

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee **DATE:** 10th January 2019

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PART I **FOR COMMENT & CONSIDERATION**

THAMES VALLEY TRANSACTIONAL SERVICES CENTRE: **CONTRACT YEAR 7 HALF YEAR REPORT APRIL 2018 – SEPTEMBER 2018**

1.0 Purpose of Report

- 1.1 The purpose of this report is to provide Overview and Scrutiny Committee members with a strategic overview of contractual performance for the Thames Valley Transactional Services Public Private Sector Partnership between Slough Borough Council and Arvato
- 1.2 The period of reporting covers the half yearly performance outturn for contract year 7 (April 2018 – September 2018).

2.0 Recommendation

- 2.1 The Committee are asked to note and comment on Arvato's performance for the reporting period April 2018 – September 2018 which covers both Quarter 1 & Quarter 2 of the contract year, noting that the full suite of KPI's cover a mixture of annual, monthly and quarterly targets respectively.

3.0 The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

3.1. Slough Joint Wellbeing Strategy Priorities

- 3.1.1 Since the commencement of the 10 year contract term in April 2012, arvato UK's public sector team in Slough have continued to deliver a year on year apprenticeship scheme for young people in Slough. Apprentices are 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 provides them with support to find permanent posts by providing workshops on job search, CV writing and filling out application forms, and interview skills.
- 3.1.2 To date, 67 apprentices have enrolled on the apprentice scheme over the last 7 contract years compared to a profile target of 63. Young people selected for the apprenticeships training are generally 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.

- 3.1.3 A structured training package of tasks ensures 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.
- 3.1.4 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.
- 3.1.5 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 set out below and includes actual number of cohorts for each contract year.

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total
Apprentice posts Profile	6	6	6	9	10	11	15	16	17	21	117
Actual Apprenticeships intake by arvato	6	5	7	11	17	12	9				

- 3.1.6 Given the change in direction for the Council to establish the Slough Academy, which focus's primarily on investing and growing talent within the organisation through continuous professional development and identifying new talent to bridge the skills gap we no longer undertake the role of a training provider, as such arvato have expanded their own programme to incorporate a higher level of apprenticeship and as such have sourced their own provider to support them.
- 3.1.7 To further support the current and future healthcare and wellbeing of our residents, the Benefits service covers the provision of housing benefits for Slough's residents with a specific outreach programme targeted to support our most vulnerable members of the community. The Neighbourhood Benefit and Money Advice Officers role includes working with community groups and the third sector to increase awareness of both benefits and grants available with a view to maximising income where entitlement and eligibility criteria are met. At present the Council are in receipt of arvato's plan to maximise benefit take up which includes activities such as:
- Home visits to elderly / vulnerable people
 - Reviewing referrals from other departments in the Council and external agencies
 - Working with agencies such as, New Horizons, Tele-care, Slough Food bank, SHOC and Talking Therapies
 - Networking and fostering new partnerships with organisations such as:

Shari Driver - Surrey Disabled Peoples Partnership (who also provide advocacy for Slough residents) Dementia Advisor - Slough Older Person's Mental Health Memory Clinic Upton Hospital and Hestia (domestic violence advocates)

- This is subject to review as part of Quarter 3 of this contract year.

3.1.8 Overall, the services in scope of the partnership continue to link to the overall effectiveness and efficient running of the council. As such, the Partnership seeks to streamline processes, implement contractually agreed service improvements whilst demonstrating a step change in performance year on year.

3.2 **Five Year Plan Outcomes**

3.2.1 The Transactional Services contract underpins SBC's work across all outcomes as set out below:

3.2.2 Outcome 1: ***Slough Children will grow up to be happy, healthy and successful***

- Contractual delivery of 117 Apprenticeship over the life of the contract
- Bespoke LAC Placement arrangement in collaboration with the Trust - 1 placement confirmed in arvato communications Team
- The introduction of the Care Leavers - Discretionary Rate relief Policy supports care leavers in the community which helps them to establish a full and healthy quality of life
- My Council provides front –line / face to face support for the Schools admission service

3.2.3 Outcome 2: ***Our people will be healthier and manage their own care needs***

- Arvato are responsible for administering the direct payments as provided by Adult Social Care, this includes the FAB Team visiting FAB Customers and liaising directly with ASC to ensure that up to date information is shared regarding each customers circumstances and ensuring timely payments are made.

