

<b>Item No:</b>	<b>Classification:</b> Open	<b>Date:</b> 3 December 2012	<b>Meeting Name:</b> Overview and Scrutiny Committee
<b>Report Title:</b>		Briefing on customer services contract exit and plans for future in-house service delivery	
<b>Ward(s) or Group affected:</b>		All	
<b>From:</b>		Strategic Director of Housing & Community Services	

## Background

1. On 23 November 2004, the council let a 10 year contract with Pearson Government Solutions (later taken over by Vangent) for the provision of customer services to run from 31 May 2005 to 30 May 2015. These include the provision of a telephone Customer Service Centre (CSC), the delivery of the services in the council's three One Stop Shops (OSSs), an e-mail response service, translation services and associated functions including a fulfilment service and complaints receipt service.
2. A change of ownership of Vangent in October 2012 provided the council with an opportunity to reconsider the way it wanted to deliver customer services in the future. A contract clause allowed the council to terminate the contract and agree a period of transition to in-house control. .
3. At the time of the change of ownership, the council had already embarked upon discussions with Vangent aimed at improved service delivery and a reduction in costs. Discussions were also taking place with members and officers about the future delivery of customer services in Southwark.
4. Following these discussions a report to Cabinet on 15 May 2012 sought delegation to the Strategic Director of Housing and Community Services to agree the terms of the Deed of Variation to the current contract on or before 31 May 2012 with a view to securing transition of the services on 1 June 2013, some two years earlier than the contract end date. The Cabinet agreed this recommendation and on 31 May 2012, agreement was reached with Vangent on the Deed of Variation to the current contract, which was formally signed by both parties the following day.
5. The leader of the council said of the decision, "our vision for customer services is to treat every resident as a valued member of the family and we believe that having responsibility for service delivery will help us to achieve this more quickly. We believe this is the right course of action to take if we are to deliver a new approach to customer service that also delivers value for money in the current tough economic climate".
6. The delivery of services in-house was considered to be the best option as it meets the council's timescales and enables the council to have ongoing control over the quality and effective delivery of customer service to the borough's residents. The council intends to improve the skills of those delivering customer services and exploit new technologies to provide better services whilst achieving economies at the same time. The service will also develop a new relationship with back offices and customers to ensure that the needs of both are being met.

## **Contract Exit**

7. A governance programme has been put in place to oversee the exit of the contract with Vangent. An exit Board has been established chaired by the Director of Housing and Community Services and attended by the Managing Director of Vangent. The board has oversight of the exit programme and exit working group. The board will also seek to resolve disputes between Vangent staff and council officers where they may arise. The board also monitors performance of the existing contract which Vangent will continue to deliver through to the end of May 2013.
8. The contract exit working group meets each Tuesday afternoon to progress the work identified in the exit plan. The meetings are chaired by the Head of Customer Experience and include representatives from the council and Vangent. The meetings receive regular updates from leads on the IT and HR workstreams, from Vangent and the council, as it is recognised that these are two of the more problematic and resource intensive areas of work.
9. The exit working group monitors the TUPE transfer list of those staff likely to transfer to Southwark at the end of the contract. Any personnel changes at Vangent and amendments to staff terms and conditions are communicated to the council. It is also agreed that Vangent will seek the council's permission before recruiting any new staff. This helps the council keep abreast of its likely future liabilities.
10. An important part of the work of the exit working group is to oversee the due diligence work identified in the exit plan. That is, the transfer of documentation, processes and procedures to the council on how specific services are delivered. This process is due to complete by the end of this year.

## **Transition Programme**

11. A Customer Services Transition programme has been established bringing together expertise from across the council to manage the transition of services between now and 31<sup>st</sup> May. This includes a number of workstreams including business transition, HR, IT and accommodation and includes the work to establish a new consolidated call centre in Queens Road.
12. The programme also keeps a close eye on finance; maintaining a budget of the spend associated with the project and creating a budget which meets the council's service needs after service transition.
13. Both the exit and transition programmes have additional professional oversight from Ernst & Young who provide invaluable advice on the commercial activities in the exit and transition.
14. A Customer Services Transition Programme has also been created to oversee the progress of each of the workstreams of the transition programme and to review progress against key milestones. The board is chaired by the Director of Housing and Community Services and includes senior officers with responsibility for each workstream.

