	EXECUTIVE 30th September 2015	**Agenda Item No.** **4**

Title	Review of WDC/WCC Customer Service Centre & Digital Transformation initiatives
For further information about this report please contact	Andrew Jones (01926) 456830 Andrew.jones@warwickdc.gov.uk
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No
Date and meeting when issue was last considered and relevant minute number	
Background Papers	Not applicable

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes
Equality & Sustainability Impact Assessment Undertaken	No
Not applicable.	

Officer/Councillor Approval	**Date**	**Name**
Chief Executive	7th September 2015	Chris Elliott
CMT	7th September 2015	Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer	7th September 2015	Mike Snow
Monitoring Officer	2nd September 2015	Author
Portfolio Holder(s)	14th September 2015	Cllrs Shilton, Mobbs & Coker
Consultation & Community Engagement		
Warwick District Council (WDC) staff and recognised Trade Unions have been briefed on the proposals by WDC senior officers and HR officers. Warwickshire County Council has conducted its own briefing sessions.		
Final Decision?	Yes	

1   SUMMARY

1.1   The report seeks approval from the Executive to end its joint Customer Service Centre arrangement with Warwickshire County Council and return the handling of customer phone enquiries to Riverside House. It also requests that officers complete the business case for further investment in the digitisation of Council services, thereby improving the customer experience and reducing costs, so that a further report can be submitted to the Executive for its consideration.

2   RECOMMENDATIONS

2.1   That Executive notes at Appendix A the service delivery performance over the last two years of the Customer Service Centre (CSC) (based at Warwickshire County Council, Shire Hall).

2.2   That Executive notes at Appendix B the options appraisal of different phone service delivery models and agrees that in accordance with the licence agreement between Warwick District Council (WDC) and Warwickshire County Council (WCC) dated 6th January 2010, officers give 12 months' notice of WDC's intention to vacate Shire Hall and establish a headquarters phone service based at Riverside House.

2.3   That subject to agreeing recommendation 2.2, Executive agrees that officers work with staff and the recognised Trade Unions to ensure that Warwick District Council staff affected by the change to service delivery are managed in accordance with the Fit For the Future Employment Procedures with a report being submitted to Employment Committee at the appropriate time.

2.4   That subject to agreeing recommendation 2.2, Executive notes that officers anticipate ongoing revenue savings of c£170k (as opposed to a potential c£250k increase under the current model) by financial year 2018/19 through the phone service changes and agrees to release £50k from the Service Transformation Reserve to implement the project.

2.5   That Executive agrees that a further report is submitted to 2nd December 2015 Executive Committee which will provide a full business case for investment in *Digital Transformation* technology to deliver further substantial ongoing revenue savings both as a consequence of the proposed phone service changes but also due to other business design and process changes.

2.6   That subject to agreeing recommendation 2.5, Executive agrees that:

a. in conjunction with WCC, officers review the joint One Stop Shop Service;
b. a review of the Council's cash handling service and customer payment options is undertaken; and
c. a review of the Council's approach to e-mail is undertaken…

with any recommendations for service changes being submitted to a future Executive Committee.

2.7   That subject to agreeing recommendations 2.1-2.6, Executive agrees to receive a Customer Access Strategy for Warwick District Council at its Executive Committee meeting of 2nd December 2015 based upon the principles described in paragraph 3.71.

3 REASONS FOR THE RECOMMENDATIONS

3.1 <u>Recommendation 2.1</u>

3.11 In 2009, WDC moved its CSC operation (handling the vast majority of this Council's phone calls) to WCC's headquarters at Shire Hall, Warwick where a joint team of relocated WDC, and WCC staff had been set-up to handle the phone calls of customers making enquiries in respect of either or both of the Council's services. This initiative was on the back of a customer service programme of improvement taking place across all of the Council's in Warwickshire and underpinned by joint Customer Relationship Management and phone ICT systems overseen by the Warwickshire Direct Partnership (a Councillor/ Officer Forum made up of all the Councils in Warwickshire).

3.12 At the vanguard of this customer service programme was the "partnership" between WDC and WCC which by the time joint CSC was established had delivered four joint one stop shops enabling customers to make Council enquiries (of both District and County tier-level) in a single visit. Therefore the decision to move WDC's phone operation to WCC premises was a natural progression in the programme of work.

3.13 For a four-year period the joined-up phone service operated reasonably successfully, although not to the levels that had originally been anticipated, but over the course of the last two years, service can at best be described as poor with complaints from both customers and elected Members. Details of the performance can be seen at Appendix A.

3.14 Throughout the period of co-location both Councils have worked very hard to make the arrangement a success. Many initiatives have been tried including investment in training, workforce planning, resource planning and ICT development. Many of the staff at the CSC have been there since the operation's inception and their dedication and efforts must be recognised.

3.2 <u>Recommendation 2.2</u>

3.21 With both WDC and WCC being dissatisfied with the levels of CSC performance, officers at WCC undertook work to establish what investment in the CSC would be necessary to significantly improve customer service response times. In tandem with this, officers at WDC undertook an options appraisal of different phone service delivery models so that they could be compared against the findings of the WCC study.

