



OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the Overview & Scrutiny Committee held on Monday 3 February 2014 at 7.00 pm at 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Catherine Bowman (Chair)
Councillor Gavin Edwards (Vice-Chair)
Councillor Neil Coyle
Councillor Nick Dolezal
Councillor Toby Eckersley
Councillor Dan Garfield
Councillor David Hubber
Councillor Lorraine Lauder MBE
Councillor Rebecca Lury
Councillor Paul Noblet
Councillor Geoffrey Thornton

OTHER MEMBERS PRESENT: Councillor Darren Merrill, Deputy Cabinet Member for Customer Services

OFFICER SUPPORT: Shelley Burke, Head of Overview & Scrutiny
Norman Coombe, Legal Services
Richard Heap, Head of Technology
Patrick McGreal, Principal Surveyor
Ian Morrissey, Head of Applications, Data & Operations
Stephen Platts, Director of Regeneration
Richard Selley, Head of Customer Experience
Duncan Whitfield, Strategic Director of Finance and Corporate Services
Peter Roberts, Scrutiny Project Manager

1. APOLOGIES

- 1.1 Apologies for absence were received from Councillor the Right Reverend Emmanuel Oyewole. Councillor Nick Dolezal attended as a reserve.

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

2.1 There were none.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

3.1 The chair, Councillor Cathy Bowman, declared an interest and dispensation as a council leaseholder in respect of item 4, Impact of Regeneration on Leaseholders.

4. IMPACT OF REGENERATION ON LEASEHOLDERS

4.1 Steve Platts, Director of Regeneration, and Patrick McGreal, Principal Surveyor, introduced the report.

4.2 The chair was concerned that as much negotiation as possible take place with leaseholders but that currently a lot of emphasis was given to the process for compulsory purchase orders. The officers explained that, because of time constraints, it was necessary to run the two processes concurrently. It was still preferable to agree acquisition by negotiation but no-one benefitted from an overly-protracted process.

4.3 The chair asked for a comparison with the timeframe of previous large regeneration projects such as in Peckham. Other members of the committee commented that the North Peckham regeneration had moved faster because the government had funded a single large regeneration bid. Officers added that leasehold acquisitions at Peckham had still been difficult. The council had learned a lot from prior experience of regeneration projects. The offer to tenants and leaseholders from the council and its partners was much better, including more products such as shared ownership. Phasing and re-housing options were clearer. Greater help was available to support vulnerable tenants and leaseholders such as the elderly. A member commented that on the Aylesbury estate the work of the New Deals for Communities team and subsequently the Creation Trust had been invaluable.

4.4 A member drew attention to page 11 of the agenda, an extract from the Heygate News of February 2004. Residents had been promised moves into brand new homes but this had not happened. People had often had to move a long way from the area they had originally chosen to live in. The option for leaseholders of retained or shared equity had only been put into effect in the later stages of the regeneration. Officers explained that the planning agreement had reserved a number of units for Heygate leaseholders but that, by the time these were available, around three quarters of leaseholds had already been brought back. The council had learned that shared equity, offered in any new build, was an important tool. Another member stressed that, while some residents chose to remain in the local area, others had taken the opportunity to move elsewhere. The chair argued that while some leaseholders on the Heygate had been keen to move, and moved quickly, in 2004 no-one could have anticipated that the project would be at the stage it was now.

- 4.5 A member highlighted paragraph 11 of the report and stated that it did not take account of recent changes to the lettings policy which set out rights to revert to being a secure tenant more clearly and which did not depend on income or capital assessment of the individual in question. The member also questioned the basis of valuation of properties set out in paragraph 14, particularly in view of the description of the Heygate on page 8, and asked whether there was still the possibility for leaseholders to refer compensation to the Upper Tribunal (paragraph 17). Officers confirmed that referral was still a possibility.
- 4.6 The Director of Regeneration outlined the situation on Wolverton, phase 7 of the Aylesbury regeneration. Ten leaseholders had remained, all relatively elderly and all who had lived on the estate for around thirty years. The director and the leader had met with the leaseholders, recognising the assistance they might need, and explained the process and the available options including shared equity products. All the leaseholders had been re-housed without the necessity of compulsory purchase orders. A member commented that changing timelines had been a big problem on the Aylesbury, especially following the failure of the private finance initiative in 2010. The director of regeneration stated that the appointment of a strategic partner on the Aylesbury would help. He added that schemes needed to be able to deliver in planning terms and to be economically viable before any process for compulsory purchase could be set in motion.
- 4.7 A member asked for clarification of the reference to a “ransom value” (paragraph 7(iii)). Officers explained that in some cases people attempted to stay put unless, for instance, they were paid an extra £20,000 for their properties. It was the council’s duty to work within the statutory constraints, to be fair and equitable to all leaseholders in respect of compensation and not to increase an offer in response to the negotiation skills of individual leaseholders. The chair questioned whether valuations could ever compensate for leaseholders’ emotional investment in an area. She was of the view that many residents on the Heygate had experienced regeneration as a top down approach by the council rather than something that they themselves had sought. The director of regeneration stated that as much market evidence as possible was taken into consideration and that the same factors were taken into account in deciding a valuation for compulsory purchase as for right to buy applications. He acknowledged that, because of construction and other factors, the market value of flats would be less than the market value of brand new flats in the vicinity but that the offer of shared equity went some way to address this. He repeated that referral to Tribunal was always a possibility.
- 4.8 A member of the committee drew attention to Hammersmith and Fulham’ Council’s offer to leaseholders in respect of development at Earls Courts and invited officers to review this and the policies of any other authorities. Other members responded that the development was very different from any regeneration project in Southwark and that the size of stock and Hammersmith and Fulham’s future intention towards housing was also very different. It might be more useful to explore what more comparable authorities such as Hackney were doing in this regard.
- 4.9 The committee noted that its next meeting would receive brief presentations from leaseholders.

