



AGENDA ITEM:

SUMMARY

Report for:	Finance & Resources Overview & Scrutiny Committee
Date of meeting:	4 June 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	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 The transition is now complete and therefore the additional security has been withdrawn.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</p>

	<p>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>
Glossary of acronyms and any other abbreviations used in this report:	<p>CSCG - Customer Service Centre and Gateway</p> <p>CSU - Customer Service Unit</p> <p>ITT - Invitation to Tender</p> <p>CRM - Customer Relationship Management System</p> <p>OLA - Operating Level Agreements</p> <p>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.

2. Financial monitoring

See separate presentation

3. Performance monitoring

3.1. Mark Housden has been appointed as the Commercial Contracts Lead Officer to manage the contract on a day to day operational basis with a focus on client side monitoring, assessment and management of the contract.

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

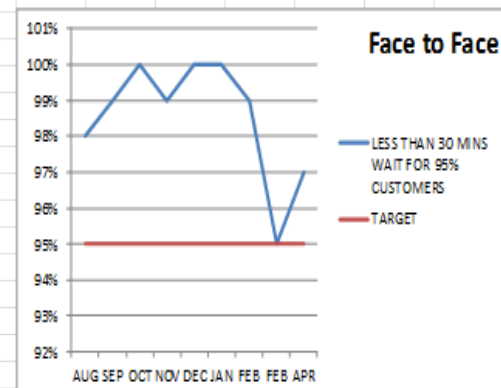
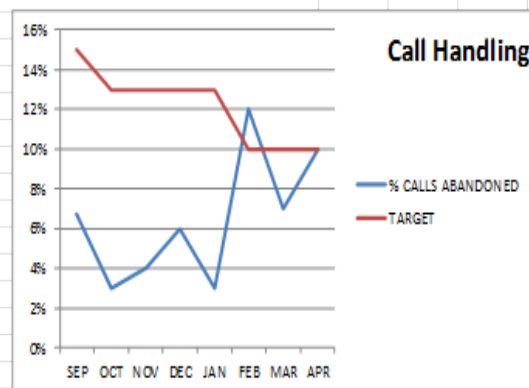
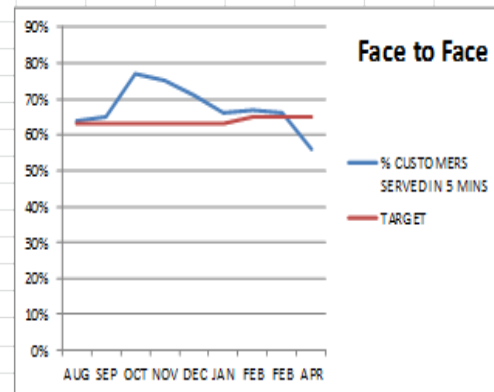
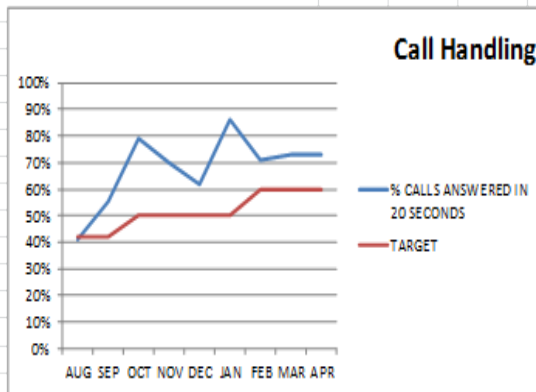
- Achievement against Key Performance Indicators (KPIs) for the preceding month and any service credits due
- Management issues
- Progress against the two core projects in the transformation programme: Customer Relationship Management (CRM) and channel shift
- Risk associated with the contract and delivery of the transformation programme.

3.3. A marked deterioration in performance during March and April was coupled with a large number of complaints from residents. Over a 100 formal complaints have been received and 340 negative comments passed to officers directly or through social media.

3.4. An extraordinary meeting of the CSU Strategic Board was held on the 15th May 2014 to review the exceptional number of complaints and review actions to improve the situation.

