



AGENDA ITEM:

SUMMARY

Report for:	Finance & Resources Overview & Scrutiny Committee
Date of meeting:	5 November 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>Cllr Brian Ayling, Cabinet Support Member</p> <p>Responsible Officer: Shane Flynn – Assistant Director (Performance and Projects)</p>
Purpose of report:	To update Members on progress with the Customer Service Centre and Gateway project.
Recommendations	That Members note progress and comment on the Customer Service Centre and Gateway project.
Corporate objectives:	Supporting the ‘Dacorum Delivers’ strategic change programme
Implications: ‘Value For Money Implications’	<p><u>Financial:</u></p> <p>Efficiency savings have been identified as part of the overall project and will be monitored through the Performance Management Frameworks, which form part of the contract documentation.</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. The Northgate proposal was tested against a public sector comparator to demonstrate that the contract will provide value for money.</p>
Risk Implications	A risk assessment of the CSCG project has been undertaken and reported to the Overview and Scrutiny Committee. An ongoing risk log was developed to cover all aspects of the transfer. Post contract completion a new project plan has been

	introduced and a revised risk register, focused on delivery, has been developed.
Equalities Implications	Equality Impact Assessment carried out This was included in the report to Cabinet on 26 th March 2013. Further impact assessments will be required to assess the impact of the Customer Relationship Management and Channel Shift projects.
Health And Safety Implications	There are no immediate health and safety issues. During the period March to July 2013 additional security arrangements were in place in the reception area to help manage the transition to Council Tax Support. The transition is now complete and therefore the additional security has been withdrawn. Normal security levels for staff are now in place.
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 regularly.</p> <p>Approval for contract signature and transfer of service was delegated by Cabinet to the Portfolio Holder for Residents and Regulatory Services and the Corporate Director (Finance and Governance).</p>
Background papers:	<ul style="list-style-type: none"> • Cabinet report, 26 March 2013 – Customer Service Centre and Gateway Tender Exercise (Part 2) • Cabinet report, 25 June 2013 – Customer Service Centre and Gateway Contract (Part 2) • Cabinet report, 23 July 2013 – Customer Service Unit Drawdown from Reserves
Historical background <i>(please give a brief background to this report to enable it to be considered in the right context).</i>	<p>In May 2011 Cabinet approved a Shared and Outsourced Services project. The project's objective was to explore shared service options for a number of Council services, including a 'strategic partnering' approach for Customer Services.</p> <p>The approved procurement process resulted in the Customer Service Centre and Gateway Invitation to Tender (ITT) being released to the market on 30th October 2012. On 26 March 2013 Cabinet approved the award of a four year contract to Northgate Information Solutions Ltd.</p> <p>On 25 June 2013, Cabinet delegated authority to the Portfolio Holder for Residents and Regulatory Services on the advice of the Corporate Director (Finance & Governance) to bring forward the forward the contract signature date (the Effective Date) and Operational Service Commencement Date, subject to completion of agreed tasks.</p> <p>The Finance & Resources Overview & Scrutiny Committee has</p>

	continued to receive updates on progress on the contract since September 2012.
Glossary of acronyms and any other abbreviations used in this report:	CSCG - Customer Service Centre and Gateway CSU - Customer Service Unit ITT - Invitation to Tender CRM - Customer Relationship Management System OLA - Operating Level Agreements PMF - Performance Management Framework

1. Background

- 1.1. The contract for the delivery of the Customer Service Centre and Gateway (CSCG) to Northgate Information Solutions UK Ltd (Northgate) was signed on 12 July and the service was transferred to Northgate on 5 August 2013.
- 1.2. This report provides an update on performance for the second month of the contract.

2. Financial monitoring

- 2.1. Close financial monitoring of the contract will be required to ensure that the anticipated benefits are realised by year four, and beyond. This should be straightforward in respect of the payments required under the contract as the amounts payable are stated in cash terms, as is the requisite payment date. As at 30 September all payments are up to date.
- 2.2. Detailed analysis of the efficiencies to be gained from the contract was provided in the Part 2 Cabinet report of 26 March 2013. The analysis showed that the contract delivered efficiencies against existing budgets of £1.091m over the four years of the contract. However, once upfront investments and potential redundancy costs are taken into account the estimated four-year savings total was reduced to £81k. From then onwards, it was estimated that the contract would generate savings of £668k per annum.
- 2.3. A detailed benefits realisation analysis confirms this figure but the actual benefit within four years increases slightly to £91k. This takes into account ICT and telephony costs which were not transferred during contract negotiations, some of the impact of channel shift on the back office and overheads which will be reallocated to other cost centres. The detailed benefit analysis document is available from Member Support, if required.

