

**SERVICE / INVESTMENT PRESSURES IN CUSTOMER SERVICE AND TRANSFORMATION**

From: Sue Grace, Director Customer Service & Transformation: General Purposes Committee 4 November 2014

**1.0 SUMMARY**

- 1.1 To provide the detail behind the service/investment pressures in Corporate Services: Customer Service and Transformation in relation to the 2015/16 Business Planning process.
- 1.2 To note that these service/investment pressures can be funded from within the Directorate's cash limit for 2015/16 and that this is achieved alongside the Directorate delivering £410k savings from its revenue budget in 2015/16.
- 1.3 In addition the Digital Exploitation work will be delivered as an Invest to Save programme so that all the investment in retaining this team will be recouped and delivered as savings across the council through the implementation of this work.

**2.0 OVERVIEW**

- 2.1 The October GPC 2015-20 Revenue Funding paper identified three service/investment pressures that had emerged during the process of preparing the detail of the 2015/16 Business Plan. These three pressures were:

Service Block / Description	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
CS: Business Planning Support	50	-	-	-	-
CS: Reinstatement of Voluntary Sector Infrastructure Budget	48	-	-	-	-
CS: Exploitation of Digital solutions ( <i>investment</i> )	258	-	-258	-	-

- 2.2 Having scrutinised the budget further since these pressures were first loaded onto the finance system in mid-August, I can confirm that the first pressure of £50k can now be removed. However, the two other pressures remain.

**3.0 Voluntary Sector Infrastructure Budget: Service Pressure**

- 3.1 The Council provides grant funding to a small number of voluntary sector infrastructure organisations, who in turn provide advice and support to voluntary groups and promote and co-ordinate volunteer activity across Cambridgeshire. The draft 2013/14 Business Plan contained proposals to reduce this funding by 50% from £200,729 to £100,364 and the Corporate Customer Service & Transformation base budget for that year was reduced in line with this.
- 3.2 However, following discussions with partners, lead Members and lobbying from the sector it was agreed that the proposed reductions would be partially implemented; the impact was a 25% cut. Support was withdrawn from CPALC and the Cambridgeshire Community Foundation and grants to other bodies were cut between 4% - 58%.

- 3.3 The base budget was not restored so this shortfall of 25% in 2013/14 and 2014/15 was funded from careful management of the budget and use of operational underspends elsewhere in the Directorate. Given the extent of savings in the Directorate to date, and the further savings required in 2015/16, this approach is no longer sustainable. Therefore the shortfall of £48k will be restored to the budget for the Voluntary Sector Infrastructure so the current levels of support to these organisations can be maintained.
- 3.4 Work with the voluntary sector forms a key element of a number of core initiatives and Council priorities not least the work carried out to support localism and community engagement. The Voluntary Sector Infrastructure organisations have a key role to play here and work is already underway to ensure the support they provide in future is closely aligned to the Council's key objectives and planned changes to service delivery models, such as the work taking place in Adult Services around the Transforming Lives project where there is an increasing reliance on the voluntary sector and volunteering.
- 3.5 The economic return on local government investment in the voluntary and community sector is typically between £2-£3 return on every £1 investment by a local authority.

#### **4.0 Exploitation of Digital Solutions: Investment Pressure**

- 4.1 The £258K p.a. for two years from 2015/16 that is required to support the exploitation of digital solutions will enable the continued funding of the current fixed term resources within the Business Transformation and Digital Delivery (BTDD) Service that delivers the Council's Digital First Strategy.
- 4.2 Delivery of the Digital First Strategy is an essential mechanism for the Council to reduce costs and deliver long term savings across the Council. Its primary focus is to enable administrative tasks to be automated which will result in reducing administrative job roles. The benefits of digital delivery are that service standards can be maintained and in many cases improved, alongside reducing the cost of administration, this in turn contributes to the preservation of frontline posts and expertise.
- 4.3 There is also a growing demand from our customers of wanting and expecting Council services to be offered digitally. For example, approximately 70% of all concessionary bus pass transactions are now done online and 100% of skip permit applications and payments are done online. This expectation is set to continue.
- 4.4 Providing more digital solutions for customer transactions and council processes will facilitate flexible working across the workforce which means that the property rationalisation agenda can move at a pace thereby realising more savings and income generation opportunities for the council.

