

POLICY FINANCE & ADMINISTRATION COMMITTEE

3rd DECEMBER 2013

REPORT OF STRATEGIC DIRECTOR (KA) AND CHANGE MANAGER

TRANSFORMATIONAL CHANGE PROGRAMME

1.0 PURPOSE OF REPORT

- 1.1 To report customer demand insight that informs the target 2016/17 revenue saving of the Transformational Change Programme and provides base line data on which to track performance and manage the release of cashable savings.
- 1.2 To inform members of the outline programme and stage milestones which commit the Council to the delivery of a complex redesign of services, which will require behaviour changes for both customers and staff, but which ultimately has the potential to significantly reduce costs to this Council whilst at the same time increasing customer satisfaction.

2.0 RECOMMENDATIONS

It is recommended that Members note:

- 2.1 **the predicted savings of the Transformational Change Programme as shown in Table 2, section 5;**
- 2.2 **the top 15 workflows that will be targeted for channel shift;**
- 2.3 **that the analysis of demand indicates that there is failure demand in the system;**
- 2.4 **the high level workstreams identified in Section 3.10 and Appendix A which are required in order to achieve the savings target for channel shift.**

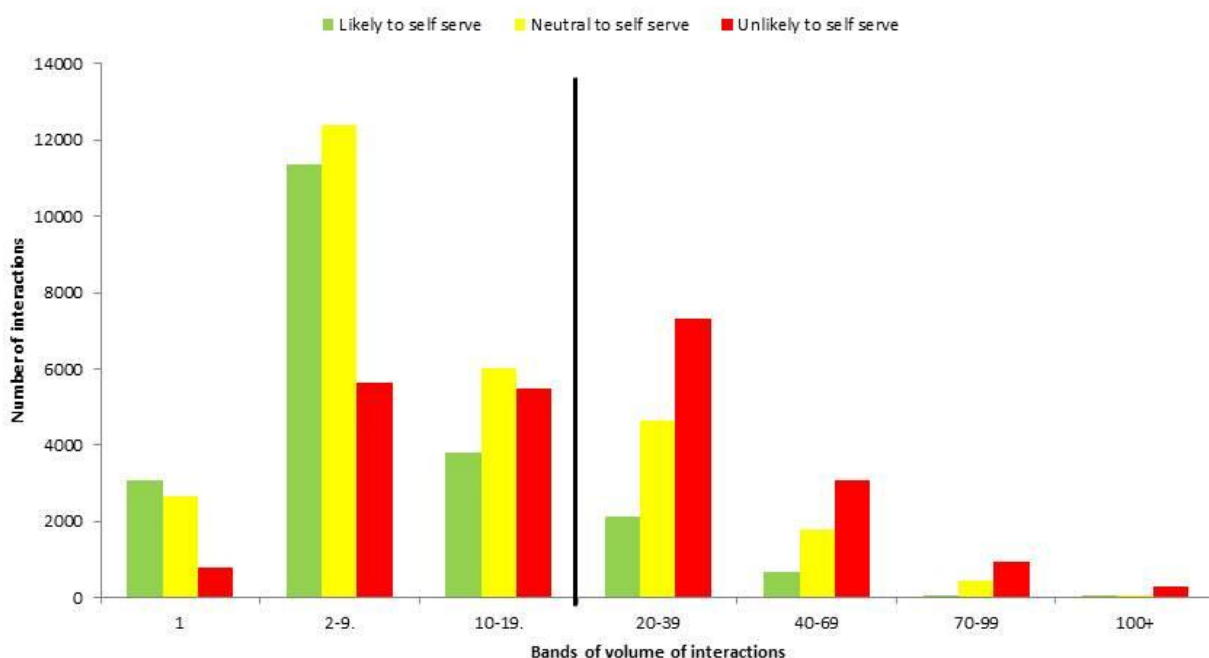
3.0 KEY ISSUES

- 3.1 The Transformational Change Programme has two key themes; one to deliver significant channel shift through the development of digital services and secondly to reduce overall demand on reactive services through a more proactive focus on vulnerable people. Customer needs are central to developing digital options which are so straightforward and convenient that all those who can use digital services will choose to do so.
- 3.2 Utilising customer contact data held in customer services, we have analysed demand which shows us what services are being requested from the Council and who by. This high level data, covering a 2 year period between September 2011 and August 2013, enables us to predict potential savings for the Channel Shift element of the programme.
- 3.3 The Programme has the potential to generate cashable and non-cashable savings in a number of different areas. These are identified below and considered in more detail in Table 2 set out in section 5 of this report.
- Digital Take-Up (Telephone, Email, Face2Face, Post)
 - Customer inputting data (rather than our staff keying data into systems)
 - Reduce failure demand (customers contacting us more times than they need to)
 - Removing waste from end-to-end processes (only doing what we need to do)
 - Reduce demand from Vulnerable people (Support people to live more independently)
 - Other ancillary savings (E.G. Printing costs for e-billing)

3.4 Figure 1 indicates the number of interactions per customer depicted in bands. Over the two year period around 20,000 customers interacted with us 114,000 times. A further 53,000 interactions over the same period were not attributed to customers (the majority of these are call transfers) These figures do not include any contacts received into the Council from outside of Customer Services.

Figure 1

Customer interaction analysis



The broad picture indicates that those who are least likely to self-serve interact with us more times than those who are likely or neutral to self-serve. So beyond 19 interactions per customer the unlikely to self-serve group become the majority. Overall 1289 customers have contacted us more than 20 times during the two year period, for a total of 44,177 interactions.

