CABINET – June 27th 2013 EXECUTIVE SUMMARY OF AGENDA ITEM 11
Customer and Process Transformation Programme Tranche 1/ Phase 1 Investment

Report title: Customer and Process Programme Tranche 1/ Phase 1 Investment
Wards affected: All
Strategic Director: Rick Palmer, Strategic Director, Neighbourhoods and City Development
Report Author: Di Robinson, Service Director, Neighbourhoods and Communities (Senior Responsible Officer for Customer and Process Programme).

RECOMMENDATION for the Mayor's approval:
To approve investment of £3.1m for Tranche/ Phase 1 of the Customer and Process Transformation Programme with estimated benefits of £5.2m over 5 years (net benefits of £2.1m).

Purpose of report: To provide information on the purpose, outcomes and key deliverables from Tranche 1 of the Customer and Process Transformation Programme and to gain approval for investment of £3.1m to achieve these. This business case for Tranche 1 incorporates a blend of delivery of Medium Term Financial Plan (tactical and strategic) committed savings, and an early investment in technology and process redesign which is required to build the foundations for significant later benefits to be delivered through Tranche/Phase 2 (estimated at a further £12m). The costs and benefits in this Tranche 1 business case will been further refined over the next 3 months, with higher levels of confidence achieved by August 2013. A Phase/Tranche 2 business case will be presented to Cabinet in early 2014 with significantly higher levels of expected benefits, building on the investment in Phase/Tranche 1.

Key details:

1. Bristol City Council is committed to delivery of its Customer Strategy which was approved by the Senior Leadership Team in September 2012. The vision for change is:

By 2015, Bristol City Council will provide customers with fast and easy access to services in a way that is cost effective and customer satisfaction with the accessibility, responsiveness and quality of our services will continually improve.

2. **Key drivers for change:**

- Demand is rising for many of our services and the way we currently operate won't cope with these increasing demands or support our ambitions for a quality customer service in the future
- The customer view is that the council does not work as a coherent, joined-up organisation – we sometimes make it complicated and confusing for customers to deal with us
- This programme, as with all change programmes, needs to enable the Council to meet its requirement for reduced spend over the next 3-4 years. The Customer & Process Programme contribution will be to eliminate fragmentation in the way we deal with our customers, creating new and improved channels for customers to access our universal services and ensuring we are targeting our specialist resources towards those in the most need.

3. **What will the programme achieve? 5 main outcomes:**

1. A consistent approach to initial customer contact across the council, with a focus on improved resolution at first point of contact
2. Accessible and responsive channels (digital, telephone, face to face) for customers to engage with Bristol City Council
3. A joined up customer experience from initial point of contact to delivery of service
4. Improved knowledge of our customers that enables us to identify and address their needs in a joined up way at the earliest possible stage
5. A co-ordinated approach to the planning and quality assurance of services to customers at risk of escalating needs and those with high needs.

4. **What will we see as a result of the work? Top objectives**:

1. Consistent customer experiences across all channels with most customers able and wanting to self-serve, with supported access where required, no matter whom is delivering the service
2. Less telephony and face to face customer contact as a result of channel shift to digital channels, but telephony and face to face contact where it is needed.
3. End to end ownership of customer contact and resolution of issue whichever entry point customers use, with specialist customer enquiries handed off to specialist services
4. Customer access and services packaged by life events where possible e.g. child starting school, establishing a business
5. Greater depth of fulfilment at initial point of contact, with transparent processes so that routing and signposting customer enquiries is easy
6. Simplified, slicker and standardised common processes used across the organisation
7. Improved knowledge and understanding of our customers, enabling a single view of the customer to underpin all customer contact
8. Empowered staff able to resolve customer issues at the earliest stage.

