Lincolnshire
COUNTY COUNCIL
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| Open Report on behalf of Andrew Crookham, Executive Director - Resources |
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| Report to: | **Overview and Scrutiny Management Board** |
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| Date: | **27 April 2023** |
| Subject: | **Performance of the Corporate Support Services Contract** |

**Summary:**

This report provides an update of Serco's performance against contractual Key Performance Indicators specified in the Corporate Support Services Contract during the review period October 2022 to March 2023. The last report to this Board was on 27 October 2022.

**Actions Required:**

The Board is invited to:

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

## 1.   Abbreviations

| | | | |
|---|---|---|---|
| **CSS** | Corporate Support Services | **UAT** | User Acceptance Testing |
| **KPI** | Key Performance Indicator | **FEX** | Finance (Exchequer) |
| **TSL** | Target Service Level | **ACF** | Adult Care Finance |
| **MSL** | Minimum Service Level | **CSC** | Customer Services Centre |
| **IMT** | Information Management and Technology | **RAG** | Red/ Amber/ Green |
| | | **BAU** | Business as Usual |
| **PM** | People Management | **CCN** | Change Control Notice |

## 2.   Background

The CSS Contract comprises four service delivery areas: Customer Services Centre (CSC), Information Management and Technology (IMT), Finance (FEX and ACF) and People Management (PM). This report provides an update on Serco's performance for months 91 to 96 since the service commencement date 1 April 2015.

## 3. Performance

Table 1 below provides the summary Red/ Amber/ Green (RAG) status of the Key Performance Indicator (KPI) results since the last report. Red status indicates that Serco's performance against the KPI has failed to meet the Minimum Service Level (MSL) set out in the CSS Contract. Amber indicates where there has been a failure to meet the Target Service Level (TSL) but MSL has been achieved. Green indicates that Serco's performance as measured against the KPI has either met or exceeded the TSL. The Council may grant Mitigation where a dependency outside Serco's control (eg upgrade of the Council's telephony system 'Avaya') prevents the targets from being fully met. Granting mitigation relieves Serco from the application of Service Credits, see 9. below. Agreed mitigation is shown as blue status.

*Table 1: Overall KPI Summary Performance*

| (All Services) Contract Performance | Number of KPIs | | | | | |
|---|---|---|---|---|---|---|
| | **Oct 22** | **Nov 22** | **Dec 22** | **Jan 23** | **Feb 23** | **Mar 23** |
| **Target Service Level achieved** | 36 | 37 | 36 | 36 | 38 | 37 |
| **Minimum Service Level achieved** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Below Minimum Service Level** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Mitigation agreed** | 3 | 2 | 2 | 2 | 0 | 1 |
| **TOTAL** | 39 | 39 | 38 | 38 | 38 | 38 |

*Note: total number of KPIs fell to 38 from Dec 22 ref. CCN122 removal of ACF_KPI_07, see Table 3 below.*

## 4. Exceptions

This is an exception report and so provides commentary only where TSL (Green status) has not been achieved.

There were no instances where KPIs failed to meet the MSL (Red status) or the TSL (Amber status) during this review period.

The background and rationale for the Council granting mitigation during this review period is set out below:

## 5. Service Delivery Area: Customer Services Centre (CSC)

**a)  CSC KPI 04:** *'% of total Calls that are Abandoned Calls'.*

This indicator measures the percentage of all the calls received by the Customer Services Centre which have been abandoned by the caller, ie terminated before they are answered. The purpose of the measure is to determine how effectively the service responds to incoming calls. There are times when callers hang up quickly for their own reasons, so an allowance is made for this. The TSL for this KPI is 7%. This is a challenging target compared to other local Authorities where the average is c9.4%.

For the period October 2022 to January 2023, mitigation was granted because the Council had previously directed the CSC to divert resource to support multiple phases of User Acceptance Testing and subsequent implementation of the upgrade to the Council's telephony system, 'Avaya', meaning fewer Agents were available to handle calls. Implementation was successful overall, but subsequent issues affecting the CSC remained ongoing, specifically:

i)    The call-back system for daytime services within Avaya was not fully operational. This feature allows callers to leave a message during busy times so that their call can be returned as soon as an Agent becomes available. If a caller hangs up without being able to leave a message, the call will count as an abandoned call. The impact was that some callers had to wait rather than being offered the option to receive a call back. This can also lead to multiple attempts by some customers to call, both of which generate higher abandoned rates.

ii)   Emails could not be delivered via Avaya. The system should automatically forward incoming emails to relevant Agents. Instead, these are captured in the conventional in-box which requires diversion of Agent resource from call handling to manually review and allocate the contacts, which can impact the abandoned rate. This fault will now not be addressed, as remedial work has ceased in favour of directing effort to Avaya's imminent successor Microsoft 'Anywhere365'.

iii)  The system was unable to record 'wrap time'. This is the time taken by an agent to process a contact that is not the call itself, eg subsequent administration, completing a form, etc. This is a very important part of the management information used to operate the CSC, as it directly informs resource scheduling. Without this, the service cannot ensure that Agents are deployed effectively and so risks higher abandoned rates.