5. DEPUTY CABINET MEMBER INTERVIEW: COUNCILLOR DARREN MERRILL, CUSTOMER SERVICES

- 5.1 Councillor Darren Merrill, Deputy Cabinet Member for Customer Services, attended for his cabinet member interview. He reminded the committee that the council had brought customer services in-house. As deputy cabinet member he had been asked to oversee the transfer and ensure the service hit its goals and targets.
- 5.2 A member sought clarification of the data in respect of average call waiting and total customers seen (page 14 of the customer services performance update, item 6 on the agenda). Councillor Merrill explained that the target for average call waiting was sixty seconds and that it was hoped to reach this target by the summer. An important part of achieving this was to ensure that customer services got it right first time, meaning that there would be less repeat calls. Also, when the contact centre was busy, more staff came on. Another member asked whether it was possible to see data for average call times. Richard Selley, Head of Customer Experience, indicated that this could be circulated to members of the committee.
- 5.3 In response to questions about improvements to joined-up knowledge across departments, Councillor Merrill gave an example of joined up working. As soon as it was known that the district heating in a block had gone down, customers were notified by text and provided with an indication of how soon the required works would be completed. He also provided an update on how the in-house team was working. There had been a few minor difficulties with TUPE but these were being resolved. The use of apprentices had been an amazing success with five going on elsewhere in the council and the aim to employ a further fifteen in the summer.
- 5.4 A member wondered if anything could be learned from the experience of bringing customer services in-house that could be applied to other parts of the council. Councillor Merrill indicated that savings of £3 million a year would be achieved and stressed the importance of being able to sort out problems directly, as could be seen in the response to the fire at Walworth Town Hall. Part of the savings were achieved as it was no longer necessary to pay someone to monitor the contract.
- 5.5 A member asked for further details in respect of surveys and cost per transaction. Councillor Merrill confirmed that everyone was asked to complete a customer satisfaction survey. The head of customer service explained that cost per transaction was not currently used as a performance measure but that it could be brought to a future meeting.
- 5.6 Members asked whether the cabinet member considered the principle of digital by default to be achievable. Councillor Merrill stated that IT problems had an impact on this but that the number of customers accessing services online via their personalised My Southwark account was up to around 50,000. IT issues had also made it difficult for staff to log in but improvements were being made. Calls had continued to be answered and where IT problems occurred there was the option to redeploy staff to other areas. A member highlighted an incident in October 2013 when staff had to be sent from the Queens Road office to Tooley Street. Councillor Merrill stated that this had been a one-off telephony outage which had

also provided the opportunity to test and learn from contingency plans. The head of customer experience added that the phone system was largely reliable. Moving staff to Tooley Street was part of the business continuity plan and, from the customer point of view, disruption was kept to a minimum.

- 5.7 A member asked for information to be supplied about dropped calls. He also asked for information about the number of staff in the contact centre. Councillor Merrill explained that a computerised system tracked calls and identified the busiest times, enabling shifts and staff ratios to be arranged to better suit customer demand. The member wondered if it would be possible to publicise the fines for contractors who failed to turn up at the agreed times. Councillor Merrill stated that this could be looked into and also emphasised the importance of call handlers spending time to understand the repairs issue properly so that the right contractors were despatched.
- 5.8 A member reported that at the weekend, due to heating going down on the Aylesbury, she had phoned the contact centre and had to wait fifteen minutes to get through. The head of customer experience explained that at the weekend there were around twelve staff working at the contact centre and that this was normally enough. The previous weekend there had been a number of outages and it was some time before engineers could re-fire all the boilers. This had led to a significant spike in the number of calls to the contact centre which could not necessarily be planned for. Councillor Merrill added that text messaging, advising customers of a particular and widespread problem, should ease this sort of problem in the future. A stand-by system was in place but this depended on the number of staff available to be called in. Members felt that better protocols were needed for reporting heating problems and getting engineers on-site. The head of customer experience indicated that a new system was in place to monitor boilers on estates and raise problems with engineers as soon as they happened. Boilers should be up and firing before problems resulted in a cooling effect on the estate. Systems were improving.
- 5.9 Councillor Merrill confirmed that the majority of calls to the contact centre related to housing and, after this, to bin collection and recycling. In response to questions he explained that he held regular meetings with the relevant cabinet members for these services.