So to the left potential digital channel customers are more prevalent and to the right customers may benefit from initiatives towards self-sufficiency, reducing their demand.

Soft intelligence from the Universal Credit Pilot (UCP) indicates the need for initiatives such as triage assessments and the Me & My Learning centre. Based on the demand analysis investment in life skills could deliver substantial cost savings in light of the high cost to serve these customers. The level of demand is only taken from Customer Services and the total demand in the organisation would be greater in many cases.

- 3.5 The analysis has also shown us the top 15 workflows as shown in Table 1 below. These account for 80% of the demand coming into Customer Services. Of 114,000 interactions we know that the top 15 workflows account for 90,600 interactions. Using service categories 61% of this contact comes from telephone, 26% Face 2 Face and 13% email.

Table 1 - Total number of interactions for the top 15 CRM Workflows

CRM Workflows	Number of interactions
Council Tax General Enquiry	21646
Part 2 of benefit changes	12603
Benefits General	9244
Reporting a repair - Kirona link	9196
Repairs and Maintenance General	7032
Housing Strategy and Enabling General	5284
Payments	5276
Waste Management General	4524
Rents General Enquiries	4464
Wheel Bin and Recycling Box request	2613
AllPay - Order New or Replacement Cards	2082
General Enquiries	1833
Council Tax Change of Address	1713
Letters or Items handed in	1635
Anti-Social Behaviour Services	1478
Top 15 CRM Workflows – Total interactions	90623
% of total interactions	80%
All CRM Workflows – Total interactions	113903

- 3.6 The data is encouraging in outlining that the scope of the redesign of the top 15 workflows will potentially impact 80% of demand and that of this demand 74% of it is currently delivered through channels suited to channel shift. In terms of the customer profile the groups with a likely or neutral propensity to shift channels accounts for 62% of the transactions. Within the top 15 workflows the processes will be assessed as to their complexity and return on investment to determine order of implementation. Where demand outside of groups with a likely or neutral propensity to channel shift exists there is a trend towards high levels of interactions per individual (38% of transactions). As such the reduction in demand from vulnerable people element of the programme will be focused on this.
- 3.7 From a detailed analysis of the data there is a strong indication that there is likely to be high volumes of failure demand in the system although it is not possible at this stage to determine how much. Failure demand usually means customers are contacting us more times than they need to and it costs us to deal with those contacts.
- 3.8 The intention in Phase 2 is to commence work on the top 15 workflows as outlined above. The Socitm Insight report – Better served and the Digital efficiency report produced by the Cabinet Office (Background papers to this report) indicate that the greatest savings are delivered when combining the development of a digital offering alongside a redesign of processes. For each workflow area we will have a dedicated multi-disciplinary team focused on achieving this. This will aim to ensure waste is removed from the end to end processes.

