

**ROOT AND BRANCH REVIEW -****APPENDIX 4****CUSTOMER SERVICES****DATE: OCTOBER 2012**

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**1. INTRODUCTION AND BACKGROUND**

The Council has implemented a Customer Strategy over the past 5 years to deliver efficiencies and improvements through greater centralisation, managing contact through a limited number of channels/ access points, and implementing standardised systems and processes. This Strategy has served us well and has delivered better access to information and services, savings and improvements in resident satisfaction. As future service planning and delivery becomes more locality-based, reflective of the needs of local communities and as requirements shift towards greater self-reliance and demand management, we need to adapt the existing model. This paper therefore proposes a significant change to customer contact which will create dynamic, mobile services which are integral to local communities in every part of the County. There are also proposals to embed the changes we have made so far and to respond to customer feedback to improve the experience of contacting the Council and its main contractors.

The key recommendations from the review are:

- That a new Customer Contact Vision and Strategy is agreed.
- That the Strategy underpins all aspects of the Council's service delivery, community engagement and partnership working.
- That priorities for this new approach should be Older People's Services and the business sector.
- That further detailed work be undertaken to develop a financial model for Customer Contact to assess the direct and indirect costs and potential for cost avoidance through the new strategy.
- That the actions identified in the report to consolidate the existing benefits from the corporate customer organisation project, in particular quick resolution of standard queries and service faults, and to embed our approach to channel management and customer segmentation, be agreed.
- That an options appraisal for the delivery of the new customer contact function be

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Further information on the subject of this report is available from

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concluded.

## 1.1 Scope

The initial project mandate for the Root and Branch review process outlines the indicative scope and issues of the Customer Services review as being:

Phase 1		
Customer Services		
Scope	Why	Key Issues
All channels of customer contact (phone, face to face, web etc.)	Commitment to review future models of delivery	Potential for a Herefordshire-wide solution
Customer insight	High impact on residents	Hoople development
Communications	Need to join up contact channels	Use of insight to drive service change
Partner customer services/ front offices	Opportunities for savings and improvements	Communications to drive behavioural change

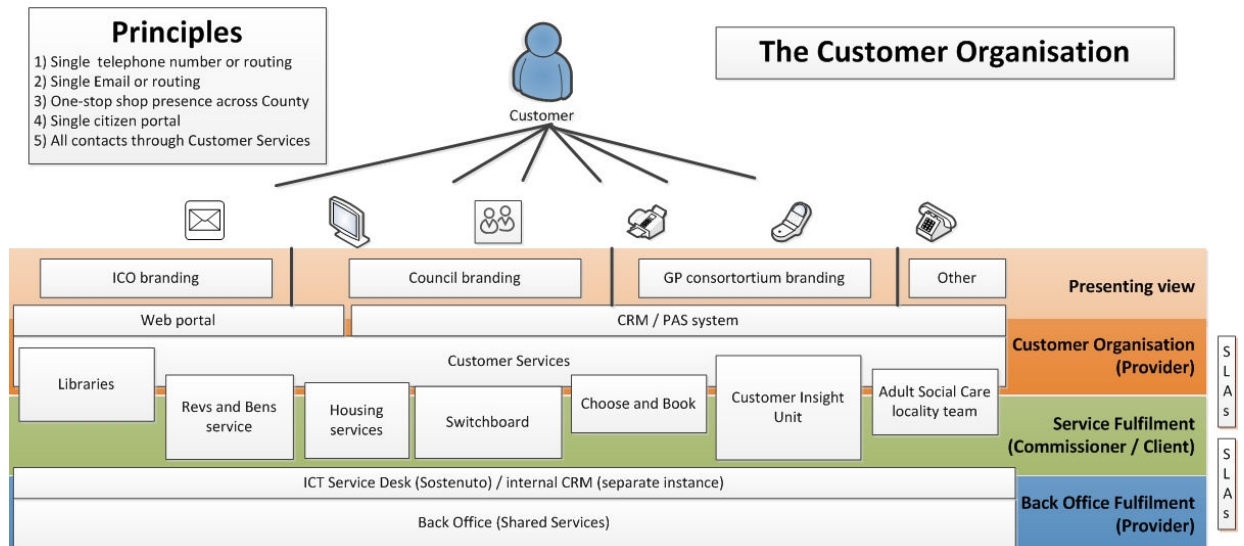
The aim of this review is a fundamental review of customer contact and engagement across all council services, whether provided directly or through contractors, and to consider what can be changed to deliver a step-change in how we interact with all of our customers.

