



AGENDA ITEM:

SUMMARY

Report for:	Finance & Resources Overview & Scrutiny Committee
Date of meeting:	4 March 2014
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 Cllr Brian Ayling, Cabinet Support Member</p> <p>Responsible Officers: Shane Flynn – Assistant Director (Performance and Projects) Ben Hosier – Group Manager (Procurement) Mark Housden - Commercial Contracts Lead Officer</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	<p>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 The transition is now complete and therefore the additional security has been withdrawn.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.</p> <p>A review of current procedures to ensure coordination of health and safety management between DBC and onsite contractors is underway</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 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 continued to receive updates on progress on the contract since September 2012.</p>
<p>Glossary of acronyms and any other abbreviations used in this report:</p>	<p>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</p>

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 the performance of the contract.
- 1.3. Mark Housden has been appointed as the Commercial Contracts Lead officer to manage the contract on an operational basis. This will increase focus on client side monitoring, assessment and management 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. All contractual payments to date have been in line with expected costs.
- 2.2. Redundancy payments have been made to staff released by Northgate. These costs have been met by Dacorum Borough Council, as required under the contract, as they fall within the first year of the contract and can be funded from the existing redundancy reserve.
- 2.3. Further payments are required in respect of pension strain for specific employees. These will be advised by the pension fund authority in due course but are expected to be within the anticipated limits. All costs can be met from existing redundancy reserves. No further redundancies are anticipated.
- 2.4. In October, the actuary for the Pension Fund Authority calculated a reduced employers liability contribution of 18.8% for Northgate staff. This is below the 21% anticipated in the contract. A refund is therefore due from Northgate and this will be included in the next quarterly review of the contract costs. Invoices going forward will reflect the reduced rate.

3. Performance monitoring

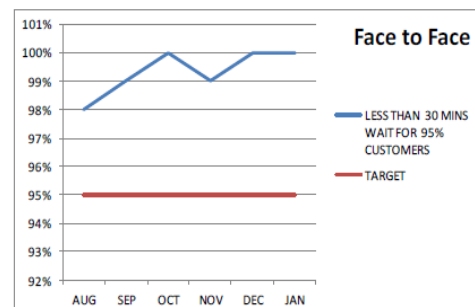
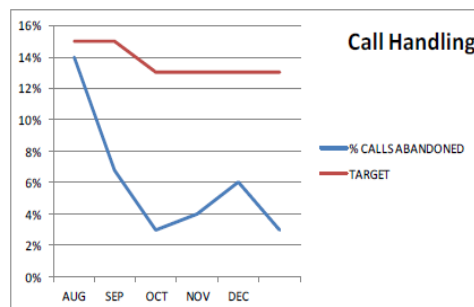
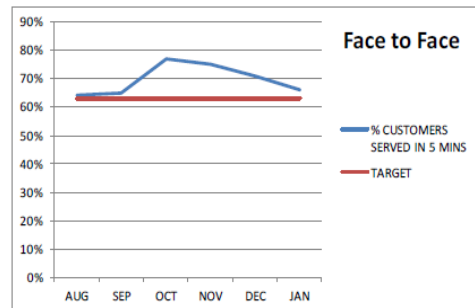
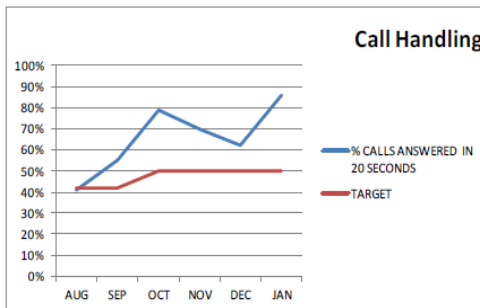
- 3.1. Performance of the contract is managed in partnership with Northgate through an Operations Board which meets monthly to consider:

- 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. The KPI results for the first six months of the contract are show in the tables below. The contract continues to perform above the expected levels. A deterioration in performance for December was addressed in time for the January data release.