3. Performance monitoring

- 3.1. Performance of the contract is managed in partnership with Northgate through an Operations Board which meets monthly to consider:
 - Achievement against Key Performance Indicators (KPIs) for the preceding month and any service credits due
 - Management issues
 - Progress against the two core projects in the transformation programme: Customer Relationship Management (CRM) and channel shift
 - Risk associated with the contract and delivery of the transformation programme.

3.2. For the second month of the contract the results against the KPIs were as shown in Table 1. All of the KPIs were met including calls answered in less than 20 seconds, which was subject to a 'right to remedy' following failure in the previous month.

Table 1: CSCG KPIs, August 2013

KPI	September target	September result
Agreed % of calls answered within 20 seconds	42%	56%
Acceptable % of calls abandoned	15%	7%
Agreed % of customers seen with 5 minutes	63%	65%
Longest wait time (% waiting less than 30 minutes)	95%	99%

3.3. In addition, the contact centre improved its position on the Govmetric league tables rising to 5th out of the 70 councils providing benchmark data. Performance for telephone contact feedback remains outside the top ten, however.

3.4. Other performance monitoring information is available under the terms of the contract but it is for monitoring purposes only. The data for August is shown in the table below. Data regarding staff utilisation and sickness absence has been requested for September but has not been received to date.

Table 2: Non-KPI Data, August 2013

Average wait time	2.09 minutes
Longest wait time	26.10 minutes
Standard call length	3.21 minutes
Complex call length	Not currently measured
Enquiries resolved at first point of contact	99%

3.5. No complaints were received by the CSCG. Two compliments were received.

4. Factors affecting performance

4.1. Performance monitoring systems for individual staff are now being put in place. Key factors highlighted by the second month of operations were:

- There are times in the day when the number of available advisors falls below the required number. This is due to the inflexibility of current contracts and staff attrition
- Call lengths are well above the average at around 6 min 30 sec. Northgate would expect average call lengths in the contact centre to be 5 minutes. An analysis of calls has identified issues with transferring calls to back offices. In one particular instance it took 10 minutes for an advisor to successfully transfer a call

- There is a continued lack of real time performance management information to flex service requirements during the day. This is being progressed and will assist better management of resources
- Senior managers and team leaders are now focused on performance and are actively managing peaks and troughs in customers demand.

4.2. The key service developments in September were as follows:

- Monthly OLA meetings started with group managers. The meetings introduced the joint planning calendar which will enable the contractor to forecast the impact on Customer Services of initiatives and developments in back offices
- Daily team performance briefings (huddles) were introduced, which are designed to encourage proactivity and increase understanding of performance drivers. Team leaders taking a more proactive role in managing service levels
- First planning workshop was held with Inform360 to commence implementation planning. Now expecting implementation plan from supplier
- Initial joint customer insight meeting held between Northgate and Council lead officers
- Experian have completed first cut of Dacorum customer insight data. This is now being shared with Northgate team who will interpret the results
- Work underway on identifying customer demand reasons and mapping processes: to be used during the CRM system build and training.

4.3. The impact of these changes appears to have been positive as far as the key performance measures are concerned. A number of them are important components in the delivery of the Service Improvement Plan which is discussed below.

5. Service Improvement Plan

5.1. The SIP is a key document that forms part of Northgate's contractual obligations. It sets out a timetable for implementing key stages of the service development, including two specific projects relating to the transformation:

- The introduction of a Customer Relationship Management (CRM) system
- Channel shift from face-to-face and call contact to web-based interaction where this improves access to services and promotes efficiency.

5.2. Progress on both of these projects depends to a high degree on technology and the compatibility and integration of systems. Work is continuing to align the CRM project plans provided by Northgate with the Council's own resource plans. Working group meetings are now taking place to co-ordinate activities and share understanding around the proposals.

