Lincolnshire
COUNTY COUNCIL
Working for a better future

Policy and Scrutiny

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

Report to:	**Value for Money Scrutiny Committee**
Date:	**26 July 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 May 2016. Performance for June 2016 is still being reviewed at the time of writing this report but will be provided to the Value for Money Scrutiny Committee prior to the meeting as an addendum report.

Actions Required:

The Committee is asked to consider and comment 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 detailed Key Performance Indicators (KPIs) results for the previous 12 months of service delivery (June 2015 to May 2016) broken down by service area. June 2016 KPI performance figures are being prepared at the time of writing this report but will be provided to the Value for Money Scrutiny Committee prior to the meeting as an addendum report.

At the June 2016 Value for Money Scrutiny Committee meeting, a request was made that Appendix A should be amended to show which of the 43 KPIs were not in Serco's sole control and had some element of joint responsibility. This was following discussion of F_KPI_01, '*percentage of undisputed invoices paid in each month in accordance with the vendor terms'*, where performance had been negatively affected by LCC staff not authorising invoice payments in a timely fashion. Serco have reviewed the KPIs on this basis and confirmed that only

F_KPI_01 is effected in this way. As such, the appendix format has not been amended as this is an isolated case.

Table 1 below provides summary red/amber/green (RAG) status of the 43 KPIs used to measure all of the service areas for the period February 2016 to May 2016. Red status indicates that Serco's performance against the KPI has failed to meet Minimum Service Levels (MSL) set out under the Corporate Support Services (CSS) Contract, amber status indicates a failure to meet the Target Service Levels (TSL), and green indicates that Serco's performance as measured against the KPI has either met or exceeded the TSL.

Table 1: Overall KPI Summary Performance

Overall KPI Performance Level (RAG Status)	February 2016 (no of KPIs)	March 2016 (no of KPIs)	April 2016 (no of KPIs)	May 2016 (no of KPIs)
Target Service Level achieved	24	25	27	28
Minimum Service Level achieved	8	8	7	4
Below Minimum Service Level	9	9	7	9
Mitigation Agreed	2	1	2	2
TOTAL	43	43	43	43

Table 8, in section 8 of this report, sets out all of the KPIs which have failed to meet the MSL in May and the effect the failure has on the Council. Additionally table 9, in section 9 of this report, sets out the background and reasons for LCC granting mitigation relief on two KPIs in May 2016.

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	February 2016 (no of KPIs)	March 2016 (no of KPIs)	April 2016 (no of KPIs)	May 2016 (no of KPIs)
Target Service Level achieved	4	5	4	3
Minimum Service Level achieved	1	0	1	2
Below Minimum Service Level	4	4	4	4
Mitigation Agreed	1	1	1	1
TOTAL	10	10	10	10

The KPI performance for the PM service in May 2016 was fairly static when compared to April although one KPI did move from green to amber status:

- PM_KPI_01 (*percentage of Payroll Recipients paid on the Payment Date per month)* slipped below the TSL, having exceeded it in April, with a result of 99.76% in May against a TSL of 99.9%.

The four KPIs that did not meet their MSL in May have been in this position since contract commencement in April 2015. For three of these four red status KPIs (PM_KPI_02, 04 & 05), they remain as fails due to disagreement between the Council and Serco in the way that they are measured. It is expected that this will be resolved through the KPI review process.

PM_KPI_03, *percentage of Payment Deductions paid within Third Party Payment Date per month,* remained red (96.88%) due to an ongoing issue effecting HMRC RTI process. Serco are working to resolve this issue.

PM_KPI_08 remains in mitigation due to the low level of survey returns being returned. To measure this KPI a minimum of 20 survey returns per month has been stipulated, anything below this minimum number is considered too small a sample to provide a robust/representative result.

Payroll

Table 3 shows the payroll contact statistics as of 4th July 2016 received by Serco. The table details the contacts made by corporate staff and schools staff separately and then provides a total of the two sections. Additionally the table provides detail of how many of the contacts received have been resolved and what number remain outstanding. The final row of the table provides an overall resolution rate for contacts received for both schools and corporate staff.

Table 3: Payroll contacts received by Serco

Payroll Contacts Received by Serco	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	April 2016	May 2016	June 2016
Corporate Contacts (of which Resolved / Outstanding)	746 (743/3)	427 (426/1)	468 (466/2)	556 (546/10)	547 (518/29)	545 (492/53)	488 (409/79)	159* (62/97)
School Contacts (of which Resolved / Outstanding)	500 (500/0)	407 (407/0)	388 (388/0)	555 (549/6)	835 (659/176)	867 (471/396)	477 (227/250)	114* (11/103)
Total Contacts (of which Resolved / Outstanding)	1246 (1243/3)	834 (833/1)	856 (854/2)	1111 (1095/16)	1382 (1177/205)	1412 (963/449)	965 (636/329)	273* (73/200)
Overall Resolution Rate (%)	99.75	99.88	99.76	98.55	85.16	68.20	65.90	26.73*

*Payroll statistics for June 2016 are still being collated so these figures are subject to change

Overall, since November, there are 1,205 cases that remain outstanding.