## **Business as Usual**

15. In addition to the contract exit and service migration activities, the work of the day to day activities of delivering customer services at the one stop shops and the CSC plus responses to complaints and emails continues. Customer Experience retains a Client Team for the purpose of monitoring the contract and working to achieve continuous improvement. The Client Team will be disbanded next year as a consequence of terminating the contract.
16. Contract monitoring has been challenging of late as performance has declined since the summer, especially in call handling for responsive repairs. The reasons for these are many including building evacuations at the Cotton Centre and slow recruitment of staff. The migration of the repairs contract from Morrison to Mears at the beginning of October also contributed to a significant uplift in calls.
17. The council takes an active role seeking to find solutions to these difficulties. This includes working with council colleagues to improve processes for customers and the short term funding of additional resources to help overcome extraordinary peaks in service demand.
18. The contract Partnership Board continues to meet on a monthly basis to discuss performance and service improvement and plan for responding to changes in forecast demand. The Board comprises senior Vangent staff and council staff and service representatives for those services delivered in the CSC and/or the One Stop Shops.

## **Risks**

19. The contract exit and transition programmes are generally working well and project plan milestones are being met. The council continues to maintain a constructive working relationship with Vangent which can only be good for the exit and the delivery of customer services between now and the end of the contract. This may get tested however as we get nearer to the contract cessation date and the Vangent team's attention is diverted elsewhere.
20. Many of the major deliverables for the programmes are due in the last quarter of the contract; between March and May 2013. These include the delivery of the new contact centre at Queens Road, the new telephony platform and a replacement CRM. The large majority of staff due to transfer to the council under TUPE rules will take place on the final day of the contract, 31<sup>st</sup> May 2013, a Friday. The council plans to have discussions about how the staff transfer process might be smoothed out and management control of the service transfers.

## **Milestones achieved so far**

21. Although the service transfer isn't due to take place until the end of May 2013, a number of transition activities have already successfully taken place.
22. Vangent had sub-contractors Liberata assisting in the delivery of customer services. Specifically, Liberata have responsibility of the delivery of the One Stop Shops and the Revenues and Benefits telephone services in the CSC. The council potentially found itself in a position of terminating the contract with Vangent two years early, but maintaining a contractual relationship with their

contractor, Liberata. The council has now successfully negotiated a similar contract exit with Liberata so that the services delivered by them and the staff associated with those functions will also transfer to the council on 1<sup>st</sup> June 2013.

23. Vangent were keen to sever their relationship with Liberata and the council assumed direct responsibility for the monitoring of that contract on 1<sup>st</sup> September 2012. Appropriate contract monitoring measures have been put in place and the council has a good working relationship with Liberata staff delivering services on behalf of Southwark.
24. The One Stop Shops were staffed by a combination of Liberata staff and Vangent staff. As the Liberata contract transferred to the council on 1<sup>st</sup> September 2012, Vangent were also keen to relinquish their involvement at the One Stop Shops. A TUPE transfer of Vangent staff working in the One Stop Shops therefore was also negotiated and 25 staff were successfully transferred to the council on 1<sup>st</sup> September 2012.
25. A small number of key staff have been recruited to the Client team equipped with the skills and experience necessary to ensure the smooth transition of the customer services functions to the council's control. This includes personnel experienced in the delivery of high volume telephone services who will be invaluable to the creation of the in-house services.
26. The Fulfilment Team currently located at BOSS will need to relocate as a result of the closure of that service. The team delivers post receipting, scanning, and follow up works on behalf of a number of different council services, in particular the concessionary travel team – dealing with Blue Badges and Freedom Passes. This presented an opportunity to bring this service into the council and assume greater control over the function. That service transferred into Tooley Street on 19<sup>th</sup> November 2012, although the staff will continue to be employed by Vangent through to the end of May 2013.
27. Vangent provided an outbound telephone survey service, which involves telephoning housing repairs customers to seek their opinion of the repairs service they had recently requested. The council has recently introduced an electronic version of the survey for customers who have provided an email address. The outbound call surveyors are therefore being supplemented by the electronic surveys. These staff have also relocated to Tooley Street and greater control of their activities has been assumed. In addition to the survey, they are now assisting to resolve customer issues and are adding value to the function.

## **Market Place**

28. The decision to dispose of the site on which the Bermondsey One Stop Shop (BOSS) sits was taken in September 2009. The site was subsequently sold to Notting Hill Housing for Development and the provision of affordable housing. The council is contractually obliged to provide vacant possession of the site to Notting Hill Housing by 31<sup>st</sup> December 2012 at the latest.
29. Members were keen to ensure that face to face service delivery was maintained for residents living in the Bermondsey area. After a search of suitable alternative accommodation, the decision was made to acquire shop front premises at 11 Market Place, The Blue. Contractors are on site refurbishing the premises and are due to have handed it over to the council at the end of November (after this

paper was written). As part of the fit out of the service, much of the furniture and equipment at BOSS will be recycled and re-used at Market Place.