5.3. The first meeting of the Customer Insight and Channel Shift Forum established the terms of reference for the group which were presented at the Committee's October meeting and are reproduced at Annex A for ease of

reference. This sets out an overall roadmap for progress over the coming year. It anticipates four stages:

Data gathering

This involves combining data provided by data analysis company Experian, existing data available within the Council, publicly available data from Data.Gov.Uk and the Office for National Statistics (ONS), and socio-economic data from Turning Point – a national Health and Social Care provider that can provide social data to support interactions.

CRM development

While data gathering is being completed, insights drawn from it can be added into the CRM system. For example, the initial cut of data from Experian has highlighted the prevalence of certain social groups within the Dacorum area in comparison with similar areas. These insights enable CSCG operatives to engage proactively with customers contacting the Council to offer further types of support.

MS Dynamics and Analytics

Micro Soft Dynamics is the operating system on which the CRM system is built. Analytics refers to analysis of the data sets, including analysis of patterns of behaviour on the Council’s website. This analysis will enable the next step: determining the best means of making information available *before* customers contact the council

Insight Analysis

The data gathering and analysis undertaken above will support the development of Customer Relationship Management. However the Council is also interested in using this data to shape services according to the needs of our communities. This final phase will focus on using the value in the contract to deliver analysis to the Council as part of its Evidence-Based Decision Making approach. It will also be used to gain insights which can lead to reconfiguration of services.

5.4. The detailed project plans supporting this and related developments is provided at Annex B. This anticipates completion of this work within the first twelve months of the start of the contract (i.e. by end July 2014). Completion of this timetable will be subject to effective and timely ICT support and the development of core databases. The co-ordination groups that have been established will act as the means of steering progress on these projects to ensure that resources are drawn in at the appropriate stages.

6. Risk management

6.1. Risk registers relating to the delivery aspect of the CSCG project are reviewed monthly by the Operational Board. An ongoing log of issues is also being maintained with action points to be agreed at the Board meetings. The following issues were logged in September.

Table 3: CSCG issues and actions as at September 2013

Issue	Action taken
There are still hot-spots during the day where	Where possible staff hours were adjusted to meet customer demand.

available staff levels fall below required levels to maintain at all times optimum performance	Temporary staff have been appointed which will enable performance to be maintained going forward whilst transformation takes place.
Call lengths are significantly longer than expected	Issues log established and being discussed with service areas. Two service Areas reviewing handoff arrangements at present
Lack of visibility surrounding unit real time performance	Proposals received from Suppliers. (Braxtel, Integra & Netcall). Recommendations and supporting business case being developed.
Absence of targets and measures at individual level	Department dashboard has been established. Development of staff performance targets complete and live from October.
Not enough staff can flex between contact and/face to face; Incomplete multi skilling across contact staff limits opportunities to maximise call handling capability.	Staff are now more flexible between contact centre and face to face. Staff at Berhamstead and Tring now take calls to support contact centre. Staff training plan still to be developed.
Lack of clarity around role of Team Leaders: focus needs to be more on driving outputs.	New role description has been developed which focuses on coaching, developing and driving outputs. This will be implemented as a part of the restructure review
Lack of clarity surrounding face to face service delivery. The `flow` through the customer area is muddled with associated impact on queuing times.	Proposals for changes to face to face service delivery under development

7. Conclusion

7.1. The positive start made in August has been built on with improvements in performance levels in September leading towards the increased targets set for October. The extent to which the core projects can be achieved is becoming a more critical issue now as they require a significant commitment of Council resources.