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	February 2016 (no of KPIs)	March 2016 (no of KPIs)	April 2016 (no of KPIs)	May 2016 (no of KPIs)
Target Service Level achieved	5	3	6	6
Minimum Service Level achieved	5	6	4	2
Below Minimum Service Level	2	3	2	4
Mitigation Agreed	0	0	0	0
TOTAL	12	12	12	12

IMT performance in May ended in two additional KPIs missing their MSL targets, both having met their MSL (amber status) in April.

- IMT_KPI_02 – Six (6) 'Priority 1 Incidents' were not resolved within the contracted resolution time meaning the KPI performance missed the MSL of five (5) such failures or less.
- IMT_KPI_05 – The number of 'Priority 1 Incidents' rose to ten (10) in May meaning the KPI performance missed the MSL of five (5) incidents or less

Additionally IMT_KPI_07 (percentage Availability of Platinum Applications and Specified Services) suffered a marginal failure (99.73%) against the TSL (99.8%) meaning it moved from green to amber status.

However IMT_KPI_06, the number of Priority 2 Incidents reported to service desk, saw a significant improvement with reported incidents reducing from five (5) in April to zero (0) in May, moving from amber to green status.

5. Customer Service Centre (CSC)

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

Table 5: CSC KPI Summary Performance

CSC KPI Performance Level	February 2016 (no of KPIs)	March 2016 (no of KPIs)	April 2016 (no of KPIs)	May 2016 (no of KPIs)
Target Service Level achieved	7	8	7	8
Minimum Service Level achieved	1	1	1	0
Below Minimum Service Level	0	0	0	0
Mitigation Agreed	1	0	1	1
TOTAL	9	9	9	9

It is noted by LCC that Serco have been flexible in how they are working to aid with the transition of LCC's new contract with Carers First. LCC had asked that carers be given the option of holding assessments 'back' during the last month of decommissioned contracts and the first weeks of the Carers First contract. As a result of this some of the control which Serco were able to exercise in scheduling Carers Support Assessment has been temporarily affected, coupled with a temporary increase in demand. In recognition of this LCC has given Serco partial relief against CSC_KPI_09 by reducing TSL to 95% (from 100%) and MSL to 90% (from 100%) for the months of May, June and July 2016.

CSC_KPI_04, *percentage of total calls that are abandoned calls*, improved from amber in April to green in May with a result of 6.12% against the TSL of 7%. Customer Experience as measured by CSC_KPI_07 remains high at 96.56%.

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	February 2016 (no of KPIs)	March 2016 (no of KPIs)	April 2016 (no of KPIs)	May 2016 (no of KPIs)
Target Service Level achieved	7	8	8	9
Minimum Service Level achieved	0	0	1	0
Below Minimum Service Level	2	1	0	0
Mitigation Agreed	0	0	0	0
TOTAL	9	9	9	9

In April the Council introduced a new Contributions Policy for Adult Care. Serco worked exceptionally well with the Council to support its introduction. During May this new policy, brought in by the Council, caused an increase of over 400 outbound calls to be made to service users by Serco on the Council's behalf. This meant that Serco's assessment team was unable to maintain its usual high standard in completing financial assessments and the Council has agreed to reduce the target for May as it set different priorities for Serco during that month. The KPI will return to normal for June.

Taking account of the above, in May, Serco's performance against all nine ACF KPIs met or exceeded the agreed TSLs for the month.

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	February 2016 (no of KPIs)	March 2016 (no of KPIs)	April 2016 (no of KPIs)	May 2016 (no of KPIs)
Target Service Level achieved	1	1	2	2
Minimum Service Level achieved	1	1	0	0
Below Minimum Service Level	1	1	1	1
Mitigation Agreed	0	0	0	0
TOTAL	3	3	3	3

In May, Serco maintained their performance seen in April, which had been their best since contract commencement, meeting two of the three TSLs for the Finance service KPIs.

The remaining KPI (F_KPI_01) remains in red status (55.73%) and is still some way off meeting its TSL of 95%. The performance result for this failed KPI is negatively affected by LCC staff not authorising invoices in a timely fashion. There are consistently 3,500 to 5,500 invoices moving around the workflow process at any one time which are held outside of Serco's control.

