

Committee: Overview and Scrutiny Commission

Date: 7 October 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: Sophie Ellis, Assistant Director of Business Improvement

Recommendations:

- A. That the Commission discuss and comment on the progress of 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 Commission last received an update on the programme in March 2014.
- 1.2. The programme is undertaking a Competitive Dialogue procurement exercise to secure the technology that will facilitate delivery of the outcomes and ambition set out in the council's Customer Contact Strategy. The process involves comprehensive dialogue with a cohort of bidders to both define our requirements – drawing on industry expertise and good practice elsewhere – and to allow bidders to develop proposals that respond to these requirements. Dialogue is well advanced with three bidders against a well developed draft set of service requirements and is expected to culminate in the submission of detailed proposals in November, though the nature of Competitive Dialogue and the complexity of the solution could impact on this proposed timescale.
- 1.3. The council-wide exercise to develop Target Operating Models that articulate the ambitions for each service have provided a starting point for the programme in terms of identifying where moving to online services is a priority for the organisation. It is expected that this procurement exercise will secure the technology platform to make this possible, as well as full implementation of online, self-service technology in a discrete number of service areas which have been labelled 'pathfinder' areas for the purposes of the programme.

2 BACKGROUND

- 2.1. Following approval of a refreshed Customer Contact Strategy by Cabinet in March 2013 a programme of work was initiated to procure the necessary technology to deliver the ambitions set out in that strategy, namely to increase online access to services, encouraging customers to self-serve where possible, and to reduce avoidable and repeat contact by customers by responding to as many queries as possible at the first point of contact.
- 2.2. The technology that the council is seeking to procure incorporates a refreshed website that increases the potential for customers to request and pay for services online; the ability for customers to have an 'account' that allows them to track their queries and interactions in a single place online; and a contact management solution that allows staff to manage and process queries and requests quickly and easily and which is integrated with the relevant back office systems.
- 2.3. The council's Procurement Board determined that the most appropriate procurement approach was Competitive Dialogue following feedback from potential bidders at an open day in June 2013. Whilst this is a longer procurement process than others, it provides a framework for the council to enter into dialogue with a small number of providers who qualify to provide the relevant services. The council can then develop their requirements iteratively in consultation with these specialist bidders, resulting in a solution that delivers well developed outcomes for the council and benefits from the expertise and experience of market experts.
- 2.4. In developing the specification of requirements officers have also drawn on the experience of other boroughs through visits to Hammersmith & Fulham, Croydon, Bexley and Kingston local authorities.
- 2.5. One of the lessons drawn from other authorities was the need for robust analysis of customer interaction and preferences in order to determine the appetite for self-service. Merton has undertaken this research and the results were presented to the Commission as part of the last update in March; in summary the analysis indicates that Merton residents have a high propensity for online access and self-service, with 66% of the local 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.
- 2.6. Another lesson taken from other boroughs was the need to adopt an incremental approach in the shift to online digital channels. This reflects the fact that some services (usually those that are transactional in their nature) are more amenable to self-service than others and also that successful change initiatives are usually built on initial pathfinders that prove the concept and demonstrate tangible benefits. This approach is being adopted in the programme, with a focus on high-volume, transactional services (mostly in E&R) in this procurement exercise.
- 2.7. In February 2013 Cabinet approved a budget of £1.2m for the replacement of the introduction of a replacement electronic documents and records

management system (EDRMS) and that it would be procured as part of the Customer Contact competitive dialogue exercise. The procurement documentation therefore incorporate the council's requirements for such a system and bidders are incorporating these within their proposed solutions.