5. **Overall programme benefits that Phase/ Tranche 1 will contribute to:**

- Cost Saving (cashable)
    - Reduced Full Time Equivalent (FTE) staff carrying out customer management functions
    - Reduced cost of technology supporting customer management across the organisation (build once, use multiple times)
    - Reduced cost of physical infrastructure supporting customer management e.g. face to face infrastructure
    - Reduced cost of “back office” supporting processes
    - Reduced costs through improved commissioning – “Right Service, Right Provider, Right Process”
- Customer Satisfaction (non-cashable)
    - Improved quality of customer experience
    - Improved access to council services
    - Increased speed of resolution (responsiveness)
    - Better setting and meeting customer expectations – clearer offer to customers
    - Better service delivery to customers through targeting more efficiently and joining up resources with partners

AGENDA ITEM 11

BRISTOL CITY COUNCIL
CABINET
27 June 2013

REPORT TITLE: **Customer and Process Transformation Programme Tranche 1 /Phase 1 Investment (Business Case)**

Ward(s) affected by this report: All Wards

Strategic Director:	**Strategic Director Neighbourhoods and City Development**
Report author:	**Di Robinson, Service Director, Neighbourhoods and Communities and Senior Responsible Officer for Customer and Process Programme**
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Purpose of the report:

To provide information on the purpose, outcomes and key deliverables from Tranche 1 of the Customer and Process Programme and to gain approval for investment of £3.1m to achieve them. This Tranche 1 business case incorporates a blend of delivery of Medium Term Financial Plan (tactical and strategic) committed savings and early investment in technology and process redesign which is required to build the foundations for significant later benefits to be delivered through Tranche 2 (estimated at a further £12m).

The costs and benefits in this Tranche 1 business case will be further refined over the next 3 months, with higher levels of confidence achieved by the end of August 2013.

A Phase/ Tranche 2 business case will be presented to Cabinet in early 2014 with significantly higher levels of expected benefits, building on this investment in Phase/Tranche 1.

The strategic context for this business case is a Bristol City Council Customer Strategy approved by SLT in September 2012 and a Customer and Process Programme blueprint for change approved by SLT in January 2013.

RECOMMENDATION for the Mayor's approval:

To approve investment of £3.1m for Tranche/ Phase 1 of the Customer and Process Programme with estimated benefits of £5.2m over 5 years (net benefits of £2.1m).

1. **The proposal:**

- There is a compelling case for change. The impact of national budget reductions, alongside increased demand for some of our services, is creating significant strategic and operational challenges for Bristol City Council. These challenges can no longer be met through short-term tactical change and Directorate based change programmes alone.

- The Customer and Process Programme is a one of two lead strategic programmes in the Council's portfolio of change, driving the release of customer management related benefits across the Council - improvements in customer experience as well as cashable savings. The Customer and Process Programme will transform the way in which customers access and experience council services, while reducing the cost to serve customers.

- A step change is needed across the entire organisation in the way we plan, resource and deliver customer contact and management and our approach to customer management needs to work in-house and across organisations when we have a partner or supplier delivering services. This programme is the lead for establishing the 'right process' as identified through the Council Target Operating Model and will deliver significant process related transformation and financial savings

- The programme will do this by adopting the principles and components of a One Council approach to common process design, end-to-end service & process improvement, channel transformation (digital, telephony and face to face customer contact and management) and changes to customer and staff expectations and behaviours.

- The programme will take a phased approach to change over a three-year period (2013/2014, 2014/2015 and 2015/2016) starting with design and implementation of a One Council approach to initial customer contact through a range of channels, with digital as a priority channel.

- The next phase (Tranche 2 onwards) will focus on process improvements ensuring that front and back office processes are joined-up and efficient –this underpins effective customer management and is where most financial savings will be gained.

- Tranche 1 will design a set of common processes to be used in processes redesign; develop a set of common IT solutions to support the delivery of common processes (build once, use many times & used at lower cost each time) and deliver improved channel infrastructure with a focus on our digital platform.

