

## Committee: Overview and Scrutiny Commission

**Date: 11<sup>th</sup> March 2014**

Agenda item: Customer Contact Programme Update

Wards: All

### **Subject:**

Lead officer: Sophie Ellis, Assistant Director of Business Improvement

Lead member: Cllr Allison, Deputy Leader and Cabinet Member for Finance

Contact officer: Evette McDonald (Programme Manager, Customer Contact)

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### **Recommendations:**

- A. Commission to note and comment on progress to delivering the Customer Contact programme.
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. The purpose of this report is to provide the Commission with a progress update on the Customer Contact programme and to highlight, for information, the key next steps. The programme last reported to the Commission on 16<sup>th</sup> July 2013.
- 1.2. Since the last update the programme has commenced a competitive dialogue procurement exercise to procure enabling technology that will provide:
- (i) Integration of systems to deliver a personalised view of customer data
  - (ii) Improved access to information for both staff and citizens
  - (iii) A transactional website/portal
  - (iv) Electronic document management
- 1.3. The programme has undertaken further customer insight analysis. This builds on and extends existing analysis undertaken as part of the options appraisal prior to the Cabinet report of July 2012. It is designed to ensure the programme is informed by an accurate understanding of customers' behaviours and motivations in their interactions.
- 1.4. An ownership and communications plan has been developed to communicate with key stakeholders and help manage and deliver change required, whilst fostering a sense of ownership in the strategic outcomes.
- 1.5. Further visits to three Local Authorities (Croydon, Bexley and Kingston) have been undertaken by members of the Programme Board in order to ensure Merton benefits from the good practice of other local authorities.
- 1.6. The remainder of this report sets out the activities that are planned and underway to give a sense of the progress that is being made under each of the programme workstreams.

## **2 ACTIVITY TO DATE**

- 2.1. The programme is organised into five streams of activity: procurement, ICT, communications and change, business analysis and customers. This report adopts this structure to provide a thorough briefing on progress in each of the workstreams.
- 2.2. In terms of overall programme management, a small team of officers – 1 Programme Manager and 0.5 FTE Programme Support Officer – work to coordinate and drive activity and ensure appropriate governance is supported and that routine progress reports are considered by both the Programme Board and Merton 2015 Board.

### **Procurement**

- 2.3. Following the successful market engagement day held in June last year the programme moved into the formal procurement process by publishing a contract notice in the Official Journal of the European Union (OJEU) on 18 July (reference 2013/S 140-244037) starting the Competitive Dialogue process. There was a very positive response to the tender opportunity with 31 organisations submitting pre-qualification questionnaires. Following a rigorous evaluation of submissions five organisations were short-listed to take part in the dialogue process with scores ranging from 67% - 84%.
- 2.4. An invitation to participate in dialogue (ITPD) and an invitation to submit outline solutions (ISOS) was issued to the five bidders on 23 October 2013 commencing the dialogue phase of the procurement, subsequently referred to as the ISOS phase in this report. These documents can be found in appendix A and B.
- 2.5. During the ISOS phase three separate dialogue meetings were held with each of the five individual bidders. The meetings were attended by representatives from the Council reflecting the areas of business most impacted by the programme. These meetings provided an opportunity to explore the Council's requirements in a discussion that was informed by what the market has to offer.
- 2.6. The ISOS phase came to a close on 20 December 2013 with four of the bidders formally submitting outline solutions. The submissions then underwent a rigorous evaluation by Members of the Programme Board based on affordability and their ability to meet the outline requirements provided by the council. These requirements are referred to in 2.12 below. Three bidders have been shortlisted to be invited to the next phase of the procurement process. There will be an update at the meeting on this.
- 2.7. The next stage of procurement is scheduled to commence when the Council issues the invitation to submit detailed solutions (ISDS) in March 2014.
- 2.8. In order to prepare for the next phase of procurement, a more detailed specification of requirements has been prepared, involving requirements gathering from all services areas across the council.
- 2.9. The ISDS phase will include further dialogue meetings which will build on the ISOS dialogue and submissions, exploring and shaping solutions to ensure that they provide the required functionality and are underpinned by a

- robust legal and commercial framework. The ISDS phase will culminate in the submission of detailed solutions from bidders.
- 2.10. There will then be a further short period of dialogue to address any outstanding issues both in terms of functionality and value for money. At this point dialogue will be closed and the Council will issue a call for final tender (CFT).
- 2.11. In line with the published evaluation criteria, the CFT will undergo a final evaluation to identify the Most Economically Advantageous Tender (MEAT). This will enable the programme team to make an award recommendation to the Council in order for the programme to move onto the implementation phase.

