



AGENDA ITEM: 6

SUMMARY

Report for:	Finance and Resources Overview & Scrutiny Committee
Date of meeting:	5th March 2013
PART:	1
If Part II, reason:	

Title of report:	Shared and Outsourced Services Update – Customer Service Centre and Gateway Contract (CSCG)
Contact:	<p>Cllr Neil Harden: Portfolio Holder for Residents & Regulatory Services</p> <p>Responsible Officer: David Gill - Group Manager, Partnerships, Policy and Communications</p> <p>Janice Milsom – Assistant Director, Strategy and Transformation</p>
Purpose of report:	<p>To give Members:</p> <ul style="list-style-type: none"> a) a final briefing on progress with the Customer Service Centre and Gateway project prior to the report to Cabinet, which will be made on 26th March 2013 b) to invite scrutiny of the project and process to this stage.
Recommendations	<p>That Members:</p> <ul style="list-style-type: none"> a) note progress on the Customer Service Centre and Gateway project, and b) make comment on the project progress and process
Corporate objectives:	Supporting the ‘Dacorum Delivers’ strategic change programme
Implications:	<p><u>Financial</u></p> <p>The ITT targets stated that the supplier should invest in service modernisation and deliver a minimum of £280,000 operational savings, with a value for money review (VfM) conducted after the first three years of the contract to ensure the future financial sustainability of the project.</p> <p>There will be financial implications for the remainder of the organisation should the service be outsourced. The CSU is</p>

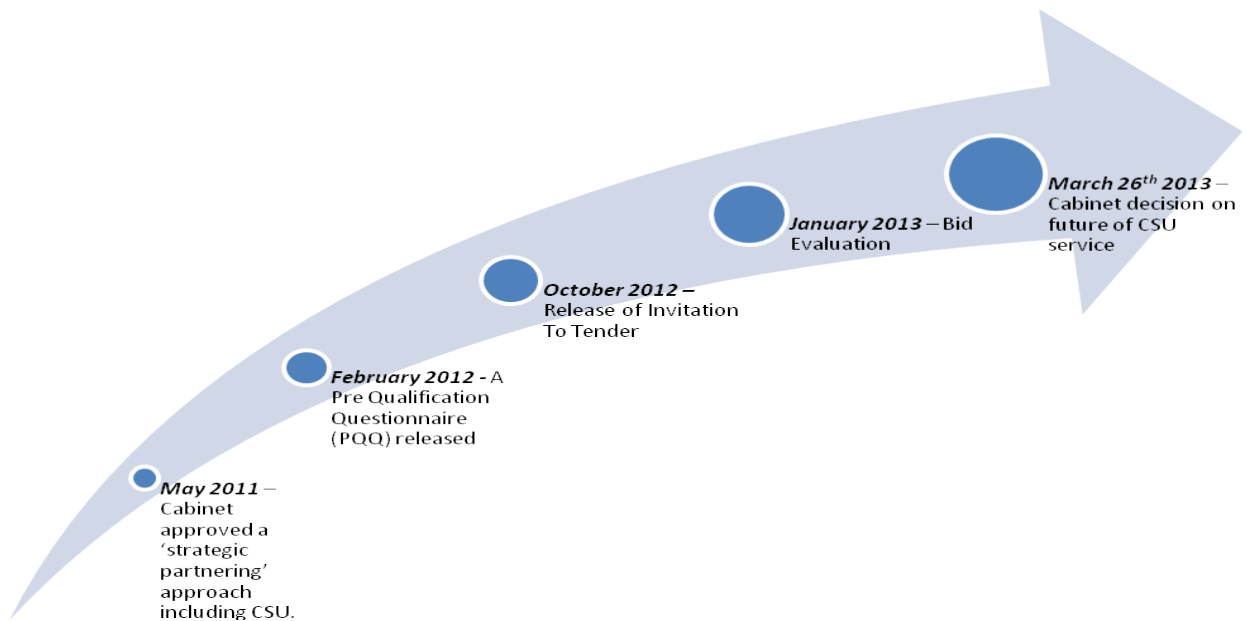
	<p>allocated recharge costs in the region of £390,000 for 2013/14 which would need reallocation across the rest of the Council.</p> <p>There would need to be consideration of restructuring to facilitate a 'client side' management of any outsourced CSU service. This would need to be factored into the support costs for the Council, in the event that Cabinet decides to outsource the service.</p> <p><u>Value for Money</u></p> <p>Current central government legislation has identified that local authorities should seek to provide value for money for citizens by exploring partnership arrangements to deliver services.</p>
Risk Implications	<p>A risk assessment of the CSCG project has been undertaken and reported on to the Overview and Scrutiny Committee. A summary of the high risk elements of the project is noted at the end of this report.</p>
Equalities Implications	<p>An Equality Impact Assessment has been completed. This is summarised within the body of this report and will be used to inform the Cabinet recommendation.</p>
Health And Safety Implications	<p>Whilst the project is internal there are no immediate health and safety issues. If the project leads to transfer of staff the health and safety implications will be incorporated into transfer documentation.</p>
Consultees:	<p>A corporate multi-disciplinary project team has been developing the CSCG project. In addition Customer Services staff have been engaged through regular staff meetings and the Staff Reference Group. Unison has also been consulted fortnightly.</p>
Background papers:	<ul style="list-style-type: none"> • Cabinet 24/5/11 – <u>Shared and Outsourced Services Project</u> • Cabinet 13/9/11 – <u>Web and Customer Access Strategy</u> • Finance and Resources OSC 4 September 2012 – <u>“Shared and Outsourced Services Update - Customer Service Centre and Gateway Project”</u> • Finance and Resources OSC 30 October 2012 - <u>“Shared and Outsourced Services Update - Customer Service Centre and Gateway Project”</u> • Finance and Resources OSC 30 January 2013 <u>“Shared and Outsourced Services Update - Customer Service Centre and Gateway Project”</u>
Glossary of acronyms and any other abbreviations used in this report:	<p>CSCG – Customer Service Centre and Gateway project CSU - Customer Service Unit ITT – Invitation to Tender CRM – Customer Relationship Management System</p>

