

Slough and arvato Strategic Partnership Annual scrutiny summary Contract Year 4, 2015/16

- 1.0 Strategic summary
- 2.0 Operational performance
- 3.0 Service developments



1.0 STRATEGIC SUMMARY

1.1 Strategic Summary - Executive Summary

2015/16 has proven to be a year of significant change for both arvato and Slough Council with many of those changes been felt throughout the partnership.

arvato have supported a number of Slough's strategic initiatives in the last twelve months ranging from outsourcing of Children's Services activities in support of setting up the new organisation, to the implementation of the Councils new financial platform, to rolling out IT for an extensive accommodation strategy and Curve activity.

These undertakings are in addition to extensive BAU activities where we continue to push year on year performance. This is particularly key in the services with external public facing functions such as Revenues and Benefits or Customer Services, which have both seen strong gains on last years results. Revenues collections were up on 14/15 in both Business Rates and Council Tax whereas Customer Services saw gains on nearly every key indicator, delivering a consistently better service to the public. Statistics shown on page 15 & 16 of this report highlight the positive journey these services have gone through since arvato first took them on and even tougher 16/17 targets show our commitment to continuous improvement.

Transactional Finance and Transactional HR & Payroll have spent significant time working on the agresso transition, whilst still delivering KPI performance. In recent months our AP function have encountered difficulties following the formal agresso go live, however services are now back to pre implementation levels and we have been able to take real learnings from those challenges with the Council now better empowered to enforce financial procedures and policies in a much more rigorous manner.

1.2 Strategic Summary - Executive Summary

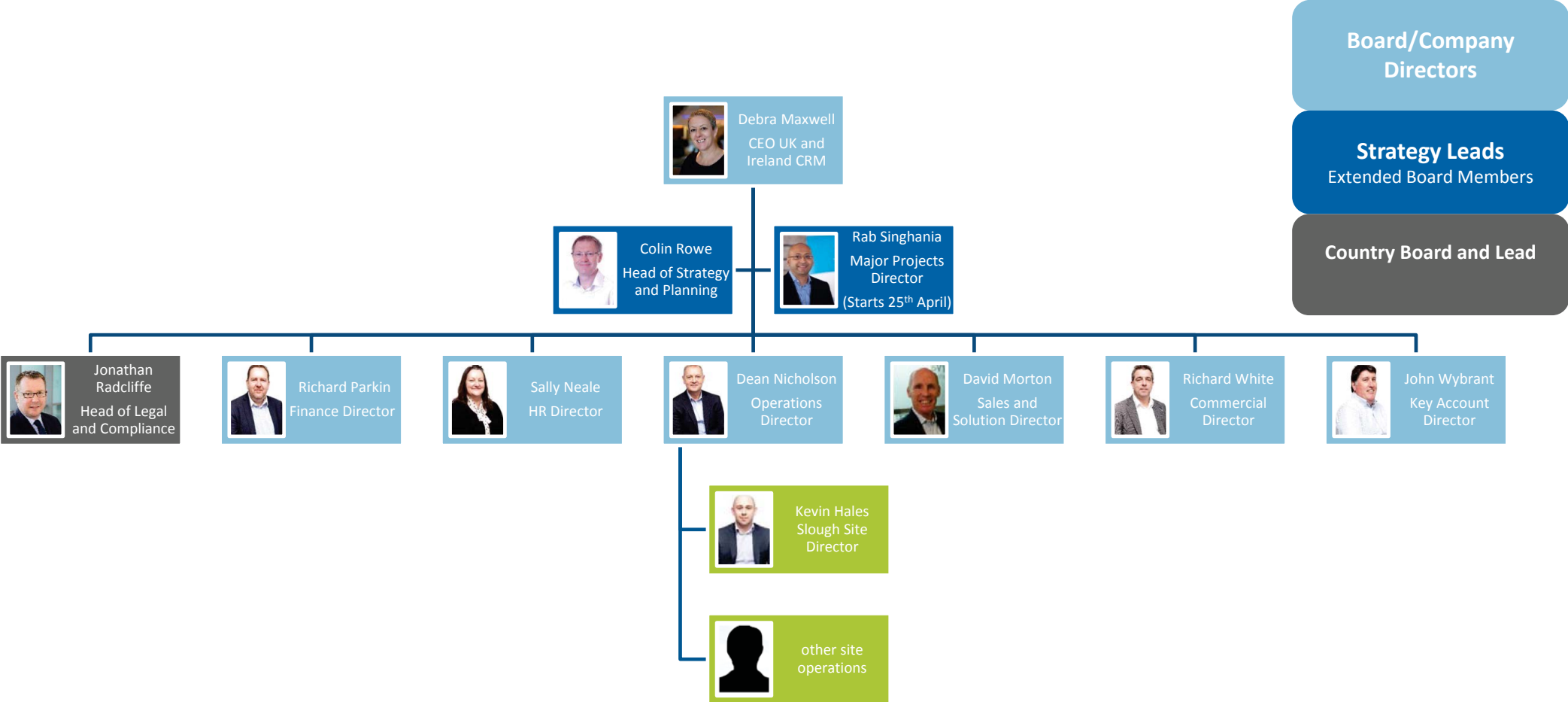
Finally, our ICT team in Slough has delivered a major part of its service improvement programme for Slough, by implementing a new IT infrastructure consisting of new Citrix servers as well as rolling out over 800 new thin client devices for Council and partner employees. A Wi-Fi solution went live at St Martins Place and good progress was made with the PSN auditor around our plans for the remainder of 2016. The Councils accommodation strategy Phase 1 was also concluded which was again a great success.