3.5. The KPI results for the contract are shown in the tables below. The percentage of calls abandoned missed the current target of 10% in February, reaching 12%, triggering a right to remedy

CALL HANDLING	TARGET Oct 13	TARGET Feb 14	TARGET Apr 14	AUG ACTUAL	SEP ACTUAL	OCT ACTUAL	NOV ACTUAL	DEC ACTUAL	JAN ACTUAL	FEB ACTUAL	MAR ACTUAL	APR ACTUAL
% CALLS ABANDONED	13%	10%	10.0%	14%	7%	3%	4%	6%	3%	12%	7%	10%
% CALLS ANSWERED IN 20 SECONDS	50%	60%	60%	41%	55%	79%	70%	62%	86%	71%	73%	73%
OPENING HOURS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
FACE TO FACE	TARGET Oct 13	TARGET Feb 14	TARGET Apr 14	AUG ACTUAL	SEP ACTUAL	OCT ACTUAL	NOV ACTUAL	DEC ACTUAL	JAN ACTUAL	FEB ACTUAL	MAR ACTUAL	APR ACTUAL
% CUSTOMERS SERVED IN 5 MINS	63%	65%	65%	64%	65%	77%	75%	71%	66%	67%	66%	56%
LESS THAN 30 MINS WAIT FOR 95% CUSTOMERS	95%	95%	95%	98%	99%	100%	99%	100%	100%	99%	95%	97%
OPENING HOURS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



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

- Average wait time: The current target increased to 65% in February 2014 and to 70% in May. This target was missed in April achieving only 56% triggering another right to remedy
- 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.

3.7. 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.

3.8. Other performance monitoring information is available under the terms of the contract but it is for monitoring purposes only. Average data for the period February 2014 to April 2014 is shown in the table below

Non-KPI Data, February 2014 – April 2014

Average wait time	54 seconds
Longest wait time	52 minutes
Average call length	3 minutes, 30 seconds
Enquiries resolved at first point of contact	92%
Staff utilisation	73%

4. Factors affecting performance

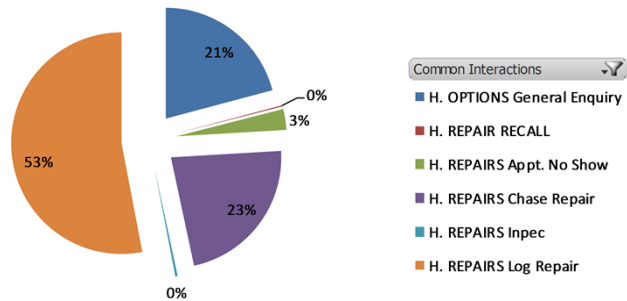
- 4.1. Over the period February to April performance deteriorated, reversing the previous improving trends. Customers are complaining about extended wait times, unable to get through to an adviser and being cut off. There have been approximately 100 official complaints and 340 comments made by customers received through staff. They are also complaining that some forms and information are not easy to find or not available online. Some are having difficulties making payments through the automated systems, preferring to speak to an adviser. An extraordinary meeting of the CSU Strategic Board was held on the 15th May 2014 to review the exceptional number of complaints and review actions to improve the situation.
- 4.2. There have been technical issues with the telephony system being unable to cope with the amount of traffic between DBCs telephony and Inform 360. Action was taken to introduce addition capacity in the system and into the call centre by putting a trunk line in place and switching capacity in the internal exchange so that lines into the call centre. In addition a replacement for the Braxtel system has been ordered and this provides live management information and additional functions and flexibility for the CSU operation.
- 4.3. All areas except for Planning have scripts on inform360 and in light of the complaints a review of Inform 360 scripts has been undertaken to reduce the length of time callers are in the system from the 8-9 minutes the was being experienced to 3- 4 minutes that was expected. Actions taken include
 - Reduction of complexity and the number of options offered to customers.
 - Additional options to speak to an adviser
 - The addition of Hot Keys also allows customers to navigate quickly through Inform 360 and these are now being included in communications to customers.
- 4.4. The impact of the staff reduction process with 5 staff being made redundant in mid February as per the agreed programme that took place prior to the technology and systems being proven
- 4.5. The difficulties with systems and staffing coincided with annual billing, benefits uplift and rent statements being issued in March. Incomplete reference numbers on some rent statements compounded the call levels
- 4.6. There has been a marked increase in the number of calls and face to face visits being recorded. A demand analysis of calls was undertaken during April to understand the nature of the demand and identifying whether it is value demand (e.g. a request for service) or failure demand (e.g. chasing up a previous request, or

