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:	**27 September 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 June & July 2016. Performance for August 2016 is still being reviewed at the time of writing this report.

The report also includes the new format for reporting on project progress, a completed version of which will be provided to the committee on 21 September.

Actions Required:

Members of the Value for Money Scrutiny Committee are invited to consider and comment on the report and highlight any recommendations or further actions for consideration.

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 (August 2015 to July 2016) broken down by service area. August 2016 KPI performance figures are being prepared at the time of writing this report.

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 April 2016 to July 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)	April 2016 (no of KPIs)	May 2016 (no of KPIs)	June 2016 (no of KPIs)	July 2016 (no of KPIs)
Target Service Level achieved	27	28	30	31
Minimum Service Level achieved	7	4	3	2
Below Minimum Service Level	7	9	8	9
Mitigation Agreed	2	2	2	1
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 June and July 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 June and one in July.

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

The KPI performance for the PM service in June and July 2016 has improved when compared to May 2016. In June two KPIs moved from amber to green status:

- PM_KPI_01 (*percentage of Payroll Recipients paid on the Payment Date per month)* rose to exceed TSL, with a result of 100%, moving from 99.76% in May against a TSL of 99.9%.
- PM_KPI_09 (% *of Employees rating their experience of L & D as "Good" or better per month*) also moved from amber to green exceeding a TSL of 95% with a result of 97%

In July, one KPI moved from green to amber:

- PM_KPI_09 receiving a result of 94.53% against a TSL of 95%.

One KPI moved out of mitigation and achieved TSL during July:

- PM_KPI_08 *(% of managers rating their experience of contact as "Good" or better per month)*.

To measure this KPI a minimum of 20 survey returns per month has been stipulated, anything below this minimum number has been considered too small a sample to provide a robust/representative result. Twenty-one (21) managers responded in July making the result statistically viable.

The four KPIs that did not meet their MSL in both June and July 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 these issues 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 (93.33%) due to both an ongoing issue effecting HMRC RTI process which Serco are working to resolve and the NHS Pension contribution not being paid-over on time.

Payroll

Table 3 shows the payroll contact statistics 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	July 2016
Corporate Contacts (of which Resolved / Outstanding)	742 (741/1)	427 (427/0)	468 (467/1)	551 (548/3)	542 (539/3)	532 (527/5)	467 (460/7)	320 (277/43)	195 (147/48)
School Contacts (of which Resolved / Outstanding)	500 (500/0)	407 (407/0)	388 (388/0)	528 (527/1)	831 (796/35)	859 (784/75)	507 (441/66)	263 (182/81)	167 (120/47)
Total Contacts (of which Resolved / Outstanding)	1242 (1241/1)	834 (834/0)	856 (855/1)	1079 (1075/4)	1373 (1335/38)	1391 (1311/80)	974 (901/73)	583 (459/124)	362 (267/95)
Overall Resolution Rate (%)	99.92	100.00	99.88	99.63	97.23	94.25	92.51	78.73	73.76

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	April 2016 (no of KPIs)	May 2016 (no of KPIs)	June 2016 (no of KPIs)	July 2016 (no of KPIs)
Target Service Level achieved	6	6	6	8
Minimum Service Level achieved	4	2	3	0
Below Minimum Service Level	2	4	3	4
Mitigation Agreed	0	0	0	0
TOTAL	12	12	12	12

IMT performance in July ended with two additional KPIs achieving their TSL, one having been red in June and the other amber:

- IMT_KPI_02 – (*'Priority 1 Incidents' not resolved within the contracted resolution time*). There was one (1) 'Priority 1 Incident' not resolved within the contracted resolution time, meaning that the KPI achieved TSL. This is an improvement over May's result which saw six (6) priority one incidents not resolved within the time frame thus missing the MSL of five (5) and June's result which saw three (3) priority one incidents not resolved within the timeframe.
- IMT_KPI_05 – (*Number of Priority 1 Incidents reported to Service Desk*) The number of 'Priority 1 Incidents' reduced to one (1) in July meaning the KPI performance achieved the TSL of one (1) incident or less. June's result was 6 which missed the MSL of five (5).