Away from the operational performance, in line with our original pledge and relocation of our main offices to Slough we have grown from around 100 original TUPE staff to in excess of 600 FTE by Q4 of 2016. One of the main drivers of this increase is the relocation of our contact centre business to Slough supplemented by our recent addition of BMW. Furthermore, our recent inclusion of our Irish businesses under one UK and Ireland umbrella presents great opportunities to share and learn from innovations at the leading edge of customer engagement.

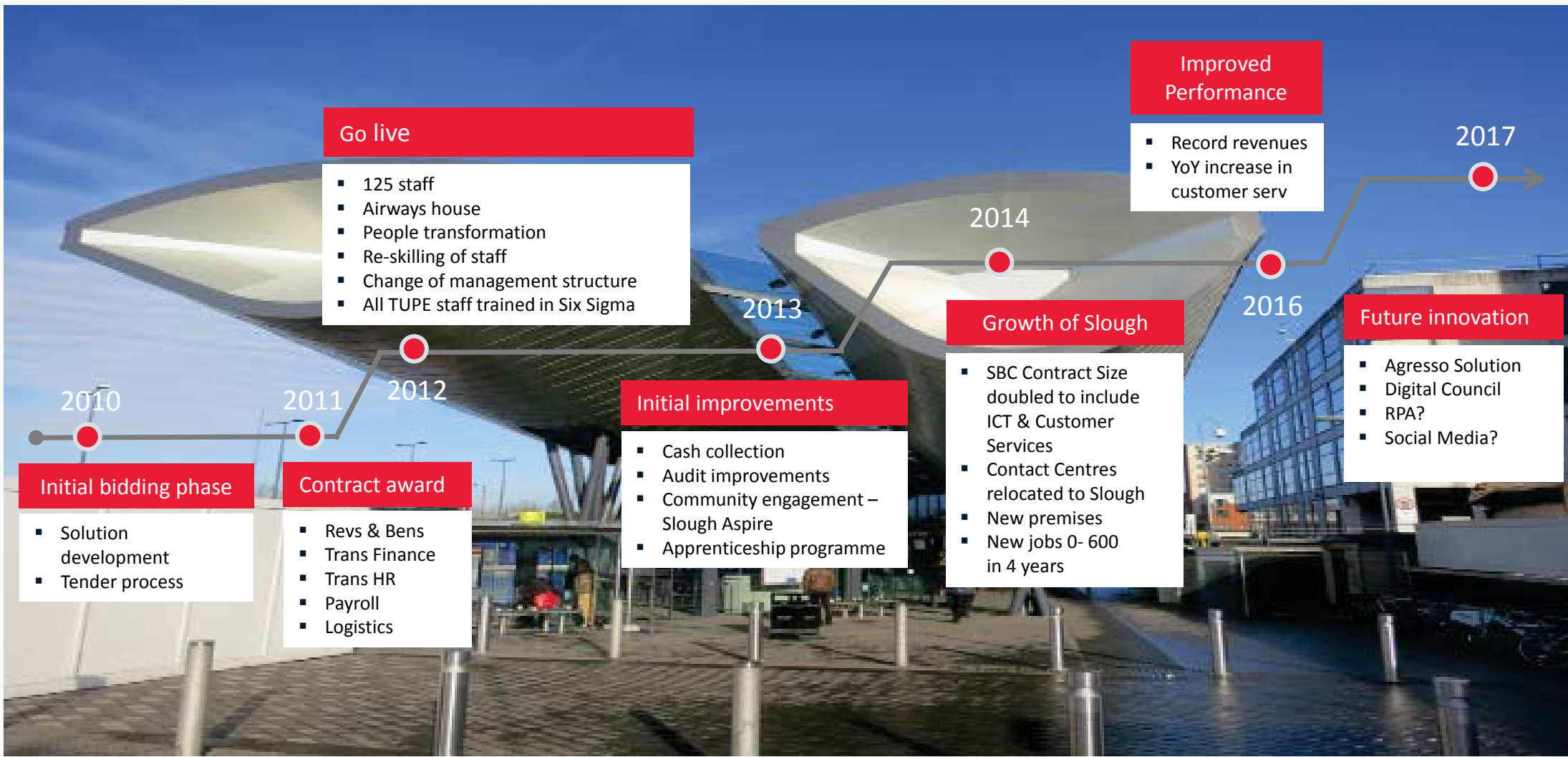
As was highlighted at the previous scrutiny meeting, our contract does include a modest profit share provision which is focussed around the local government basket of services. Whilst the details of that provision are commercially sensitive there is an ongoing commitment to it from both parties with the main driver being the continued growth of activity here in Slough rather than the profits it creates. That said, the local government sector is a particularly challenging market and it has been the case that arvato have had more success in the private sector arena in recent years. We would hope the committee note the additional benefits to the town this brings, albeit in a different guise to the traditional contracted profit share arrangement.

Over the next few pages we hope to show some of things we have changed highlighting our commitment to the town as a great place to do business and show what our partnership has been able to bring to Slough. We will continue to deliver ongoing operational improvements whilst taking a flexible approach to partnership working, leveraging our cross functional experience and knowledge on Sloughs behalf as well as the value we hopefully bring to the Slough community.

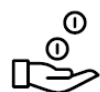
1.3 Strategic Summary - Updated arvato board Structure



1.4 Strategic Summary - The Partnership Journey



1.5 Strategic Summary - Slough Service Portfolio



Revenue Collections

- Council Tax Collections
- Business Rates Collections
- Overpayment Recovery
- Debt recovery
- Billing



Housing Benefit Claims

- New and Case Management
- Fraud
- Benefits Payments Services



Payroll & Transactional HR

- Consultancy & Training, L & D
- Recruitment



ITC Services

- Networks, Servers & Applications
- Service Desks & Desktop support
- Development and Project Management
- PC's, Mobile devices and phones
- Architecture & Design



