

# Cabinet Agenda



Contact: Steve Culliford, Democratic Services Officer  
Telephone number 01235 540307  
Email: [steve.culliford@whitehorsedc.gov.uk](mailto:steve.culliford@whitehorsedc.gov.uk)  
Date: 26 March 2013  
Website: [www.whitehorsedc.gov.uk](http://www.whitehorsedc.gov.uk)

A meeting of the

## Cabinet

will be held on Friday 5 April 2013 at 2.00pm  
Council Chamber, The Abbey House, Abingdon, OX14 3JE

### Cabinet Members:

#### Councillors

Matthew Barber (Chairman)  
Roger Cox (Vice-Chairman)  
Yvonne Constance  
Mike Murray  
Reg Waite  
Elaine Ware

A large print version of this agenda is available. In addition any background papers referred to may be inspected by prior arrangement.

Please note that this meeting will be held in a wheelchair accessible venue. If you would like to attend and have any special access requirements, please let the Democratic Services Officers know beforehand and they will do their very best to meet your requirements.

A handwritten signature in black ink, appearing to read 'M Reed', is positioned above the printed name.

Margaret Reed  
Head of Legal and Democratic Services

# Agenda

## Open to the Public including the Press

### Map and vision

(Page 4)

A map showing the location of the venue for this meeting is attached. A link to information about nearby car parking is [http://www.whitehorsedc.gov.uk/transport/car\\_parking/default.asp](http://www.whitehorsedc.gov.uk/transport/car_parking/default.asp)

The council's vision is to take care of your interests across the Vale with enterprise, energy and efficiency.

### 1. Apologies for absence

To receive apologies for absence.

### 2. Minutes

To adopt and sign as a correct record the minutes of the Cabinet meeting held on 8 February 2013 (previously published).

### 3. Declarations of interest

To receive any declarations of disclosable pecuniary interests in respect of items on the agenda for this meeting.

### 4. Urgent business and chairman's announcements

To receive notification of any matters which the chairman determines should be considered as urgent business and the special circumstances which have made the matters urgent, and to receive any announcements from the chairman.

### 5. Statements, petitions, and questions relating to matters affecting the Cabinet

Any statements, petitions, and questions from the public under standing order 32 will be made or presented at the meeting.

### 6. Referral from Scrutiny Committee: New homes bonus policy

On 14 February 2013, the Scrutiny Committee considered the head of finance's report proposing the new homes bonus interim policy that Cabinet approved on 8 February. At the committee meeting, the Cabinet member for finance agreed to consider any amendments the committee suggested.

The committee asked the Cabinet member to review the new homes bonus policy to clarify how it will distribute the bonus between the area committees. Cabinet is asked to note that

the Cabinet member for finance is due to make an individual cabinet member decision on this in due course.

## **7. Virements**

(Page 5)

To note the virements approved under delegated powers.