3 ACTIVITY SINCE LAST UPDATE

Target Operating Models

- 3.1. Throughout the latter part of 2013 and early part of 2014 each service in the council developed a Target Operating Model (TOM). The purpose of the TOM is to set a vision for the future of the service – how it will continue making the transition towards becoming not just a good service, but a great service – and to develop a corresponding delivery plan that sets out a route map for getting there.
- 3.2. One of the specific areas the TOM methodology asked each service to consider was the channels through which customers access services and how this might change over the foreseeable future. Each service has therefore developed a high level 'channel strategy' that sets out where access to services might move to online channels – both because this is more convenient for customers and more cost effective for the organisation.
- 3.3. These documents have been shared with the three bidders involved in the procurement exercise and provide a foundation on which the programme will build when developing a prioritised plan for rollout of the technology.

Service requirements

- 3.4. Dialogue with bidders is well advanced with the process now at the ISDS (Invitation to Submit Detailed Submissions) phase of dialogue. Further information on Competitive Dialogue and the component phases can be made available to the Commission on request.
- 3.5. The current ISDS phase will culminate in each bidder presenting a fairly detailed proposal that sets out the breadth of technical functionality and scope of implementation on offer, their proposed implementation approach and price.
- 3.6. In order to commence dialogue bidders were presented with a comprehensive set of documentation in July which included draft contractual terms and schedules and draft service requirements. All of these documents can be made available to the Commission, but for brevity the most relevant – part one of the draft Service Description schedule which lists the council's requirements in relation to Customer Contact only – is appended to this report (Appendix A). These requirements will be refined during dialogue and a further, final version of the document presented to bidders at the close of this dialogue session against which their Detailed Submissions will be evaluated.

Pathfinder areas

- 3.7. Drawing on the experience of other authorities and also on the experience and expertise of bidders themselves (gleaned through the previous phase of dialogue) it is expected that the technology that is procured will be

implemented in a discrete cluster of services. For the purposes of dialogue with bidders these have been labelled 'pathfinder areas' and they represent the range of service areas that will be in scope of this procurement exercise and where online transactions will be made available within the lifetime of the contract. The services included in this cluster are those that lend themselves most readily to online transactions.

- 3.8. Officers included an ambitious list of services in the draft set of documentation circulated at the outset of dialogue and are now – through dialogue – determining which can realistically be incorporated within the three-year contract. It became apparent during the previous phase of dialogue that these should focus largely on services within the Environment and Regeneration department; although in order to stretch bidders and achieve the best possible value officers have also presented to bidders a further cluster of 'pathfinder plus' areas that are under consideration for inclusion.
- 3.9. The areas proposed as both 'pathfinder' and 'pathfinder plus' are listed in Appendix B, though the Commission will want to note that this is likely to alter through dialogue with bidders.
- 3.10. The Commission is asked to note that one of the requirements placed on bidders is to transfer knowledge to officers through the implementation and rollout. This will equip the organisation to widen implementation to other service areas on a case by case basis without unnecessary reliance on external (costly) expertise.

4 NEXT STEPS

- 4.1. Some high level implementation planning is taking place in parallel with the dialogue sessions as areas for further work become apparent. This will not, however, start in earnest until the scope of the pathfinder areas is clarified. At this stage appropriate resources will be planned and secured for the implementation phase of the programme; expected benefits clarified and mapped for each service area; and baselines established in order to measure success.
- 4.2. An initial draft engagement and communication strategy has been prepared, this will be further developed in conjunction with other change programmes to ensure clear, targeted messages for the affected service areas that maximise engagement and ownership. This will be critical to supporting the necessary cultural change within the relevant service areas.

5 ALTERNATIVE OPTIONS

- 5.1. 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 its requirements in terms of cost and quality.

6 CONSULTATION UNDERTAKEN OR PROPOSED

- 6.1. The governance arrangements for the programme are designed to ensure that services across the organisation are fully engaged in the development of the approach.
- 6.2. Governance for the programme consists of a Programme Board (management and control focus) chaired by Caroline Holland, Corporate Services Director (programme sponsor) and including representation from each of the departments. The programme also reports monthly to the Merton 2015 board which draws its membership from across the organisation.
- 6.3. A draft ownership and communication plan has been developed and service and customer groups will be engaged as part of the programme using a phased approach to ensure any necessary change is well planned and embedded.
- 6.4. 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.