Logistics

- Postal collection and delivery across all Council sites
- Document Management



Transactional Finance

- AP & AR
- Reconciliation & Accounting
- Procure to Pay



Customer Services

- Contact centre - Calls and emails
- Front of House Services including;
Schools Admissions
Elections
Housing Triage

Additional Services



Strategic Projects

- Agresso
- Children's Services Transition
- Mott MacDonald Transition



Cyber Security

1.6 Strategic Summary - Our apprenticeship commitment

Contract Year	Target No. of apprentice positions	No. of Apprentice Positions filled	% Successful qualification achievement	No. retained in full time positions and functional areas
Year 1	6	5	100%	3 - Finance, Benefits and Transactional-HR
Year 2	6	6	100%	4 - Logistics, Customer services x3 and Transactional-HR
Year 3	6	7	71%	4 - Customer Services x2, HR Services and Transactional-HR
Year 4	9	16*	TBC	TBC ** - HR x2
YTD Total	27	34		

* Two Intakes in Sept 2015 (11) & April 2016 (5) **2 FTE already confirmed in full time positions

- From the stats above as at 1st July 2016 we have 10 previous apprentices in full time employment in arvato.
- arvato continues to support apprentices in Slough with it acting as a key pillar of our recruitment and local engagement strategy. As the figures above show we are currently running ahead of annual targets and expect that trend to continue as we are able to expand our operations in Slough.
- We recently partnered with Fujitsu to run a 'Get Into Technology' programme on behalf of The Prince's Trust, to offer two local young people 12-month ICT apprenticeships in Slough. Two candidates from the programme were chosen to join arvato based on their enthusiasm, willingness to learn, ability to challenge themselves and to develop their careers. Zain Malik and Ravenveer Dhaliwal will join our business in Slough and commence a year's long ICT apprenticeship.

1.7 Strategic Summary – Social engagement

SLOUGH ASPIRE AND COMMUNITY ACTIVITIES

- arvato's engagement in the local community from both a charity and business perspective remains a fundamental part of how we do business here in Slough. We continue to hold a founding Board member position with Slough Aspire as well as recently joining the Slough Business Community Partnership organisation. In further support of local business we recently sponsored the innovation award for the second year running at the Slough Business awards.
- Alongside our work as a Patron of The Prince's Trust we support local charity activities with many of our staff having engaged in various activities during the year with some examples listed below;
 - Our Customer Service Operations Manager visited Cluj Napoca in the Transylvania region of Romania, to support an orphanage and social project organised by a local church in Slough
 - A member of the arvato Corporate HR team underwent a 13,000ft sky dive to raise money for the Aspiring Communities charity raising £1,320
 - Employees in Phoenix One participated in fundraising for a number of national events including Macmillan in The World's biggest coffee morning, Breast Cancer Care in its 'Wear it Pink' campaign, activities for Comic Relief and Marie Curie raising over £1,000
 - Employees took part in the Palace to Palace Bike ride from Buckingham Palace to Windsor Castle, supporting the arvato corporate charity The Prince's Trust
 - Staff have also supported the Sunflower Walk for Thames Valley Hospice and the local charity Khalsa Aid to help the Nepal Earthquake relief effort.

1.8 Strategic Summary - BMW Customer Interaction Centre



DEAL SUMMARY

- Provision of Customer Interaction Centre Services for BMW Sales and Finance Companies
- 5 year contract starting Jan 2017 (phased transition of services commencing July 2016)
- Cross Solution Group deal – CRM and arvato Financial Solutions working together
- Representing BMW, Mini, Motorrad and Rolls Royce brands
- Arvato UK's first 2nd generation outsource deal (taken from the incumbent and also market leaders)

1.9 Strategic Summary – BMW growing Slough operations



SERVICE OVERVIEW

- **200** Standard and Specialist agents based in a highly customised “customer interaction centre” in arvato **Slough HQ**
- 27 “implant” agents will be on site at BMW UK HQ
- Our teams will provide multi channel support for prospective and existing customers together with authorised dealers
- Initial services include telephone, email and white mail. Future channels include Social Media & Web Chat
- 24 X 7 support in Slough for next generation connected car customers