## **ICT**

- 2.12. As part of the ISOS stage of the procurement, the programme team along with key stakeholders produced an outline requirements document to provide bidders with sufficient information for them to prepare for initial dialogue, so that they could engage effectively with Council officers and advisers to develop their outline solutions. It describes the broad requirements of Merton for electronic service delivery (eSD), which is seen as a key enabler for offering customer self-service, giving customers a personalised view of relevant information and achieving channel shift, as defined in Merton's Customer Contact Strategy. This document can be found in appendix C.
- 2.13. A key output for the ICT workstream has been a comprehensive picture of the Council's current IT infrastructure and system architecture, that is to say the business systems currently in place and how they are used and interact with each other. This has been made available to all bidders to ensure solutions take account of this and plan adequately for integration. Through dialogue a key activity for the ICT workstream will be to develop a picture of the planned infrastructure and system architecture as a result of the programme and plan for its maintenance and support.
- 2.14. Commencement of the second stage of dialogue will see bidders provided with the council's detailed requirements. These have been developed with stakeholders from services across the organisation, including group offices to capture Member requirements, and have been informed by the first phase of dialogue. These requirements will be further refined in dialogue with the remaining three bidders to enable them to build upon their ISOS submissions, adding an additional level of detail to their solution.

## **Communications and change**

- 2.15. Throughout the latter part of 2013, short term dedicated resources were secured within the programme to develop a comprehensive ownership and communications plan that sets out clearly what activity is to be undertaken to ensure that change is well managed and that all relevant stakeholders are fully engaged and involved in the design and implementation of the programme at appropriate stages. This responds directly to the concerns of

- OSC to ensure that the programme is not approached as an IT replacement initiative, but rather addresses the more challenging – and critical – task of changing the way contact with customers is approached.
- 2.16. The aim of this plan is to help ensure that the programme delivers its objectives and that the council realises the benefits of the changes made to its interaction with customers.
- 2.17. The draft plan identifies three broadly distinct areas of communication and engagement:
- (i) Communicate regularly and in an engaging way with staff, managers and stakeholders, with the content and method to be tailored to the needs and perceptions of each audience
  - (ii) Engage with senior stakeholders and with services managers and team leaders to work through the process of change. Aiming to ‘co-build’ and agree new solutions, how they will be implemented and how to measure success.
  - (iii) Engaging at an early stage with customers and volunteers to ensure changes meet their needs and will be easy and intuitive to use, and to understand how we can provide digital support and assistance to those that need it.
- 2.18. To date the programme has delivered nine workshops with approximately 150 attendees from across the council at the 2013 annual the staff conference and held two initial engagement workshops with staff from Children, Schools and Families and Community and Housing.
- 2.19. This engagement with services and staff has already started to foster an increased sense of ownership and commitment, and staff and managers understand that the programme does not have a ‘one size fits all’ approach but, based on analysis, is working to design solutions that work in each area. Those interested have been encouraged to act as a champion or catalyst for change, to challenge previously held misconceptions and help shape changes in their area of work.
- 2.20. A content plan of features to be published monthly has been developed and agreed with key services across the organisation. The focus is on services and people involved in some aspect of change to Customer Contact, from senior leadership and service managers to frontline staff and volunteers, using examples from across a range of capabilities to convey key messages on customer contact.
- 2.21. The Ownership and Communication plan is currently with the programme board for sign off and will be provided to the committee at a later date.

### **Business Analysis**

- 2.22. Services across the council have been refreshing their target operating models and planning for future service delivery over recent months.
- 2.23. The programme supports the Customer and Channels layer of the TOM, as well as elements of the Technology layer by providing the IT infrastructure and capacity to implement channel shift.