3.2.4 Outcome 3: ***Slough will be an attractive place where people choose to live, work and stay***

- The contractual requirement to re-locate the arvato head office to Slough continues to promote and entice new business to Slough primarily within the private sector and has seen growth opportunities in the following third party contracts

Corporate Staff: 40 fte

BMW – 300 fte

Zara – 170 fte

Renault – 20 fte

Telefonica – 15 fte

Benefit Cosmetic - 3 fte

- As part of the remit of the Town Team, work is underway to explore the opportunities presented for developing a Business Improvement District (BID). This will include an additional tariff on Business Rates. As such SBC will work with arvato to incorporate this as part of their collection targets.

- Working with arvato, the Council will seek to consider the future requirements of the Council's Customer Experience strategy which is currently being developed, to ensure that the local access points / hubs are appropriately resourced and delivering targeted customer services to neighbourhoods. The objective of which will lead to improved access and an appropriate locality offering
- Arvato's employment of two Neighbourhood Benefit and Money advice officers who primarily focus on benefit take up across the borough will continue to assist in improving the quality of life of our residents by raising awareness and advising residents on maximising income for those in most need in the borough.

3.2.5 Outcome 4: ***Our residents will live in good quality homes***

- Arvato currently administer Discretionary Housing Payments to assist in maintaining peoples homes. The procedures are reviewed annually to ensure that policies remain inclusive.
- Arvato continue to administer the Local Welfare Provision which focus's on supporting our most vulnerable residents by providing essential items / food to ensure no one is hungry or living without basic necessities.
- Local Welfare provision also provides support / assistance in clothing / travel expenses to directly support all residents in seeking employment, who are unable to immediately assist themselves.
- Arvato's administration of the Council's Housing Benefit Service ensures the accurate and timely processing and payment of all Housing Benefit awards to avoid residents falling into rent arrears which can ultimately lead to eviction and homelessness

3.2.6 Outcome 5: ***Slough will attract, retain and grow business and investment to provide for our residents***

- SBC in conjunction with the other Berkshire Authorities are ahead of the Governments timetable for 100% retention of Business Rates, having gone live in Slough on April 2018 as a pilot. SBC have been supporting the implementation with robust policy and procedures, working with arvato to increase collection in order to support service provision and budget shortfalls
- The arvato, My Council provision remains located centrally, which continues to attract footfall to the Town Centre
- The council offers a Business Rates Inward Investment Policy to attract businesses to the borough which is administered by Arvato and approved by the Director of Finance
- Section 44: Partially Occupied Rate Relief Policy is intended with the aim of retaining businesses in the borough and assisting them when moving to larger premises. This policy is administered by arvato and approved by the Director of Finance

4.0 Other Implications

(a) Financial

The partnership continues to present a number of opportunities for SBC over the 10 year contract period.

Some of which include:

- Increased council tax collection rates
- Increased business rates collection
- 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 and which may be spent in Slough)
- Improved IT functionality which may lead to better service provision
- An ambitious service improvement programme which focus's on developing the Council's ICT Infrastructure as well as providing improvements for all services in scope.

(b) Risk Management

The contract has a robust governance system in place which analyses the risks involved on a monthly and quarterly basis.

(c) Human Rights Act and Other Legal Implications

There is no Human Rights Act or other legal implications connected to this report.

(d) Equalities Impact Assessment

The compilation of this report has not required an Equalities Impact Assessment.

5.0 Supporting Information

5.1 As is routinely the case, the Overview and Scrutiny Committee is examining the performance of Arvato in undertaking the Transactional Services Contract. This is done twice yearly – once at the turn of the calendar year as a half yearly update (as in this case) and once to examine the Annual Report. This covering report will outline some of the headlines from contract year 7 – quarters 1 & 2, and will be supported by a short presentation at the meeting itself by arvato representatives which is attached as Appendix A of this report.

5.2 Appendix B contains a comprehensive range of data, which members are asked to scrutinise in depth ahead of the meeting. However, in order to provide a more focused introduction, this report will provide a brief narrative on some of the key themes raised by these levels of performance. This should assist members when examining the bank of material which forms the half yearly analysis of contract year 7.