2.0 OPERATIONAL PERFORMANCE

2.1 Performance – Revenues years 1 - 4

SLOUGH	Council Tax Collections				Business Rates Collections				
	Contract Year	Collection Rate %	YoY Change %	Total Collected £'000	YoY Change £'000**	Collection Rate %	YoY Change %	Total Collected £'000	YoY Change £'000**
	12/13	95.3%		46,148		94.9%		88,760	
	13/14	94.8%	-0.5%	49,872	3,724	96.2%	+1.3%	92,156	3,396
	14/15	96.0%	+1.2%	51,673	1,801	96.8%	+0.6%	94,374	2,218
	15/16	96.5%	+0.5%	53,590	1,917	97.1%	+0.3%	96,605	2,231
	15/16 vs 12/13		+1.2%		+7,442		+2.2%		+7,845

* 13/14 decrease related to change from CTax benefit to CTax Support vs 12/13

** Includes +/- effect of annual changes to the collection base, not just % change.

- Council Tax collections now 1.2% better in 15/16 than in 12/13 collecting over £7.4m more annually
- The Business Rates team collect over £7.8m additional revenue and is circa 2.2% better than in 12/13
- The project in Business Rates to increase the collectable debit is complete . Additional debits totalling £2.05m has been raised in respect of new properties with rateable value increases totalling £7.07m.
- Following an outbound Cust. satisfaction survey, the overall satisfaction level is 80.19 % for Revenues and Benefits, 88.18% for benefits and 71.57% for council tax . This is a significant improvement on the results from 2 years ago (79.17% for benefits and 60.22% for council tax) especially when we consider we are pushing customers harder for payments.

2.2 Performance – Customer Services years 1 - 4

SLOUGH	Customer Services - Contact Centre					Customer Services - Front of House				
Contract Year	Contact Volumes '000	Overall answered %	YoY Change %	Answered Within 30 seconds %	YoY Change %	Contact Volumes '000	Overall Seen %	YoY Change %	Seen Within 30 minutes %	YoY Change %
12/13	220,000	67%		32%		65,000	99%		53%	
13/14	228,000	71%	4%	39%	7%	62,000	98%	-1%	53%	0%
14/15	223,000	81%	10%	52%	13%	63,000	96%	-2%	71%	18%
15/16	228,000	83%	2%	57%	5%	56,000	97%	1%	81%	10%
15/16 vs 12/13			+16%		+26%			-2%		+28%

- On average we are speaking to and seeing over 25% more customers within our 30 seconds and 30 minute SLA targets, with further increases planned for 16/17
- Customer Service improvements have been delivered against a backdrop of a circa 20% staffing reduction since arvato took on the service, a direct saving to our client built into our long term deal.
- Reduction of 'overall seen %' is an indicator of channel shift away from Face to Face contact to the contract centre with the next step to drive customers further towards the Self Serve solutions we have implemented, ie Ctax, Business Rates portal.

2.3 Operational Performance – Self Service update

REVENUES AND BENEFITS SELF SERVE

	Cumulative to date
Number of users registered	5,319
Number of Council Tax payers using the service to sign up for direct debit	2,653
Number of Council Tax payers using the service to notify a change of address	2,333

- Good progress in Ctax Self serve usage with sizable monthly increases in users and planned publicity to continue throughout 2016/17 including a second prize draw (subject to Council approval)
- Business Rates uptake remains underwhelming which is something we will need to address in coming months

TRANSACTIONAL FINANCE PAYMENT KIOSKS

- Kiosks were implemented at Landmark Place in April 2015, and at the libraries in August 2015.
- Total payments taken by kiosks is £1.37M
- Total no. of transactions is 11,300
- Of the £1.37M taken, 40% was by cash payment. Library kiosks are 'card only', LMP takes cash & card.
- 84% of the total transactions took place at LMP. Discussions to be held over future kiosk strategy.

