

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee **DATE:** 11th September 2014

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PART I **FOR COMMENT AND CONSIDERATION**

PROGRESS ON THE THAMES VALLEY TRANSACTIONAL SERVICE CENTRE (APRIL 2014 – AUGUST 2014)

1 Purpose of Report

The purpose of this report is to update Overview and Scrutiny Committee members on the progress of the Thames Valley Transactional Service Centre Partnership with arvato for the period April 2014 to August 2014.

2 Recommendation(s)/Proposed Action

The Committee is requested to note the progress made within the reporting period.

3 Community Strategy Priorities

The partnership relationship continues to develop and work towards achieving the ambitions of Slough Borough Council (SBC).

- arvato have undertaken significant organisational changes over the last 9 months to better allow the pursuance of additional business within the Thames Valley region. We are expecting additional development opportunities during 2015 and will update accordingly. A number of bids are in the pipeline but because of commercial confidentiality no further information can be made available at this time.
- As an example of the continued commitment to the young people of Slough, arvato are expecting to retain approx 50% of the recently ended 2014 NVQ's in full time roles and are of course in the process of bringing on a further 10 NVQ roles via the Councils framework as outlined below.
- Having now embedded our Contact Centre business in Slough, arvato are looking to formalise a recruitment strategy to better engage with the local community to fill a number of roles in our business. Circa 50 temporary positions will shortly be advertised to deliver our private sector seasonal activities which will offer flexible and attractive terms appealing to a cross section of the Slough workforce.
- arvato continues to actively support Slough Aspire. As a fully paid member we have a permanent member on the Aspire board and provide funding and charity support as well as specific resource expertise in an effort to encourage business growth across Slough.

- At the end of March 2014, arvato relocated their UK Head quarters to the borough of Slough bringing with them a number of private sector operations and in excess of 100 permanent jobs working within the private sector as well as a number of corporate positions at both senior and junior level.
- Two Neighbourhood Benefit Advisors have been appointed. Their role is to ensure the maximisation of benefit take up, not just housing benefit but all other welfare benefits, across the borough by providing a more local accessible and tailored service. They will also assist housing services in terms of housing benefit applications

4 **Joint Strategic Needs Assessment (JSNA)**

In September 2012, arvato UK's public sector team in Slough launched a pioneering apprenticeship scheme in partnership with Slough Borough Council. Apprentices were selected from the local area to study for NVQ Levels 2 and 3, and to train in different areas of the business. Once they have completed their apprenticeship, arvato then supports them in finding permanent posts by providing workshops on job search, CV writing and filling out application forms, and interview skills.

To date, 10 apprentices have enrolled on the apprentice scheme, which lasts 12 months. Young people selected for the apprenticeships training are those who perhaps consider themselves unsuited to undertaking conventional training and study. The arvato project provides these students with a positive alternative; one which focuses on IT, literacy and numeracy skills, and also on key workplace skills such as communication (verbal and written), attendance and time-keeping.

A structured training package of tasks has been designed to ensure apprentices continually broaden and strengthen their existing skills, and develop new ones. Support and motivation are also part of the scheme to help the apprentices organise the next step on their career ladders.

It is envisaged that by the end of their apprenticeship, the trainees will be equipped with a wealth of transferable employment skills, along with an invaluable route plan for their future.

There is no guarantee of a job within arvato at the end of the apprenticeship. However, trainees will be able to demonstrate the knowledge and competency acquired to potential arvato departments, and will therefore be in an excellent position to take advantage of any openings that do arise.

As part of the 10 year partnership agreement, arvato have a contractual obligation to create apprenticeships for a total of 117 people. The profile for the 10 years is as follows.

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total
Apprentice posts	6	6	6	9	10	11	15	16	17	21	117

Progress to date:

Year 1 (2012 / 2013)

A total of 5 apprentices were employed by arvato. Four apprentices were placed onto NVQ level 2 and one on NVQ Level 3. The apprentices were based in Rent Accounts, Benefits, Cashiers, Transactional HR and Logistics and all successfully completed their NVQ level 2 qualifications.