#### **5.0 Background to exploitation of digital solutions**

- 5.1 As part of the 2013-14 Business Planning process £500K was awarded over a 2 year period to replace legacy business systems and to implement additional digital solutions to deliver new and improved automated processing in support of the Council's Digital First agenda.

- 5.2 The budget to date has been spent (or is planned to be spent by March 2015) on the following technical products:
- New Website platform £285,000  
(including eforms and microsites)
  - Bookings Package Solution £20,000
  - Smarter Printing/Mailing kit £42,000
  - Alerts Package Solution (planned) £30,000
  - New Search application (planned) £30,000
  - Staff costs (3 FTE) (Yr 2 only) £93,000
- 5.3 When these products are implemented they are in their 'vanilla' or 'off the shelf' state. These products are then rolled out and applied to specific processes and transactions to enable fully automated online transactions (payments, applications, reporting, booking, mail fulfilment etc) to be developed and delivered quickly and cheaply. Evidence has highlighted, it is not enough to have the products available, we require people who understand these products to fully exploit them, design and configure them to deliver a multitude of services online to our customers and to provide new digital tools for our staff to enable flexible working.
- 5.4 This funding in 2013/14 came with a £200K savings target to be achieved by 2014/15. We can confirm that the introduction of the new website and smarter printing & mailing has already enabled more efficient business operations. This has resulted in headcount reductions within the BTDD Service as job roles and accountabilities were redefined and in some cases removed. So as a result of implementing Digital First we have delivered the initial £200K savings target that was set against the exploitation of digital solutions – this £200k was part of the £732k savings delivered by this Directorate in 2014/15.
- 5.5 In addition to this specific saving requirement within the Customer Services and Transformation Directorate the digital transactions capability delivered through this investment (online payments, applications, reporting etc) have been deployed to generate even more savings. (See section 7). These savings sit within Services across the Council.
- 5.6 There are 2 other related areas of work which play a significant role in delivering the wider savings for the organisation these are:
- Property rationalisation;
  - Internal digital tools to support flexible working– e.g. EDRM the electronic document and records systems, Sharepoint, roll out of mobile working.
- 5.7 The EDRM is currently funded by a capital budget which is coming to an end. Moving forward the roll out of EDRM now needs to continue at a pace and there a number of new tools which will need to be rolled out to support flexible working e.g. Sharepoint, Microsoft Lync, which are being procured separately through the Microsoft Enterprise agreement. Two additional fixed term FTE have been engaged through this now expiring capital budget to roll these systems out across the organisation.
- 5.8 To date, the 2014/15 service revenue budget has also been able to afford some limited additional fixed term resources to drive the property rationalisation project, through flexibility achieved through vacancy management due to the inability to recruit to some roles in the service, and careful management of budgets to deliver underspends. For example, we have brought on board a Project Manager and a Change Manager to assist with this work.

This has been pivotal in being able to speed up the pace of the Castle Court closure. Both of these roles are required if the organisation wishes to build on the pace of rationalisation and culture change required to achieve flexible working and our ability to continue to rationalise our estate. So retaining this investment over the next two years will mean we can retain these roles alongside the roles identified in 5.2 and 5.7 above – a total of 7 staff who are on fixed term contracts (currently ending March 2015).

## **6.0 Delivering Future Digital Solutions**

- 6.1 The Directorate has a list of at least 50 services across the organisation that would benefit from moving online, as well as a further list where introducing/replacing current digital solutions with new or upgraded ones would help improve the service for example, introducing text alerts and microsite development.
- 6.2 It is important to note that the function of the BTDD Service is different to that of LGSS, in particular the LGSS IT. LGSS IT is responsible for enabling the technical implementation of a solution, for example, installing a set of servers and where appropriate developing the initial set up of the solution which requires specialist IT developer expertise. Whereas the BTDD Service is responsible for:
- a. owning and defining the systems to ensure they meet CCC business requirements;
  - b. exploiting the systems, i.e. working with services to automate processes/transactions, configuring the systems to deliver the new digital process via the web platforms, establishing the 'assisted digital' process within Customer Services (Contact Centre / Reception sites) where we help customers through an online process so that in future they are able to 'self-serve' and digital fulfilment within the post room operations;
  - c. Challenging services to do things differently and more efficiently through utilisation of the products that are now available to the organisation.
  - d. Supporting services through training and process redefinition helping them to identify cost savings that can be achieved through the new service delivery process.

