

<b>Item No:</b>	<b>Classification:</b> Open	<b>Date:</b> 25 March 2013	<b>Meeting Name:</b> Housing, Environment, Transport and Community Safety Scrutiny Sub- Committee
<b>Report Title:</b>		Repairs and Customer Services Contracts Update	
<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 and more recently GDIT) for the provision of customer services to run from 31 May 2005 to 30 May 2015. The contract included 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. Under the terms of the contract, 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. 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 initial contract end date. 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.
4. 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 and wider customer community. 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.

## Governance Arrangements

5. A governance programme has been put in place to oversee the exit and transition of the customer services contract from GDIT to the council. An exit Board has been established chaired by the Strategic 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.

6. 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 work teams including business transition, HR, IT and accommodation and includes the work to establish a new consolidated call centre in Queens Road. The group meets each week to ensure progress is on track and each of the work streams provides a RAG rating (red, amber, green) to indicate the current state of play.
7. The transition programme is overseen by the Customer Services Transition Board. Like the Exit Board, the Transition Board is chaired by the Strategic Director of Housing and Community Services. But instead of scrutinising the contract exit activities, this Board provides challenge to the transition programme which is tasked to delivering a functioning, in-house customer services operation from 1 June 2013.

### **Contract Exit**

8. An exit working group has been established 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 GDIT. The meetings receive regular updates from leads on the IT and HR workstreams, from GDIT and the council, as it is recognised that these are two of the more problematic and resource intensive areas of work. Overall, the exit programme is working well and delivering in accordance with the exit timetable. A constructive working relationship continues to be maintained between the council and GDIT. The work of each of the programme streams receives a Red/Amber/Green (RAG) rating and exit is currently green.

### **Business Transition**

9. The Business Transition workstream is the service delivery arm of the programme and will take responsibility for the telephone, face to face and email services after 1<sup>st</sup> June 2013. A number of staff experienced in the delivery of high volume customer services, plus telephony experts have been recruited to ensure that the appropriate expertise is in place to deliver the services.
10. Procedures are being developed to capture the processes in use with the current supplier and to replicate and improve on these.
11. The workstream works closely with other programme groups to ensure the delivery of the new telephone contact Centre at Queens Road, and co-ordinate the delivery of the new technologies which will support the delivery of customer service in the future, in particular the deployment of new telephone technologies and a new Customer Relationship Management System (CRM). It is also closely involved with the transfer of staff from GDIT and the wider Customer Experience reorganisation being put in place to deliver the council's customer services functions.
12. The transition programme is currently showing a RAG rating of green.

## **Accommodation**

13. The accommodation programme is primarily concerned with the delivery of the new contact centre at QR3. The building has not been used since being built some two to three years ago. It is undergoing a refit to be a purpose built 120 seat contact centre. It will be one of the best of its kind in London. The refit is going according to plan and the current RAG rating is green.
14. Accommodation also successfully delivered the new My Southwark, Customer Service Point at Market Place in the Blue in December 2012. The work stream is also identifying accommodation for the group of customer services apprentices due to start in March 2013.

## **People**

15. The people work stream is concerned with the transfer of staff from GDIT, from Liberata and the council's own Client Team into the new Customer Experience structure created to deliver customer service in Southwark Council. The transfer of external staff is strictly governed by the rules of TUPE.
16. Group staff presentations have just taken place to explain the new service delivery model and how staff will fit in to the new service. These meetings have been very successful; staff due to transfer to the council have been very engaged and in the majority of cases, are looking forward to working with Southwark in the future. These meetings will be followed closely by "one to one" meetings offered to all staff transferring to the council and the council staff affected by the reorganisation. These meetings will continue through to April.
17. HR colleagues are leading on this process with advice from legal services. The RAG rating for the people programme is Amber. This is primarily because of some uncertainties about the numbers and the skills of those staff transferring to the council as the final TUPE isn't due to be received until 1<sup>st</sup> April.

## **IT**

18. The IT work stream deals with all aspects of the delivery of IT services at the new contact centre, one stop shops and service point in Bermondsey. The big challenge is the brand new service delivery at Queens Road 3. That building needs to be fit to receive the council's systems as well as the new telephony and CRM. There were some issues about the physical access of services to the building which required permission from the landlord to dig up some of the paved areas around the outside. These issues now appear to have been resolved and the IT programme is currently green.

## **CRM**

19. At present, the council uses SAP CRM. It is one of the prime IT solutions used to support the customer services functions. SAP has been poorly developed and maintained and is no longer considered a viable solution for the future. The cost of improving this solution would exceed the cost of a new system.
20. The council has decided to purchase a new CRM system; Microsoft Dynamics. This is being developed by GDIT and will be used by GDIT staff from mid

March 2013. This will mean that the staff transferring to the council will already be trained and used to using the new CRM.

21. The new system is looking good and service users can already see service improvement opportunities in the future. Dynamics has a reputation for being easy to integrate with other systems and adaptable to self-service applications. It could speed up the council's "digital by default" ambitions and provide improved functionality to the *MySouthwark* website. Although the go-live date for the programme may slip by a few days it should not impact the overall timetable for the project and the CRM programme is currently green.

