



Executive Decision Report

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Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	<i>Full Cabinet</i> Date of decision: 28 April 2014	
	<i>Cabinet Member for Finance and Strategy; Cabinet Member for Community Safety, IT and Corporate Services</i> Date of decision (i.e. not before): 1 April 2014 Forward Plan reference: 04226/14/C/A	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
Report title (decision subject)	BI-BOROUGH CUSTOMER ACCESS PROGRAMME – RESOURCING REQUEST	
Reporting officer	<i>Jane West - Executive Director of Finance and Corporate Services (H&F)</i> <i>Nicholas Holgate – Joint Chief Executive</i>	
Key decision	Yes	
Access to information classification	<i>Public</i>	

1. SUMMARY

- 1.1. The Bi-borough Customer Access Programme was initiated in November 2013, to deliver efficiencies and improve service delivery by: managing demand more effectively and efficiently; redesigning/digitising services to encourage customer contact via digital channels/lowest cost channels; investing in 'fit for purpose' technology; bringing together the customer service functions of the two Councils (subject to future approval) and hence sharing management, costs and good practice. This forms part of the Tri-borough Corporate Services portfolio.
- 1.2. This paper outlines the resources required to get the programme defined, mobilised and early projects delivered. This will provide the new bi-borough

customer service function and the technology framework to deliver the first phase of savings (£903,000) in April 2015.

2. RECOMMENDATION

- 2.1. That approval be given to funding of £160,000 (LBHF) from the Efficiency Projects Reserve and £115,000 (RBKC) from the Transformation Reserve to resource a Bi-borough Customer Access Programme that aims to deliver £475,500 (LBHF) £427,500 (RBKC) recurrent savings (i.e. savings from annual running costs) from April 2015; and to note that as the programme becomes more defined it will identify further significant savings from Bi/Tri-borough working, from better demand management and from robust, cost effective digital service delivery (an overview of the resource requirement is outlined in Appendices A and B.)

3. REASONS FOR DECISION

- 3.1. The funding request is in excess of £100,000 for both boroughs and consequently requires a key decision to be made by LBHF Cabinet and the Cabinet Member for Finance and Strategy, and the Cabinet Member for Community Safety, IT and Corporate Services in RBKC.

4. BACKGROUND

- 4.1 In November 2012, the Cabinet Office published the *Government Digital Strategy* which sets out how the government will become digital by default. The strategy defined digital by default as 'digital services that are so straightforward and convenient that all those who can use them will choose to do so whilst those who can't are not excluded.'
- 4.2 The programme's approach will embrace the digital first agenda where and when appropriate, with the intention of service redesign around the customer, focusing on the exploitation of digital technology and user demand analysis; making it easier for people to access Council services as part of their daily lives. Customer habits are evolving rapidly, particularly the willingness/expectation to self-serve 24/7 and the use of smart devices such as phones and tablets to transact, leaving most organisations (private and public) playing catch-up to adapt service delivery accordingly.
- 4.3 The development of digital services and efforts to drive channel shift and digital adoption will underpin how we will continue to deliver high quality services whilst reducing costs. This involves building a knowledge base of our customers' access to technology, the type and complexity of contact that they make with the Councils, as well as their personal preferences when selecting channels. Information such as this will be used to direct citizens to use the most appropriate channel for the service they require. For those that may not have access to the internet or be confident completing transactions online there will be support such

as web chat and self-service terminals in Council premises, as well as the traditional face to face and telephony channels. Technological investment will be required to transform access in order to achieve long term savings and efficiencies.

5. PROPOSAL

5.1 The programme consists of four main areas underpinned by strong business change management – both for customers and staff - and effective demand management. We envisage a common approach and strategy across both organisations; with the understanding that decisions around implementation and policy can still remain sovereign e.g. whether to close channels or not.

5.2 The four programme areas:

- a) **Building a Bi-borough customer service function** – this will be the key delivery vehicle for the programme and will deliver the first phase of savings through shared management and service delivery (subject to future Cabinet approval).
- b) **Developing online/digital services** (where appropriate and cost effective) - to enable channel shift towards digital channels, self service and provide a robust technology framework for the new function to deliver savings. Our digital offer will be developed and promoted as a means to drive savings whilst maintaining sovereign decisions about levels of service provision.
- c) **Collating and using customer insight/intelligence** – using analyses of customer behaviour, demand and preferences to help redesign processes, increase service efficiency and effectiveness, and to support channel shift planning. This will link up with the business intelligence work that Tri-borough Corporate Services Portfolio is undertaking.

A combination of a) b) and c) will deliver the first phase of savings (£903k).