This review is therefore intended to establish, and test, the future strategic direction of Customer Contact in Herefordshire and to propose what needs to be delivered as we move towards, what we have termed for the purpose of this review, a 2nd generation model of customer contact.

Further to this, the review has also been an opportunity to re-examine the principles established in the Customer Organisation business case, as well as the review of the other associated services, and to test these against future service needs across Herefordshire.

## 1.2 The Current Customer Organisation Target Operating Model

The current (or 1<sup>st</sup> generation model) which has been developed over the past 5 years or so, is based on the principle that by bringing contact services together into the corporate centre, economies of scale and service efficiencies can be created, which improve service delivery and customer satisfaction. The diagram below summarises this arrangement:



This target operating model is predicated on the CRM system and web portal becoming integrated. This not only provides our customers with self-service capability, but also has the potential for a shared front office; whereby services are provided in a shared service arrangement on behalf of multiple organisations.

To date in Herefordshire, these principles have been delivered through the integration of libraries and Info Shops, which has resulted in a large centralised one-stop shop in each market town within the county and Hereford City (with some smaller, less formally organised services elsewhere).



The characteristics of this service delivery model can be summarised as:

1 <sup>st</sup> Generation Model of Customer Services	
<ul style="list-style-type: none"> <li>• Services provided through a limited number of un-dynamic channels</li> </ul>	<ul style="list-style-type: none"> <li>• Services provided through city/ town centre venues</li> </ul>
<ul style="list-style-type: none"> <li>• Single point of contact</li> </ul>	<ul style="list-style-type: none"> <li>• Signposting information for self-help</li> </ul>
<ul style="list-style-type: none"> <li>• Efficiencies from co-locating council services</li> </ul>	<ul style="list-style-type: none"> <li>• Key messages about self-help</li> </ul>
<ul style="list-style-type: none"> <li>• Better local access to information</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Relationship Management to manage customer contact</li> </ul>
<ul style="list-style-type: none"> <li>• Single number for council queries</li> </ul>	<ul style="list-style-type: none"> <li>• Customer feedback on contact</li> </ul>
<ul style="list-style-type: none"> <li>• Increasing choice of channels</li> </ul>	<ul style="list-style-type: none"> <li>• Development for apps for mobile devices</li> </ul>
<ul style="list-style-type: none"> <li>• Development of apps for mobile devices</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback forms on services</li> </ul>
<ul style="list-style-type: none"> <li>• Website self-service for reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing choice of channels</li> </ul>

## 2 APPROACH

### Activity undertaken

#### 2.1 Engagement

To date, 5 workshops and a number of fact-finding sessions have been held with Councillors, customer services managers and 70 customer services/communications officers. A further workshop has also been held with representatives from key stakeholder organisations. Existing, historical data from bi-monthly customer satisfaction surveys has also been used to contribute to the views gathered by the review team directly.

The 'Your community, your say' engagement exercise will inform the further development of the recommendations and strategic vision for the review and the

implementation phases of this area of change. Two key responses to the quality of life survey which formed phase 1 of the review were:

When asked 'Do you agree or disagree that this should be a high priority for Herefordshire Council... promote self-reliance in local communities' – 75% of respondents agreed.

And ... 'An efficient and accessible Herefordshire Council' – 86% of respondents agreed.

## **2.2 Benchmarking**

Benchmarking has taken place to help us understand 2 key issues – what other local authorities are doing to modernise customer services and how Herefordshire Council is performing when compared to other, similar organisations. Due to the very different configuration of Council services within each local authority, some caution is needed when comparing performance. However, we have reviewed existing benchmarking data for Customer Services – differentiated between contact centre and customer service centres, the communications service and the web service.

Comparator organisations include: Shropshire County Council, East Riding of Yorkshire Council, Worcestershire County Council, Norfolk County Council, Cumbria County Council and Northumberland County Council.

## **2.3 Needs assessment**

No specific needs assessment activities have been undertaken outside of the regular customer satisfaction exercises, the development of the Herefordshire Customer Segmentation Model and the Your community, your say engagement process. However, from the 2012 Herefordshire Integrated Needs Assessment<sup>1</sup>, a number of key issues have influenced the development of the proposed changes.

