

AGENDA ITEM:

SUMMARY

Report for:	Finance and Resources Overview & Scrutiny Committee
Date of meeting:	30th October 2012
PART:	1
If Part II, reason:	

Title of report:	Shared and Outsourced Services Update – Customer Service Centre and Gateway
Contact:	Neil Harden, Portfolio Holder for Residents & Regulatory Services Responsible Officer: David Gill - Group Manager, Partnerships, Policy and Communications
Purpose of report:	To Update Scrutiny Committee on progress with the Customer Service Centre and Gateway market test, part of the Shared and Outsourced Services project
Recommendations	That Members note progress on the project to market test the Customer Service Centre and Gateway project and comment on the work undertaken
Corporate objectives:	Supporting the ‘Dacorum Delivers’ strategic change programme
Implications:	<u>Financial</u> It is envisaged that both investment and savings would be required from the CSU service in the future. Any decision to outsource would include a requirement on any new provider to invest in the service and make savings. In addition a value for money review (VFM) would be conducted after the first three years of any operation.
‘Value For Money Implications’	<u>Value for Money</u> 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.
Risk Implications	Risk Assessment completed on 25 th April 2011 detailing risks relating to the Shared and Outsourced Services project. A summary risk assessment for the CSCG was presented to Scrutiny committee in September. A comprehensive risk assessment exercise is scheduled to be undertaken.
Equalities Implications	Equality Impact Assessment has been carried out as part of the Shared and Outsourced Services Cabinet Decision. Further work will be undertaken later in the year on the equalities implications of any decisions that may be taken after the market test. An Equalities Impact Assessment would be

	completed prior to any further recommendations to Cabinet
Health And Safety Implications	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.
Consultees:	None specifically relating to this report. The Invitation to Tender document has been widely consulted.
Background papers:	Cabinet 24/5/11 – Shared and Outsourced Services Project Cabinet 13/9/11 – Web and Customer Access Strategy F & R OSC 4/9/12 Shared and Outsourced Services Update – Customer Service Centre and Gateway
Glossary of acronyms and any other abbreviations used in this report:	CRM – Customer Relationship Management PQQ - Pre-Qualification Questionnaire CSU – Customer Service Unit ITT – Invitation to Tender

Background

1. In May 2011 Cabinet approved a programme of Shared and Outsourced Services which included the market testing of the Customer Service Unit.
2. 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.
3. A project group has been developing the Invitation to Tender (ITT) for the market test and a shortlist of potential bidders has been developed. The ITT has been developed in line with the Council's procurement and legal governance regulations.
4. A Staff Reference Group made up of staff from the CSU has been helping to sense-check the work as it progresses. Regular meetings have been held with Unison to ensure their engagement.

Progress Update

5. At the September Overview and Scrutiny Committee meeting members were given a presentation outlining the process undertaken, the aspirations for the service and a summary risk assessment. Members requested specific additional information relating to cost, performance and risk.
6. The CSU market test project is large and complex. The project timeline has been extended to take into account the need for additional support for the procurement aspects of the market test. In addition, and following comments by Scrutiny committee, it was considered important to seek commercial legal guidance over a number of aspects relating to the project. This has helped to shape the CSU market test in a more coherent way designed to lead to a better outcome for the service, the Council and our customers.
7. The ITT is expected to be released to the shortlisted bidders early in November with a report on the outcome of the market test being taken to Cabinet in March 2013. Should Cabinet award the contract externally a period of 3-6 months will allow appropriate consultation and contract mobilisation before a 'go live' date by October 2013.

Project Evolution

8. The additional legal and procurement advice has led to an evolution of the project. It is now being offered to the market as one service comprising the Contact Centre, Customer Service Centre and a CRM system. The Council's web has been removed from the project in order that the Council can improve and develop web capability in the period leading up to October 2013. This will allow smoother transition to web enabled services and significant improvement more quickly.

Risk Management

9. Scrutiny committee members have expressed concern about the risk associated with the project and have asked for assurance that the inherent risks be addressed. This has been undertaken in the following ways
 - A high level risk assessment on the shared and outsourced services programme
 - An intermediate level risk analysis for the project
 - A risk-based approach to developing the ITT (meaning that wherever possible, risks are identified and mitigated during the development of the ITT)

As the ITT is almost complete a formal risk workshop is being undertaken to identify and address any residual risks that have not been able to be identified or addressed so far. The results will be used to inform the market test Cabinet report in March 2013.

Performance Management

10. A performance management framework is being developed for inclusion in the ITT. This will include performance measures as well as specific key performance indicators developed with 'user' services that will:
 - a. Improve the business
 - b. Build the service around customer needs
 - c. Meet the management and business needs of a contract

The Performance Management Framework will be used to drive and assess different aspects of the contract performance at different periods depending on the priorities of the Council. It is anticipated that a per-centage of the contract value will be related to performance. In addition it is expected that a 'value for money' review will be undertaken at the end of year 3 of the contract.

Finance Issues

11. The Council business case for the CSU has now been developed identifying the current and projected expenditure for the service should it remain in house. This establishes a sound financial understanding of the current service costs as well as estimating the costs of service improvement and implementation over the seven-year contract period. Undertaking this work allows for more realistic benchmarking in the future.

Status

12. The project is progressing carefully and with sufficient time given to consider the issues raised by Scrutiny committee members, the Corporate Management Team and legal and procurement advisors. Officers will give a verbal update on progress at the Scrutiny committee meeting.