

Annual Update on Arvato and Kier Transition – Lessons Learnt

Previous scrutiny involvement:

This was a new item in the Overview and Performance Scrutiny Forum work programme 2020/21 and was considered by the Overview and Performance Scrutiny Forum in the meeting on 17 December, 2020. The purpose of the review was to scrutinise the transition of Arvato and Kier staff to in house delivery and understand the lessons which have been learnt.

The objectives of the review were:

- To review the success of the transition process.
- To review the costs of transitioning Arvato and Kier staff to in house delivery so the costs can be accurately measured and assessed.
- To review the KPI's of transitioning Arvato and Kier staff to in house delivery so the KPI's can be accurately measured and assessed.
- To understand the lessons, both negative and positive, which have been learnt from the transition process.

It was agreed in the meeting that an annual update on the lessons learned from the Arvato and Kier transitions would be brought to the Overview and Performance Scrutiny Forum.

24 March 2022 Update to Overview and Performance Scrutiny Forum:

The transfer of Arvato services was completed successfully and smoothly on 17 January 2021. The transition project ended formally in March 2021.

Three significant areas were identified as lessons learned, when Overview and Performance scrutiny forum members received the original report in December 2021. These were:

- Ensuring a collaborative approach was in place to develop the exit plan.
- Implementing cross service project teams and retaining consistency of personnel across all three phases of the TUPE transfer was important and ensured efficiency.
- Technical information was missing and would need to be developed post transfer if service delivery was to be maintained.

Since this time, a lessons learned report has been produced for the Arvato transition.

Areas identified for improvement following project closure have been transferred to the responsibility of the Service Directors for Digital, HR and Customer Services and Economic Growth to deliver as part of their business-as-usual service delivery. The lessons learned report is attached at Appendix A.

The Council has taken some time to understand the strengths and weaknesses of the transferring services and is now working closely with the staff who have transferred to make ongoing improvements.

Service reshapes are now underway within Customers, Revenues and Benefits teams and these are also currently being considered within Property and Technical Services.

Appendix B provides Overview and Performance Scrutiny Forum members with an overview of the discussions held with Customers, Revenues and Benefits employees at the start of the reshape of services. This highlights areas for improvement which will ensure that employees feel integrated into Chesterfield Borough Council and which, when addressed will ensure that structures are fit to deliver the Council's future aspirations. Of particular concern to employees is that the Council addresses the inconsistency in contracts of employment following the TUPE transfer.

Reports relating to the restructure of services will be brought to Joint Cabinet and Employment and General Committee for approval during the 1st quarter of the new financial year.

What were the original goals and objectives of the project?

- Successful transfer of Arvato and Kier staff to CBC by 18 January 2021
- 75% employee satisfaction with transfer activity
- DDDC Revenues and Benefits Shared Service achieved
- Financial savings achieved
- Payroll activity completed and January pay accurate for >90% of employees
- Service delivery maintained alongside Covid19 business grants

Was the project completed according to expectation?

1. The transfer was completed over three phases, instead of two, because of the Coronavirus pandemic. ICT and HR transferred in 2018, Kier in 2020 and Customers, Revenues and Benefits in 2021. All three transfers were successfully achieved.
2. 100% of employees were satisfied with the transfer activity that was completed.
3. A shared service was implemented from 18 January 2021 to deliver Revenues and Benefits services for Derbyshire Dales District Council.
4. Financial savings have been achieved. The cost-of-service is £484,086 per annum less than was being paid to Arvato and Kier. In addition, the council has been able to directly manage and control new burdens funding, which would have been passed through to Arvato and Kier. This equates to £105k of confirmed funding in 2021, with further allocations to be received to support management of the Council Tax energy rebate, omicron hospitality and leisure grant and CARF.
5. Payroll activity was completed on time. Payment was accurate for 99% of staff during the January transfer. The Kier transfer in June 2020 was more complex, with many payroll issues identified. The Council ensured that manual adjustments were made so that staff members were paid accurately.
6. Services have been maintained throughout the coronavirus pandemic.
Revenues and Benefits
Delays in recovery action during 2020 have resulted in increasing demands within Revenues teams. Positive progress is being made and

collection levels are ahead of forecast. Changes resulting from universal credit changes have been absorbed and managed effectively. Scrutiny members have already received a separate report on Universal Credit, which references positive performance in challenging circumstances.