- The predicted population growth to 205,700 by 2031, which will be 13% higher than in 2010. Herefordshire's population already has a relatively old age structure and numbers of older people are expected to increase disproportionately to the total population. In particular, the number of people aged 85+ will more than double to 12,700 by 2031. This increase in older people will inevitably require services to change in ways which reflect the needs of an older demographic.
- The number of people aged over 65 with learning disabilities is also projected to increase by one third between 2011 and 2015.

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<sup>1</sup> <http://www.herefordshire.gov.uk/factsandfigures/Search.aspx?k=integrated+needs+assessment&s=FaF&Tab=FaF>

- The integrated needs assessment also suggests that engagement with parents and carers of children with learning disabilities is characterised by a lack of communication around the “new world” picture of service provision. Parents need information in order to understand available services and to remove barriers to access.
- Added to this picture, the current engagement programme with third sector organisations highlights the social isolation and lack of service coordination experienced by people with dementia, and their carers. The report therefore concludes that we need to develop a community based approach that builds on our assets of carers, third sector organisations and statutory services.

## 2.4 Key learning from this activity

Following the initial series of workshops and research, it became apparent that the scope which was originally established was not specific enough. It was therefore necessary to review and revise the scope, as set out in the table below.

Phase 1		
Customer Services		
Scope	Why	Key Issues
<ul style="list-style-type: none"> <li>• Customer Services               <ul style="list-style-type: none"> <li>– Contact Centre</li> <li>– Customer Service Centres</li> <li>– Signposting service</li> </ul> </li> <li>• Public Experience               <ul style="list-style-type: none"> <li>- Customer Insight Unit (CIU)</li> <li>- Citizen Engagement Team</li> </ul> </li> <li>• Communications and Web               <ul style="list-style-type: none"> <li>– Media relations and marketing / social marketing</li> <li>– Internal communications</li> </ul> </li> </ul>	<p>Commitment to review future models of delivery</p> <p>High impact on residents</p> <p>Need to join up contact channels</p> <p>Opportunities for savings and improvements</p>	<p>Potential for a Herefordshire-wide solution</p> <p>Hoople development</p> <p>Use of insight to drive service change</p> <p>Communications to drive behavioural change</p> <p>Customer expectations for modern flexible services.</p>

<ul style="list-style-type: none"> <li>– Printing and design services</li> <li>– Web services</li> </ul>		
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This revised scope not only better reflects the existing service portfolio; it also provides a better basis from which the new strategic vision has been described.

## 2.5 Current Costs: High Level

Overall, the in-scope services cover approximately 200 FTE's and services with an annual, approximate expenditure of £2,943,000. However, it is important to note that this only represents the cost of the service areas within the scope of this particular review, and as customer contact happens in hundreds of day to day interactions throughout the county, across all service areas, the true cost of customer contact for the Council is very difficult to assess.

However, the costs for the services in scope for this review can be summarised as:

Customer Services: £2,166,000

Public Experience and Healthwatch: £264,000

Communications and Web: £513,000

## 2.6 Discovery Implications

A number of key issues have been highlighted through the review based on the engagement and benchmarking undertaken:

- The approach adopted by the Council in integrating customer contact, and focusing on a single point of contact, has delivered the benefits that were envisaged, and is the model adopted by most similar local authorities. Some are just starting out on the journey to deliver this model.
- However, by simply focusing on the range of customer contact that is captured by the services within the scope of this review, we will not deliver the necessary step-change to transform customer contact. A completely new perspective is required, but building on our achievements so far.
- There is little current appetite shown by other public sector organisations to work in partnership locally.
- A number of national public sector organisations have already reconfigured customer services, which delineates and organises contact between national,

regional and local channels e.g.: The Environment Agency, Consumer Direct, NHS Direct.

- The target operating model which is being implemented through the existing Customer Organisation Project will form a sound basis for the future strategic vision.
- There is a limit to the level of savings which can be delivered through the current customer services model, and much work to reduce costs has taken place within the past 3 years.
- Furthermore, the potential for significant benefits lies with an approach that is rooted in demand management, whereby all contact is designed to prevent or reduce demand, and to promote self service.
- There will be limited future scope for large-scale council-specific telephone based services.
- Customer Contact needs to be commissioned to deliver service and corporate objectives.
- All future commissioning and contracting arrangements with third party provider organisations need to incorporate customer contact outcomes and measures.
- A change towards a customer contact strategy will be a mechanism through which the other Root and Branch reviews can deliver service improvements and reduce costs. This will need to be co-ordinated through the remaining programme.
- End-to-end process change, which puts customers at the centre of service design, is required. Some good work has already taken place but this will need to form part of our Lean Systems Thinking programme – and encompass all Council (and some partner) services, not just those already covered by the Customer Organisation.
- Notwithstanding the case for moving to a more sophisticated demand management contact strategy, feedback from engagement has illustrated the need to consolidate some of the changes made through our current strategy, for example: to increase channel shift towards increased self- service and to make more effective use of our customer segmentation data.
- Member feedback in particular has highlighted a lack of awareness amongst residents about the contact centre and how to get information about services.
- Members have highlighted the need to improve how we work with our main contractors on customer contact. In particular, the current system where road reports etc. are reported by residents and are then actioned within Amey needs to improve.
- Members see the existing services as generally good, but would like to see better