- 2.24. The recently developed TOMs indicate a strong demand for channel shift across the organisation, but particularly in areas where services are highly transactional and we are working to ensure that the Customer Contact programme supports and enables the delivery of the agreed transformation and the achievement of savings in a number of service areas.
- 2.25. As corporate lead for the Channels layer, the programme manager is tasked with ensuring that the plans developed by services/departments for channels both informs and is informed by the Customer Contact Strategy and the organisations overarching strategic direction of travel in terms of channel shift.
- 2.26. A high proportion of the departmental/service level TOM layer strategies incorporate activity (channel shift, self-serve) that is dependent on the deliverables of this programme.
- 2.27. The Business Analysts assigned to programme have continued to work with services in identifying and validating the potential short term improvements in their area that can be enabled by Customer Contact as well as supporting the implementation where appropriate.

### **Customers**

- 2.28. We commissioned a project on Customer Insight that was completed by Red Quadrant in January 2014. The brief was to provide a detailed understanding of the three-way relationship between Merton's customers, channels and services, in order to inform the design and implementation of the customer contact programme. The resulting report is appended as appendix D.
- 2.29. The project has delivered a detailed analysis of the Merton Customer base, using customer segmentation and this has already been shared among service teams, and integrated with the work on Target Operating Models. Some key observations include that although no two councils or their customers are identical, compared with similar local authorities Merton currently sees relatively greater use of the telephone and postal channels, and relatively low face to face volumes, indicating that the authority is already well along its channel shift journey. Although the website general design is not seen as an issue, relatively few services are directly delivered end-to-end on the web.
- 2.30. The top 5 customer groups from the 'Mosaic' segmentation analysis were:
- Group G: young, well-educated city dwellers – 41.8%
  - Group I: lower income workers in urban terraces in often diverse areas – 18.4%
  - Group E: middle income families living in moderate suburban semis – 15.7%
  - Group C: wealthy people living in most sought after neighbourhoods – 8.6%
  - Group N young people renting flats in high density housing – 5.9%

- 2.31. The analysis indicates Merton residents have a high propensity for e-service access and self-service and defines three distinct groups within Merton in relation to adopters of digital services; these are early adopters, tentative adopters and naturally resistant to digital self-service. Early adopters were the largest grouping, with 66% of Merton's population having a high likelihood to self-service which can be contrasted with only 5.9% stating they are actively non-receptive to the internet. The analysis pointed towards a preference for transactions online as opposed to face to face, with 24.3% of Merton's residents actively preferring the internet as a service channel.
- 2.32. Recommendations have been made on how customer insight, customer demand and channel management can be embedded within the organisation, and become part of 'business as usual'. A particularly important recommendation is on the use of a dashboard to track key customer benefits and Merton's success in achieving operational goals in channel shift, cost reduction and self-service.
- 2.33. Very few, if any, public sector organisations have reached an operational state where a true understanding of customers and customer demand for services lies at the heart of decision making, is embedded in the business planning cycle or is a fundamental part performance management.
- 2.34. The real transformation required to deliver the outcomes and benefits we want for our customers is in how Merton Council develops a rich and deep insight into its customers and their needs, and uses this to help ensure Council services fit usefully into their lives.
- 2.35. The key longer term organisational challenge is to transition from one where 'customer services' is considered the domain of a specialist section of the organisation, offering a fragmented service to some service areas, to Merton becoming a customer centric organisation where everyone in the organisation understands their role in offering excellent customer service.

### **3 NEXT STEPS**

- 3.1. The importance of Customer Insight, and the potential of creative use of technology in both meeting the expectations of our customers and also reducing the cost in delivering services have both been key drivers for the Customer Contact programme. Although Merton is not currently at the forefront in these areas, we plan to learn from both the achievements, and mistakes, of other authorities as well as the private sector:
- 3.2. The programme will assist the Council to effectively integrate Customer Insight into normal operational, in other words 'business as usual'. This will include an ongoing understanding of customer demand and an approach to reporting against key customer metrics that allows managers to track and respond to our customers.
- 3.3. We will make every effort to understand the discrete services that are appropriate to offer across various customer contact channels, and to understand them end-to-end from the perspective of the customer.
- 3.4. We will focus on removing as much avoidable contact as possible.