Out of the five apprentices, one obtained a permanent position in Revenues and Benefits, one was placed in a fixed term position in the SBC HR department, one started their Association of Accounting Technicians (AAT) course at College, another took on an apprenticeship with an engineering company and the remaining apprentice was placed in Transactional Finance

Year 2 (2013 / 2014)

A total of 5 apprentices were employed by arvato. The apprentices were placed in Transactional HR, Revenues & Benefits, Transactional Finance, Logistics and Customer Service Centre.

To date, one has been employed in Customer Services internally and another has moved on to a permanent role externally after successfully completing his NVQ training with arvato. However the cohort for this period has only just been completed and may lead to further permanent positions being offered

Year 3 (2014 / 2015)

A total of 10 apprentices will be employed by arvato. The apprentices will be placed in various sections such as, I.T, Corporate HR, Customer Services, Finance, Logistics, and Transactional HR & Payroll.

Against the contractual commitments, at the end of year 3 following the appointment of 10 new apprentice placements, arvato will have employed 20 apprentices in total therefore exceeding their contractual commitments to date.

5 **Other Implications**

(a) Financial

The partnership presents a number of opportunities for SBC which will be realised over the 10 year contract period.

Some of which include:

- Increased council tax collection rates
- Increased business rates collection
- Potential income generation project relating to Business Rates for the borough
- Improved Customer Contact which should lead to improved collection rates and improved customer service.
- Improved access to welfare benefits for Slough residents (which will lead to an increase in disposable income which may be spent in Slough)
- Improved IT functionality which may lead to better service provision
- An ambitious service improvement programme which will develop the Council's ICT Infrastructure as well as provide improvements for all services in scope.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	The contract was reviewed in December 2013 to take into consideration additional council services: ICT and Customer Services which have provided further opportunities to the Council.	Change control procedure in place to allow flexibility within the contract.
Property	arvato have now leased their own headquarters on the Farnham road - which therefore limits any risk to the council	Opportunities for SBC to utilise meeting rooms available at Phoenix 1 - and host events in partnership with arvato
Human Rights	Not applicable.	
Health and Safety	Dedicated Corporate Health and Safety service in place to support arvato.	
Employment Issues	All staff delivering Transactional Services were successfully TUPE'd over to arvato with existing Terms and Conditions - with no redundancies and this remains the current position 3 years into the partnership	
Equalities Issues	N/A	
Community Support	Arvato UK Headquarters based in Slough	Working with various agencies in the borough – Slough Mobility, Board member of ASPIRE, apprenticeship appointments, and employment opportunities for residents in the borough
Communications	A joint partnership working group established.	Access to a wider communications network allows the Authority to benefit from more positive exposure, marketing and promotion.
Community Safety	Neighbourhood Benefits Officers provide a more locally accessible and tailored service, and will be supported by the introduction of a Income maximisation strategy for customers	As a member of the ASPIRE board – additional work is being undertaken to support community projects.

Financial	Pricing model, KPI framework and Payment Mechanism relating to the partnership is contained within the contract and this has now been updated to incorporate Phase 2 services.	Contract flexibility allows SBC to annually review the Payment Mechanism and increase key financial drivers for the council - through increased collection rates and effective management of aged debt. The partnership further allows for discreet projects to explore income generation opportunities.
Timetable for delivery	The partnership is contracted for a period of 10 years from 1 st April 2012 – March 2022. Phase 2 (ICT & Customer Services runs concurrent with the original contract term)	
Project Capacity	Not applicable - this is not a project.	

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act Implications.

(d) Equalities Impact Assessment

There is no identified need for an Equalities Impact Assessment.

(e) Workforce

Approximately 100 staff were TUPE'd successfully as part of the procurement process on existing terms for Phase 1 services. A further 98 staff were successfully TUPE'd as part of Phase 2. All staff continue to be fully engaged in service improvements and training opportunities to further improve their skills, which will ultimately deliver more efficient and effective services to the residents of Slough.

6 Supporting Information

6.1 The partnership is now into its third contract year and continues to focus on stabilising all services in scope and to ensure that the contract deliverables are met.