access to services, which reflect customer requirements.

- Members also commented on the potential to improve the impact of Herefordshire Matters – this can also be delivered through more innovative, modern means such as email, apps and other electronic media.
- Members wanted to see a more joined-up approach in relation to engagement-communications-service delivery. More openly accessible services and information were also seen as key.
- Added to this we do not currently exploit face to face contact opportunities for insight, social marketing, or reputation management; this is also a key area for a partnership approach – particularly in relation to the Health and Wellbeing economy.
- There are currently limited formal relationships between local public sector and third sector organisations on customer contact and demand management.
- There are currently insufficient incentives across the whole public sector system, to take joint working on customer contact to the next level.
- The system as a whole is active rather than proactive regarding support networks and services.
- There is limited shared customer information across service areas and other organisations in relation to gaps in provision, the needs and assets of users, their families, social support networks and volunteers.
- There is limited existing evidence that local organisations are prepared to be innovative and want to invest in prevention of access to services.

## **2.7 Challenge Panel**

The Customer Services Challenge Panel was held on the 14<sup>th</sup> September 2012. Feedback from the panel identified a number of areas where further work/consideration is required.

- The panel suggested that further investigation be undertaken with 2 other local authorities in particular, in order to learn from their experiences of similar change. This work is already underway.
- The panel were keen that the future vision for customer contact to be inclusive of, and make reference to, the existing services provided through the third and voluntary sectors. This will be integral to the success of the new model, and will therefore be important to developing further links with key stakeholders.
- The panel also identified the need to continue to keep shared/ joint working with other

public sector organisations as an option, despite the current lack of momentum locally. This will continue to be an objective of the existing Customer Organisation Project and the Customer Services Root and Branch review project.

- The need to be careful about a more proactive approach which could present a risk of (initially) uncovering latent demand for services was also highlighted in the challenge session. This would need to be carefully managed through the project approach – testing the principles at each stage of the changes.

## **3 PROPOSED CHANGE**

### **3.1 Fundamental Policy Changes Proposed**

In summary the Review has found that:

- Our current customer strategy has served us well and has delivered better access to information and services, savings and improvements in resident satisfaction.
- But, for the future, customer and resident contact needs to be managed as a dynamic and multi-layered network across the county, rather than just as a centralised and standardised call management system.
- Our approach to customer contact needs to build on ensuring accessible, efficient and economical responses to customer queries towards the delivery of wider corporate and service objectives.
- Fundamentally, the challenge for our contact strategy is to anticipate and manage demand; to prevent service requirements where self-help and better sign posting is a better alternative and to support community engagement.
- To achieve this transformation, the Council needs a whole organisation and partnership approach to customer contact that challenges existing culture, is rooted in a locality and neighbourhood approach and seeks to manage demand.
- Finally, in parallel with this paradigm shift, the Council needs to consolidate existing customer strategy aims, in particular quick resolution of standard queries and service faults ; to implement digital channels to support cheaper and easier self-service; and to utilise the customer segmentation data to drive service improvement.

### **3.2 Proposed Core Purpose against which we've redesigned**

A new vision, strategic outcomes and principles are proposed for Customer Contact:

## **CUSTOMER CONTACT STRATEGY**

### **VISION**

To improve outcomes for our residents and Herefordshire by making every contact count.

### **STRATEGIC OUTCOMES**

The new Customer Contact Strategy will deliver the following outcomes:

- *Predict and prevent the need for services*
- *Support people to be independent and self- reliant*
- *Manage and divert demand for services to self- service channels*
- *Customer led service improvements*
- *Single point of access and first time resolution for standard enquiries*
- *Achieve Value for money for residents*

### **KEY PRINCIPLES**

- a) Prevention and demand management will be the prime outcome for all customer contact.
- b) Cultural change and organisational and workforce redevelopment will aspire to the aim of making every contact count.
- c) Customer contact will be integral to all future commissioning and contracting processes.
- d) Customer contact will be managed as a dynamic network across the county, involving all services, suppliers, partners and community groups.
- e) Customer contact will be managed at as local a level as possible by whoever is best placed to do this.
- f) Customer contact will be commissioned to deliver corporate and service objectives.
- g) Customer segmentation model and data will be used to inform channel shift and service improvement.
- h) Digital technology and information management strategy will be harnessed to deliver the Contact Strategy outcomes.