- 3.5. By developing a deep understanding of our customers, we will design in the kind of assistance that is most appropriate for each service and/or customer segment.
- 3.6. In the coming months we will build on the customer contact strategy, producing a concise customer vision, a set of customer principles to be applied, and the clear measurable cashable and non-cashable benefits we plan to deliver.
- 3.7. We will engage with a wide range of stakeholders through a series of workshops, to define and agree the measurable benefits we will deliver. We will not aim at a set of static, long term goals alone, but at a process of year on year, measurable improvement.
- 3.8. Although the benefits may not be expressed as cashable savings, when identifying the benefits the programme will be accountable for, we will identify and agree with the Customer Contact Programme Board which of these benefits can result in cashable savings, how these savings can be realised, and the officer(s) that should be accountable.

#### **4 ALTERNATIVE OPTIONS**

- 4.1. Feasible and cost-effective alternatives for the technology enabler have been and will continue to be explored as part of the competitive dialogue process, ensuring the Council will be able to identify the solution which best meets the Council's requirements in terms of cost and quality.

#### **5 CONSULTATION UNDERTAKEN OR PROPOSED**

- 5.1. The governance arrangements for the programme are designed to ensure that services across the organisation are fully engaged in the development of the approach.
- 5.2. Governance for the programme consists of a Programme Board (management and control focus) chaired by Caroline Holland, Corporate Services Director (programme sponsor), a Programme Steering Group (design and delivery focus) chaired by Sophie Ellis, AD Business Improvement and five workstreams led by steering group members.
- 5.3. An ownership and communication plan has been developed and service and customer groups will be engaged as part of the programme using a phased approach.
- 5.4. It may be necessary to undertake formal consultation to reflect specific changes to how services are delivered via specific access channels as the programme progresses and the programme will provide regular updates to the Commission in this regard.

The programme provides weekly updates to internal stakeholders and a wider monthly update via the intranet.

#### **6 TIMETABLE**

- 6.1. The Customer Contact Programme is a three year programme and the activities, milestones and deliverables of the first phase have been planned.
- 6.2. The outputs of the analysis and design phase, including the procurement process, will inform the timescales for the rest of the programme. A high level view of the procurement timetable can be found below:

Completion of Activity Target Date	Activity
March 2014	Invitation to Submit Detailed Solutions
April 2014	Invitation to Submit Detailed Solutions return date
May 2014	Call for Final Tenders
June 2014	Call for Final Tenders return date
July 2014	Preferred bidder announced.
July 2014	Chief Officer/Cabinet Approval
August 2014	Contract Award
September 2014	Detailed implementation plan (to emerge once supplier identified)

## **7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 7.1. An initial programme budget of £2.3m has been approved (Cabinet 12th July 2012), along with up to £1.2m for Electronic Document and Records Management (Cabinet 18th February 2013). The cost implications of this are being addressed as part of the programme planning activity.
- 7.2. The programme will continue to work with services to assess potential savings from self-service and channel shift. The business case for the programme – in relation to benefits and savings – will be updated once the cost of technology become clear as part of the procurement exercise.
- 7.3. Any property implications are likely to come from the assessment of the provision of face-to-face services in specific locations across the borough. It is expected that any such implications will be managed and aligned with any existing property rationalisation plans, e.g. the flexible working programme.

## **8 LEGAL AND STATUTORY IMPLICATIONS**

- 8.1. Legal input is required as part of the procurement exercise and they working with the programme team in developing a suitable contract with the chosen supplier.



- 8.2. There may be some impact on the provision of some statutory services, e.g. Regulatory services, but this will be established and managed through the engagement of the relevant services and will depend on whether specific processes can feasibly be delivered through different channels and by different means.

## **9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

- 9.1. There are not expected to be any human rights issues from the programme.
- 9.2. An Equality Analysis has been completed for the programme
- 9.3. Community and other key stakeholder groups will be engaged as part of the programme and any implications will be managed with the relevant officers in the Council.

## **10 CRIME AND DISORDER IMPLICATIONS**

- 10.1. There are not expected to be any crime and disorder implications.

## **11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

- 11.1. All risks, assumptions, issues and dependencies are being actively managed as part of the programme.
- 11.2. There are not expected to be any H&S implications.

## **12 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

- A. Invitation to participate in dialogue
- B. Invitation to submit outline solutions
- C. Outline requirements
- D. Customer insight report

## **13 BACKGROUND PAPERS**

- 13.1. Previous Cabinet Report (for information only; not provided)
- 13.2. Previous OSC report (for information only; not provided)
- 13.3. Evaluation papers (confidential, not provided)

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