2.4 Operational Performance - 15/16



Revenues and Benefits

- Council Tax collection rate was 0.62% higher than 2014/15, with an additional £1.9M collected.
- Business Rates has exceeded target, 0.32% higher than 2014/15.
- Benefits new claim achieved target despite a difficult year.
- Despite LA Error being off target all year, it successfully reached 0.45% in March well below key target of 0.48%



Logistics

- No KPI failures in 2015/16
- Archiving – collections and deliveries have continued in a timely whilst spending considerable time and effort in process improvements for future peace of mind.
- Smooth operational delivery throughout extensive Council Accommodation strategy



Transactional Finance

- Consistent high performance on KPI's (KPI's suspended Feb/March)
- Overall rate of collection for AR Debt = 98%
- Approx 7,500 current tenants served (quarterly statements; DDs; Housing Benefit changes), and 1000 former tenant cases managed
- Assisted the council with their change of Bank Accounts project.
- Successful provision of services to Mott MacDonald & Slough Childrens Services Trust
- Implemented self service payment kiosks at LMP & Local Access Points in the borough



Customer Services

- The KPIS's went live this year and were all achieved
- FOH – engagement activity with Housing has seen improved partnership working.
- Contact Centre – Has seen continued improvement against KPI's and met all annual targets. There have been considerable improvements in Q3 & 4, vs previous years.
- Team has dealt with increased volumes on elections and Schools admissions with minimal impact to the Council.
- First Contact Resolution jointly with Revs & Bens has meant a reduction in repeat calls/visits as staff have the acquired knowledge and systems access to resolve queries at first point of contact.



THRP

- We have processed from April 15 to March 16 over 31,000 pay slips and 62,100 transactions.
- The Recruitment team have advertised 160 vacancies and processed over 1900 applications.
- We have also processed 471 DBS clearances
- Smooth TUPE transition of 250 staff to new Children's Trust organisation.
- Green Flag for the a periodic audit plan for payroll. "The official internal audit opinion was *"the Council can take substantial assurance that the controls upon which the organisation relies to manage the identified area are suitably designed, consistently applied and operating effectively"*.



ICT

- A total of 800 iGels devices have now been deployed, replacing chipped PCs across all Council departments.
- Major infrastructure upgrades were commenced and are due to complete 2016.
- The Teams have supported the Council in all of the desk moves for staff required as part of the Accommodation Strategy. This has resulted in a total of 42 accommodation work requests being completed in 2015, with 10 of those being classed as major moves involving more than 100 staff and requiring weekend work.
- The Childrens Trust transition was supported working to a short timescale to ensure operational go live was possible.

99.27%

Percentage of KPIs Achieved
(Apr-Mar 15/16)