The impact of the above issues remains, but has been gradually reducing, particularly call-back. As a result of temporary workarounds, this KPI returned to Green status in February. Some further potential impact is anticipated when Avaya is replaced by Anywhere365 which is scheduled for May.

**b)   CSC KPI 05:** *'% of Contacts referred to in CSC PI 01, 02 & 03 responded to within timescale per month.'*

This indicator measures a composite of performance set out in a sub-set of further indicators, including responding to text and email messages within one business day. The TSL for text messages is 100%, and for email 90%.

For the period November 2022 to January 2023, mitigation was granted because the same issues that affected KPI 04 above also impacted ability to meet these targets.

As a result of the temporary workarounds mentioned under 5a) above, this KPI returned to Green status in February. Again, some further potential impact is anticipated when Avaya is replaced by Anywhere365.

c) **CSC KPI 13:** *'Combined percentage of Triages (Carer Conversations) started within 10 Business Days of being referred to CSC and percentage of Follow Up Checks taking place within 12 weeks.'*

From 1 October 2022, the Council changed how it procures Carer's services, and as a result the CSC was asked to perform additional duties in support of Triage services. Following a review period, the Council has agreed that further resource is required to deliver this new service effectively, and that until this resource can be recruited, effort should be diverted from performance measurement to front line delivery.

As a result, this KPI could not be measured effectively in March 2023 and mitigation was agreed. As there are no realistic alternatives to the addition of resource, this measure may require mitigation until this is achieved. The target for this is currently July 2023.

6. **Service Delivery Area: Information Management and Technology (IMT)**

a) **IMT KPI 18:** *'% of P3 & P4 incidents notified to the Service Desk achieving the Incident resolution target as detailed in the Specified Services Description or the Service Catalogue.'*

P3 and P4 are the two lower level and more minor incident priorities which the IMT Service Desk must resolve in accordance with the prescribed resolution targets, currently 28 hours for priority 3, and 70 hours for priority 4. The TSL for this KPI is currently 91% resolution within the times.

These targets are considered appropriate during normal operational conditions, usually called 'BAU'. The Council acknowledges that there are times when as a result of high impact changes, the level (and cost) of resourcing required by the Service Desk to maintain BAU service would be unrealistic for the Service Provider or Council to bear, and where these changes are at the direction of the Council, mitigation may be granted.

Following the migration to Microsoft Office 365 ('O365'), the Council experienced pressure to increase the number of O365 licences it held in order to ensure all staff were covered. However, instead of purchasing additional licences at some cost, it was decided to focus effort on recovering existing internal licences that were no longer being used. This project successfully recovered sufficient licences to avoid the need to purchase any new ones. The work was however time-consuming and significantly impacted the Service Desk. For this reason, mitigation for the above KPI was granted for the month of October 2022, and has returned to Green status since then. The actual performance for the month was 85.72%, which is within the MSL and the effect on service users is likely to have been minimal.

b) **IMT KPI 19:** *'% of Service Requests notified to the Service Desk achieving Service Request Fulfilment within the time detailed in the Specified Services Description or the Service Catalogue.'*

A Service Request is an internal request from a Council user for something to be provided whether from the Specified Services, ie as set out in the Contract, or from the list of services available to Council users, known as the 'Service Catalogue'. Fulfilment means when the Service Request is completed within the specified time. These times vary according to the type of service. The TSL for this KPI is currently 91% resolution within the times.

This measure was affected in October 2022, and mitigation subsequently granted for the same reasons set out under 6a) above. The measure has also returned to Green status since then. The actual performance for the month was 88.63%, well within the MSL and the effect on service users is likely to have been negligible.

## 7.   KPI Changes

There are currently 38 Key Performance Indicators for the CSS Contract. They are subject to a continuous process of review. The outcome of a review may effect no change, a re-draft of the KPI or its machinery, replacement with a completely new KPI, or decommissioning. The purpose of these changes is to respond to external factors and to changing Council priorities so that measures continue to be relevant to the overall management of the contract.

To demonstrate this, in the five years since 1 April 2018, there have been 13 deletions of original Contract KPIs: ACF 03, 04, 07 and 10; CSC 01 and 09; IMT 05 06, 09, 10 and 14, PM 07 and 08, and 11 new or replacement KPIs were created: ACF 11 and 12; CSC 11, 12 and 13; IMT 14, 15, 16, 17, 18 and 19.