During the course of the last 2 full contract years and now its third year the contract has:

- Successfully transitioned all services in scope of phase 1 – Year 1
- Successfully transitioned all services in scope of phase 2 – Year 2
- Provided the much needed transitioning support relating to Transactional financial, Transactional HR, ICT and Customer Services for the outsourcing of the Cambridgeshire Education Contract - Year 2
- Reviewed the targets and suite of Key performance indicators relating to Phase 1 services – Year 2/3

- Reviewed the original contract and incorporated a Deed of Variation which sits alongside the original contract incorporating both ICT and Customer Services. – Year 2

6.2 Progress in the reporting period

The arvato Site Director responsible for overseeing the partnership - Peter Schriewersmann has moved on within the arvato Bertelsmann Group with effect from August 1st 2014 and has been replaced with an interim Head of Operations - Kevin Hales.

Kevin Hales will remain in post for a period of 3-4 months whilst arvato undertake recruitment for a permanent Site Director replacement.

Services in Scope

Revenues and Benefits

This service area consists of Council Tax, Business Rates and Housing Benefits

For this reporting period the service has undertaken the following key activities:

- Year End activities
- Implementation of Boundary Changes for the Britwell Parish
- Changes to Business Rates discounts and Reliefs as per government legislation
- Increased recovery for Council Tax and Business Rates

Key performance reporting of this period

(Appendix 1 provides the full monthly performance for this period)

- arvato completed the year end activities, successfully, including uprating all benefit claims, notifying Customers, applying the new Council Tax and Business Rates charges and dispatching bills in time for a 1st April instalment.
- The Britwell boundary changes were confirmed to SBC very close to the year end deadline. This resulted in a detailed piece of work being undertaken by arvato which involved billing the residents that were no longer part of the Britwell parish, as the Valuation Office Agency had to apply the new charges, all benefit cases had to be reassessed and the correct bills dispatched. The bills were dispatched to residents with the correct charge and benefits applied by the middle of May, still giving residents 10 instalments running from June 2014 to March 2015.
- Business Rates has been subject to a large amount of activity due to changes in legislation regarding discounts and reliefs which was issued by the Department for Communities and Local Government (DCLG) just before main billing. The impact of these changes affected the retail relief, reoccupation relief and required changes to the Small Business Rates relief which meant all of the accounts had to be examined and recalculated. Many of the accounts had to be examined manually to issue the correct bills. This was achieved and correct bills were issued in time for 1st April instalments.
- Due to legislative changes, Business Rates are now required to offer Business Rate payers 12 instalments in order to pay their Business Rates. As a result of this legislative change many of the large payers have opted to choose this option. This has meant that nearly 25% of the total debt is spread over 12

months instead of 10 month as was the case last year. Due to this payment option now being made available it is difficult to compare year on year collection month by month as there cannot be a like for like comparison of 12 month collection profiles compared to a 10 month collection profile as at last year. The collection figures continue to be monitored robustly and it is estimated that monthly collection is on par with the 2013 /14 profile.

- The collection of Council Tax remains at its highest priority for the Council and this has become even more pressing as the council continues to face significant financial pressures. To ensure that the Council's priorities remain at the heart of the partnership, an agreement has been made with arvato to increase recovery action for non paying residents. This has resulted in an increase of reminders, final notices and court summons being issued in order to secure the debt with an overarching aim of increasing the in year overall collection. The impact of increasing the recovery action has inevitably led to increased volumes of correspondence which arvato are working hard to achieve within the 10 day performance target, however this still proves to be challenging to achieve.
- Due to end of year activity, the turnaround times for Housing Benefits at the beginning of the financial year are generally higher then any other period. This is because the dispatch of Council Tax bills in April makes Customers query their charge and where appropriate apply for Housing Benefits and Council Tax Support all at the same time. On analysis performance normally evens out during the period of June / July as the team catch up with the major influx of work.

However for this reporting period the turn around times are running higher compared to last year. With processing new claims from April to July taking 2.5 days longer than this time last year although changes in circumstances for this reporting period are actually slightly improved taking 2 days less against July 13 at 12.10 days. The focus of management team has been on the agreed delivery the Council's key Council Tax collection priority as well as impacts of a high volume year end but plans are in place, with assistance of Jackie Adams, to bring us back in line with targets during the remainder of the year.