1 Background

- 1.1 At the Cabinet meeting on 24th May 2011, a decision was made to move forward on the shared and outsourced services project which included the Customer Services Unit. The resulting procurement process resulted in an Invitation to Tender (ITT) being released to the market on 30th October 2012.
- 1.2 Finance and Resources Overview and Scrutiny Committee have been monitoring and scrutinising progress on the Customer Service Centre and Gateway project.
- 1.3 The Customer Service Unit (CSU) is the Council's first point of contact for 260,000 callers and 65,000 face to face visitors each year.
- 1.4 A multi-disciplinary project group: a) developed the ITT document, b) undertook evaluation and clarification of areas that needed further understanding and, c) attended site visits to test the validity of statements made in the submissions.

2 The Journey

A brief description of the background and development of the Customer Service Centre and Gateway Project follows below.



3 Key Factors in the Project

3.1 - Timescales

- May 2011 – Cabinet approved a 'strategic partnering' approach including the CSU in its corporate programme of shared and outsourced services
- February 2012 - A Pre Qualification Questionnaire (PQQ) released to gauge interest in the project. Fourteen 'Expressions of Interest' were received

- April 2012 – Expressions of Interest were marked against the project criteria and shortlisted to 5 bidders
- May to August 2012 – Project development, identifying key elements and understanding aspects that were particularly important to DBC. Improvement projects developed
- July 2012 - Open day for the bidders was undertaken to share more information about the Council's aspirations for the CSU
- October 2012 – Release of Invitation To Tender (ITT) to the market
- December 21st - Closing date for bids
- January 2013 – Bid evaluation undertaken by corporate Council team
- March 26th 2013 – Cabinet Decision on the future provision of the service

3.2 - Cost Reductions and Service Improvements

- The ITT states cost reductions are required, a minimum of £280,000 over four years, with the majority of savings within the first 18 months of the contract
- The project requires investment into the service. Savings must be 'cashable', i.e: after any investment in service improvements
- Improvement projects include Customer Relationship Management (CRM) system and 'channel shift' to other methods of contact
- An aim is to develop a better understanding of customer needs through the use of data and intelligence to improve the Council's future service planning.
- More self-service 'in person' centres across Dacorum to support those that do not have domestic IT access or who need assistance in transactions

3.3 - Features of the Project to date

- Engagement of an experienced Customer Service Practitioner to advise on the project and help develop the service
- Procurement of in-depth commercial legal advice for the project. The contract is designed to be a model for future Council projects
- An understanding of the improvement projects through consultation with stakeholders and informed by the CSU rapid improvement projects
- Developed understanding of the demographics and needs of the service through analysis of volumetrics and trends, failure demand and contacts
- Involvement of Unison representatives through regular meetings. Worked closely with a Staff Reference Group to keep staff engaged and involved
- Undertaken Risk Workshops
- An equalities assessment undertaken to ensure the tendered service meets the customer requirements