Additionally IMT_KPI_07 (*percentage Availability of Platinum Applications and Specified Services*) underwent a marginal increase in both June (99.98%) and July (100%) against the TSL (99.8%) meaning it moved from amber in May to green status in both June and July.

However IMT_KPI_06 (*the number of Priority 2 Incidents reported to service desk*) saw a significant decline with reported incidents moving from zero (0) in May to four (4) in June and eight (8) in July. This means that the result was amber in June and red in July.

IMT_KPI_10 (*% of CMDB Changes applied within 14 Core Support Hours of the move or change*) reduced from amber in May and June to red in July with a result of 83.52% against a 90% MSL target.

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 starting to be developed by Serco.

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

Serco have remained flexible in how they are working to support the transition of LCC's new Carer's contract to 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 reduced, coupled with a temporary, but significant, 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. Serco were also given relief against CSC_KPI_04 (the abandoned call rate) in June when the largest peak in demand was seen, due to the transition to the new Carers contract.

CSC_KPI_09 (*% of carers assessments (reviews and new), as completed by the CSC, completed accurately and within 20 Business Days*) achieved the TSL in both June (99.35%) and July (100%), so despite the pressures described above, performance remains very high.

CSC_KPI_04, (*percentage of total calls that are abandoned calls*) fell to amber in July with a result of 8.77% down from green in May (6.12%) against the TSL of 7%. Customer Experience as measured by CSC_KPI_07 remains high at 96.77% in June and 96.87% in July against a TSL of 90%.

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	April 2016 (no of KPIs)	May 2016 (no of KPIs)	June 2016 (no of KPIs)	July 2016 (no of KPIs)
Target Service Level achieved	8	9	9	9
Minimum Service Level achieved	1	0	0	0
Below Minimum Service Level	0	0	0	0
Mitigation Agreed	0	0	0	0
TOTAL	9	9	9	9

Serco's performance against all nine ACF KPIs met or exceeded the agreed TSLs in both June and July meaning that the service has now seen three consecutive months of all KPIs being green.

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

June and July maintained the performance seen since April, which continues to be Serco's best since contract commencement, meeting two of the three TSLs for the Finance service KPIs.

F_KPI_01 (*% of Undisputed invoices paid in accordance with vendor terms*) remains in red status for both June (63.03%) and July (68.83%). This is still some way off meeting its TSL of 95% but is making some progress, with Serco's results having improved over each of the last 6 consecutive months.

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 June and/or July 2016.

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

Failed KPI (June & July 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.	This KPI is subject to much discussion as part of the KPI Review and it is hoped that agreement can be reached as to how to measure this function so that the new approach can be reported to VFM Committee in November 2016 for KPI reporting in December
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.	RTI has been completed and the expectation is the KPI will achieve TSL (go green) in September

Failed KPI (June & July 2016)	Short Description	Effect of performance failure on LCC	Estimated date for resolution
PM_KPI_04	% Avoidable People Management Contact Rate per month	The method/process to capture evidence for Avoidable Contact has not been agreed between the 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	This KPI is subject to much discussion as part of the KPI Review and it is hoped that agreement can be reached as to how to measure this function so that the new approach can be reported to VFM Committee in November 2016 for KPI reporting in December
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.	This KPI is subject to much discussion as part of the KPI Review and it is hoped that agreement can be reached as to how to measure this function so that the new approach can be reported to VFM Committee in November 2016 for KPI reporting in December
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.	The P1 incidents experienced in June, of which there were 6, were each quite distinct from each other with no trends appearing within individual systems or infrastructure elements. Indeed performance in July against this KPI met the TSL (went green) with only 1 incident recorded.