7 TIMETABLE

- 7.1. At the time of writing this report the current phase of dialogue is scheduled to end in mid October, with final proposals being submitted by bidders in mid November for evaluation throughout the remainder of November. A further stage of dialogue is scheduled for December, with the expectation that final tenders from bidders will be requested in mid-January and a contract awarded in the spring.
- 7.2. The Commission is asked to note that it is difficult to predict with certainty the duration of dialogue and therefore the overarching timetable as Competitive Dialogue is a fluid exercise; bidders may request additional sessions with officers to clarify requirements and the council may need to build additional time into the schedule in order to respond to requests and revisit its requirements on the basis of their feedback/queries. It is critical that this takes place in order that the council can build what it learns from these discussions back into its requirements and that bidders can be given every opportunity to develop proposals that genuinely meet the council's requirements.
- 7.3. Overall, the procurement exercise has exceeded previous estimates on timescales. There are a number of factors that have contributed to this over and above the dynamic and changeable nature of the process noted in item 7.2 above. A significant factor has been the complexity of the council's requirements and officers have invested additional time to ensure these are well understood and articulated. Another factor has been the need to develop complex performance frameworks and pricing models to ensure the correct mechanisms are in place to secure successful outcomes. A third factor has been the commitment by officers to strictly manage expenditure on the programme in order to ensure a prudent and cost-conscious

approach to the improvement. Officers have sought to use existing, mainstream resources wherever possible, though this has involved working within competing demands on key resources from other change programmes within the organisation.

- 7.4. Finally, but significantly, a key interdependency has arisen for the programme to manage with the procurement of technology within Environment and Regeneration. The new technology procured through the Customer Contact programme will need to integrate with this technology so it is necessary to take time to ensure alignment, and also that any overlap between the two is managed to avoid unnecessary duplication of investment.
- 7.5. In this context it is noteworthy that the Customer Contact programme sits within a sizable portfolio of change projects and programmes either planned or in progress within the organisation. This includes projects to replace the information system for adult and children social care (and related interfaces with accounting systems) as well as the council's suite of financial systems and – as has already been mentioned – the existing EDRMS. It also incorporates work to improve the availability of geospatial information and the security of data through an electronic labelling system, and to introduce and enable flexible and mobile working throughout the council's estate. There are numerous interdependencies within this portfolio that add to the complexity of the Customer Contact programme.

8 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 8.1. 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) which has been incorporated within the same procurement exercise. The cost implications of this are being addressed as part of the programme planning activity.
- 8.2. The programme will continue to work with services to facilitate achievement of their planned savings from self-service and channel shift. The business case for the programme – in relation to benefits and savings – will be updated once the scope of implementation and cost of technology become clear as part of the procurement exercise.
- 8.3. 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.

9 LEGAL AND STATUTORY IMPLICATIONS

- 9.1. The South London Legal Partnership are working closely with the programme team in developing a suitable contract with the chosen supplier.
- 9.2. 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.

10 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 10.1. There are not expected to be any human rights issues from the programme.
- 10.2. An Equality Analysis has been completed for the programme and will be updated at suitable decision points.
- 10.3. Community and other key stakeholder groups will be engaged as part of the programme and any implications will be managed will the relevant officers in the Council.

11 CRIME AND DISORDER IMPLICATIONS

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

12 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 12.1. All risks, assumptions, issues and dependencies are being actively managed as part of the programme.
- 12.2. There are not expected to be any Health and Safety implications.

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

- A. Draft Services Description – part one
- B. ‘Pathfinder ‘ and ‘Pathfinder Plus’ areas

14 BACKGROUND PAPERS

- 14.1. Previous Cabinet Reports (for information only; not provided)
- 14.2. Previous OSC report (for information only; not provided)
- 14.3. ISDS papers circulated to bidders (for information only, not provided)