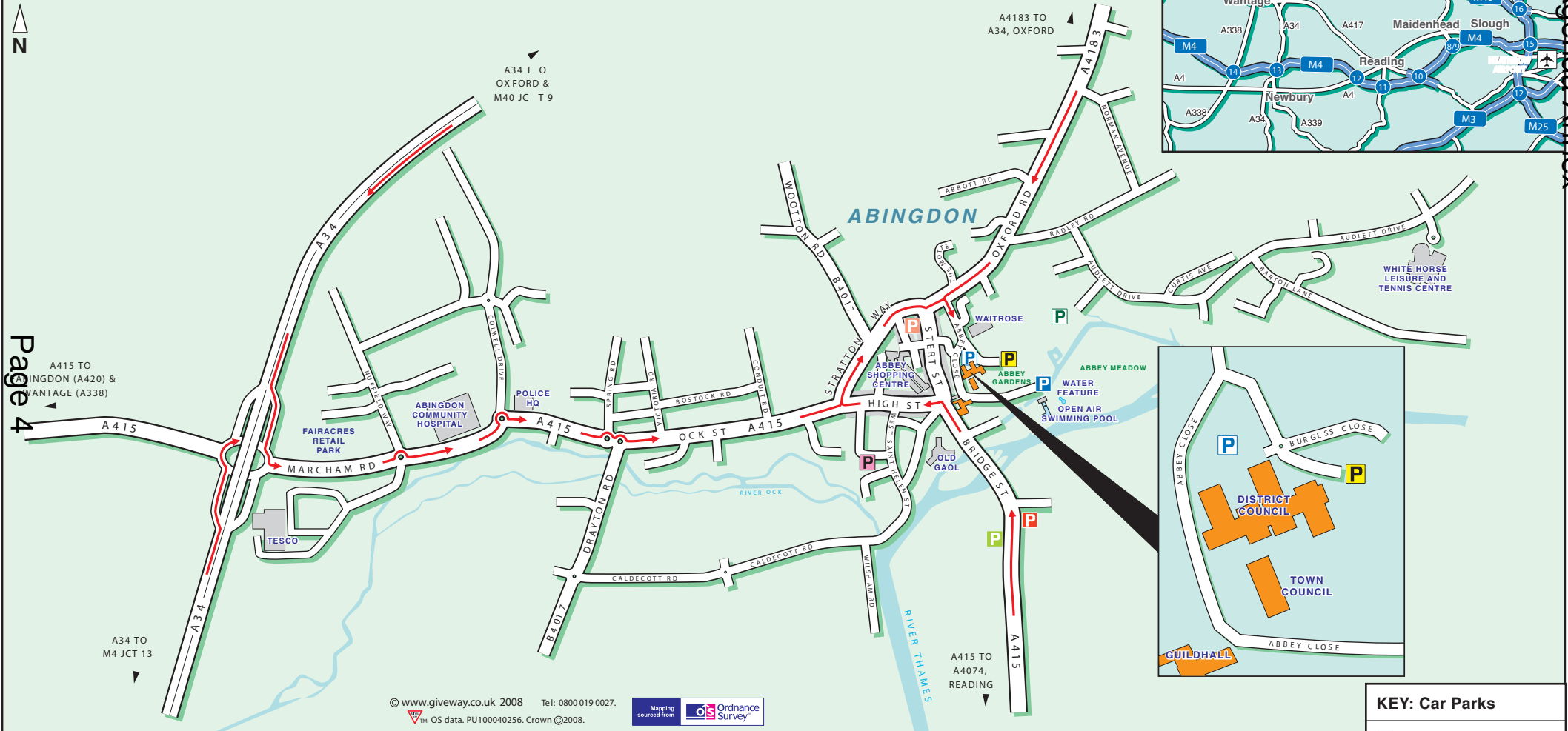
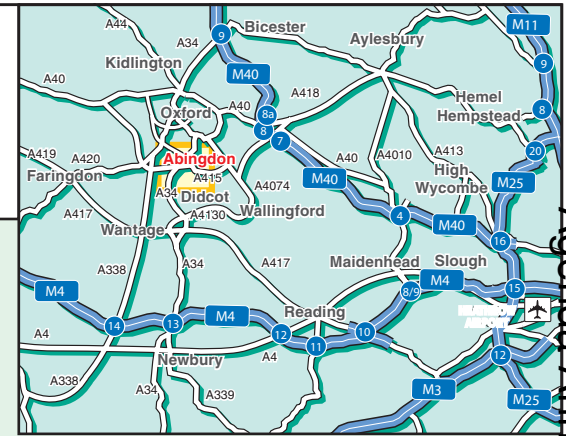
## **8. Customer services**

(Pages 6 - 10)

To consider the report of the head of HR, IT and customer services.

## **Exempt information under section 100A(4) of the Local Government Act 1972**

None



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OS data. PU100040256. Crown ©2008. Mapping sourced from Ordnance Survey

KEY: Car Parks	
	Abbey Close
	Cattle Market
	Charter Multi-storey
	Civic
	Rye Farm
	Hales Meadow
	Audlett Drive
	West St Helen Street

**By rail** – the nearest main line railway stations to Abingdon are either Didcot Parkway (seven miles) or Oxford (eight miles). Radley railway station is located on the main line between Oxford and Didcot and is three miles from Abingdon town centre. For details of train times visit [www.nationalrail.co.uk](http://www.nationalrail.co.uk) or call 08457 484950

**By bus** – there are a number of bus routes serving Abingdon town centre. For details of services and timetables, visit Oxfordshire County Council’s website at [www.oxfordshire.gov.uk](http://www.oxfordshire.gov.uk). Contact details for bus operators can be found on the travel information pages on our website [www.whitehorsedc.gov.uk](http://www.whitehorsedc.gov.uk)

**Parking** – details of car parks charges can be found on our website

**Budget Virements requests received at 25 March 2013 for Cabinet Approval (or noting where approved under Delegated Powers)**

Table 1 in this report identifies all budget virements that must be authorised by Cabinet and reported to Council. Table 2 lists those budget virements which have been approved under delegated powers and which are reported to Cabinet for information.

Budget virements do not increase the council's expenditure. The list includes a number of virements at a detailed level. This is to ensure that, wherever feasible, budget variances on day-to-day expenditure and income do not arise and that the real budget pressures and potential underspends can be correctly identified.