Serco have recently been able to provide weekly reports to LCC showing where invoices are being held-up by LCC staff. This information will be used to improve invoice payment times but reaching the TSL still remains a challenging target due to invoices with zero day payment terms. Changes to this KPI will be considered as part of the KPI review.

8. KPI Performance failure - Effect on LCC Services

The table below tabulates the effect on LCC Service provision for the KPIs where MSL was not achieved in May 2016.

Table 8: Effect on LCC Services where performance measured against a KPI has failed to meet MSL

Failed KPI (May 2016)	Short Description	Effect of performance failure on LCC	Estimated date for resolution
PM_KPI_02	% of errors in Payments (caused by the Service Provider) identified and resolved per month	The Service Provider is unable to provide full assurance to the Council that it is providing an accurate, timely and comprehensive Payroll service for the staff of the Council and therefore this leads to the Council not fulfilling all of the payroll statutory obligations in connection to the employment and payments of its workforce.	Part of the KPI Review; September 2016 for reporting in October
PM_KPI_03	% of Payment Deductions paid within Third Party Payment Date per month	The Service Provider is unable to provide full assurance to the Council that it is providing an accurate, timely and comprehensive Payroll service for the staff of the Council and therefore this leads to the Council not fulfilling all of the payroll statutory obligations in connection to the employment and payments of its workforce. This has especially been the case in relation to pay-overs to HMRC and various Pensions providers. The only remaining issue is to implement the regular running of the regular HMRC pay over. The Service Provider is focussed on gaining a resolution to this and are working very closely with the Agresso suppliers to reach a resolution	Awaiting resolution from Agresso suppliers, estimated date TBC
PM_KPI_04	% Avoidable People Management Contact Rate per month	The method/process to capture evidence for Avoidable Contact has not been agreed between parties. The effect this has on the Council is that it is unable to measure how the Service Provider is performing in relation to the development and maintenance of an efficient and effective interface between the Council's managers and staff and the Service Provider. Furthermore the Council is unable to monitor whether or not standardised processes are being utilised and if employees and managers are effectively using the self-service; as this would ultimately lead to continuous improvement of the service in terms of effectiveness and value for money	Part of the KPI Review; September 2016 for reporting in October

Failed KPI (May 2016)	Short Description	Effect of performance failure on LCC	Estimated date for resolution
PM_KPI_05	% People Management First Contact Resolution Rate per month	The measurement of this KPI is not agreed. The Council is clear that first contact must be just that, so that the call is not passed back to Serco or LCC back office to be answered or for fulfilment activity. Without agreement the KPI defaults to failure. The effect this has on the Council is that it is unable to measure how the Service Provider is performing in relation to the development and maintenance of an efficient and effective interface between the Council's managers and staff and the Service Provider.	Part of the KPI Review; September 2016 for reporting in October
IMT_KPI_02	Priority 1 Incidents not Resolved within Resolution Time	This KPI relates to issues with any Systems or Services which are considered to be Critical to service delivery, reputationally damaging or effecting a large number of people. Due to the impact of these issues, there is a Contractual timescale for these to be fixed within, currently two hours. It should be noted that any issues which are outside of the IT Service Provider's control are removed from the figures each month by mutual agreement. As a result, this KPI reflects issues which took longer than two hours to fix, and therefore prolonged any impact to the Council beyond Contract expectations. The impact of each outage will be unique to the Incident.	Incidents failed due to 3rd Party SunGard. Improvement plans have been implemented to ensure the issue does not occur again. Platinum system failed 4 times, an agreed plan is now in place assist in the patches required to the system
IMT_KPI_05	Number of Priority 1 Incidents reported to Service Desk	Priority 1 Incidents are related to where systems which are considered critical to the services which are unavailable, or a high number of people are affected by an IT issue. The IT issues counted by this KPI effectively prevent key Council services from being delivered. The number of outages has a dramatic effect on the Council's ability to deliver services and may have reputational consequences.	Incidents failed due to 3rd Party SunGard. Improvement plans have been implemented to ensure the issue does not occur again. Platinum system failed 4 times, an agreed plan is now in place assist in the patches required to the system