Failed KPI (June & July 2016)	Short Description	Effect of performance failure on LCC	Estimated date for resolution
IMT_KPI_06	Number of Priority 2 Incidents reported to Service Desk	Priority 2 Incidents are raised on systems which are considered high importance to the services which are unavailable, or partially unavailable. The IT issues counted by this KPI may affect key Council services from being delivered, or being delivered effectively. The number of outages has an effect on the Council's ability to deliver services and may have reputational consequences.	This KPI failed in July with no underlying causes/trends identified that would suggest service improvements are required. As such there is no identified reason why this KPI cannot meet the TSL (go green) in August.
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 expected that this KPI will be reported on for the month of August 2016, previously no data was available to support the performance measure
IMT_KPI_10	% of CMDB Changes applied within 14 Core Support Hours of the move or change	Change in this case mean Installs, Moves, Additions or Changes (including deletions) known by the acronym IMAC or MADC (Moves, Adds, Deletes and Changes). The scope of change includes those initiated operationally, via Change Authority Board(CAB), Projects and Service Requests. Failure means out of date records and the inability of the Council or our Service provider to properly identify and locate LCC assets.	This KPI is subject to much discussion as part of the KPI Review and it is hoped that agreement can be reached as to how to measure this function so that the new approach can be reported to VFM Committee in November 2016 for KPI reporting in December

Failed KPI (June & July 2016)	Short Description	Effect of performance failure on LCC	Estimated date for resolution
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.	The KPI has failed since services go live (April 2015) due to lack of supporting evidence. However it is anticipated reporting, and supporting evidence, will be available from December 2016
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.	This KPI is subject to much discussion as part of the KPI Review and it is hoped that agreement can be reached as to how to measure this function so that the new approach can be reported to VFM Committee in November 2016 for KPI reporting in December

9. KPIs granted Mitigation Relief

The table below details the background/reasoning for the grant of mitigation relief against three KPIs in June and/or July 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 June thus LCC granted relief. As part of the KPI refresh, LCC has asked Serco to consider deleting the minimum requirement.
CSC_KPI_04	% of total Calls that are Abandoned Calls	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. In addition June saw a temporary but large increase in demand. In recognition of this LCC has given Serco relief against CSC_KPI_04 in June when the largest peak in demand was seen.
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 Q2 (September 2016). Thus for July 2016, mitigation relief has been granted.
CSC_KPI_09	% of carers assessments (reviews and new), as completed by the CSC, completed accurately and within 20 Business Days	Serco have remained flexible in how they are working to support the transition of LCC's new Carer's contract to 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 reduced, coupled with a temporary, but significant, 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

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.

11. 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 originally targeted September's VFM committee to hold discussions with members about the outcomes of the review, however due to the complexity of the work to resolve issues experienced in measuring the KPIs and availability of staff over the summer period, this date has been missed.

The KPI review programme is now targeting November's VFM committee (24th November 2016) for those discussions with members with a potential roll out of a new suite of KPIs in December 2016.

12. KPI Performance Overview

Overall the CSS Contract KPI performance levels remain below expectations but there is a trend seen over the past four months of a general improvement in terms of TSL attainment. Performance is good in CSC and Adult Care Finance services where KPI performance is a business as usual position. Challenges remain in the IMT and PM services where seven of the eight failed KPIs occurred in June, and eight of the nine in July. Of the cumulative nine KPIs which failed in either June or July, five of them are due to issues around the method of measurement.

13. Current Serco Projects

At the last VFM committee held on 26 July 2016, members were briefed by Serco on the entire list of projects that were currently in train. Following this briefing it was resolved by committee members to identify some of the more strategically important projects which members could focus their attentions on for further discussions at the following VFM committee (27 September 2016). **Appendix B Projects in progress with Serco**, sets out these strategic projects in a revised format.

- **Members are invited to comment on whether the revised format is more helpful. The full report including project updates will be provided to the committee on 21 September.**

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)
Appendix B	Projects in progress with Serco *The full report including project updates will be provided to the committee on 21 September.*

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.