



**Open Report on behalf of James Drury, Executive Director - Commercial**

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>29 October 2020</b>
Subject:	<b>Performance of the Corporate Support Services Contract</b>

**Summary:**

This report provides an update of Serco's performance against contractual Key Performance Indicators specified in the Corporate Support Services Contract between December 2019 and September 2020. The last report to the Overview and Scrutiny Management Board (OSMB) was on 19 December 2019.

**Actions Required:**

The Board is asked to:

1. Seek assurance about the performance of the Corporate Support Services Contract.
2. Provide feedback and challenge as required.

**1. Abbreviations**

<b>CSS</b>	Corporate Support Services	<b>F</b>	Finance (Exchequer)
<b>KPI</b>	Key Performance Indicator	<b>ACF</b>	Adult Care Finance
<b>TSL</b>	Target Service Level	<b>CSC</b>	Customer Services Centre
<b>MSL</b>	Minimum Service Level	<b>RAG</b>	Red/ Amber/ Green
<b>IMT</b>	Information Management and Technology		

**2. Background**

This report provides an update on Serco's performance against the contract KPIs between December 2019 and September 2020 (months 57 to 66 since the service commencement date 1 April 2015). The performance report is presented in the shortened format previously agreed by the Board.

### 3. Performance

Table 1 below provides the summary red/ amber/ green (RAG) status of the Key Performance Indicator (KPI) results which have continued to be measured for the ten months of service delivery from December 2019 to September 2020.

Red status indicates that Serco's performance against the KPI has failed to meet the Minimum Service Level (MSL). Amber indicates a failure to meet the Target Service Level (TSL) but has achieved MSL. Green indicates that Serco's performance as measured against the KPI has either met or exceeded the TSL as set out under the Corporate Support Services Contract.

Agreed mitigation is shown as blue status. The Board is asked to note that following Government guidance, and to maximise Serco's ability to respond to Council requests, to manage uncertainty in the light of Covid-19 and to maintain local resources (service credits are paid for by the local account not by Serco centrally), service credits for the Corporate Support Services Contract were suspended from 1 March to 30 June, and CSC service credits until 30 September 2020. Therefore performance that would have shown as amber or red during these times is instead recorded as mitigated. This has allowed Serco to deploy their resources in the most effective way to deal with the crisis.

**Table 1: Overall KPI Summary Performance**

(All Services) Contract Performance	Number of KPIs									
	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
<b>TSL achieved</b>	35	35	36	32	32	32	32	33	33	33
<b>MSL achieved</b>	0	0	0					0	0	0
<b>Below MSL</b>	0	0	0					0	0	0
<b>Mitigation</b>	5	5	4	8	8	8	8	7	7	7
<b>TOTAL</b>	40	40	40	40	40	40	40	40	40	40

### 4. Exceptions

The only exceptions in the current reporting period relate to mitigations.

Tables 2.1 and 2.2 show the background and rationale for the Council granting mitigation where a dependency outside Serco's control (e.g. implementation of Mosaic) prevents agreed targets from being fully met. Granting mitigation relieves Serco from the application of Service Credits (deductions). Table 2.2 specifically identifies mitigation directly associated with Covid-19.

**Table 2.1: Details of KPI Mitigation, Dec 19 – Sep 20:**

<b>KPI Ref No</b>	<b>Short Description</b>	<b>Reason for granting Mitigation</b>	<b>Impact</b>	<b>Path to Green</b>
<b>ACF_KPI_03</b> (Dec – Jun, Aug)  <b>ACF_KPI_04</b> (Dec – Sep)	% of new, and change of circumstance, financial assessments for non-res and res care completed within 15 Business Days of referral from the Council.	In mitigation since December 2016 as a result of Mosaic implementation which is yet to extend to financial payments as committed to by the Council in 2015. This means Serco still have to use two systems - Mosaic and Abacus, which hinders ability to deliver and report on performance levels because of the double entry required.	The lack of full reporting capability is not impacting service provision.  Financial Assessments are a focus of current efforts, and LCC and Serco have been working closely to optimise the service. This work has informed the new Charging Policy, and there is an active Project Board.  Mosaic implementation is being driven by the LCC Mosaic Finance Board.	KPI 03 and 04 are subject to a review to ensure they reflect expectations outlined in the Charging Policy which was launched in April 2020. A realistic expectation for processing of financial assessments is 28 days which is the target standard set out in the new Charging Policy. This has been based on benchmarking with other similar Councils.  Performance at the start of April showed that most cases achieved the 28-day target. Performance has since reduced due to Covid.
<b>ACF_KPI_10</b> (Dec - Sep)	% of the total Adult Care Service Users in any month in receipt of a chargeable service who have an up to date and accurate financial assessment in place which is being used to collect their Adult Care Service User Contribution.	This measure requires a single point of reporting, which will be delivered by the Mosaic financial implementation. Until then it is not possible to report on this KPI accurately.	The lack of reporting capability is not impacting service provision.	Mosaic finance project continues to implement a phased introduction of services which are paid through Mosaic. To date two services are paid through Mosaic: i) Finance (Community Supported Living), and ii) Direct Payments. Plans are now in place to phase in residential and home care payments.