- d) **Championing digital inclusion** - increasing digital access and skills of both customers and staff to help deliver business change, whilst ensuring appropriate safeguards are in place for those without digital access and/or who have complex needs.

5.3 Resourcing

We are using existing resources where possible from within the Councils. Additional dedicated resourcing is required to ensure delivery of the assured and projected savings for April 2015 and also to lay the foundations for identifying and delivering the potentially significant savings from implementing a strategy focussed on channel shift, digital service delivery and effective demand management. Opportunities for secondments, internships and work placements will be sought first before considering going out to the market to fill the requirements outlined in Appendices A and B.

5.4 Demand management

The programme and bi-borough customer service function will seek to manage customer demand in a more proactive and targeted way. This will involve understanding what needs or behaviours trigger demand and how such demand materialises as a service request (customer insight). A mismatch or variation in capacity and demand is one of the reasons why a backlog of work develops. Analysing the causes of this mismatch will enable changes in processes to deal with bottlenecks. Demand may also be created due to poor information provision creating unnecessary contact or a request for clarification. Understanding this will enable us to address the root cause of such demand and reduce it. This demand is described as failure demand or avoidable contact which puts further pressure on capacity and creates poor customer flow. Both Boroughs have successfully worked on demand management in the past year and have identified service improvement opportunities. These approaches now need to be standardised and deployed across services to ensure maximum benefits are achieved.

5.5 Benefits to the customer

Successful implementation of the programme will deliver a number of benefits to the customer including:

- easily accessible services (when, where and how that is convenient to the customer)
- speedier service responses and ability to track progress of service delivery
- ability to transact with the Councils 24/7 for non personalised services e.g. booking an appointment, reporting street issues, making payments, registering for Council tax, applying for a new parking permit
- more joined up service delivery e.g one interaction with the Council across a range of services such as moving in or moving out, hospitalisation (the interactions linked to life event triggers)
- more resources available to deal with complex customer requirements
- consistent approach across channels

5.6 Examples of benefits to the Councils

- lower running costs (see below for financial savings)
- retained/improved customer satisfaction
- potential for further significant savings (to be identified)
- rise in reputation as progressive/modern organisations
- increase in efficiency for bi-borough operational services (liaising with single customer service function)
- multi-skilled and highly motivated staff
- reduced supply chain and joint procurement/contracts
- act as an enabler to other departments/services – to help them deliver further savings and develop alternative service delivery models

6. OPTIONS

- 6.1. Option 1 (Recommended) As outlined above resource a Bi-borough Customer Access Programme that will create a bi-borough customer services function (subject to future Cabinet approval), gather and analyse customer and service

delivery intelligence to drive digital service delivery initiatives across the two boroughs, exploiting technology and shared resources, and ensuring any service redesign is centred around customer requirements and efficient use of resources.

- 6.2. Option 2 Attempt to deliver digital services, channel migration and savings through business as usual/service operations. This would likely be piecemeal and undertaken in a silo fashion which could lead to duplicating effort and expenditure, disjointed service delivery.
- 6.3 Option 3 Do nothing. With the financial challenges that lie ahead for both Councils this is not considered a viable option.

7. CONSULTATION

- 7.1 As part of the programme we will undertake significant customer and service provider consultation/engagement. We will seek the voice of the customer and undertake customer journey mapping to inform the re-design process. The development of a new target operating model for a bi-borough customer services function will involve consultation with staff as well as with client services. The proposal for the Bi-borough Customer Access programme was presented to the Corporate Services Member Steering Group as part of the overall Tri Borough Corporate Services Review and has been discussed with the relevant Cabinet members across the two Councils, and with bi-borough senior management (Joint Transformation Board). We have also maintained dialogue with WCC colleagues to ensure that future collaboration is a possibility.

8. EQUALITY IMPLICATIONS

- 8.1. As part of the digital service delivery agenda we will address any digital exclusion issues, and as outlined above will have a specific workstream focussed on digital inclusion to ensure those who cannot access services online are not disadvantaged. A full equalities impact assessment will be carried out on the resulting projects to implement digital service delivery and on any decisions around service provision.

9. LEGAL IMPLICATIONS

- 9.1 There are no direct legal implications arising from this report. The necessary advice and assistance will be provided by Legal Services as and when required.
- 9.2 (Verified by Janette Mullins Principal Solicitor (Housing and Litigation): Telephone: 020 8753 2744).