1.1 Strategic Context

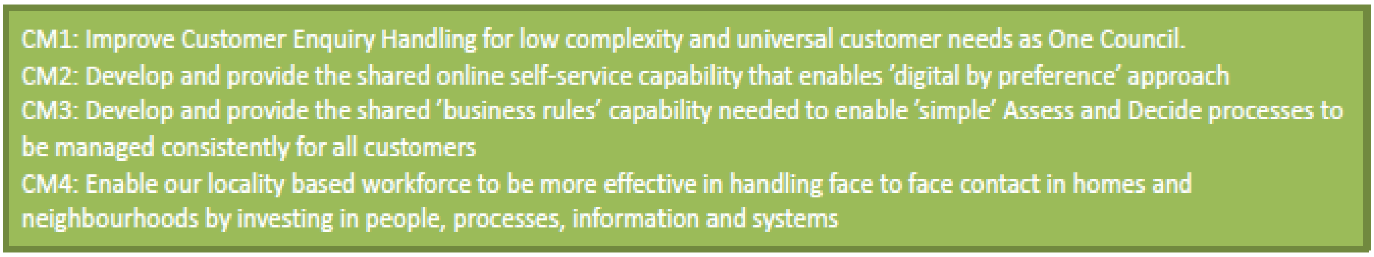
Four overarching strategic aims of the Bristol City Council Customer Strategy are to:

- Improve accessibility to our services
- Improve responsiveness of our services
- Improve quality of our services, and
- Improve the cost effectiveness of our services

The financial driver for change is the need for the council to manage increases in demand for some services, while saving money and ensuring that the quality of services in maintained and continually improved.

The Council's Target Operating Model (TOM) approved by SLT and Cabinet provides a vital driver for portfolio wide change in customer contact and management. The Customer and Programme is the key vehicle to delivers these changes; this will need significant investment.

The Target Operating Model provides the Customer and Process Programme with its four core programme objectives:



CM1: Improve Customer Enquiry Handling for low complexity and universal customer needs as One Council.
CM2: Develop and provide the shared online self-service capability that enables 'digital by preference' approach
CM3: Develop and provide the shared 'business rules' capability needed to enable 'simple' Assess and Decide processes to be managed consistently for all customers
CM4: Enable our locality based workforce to be more effective in handling face to face contact in homes and neighbourhoods by investing in people, processes, information and systems

Other drivers for change

- New Mayoral vision for change – accessible, responsive, value for money council services with resources targeted on the most vulnerable customers and communities.

- Changing demographics (more customers) - Bristol has a resident population of 428,100 with a rapidly growing population compared to the national average. The City's population is expected to increase by 17.4% by 2018, hence more customers for the Council.

- Changing customer expectations and behaviour - 81% of the UK population access the web at least weekly; 93% of the population has access to the web; 43% of the population own a smart phone rising to 90% of the population owning a smart phone in 3 years' time. As an organisation we need to take the opportunity to redesign our services, where appropriate, to serve a more digitally self-serving customer base.

- It is estimated that 66% of our customers are 'universal' customers (customers who contact us now and then about services such as waste collection and council tax) and that these customers have approximately a 70% propensity to digital self -serve which means that we will build a highly intuitive, accessible digital offer for these customers.

- It is estimated that 15% of our customers are 'at risk of escalating needs' and have a slightly lower propensity to digitally self -serve to the types of services that they need to access e.g. people at risk of being homeless or those who have additional needs in their family. It is estimated that 19% of our customers are in 'high need' of our services and have a 0-50% propensity to digitally self- serve to the types of services they need to access. This means that we are going to build a more holistic and joined up service offer for these customers, helping them to access council services through a supported access approach.

- Government legislation to provide certain services -statutory duties can be discharged in new innovative ways through more accessible, cost effective digital means. Therefore the C&P Programme needs to take a sensible approach (test and learn, workable solutions) that can be applied to those services that will be retained by Local Government.

- Changes in Government policy trigger increases in demand for some services e.g. welfare reform has seen increased customer contact in our Customer Service Points and in the Customer Contact Centre. This demand could be managed more effectively and efficiently if customers could access us more easily and if their needs could be met in greater depth at the first point of contact.
- Government is doing its business in new ways to meet budget reductions and improve customer experience e.g. car tax renewals, as are many other local authorities. Customers expect to be able to do business with the Council in a similar way it does business with other organisations e.g. Amazon.