4. **Corporate Project Milestones**

The project has been set a number of criteria by which we can assess its success. Cabinet requested:

- a. To conduct a tendering exercise of the Customer Service Centre and Gateway. This has been achieved through undertaking a robust procurement exercise which has resulted in bid compliance in line with the set evaluation criteria
- b. That there should not be an 'in house' bid for the service. Staff have been engaged and involved in developing a thorough and comprehensive Invitation to Tender for the service rather than concentrating on developing an internal bid
- c. Continuous improvement in the service. During the period of this project the service has trialed a number of improvements including an 'issues log', development of Service Level Agreements, a Triage arrangement for meeting and directing customers, a telephony review, improvements to Voicemail and a refreshed Customer Service Promise.

5 Equalities Impact Assessment

This impact assessment deals with the equality implications of the service being provided as specified within the tender documentation:

- proposals for channel shift
- proposals for an enhanced customer insight function and Customer Relationship Management (CRM) system
- decisions over who will provide the service

A separate impact assessment has been carried out on the general impact of each proposed change.

Key Points

a) The Specific Demographic Considerations or Characteristics

These are likely to be groups with multiple or complex needs (e.g. people with disabilities, including sensory and learning disabilities, mental health issues; older or infirm people; people with poor language skills). Many such groups also benefit from face to face services which allow them to address a number of issues in a single visit and to be supported by the Customer Service Centre staff.

It will be important to ensure the remaining face-to-face operation retains sufficient capacity to support those who need to use it. Also, to ensure that online and written documentation is appropriate for all groups who might use it. It is proposed to involve the community in revising customer documentation and mitigation measures will include specification that reviews are carried out by groups representative of all Dacorum's communities.

b) Enhanced CRM and customer insight:

The ability to store customers' information and profile their needs will allow for better specific provision for vulnerable groups.

The tender ensures that attention is paid to the structures within which information is stored so that the Council can use this information to support joint work with other agencies in order to provide coordinated support for vulnerable groups.

The links between the proposed customer insight function and EDRMS must ensure that any indexing system for EDRMS is closely coordinated with the proposed customer insight function.

c) Decisions over who will provide the service

The tender emphasises the importance of any supplier as being expert in working with vulnerable groups. This will allow the supplier and DBC to leverage voluntary sector expertise. However, measures will need to be taken to ensure that an understanding of the needs of vulnerable groups is embedded within the supplier's mainstream operation.

There will be a strong commitment to partnership working which may mitigate some of the risks by allowing the Council to ensure that protection for vulnerable groups remains embedded within the Customer Services operation. This commitment to partnership working should also mitigate the risk of decreased coordination between front and back office services should customer services be outsourced.

d) What steps have been taken or planned to consult the whole community or specific groups affected by the service or policy development e.g. on-line consultation, focus groups, consultation with representative groups?

The general public were consulted about issues relating to customer access through three full days of public consultation. Specific focus groups on access issues were carried out with vulnerable residents, such as blind residents and residents with mobility issues. Past consultation with community organisations representing ethnic and faith groups, residents with learning disabilities, and Deaf residents, also fed into this impact assessment.

6. Proposed Governance Framework

The ITT document requested robust governance arrangements for the contractual arrangement. The Cabinet recommendation will also include the proposed appointment of a commercial contract manager, employed by the Council, should the decision be to outsource. This post would initially concentrate on the CSCG contract but would have the remit to manage other corporate contracts and tenders, as required.

Within the tender documents received there is clear evidence of a very robust governance framework for partnership working across the Council.

7. Other Aspects of the Work to date

7.1 Since the last Scrutiny meeting in January progress has continued on the project:

- Tender evaluation has been completed
- Numerous clarification questions were tabled and answered
- Site visits have been undertaken
- The Equalities Impact Assessment has been completed
- Further consultative meetings with Unison have been held

7.2 Further Risk Assessment work has been undertaken. Those risks identified as still being of high risk to the Council are identified. Following

re-evaluation of the register some of the risks presented to Scrutiny in January had already been reduced leaving only very few high risks.

7.3 Business process re-engineering across the Council remains a key theme and is reflected in the general risk register. There are a considerable number of 'interdependencies' between the performance of the Customer Service Unit and the rest of the organisation and these will need to be managed carefully to ensure the Council's aims and objectives are achieved.

