Lincolnshire
COUNTY COUNCIL
Working for a better future

Open Report on behalf of Judith Hetherington Smith (Chief Information and Commissioning Officer)	
Report to:	**Value for Money Scrutiny Committee**
Date:	**26 April 2016**
Subject:	**Performance of the Corporate Support Services Contract**

Summary:

This report provides an update of Serco's performance against contractual Key Performance Indicators for January and February 2016. Performance for March 2016 is still being reviewed at the time of writing this report.

Overall performance levels have fluctuated, improving in January and falling back in February although this deterioration was in some part due to the malware incident which created issues particularly in the CSC and IMT service areas.

A review of the KPI measures is being undertaken jointly by Serco and LCC with a view to potentially amend them if any could be improved upon either in terms of the KPI itself or how it is measured. It is important that KPIs are kept relevant throughout the life of the contract and an annual review is expected.

Actions Required:

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

1. Background

This report is to provide an update of the contract performance information to enable the Value for Money Scrutiny Committee to fulfil its 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 2015 to February 2016, March 2016 KPI performance figures are being prepared at the time of writing this report.

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. It is fair to say that the Council recognised from the outset that the agreed KPIs would be challenging for Serco and that has proved to be the case, they are substantially different to the previous contract with Mouchel. Where the colour shows as green the target service level has been achieved, amber shows that the minimum service level has been achieved and red shows that the minimum service level has not been achieved.

The contract requires Serco to produce consistent, timely, high quality, reliable information to verify its performance against the Key Performance Indicators and makes it clear that a failure to do so is to be regarded as a failure to meet the Minimum Service Level concerned. This should not be overly onerous as Serco is experienced at reporting on KPIs, the number of KPIs has been kept to a minimum and Serco has been aware of these KPIs since the contract was signed in March 2014. Consequently where Serco do not provide sufficient performance data to establish that the required service levels have been met or where the performance data is considered to be unreliable those KPIs affected are allocated a red status i.e. minimum service level has not been achieved. These KPIs are recorded as "data not available" in Appendix A as shorthand for "data not available in the form required by the contract".

A year into the contract the Council and Serco are reviewing all of the KPIs to see which if any could be improved upon either in terms of the KPI itself or how it is measured. There is still work to be done on this but it is possible that within the next few months the number of incidents of "data not available" will reduce as improved measurement arrangements may be available.

The blue colour indicates that for that month there is a, mitigation event i.e. there are good reasons for not measuring the KPI for the purpose of measuring service credits. Mitigation might arise because of a dependency outside of Serco's control e.g. implementation of Mosaic. By way of a further example at the outset of the contract a mitigation period was agreed for the IMT KPIs recognising the sheer volume of transition activity necessary for this most complex service. Where the Council has performance levels for KPIs in mitigation, it is shown in Appendix A. Over recent months where the KPI has not been measured for the purpose of measuring service credits it has been designated as "mitigation agreed" earlier in the contract period we used the term "not measured" they mean the same.

Additionally, in previous VFM reports, a number of KPIs (between October 2015 and January 2016) had been shown as 'Under review'. This was where LCC's rejection of the KPI performance figure was contested by Serco. A review has since been undertaken of all these instances and the Authority is satisfied that

these can now be classed as 'Data not available' as described in the second paragraph above.

A major Incident occurred towards the end of January which impacted services and the ability report KPIs from 26 – 31 January 2016. For the January KPI process, LCC have agreed a request to allow Finance and People Management services to only report from 1st January up the point of the systems being taken off-line on the 26th January. The CSC utilised its Business Continuity processes and this has allowed the reporting of performance over the entirety of January including the outage period. February's KPI process included the entire month's data for all services.

The KPIs affect the monthly contract payment and are therefore reviewed as part of the payment cycle. The KPI service levels and the supporting data are made available to the Council by Serco on the 5th working day of the month. This is followed by the volumetric data supplied by Serco on the 10th working day. The Council's service leads review the data with Serco and each service area has its own service review meeting. The service leads supported by the contract management team then determine whether the KPI data is of a reasonable quality and reliable. Where there are shortcomings in the data and where there is time the Council will give Serco the opportunity to improve on it. However time is tight as the Council needs to finalise the monthly payment by the 15th business day of the month to meet the contract timelines.

Table 1 below provides summary performance statistics of the 43 KPIs used to measure all of the service areas for the period November to February with reference to the target service levels and the minimum service levels.

Table 1: Overall KPI Summary Performance

Overall KPI Performance Level	November 2015 (No of KPIs)	December 2015 (No of KPIs)	January 2016 (no of KPIs)	February 2016 no of KPIs)
Target Service Level achieved	23	27	30	24
Minimum Service Level achieved	7	5	3	8
Below Minimum Service Level	11	9	9	9
Mitigation Agreed	2	2	1	2
TOTAL	43	43	43	43

3. People Management (PM)

Table 2 below shows the summary KPI performance for the People Management (PM) service.