Review of KPI's - Revenues and Benefits

- One of the key benefits of the Contract is the flexibility to review the performance targets annually to ensure that the Council's priorities continue to be the driving force of the partnership coupled with data analysed throughout the year during the base line period to put into place deliverable and achievable targets.
- This has been particularly the case for Council Tax Collection targets as the council focuses to drive up the collection rates to maximise income to bridge the gap of central government funding.
- Taking into account the increasing financial constraints faced by the Council, legislative changes and the impact of welfare reform on council residents, the Key performance targets for Council Tax and Business Rates Collection have been notably amended to reflect this whilst keeping the Benefit KPI targets as is.

Transactional Finance

(Appendix 1 provides the full monthly performance for this period)

This service area consists of Accounts Receivable, Accounts payable, Cashiering, Financial Processing and Rent Accounting.

For this reporting period the service has undertaken the following key activities:

- Joint working with the Council's procurement and Finance team to implement the council's NO PO NO PAY policy to ensure that we process and pay invoices at a much speedier and efficient rate.
- Supporting the financial requirements for the outsourcing of the Cambridgeshire Education Contract including working to set up the BACS Payment solution, finalising the procedures on how they will work with our Purchase to Pay team and agree the processes on how to manage sundry debts.
- The team continue to work closely with the Council's corporate finance team to manage debt owed to the council, pursue vigorous recovery on monies owed. As well as ensuring the financial reporting is provided to allow cost centre managers to stringently monitor service budgets.

Key performance reporting of this period

- The service continues to consistently deliver against the performance targets set
- The debt collection targets remain similar to last year
- Invoices paid within 30 days still requires significant improvement within the council. This remains subject to monthly reporting to the Section 151 Officer who's management team are working closely with Cost centre managers and corporate finance continue to address this.
- Rent accounting remains up to date
- arvato continue to make all attempts to recover former tenants arrears including tracing wherever possible despite the fact that traditionally former tenant arrears are hard to collect once the tenant has moved on

Review of KPI's - Transactional Finance

- All targets relating to transactional Finance have been finalised and agreed.

Transactional HR

(Appendix 1 provides the full monthly performance for this period)

This service area consists of recruitment, payroll and pensions provision

For this reporting period the service has undertaken the following key activities:

- Implementation of the LGPS 2014 CARE Pension Scheme with the payroll system
- Support for the Council and Cambridgeshire Education partnership to incorporate the new payroll provision
- Joint working with the Council on the Workforce Strategy recruitment & retention programme for Children and Young People - with very successful recruitment outcomes
- Year End return certificates for Teachers Pensions, collated, validated and the return submitted for both SBC and Cambridgeshire Education
- Payroll support for all staff working on the Elections completed successfully
- Legislative changes relating to Auto enrolment of staff onto the councils pension scheme.

- The team is currently working closely with Strategic HR to reshape the provision of service and continue to work in consultation with departments to consider the current service provision under a programme of 'Reset, relaunch and Jointly'

Key performance reporting of this period

- The service continues to consistently deliver against the performance targets set

Review of KPI's - Transactional HR

- Work is currently underway with Strategic HR to review the Suite of KPI's relating to Transactional HR

Logistics

(Appendix 1 provides the full monthly performance for this period)

This service area consists of Document Image Processing, Postal Services and administration of the corporate archiving policy.

For this reporting period the service has undertaken the following key activities:

- Additional postal provision to support the Elections period

Key performance reporting of this period

- The service continues to consistently deliver against the performance targets set

Review of KPI's - Logistics

- All targets relating to the Logistics Service have been finalised and agreed and Mystery Shopper activities have been incorporated to validate performance

Customer Services

(Appendix 1 provides the full monthly performance for this period,

Appendix 3 provides more detailed report on Customer services progress)

This service area consists of Front of House, Call Centre, Local Access Points and Reception at St Martins Place.

During the reporting period the service has been engaged with the following activities:

- Restructure of the service - in readiness for the relocation of the call centre to Phoenix 1 - arvato UK head quarters on the Farnham Road.
- Work is underway to replace the ACD telephony system for the call centre
- Implementation of the new IV Log queue management system for the Front of House
- Liaison and sharing good practice with arvato's Private Sector Clients also based at Phoenix 1
- Additional recruitment in the Service centre of 4 fixed time posts to provide resource and resilience to the service.
- Ongoing support for the Council Tax Recovery process.