8. Concluding Comments

This is the final report to the Scrutiny Committee prior to the Cabinet's consideration on March 26th. The report is tabled as re-assurance to Members that a thorough process has been undertaken which will result in a recommendation to the Cabinet. The role of Scrutiny Committee Members in this process has been essential to ensure that:

- The process that was followed has been robust
- That the project team gave sufficient consideration to all aspects of the project, including feedback from staff, officers, trade unions and Members
- That a comprehensive Invitation to Tender was produced
- That an equalities impact assessment has been produced
- That sufficient attention has been given to risk analysis
- That Members have had opportunity to comment on the project

Members are asked to note and comment on the project and this report.

Customer Service Centre Gateway Project

PROJECT RISK ASSESSMENT – REVIEW OF HIGH LEVEL RISKS (V1.4)

Key to abbreviations:

FIMR	Financial; Infrastructure; Market; Reputation	CRM	Customer Relationship Management System
TTTT	Tolerate, Treat, Transfer or Terminate Risk	CMT	Corporate Management Team
GM	Group Manager	CSU	Customer Service Unit
AD	Assistant Director	CSC	Customer Service Centre
CM	Contract Manager (To be appointed)	ITT	Invitation to Tender
API	Application Programming Interface		
SD Plan	The CSU Service Delivery Plan 2013 – 2017 (A detailed Service Plan has been developed using the outcomes required by the ITT. It sets out details of how the Council will deliver the service in the future. This has been signed off by the Portfolio Holder, Corporate Director and Assistant Director of Finance)		

<u>Risk</u>	<u>Consequence</u>	<u>H. M L</u>	<u>Catego ry (FIMR)</u>	<u>Who</u>	<u>TTTT</u>	<u>Controls / Actions</u>
Financial/Economic Risks						
8	Outsource partners costs are more than expected	<ul style="list-style-type: none"> Negative impact on Council resources Budgetary pressures 	H	Financial	AD	Terminate <ul style="list-style-type: none"> Detailed analysis of bid by Finance team Do not award if risk cannot be managed Commercial contract manager employed to manage contract performance, including costs and prevent cost escalation
10	Redundancy pay out within 1 st year of contract due to channel shift	<ul style="list-style-type: none"> Council incurs high redundancy costs 	H	Financial	AD	Tolerate <ul style="list-style-type: none"> Identified and considered within the financial analysis work undertaken on the costs of outsourcing
29	If kept in-house CSU does not get the investment (finance and human) to improve	<ul style="list-style-type: none"> Customer service deteriorates Efficiencies not realised Budget not balanced 	H	Financial	AD	Tolerate <ul style="list-style-type: none"> Provisional Capital Strategy bids submitted to cover 2 key projects – CRM and Channel Shift CSU SD Plan identifies required improvements with timescales

								<ul style="list-style-type: none"> 2013/14 budget would need to be reviewed post decision
Customer Related Risks								
62	Loss of control of links with – customer service/community/ insight		H	Reputation	AD	Tolerate		<ul style="list-style-type: none"> Detailed customer insight role and methodology specified in ITT which will help develop better links with customers and customer data Performance Management Framework will be in place
Technological, Web Development and Channel Shift Risks								
64	Move to implement channel shift is not properly managed and customers cannot access the CSU as required	<ul style="list-style-type: none"> Poor quality service for customers Channel shift does not occur Savings not realised 	H	Infrastructure	AD	Treat		<ul style="list-style-type: none"> Web improvement plan in place Web Strategy being developed ITT states specific channel shift aspirations and targets and DBC services aware of their roles in achieving these
65	Web development does not achieve required improvements in service delivery	<ul style="list-style-type: none"> Channel Shift not developed Contractor organization cannot achieve acceptable performance levels Poor service levels for customers Increased costs to Council 	H	Market / Reputation/Infrastructure/Financial	AD	Treat		<ul style="list-style-type: none"> Web improvement plan in place We content officers in place and trained CSU Performance Management Framework tracks service delivery standards
68	Lack of ownership e.g. liability of systems support– particularly if CSU ICT is also outsourced.	<ul style="list-style-type: none"> Poor issue resolution Poor system integration Poor service to customers Financial savings not realised 	H	Infrastructure	AD	Treat		<ul style="list-style-type: none"> Robust contract management required Specialist ICT team to evaluate ITT bids ITT states current CSU and Council IVCT systems and information asked for on API's.
Service Delivery Risks								
74	Back office staff do not recognise changes to CSU service delivery	<ul style="list-style-type: none"> No change in service behaviours Financial penalties Lack of progress with change initiatives 	H	Financial	AD	Treat		<ul style="list-style-type: none"> Senior leadership promote corporate approach Governance framework ensures constant communication with services Avoidable Contact programme being developed