Table 2: PM KPI Summary Performance

PM KPI Performance Level	November 2015 (No of KPIs)	December 2015 (No of KPIs)	January 2016 (no of KPIs)	February 2016 no of KPIs)
Target Service Level achieved	3	5	5	4
Minimum Service Level achieved	1	0	0	1
Below Minimum Service Level	5	4	4	4
Mitigation Agreed	1	1	1	1
TOTAL	10	10	10	10

The KPI performance for people management in January was the same as for December. However in February performance compared to January had fallen very slightly. Four of the ten KPIs measured are meeting their target service level (in January it was five), four continue to be below the minimum service level the same as for December/January with one KPI meeting the minimum service level compared to none in December/January. There remains one KPI in mitigation for the entire period.

A summary position on the red status People Management KPIs is provided below:

- PM_KPI_02 – remains unreportable as auditable data is not yet available. Whilst this continues to be the case the Council can only have limited confidence that the significant problems experienced with payroll are behind us. Each and every payment error has the potential to cause significant distress and harm to individuals

- PM_KPI_03 – Serco have not submitted data for this KPI in January or February and as such is recorded a 'Data not available'. There are ongoing issues with pension pay over data (quality and timing issues) that Serco and LCC senior management are working on to resolve. The HMRC RTI submissions are now completely up-to-date and a process has been established to ensure that these will continue to be submitted on a month to month basis. Serco will need to evidence General Ledger posting and reconciliation is correct before the KPI is agreed/signed off.

The following two measures (04, 05) are currently under consideration by LCC and will be subject to discussion as part of the wider KPI review.

- PM_KPI_04 – the KPI sets out service levels for avoidable contacts but as yet there is insufficient information identifying on what basis the calls have been categorised as avoidable contacts. This KPI is a good measure of the effectiveness and efficiency of Serco services. Without this information the Council is unable to judge how much or little time is expended unnecessarily in seeking out PM services.

- PM_KPI_05 – this KPI sets out service levels for first contact resolution and the supporting data containing details of contacts which were not resolved at the first point of contact is not complete. This KPI helps to measure whether Serco has adopted and properly resourced its Help Desk service delivery model where calls are segmented into tiers so that that they are dealt with quickly and efficiently.

PM_KPI_08 is designated as being in mitigation because of the low number of survey returns not satisfying the minimum number (20) specified within the book of measures. It was felt a minimum number of survey returns was needed to ensure KPI result was robust. This KPI is subject to the KPI review in which this issue will be addressed subject to agreement.

Serco report some improvement in other payroll statistics based on the number of contacts received in month by Serco declining as detailed in table 3 below:

Table 3: Payroll contacts received by Serco

Payroll Contacts Received by Serco	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016*
Corporate (Resolved/Outstanding)	**744** (742/2)	**425** (423/2)	**468** (464/4)	**554** (543/11)	**263** (220/43)
Schools (Resolved/Outstanding)	**500** (500/0)	**407** (404/3)	**387** (381/6)	**526** (490/36)	**433** (292/141)
TOTAL (Resolved/Outstanding)	**1244** (1242/2)	**832** (827/5)	**855** (845/10)	**1080** (1033/47)	**696** (512/184)

*Payroll statistics for March 2016 are still being collated so these may change

In February there was a spike in contacts due to the submission of an HMRC RTI report that resulted in a number of staff receiving notices of tax code changes.

Of the contacts contained in the table above, Serco advise that approximately two thirds of these contacts are business as usual advice and guidance enquiries and do not represent payroll errors. Of the remaining one third issues still remain with payroll under/over payments, pension deductions and over-time payments.

Audits are currently underway in the Payroll service by both LCC and external auditors who looking at controls and accuracy of employee salaries. This work will continue over the coming months and will be reported to the Audit Committee.

4. Information Management Technology (IMT)

Table 4 below shows the summary KPI performance for the Information Management Technology (IMT) service.

Table 4: IMT KPI Summary Performance

IMT KPI Performance Level	November 2015 (No of KPIs)	December 2015 (No of KPIs)	January 2016 (no of KPIs)	February 2016 no of KPIs)
Target Service Level achieved	6	6	8	5
Minimum Service Level achieved	4	4	2	5
Below Minimum Service Level	2	2	2	2
Mitigation Agreed	0	0	0	0
TOTAL	12	12	12	12

The January KPI performance results for IMT are a slight improvement on the December position with two more green KPIs (both having previously being amber) in January than December.