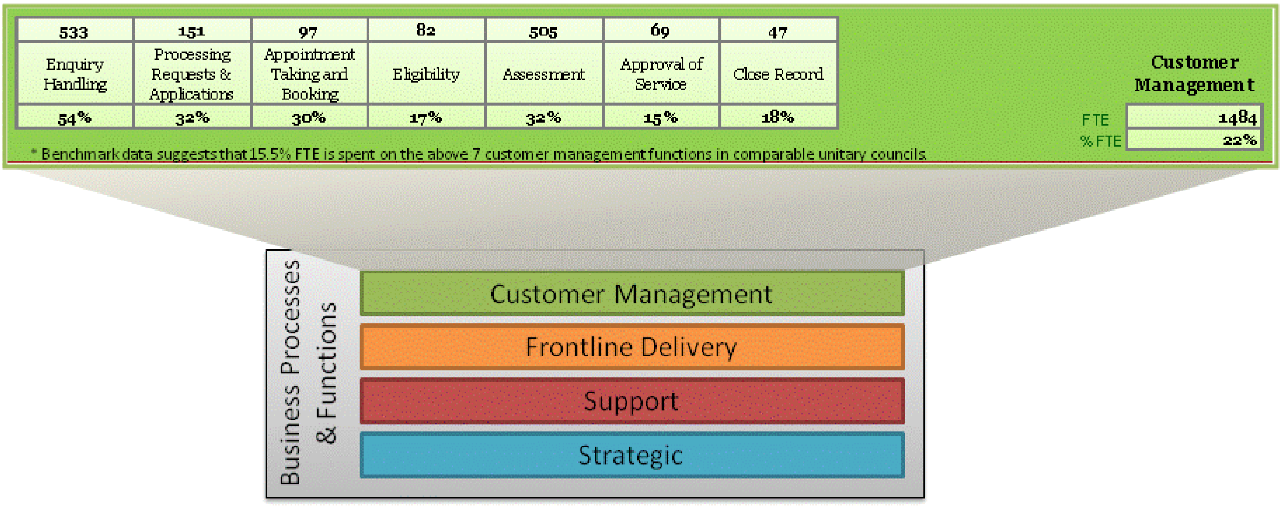
1.2 Current situation

As set out in the programme blueprint, the current state of customer management and experience of Council services is not one of optimal accessibility, responsiveness, quality or cost effectiveness:

- Total customer demand for all council services is unknown
- Different channels for customers to access different services, and customer experience is inconsistent across channels
- High number of staff doing initial customer contact in a fragmented way
- Multiple entry points for customers e.g. large amount of direct access to different offices and officers
- No single system for obtaining, storing, using and sharing customer information
- Common processes are not standardised across services and channels and do not use common IT systems
- Limited connections are made between entitlement for one service and entitlement for others
- Resolution of customer issues can be limited at first point of contact and customers can be passed around different services and staff for their issue to be resolved
- High levels of avoidable contact is wasteful for the organisation and frustrating for customers
- Customers do not experience the council as one organisation
- Directorates and service teams sometimes hold a protected view of their customers and this can hinder a joined up approach to customer management.

In terms of what this current state of BCC customer contact management is costing, the figures below show the baseline full time equivalent number of staff currently working on different customer management functions across the Council. This data demonstrates the large proportion of staff involved in these activities and highlights that processes are:

- Fragmented
- Duplicated
- Performed in inconsistent ways



533	151	97	82	505	69	47
Enquiry Handling	Processing Requests & Applications	Appointment Taking and Booking	Eligibility	Assessment	Approval of Service	Close Record
54%	32%	30%	17%	32%	15%	18%

Customer Management	
FTE	1484
% FTE	22%

* Benchmark data suggests that 15.5% FTE is spent on the above 7 customer management functions in comparable unitary councils.

Benchmarking data indicates that other unitary Councils operate with lower levels of staffing to meet customer enquiry needs –average of 15.5% staff full time equivalents spent on the above 7 customer management functions as opposed to the BCC figure of 22%. (This data needs to be used as an indication of the need for change rather than a definitive, 100% accurate benchmark figure).