Customer Services

Customer Services opening hours have been reduced, with the centre closing at 2pm to enable staff members to be redeployed into delivering business grants. The reduction in hours has also enabled us to keep staff members at 2m distance, ensuring their health and safety. Contact centre KPI's are below target. The service requires reshape to address training and morale issues. The Kickstart programme has been used to support service delivery and develop skills within the Borough of Chesterfield. This has been successful.

ICT

Positive improvements have been made and all KPI targets have been achieved. In addition, the ICT improvement programme remains on track.

HR and Payroll

All KPI targets have been achieved.

What were the major accomplishments?

- Payroll activity was managed effectively, despite challenges with the Kier data that was provided. Staff members within this team were diligent and accurate in their work, quickly identifying inaccuracies in data provided.
- Financial savings were achieved, and the additional new burdens funding made available has ensured that financial savings were exceeded. The project was delivered within the budget available.
- The Kier TUPE transfer was completed successfully within a very short timescale. The team worked well together to achieve these timescales.
- Communication and consultation processes were effective, resulting in all staff being comfortable with the TUPE transfer
- Derbyshire Dales shared service set up and is delivering against SLA expectations.

What methods worked well?

- Keeping the project team members consistent across the 2nd and 3rd phases worked well.

- Coaching was completed for an HR Business Partner so that they could upskill on TUPE transfer activity.
- Regular weekly meetings were set up relating to specific areas (HR, Finance, operational processes, Kier transfer, DDDC SLA etc) ensuring meetings were focused and delivered against outputs successfully whilst ensuring best use of project team member time.
- Steering Board meetings were held to resolve and unblock outstanding issues and these were effective.
- Lessons learned activities completed after each phase of transfer enabled us to improve learning and develop training plans.
- Internal project plans developed outside of the formal exit plan which was managed by Arvato enabled the Council to keep track of internal activity, including delivery against our internal change plan and communications plan.

What was particularly useful?

- Discussions with other Local Authorities who were undergoing significant insourcing. This gave us opportunities to share documentation, learn about what had gone well and what needed greater scrutiny.
- Agreement from Arvato that CBC could direct service delivery prior to transfer. This enabled the Council to deliver effective services throughout the pandemic. This early knowledge also enabled us to make pragmatic decisions relating to the level of information we received at time of transfer

What went wrong?

- The coronavirus pandemic meant that the original transfer timetable could not be achieved. The final transfer of staff was delayed to January 2021.
- In 2020, a change in personnel was made to lead the transfer on behalf of Arvato, following redundancy of a member of staff responsible for the development of the Chesterfield contract. Relationships were strained at the start of the process for phase 2 of the Tupe transfer and this resulted in the project stalling for a short period of time. The approach became more collaborative as we moved into the pandemic.

What processes need improvement?

- Process documentation was out of date
- Documentation and processes relating to succession planning, skills shortfalls and individual performance management was limited or did not exist
- Documentation such as service plans did not exist

How can they be improved?

- These gaps have been fed into the service reshape activity and the new structure will ensure their improvement.

What were the key problem areas?

- There was a fine balance to be drawn between obtaining enough data to ensure that service delivery could be maintained in the event of loss of key personnel and diverting staff from service delivery at a critical time.
- Lack of performance management and unclear expectations of roles within some service areas.
- Historical poor succession planning meant that the service area was reliant on key personnel, who were expected to maintain service delivery and who were working unacceptably long hours.

Were there any technical challenges?

- Information security activity was a significant task. We found that Arvato documentation was retained on CBC networks and needed to be deleted. We developed automation to identify and remove the documentation.
- At a lower level, the fact that the Council required a wet signature on contract changes created some challenges as both Arvato and Kier were able to accept digital signatures.

Were the project goals achieved?

Yes – all achieved.

Were unexpected changes managed?

Yes, the project was replanned to accommodate the additional work generated by the coronavirus pandemic and to accommodate the request to transfer Kier services earlier than planned.

Were the project management processes efficient?

Yes, the processes worked well and were efficient.

Were the project management processes tracked and reported accurately?

Yes, regular reporting was completed and shared across all four respective partners – Arvato, Kier, Derbyshire Dales District Council and Chesterfield Borough Council.