However there has been deterioration in the performance in February from January, with three green KPIs slipping back into amber i.e. still meeting Minimum Service Levels. This has been contributed to at least in part by the malware incident in January which resulted in an influx of calls and a backlog to deal with.

A summary position on the red status IMT KPIs in February is provided below:

- IMT_KPI_09 remains dependant on the implementation of an agreed IT Service Catalogue which details all of the activity which can be requested by users and details the fulfilment time targets for these. Work is on-going and significant collaboration continues, but whilst it was hoped that this would be available in April a firm timescale for completion remains to be confirmed. Until performance data is available the Council cannot confirm that it is receiving a timely service.

- IMT_KPI_11 is not currently able to be monitored as the supporting processes and data capture is not yet in place. In addition, a number of projects remain without agreed milestone dates to enable accurate monitoring to be undertaken; these are mainly the Remedial Transformation projects reviewed by the Members Recovery Group. Progress is being made but is disappointingly slow and it is now unlikely that the work to confirm milestones will be completed before May 2016. This is of concern because

without the project plans the contracted for technology transformation cannot take place and without the transformation the Council is unable to make much needed efficiencies.

A summary position of the three KPIs which moved to amber in February from green in January;

- IMT_KPI_01 – the TSL is 100% which is difficult to achieve as even minor outages of email, telephony or IT system pertaining to the recording and managing of incidents will mean the TSL is missed. Performance of the KPI in February was still high at 99.69%. The measurement of this KPI is being reviewed.

- IMT_KPI_04 – this KPI relates to VIP incidents not resolved within resolution time of 2 hours. Of the three failed tickets this month, one was failed due to a fire alarm at TPH and another because all available resources were working on the ongoing recovery for all customers caused by the IT outage at the end of January.

- IMT_KPI_10 is an extremely demanding KPI which is focussed on ensuring accurate asset management. On this occasion a single project failed to undertake activity which had a detrimental impact. This is one of the KPIs that is being reviewed to consider allowing the IT Service Provider with a longer timescale to undertake these activities whilst still meeting the needs of the Council.

In general, the Council IT systems remain in a period of change as the data centre migration continues and Serco bring on-board the new staffing and systems required to meet the demands of the contract. Throughout this time the response to IT Incidents, supported by the User Satisfaction responses, remains positive.

5. Customer Service Centre (CSC)

Table 5 below shows the summary KPI performance for the Customer Services Centre (CSC).

Table 5: CSC KPI Summary Performance

CSC KPI Performance Level	November 2015 (No of KPIs)	December 2015 (No of KPIs)	January 2016 (no of KPIs)	February 2016 no of KPIs)
Target Service Level achieved	6	8	9	7
Minimum Service Level achieved	1	0	0	1
Below Minimum Service Level	1	0	0	0
Mitigation Agreed	1	1	0	1
TOTAL	9	9	9	9

In December the CSC service met all measured KPI target service levels (except for one KPI which was in mitigation), the first time a service area had achieved this since service commencement in April 2015. This was maintained and effectively improved upon in January as all nine KPIs were measured (in December one had been in mitigation) and all target service levels were met.

In February performance slipped slightly with CSC_KPI _04 Abandoned Calls turning from green to amber. This was largely as a result of an influx of calls as a result of the malware incident with over 1800 more calls than forecast received in the first week of February. In spite of this, the percentage of abandoned calls at 7.5% across the month was only slightly above the target service level of 7%.

The Abandoned Calls KPI is a traditional CSC measure and ensures that the service is properly resourced. The target service level of 7% and the minimum service level of 10% is a balance between the speed of response and the cost of the required resourcing levels. It is encouraging to note that the customer experience is still rated highly at these levels of call abandonment.

In February, of the nine CSC KPI measures, seven met their target, one met its minimum service level and the other was designated as being in mitigation.

The mitigation arises as it has been agreed that the CSC_KPI_08 will be measured on a quarterly, rather than monthly basis to allow a greater number of survey returns to be captured to ensure a more representative result. The performance of this KPI will next be reported on in March 2016 (at the end of Q4).

Customer Experience as measured by CSC_KPI_07 remains high, running at 97.65% in February well above the rates inherited from the Council (an average of 89% in 2014/15) in spite of additional calls.

6. Adult Care Finance (ACF)

Table 6 below shows the summary KPI performance for the Adult Care Finance (ACF) service.

Table 6: ACF KPI Summary Performance

ACF KPI Performance Level	November 2015 (No of KPIs)	December 2015 (No of KPIs)	January 2016 (no of KPIs)	February 2016 no of KPIs)
Target Service Level achieved	7	7	7	7
Minimum Service Level achieved	1	1	1	0
Below Minimum Service Level	1	1	1	2
Mitigation Agreed	0	0	0	0
TOTAL	9	9	9	9

The majority of ACF KPI results continue to demonstrate good performance and January's achievement against the KPIs is the same as December's. In January of the nine ACF KPIs measured, seven met their target service levels, one met the minimum service level and one is below its minimum service level.