**Key to Type**

- 1 Within a subjective heading within a cost centre
- 2 Within a Cost Centre but across subjective headings
- 3 Within the cost centres of a service area
- 4 Across service areas
- 5 Over £10,000

**Table 1 - Virements for Approval by Cabinet**

Date	Account From	Cost Centre Code	Cost Centre Name	Account To	Cost Centre Code	Cost Centre Name	Virement Total £	Virement Percentage	Reason	Type
							<b>Total Virements</b>			
							<b>0</b>			

Summary	Total
Total Type 1	0
Total Type 2	0
Total Type 3	0
Total Type 4	0
Total Type 5	0
<b>Total</b>	<b>0</b>

**Table 2 - Virements approved under Delegated Powers for noting**

06/03/2013	4999	SB31	Contingency	4400	PS41	General Property	7,500	n/a	Appointment of external valuers to provide annual property revaluations required for the closing of accounts.	4
							<b>Total Virements</b>			
							<b>7,500</b>			

Summary	Total
Total Type 1	0
Total Type 2	0
Total Type 3	0
Total Type 4	7,500
Total Type 5	0
<b>Total</b>	<b>7,500</b>

# Cabinet report



Report of Head of HR, IT and Customer Services

Author: Geoff Bushell

Telephone: 01235 547689

Textphone: 18001 01235 547689

E-mail: geoff.bushell@southandvale.gov.uk

Cabinet member responsible: Yvonne Constance

Tel: 01235 751475

E-mail: Yvonne.constance@whitehorsedc.gov.uk

To: Cabinet

DATE: 5 April 2013

## Outsourcing of Vale customer services

### Recommendations

- (a) That Vale of White Horse District Council customer services function be outsourced to Capita to achieve savings, customer service improvements, and efficiencies arising from harmonising the function with the existing outsourced South Oxfordshire District Council function.
- (b) That the following options offered by Capita should be implemented: consolidated switchboard, interactive voice response, cold handover of calls, strong service target, retain South and Vale cash offices.

### Purpose of report

1. To decide whether to outsource the Vale customer services function to Capita.

### Strategic objectives

2. This proposal addresses two council strategic objectives – for excellent delivery of key services, and for effective management of resources.

### Background

3. In 2007, the customer services functions of face to face contact, switchboard and cash office at South were successfully outsourced to Capita as part of the joint financial services contract. At that time, Vale Executive decided not to do the same, preferring to retain several Local Service Points (LSP). Faringdon cash office and Wantage LSP were closed in 2008 and 2010 respectively, leaving only the Abingdon LSP.

4. In 2010, the LSP, now renamed the customer services team, was subject to a Fit For the Future (FFTF) review, which recommended some transfers of the team's functions to other teams, and a number of efficiency improvements, all of which have been implemented. The annual budget for the Abingdon customer services team has reduced by £220,000 over the past four years.
5. In 2012, the FFTF programme board explored three options for the future of the customer services team:
  - (a) Retain the team as it currently is
  - (b) Explore options to improve the utilisation of customer service advisors (CSAs) by minimising the inevitable down-time found in customer service teams
  - (c) Exploring the option to invite Capita to submit a bid for operating the function
6. Fit For the Future programme board recommended the last of these and Strategic Management Board (SMB) agreed. Officers then invited Capita to submit a base bid in order that we could compare its offering and price with the current operation, and a series of variant bids offering service improvements for the council to consider.
7. As the outsourcing of customer services to Capita was provided for in the 2006 shared financial services contract, no competitive procurement needed to be undertaken when inviting Capita to submit a proposal. A transfer of the team's functions is thus fully compliant with the council's contracts procedure rules
8. Capita's proposal includes a base bid and a number of other service options, as described below. Capita also propose to achieve efficiencies, innovations and customer service improvements that will apply to South as well as Vale. Officers have not evaluated any Capita option that was not costed, so there remains the possibility of negotiation on future innovations and contractual improvements.
9. Savings are only realisable if Vale and South adopt the same options, and informal discussions with both Cabinets indicate that they are in agreement.
10. Officers have evaluated Capita's proposal and undertaken due diligence to check that the proposal is viable. Officers have negotiated commercially with Capita to maximise savings to the council.