No of payroll transactions

52,150

No of Benefits claims processed

4,456

Total CTAX Debt Collected

£53.6M

Total Business Rates Collected

£96.6M

No of Creditor payments

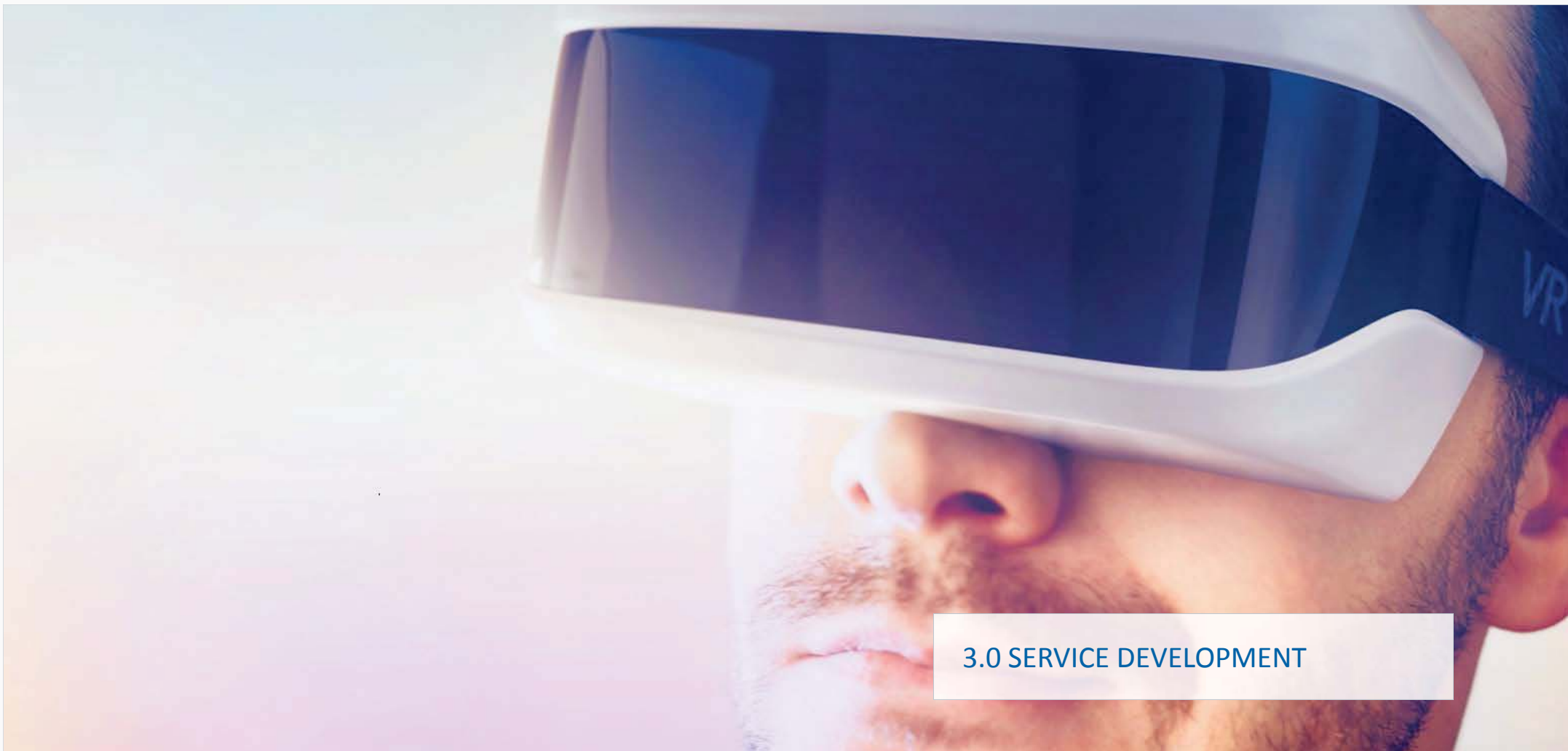
21,500*

Total Debt raised

£26.6m*

Number of postage items processed

264,188*



3.0 SERVICE DEVELOPMENT

3.1 Service Developments

NEW CRM PLATFORM

- The Implementation of the new CRM platform has been paused in order to align with the Councils Digitalisation agenda.
- New CRM requirements are being scoped to get a fit for purpose system for both arvato and all Council retained services. This needs to support the one view of the customer principle.

IT DEVELOPMENTS

- Infrastructure project due to complete by the end of 2016 allowing for future agile working solutions currently in pilot phases across the Council.
- Completion of the Curve project including the decommissioning of old library
- A major undertaking has started to replace the Councils Telephony solution which coincides with the new wide area network provision that is about to be rolled out.
- Major BAU upgrades to social care and Housing upgrades to support RMI and Self Serve
- All of the above is in conjunction with or in addition to the Digitalisation programme the Council is about to commence with.