5.3 Revenues and Benefits

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

Key performance reporting of this period
(Appendix B provides the full monthly performance for this period)

- Revenues arrears collection has progressed well during this reporting period.
- The Single Persons Discount Review which commenced at the beginning of this contract year in April 2018 is nearing completion, with responses received being processed, reminders sent to non responders and discounts subsequently being cancelled where appropriate.
- The recovery timetable remains on track with post liability court orders processed up to date.
- Discretionary Housing Payments continue to be monitored closely month on month. As at Quarter 2 a review was being undertaken on the length of time support was being offered.
- In conjunction with arvato ICT, work is currently underway to implement the long awaited online e-benefits solution, which will enable both the customer and the contact advisors to use a single interface to apply for benefits on line. It is the council's intention to support this by the subsequent implementation of Risk Based Verification Technology which will change the evidence requirements allowing the assessment of new claims at the point of claiming. Claims will be categorised as low, medium or high. Classification of claims will allow resources from low risk cases to be channelled towards high risk cases and reduce fraud and error from entering the system at the gateway.
- From a performance perspective, collection targets continue to be monitored closely, with monthly reports being reviewed by SBC. Benefit processing targets remain under pressure: reporting 25 days turn around against an annual target of 20 days and change in circumstances remaining comfortably within the annual target.
- Arvato have brought in additional resource to support the successful outturn of the suite of annual performance targets for revenues and benefits.

5.4 **Customer Services**

This service area consists of Front of House, Call Centre and the Local Access Points

Key performance reporting of this period
(Appendix B provides the full monthly performance for this period)

- Committee is asked to note that this service area is subject to varying volumes throughout the year due to seasonal factors and service activities such as Schools admissions, Council Tax Billing, and recovery action scheduled at various times through the year coupled with service requirements as necessary throughout the year.
- This has been evident in a number of variances demonstrated from Quarter 1 to Quarter 2 as follows:

Total number of tickets issued:

Q1 saw 14% (1709) increase compared to the same period last year
Q2 saw 7.2% (829) decrease compared to the same period last year and 15.2% (1754) decrease compared to Quarter 1.

For the Call Centre:

Q1 - 9% (1810) increase in the number of calls received for Revenues and Benefits compared to the same period last year.

Q2 – 10.1% (1927) decrease in calls compared to the same period last year.

For Emails:

Q1 - 23% (660) increase in Q1 compared to the same period last year

Q2 – 157 less emails compared to the same period as last year.

- In addition to core contract delivery, the service has continued to provide support to Adult Social Care and Strategic Housing whilst they focused on addressing back office support issues
- Universal Credit full service commenced during Quarter 1(11th April 2018) and arvato have continued to work with Job Centre Plus to provide Assisted Digital Support for Slough Residents from Landmark Place.

In Q1 Assisted Digital Support was provided to 29 UC Applicants and 51 customers were supported with general enquiries and partial applications.

In Q2 Assisted Digital Support was provided to 28 UC Applications and 17 customers were supported with general enquiries and partial applications.

- May Local Election - In Q1 Customer Services Call Centre staff provided additional support to the Elections Back Office team to cover the phones during the Count - 8:30 – 10:30pm.
- Committee are asked to further note that whilst every effort continues to be made to ensure alignment between back office and front of house to streamline services to residents, there continues to be issues in terms of notification of changes and appropriate briefings and trainings. As such the client team in conjunction with arvato will look to review the current process in Q3 with a view to making improvements to appropriately resource plan to better support back office services, residents and the front of house more effectively.

5.5 Transactional Finance

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

Key performance reporting of this period

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

- All KPIs met successfully in the period.
- In Quarter 1: Over 11,000 creditor payments processed on behalf of the council with a value of more than £60M, and 74 rent refunds issued to tenants, in the sum of £42K.
- In Quarter 2: Over 11,000 creditor payments processed on behalf of the council with a value of more than £70M, and 59 rent refunds issued to tenants, in the sum of £34K.
- In Quarter 1: 6,300 debtor invoices raised (value of over £15M). Recovery rate averaged 96.92% in the period.