3.22 Details of the options appraisal can be found at Appendix B and it is officers' recommendation that WDC repatriates its phone service to Riverside House but rather than re-establishing a WDC-only CSC, it creates phone services that are managed by the individual service areas. Officers anticipate that by handling calls in this fashion they will be able to redesign the Council's services so that the work of customer service, business support and administration staff is looked at in a joined-up fashion, thereby cutting out inefficiencies and providing an improved customer experience.

3.23 Should Members agree with the recommended approach then Deputy Chief Executive (AJ) will write to WCC giving the required 12 months' notice under the licence agreement to vacate the Shire Hall premises. However, it is anticipated that this would be the maximum period of time to relocate WDC's phone service and it is hoped that the necessary changes can commence soon

after the necessary staffing approvals have been received from Employment Committee.

3.3   Recommendation 2.3

3.31   WDC has 11 staff employed at the joint CSC or in its supporting infrastructure team (Members should be aware that ICT arrangements enable three of these staff to operate out of a WCC-run CSC in Bedworth but for the purposes of this report, they are treated as part of the Shire Hall operation) and so if Members agree recommendation 2.2, officers will work with the affected staff and recognised Trade Unions in accordance with agreed consultation and redeployment agreements. At this point it is not possible to say what the individual outcomes will be for the staff affected but a future report to Employment Committee will make the position clearer.

3.32   Members should be aware that successful redeployment may not be possible in every case and if necessary a future report will be submitted to Executive to seek the funding for any redundancy payment.

3.4   Recommendation 2.4

3.41   The approach recommended by officers would mean that the current annual staffing budget for the CSC arrangements of £526k could reduce by £170k. Members will recall that a review of the CSC was an element of the *Sustainable Community Strategy & Fit For the Future Update* report agreed by the Executive at its meeting of 3rd September 2015. That report explained how the Council would realise the necessary savings/ increased income to set a balanced budget whilst protecting services to the customer.

3.42   Members should also note that in contrast to the recommendation in this report, the option proposed by WCC would have required extra investment of £162.5k this year and a further £100-150k in 2016/2017. The impact on the Council's Medium Term Financial Strategy would be an extra £200-250k to find each year.

3.43   In order to implement the project it is estimated that a budget of £50k will be required. It is recommended that this budget is made available from the Service Transformation Reserve.

3.5   Recommendation 2.5

3.51   As described in paragraph 3.22, officers do not consider that simply re-establishing a CSC at Riverside House is the way forward for WDC. The CSC was originally established at Riverside House over ten years ago for good reasons: the default channel for contacting the Council was via the phone service but increasingly customers would prefer to transact with the Council via the website (whether this be through a pc or smart phone). This change can be demonstrated by the tremendous growth in WDC website visits over the last 10 years from approx. 15,000 visits per month in 2005 to over 150,000 visits per month in 2015.

3.52   As WDC has invested further in its website then usage has continued to grow. In 2013, the Council improved and upgraded its Content Management System. Whilst this was primarily a necessary upgrade to back office software it allowed WDC to significantly improve how the site appears and works on mobile phones for our customers. As a consequence usage on mobiles has increased by 41%

between 2014 and 2015 and overall usage by 10%. In addition WDC is ranked in the top 10 council websites for customer success rates (i.e. customers can find/do what they want to) and in the top 3 councils for customer satisfaction and success rates on mobile devices (SOCITM Better Connected 2015).

3.53 Therefore, as well as redesigning processes to reduce the number of staff a customer needs to interact with, officers are undertaking work to determine what further investment can be made in the website to improve the customer experience and reduce costs whilst at the same time recognising that some of our customers will always need to speak with or visit a member of staff. Consequently, officers propose to bring a report to the 2nd December 2015 Executive setting out a full business case for what is being described as the *Digital Transformation* agenda.

3.6 Recommendation 2.6

3.61 Should Members agree to the submission of a full business case for further investment in a *Digital Transformation* agenda then officers believe that there are some key areas that should be covered by the business case which require Members' explicit approval for consideration. These areas are:

a. in conjunction with WCC, officers review the joint One Stop Shop Service;
b. a review of the Council's cash handling service and customer payment options is undertaken; and
c. a review of the Council's approach to e-mail is undertaken.

3.62 WDC and WCC currently provide five joint one stop shops throughout the District based in Kenilworth, Leamington Spa, Lillington, Warwick and Whitnash respectively. The customer numbers and demand for types of service varies significantly by location and officers consider it appropriate that each of these operations is reviewed to ensure that they are meeting customer expectations and providing value for money.

3.63 Customers are able to make payments to the Council in a variety of ways, for example by direct debit, phone, on-line or via Allpay. However, the Council still receives a significant number of cheque and cash payments which are resource intensive to process. With the number of alternative payment options available to the customer, it is considered appropriate that officers review the full suite of payment facilities to determine whether they are all still appropriate.