## Service options – switchboard

11. Capita have proposed a number of switchboard options:

<b>Option</b>	<b>Considerations</b>
Two separate switchboards or one consolidated one	Given that consolidated switchboards would be answered with the relevant council name, the consolidated option is better and cheaper
Interactive voice response (push-button options), or every call to be handled by switchboard operators	IVR allows customers to select their own call routing, and thus less switchboard resource is required which is cheaper. Calls are put through directly, both to staff internally and to contractors, without customer having to write down the number as at present, and also means they won't have to wait in a queue. IVR is in extensive use in other organisations, and the system proposed is very simple so customers should not find it confusing. Recent harmonisation of the two councils' phone systems makes it easier to ensure

	that shared officers can take a call from the switchboard independent of which site they are working at
Handover to be cold (as currently at Vale) where calls are simply put through, or warm (as at South) where the caller is announced	A warm handover provides slightly better customer service, and enables filtering of unwanted calls. This is Capita's recommendation, but costs more. South's switchboard currently is "warm" while Vale's is "cold". There have been no customer satisfaction problems with "cold", and as it is much cheaper, this is preferred
Service target of 80% answered in 20 seconds (which is the current SLA and industry standard) or 70% in 30 seconds	70% in 30 seconds offers a relatively small cost saving, but is a reduced level of customer service and is likely to attract complaints. As there is little price difference we recommend 80% in 20 seconds as at both councils currently

## Service options – cash office

12. Capita have offered three cash office options:

<b>Option</b>	<b>Considerations</b>
1 – Maintain the current separate South and Vale cash offices	No cost savings are available in this option, but it maintains the best customer service
2 – Close the South cash office and direct all customers to the Vale cash office	This is a reduced service for South's customers and South's cabinet has indicated it is unacceptable
3 – Close both cash offices	Members may feel this to be too radical a step for customers and would attract adverse customer and press comment, although as use of the cash office is falling slowly, closure could be revisited as a separate project. Any review needs to take into account both councils' accommodation strategy

## Service options – reception

13. Capita has proposed to introduce "assisted self-service" whereby reception staff encourage customers to self serve on reception PCs and dedicated phone lines, and help them through the process if required, thus encouraging customers to use channels of communication and self service, which are cheaper for the councils to provide.

14. This proposal has been evaluated by comparing with a similar programme implemented by Capita at Sheffield City Council, which was successful and achieved significant channel shift.

## Option evaluation and savings

15. Capita's base bid for a like-for-like service offers negligible savings and is therefore not a preferred option.

16. Officers have evaluated Capita's other proposal according to the criteria of price, customer service and resilience – the latter being to ensure that the proposal included sufficient resources.



17. Savings arise from Capita integrating with their existing back office operation and systems for assessing benefit claims, by providing both switchboards from a common location, reducing staff downtime, and also by providing active help to customers in reception to encourage them to use communication channels that are cheaper to provide, such as new self service computers and telephone hotline to the Capita's benefits team.
18. Allowing for set-up costs and potential redundancies, the worst case one off costs for year one are £46,000.
19. Years two and three savings are each £53,000.
20. Overall, the saving for the remaining three years of the contract is £60,000, or 8.0 per cent of current operating costs.
21. The reduction in staff at Abbey House equates to 3.5 FTE, though it will be necessary for Capita to increase their complement at Coventry where the switchboard will be operated. As far as we can deduce from Capita's figures, they are offering the council 67 per cent of the maximum estimated saving identified by the Fit For the Future review.
22. The savings above are the minimum as they assume worst case redundancy costs, which the council has agreed with Capita to split 50:50. Capita has already been leaving posts open that should further reduce redundancies. As a large organisation, Capita has a lot of redeployment opportunities.

## **Implementation**

23. Capita has indicated that if appointed it would implement the new service from 1 July 2013.

## **Financial Implications**

24. There are no financial implications other than those detailed above.

## **Legal Implications**

25. The transfer of staff to Capita is fully compliant with Transfer of Undertakings Protection of Employment (TUPE) regulations which provide for council staff to transfer on their existing salary, terms and conditions. This has been fully discussed with all staff affected.
26. Officers have questioned Capita extensively on TUPE implications of transferring staff, and are reassured that Capita's intentions are compliant.
27. The process of requesting and assessing Capita's proposal is fully compliant with the Contracts Procedure Rules set out in the council's Constitution, because the transfer was included in the provisions of financial services contract.

## **Risks**

28. Capita has had a strong track record in delivering South's customer services since 2007. There is little risk to operations or customer service quality by operating the Vale function in a similar way.

29. The majority of the savings arise from reductions in numbers of customer service advisors, and any risk associated with operating the function with fewer customer service advisors is mitigated by the presence of back office staff who can serve customers at times of peak demand.

## **Recommendation**

30. The overall package of recommendations is to:

- Outsource the Vale customer service function to Capita and realise savings
- Create a consolidated switchboard answered with the relevant council name
- Introduce interactive voice response buttons to allow greater customer self-service and savings through reduced switchboard resourcing
- Retain the cold (unannounced) handover of calls which offers significant savings with negligible effects on customer service
- Retain the service target of 80% calls answered in 20 seconds
- Retain the South and Vale cash offices.

## **Background papers**

- None

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Last updated 25 March 2013