- In Quarter 2: 4,000 debtor invoices raised (value of over £8M). Recovery rate averaged 98.4% in the period.
- For Quarter 4 (of contract year 6) and Quarter 1 (contract year 7) rent statements successfully delivered to over 7,500 council tenants.
- In Quarter 1: Recovery of sundry debt averaged 96.92% in the period. In Quarter 2: Recovery of sundry debt averaged 98.4% in the period.
- New arrangements for provision of a BACS payments service to Slough Children's Services Trust was planned mapped and implemented in mid September 2018.
- Discussions regarding a revised SLA and service realignment are pending, and aim to refine processes and responsibilities following the implementation of Agresso & the TUPE transfer of the Technicians Team in February 2018, and the Former Tenant Arrears function in October 2018 (Quarter 3 reporting period)
- Arvato ICT are currently assisting the council with testing on its 'paperless' Direct Debit initiative for Housing Rent collection, which will go Live early in October 2018 (Quarter 3)

5.6 Transactional HR

This service area consists of recruitment, payroll and pensions provision

Key performance reporting of this period

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

- 99.8% of KPI's achieved for this reporting period
- The payroll team has continued to embed new processing activities utilising the Agresso system and where applicable working closely with Project Team to resolve processing/system issues experienced by users.
- Volumes for this reporting period are as follows:

	Q1	Q2
Payslips	7787	6914
Vacancies advertised	50	60
Offer letters issued	48	67
DBS Checks completed	163	131

5.7 Logistics

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

Key performance reporting of this period

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

- Quarter 1 saw the majority of KPI's being achieved with some added volumes and complexities arising from Neighbourhood services scanning requirements - some of which backdated 18 years. In addition the service has resource pressures with vacancies within the Logistics Services which are likely to have hindered progress.
- Quarter 2, however saw a marked improvement on the KPI targets, having had time and training to index Neighbourhood services Tenant

documentation as per the business requirements. Work is now underway to initiate a similar exercise for Strategic Housing services.

- Following a team restructure in Logistics, investment in a new management role is in progress with an appointment due to be made within Quarter 3.
- Work remains ongoing with Reading Borough Council archivists to ensure correct presentation of files are being sent to storage, and ongoing monitoring of destruction dates relating to hard copy files which are sent for storage.
- The client team are currently working with the council to improve the level of communication relating to office moves and team restructures to ensure that the service is in receipt of up to date information pertaining to location and teams to enable the provision of an efficient postal service.

5.8 Information Technology

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

Key performance reporting of this period

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

- KPI reporting has continued to present challenges - with arvato reporting two of the KPI's as difficult to report due to system functionality (ICT08 & ICT10) – it is envisaged that with the introduction of the IT Service management tool this will be addressed for future reporting
- The arvato ICT Service Desk restructured 1st and 2nd line setup, which arvato anticipate will improve productivity as ticket volumes continue to decrease.
- During Q1, the arvato ICT provision provided support for the Elections process
- Q1 also included the implementation planning of the IT Service Management tool which ultimately will assist in the improvement of KPI reporting as referred to above and improved functionality will see additional reporting being made available to the client - go live is scheduled for Q3
- Quarter 2 included arvato recruiting an ITIL Certified Service Desk Manager
- Unified Telephony Solution - during this reporting period dialogue remains ongoing with our supplier to ascertain an appropriate solution to meet the business requirements of the organisation as the direction changes to focus on smart working.

6.0 Challenges for Contract year 7 to date

- 6.1 The commencement of Contract year 7 has been subject to a number of challenges, both from a service delivery perspective, which has included welfare reform changes, ongoing support requirements for Slough Children Services Trust, Agresso HR & Finance Platform implementation and service re-alignment reviews against a backdrop of commercial issues relating to specific contractual matters which at the point of submitting this report remain subject to ongoing detailed negotiations.
- 6.2 These issues coupled with the Councils ambition to transform the way in which it delivers services to residents will result in further detailed discussions taking

place with arvato over the coming months particularly with regards to the provision of ICT and Customer Services.

7.0 Comments of Other Committees

This specific report has not been taken to any other committee of SBC.

8.0 Conclusion

The Committee is asked to highlight any areas of performance they wish to discuss with Arvato at the meeting. These are included in Appendix A & B of this report.

9.0 Appendices Attached

'A'	Arvato performance slide deck
'B'	Performance figures for contract year 7 Half Year

10.0 Background Papers

None