### **Telephony**

22. In order to deliver the new contact centre at Queens Road 3, a new telephone platform and Automated Call Distributor (ACD) is required. The council is purchasing an AVAYA telephone system, one of the best systems on the market. The new system will provide significant opportunities for service improvement over that used in the current CSC.
23. There have been difficulties with this project, particularly about the timing of obtaining the trunks in to the new building to enable the telephone system to function. That now appears to have been settled, but will need concerted effort by all involved in the project to be successfully implemented on time.
24. Alternative plans for an interim telephony solution are being worked up as a fail safe. The telephony programme is currently amber.

### **Business as Usual**

25. 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 at the end of May as a consequence of terminating the contract. The staff involved in contract monitoring are likely to be absorbed into the new organisation or elsewhere in the council as part of reorganisation process.
26. Contract monitoring was challenging in the last quarter of 2012, especially in call handling for responsive repairs. The reasons for these are many including the migration of the repairs contract for the South of the borough from Morrison to Mears at the beginning of October contributing to a significant uplift in calls.
27. The council has been working closely with GDIT to find solutions to performance issues. 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.
28. Performance in 2013 has been very good. Over 85% of repairs customers have had their calls first time in 2013. The Client Team will continue to monitor the performance of customer services functions through to the end of the contract.

### **Milestones achieved so far**

29. 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.
30. GDIT 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.
31. GDIT 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.
32. The One Stop Shops were staffed by a combination of Liberata staff and GDIT staff. As the Liberata contract transferred to the council on 1<sup>st</sup> September 2012, GDIT were also keen to relinquish their involvement at the One Stop Shops. A TUPE transfer of GDIT 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.
33. The Fulfilment Team currently located at BOSS needed 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.
34. 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**

35. 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 was contractually obliged to provide vacant possession of the site to Notting Hill Housing by 31<sup>st</sup> December 2012 at the latest.

36. 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.
37. The new service, known as the *My Southwark*, Customer Service Point, was opened on 18<sup>th</sup> December 2012. The service provides 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 are staff facilities for Service Point staff and others, meaning that the whole of the ground floor is given over to customer service delivery.
38. Market Place Service Point offers 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 are encouraged to make an appointment. This helps staff prepare for the interview and assist with the management of customer footfall at the Service Point.
39. The service has been well received by customers, members and officers alike. Plans are being worked up to refresh the current POSS and WOSS in 2013 to give them the fresh look and approach adopted at Market Place.

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

40. 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

## **Update on Repairs and Maintenance**

### **Background Information**

41. Good progress has been made in improving the repairs service. Tough decisions have been taken on who provides and manages the service in the borough. Also recommendations from Housing Scrutiny have been delivered, structures and processes have been refined and contract management has been improved.
42. However, the service still has a very long way to go before it is truly delivering the service residents deserve. There are still too many instances of the service going wrong and when it goes wrong it tends to do so badly. All too often it is frustrating for residents to access the service or be kept advised of progress resulting in many repeated contacts. This has to be improved.
43. The procurement of the long-term repairs and maintenance contract for the south of the borough presents an opportunity to provide a new style service, which truly puts the customer first, one that challenges service improvement and aspires to deliver a greatly improved repairs service for residents.
44. This procurement also provides the opportunity for the council to review the delivery arrangements for Southwark Building Service (SBS). There is no doubt that SBS is getting better. New managers are in place, performance is improving and the service is becoming more efficient. It is, however, still early days and there is long way to go on the improvement journey.
45. These issues are examined in more detail below.

### **Mears Contract**

46. The Mears contract went live on 3<sup>rd</sup> October 2012 and they hit the ground running (having mobilised in two months). The IT is working is working well and they have recruited 17 staff including 12 operatives mainly from the local area, as their model is direct employment rather than sub-contracting. Sub-contractors are only used where it essential to do so and for specialist works such as scaffolding and drainage works. New Mears senior managers are in place to drive the service forward and lead the required cultural change.
47. Mears have been attending all Area Housing Forums in the south of the borough, Tenants and Home Owners Councils and Tenants and Residents association meetings where requested. They have produced a Mears Commitment leaflet that sets their 20 promises (set out in the table below) for the interim contract and these have be distributed to residents.

1. Engage with residents from the outset to regain their trust	✓	11. Set up a fully integrated management system and mobile working solution	✓
2. Work shoulder to shoulder with Southwark's housing team and contact centre staff.	✓	12. Build a robust interface between your management systems and our own	✓
3. Reduce demand on the contact centre from failed appointments	✓	13. Reinvigorate the transferring Morrison team and inject Mears service culture	✓
4. Offer technical support and back up for the contact centre	✓	14. Rebalance the work with less reliance on sub-contractors	✓
5. Put in place a structured Service Improvement Plan		15. Direct employment of all repair operatives recruited from the local area	✓
6. Sign up to a set of challenging performance indicators	✓	16. Foster good working relationships with local companies for specialist and void works	✓
7. Offer more convenient and fully resourced appointment slots	✓	17. Retain our mobilisation team throughout the contract term	✓
8. Provide external independent validation of performance data	✗	18. A commitment to deploy whatever resources it takes to get the job done	✓
9. Establish an operational base in the borough	✓	19. Customer Satisfaction greatly improved and exceeding target levels	✗
10. Co-locate our management team with your senior staff	✓	20. Consistent performance reaching upper quartile levels by year end	✗

48. So far 17 of the 20 promises have already been delivered, with the remaining three to be delivered by September 2013. Five months into a 12 month contract, progress by any measure, is a very good start and is encouraging.