Given the above drivers for change and the current state of customer management, it is clear that there is significant opportunity now for the Customer and Process Programme to take a cross council approach to deliver improvements in the way customers experience our services, as well as delivering front and back office customer management related savings between now and the end of 2015/2016.

1.3 Future situation

The programme has the following objectives to achieve the desired future state of customer management:

1. Consistent customer experiences across all channels with most customers able and wanting to self-serve, with supported access where required, no matter whom is delivering the service.

2. Less telephony and face to face customer contact as a result of channel shift to digital channels, but telephony and face to face contact where it is needed.
3. End to end ownership of customer contact and resolution of issue whichever entry point customers use, with specialist customer enquiries handed off to specialist services.
4. Customer access and services packaged by life events where possible e.g. child starting school, establishing a business.
5. Greater depth of fulfilment at initial point of contact, with transparent processes so that routing and signposting customer enquiries is easy.
6. Simplified, slicker and standardised common processes used across the organisation.
7. Improved knowledge and understanding of our customers, enabling a single view of the customer to underpin all customer contact.
8. Empowered staff able to resolve customer issues at the earliest stage.

1.4 Programme approach - options analysis

- Scale of investment in customer management related technology - invest in full Customer & Process technology requirements early to build foundations for future development. However, excess capacity could be purchased with reduced ability to adapt as we learn from Tranche 1 changes. *Proposed approach is to take incremental steps towards strategic solutions through a phased investment in technology and to learn from what is implemented in Phase/ Tranche 1.*

- Approach to service and process improvements - depth of service redesign would enable a focus on a smaller number of processes and services, providing early testing of end-to-end process changes. However, this approach minimises cross – council change. Breadth of service redesign enables change to a wider range of services, linked by common process design and allows for early build of the core digital platform for later process redesign. However, this approach provides less early evidence of improved end-to-end process redesign and slightly later cashable benefits release in Phase/ Tranche 2.

- The proposed approach is a mixed depth & breadth approach, encompassing common process redesign, enabling some end-to-end process improvements, early build of core digital infrastructure and some tactical “quick win’’ projects.

- This approach allows for early improvements to how customers access our services with some financial savings, and an opportunity to test changes with our customers before more significant investment in larger scale changes that will affect more council customers.

1.5 Benefits and Costs

Attached is the Phase/ Tranche 1 business case that underpins this report.

Overall programme benefits that Phase/ Tranche 1 will contribute to:

- Improved Customer Satisfaction/ Experience with Council Services
  - Improved quality of customer experience
  - Improved access to council services
  - Increased speed of resolution of customer enquiries (responsiveness)
  - Better setting and meeting customer expectations – clearer offer to customers
  - Better service delivery to customers through targeting resources and services more efficiently, and joining up resources with partners

- Financial benefits –£ 5.2m benefits over a 5 year period (net benefits of £2.1m).
  - This will be achieved through a reduction in full time equivalent (FTE) staff carrying out customer management functions and reduced cost of processes underpinning customer contact and management.

(The cashable and non-cashable benefits in this business case will been further refined over the next 3 months, with higher levels of confidence achieved by the end of August 2013).

Phase/ Tranche 1 Costs:

To deliver Phase/ Tranche 1, an estimated allocation of £3.1m is needed in 2013/14.

These costs include:-

- IT/ Technology costs including telephony automation and other improvements to the Bristol City Council telephone contact centre; improvements to our web site content and functionality such as making the web site work on mobile devices (mobile optimized) and the creation of a customer account for customer payments of all relevant services through one account; creation of an ‘e-marketplace’ for customers to buy social care on-line and the cleansing of customer records and information - one customer record that is accurate.

- Human resource costs - internal and external staff such as website developers, e-form designers, systems integration experts and business analysts.
- Programme costs e.g. project managers to deliver change projects.

2. Consultation and scrutiny input.

This Tranche 1 draft business case has been approved by:

Internal

- Cabinet Agenda Briefing
- Executive Member for Transformation (Cllr Gollop)
- Strategic Leadership Team (SLT)
- Portfolio Management Group (PMG)

External

A Citizen Panel questionnaire has just been issued to test assumptions about customer appetite for and ability to channel shift (results due back mid-July).
An External Customer Communication and Engagement Plan will follow if this business case is approved.

