	100%	100%
17	Network availability of all non-resilient Council Premises	99.00%			99.20%	99.70%	99.80%	99%	99.30%	99.70%
18	Project success index	1 failure	2 failures	3 failures	0	0	0	0%	0%	0%
19	Measurement of customer satisfaction	>3.5			4.2	4.0	4.4	N/A	4.20	4.00