3.64 WDC has an approach to e-mail that is very inefficient when it comes to dealing with customer enquiries. The system does not enable work to be managed in a structured fashion and it provides the customer with a number of e-mail addresses to register a query. Officers consider that WDC's whole approach to e-mail should be examined to ensure it is fit for purpose.

3.7 Recommendation 2.7

3.71 Officers have started to develop a Customer Access Strategy based on the recommendations in this report and the following set of principles:

• Digitisation of services will be prioritised based on transaction data and customer feedback. The council should not seek to deliver 100% of services electronically. Digital services will only be implemented where the benefits outweigh the development, support and maintenance costs. Resources should

be focused on services with high transaction volumes, high delivery costs and/or customer demand.

- The 80/20 rule will be applied to all digital services to reduce delivery times and improve benefits realisation. If the solution is appropriate for 80% of the target audience and/or will deal with 80% of the anticipated transactions, the service will be considered fit for initial deployment.
- The entire transaction will form part of the service scope from the digital interaction to service fulfilment. For transactions with lengthy fulfilment periods, notifications and self-service status checking will be included by default. Where possible, market leading best practice will be used to benchmark our approach to keeping the customer informed.
- All designs must be user tested prior to launch. This means testing real tasks with real citizens. Customers will not use solutions that are not usable/user-friendly - leading to more complaints and failure demand.
- With all solutions we will adopt an approach of continuous improvement, not launch and leave. We will use data, testing and feedback to fine-tune solutions.
- Off-the-shelf solutions which meet the 80/20 rule will be utilised where possible, providing a suitable business case can be provided.
- All solutions must be responsive so that they detect the user's screen size and orientation, changing the solution's layout accordingly.
- Services must be designed to reduce paper handling at inception, processing and fulfilment.
- Further work will be carried out to understand the impact and opportunities afforded by social media to inform, transact and comment on council services.
- All digital services must maintain the confidentiality and integrity of the data, with design decisions based on data classification. Risk and security controls should be balanced according to business objectives – security controls should be proportionate to risk. In addition, security should be user transparent and not cause users undue extra effort.

3.72 Subject to Members agreeing the aforementioned principles and recommendations contained in this report it is proposed that a Customer Access Strategy is submitted to 2nd December 2015 Executive in tandem with the business case for investment in a *Digital Transformation* agenda.

4   POLICY FRAMEWORK

4.1   At its meeting of 3rd September 2015, Members agreed that a review of the CSC should be an element of the Fit For the Future (FFF) programme. The approach advocated in this report will provide an improved customer experience whilst at the same time reducing costs. It is acknowledged that there will be a direct impact on staff but it is hoped that any adverse impact will be mitigated through the redeployment agreement.

5   BUDGETARY FRAMEWORK

5.1   The staffing budgets for the two cost centres affected by these proposals total £526k. Officers' options appraisal indicates that an ongoing saving of £170k per year could be achieved. The FFF programme suggests that these savings will be fully achieved by financial year 2018/19, however, it may be possible to achieve the savings more quickly. Officers will have more certainty as the project gathers pace. It is proposed that a more accurate savings profile will be available for Members' consideration by the time Council debates its budget for 2016/2017.

5.2   At this point it is not possible to state what if any redundancy costs will be necessary as a consequence of these proposals. Should redundancy become a factor, a further report will be submitted to Executive to consider releasing the necessary funding.

5.3   As a consequence of the way the CSC working arrangement is structured, a number of staff (currently 11.3 over and above those employed by WDC) are employed by WCC but funded by WDC. This arrangement was agreed to avoid the situation whereby officers at the CSC could be employed by one of two organisations. However, a consequence of the recommendation in this report is that WCC could have staff that no longer have a funding stream attached to them. The legal position has been checked and whilst WDC has no legal obligation to these staff there is a moral question to be considered. Officers have committed to working with WCC colleagues to try and find alternative employment for those staff affected and it is hoped that there will be a limited number of staff who have not found an alternative role.

5.4   The project team estimate that a budget of c£50k will be required to undertake the return of the call handling function. This cost is made up of:
•   Upgrade of Mail Order/ Telephone Order (MOTO) to ManagedPaye.Net in order to take payments;
•   Implementation of Call Secure to ensure security of payment transactions; and
•   Replacement of the Council's existing analogue telephone lines with Session Initiation Protocol (SIP) trunks.

5.5   It is recommended that the £50k is released from the Service Transformation Reserve which currently stands at £579,000 (subject to any other reports on the agenda).

6   RISKS

6.1   The most significant risks to the Council are that the phone service does not improve with the return of call-handling to Riverside House and/or the expected savings do not materialise. These risks will be mitigated with careful project management and implementation and to that end a project team has already been established with the appropriate project documentation being developed.

6.2   There are also some specific risks around business continuity arrangements, Payment Card Industry Data Security Standard compliance and line capacity and these will be addressed through the course of the project.

7   ALTERNATIVE OPTIONS CONSIDERED

7.1   A number of phone service delivery options were considered and can be seen at Appendix B.