3. Risk management / assessment:

Key Tranche 1 risks are:

- Pace of change and getting the business to work in an ‘agile’ way. An agile approach is necessary in order to deliver some benefits early, and to test and check programme approach, accepting that we should not wait for everything to be ‘perfect’ before making changes.
- Risk of internal and external challenge to scope and delivery plans arising from complex stakeholder relationships and interdependent portfolio and business change activity.
- Risk of not engaging sufficiently well with our customers in the planning, design and testing of changes.
- Risk of not up-skilling internal staff in Phase/ Tranche 1 will mean larger than necessary dependency on more costly externally acquired staff.

- Risk that integration of digital platform components to provide an improved base platform for digital services will take longer than anticipated due to unanticipated technology issues or lack of the correct people resource and skills.
- Risk that process redesign will not be future proof if we redesign what we already have - not compelling enough an offer for customers to choose ‘digital by preference’.

4. Implications on equalities, eco-impact, resources, legal and finance, property.

Public sector equality duties:

It is anticipated that the projects within the Programme will have varying levels of equalities relevance. Each project will now assess its equalities impacts and embed this analysis into project delivery and risk management, producing project level EQIAs.

The programme is of high equalities relevance - accessibility being a key pillar of the programme not just with relation to physical access but across all protected characteristics. There are strong links between this programme and issues relating to digital inclusion and equalities groups and any adverse impact of channel shift on customers with protected characteristics will be identified and addressed as part of plans for supported access to self-serve digital channels.

Advice given by Annabelle Armstrong-Walter, Equalities Manager
Date: May 31st 2013

Eco impact assessment:

The significant impacts of this proposal are:

- A reduction in climate changing gases, resources and local air pollutants through reduced staff & customer travel.

The proposals include the following measures to mitigate the impacts:

- Any ICT hardware requirements will be subject to a sustainability appraisal.
- Office-related impacts are being considered through the Bristol Workplace Programme.

The net effects of the proposals are positive

Consulted with Steve Ransom, Sustainability & Climate Change Service

Finance - Revenue implications

The cost of £3.1m will be funded from within the provision allocated to the Change Portfolio. The programme is an 'invest to save' initiative which will pay all the costs back from associated savings being generated within a three year period. The financial risk is that the savings are not achieved. This will be mitigated over the next few months as benefit delivery contracts are agreed with individual services.

Advice given by Graham Friday – Head of Corporate Finance Date: 3rd June 2013

Finance - Capital implications

The programme includes some costs which will be treated as capital expenditure. These will be funded from the revenue savings generated from the programme and therefore will have no further revenue implications on the Council budget.

Advice given by Graham Friday – Head of Corporate Finance. Date 3rd June 2013.

Legal implications

Any contracts entered into as a result of approving this business case will need to comply with the usual procurement regulations (both Council and national) and, in any event, the tendering arrangements will still need comply with the general obligations of transparency, equal treatment and non- discrimination.

Legal comment provided by Shahzia Daya, Service Manager: Legal and Deputy Monitoring Officer

Date: May 31st 2013

d. Land / property implications:

There are no property implications at this stage.

Advice given by: Jeremy Screen, Corporate Property Manager
Date: May 31st 2013

e. Human resources implications

It is currently anticipated that up to 34 FTE posts will be deleted as a consequence of Tranche 1 of the programme. This figure may reduce or increase as a result of more detailed work on the business case between now and the end of August 2013. The required workforce reductions will initially be achieved through the use of vacancy management measures such as the non-replacement of vacant posts and voluntary redeployment. If it is necessary to make compulsory redundancies, then this will be carried out in accordance with the Council's Management of Change Procedure",

Advice from Mark Williams – Service Manager: People Strategy
Date: June 3rd 2013

Appendices:

Appendix 1 – Supporting Papers (business case)
Appendix 2 - Eco Checklist