Failed KPI (May 2016)	Short Description	Effect of performance failure on LCC	Estimated date for resolution
IMT_KPI_09	% Achievement of Service Request Fulfilment within Service Request Fulfilment Time	Within the Contract a number of change requests, that are paid for within the Contract price, should be listed and the fulfilment targets known. Without these being documented the Council may not be receiving the full set of these services, and service areas may have elongated periods to wait before IT requests are fulfilled. These small changes can have a dramatic impact on day to day operations and key activities such as access to systems, office movements and day to day support cannot be depended upon.	It is estimated expected that this KPI will be reported on for the month of August
IMT_KPI_11	% of project milestones achieved each month	This KPI measures the delivery of IT projects with appropriate governance, and that they are delivered on time. Due to the complexity of IT, in many cases the delay on one project can have a detrimental effect on many others. At present the project delivery team are working towards delivering this overarching view of dependencies which will allow the Council to have the assurance it requires. Many of these dates are in the process of being developed and agreed with the Council. Many service areas are dependent on key projects to bring efficiencies to bear and to reduce operating costs.	It is estimated that this KPI will be reported on for the month of July
F_KPI_01	% of Undisputed invoices paid in accordance with vendor terms	This KPI motivates Serco to pay Suppliers invoices within their payment terms usually ranging from immediate to 28 day payment. Failure to pay our Suppliers on time can result in Suppliers withdrawing contracted goods or services and thus can lead to disruption to LCC Services and ultimately can affect our customers.	Part of the KPI Review; September 2016 for reporting in October

9. KPIs granted Mitigation Relief

The table below details the background/reasoning for the grant of mitigation relief against two KPIs in May 2016.

Table 9: Details of KPI Mitigation Relief

KPI Ref No	KPI Short Description	Reason for the granting of Mitigation Relief
PM_KPI_08	% of managers rating their experience of contact as "Good" or better per month	To measure this KPI, it was agreed between parties that a minimum sample size of 20 surveys would be required to ensure a representative and reliable result. This minimum requirement was not met in May thus LCC granted relief. As part of the KPI refresh, LCC has asked Serco to consider deleting the minimum requirement.
CSC_KPI_08	% of Council Service Teams rating the quality of service received as "Good" or better per month	Due to the low number of survey returns, it has been agreed between LCC/Serco to only measure this KPI quarterly rather than monthly. The next performance result is expected at the end of Q1 (June 2016). Thus for May 2016, mitigation relief has been granted.

10. Impact of the delayed delivery of IT and new technology milestones

Due to the continued delays in implementing key IT Transformation projects, some enabling projects to allow a more mobile and flexible workforce, improve information security and implement key foundation technology upgrades cannot be developed and placed into the roadmap for delivery. This will continue to have an impact on the implementation of improved working styles and staff efficiencies for a considerable period of time. It should be noted that the majority of the deliverables were foundations for future improvements, and were written over two years ago. With the speed of technology change, the Council is now implementing technology which has a shorter functional lifespan than if it had been delivered on time.

In addition, the Council is not yet experiencing the service levels contracted for in regards to IT, and many of the services which underpin the 'back office' function are not yet mature. The necessary Service Improvement Plans to rectify this situation are now being developed by Serco.

[An additional appendix will be circulated prior to the meeting listing the IMT projects and what they are delivering]

11. Recognised Good Performance

To provide balance to the report, it is important to recognise that Serco's performance meets the TSL across a range of KPIs. For May 2016, 28 KPIs (65%) had a green status meeting or exceeding the contracted TSLs, Serco's second best performance since contract commencement.

In Adult Care Finance, performance is now stable across the majority of KPIs and improvements have been made to streamline processes. LCC and Serco are now jointly identifying future key priorities and improvements that can be made, including escalation protocols, reviewing of disputed debts and preparing for transition to Mosaic.

In IMT, for the first time since service go-live, the service desk achieved 100% availability across all channels for two consecutive months.
In the CSC, for the second time since contract commencement, all reportable KPIs met or exceeded their TSL. There have been no performance failures in the CSC for 6 months.

12. KPI Review

The CSS contract anticipated an annual review of the KPI suite so that the KPIs remain relevant and challenging and evolve with the contract. Due to other priorities and high workloads experienced by both LCC and Serco staff, the first annual review has been delayed.

The KPI review programme is now targeting September's VFM committee (27th September 2016) with a potential roll out of a new suite of KPIs for October/November 2016. It is recommended that the new KPI suite, when agreed, remains in place for around 17/18 months, rather than 12 months originally envisaged. This would mean the second KPI review exercise being undertaken ready for roll out at the start of Contract Year 4 (April 2018).

13. Conclusion

Overall the CSS Contract KPI performance levels remain below expectations but performance is high in CSC and ACF services. The finance service has one failed KPI which is being negatively affected by LCC staff not authorising invoices in a timely fashion, the KPI refresh negotiation team is aware of this issue and is exploring options to address this.

Challenges remain in the IMT and PM services where eight of the nine failed KPIs occurred in May. Of these eight failed KPIs, five of them are due to issues around the method of measurement.

14. Consultation

a) Policy Proofing Actions Required

This report does not require policy proofing.

15. Appendices

These are listed below and attached at the back of the report	
Appendix A	CSS Contract Performance Dashboard (rolling 12 month period)

16. 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.