CALL HANDLING	TARGET Oct 13	TARGET Feb 14	TARGET Apr 14	TARGET Jul 14	AUG ACTUAL	SEP ACTUAL	OCT ACTUAL	NOV ACTUAL	DEC ACTUAL	JAN ACTUAL
% CALLS ABANDONED	13%	10%	8%	5%	14%	7%	3%	4%	6%	3%
% CALLS ANSWERED IN 20 SECONDS	50%	60%	65%	70%	41%	55%	79%	70%	62%	86%
OPENING HOURS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

FACE TO FACE	TARGET Oct 13	TARGET Feb 14	TARGET Apr 14	TARGET Jul 14	AUG ACTUAL	SEP ACTUAL	OCT ACTUAL	NOV ACTUAL	DEC ACTUAL	JAN ACTUAL
% CUSTOMERS SERVED IN 5 MINS	63%	70%	70%	70%	64%	65%	77%	75%	71%	66%
LESS THAN 30 MINS WAIT FOR 95% CUSTOMERS	95%	95%	95%	95%	98%	99%	100%	99%	100%	100%
OPENING HOURS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



3.3. One of the KPIs within the contract is face to face waiting times. There are two indicators:

- Average wait time: The current target is that 63% of customers must be seen within 5 minutes. This will increase to 65% in February 2014 and to 70% in May.

- Longest wait time: the current target is that no more than 5% of customers have to wait longer than 30 minutes to be seen. This indicator exists to ensure that where increased volumes of customers come into the Council, the contractor commits additional resources to reduce the impact on waiting times. The indicator remains at 95% throughout the transition period and beyond.
- 3.4. The contract allows for the Council to alter targets to drive improved performance over time. The first stage for reviewing the operation of the targets is at the end of the transition phase in July 2014.
- 3.5. Other performance monitoring information is available under the terms of the contract but it is for monitoring purposes only. Average data for the period September 2013 to January 2014 is shown in the table below

Non-KPI Data, September 2013 – January 2014

Average wait time	54 seconds
Longest wait time	16 minutes, 42 seconds
Average call length	3 minutes, 25 seconds
Enquiries resolved at first point of contact	92%
Staff utilisation	69%

4. Factors affecting performance

- 4.1. Over the first six months of the contract, performance has remained consistently well above the targets set out in the contract. Performance Management systems have been implemented to achieve this and a range of transitional activities have been implemented including:
- The appointment of a Customer Services Manager and Service Delivery Manager to manage day to day operations
 - Increased flexibility across the call and contact centres at all sites
 - Merging of the reception and triage functions with call and contact centre operations to increase resolution at first point of contact.
- 4.2. These changes have enabled the release of staff up until mid-February 2014 in line with the transition plan. While the improvements in management have clearly had a positive impact on performance to date, the KPIs will provide clear and early warning of any issues arising as the staff reductions bed in during the second half of the first year.
- 4.3. The next stage in the transition plan is to develop quality assessment measures to ensure that the changes do not result in reduced quality of service to customers – both external customers calling or visiting the Council and internal customers who use the CSCG to manage customer contact. There are three separate components of quality assessment (in addition to the Council’s general complaints monitoring functions):
- A customer satisfaction survey every six months
 - Quality audits by service managers every quarter
 - The Govmetric benchmarking survey

Proposals are in place to implement the first two activities, the first of which is due in February 2014. The second will not formally start until the transition is complete in August but the process will be implemented in April to assess its functionality.

4.4. As these changes bed in the KPIs will provide clear and early indications of any 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.

4.5. 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.

4.6. 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, including Citizen Insight
- Channel shift from face-to-face and call contact to web-based interaction where this improves access to services and promotes efficiency.

CRM

5.2. The Customer Relationship Management System was due to be introduced during November but a variety of technical issues have delayed implementation. These relate to ICT matters primarily concerning the suitability of firewall arrangements. Alternative arrangements are being developed and short term solutions have been implemented to enable CSCG staff to undertake training on the CRM system.

