

From: **Eric Hotson, Cabinet Member for Corporate and Democratic Services**

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To: **Policy and Resources Cabinet Committee – 8 March 2019**

Subject: **KCC Commissioned Services from Cantium Business Solutions**

Classification: **Unrestricted**

Past Pathway of Paper: Not Applicable

Future Pathway of Paper: Not Applicable

Summary: This report updates the Policy and Resources Cabinet Committee on the delivery of KCC services since the establishment of Cantium Business Solutions in July 2018

Recommendation:

The **Policy and Resources Cabinet Committee** is asked to **CONSIDER** and **NOTE** the report.

1. Introduction

This report updates the Policy and Resources Cabinet Committee on the delivery of KCC commissioned transactional Finance, HR and ICT services from Cantium Business Solutions since its establishment in July 2018.

2. Background

The Business Services Centre (BSC) was established in 2015 as an internally commissioned service to deliver transactional Finance, HR and ICT services to KCC, schools and external customers. Alongside this the back-office procurement exercise concluded and the Council took a decision that it was unable to award a contract. The market testing exercise demonstrated that the private sector was unable to deliver a solution which represented an acceptable price and risk profile for the Council.

The BSC successfully delivered financial benefits to KCC in line with the Medium-Term Financial Plan. This has been achieved from efficiencies and growth of traded activity. Following a detailed business case process Cabinet approved the establishment of the BSC as an arms-length trading company wholly owned by the

County Council. The company, Cantium Business Solutions was established in July 2018 and delivers a range of transactional Finance, HR and ICT services for the Council.

On the establishment of Cantium Business Solutions the company governance arrangements were put in place with the company performance being overseen by Hold Co and the Shareholder Board. A contract was put in place for the delivery of KCC services for an initial 3-year period plus extension options. The contract contains the service specifications setting out the requirements for the delivery of services back to KCC. Performance is managed by a series of Key Performance Indicators. The Corporate KPIs are reported to the Policy and Resources Committee through the Performance Dashboard with a further series of performance measures used for day to day operational management.

3. KCC Service Performance

3.1 Finance Services

The Finance Division commissions the following Financial Services from Cantium Business Solutions for KCC and the KCC wholly owned companies:

- Cashiers, income received is administered and banked
- Debt Recovery of KCC Sundry Debts
- Payment for Adult Services, including Private and Voluntary Providers and Direct Payments
- Payment for Children Services, including Adoption, Special Guardianship Orders and Direct Payments
- Payments for all other services
- Payment Control and Compliance, including update and maintenance of Accounts Payable and Accounts Receivable Systems
- Pensions Payroll
- Free School Meals, including advice to parents and schools
- Customer Care and Management Information, including complaints and Freedom of Information Requests

Performance against a set of Key Performance Indicators and Performance Indicators is reported monthly by Cantium Business Solutions and discussed with the Finance Commissioner at the monthly Service Review Meetings, and with Business Partners and Finance Managers. These are historic performance measures and are being reviewed as part of the ongoing conversations with Cantium Business Solutions about the commissioning needs and priorities of the commissioner.

Performance against these measures has been consistent and KPI targets normally met or exceeded. Formal and informal engagement between Cantium Business Solutions and the commissioner is working well which has allowed any service related issues or additional requirements from the business to be tackled early and effectively.

KPI	Target	Year to Date	RAG
% of Sundry Debt under 60 days old	75%	75.4%	
% of Sundry Debt over 6 months	15%	12.7%	
% of invoices received on time and entered into AP System by the KCC due date	97%	97.2%	

3.2 HR Services

The Engagement, Organisational Design and Development (EODD) division commissions the following HR services from Cantium Business Solutions for KCC and the KCC wholly owned companies:

- Recruitment, including pre-employment checks
- Management of the employee lifecycle from the issuing of contracts, contract variations through to end of employment
- Payroll, payments to and deductions from employees and payroll control and compliance
- Advice and support to organisation change and projects
- Provision of Staff Care Services - purchased directly by customers
- Provision of Schools Personnel Service – purchased directly by schools

Performance against a set of Key Performance Indicators and Performance Indicators is reported monthly by Cantium Business Solutions and discussed with the EODD Commissioner, Business Partners and HR/OD Managers. These are historic performance measures and are being reviewed as part of the ongoing conversations with Cantium Business Solutions about the commissioning needs and priorities of the commissioner.

Performance against these measures has been consistent and KPI targets normally met or exceeded. It is noted that customer satisfaction is high, and frequently reported at 100%, although the introduction of the new Cantium Business Solutions CRM system, ServiceNow, will provide the capability to provide more comprehensive and consistently gathered feedback.

There has been particular focus on the service provided by Staff Care Services, in part due to anecdotal feedback from managers suggesting it was not always meeting operational needs. A full review of the service has been carried out and a collaborative approach is being taken towards continuous improvement and communication with managers.