### 3.3 Look and Feel

The following examples illustrate what the new approach to Customer Contact will look and feel like:

<b>Customer Contact Model – Look and Feel</b>	
<ul style="list-style-type: none"> <li>Contact is managed where ever residents or service users are e.g.: children’s centres, multi-agency offices, community events, shops.</li> </ul>	<ul style="list-style-type: none"> <li>Contact centre is used for proactive calls to those who may need information, advice and guidance.</li> </ul>
<ul style="list-style-type: none"> <li>Day to day local contact is led by the customer segmentation model, to inform early intervention and signposting.</li> </ul>	<ul style="list-style-type: none"> <li>All frontline employees are equipped to promote core messages about health and well-being and to signpost to other services.</li> </ul>
<ul style="list-style-type: none"> <li>Website and local material contains key marketing and targeted messaging for behaviour change.</li> </ul>	<ul style="list-style-type: none"> <li>Residents are able to complete all transactions with the Council via the website and other digital channels.</li> </ul>
<ul style="list-style-type: none"> <li>Residents can get access directly to the person who can help them e.g.: highway repairs, social care advice.</li> </ul>	<ul style="list-style-type: none"> <li>Local access to services is designed to meet local needs, by local people and partners.</li> </ul>
<ul style="list-style-type: none"> <li>All frontline employees are equipped with mobile devices for service delivery and information sharing.</li> </ul>	<ul style="list-style-type: none"> <li>Residents can use the Website to manage their accounts, record Trip Adviser ratings for services and participate in day to day engagement.</li> </ul>
<ul style="list-style-type: none"> <li>Where possible, contact is delivered on behalf of or with partners.</li> </ul>	<ul style="list-style-type: none"> <li>Customer relationship management information is used to redesign services.</li> </ul>

### 3.4 What could stop, be done differently or provided by someone else?

Implementation of the new strategy will require a radical change to the current operating model for Customer Services, but building on our achievements so far. This is expected to include:

- A smaller central contact centre with contact managed locally where possible.

- Marketing of self- service through the website and mobile devices – making this the predominant way of accessing services.
- A reduction in Info Shop provision with a shift towards proactive and embedded direct engagement e.g.: children’s centres, user groups, local markets, community halls – and any other opportunities where people congregate.
- Management of contact directly by our key providers, such as Amey and Halo, rather than simply through a single council number. Including improvements to mapping and tracking systems.
- Contact will become much more dynamic – giving residents direct access where possible, and as early as possible to the individual people who deliver the service, so that problems can be resolved and arrangements made through direct communication; not just through messages passed around ‘the system’.
- A prime focus on providing information, advice and guidance on contact, not just dealing with the presenting query.

The review has already explored options for the future delivery of the new model and it is proposed that an option appraisal is concluded once the new strategy is agreed. This will be considered in its various component parts, for example:

- Residual contact centre/telephony function.
- Strategic contact strategy and intelligence hub.
- Digital and information management technology.
- Management of day to day contact.

Options will include:

- Commercial partner.
- Transfer to Hoople.
- Commissioning through providers.
- Commissioning through the Third Sector.
- Collaboration with other partners in Herefordshire and the region.
- A combination of these options.

### **3.5 Anticipated Benefits**

#### **Savings identified**

This review aims to deliver 20% cash savings – which equates to approximately £588,000. The Review has identified a savings opportunity of £500,000, which can be delivered through a combination of a reduction of FTE's and lower fixed costs within Customer Services.

However, further financial modelling is required to acquire a whole-system view of the potential benefits for customer contact across all service review areas and any investment requirements. This work is on-going.

#### **Non cashable benefits**

- Reduction in service requirements through demand management and preventative approaches.
- Local services, which reflect locality needs.
- Community-led services.
- Improved, dynamic access to services.
- Increased choice.

### **3.6 Investment required**

A higher level of up-front investment than that required for the customer organisation project will probably be needed to ensure that the new strategic vision is delivered, but further financial modelling is required to assess the investment required and the pay back.