6. CUSTOMER SERVICES PERFORMANCE UPDATE

- 6.1 Richard Selley, Head of Customer Experience, introduced the report.
- 6.2 Members highlighted the dip in customer satisfaction shown on the graph in table 3 and data in table 4 (pages 15 and 16 of the report). The Head of Customer Experience reported that there had been bad weather incidents around Christmas which contractors had struggled to respond to because of the nature of the incidents and also because of the number of staff available over the holiday period.
- 6.3 Members were concerned about the way customer satisfaction data was collected. The Head of Customer Experience stated that satisfaction was measured in three ways, by personalised outbound calling, emails and a "Govmetric" survey. Around

2,000 repairs surveys were done each month. People who expressed unhappiness with the repairs work undertaken were always contacted.

- 6.4 A member reported an incident at Walworth Road Customer Services where two elderly residents had been told that no public toilet was available. The Head of Customer Services responded that they should have been offered use of the disabled toilet. He would look into this issue to ensure that, in future, customers who needed to use the toilet would be able to do so.
- 6.5 A member asked whether, if a contact centre agent did not understand the nature of a repair, it could be referred to the contractor. The Head of Customer Experience explained that all staff were trained on repairs and supported by a repairs diagnostic tool. The amount of incorrect diagnosis was insignificant.
- 6.6 Members were interested in the cost per call to the contact centre. The Head of Customer Experience pointed out that the cost of individual calls needed to be looked at in the round. The aim to get it right first time lengthened calls, putting the cost of each calls up, but ultimately decreased the number of calls. The committee asked that the next update include the number of dropped calls, maximum call waiting times and the average length of calls.

7. IT UPDATE

- 7.1 The Strategic Director of Finance and Corporate Services updated the committee on performance of the IT contract. Capita was incurring penalty payments each month and, pending the resolution of outstanding service issues, the council was withholding a number of monthly fixed charges. The system had recovered to a better position where log-in times were consistently averaging under three minutes. Internet response times were a bigger problem and possibly related to emergency changes that had taken place in September. Capita was being very cautious about the solution to this by testing thoroughly before making any changes. The proposed solution involved changing the location of configuration files to faster servers.
- 7.2 In response to questions about the core enabling projects, the Strategic Director explained that Capita had changed approach from updating the council's existing systems to starting with a completely new system which did not inherit any problems from the past. This was less risky but took longer to implement. An IT Board was scrutinising Capita's plans. The Strategic Director would be meeting with Capita the following day before its current plan was submitted to the Board, to confirm whether the plan was realistic and achievable. The proposal was that the core enabling projects be completed by December. The initial benefits would come through in March/April as the project began to be rolled out. The Strategic Director indicated that as the council was to wait until December for an upgraded system this would require a variation to the contract.
- 7.3 Members asked whether, if Capita left, the council would find itself in the same position as it had been when SERCO left. The Strategic Director confirmed that the position would not be dissimilar. The terms of any exit would be determined by TUPE, penalties and defaults, among other things. The Strategic Director

confirmed that Craig Rodgerson, the council's highest point of contact with Capita, was a Capita Executive board member.

- 7.4 Members of the committee were concerned whether Capita had undertaken sufficient due diligence when it took over the contract and asked whether the council or SERCO was at fault in any way. In the Strategic Director's view, Capita would increase the level of its due diligence in future. The council had tested Capita through the procurement process and the transition from SERCO to Capita had gone well. The Head of Customer Experience was invited to comment on Capita. He responded that the significant changes to the contact centre and one stop shops could not have been achieved without Capita.
- 7.5 Members asked whether there were any plans to replace Citrix. The Strategic Director explained that Citrix would be upgraded to a more recent version, its configuration would be changed and hardware would be upgraded.
- 7.6 At this point the committee went into Closed session in order to ask detailed questions of officers in respect of the previous contract with SERCO and the transition to the new contract. The Strategic Director clarified officers' thinking in respect of what it was hoped to gain from Capita and the timescale for required improvements.

The meeting ended at 10.00 pm