## **7.0 Realising Future Savings**

- 7.1 Going forward a more rigorous Invest to Save approach will be taken to delivering this programme of activity to ensure that the Council fully realises the cashable and non-cashable benefits that can be accrued through digital delivery.
- 7.2 The business analysis technique of activity based costing (time and motion studies) is being used as the way to quantify savings. This approach has been endorsed by SMT. By redesigning the transaction to be delivered digitally this technique provides clear evidence of administrative tasks that are no longer needed following automation. Aggregation of time saved, by eliminating redundant tasks per transaction, is translated into a £cost that can be equated to FTE savings. For example, 522 hrs of admin tasks have been eliminated by digitising the skip permit application (See Appendix 1).
- 7.3 In the last financial year, a number of the services have been developed online. As a result of this, 69,965 individual online transactions have been received. By applying a conservative activity based costing approach and using a typical staff unit cost (Scale 5 salary and on costs - £25,099), the savings resulting from this move online equate to

10.43FTE at a cost of £261,781K (Appendix 2). These savings are then permanent savings from revenue base budgets which accrue year on year.

- 7.4 These savings sit within the Service that owns the transaction so realising these savings relies on these services to follow through the staff implications i.e. through redefining job accountabilities and/or reducing the workforce. The current work is often spread across a number of staff within a team therefore, staff savings may take time to implement whilst the HR process is worked through. To assist this benefits realisation in future HR support will be offered to help Managers/Heads of Service to understand the options available to ensure these changes are driven through. This approach, of HR working alongside the digital team, was also endorsed by SMT.
- 7.5 Where the savings that can be delivered by 'going digital' have not been identified within a Service's Business Planning proposals, these 'additional' savings would be delivered and banked centrally. Either way we will ensure the benefits are both quantified and realised.
- 7.6 If we maintain the same pace and volume of moving transactions on line as in 2013/14 the one-off investment in this team will be recouped from across the organisation within the same two years 2015-17. From the volume of work we have already identified on our log we hope to be able to exceed this target. As we work through the transactions/processes on our log we will quantify and monitor the delivery of savings so that we can report back on our success. To achieve this will require the support of senior managers from across the organisation which is why we have ensured that this approach has already received the support of colleagues in SMT.

## Appendix 1: Case study - Skip permits

- The previous manual process required customers to complete a hard copy form and a cheque payment, which was sent to the service for processing and checking. The service then entered those details onto a system, assessed whether the skip request should be approved and then notified the customer of the outcome. In some cases Cambridgeshire County Council issued invoices instead of taking cheque payments at the point of application.
- The online process requires the customer to complete the form and pay online which, through in-built criteria, is approved online and the customer details are sent to the Service who then email the permit to the customer, if the criteria are met. This application is only available online so if customers require support they ring the Contact Centre.
- In terms of savings, 17 mins of staff time per transaction is saved from cutting out the service admin tasks. Last year there were requests for 1,844 permits. Assuming that volumes are comparable year on year, this amounts to 31,348 mins (522 hrs/14 weeks) of time saved. This can then be equated to staff time/cost that can be removed from the service.

## Appendix 2 – Transaction savings 2013/14

Year 1	Transaction Volumes	Transaction time saved (minutes)	Total (hours)	Total (days)	No. of FTE's	scale 5 (scp 22 £25,099)
Application	38,788	15	9,697	1,339	5.82	£146,160
Payment	14,082	17	3,990	551	2.40	£60,138
Submission of qualifying documents	9,982	15	2,496	345	1.50	£37,614
Report it	7,113	10	1,186	164	0.71	£17,869
	<b>69,965</b>		<b>17,368</b>	<b>2,399</b>	<b>10.43</b>	<b>£261,781</b>