3.9 Areas of high demand not recorded within Customer Services have been identified as Regulatory Services and Housing. Work will now be undertaken with these teams, supported by the metrics group to gain a better picture of this demand. This will then form a proportion of the savings total of the Transformational Change Programme.

3.10 Appendix A outlines the programme work streams, stage milestones and forward plan for digital elements of the programme. In summary the high level plan will include the following components:

Phase 1.5 – In progress

- Deliverables, dates and the respective project owner for Phase 1.5
- Digital Architecture – My Account

Phase 2 – Commencing March 2014

- Process Improvements
- Digital Promotions
- Digital Solution – My Account
- Customer Engagement & Testing
- Communications, Training & Culture Change
- Performance & Benefits Tracking
- Human Resource Processes

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 There is no doubt that achievement of the digital vision will enable the Council to be well prepared for future anticipated financial pressures. We do know that usage of digital devices is increasing all of the time and digital take up of the council tax support service has been encouraging so far. We will continue to work to the definition of digital by default which is **“digital services which are so straightforward and convenient that all those who can use digital services will choose to do so, while those who can’t are not excluded”**. As part of our work with the universal credit pilot we will be looking at a range of ways in which we can assist those who cannot use digital services, including face to face support.

4.2 We know from work carried out to date that there are still cultural barriers to overcome for this Council to become a fully digital organisation. Processes will need to be radically redesigned to provide high quality user experiences so that customers will always choose digital as their channel of choice. This work will start in the early part of 2014, once the enabling architecture is in place.

4.3 There are broadly three groups of people when assessing against their ability to use digital - traditional consumers, digital converts and digital natives. Digital natives are the young people who have grown up with digital technology all around them and they will soon become the largest single segment of these three groups and over the next 10-20 years they will become the majority of the population within Melton so this work will help us to prepare for that direction of travel.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 The annual direct cost of front line resources servicing the demand in Customer Services is circa £609,000. There are other indirect costs associated with Customer Services and there are also other costs outside of Customer Services that could be reduced as part of the programme.

5.2 The programme has the potential to generate cashable and non-cashable savings in a number of different ways, these are summarised in table 2.

Table 2

Saving Opportunity	Description	Savings yield	Resource Inputs	Term	Predicted Savings (£)
Digital Take-Up -Telephone -Email -Face2Face	Shift demand to a cheaper channel and release resources serving more expensive channels.	Med	High	Long	200k Cost and demand analysis shows us that this level of savings is a difficult but achievable target.
Removing data input	Capture the data input when the customer completes online, develop integration to populate the back office system and remove the need for resources to key data.	Med	High	Long	
Reduce failure demand	Focus delivery on the customer need, simplify the process and deliver on our promises.	Med	Med	Med	Detailed redesign work on processes will inform these savings.
Removing waste	Focus delivery on the customer need and remove steps in the process which do not meet this need.	Med	Med	Med	Detailed redesign work on processes will inform these savings.
Reduce demand from vulnerable people	Tackle the root-causes of vulnerability. Providing the customer with the skills, knowledge and confidence to be digitally, financially and socially independent.	High	High	Long	Getting people to live more independently offers the opportunity to reduce demand on services.
Ancillary cost savings	Such as postage from shifting to digital, reduced	Low	Med	Med	Detailed redesign work on processes will inform these savings.