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. The estimated savings from the first phase of the programme i.e. creating the Bi-borough Customer Service Function together with programme funding requirements are as follows:

	LBHF	RBKC	Total	Note
Estimated savings from annual running costs (from April 2015)	£475.5k	£427.5k	£903k	Note that £216k of the total are assured management savings identified within H&F Direct/Dept of Revs/Ben (K&C) which will be delivered through the programme.
Funding requirement	£160k	£115k	£275k	Covers resourcing staff over a 24 month period. Expenditure will be in stages. The additional expenditure requirement for LBHF is to part fund a bi-borough web project manager who is already in place in RBKC.

The above savings are based on a bi-borough target operating model for both customer services and revenues and benefits. This may be subject to slight change if a Triborough Revenues and Benefits model is taken forward instead.

- 10.2 The value of undertaking this work as a programme rather than purely as a restructure project is in the extent we want to increase digital service delivery and identify further savings from shifting customer demand to lower costs channels. Overleaf are the findings of recent research to identify the average cost of public sector transactions. This mirrors existing research from PwC and Socitm. It exemplifies the potential scale of savings from both reducing failure demand and enabling channel shift.

Table 1

Channel	Average cost
Face to face	£8.62
Telephone	£2.83
Online	15p

Source: Research commissioned by GOSS Interactive, based on a survey of 575 senior executives from 480 public sector organisations

10.2 Implications verified by: Jane West, Executive Director of Finance and Corporate Governance, tel. 020 8753 1900.

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Local Government Act 1972 (as amended) – Background papers used in the preparation of this report: none

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APPENDIX A: PROGRAMME RESOURCING REQUIREMENTS

Customer Insight/intelligence to inform demand management

The review of the LBHF customer portfolio last year identified the lack of customer data analysis (using actual customer insight and intelligence) to inform how best to reduce demand, drive digital service delivery and channel shift. It is accepted that to optimise the use of online/self-serve capabilities we need to link with what is driving service demand and customer behaviour/preferences. This involves gaining a thorough understanding of our customer contact activity across the Councils including what our customers are experiencing when interacting with us and the reasons why customers choose to interact with us by certain means over others. Without such analysis it is extremely difficult to identify where best to change processes/ service delivery models to make savings, and what the magnitude of those savings might be. Understanding our customers' behaviour and what is driving customer demand will be core to establishing the right approach to digital service delivery and channel shift.

Defining the programme / building the approach – developing projects

To ensure that we get long lasting benefits out of the programme we need to do the right preparatory/foundation work to establish exactly what we want to achieve, what investment might be required, who is responsible/accountable, what benefits we want to get out of the programme and how those benefits are going to be realised and managed. This includes managing risk, managing and engaging with stakeholders, business case development etc. We need to build a blueprint for both Councils that brings as much as possible into a bi-borough model whilst building in flexibility for sovereign decision-making. We will need to identify and initiate projects that will contribute to the overall vision and ensure the programme complements other significant programmes/initiatives, working collaboratively to take advantage of shared objectives/benefits.

Web project management

RBKC has been running a project to refresh the web and make improvements – ready to transfer to a new content management system. LBHF has also instigated a move to refresh its website, although this is less advanced than the RBKC project. The Bi-borough customer access programme provides an opportunity for a shared project manager resource to continue with RBKC's project and to scope and oversee H&F requirements. RBKC has offered to share its project manager which makes sense and will help maintain consistency and collaboration.

Opportunities for secondments, internships and work placements will be sought first before considering going out to the market to fill these requirements.

APPENDIX B: HOW THESE RESOURCES WILL BE DEPLOYED OVER 24 MONTH PERIOD

Resource	To do/Output	Customer and Service Benefits	Council-Wide Benefits
Business analyst (1 FTE)	To provide the customer insight/intelligence to inform service redesign, identify failure demand and ways to reduce it; estimate the channel shift capacity in services.	<p>Customers – opportunity to help redesign services; more joined up services</p> <p>Services – comprehensive customer and service performance intelligence with which to inform service delivery improvements/redesign</p>	<ul style="list-style-type: none"> - Reduced running costs/better value for the Council tax payer - Retained/increase in customer satisfaction - Digitally enabled and skilled staff
Project Manager (1 FTE)	To develop and implement projects to grow the digital first agenda and channel shift possibilities – including developing online services; service redesign; support digital inclusion; ensure change management activity.	<p>Customers - increased ability to transact with the Council 24/7 through digital channels; simpler processes to follow</p> <p>Services – capabilities that if deployed correctly and supported by appropriate business change will lead to cost reductions; maintain/improve customer satisfaction</p>	
Programme overall (intern support)	To identify projects and initiatives; to mitigate programme risks; to track benefits and ensure financial and non financial benefits delivered; oversee transition into business as usual	See benefits sections 5.5 and 5.6	