30. The new service will provide five customer service points, one private service point for confidential interviews and three self service points on the ground floor. On the first floor there will be staff facilities for Service Point staff and others, meaning that the whole of the ground floor will be given over to customer service delivery.
31. Market Place Service Point will offer a new type of face to face service with the emphasis on self-service and assisted self-service. Customers who need to spend some time talking to a customer services advisor will be encouraged to make an appointment. This will help staff prepare for the interview and assist with the management of customer footfall at the Service Point. In keeping with the new type of service, the service will be rebranded as *My Southwark Service Point*.
32. Following the handover of the premises, testing will take place to ensure all of the services, IT, telephony are working as anticipated. The new service is due to open on or around 18<sup>th</sup> December 2012.
33. A communications plan is in place to ensure that appropriate publicity about the service takes place. Customer Experience staff commenced exit interviews at BOSS on 12<sup>th</sup> November 2012 to inform users of the service about the move to new premises. These will carry on for the next month and possibly longer. There are also plans to advertise the new service in council publication and local newspapers.

#### **Future delivery of Customer Services in Southwark**

34. The decision to terminate the contract was made in order that the council could take control of the future delivery of customer services in Southwark. A number of key reasons to explain why and how an improved service could be delivered in-house have been identified. These include –
  - Improved training for customer facing staff.
  - Staff empowered to make the right decisions in the interests of the customer. Staff who see or hear something wrong will be expected to take responsibility for putting it right.
  - Make good use of new and emerging technologies where these can be proven to improve service delivery and achieve efficiencies.
  - Improved liaison between customer services and back office services. Good customer services is everyone's business and staff should work together to deliver the right outcome for the customer.
  - Greater control over service delivery and speed of change to processes.
  - Check back with customers to ensure service promised has been delivered. Only by listening to our customers will we know what we are doing well and what we could do better.
  - A significant reduction in costs
35. At a cabinet meeting on 20<sup>th</sup> November 2012 cabinet agreed a new Customer Access Strategy. The strategy is underpinned by the Fairer Future Promises and in particular the vision of treating every resident as though they were a member of our own family. The strategy sets out in detail the council's approach to

fulfilling this principle and ensuring that residents receive excellent customer services whenever they contact the council.

36. The strategic principles that will drive the delivery of improvements to our customer services will be –
- **Taking responsibility for customer services in the borough.** The council has the opportunity to reshape its service delivery and its relationship with customers. The council should have a customer focus and excellent service delivery should be embedded at all levels of the organisation.
  - **Getting it right first time.** Customers should expect that the majority of enquiries should be resolved at the first point of contact and for those enquiries that cannot, customers should not need to chase the council for a response.
  - **Digital by Default.** In so many ways the digital age has improved the way we transact with service providers. Customers expect to be able to deal with the council in a way and at a time that suits them. Delivering good services via the web and other forms of electronic media will improve service delivery and achieve savings.
  - **Treating everyone with respect.** In the strategy we have committed to treating everyone as we would want a member of our own family to be treated. We must deliver this by attempting to meet customer expectations and by taking their view of service delivery.
37. A set of Customer Services Standards have been developed to clearly show what is meant by excellent customer services and what customers should expect from the council. The standards are appended to this report. A programme of activities is planned to embed these standards and the principles of the Customer Access Strategy starting with a leadership network event in November.
38. Members, customers and council staff will be kept informed of progress on delivering the Customer Access Strategy.

## **Customer Service Standards**

We will treat you like a member of our own family

### **We will be easy to contact:**

- Our service points will be accessible, clean, tidy and welcoming
- Our telephone contact centre will be open from 8am to 6pm (TBC) Monday to Friday
- Most services will be available 24 hours a day 7 days a week 365 days a year on-line

### **We will answer you quickly:**

- We will greet you within 5 minutes of your arrival at our service points and establish the reason for your visit
- We aim to answer your telephone call in less than 30 seconds
- If you leave a voice mail message, we will call you back within 24 hours
- We will acknowledge your email or web form within 24 hours of receipt
- We will reply to your letter or fax within 10 working days of receipt
- Where you have made a prior appointment at a service point, we will see you on time

### **We will treat you with respect:**

- Our staff will assist all customers in a polite, professional and respectful manner
- We will arrange interpretation, translation or signing as required.
- If we cannot deal with your enquiry in full, we will advise you what needs to happen next, with a timescale.