In February performance dipped slightly with seven of the KPIs meeting their target service levels and two below their minimum service levels.

A summary position on the red status ACF KPI is provided below;

- ACF_KPI_05. This KPI was adversely impacted by the processing days that were lost during the systems downtime at the end of January and the knock on effect of processing these outstanding tasks. This was exacerbated by gaps in the adult care payments team which have now been filled. A failure to comply with this KPI delays direct payments to service users.

- The performance data for ACF_KPI_06 Adult Care Income Due collected more than 28 days old at 89.73% is well over the target service level at 5% and the minimum service level at 10%. Further work needs to be carried out to ensure that the data is effectively measuring income collection and this is being looked at as part of the KPI review. This is an important KPI to the Council as it measures how effective Serco are at collecting the income they assess. The amount of Adult Care Income is in the region of £34-£35m p.a. and does therefore have a significant impact on the Council's budget.

It is encouraging to note that ACF_KPI_03 Financial Assessments for Non-Residential Care completed within 15 Business Days and ACF_KPI_04 Financial

Assessments for Residential Care completed within 15 Business Days continue to do well with service levels improving since the last report in December from 65.57% to 85.01% and 76.43% to 77.71% respectively. The Council's previous arrangements allowed up to 42 days and Serco's performance is a significant improvement. As care costs cannot be retrospectively charged for, this reduction in assessment time should mean that the council receives income for care earlier increasing the total income collected.

7. Financial Administration

Table 7 below shows the summary KPI performance for the Finance Service.

Table 7: Finance KPI Summary Performance

Finance KPI Performance Level	November 2015 (No of KPIs)	December 2015 (No of KPIs)	January 2016 (no of KPIs)	February 2016 no of KPIs)
Target Service Level achieved	1	1	1	1
Minimum Service Level achieved	0	0	0	1
Below Minimum Service Level	2	2	2	1
Mitigation Agreed	0	0	0	0
TOTAL	3	3	3	3

In January the KPI performance results were the same as for December with two KPIs failing to meet the minimum service levels with one KPI meeting the minimum service level.

In February there has been an improvement with F_KPI_03 moving from red to amber.

A summary position on the red status ACF KPI is provided below;

- F_KPI_01 invoice payments in the month totalled approximately 27,000 in number and Serco ascribe their failure to meet the KPI service levels at least in part to the fact that the council has a significant proportion of its payments approximately 9,000 on zero day (immediate) payment terms. The treatment of immediate payment terms is being looked at as part of the KPI review. This KPI is important as a failure to be able to pay bills on time leads to operational difficulties, significant damage to the Council's reputation and in some cases huge detrimental impact on suppliers and other creditors.

- F_KPI_03 has improved over the February period and is now meeting the minimum service level the best performance level seen since go-live although it still falls a long way short of the target service level. This KPI matters particular in times of austerity as the Council needs to maximise the recovery of all income.

The other finance KPI (F_KPI_02) remains at its target service level of 100%.

8. Mouchel Contract Key Performance Indicators

A request was made by the VFM committee members in its February meeting to have a comparison between the indicators set for Serco and the indicators measured prior to the implementation of the Serco contract.

Appendix B contains a list of the Key Performance Indicators that Mouchel were measured against in its contract with the council. Members will note that the range and scope of these KPIs are different to those specified in the Serco contract.

Firstly, the range of services provided by Mouchel was different, they included health and safety advisory and property services, and the Serco contract contains neither of these services. There are also a number of accountancy KPIs, this service is now undertaken by the Council.

Secondly, where KPIs have similar descriptors between the Mouchel and Serco contracts, LCC Service Leads have indicated that the scope/method for measurement is not always consistent. For instance on Social Care Assessments, the KPI under the Mouchel contract only measured that Mouchel input a completed form into the system (the form having been previously completed by an LCC adult care practitioner or customer finance team member). Under the Serco contract the completion of the form and gathering of the evidence now sits entirely with Serco as well as inputting to the system.

As such, direct comparison between the two sets of KPIs would not be possible and would provide a false and misleading impression to the committee.

9. Conclusion

Overall the CSS Contract KPI performance levels improved in January 2016 (compared to December 2015) but fell back in February 2016 in some part due to the malware incident/IT outage. The outage had a knock on effect on KPIs in both IMT and CSC services as a result of dealing with an influx of calls and a backlog within the service areas.

Audits are underway in the Payroll services looking at controls and accuracy of employee salaries. This work will continue over the coming months.

LCC and Serco have agreed to review the current KPI measures with a plan to start negotiations of changes in April.

10. Background Papers

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

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