5.3. The CRM system operates by drawing information from back office systems into one system to provide a 'single view of the customer'. This means that when customers contact the council all their details and transactions can be accessed quickly and easily by CSCG staff. The impact of the delays in CRM are minimal as staff continue to have access to back office systems with which they are familiar. The CRM system will bring benefits over time in terms of:

- improving the quality of interactions with customers
- reducing training for new staff who will only have to view one system which brings in data from back office systems.

5.4. However, the introduction of CRM is a key item within the agreed Service Improvement Plan and we will continue to monitor progress to ensure that the Council realises the full benefits of the contract.

5.5. The CRM system also forms a key component in the Citizen Insight part of the CRM project. This is the means by which the Council will bring together information about customers contacting the Council with data about citizens within Dacorum, whether they are contacting the Council or not. The combined database will support the Council's drive to increasing Evidence Based Decision Making (EBDM), which is being developed as a separate related project. A series of discussions have taken place to develop a specification for this combined database. The specification will be finalised and agreed in March.

Channel shift

5.6. Northgate have drafted a channel shift delivery plan which incorporates initial Citizen Insight findings using Mosaic data. The Council's own Web and Customer Access strategy, approved by Cabinet in June 2011, is being redrafted to incorporate the Northgate delivery proposals and a revised action plan for the Council's own web development plans. This has been timetabled for Cabinet in June and will be reported to the Committee at its next meeting.

5.7. In addition a Digital Inclusion project is being developed. This project is designed to address the difficulties for customers and residents, including

the Council's own tenants, who may not access to digital technology or have concerns about its use. There is a danger of reduced access to Council service for these groups as the channel shift work progresses and the project seeks to address this risk. A concept paper is due to be discussed at Corporate Management Team on 4 March.

- 5.8. A major component of the Channel Shift project is the introduction of Inform 360 – a script-based automated call system which enables customers to receive information and carry out some transactions outside of normal office hours.
- 5.9. The first service – Revenues and Benefits – went live on 9 December following agreement of the scripts to be used. Pest Control and Pollution followed at the end of January and scripts for refuse collection and Housing were released during February.
- 5.10. Following the Revenues and Benefits release, the impact on customers was monitored closely. Statistics collected at the time showed that between 9 December and 21 January:
 - 9114 calls were received by the Council
 - 3050 of these were transferred to agents
 - 66% of calls were therefore resolved by Inform.
- 5.11. 15 formal comments or complaints were received through the complaints system regarding the scripts. This amounts to 0.17% of the calls received. Some of the calls were about specific issues with the scripts which have been passed to Northgate to resolve. Others were of a general nature concerning the use of scripts and the desire to speak to an advisor. These have been acknowledged and, where appropriate, the rationale for the Channel Shift approach explained.

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 at the January Operational Board meeting.

CSCG issues and actions as at January 2014

Issue	Action taken
SLA IT Support and SLA for service	Discussion over service levels to take place. A draft OLA has been developed and has been shared with Ben Trueman. Meeting is being arranged for February to agree the content of the SLA.
Inform 360 Problems with the implementation of SIP trunks have delayed the implementation of Inform 360.	Council IT team are working with Integra to identify the cause of the problem, however to date they have not been able to understand what's causing the failure. This is crucial to be addressed as it may delay the final tranche of Inform 360. Daily calls have been implanted to support this closure
Inform 360 Environmental services	The issue has been escalated to Shane Flynn to resolve with group manager. Now resolved

have delayed giving sign off to scripts due to changes being made after the scripts were reviewed.	
CRM Unable to establish the connection between Dacorum and training server.	Discussions have been ongoing between Council IT and Northgate technical teams. Latest version of connect software is being installed.
CRM The lack of available ports in the Dacorum Firewall is preventing the BT connection being installed.	Dacorum ICT currently evaluating the situation and deciding on a suitable way forward.

7. Conclusion

7.1. The first six months of the contract have been positive, particularly in respect of improved performance against key targets. The introduction of Inform 360 and staff transitions represent the first major milestones in the transition programme and we need to continue to monitor the contract closely during the second half of the year and introduce quality measures. The appointment of a full time client-side officer will facilitate this.