5.3 The baseline data identified for this report enables us to confirm that savings of £200k pa are achievable in respect of the first two saving opportunities identified in Table 2. Other saving opportunities identified in Table 2, for which no amounts have been estimated at this point, provide further confidence that the target is achievable across the programme as a whole.

5.4 Savings of £30K were budgeted for in 2013/14 from the programme, which are unlikely to be achieved; our learning from work carried out to date is that there are no short cuts and no off the shelf solutions that will deliver the channel shift required to release savings. The outline programme indicates that we should not budget for savings until 2015/16, where a provision of £75k has been made in the Medium Term Financial Strategy. Followed by £125k the year after, providing a full year effect from the 2016/17 budget. Previous reports to this committee have identified the level of capital investment required to support the programme and this is shown in the existing capital programme.

5.5 As we move through the implementation phases of the programme reductions in customer contacts will be evident and should provide certainty to the budget processes at the appropriate time. We are developing a performance report that will help us to know the optimum time to release cashable savings. There is baseline data available that goes back to 2008. Linked to this we will be developing an HR plan to manage the implications and minimise impact to the Council and to our staff.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 The Legal implications of specific projects are assessed when those projects are being considered.

7.0 COMMUNITY SAFETY

7.1 The projects which improve service access for vulnerable people are likely to have a positive impact on community safety.

8.0 EQUALITIES

8.1 We will need to ensure that in providing more digital services that those who cannot access them are not excluded. This will mean that we will need to keep some focus on the concept of the assisted digital service for the foreseeable future. Indeed, there could be an opportunity to provide an enhanced assisted digital service in Melton on behalf of other public service agencies who may wish to remove face to face and telephone support from the locality in the future.

9.0 RISKS

9.1 The ability of the Council to implement the Transformation Change Programme is limited by the availability of resources both financial and people. The Council is reliant upon the capabilities of internal resources to deliver a technical and customer centric solution not currently evident within other district Councils offerings to their customers. The probability of risk 2 is mitigated following a successful pilot being delivered in Phase 1 of the programme.

9.2 The risk associated to the ICT architecture (risk 4) is reduced as a number of options are being assessed which include working with a strategic ICT partner and partnering more widely within the current delegated Authorities. There is a link between risk 4 and 2.

9.3 Success of the programme will depend upon changing people, influencing the way in which customers expect to access Council services in the future and the way staff deliver and manage these services. Therefore risk 1 is directly influenced by risk 3. These risks are being monitored by Management Team as part of the Corporate Risk Register process.

Probability



Very High A				
High B			1,3	
Significant C			2	
Low D			4	
Very Low E				
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic

Risk No.	Description
1	Savings not achieved
2	Capacity and capability to deliver a very ambitious change programme
3	Cultural and behavioural change not delivered
4	ICT architecture to support digital delivery not delivered

10.0 CLIMATE CHANGE

10.1 The ICT industry as a whole takes the issue of climate change seriously and constantly seeks to reduce ICT's carbon footprint. New ICT devices are designed to be more energy efficient and have a lower carbon footprint than the older devices which they replace.

11.0 CONSULTATION

11.1 Management Team have been involved in producing the Transformational Change Programme.

11.2 Engagement is a key activity across the programme. This is considered essential to support the cultural and behaviour change needed to achieve the vision. Key stakeholder groups have already been identified and a number of engagement consultations have already taken place, although many more are planned. This is a key mitigation for Risk No. 3 identified in Section 9 above.

12.0 WARDS AFFECTED

12.1 Wards are not directly affected by these projects but all people living in the Borough will benefit from the ultimate achievement of the vision.

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Appendices: Appendix A – Programme Plan

Background Papers: Internal Customer Insight Presentation 2013
Cabinet Office Digital Efficiency Report – November 2012
Socitim Insight Report – Better Served 2011
Goss Channel Shift Strategies – Survey Report 2013
Year on Year Customer Services demand