KPI Ref No	Short Description	Reason for granting Mitigation	Impact	Path to Green
CSC_KPI_01 (Dec - Sep)	% of all Contacts received through Digital Access Channels per month.	Targets for this KPI have increased every 6 months up to October 2019. Serco's average performance April 18 to September 20 has been 28.60% but the TSL has escalated to 34.55%. Increased digitisation relies on Avaya which has been delayed until December 2020.	The purpose of the escalating target was to keep up with anticipated technology changes as they came in. Service users have not experienced any reduction in the availability of digital access channels.	A revised KPI which more effectively measures Serco's performance in the digital space has been agreed, and will go live with the Serco second extension in October 2020.
CSC_KPI_09 (Dec – Jan, Apr)	% of carers assessments (reviews and new), as completed by the CSC, completed accurately and within 20 Business Days.	CCN050 (Care Act compliance) fundamentally changed the way Serco delivered the service at the request of the Council. Essentially a comprehensive triage stage was implemented to identify those in need of a full assessment. The Council has agreed mitigation in cases where a small number of assessments were carried out late because whilst the carer was contacted within the 20 Business Days, they were not available for the assessment until after the 20 Business Days. This reflected the fact that the service overall was good, and that Serco had genuinely tried to optimise the customer experience.	The change in the service (which was the cause of KPI failure) has resulted in <i>improved</i> customer experience.	A revised and improved KPI has been agreed in principle.

**Table 2.2: Details of KPI Mitigation specifically as a result of Covid-19; Dec 19 – Sep 20:**

KPI Ref No	Short Description	Reason for granting Mitigation	Impact	Path to Green
<b>CSC_KPI_04</b> (Jun - Sep)	% of total Calls that are Abandoned Calls	The abandoned rate has increased as a result of Covid-related service pressures, notably increased handling time per call and sickness/ resignations in the Children's Services Teams.	Callers have experienced longer wait times and so are more likely to ring off.  The CSC has uprated its call-back service to help mitigate this.	The average abandoned rate for June to September was 11.15%. The TSL is 7% and the MSL is 10%.  There has been a high abandoned rate in the Children's and Adults teams during the period May to September because of a combination of factors; <ul style="list-style-type: none"> <li>- An increase in call volumes</li> <li>- An increase in the average handling time of those calls</li> <li>- An increase in non- call work on Serco</li> <li>- Staff vacancies and in the Children's Team issues with long term absences</li> </ul> Initially the focus has been on the Children's calls and a great deal of work has been carried out by Children's Services and Serco supported by the Commercial team. A temporary triage model has been put in place to make the best use of available resource, training reviewed, Serco recruitment prioritised, some tasks transferred to the Council on a temporary basis and new temporary capacity provided by the Council. As a result the abandoned rate has fallen from a peak of 27.07% w/c 14 September to 8.01% w/c 28 September. Weekly reports indicate that the abandoned rate is still falling and thought is being given as to how best to create a contingency resource to avoid a repetition of the earlier very poor performance levels.  Work has now started on reviewing the Adults Team where it is expected that filling staff vacancies, reviewing resource allocation within the CSC and completion of the additional current activity will make a positive difference.

<b>KPI Ref No</b>	<b>Short Description</b>	<b>Reason for granting Mitigation</b>	<b>Impact</b>	<b>Path to Green</b>
<b>IMT_KPI_02</b> (Mar - May)	Priority 1 Incidents not Resolved within Resolution Time	Serco came under significant pressure to resolve numerous incidents during the early stages of the crisis.	No notable impact on services.	For each of the first three months, 2 incidents were not resolved in time. The TSL is 1, and the MSL is 5.  Performance has rebalanced to green for the period June to September.
<b>IMT_KPI_09</b> (Mar - Sep)	% Achievement of Service Request Fulfilment within Service Request Fulfilment Time	Following rapid roll-out of systems to allow for mass remote working, Serco experienced a very substantial spike in service requests from individual users.	Some LCC staff have experienced significant delays to IMT issue resolution in the last six months.	The average achievement rate for March to September was 82.78%. The TSL is 95% and the MSL is 85%.  Serco are taking further steps to enhance capacity in order to handle service requests. September volume was described by Serco as 'stabilising to tolerable levels' at 1,650 compared to 2,000 in July.
<b>IMT_KPI_14</b> (Mar - Sep)	% Windows end user devices patched within 21 days of release of critical operating system updates	Patching depends on end users connecting to the system regularly. Following roll-out of remote working together with unpredictable office use, it has been difficult to catch up with all devices on time.	The main impact has been delays as opposed to failure to patch. Security levels remain high.	The average achievement rate for March to September was 89.02%. The TSL is 95% and the MSL is 90%.  Serco are taking further steps to enhance capacity in order to handle service requests.