querying the meaning of a communication received). This was to understand why customer contact is exceeding forecasted levels. The results are illustrated below.

Row Labels	Count of Common Interactions
H. OPTIONS General Enquiry	124
H. REPAIR RECALL	1
H. REPAIRS Appt. No Show	18
H. REPAIRS Chase Repair	134
H. REPAIRS Inpec	2
H. REPAIRS Log Repair	315
Grand Total	594
Failure Demand	
No show	3%
Chase repair	23%
Total Housing failure calls	26%

Count of Common Interactions

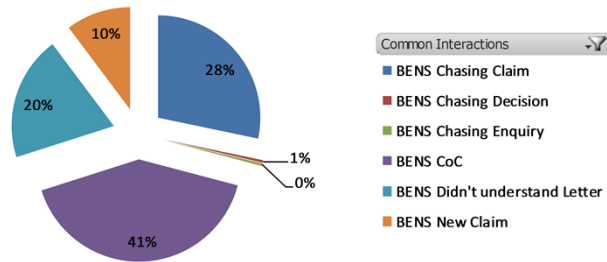
Housing



Row Labels	Count of Common Interactions
BENS Chasing Claim	69
BENS Chasing Decision	1
BENS Chasing Enquiry	1
BENS CoC	100
Letter	48
BENS New Claim	25
Grand Total	244
Failure Demand	
Chasing claim	28%
Not understanding letter	20%
Total Benefits failure calls	48%

Count of Common Interactions

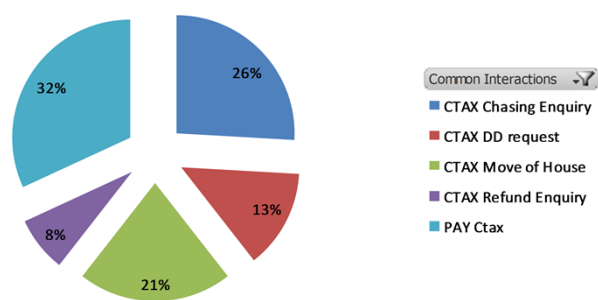
Benefits



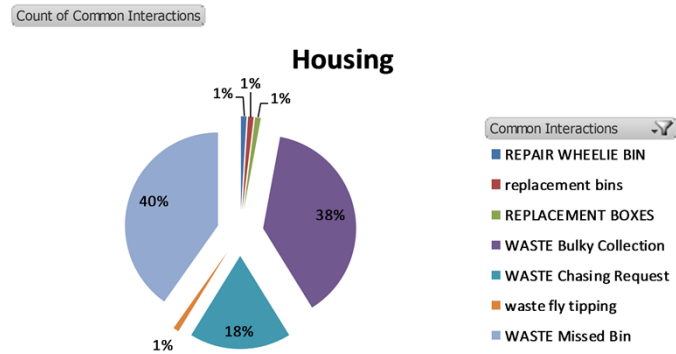
Row Labels	Count of Common Interactions
CTAX Chasing Enquiry	65
CTAX DD request	34
CTAX Move of House	53
CTAX Refund Enquiry	19
PAY Ctax	80
Grand Total	251
Failure Demand	
Chasing enquiry	26%
Total Revenues failure calls	26%

Count of Common Interactions

Revenues



Row Labels	Count of Common Interactions
REPAIR WHEELIE BIN	1
replacement bins	1
REPLACEMENT BOXES	1
WASTE Bulky Collection	39
WASTE Chasing Request	18
waste fly tipping	1
WASTE Missed Bin	41
Grand Total	102
Failure Demand	
Chasing request	18%
Missed bin	40%
Total Environment failure	58%



4.7. The analysis shows that the level of failure demand in service areas is extremely high, which is undoubtedly impacting on the level of customer demand.