ANNEX A

Customer Insight and Channel Shift Forum - Terms of Reference

NPS & Dacorum – Customer Insight and Channel Shift Forum

Monthly forum chaired by the CSCG Customer Insight Manager

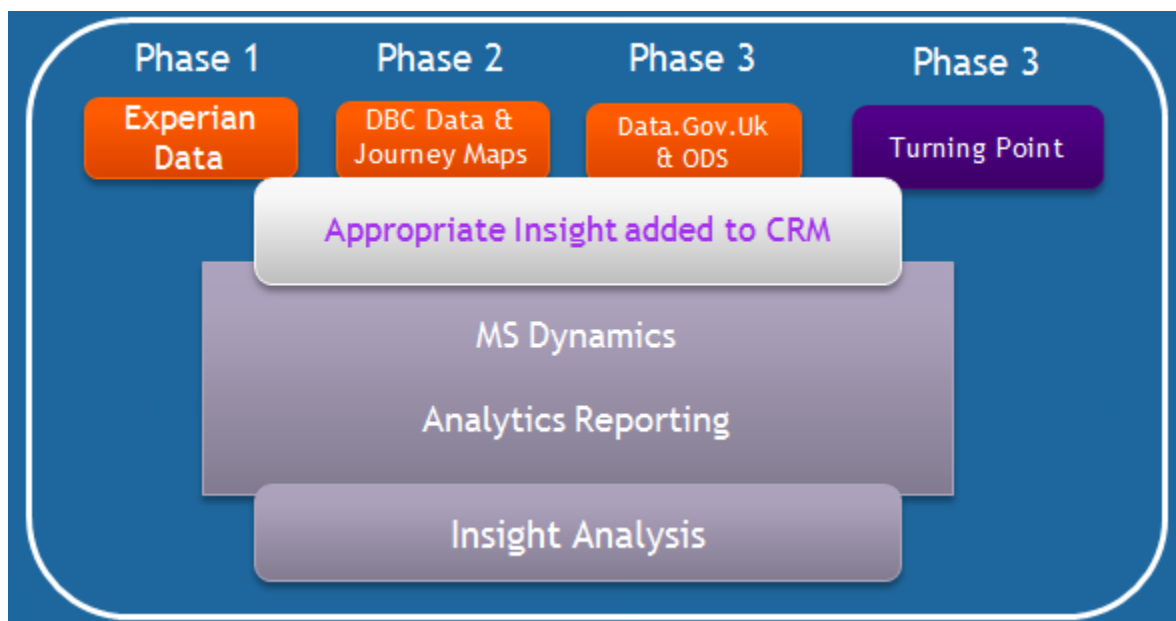


Forum Terms of Reference:

The following is proposed as the TOR for the forum:

- To monitor activity and receive a progress report on the Customer Insight and Channel Shift activities for the CSCG programme.
- To monitor and analyse customer insight data from the CSCG programme
- To identify related information sources relevant to the Customer Insight programme for the CSCG
- Agree data 'linkages' for the CSCG programme
- To agree reporting from Customer Insight
- To evaluate Channel Shift recommendations from the Channel Shift Delivery Manager
- To agree the Channel Shift recommendations for implementation
- Engage with the Dacorum Community Communications activities
- Engage with the Dacorum Customer Insight 'Evidence Based Decision Making' programme
- Enable where possible, re-use of customer insight from the CSCG programme with the Dacorum 'Well Being' programme
- Agree the programme approach (as illustrated below)
- Recommend programme changes when applicable via change control

Agreed Initial Programme Roadmap:



Regular Forum Attendees:

Dacorum BC	Northgate	Partners
Regular Forum Attendees:		
Elissa Rospigliosi (ER) Murtaza Maqbool (MM) Ben Trueman (BT)	Chris Nicholson (CN) Dale McNeil (DM) Mike Small (MS) – Acting Chair CSCG Customer Insight Manager – CIM – Strategic Chair CSCG Channel Shift Delivery Manager - CSDM Tim Osei CI Researcher (TO)	
Attendee's on request:		
Shane Flynn (SF)	Funsho Salawu (FS) Dave Dunn (DD)	Experian 3 rd Sector

Standard Forum Agenda

- Apologies Chair
- Review actions from previous meeting All

- Review activities since the last forum for:
 - Customer Insight CIM
 - Channel Shift CSDM
 - Dacorum 'Health & Well being' programme ER
 - Web Services MM

- Review emerging customer insight & Recommendations CIM/All
- Review emerging channel shift recommendations CSDM

- Programme monitoring (and any required changes) Chair
- Data set Review
- Reporting Review Chair/All

- AOB All

- Agree date of next meeting and attendees All

ANNEX B

Customer Insight and Channel Shift Programmes - Milestone Roadmap

See next page