## **4 RISKS, HIGH LEVEL NEXT STEPS AND TIMELINE**

### **4.1 Risks**

- Limited capability and capacity within partner organisations to participate, which could reduce the whole-system changes that are required.
- Internal council capacity and capability limiting the speed at which the changes can take place.
- The broader economic climate.

- Potential lack of buy-in from council service areas, leading to a shortfall in system- wide service changes.
- Increased service demand as the new proactive model identifies latent need, and is more efficient in terms of signposting and access.

## **4.2 High Level Next Steps**

High level actions to implement the recommendations are divided between consolidation, new strategy and delivery.

### **4.2.1 Consolidation**

Initially, work is still required to consolidate the existing model, building on our achievements so far. This includes the following actions:

- Complete the planned integration of CRM with line of business systems to create an end-to-end view of customer contact. This will form the basis upon which the step change can happen so that our relationships with customers can become proactive, delivering services at a time and place and in a manner which meets expectations.
- Work with services to eliminate “leakage” of contact across the Council, which is reducing efficiencies and creating failure demand.
- Complete the implementation of the Digital Channels Project to deliver the agreed benefits, ensuring alignment with the roll-out of enhanced Broadband in the county.
- Deliver the capability of enabling more proactive relationships with customers, through registration and log-in capabilities.
- Deliver self-service and mobile service delivery capability.
- Complete the integration of front and back office services based on the end to end customer experience as part of the Lean Systems Thinking programme.
- Develop a Council-wide policy on choice and personalisation.
- Develop mechanisms for capturing, and using, in-community and resident intelligence from Members.
- Improve basic communications to residents about customer services, both through centralised customer contact as well as in each locality.
- Improve how we work with our main contractors on customer contact. In particular, the current system where road reports etc. are reported by residents and are then actioned within Amey needs to improve.

## 4.2.2 Future Strategy

High level actions to implement the new strategy will include:

- Re-alignment of the existing customer services provision as specialist, dedicated customer contact services become merged with other roles. This will reduce the need for, or eliminate entirely the existing Customer Service Centre network and decrease the need for a Contact Centre.
- Develop locality-based roles, to coordinate and organise service activities within local communities; at community level and in conjunction with other partner organisations. These roles would ensure that there is an appropriate, proportionate level of customer contact within a locality. For example: at markets, community events, village halls etc.



- Reorganise service delivery in accordance with the key principles set out in the Strategy and agree service based action to contribute to the strategic outcomes.



- Revise corporate commissioning framework and commissioning monitoring processes to incorporate the customer contact principles and standards.
- Development of a new community engagement and communication strategy, to include a framework of corporate aims, standards and messages.
- Align the digital channels strategy with the roll out of broadband and develop a targeted strategy to increase take up.

### 4.2.3 Delivery

The following high level actions will be required for the delivery of the new model:

- Consult with residents, partners and other stakeholders on the principles and delivery of the strategy in each locality.
- Develop a financial model for Customer Contact to assess the direct and indirect costs and potential for cost avoidance through the new strategy.
- Conclude an options appraisal for the delivery of the new customer contact function to include:
  - Outsourcing the main contact centre provision to Hoople.
  - Outsourcing to another provider.
  - Collaboration with other agencies within and outside Herefordshire.
  - A combination of the above.
- Test the assumptions in the new strategy in conjunction with Older People's services and develop a joint plan for how customer contact can facilitate the changes proposed in the Older People's Root and Branch Review.
- Produce a workforce development plan to deliver the new contact strategy and the step change required in community engagement, including:
  - Engagement as an essential element of day to day working for all front facing staff
  - Implementation of a "make every contact count" approach.
  - A whole Herefordshire approach to engagement.
- Develop a performance management framework for the Contact strategy to measure the key outcomes e.g.:
  - Overall customer satisfaction.
  - Service improvements implemented.

- Increase in self-service take up
- Reduction in direct service delivery

#### **4.2.4 Timeline**

- Customer Services is a key common element amongst other Root and Branch Reviews. The principles of the Customer Organisation will be used to inform the other review areas (and vice-versa).
- Technical element of the current Customer Organisation project expected to continue to March 2013.
- Soft market testing September-October 2012.
- Service improvement/ redesign element expected to continue for at least another 12 months.
- Digital Channels project expected to continue until March 2013.
- New model business case developed by March 2013.
- Service reconfiguration begins (April 13) – initially in relation to Older People’s services.