4.8. In view of this increased call and face to face volumes and the current pressure on service levels, Northgate have increased the staffing levels by appointing an additional 3 staff. This will be reviewed in July once the Housing repair calls are transferred to Osborne Property Services.

4.9. A cross organisation Customer Focus project has been established to gain customer perspectives on service delivery and to deliver internal changes in support of channel shift and to reduce failure demand.

4.10. The key service developments during February to April were as follows:

- A restructured management team has been put in place with clear responsibilities to develop and deliver an enhanced service. A new Customer Services Manager has been appointed by Northgate.
- Significant management development and ongoing coaching has taken place to enable effective change and performance management to take place
- The implementation of multi-skilling across face to face and telephony enabling the management of resources effectively.
- Staff at Berkhamstead and Tring are now fully utilised supporting the wider contact centre team.
- The introduction of real time performance management, despite the limitations of the current QMATIC and telephony systems.
- The introduction of Inform 360 to assist in channel shift migration and reduce the cost envelope for the Council.
- Customer insight activity to review /position channel access strategies
- The recruitment of Modern apprentices to enable ongoing skills refresh and to promote access to employment for the 16-24 age group.
- Significant work in developing the CRM has taken place and although not able to be implemented at present
- Management of CSC related enquiries through social media has gone live with support from the Communications team.

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. The implementation date for this is now set for mid June.

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 is 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 once the system goes live.

Channel shift

5.5. This has been a significant area of activity for some time and has led to a number of outputs to date that are designed to increase the extent that services are shaped around customers needs and to increase access to services through increased use of the Council's website and other media:

- Web and Customer Access Strategy, November 2012 (2nd edition due May 2014)
- Re-launch of the website in April 2013
- The Customer Promise published in June 2013 and reproduced at: <http://www.dacorum.gov.uk/home/customer-promise>
- The inclusion in the CSCG contract with Northgate of Customer Relationship Management and Citizen Insight projects
- The development of a database of indicators of wellbeing and the Evidence Based Decision Making project
- The Digital Inclusion project
- Two-day leadership team development programme with customer focus as the central theme

5.6. Each component of this shift to digital access has to date been managed separately. The inclusion of related projects within the Northgate contract was designed to move things forward through a partnership approach. However, the contract has limited

objectives which relate to the impact of CRM and Channel Shift on the function of the Customer Services Centre rather than on the Council as a whole

- 5.7. A wider need has been recognised to engage all services and functions in the pursuit of increased customer focus. Therefore it is necessary to bring all of these strands together in a co-ordinated way and to establish the Customer Focus theme as central to departmental strategies and operational plans.
- 5.8. A cross organisation Customer Focus project has been established to gain customer perspectives on service delivery and to deliver internal changes in support of channel shift and to reduce failure demand.

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 May 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 is still taking place. A draft OLA has been developed and has been shared with Ben Trueman.
CRM Unable to establish the connection between Dacorum	A decision has been taken to replace the Firewall and procurement has commenced. A meeting took place between Ben Trueman and a Northgate technical expert, which has addressed Dacorum's concerns. The CRM implementation is likely to commence during June 2014. Discussions have been ongoing between Council IT and Northgate technical teams. Latest version of connect software is being installed.
Telephony	Business case agreed in January for replacement of the Braxtel system with integrated telephony system with improved functionality. Planned to be introduced in June 2014
Quematic	Proposal submitted to upgrade quematic system to improve customer access and reporting agreed and is due to be installed during May

7. Conclusion

- 7.1. This period has been a very difficult one with many changes being implemented and a significant rise in call levels beyond those expected resulting in the unprecedented levels of complaints. The stresses this has put on the organisation has highlighted many points of failure and these are now being addressed both by Northgate and within Dacorum through the Customer Focus project.
- 7.2. The immediate actions taken to improve the situation is already showing results and this will be monitored closely to ensure that this continues.