During this review period there have been two changes, set out below:

a)   **Deletion of ACF KPI 07:** *'% of cases where necessary paperwork to enable Council's legal services to secure charges are submitted within time.'*

This indicator specifically measured the return of deferred payments applications, which is part of the financial assessment process in Adult Social Care. Following changes by the Council in response to the Care Act, deferred payments applications have been moved to frontline Council staff, and so are no longer Serco's responsibility. As a result, this KPI was deleted from the Contract in November 2022. The abatement points associated with this measure were proportionately redistributed to the remaining Adult Care Finance (ACF) measures.

b)   **Replacement of CSC KPI 11:** *'Portion of Light Touch Reviews, Annual Reviews, and Carer's Assessments started within agreed timescales.'*

This measure was replaced by CSC KPI 13 on 1 October 2022 as set out at 5c) above and for the reasons given there. The change to the Carer's service meant that the set of measures comprising CSC KPI 11 would not be meaningful going forward and so a more focused replacement was agreed.

## 8. Green 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. The analysis uses only the 'green' performance results and has built a picture over five years from April 2018 to date. The purpose of this analysis is to anticipate potential long-term trends in 'normal' delivery, with a view to identifying any developing areas of concern.

For the period ending February 2023, 79% of the green KPIs were stable or improving. The result to 31 August 2022 was 76%. None of the KPIs are on a trajectory to fall below TSL before Contract end.

## 9.  Abatement Points

Table 2 shows the total number of abatement points that the Serco CSS Contract has attracted in each quarter since contract start. A total of 902 points is currently 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. The number of abatement points is used to calculate Service Credits. These are a monetary deduction from the monthly fees paid to Serco for the Services. The maximum Service Credits payable by each service delivery area is capped at 10% of that area's total financial payment for that month.

No Service Credits were payable during this six-month review period.

*Table 2: Quarterly total abatement points from contract start to Feb 23:*
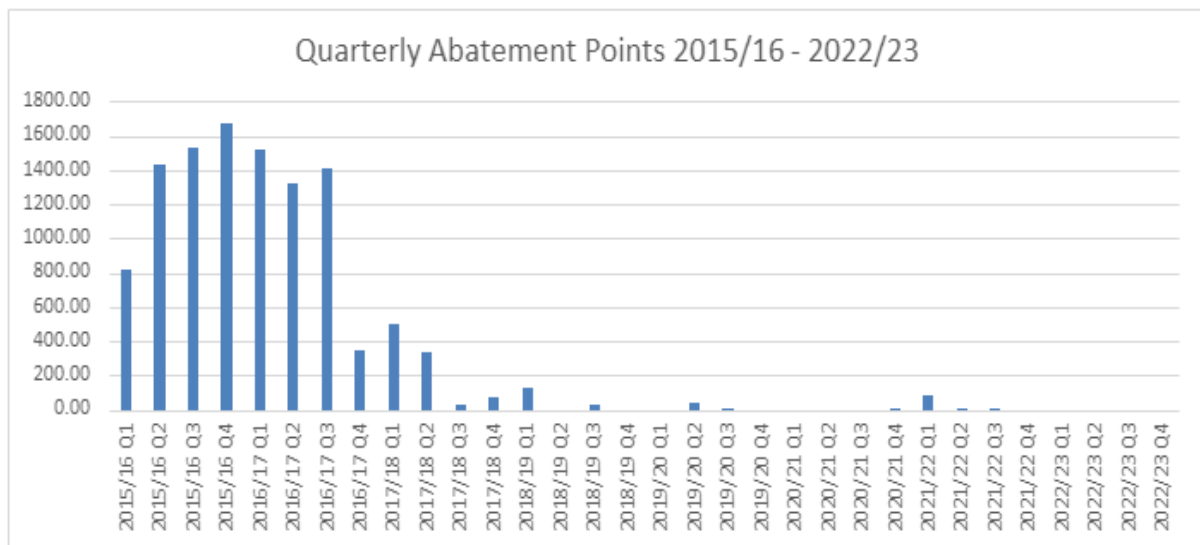


## 10.  Conclusion

**KPI Performance Summary October 2022 to March 2023:**

The review period has seen continuing difficulties in the recruitment market, but Serco has made good progress attracting candidates to their vacancies, significantly increasing the total staff deployed on the Contract during the period which in turn has supported the Council's demand on Serco's resources for exit activities including the cutover and follow-up to the new Business World system. We have still taken the opportunity to make improvements to the active KPIs, and the recent strong 'Green' performance has continued, with no TSL/ MSL failures reported.

**Serco Highlights for the review period October 2022 to March 2023:**

Ian Blindell, Head of Transactional Services, will provide an additional verbal update at the meeting.

## 11. Consultation

### a) Risks and Impact Analysis

Not Applicable

## 12. 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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