Key performance reporting for this period

- The KPI's for year 1 of this part of the contract are being baselined until December 2014
- The targets for this suite of KPI's (as per the contract) were negotiated and agreed based on the previous two years performance whilst still under the management of SBC

- arvato are working to improve this performance and though the performance is not yet stable we can see improved performance in the contact centre which with the new telephone system due in September will help stabilise and improve performance further
- Turnaround times at the front of house are also improving but again remain unstable as the service continues to accommodate council service requests and deliver against the service improvement programme of activities. It is anticipated and understood that the step change in performance across the service are dependent on a number of service improvements related to a new Customer Relationship Management (CRM) System being considered for 2015 and the introduction of the IV Queue management system introduced in April 2014 and currently being implemented to enable more accurate reporting. For now the priority focus for the service remains to stabilise existing the performance which will take some time

ICT

This service area consists of IT Service Desk, Technical Infrastructure, Pc & Network Support, Server, Database & Application Support services.

For this reporting period the service has been involved with the following key activities:

- ICT Support for the Council's Election process in terms of new equipment.
- Implementation of 42 Member IPADS including 1-2-1 training with all members on the use of the IPADS.
- Implementation of additional SAN storage capacity (Nimble) to support implementation of Council-wide document management system
- Design and Implementation of the Slough Regeneration Website.
- Initial meetings have taken place to identify the process relating to the ICT Contract novations project - which will inevitably lead to arvato having direct contracts with the ICT Suppliers with the additional flexibility to explore more cost efficient software provision wherever possible.
- Support for the Council's Accommodation strategy and ensuring that all phased moves are executed smoothly
- Solution design activities relating to new thin client upgraded infrastructure and Windows XP migration

Key performance reporting for this period

- Prior to the transfer of ICT to arvato there were limited formal performance targets in place. At the point of transfer indicative performance targets based on National standards were introduced and subject to a 12 month baseline period - due to be completed by December 2014.
- arvato have confirmed that the tools to measure the performance of the ICT targets are not as of yet in place and efforts are being made right now to ascertain what data can be produced from the existing systems.

6.3 Service Improvement plan

The Programme Management team are currently working to ascertain a baseline position of all service improvements that sit within scope of the partnership and it is anticipated that this will be completed by the end of September 2014.

- arvato have employed 2 new Project Managers to assist in providing project management expertise for the programme of activity.

- A project manager has been appointed for the digital mail room and Back scanning project - the project documentation relating to this is currently being drawn up for the council's consideration.
- Paperless Direct debit for council tax and business rates for telephone customers has now gone live for the back office service.
- Project manager has now been assigned and the Curve Project has now started.
- The Accommodation strategy project is now underway and being supported by arvato

Appendix 2 provides a snapshot of the programme overview detailing the current position of the priority Service improvements - as agreed with the Council

6.4 **Partnership Governance Framework**

The Governance Framework continues to act as the main vehicle for performance reporting and escalation within the partnership. Due to the various changes in personnel and the additional services in scope of the partnership – the make up of the various board members will be reviewed within the next reporting cycle.

In addition to the main Governance structure as reported to members in previous reports the introduction of the Corporate Information Governance board will oversee the delivery of the Council's IT Strategy, Information Governance Improvement Plan and to sign off and approve the IT work programme ensuring that resources are directed at priority projects that support the delivery of the Council's Strategic Objectives.

7 **Comments of Other Committees**

None.

8 **Conclusion**

The Committee are asked to note the progress made by the partnership and acknowledge the considerable amount of work undertaken by both arvato and the Council during this time.

The partnership continues to focus on the development of a successful Thames Valley Transactional Service Centre which has the ability to:

- Maximise income
- Raise and respond to community and customer expectations whilst improving performance
- Improve access to jobs
- Improve use of resources and streamlining processes
- Provide efficiencies and improvements to the Council

9 **Appendices Attached**

Appendix 1 – KPI Performance Report

Appendix 2 – SIP Summary

Appendix 3 – Customer Service progress report

10 **Background Papers**

None.