### **Southwark Building Services**

49. The Mears improvement juggernaut has raised expectations around the rate and pace of repairs service improvement. Naturally, the spotlight has firmly focused on the shortcomings of SBS. Positive change at SBS has been incremental. The workforce has downsized by a third and key staff recruited; new IT is in place and performance is improving. However, there are still issues. Complex work is a problem, as are cancellations and follow-ons.
50. Mears achieved the transition from Morrison in 8 weeks by putting in place a very effective mobilisation team: a highly experienced team of managers used to achieving change in a short period of time. For SBS, a similar approach has been developed. A change team has been working with SBS since November to achieve the same level of service improvement. A cross section of staff from maintenance and compliance, customer experience and SBS supported by project management resources from business improvement are making this



happen. A total of 16 key activities have been identified. Twelve have been delivered to date. The remaining four are progressing well and expected to be in place in April.

1. Introduce PDAs for the whole workforce	✓	9. Process map current 'as is processes'	✓
2. Capture pre and post photos of repairs	✓	10. Process map new exemplar processes	✗
3. Re-engineer scaffold process and use iPads to record performance	✓	11. Fully automate stores and impressed stock arrangements	✗
4. Introduce wi-fi across Frensham Street as back-up for system failure	✓	12. Train staff on exemplar new processes	✗
5. Implement all enhancements to Optitime scheduler	✓	13. Introduce dynamic scheduling for operatives (now and next)	✓
6. Complete the post-implementation review of the SBS staff structure	✓	14. Provide a dedicated resource at the call centre	✓
7. Promote SBS through main resident meetings	✓	15. Introduce EDMS to encourage paperless working	✗
8. Redefine key roles across SBS ensuring clarity and focus	✓	16. Improve key performance indicators when compared to 11/12	✓

### Long-Term Contract

51. Procurement of the long-term contract commenced at the end of July 2012. A total of 53 organisations expressed an interest in delivering the service following an OJEU advertisement. Six organisations were shortlisted and they were invited to tender on 16<sup>th</sup> October. The organisations were: Mears, Willmott Dixon, Mitie, Linbrooks, Lovell, Keepmoat (Apollo).
52. It is worth noting that the council's standard evaluation criteria are based on 70% price and 30% quality. This achieves a balance between cost and the quality of service delivery. However, for repairs and maintenance the cornerstones of a successful repairs and maintenance service are repairs delivered on time, completed right first time and achieving high levels of resident satisfaction. The driver is therefore much more focused on quality outcomes rather than price. Accordingly, the council's standard evaluation criteria were reversed to 70% quality and 30% price. This sent a clear message to the market that the council expects a high quality repairs service and not simply the cheapest one.
53. Evaluation has now been completed and the results despatched to leaseholders by way of a Notice of Proposal (NOP) on 11<sup>th</sup> March 2013, with the recommendation that Mears are awarded the repairs contract for the south of the borough. The table below was included in the NOP. Mears scored the highest for quality and the third highest for price. They also scored the highest when compared with SBS for the out of hours service and the management of empty properties. On this basis they will be recommended to cabinet on 14<sup>th</sup> of May 2013 for award. Until such time that cabinet has made its decisions and

the period of scrutiny/call in has been observed, this only remains a recommendation.

Criteria	Possible Score	Apollo	Lovell	Mears	Mitie	Willmott Dixon
Quality Evaluation	70.00	40.60	41.20	51.90	50.50	50.70
Financial Evaluation	30.00	29.43	27.81	27.45	27.23	25.78
Total score	100.00	70.03	69.01	79.35	77.73	76.48
Overall Ranking		4	5	1	2	3

## Performance

54. In a year that has seen the termination of the Morrison contract and substantial changes in SBS, it would have perhaps been understandable if performance had deteriorated. Instead, four of the five indicators have improved this year compared to last with the final one, emergencies, already high performing and expected to hit target at year end. The indicators are measured through a mixture of telephone and email surveys and the contractors' system.

Performance indicator	Target	11/12	12/13	Comment
Overall satisfaction with repairs	90%	79%	81%	Up 2% - survey
Repairs Completed right first time (RFT)	90%	69%	76%	Up 7% - survey
Appointment kept	95%	93%	96%	Up 3% - survey
All repairs completed on time	95%	93%	94%	Up 1% - system
Emergencies completed on time	95%	95%	94%	Down 1% - system