

**Open Report on behalf of
Judith Hetherington Smith, Chief Information and Commissioning Officer**

Report to:	Value for Money Scrutiny Committee
Date:	24 November 2015
Subject:	Contract Performance

Summary:

The service provided by Serco in the first 6 months has had a number of problems principally resulting from problems with implementation of Agresso. There is evidence of improvement but the satisfactory achievement of all contract KPIs is dependent on the continued resolution of issues with the implementation of Agresso.

Actions Required:

The Committee is asked to note the contents of this report.

1. Background

Serco took over delivery of People Management, Financial Administration, IMT and CSC services from 1 April 2015 following a year of transformation activity which included the implementation of the Agresso Business World ERP system to replace the SAP ERP system used by the previous contractor to provide Finance and People Management services.

Serco have had difficulties in delivering some services to the expected standards since April with particular problems resulting from the way in which Agresso Business World has been implemented and some other areas of technology transformation. The difficulties have led to problems including payments to staff and to suppliers of the Council and those maintained schools in Lincolnshire that have contracted with Serco and the Council for these services. The Council and these schools also have difficulties in accessing information about expenditure during 2015/16 as the ledger is not up to date and reports are only just becoming

available. The financial risk issues associated with these difficulties are being reviewed by the Council's Audit Committee.

This report is to provide contract performance information to enable the Value for Money Scrutiny Committee to fulfil their role in scrutinising performance of one of the Council's key contracts.

2. Performance

Appendix A to the report provides the KPI results for the period April to September, October's figures are currently being prepared. The contract has target service levels (TSL) and minimum service levels (MSL), when the contract was agreed it was anticipated that the minimum service levels should be capable of being met and the target service levels should be capable of being reached but may need service improvement to achieve this. Where the colour shows as green the target service level has been achieved and amber shows that the minimum service level has been achieved. Red shows that the minimum has not been achieved. The blue colour indicates a "glide" period; this means that at the start of the contract it was recognised that Serco could not realistically be expected to achieve the minimum service e.g. through lack of prior information or a dependency outside of Serco's control e.g. implementation of Mosaic; and it would take some time to reach a normal service. The performance is shown by service area.

3. People Management

The results for the People Management KPIs demonstrate the difficulties that the Agresso implementation has caused for payroll. For example, PM KPI 01 shows that there is a good record of paying staff on time, but the fact that many payments have not been correct and a number will have been emergency payments is demonstrated by PM KPI 02 not being achieved.

4. IMT

The IMT service area shows a steady improvement overall and user satisfaction remains high. The major issue is related to the delivery of new technology change projects and remedial technology transformation projects which are yet to be completed. Where data has not been provided, it is related to the monitoring of services being put into place, rather than an absence of service

5. CSC

The CSC was a transfer of an established and performant service area and the KPI results have, in the main, continued to demonstrate this.

6. Adult Care Finance

Adult Care finance is performing as expected in most areas, with KPI06 requiring significant improvement. Improvements have been made in quarter 2 on the availability of data and there is evidence of improvements in the area of financial assessments. Many of the adult care finance indicators are linked with the implementation of Mosaic and as such Serco have been unable to deliver all the required level of improvement across the KPI's. Additional glide has been applied

to KPI03 and KPI04 to allow for this and until Mosaic is implemented Serco cannot deliver the full requirements of KPI05 and KPI08. The poor performance on KPI06 is linked to the challenges Serco face with Agresso implementation. The data that is being produced is not yet robust enough to provide assurances that the level of performance is accurate. Serco have committed to undertake further remedial work on this by the end of the next reporting period.

An external audit by the Office for the Public Guardian took place last month for the Court of Protection service. Excellent feedback was received from the audit team in relation to the Court of Protection service delivery.

7. Financial Administration

The performance of the financial administration service demonstrates the dependence on the Agresso implementation with F KPI 02 showing that regular payment runs are being made, but F KPI 01 demonstrating the difficulties in achieving timely and correct payments to all suppliers. Similar to ACF KPI 06, debt collection remains an area where improvement is required.

8. Conclusion

A number of services are performing well and there is evidence of improvement in performance in others. Continued resolution of issues with the implementation of Agresso remains critical to achieving the expected service levels in all areas.

9. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Judith Hetherington Smith who can be contacted on 01522 553603 or at Judith.hetheingtonsmith@lincolnshire.gov.uk.

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