## 5. Trend Analysis

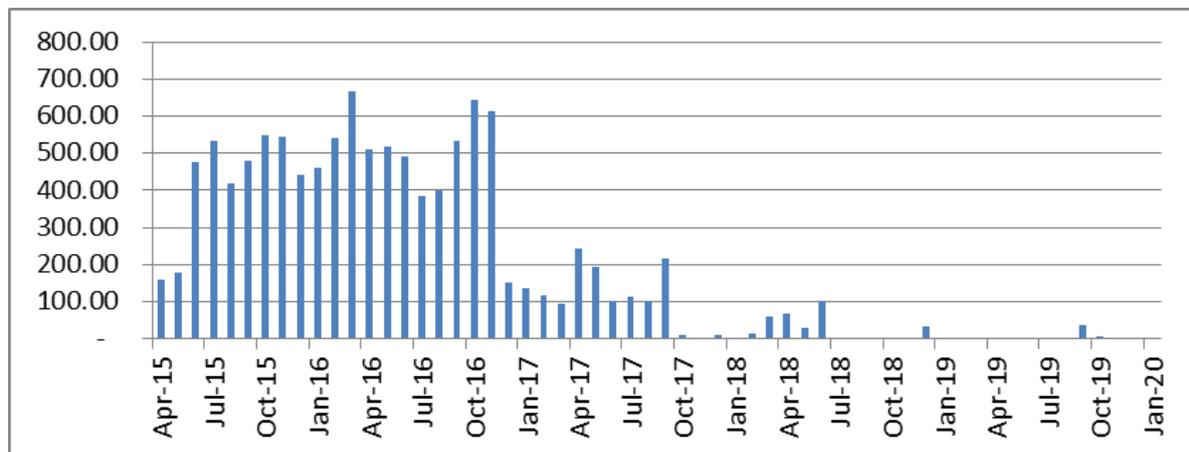
This section aims to note any significant changing trends in those KPIs which have met the TSL, but may be showing signs of significant performance change - deterioration or improvement. This 'green' KPI trend data has been reviewed over the period from April 2018 to August 2020:

87% of the 'green' KPIs are currently stable or improving, none are giving cause for concern, and none are likely to fall below TSL before the contract ends in 2024. This is a significant change from the position in November 2019, when 68% of the 'green' KPIs were stable or improving.

## 6. Abatement Points

Table 3 shows the total number of abatement points the Serco CSS Contract has attracted in each month since contract start. A total of 902 points is now distributed amongst the KPIs, with each KPI generally attracting between 10-50 points. For each KPI a multiplier is applied to any consecutive months where targets are not achieved. For two consecutive months the multiplier is 1.50 and for three or more months, it is 2.00. Abatement Points are used to calculate Service Credits (deductions) from the monthly contract payment. The maximum service credits payable by each service area is capped at 10% of the financial volume for that month. As indicated, for some of this reporting period service credits have been suspended.

**Table 3: Total monthly abatement points from contract start to Feb 2020\***



\*Abatement points for some KPIs have been temporarily suspended from March 2020 due to Covid-19. No abatement points have been applied since February 2020.

## **7. Conclusion**

### **KPI Performance Summary December 2019 to September 2020:**

The general picture is one of good performance overall during this review period. A number of KPIs previously in mitigation are known about and receiving attention. Some further Covid-related mitigation was also granted, together with the suspension of Contract service credits. This was as a result of Government's 'Procurement Policy Note 02/20 - Supplier relief due to Covid-19' - a directive given to all Local Authorities. Serco has responded positively to the Covid-19 crisis, setting up community help lines and the Click and Tip service at short notice and has continued to report all KPIs.

Suspension of service credits allowed Serco the flexibility to direct resources quickly to where they were needed most and to respond to Council requests for support. All of Serco's services continued to be provided. The majority of KPIs continued to be delivered at and above TSL.

The effect of Covid-19 on Serco services has mainly been felt in IMT and the CSC. IMT performance has been reported separately. Activity in PM has been largely unaffected. Finance experienced a reduction in debtor accounts which halved in the initial months of the crisis. Impact on the CSC has however been substantial and is referred to in section 4 above and in the paragraph below.

The number of contacts received by the service increased rapidly from the beginning of the crisis. A dedicated Covid line was established, which handled 23,187 additional Covid-related contacts between 1 April and 30 June, at a cost to the Council of £228,095. However, this additional cost will be claimed against the Covid-related funding, and was offset in part as a result of a decrease in contacts across other services, and so the overall CSC budget for 2020/21 remains on track at the time of this report.

### **Serco Highlights for the review period November 2019 to September 2020**

Kevin Hales, Serco Operations Director, will provide an additional verbal update at the meeting.

## **8. Consultation**

### **a) Risks and Impact Analysis**

Not Applicable

## **9. 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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