KPI	Target	Year to Date	RAG
Overall accuracy of payroll	99.5%	99.53%	
Overall provider accuracy of payroll	99.5%	99.95%	
Payroll and HR Admin Customer Satisfaction	90% Good or above	99.1%	
Queries resolved at first point of contact	90%	98.1%	
Complex queries requiring further	90%	86.2%	

investigation/escalation resolve within 5 working days			
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Formal and informal engagement between Cantium Business Solutions and the commissioner is working well and any service related issues or requirements have thus far, been tackled early and effectively.

3.3 ICT Services

The Infrastructure division commissions the following ICT services from Cantium Business Solutions for KCC and the KCC wholly owned companies:

- Service Desk services for break/ fix calls and requests
- Infrastructure services providing network connectivity
- Applications Services supporting business systems
- Projects and Change programs
- Security and Compliance

ICT Performance is reported and monitored on a monthly basis with Cantium Business Solutions. The overall performance of the service has been good over the past year. The Corporate Performance Indicators are all currently within the targeted performance levels as reported in the Corporate Dashboard.

KPI	Target	Year to Date	RAG
Call to ICT Helpdesk resolved at the first point of contact	70%	74.1%	
Positive feedback rating with ICT Helpdesk	95%	96.6%	
Working hours where Kent Public Service Network is available to staff	99.8%	99.9%	
Working Hours where ICT Service is available to staff	99%	99.8%	
Working hours where e-mail is available to staff	99%	100%	

The Corporate Performance Indicators are augmented with more granular indicators that assist in identifying where the service may be experiencing difficulties or over performing.

There have been some fluctuations in service that on occasions has resulted in the service falling outside of the service parameters. Such situations are reviewed with the cause and remediation plans discussed and agreed to bring service back inside acceptable tolerances. Performance indicators have remained constant over the past year but these will be reviewed as part of the overall contract review taking place to ensure they remain appropriate and support continuous service improvement.

KCC and Cantium Business Solutions have been working closely to deliver the transformation of our IT services and continue to do so. Following on from Exchange on-line and Skype Collaboration transformations programs we have now moved 128 servers into the cloud reducing our on-premise Data Centre requirement which supports our green agenda. The roll-out of new devices over a period of months rather than years is a good indicator of our ability to work together

in different ways to transform quickly to drive the modern workplace. We will continue this collaboration to further the Modern Workplace agenda with further collaboration tools that are both flexible and scalable in the coming months. This will further reduce our reliance in on-premise IT capacity.

4. Contract Monitoring

The contract delivery is overseen by Commissioners in KCC and Client Manager in Cantium Business Solutions across each of the service areas through the monthly Service Review Boards. If any issues are unable to be resolved by the Service Review Boards, they are escalated to the Director for that service area and the Chief Executive of Cantium Business Solutions.

To reflect the strategic partnership between KCC and Cantium Business Solutions, a Strategic Review Board has also been established as a forum to manage the relationship on cross-functional shared services matters. This includes strategic direction, contract development, ownership and development of business systems, the transition to steady state and overall financial monitoring. Membership includes the Directors of EODD, Finance, and Infrastructure, the Strategic Commissioner and the Chief Executive of Cantium Business Solutions. The Board currently meets on a monthly basis. After the transition to steady state (year two onwards), it is anticipated this meeting will be held quarterly.

The Authority has committed to pay a minimum annual amount for the core services provided by Cantium Business Solutions. These services cover Finance, IT and HR. This core fee is paid quarterly in advance which helps to provide a secure income stream for the company, assists cashflow and provides certainty for KCC in terms of what it will pay. The core fee in the first nine months of trading as a company (July '18 to March '19) is guaranteed at £7.3m.

Any additional optional services are paid for outside of the core fee and this is either on the basis of a fixed price or in some cases based on volume. The estimated spend for the 9 months from July 18 is £3m. The company is currently delivering successfully against the business case and its business plan.

5. Cantium Business Solutions transition for KCC services

The delivery of KCC services across ICT, HR and Finance have continued seamlessly since Cantium Business Solution's launch in July. Service Levels have continued to be met and Cantium Business Solutions have continued to work closely with the commissioner to monitor service opportunities. There is strong regular engagement at Director level and service manager level.

In ICT Cantium Business Solutions have taken over the support of Skype for Business from an external provider, this has reduced the cost of service to KCC whilst maintaining the service levels. Cantium Business Solutions are working with EODD to provide support in shaping the digital transformation agenda. Cantium Business Solutions have been working with Corporate Finance to develop and deliver the solution to enable Direct Debit payments for school travel. This will be live in April.

6. Conclusion

Since the establishment of Cantium Business Solutions, service delivery overall has continued to perform to the expected level. The contract management processes are maturing and there is a close working relationship between the lead commissioners and Cantium Business Solution's management and delivery teams.

7. Recommendation(s)

<p>The Policy and Resources Cabinet Committee is asked to CONSIDER and NOTE the report.</p>
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8. Background Documents

None.

9. Contact details

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