3.2 Service Developments

REVENUES COLLECTIONS

- Strategic conversations to be held over Bankruptcy and committal activities to determine approach
- Debt collection tools such as text functionality will look to be rolled out during 2016
- Use of Propensity to pay to be re-considered within the service

AGRESSO PROJECT (COUNCIL LED WITH ARVATO IMPLEMENTATION SUPPORT)

- Transactional Finance is now live with service alignment workshops due to complete in June.
- Transactional HR and Payroll is due to go live later this year moving us of the unstable CHRIS21 payroll platform.
- Further upgrade to latest agresso release (version 5) due to be signed off in may with intention to deliver by Q4 of 2016. The latest version will offer increased functionality and improved usability over and above that version currently in implementation.
- Slough Council HR have engaged a new programme lead to cover the remainder of the agresso implementation with plans to review all of the Self Service functionalities to ensure alignment to Council HR policies before go live.

3.3 RPA – Robotic Process Automation

Pilot phase commenced January 2016 - to automate 17 processes from Revenues in our Local Government contract in a live RPA environment by September 2016.

Ran 3 Processes with 1 Robot in 2015 (POC)

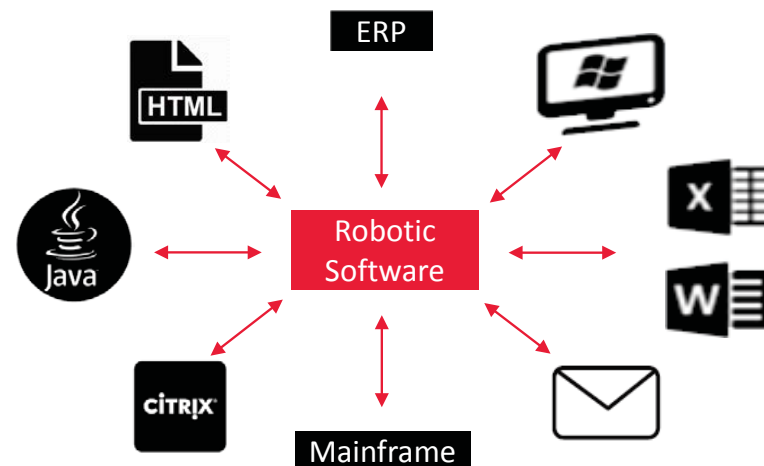
4 Processes in Live environment since January 2016 to date

Potential to reduce operational costs for Inputting by as much as 70% using RPA

To date we have processed **800** items in **17** hours compared to **88** hours to complete manually

2 more processes designed and going through development

Robots can manipulate with all types of applications and interfaces through the presentation layer



Robots can move from system to system extracting data faster than a human can!

11 further processes to be designed and developed for RPA Implementation.

Revenues Processes include:- Change of Addresses, Inputting Direct Debits, Awarding of Discounts and Exemptions

3.4 Channel Shift and Social Media options

SOCIAL MEDIA OPTIONS - TWITTER

- arvato currently manage
- Our Twitter operational delivery was Introduced in Sefton 2014.
- Moved from outbound only to responsive comms channel following customers feedback with followers now passing 11,000, up 86% from 5,900 in less than 2 years
- Most responses provide a link to the relevant website to promote self-serve and educate customers



SOCIAL MEDIA OPTIONS - WEBCHAT

- Piloted in Sefton 2016, Deployed on web pages that attract high volume enquiries through CS - cleansing, elections highways council tax, elas
- Only provide links to web pages and information supporting and driving customer self-serve
- Pilot agreed to be extended with the client to increase scope of services and potential to include in home page.
- Key strategy in channel shift to move away from email and voice with agents directing customers to the information on the website

SOCIAL MEDIA OPTIONS - WHATSAPP

- Highly used social media with quick concise customer interaction promoting channel shift.
- Currently in discovery stage with the intention discuss a potential pilot via our Slough contact centre.

