

‘Operation Charm’

The Reading Borough Council Customer Experience Strategy (2020 - 2024)

Business Case and Mobilisation plan

Author	Isabel Edgar-Briancon Pauline Lennox Zoe Hobbs		
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1. Executive Summary - Operation CHARM

The purpose of this document is to present the implementation and investment proposal for the delivery of the Customer Experience Strategy and sets out how the council will embed the Strategy and move to a Customer Fulfilment (CF) Model of Customer Service delivery.

This document must be read in conjunction with the Customer Experience Strategy (2020-2024) which defines the direction of travel and will enable Reading to develop and embed an exemplar Customer Service, be at the vanguard of innovative thinking around digitisation and data and make savings in delivery services to support the MTFS.

The strategy will be delivered over a 4 year period, with benefits being achieved in a phased manner. This paper covers phase 1 of the delivery to the end of 2020/21. Inevitably there will be valuable learning from the first phase which will be factored in to the proposals for future phases which will be presented back to CMT/Members in approximately 12 months time following a lift and shift process of customer facing teams.

This report sets out the information to support a decision to approve the Strategy and the placeholder for the capital bid which provides the funding for a 4 year programme of digitisation across Customer Fulfilment functions.

It should be noted that costs and benefits of implementing the full 4 year strategy outlined in this proposal are indicative. It is expected that through the programme a test and learn approach will be adopted to ensure that proposals brought forward under the strategy will be fit for purpose, are relevant and robust in the context of fast changing digital environment.

The Customer Contact centre has a good track record of delivering savings and supporting the business to deliver its corporate objectives around customer service. The focus of the new strategy is on the customer and staff experience by leaning processes; securing and understanding our data, and the exploration of new technologies, which are all part of the forward thinking approach to change the council model and become an exemplar in delivering better, faster, simpler customer services.

Phase 1 covers the foundational projects required to deliver future strategic and visionary elements

- The implementation of the Customer Fulfilment Model
- Process review, automation and customer self service
- The introduction of innovative new solutions such as robotic processing automation and the move to a single telephone number.

2. Programme Overview

Experience in prior major change programmes is that strong governance processes are required both to ensure that the programme delivers on time and to budget and that any variations to scope (and cost) are closely scrutinised and appropriately approved and, more importantly, to ensure that the predicted benefits of investment are achieved and banked.

The release of the funds during the programme (and the benefits realisation) will be closely monitored by the governance board to ensure ongoing value for money. With any major change programme of this type there will be inevitable changes to the programme of activity as circumstances change, lessons are learned and customer needs evolve.

The programme, called '*Operation - CHARM*', will be designed and structured to deliver and embed the philosophy and customer fulfilment model into the Council.

The programme will be centred around 4 grouped workstreams that cover off the 6 pillars that are detailed within the Strategy (Achieving customer service excellence; mind set and promise; service and process design, whole organisation, digital enabling, power of data). The workstreams are:

- Culture: Training, awareness, performance measures
- Service, Process and Organisation design: process re-engineering and organisation structure
- Digital Enabling: IT and Digital enabling technologies such as RPA and Voice recognition
- Data: Data cleansing, golden record, data management protocols

3. Programme Measures

The success of the programme will be measured by:

Measure	Baseline	New Target	Timescale
Achieving Customer Service Excellence – We will do what we say first time and leave the customer with a positive impression of the council.			
Increase Customer satisfaction across existing contact centre functions	87%	90%	End of year 1
Establish Customer satisfaction levels for new services brought into the customer fulfilment team	Not currently measured		End of year 1
Increase Customer satisfaction for new services brought into the customer fulfilment team	Not currently measured	85%	End of year 2
		90%	End of year 3

Increase solved at first point of contact for existing contact centre functions	82%	90%	End of year 3
Establish levels of contacts solved at first point of contact within the new service areas brought into customer fulfilment team	Not currently measured		End of year 1
Reduce time to respond to customer complaints	20 days	15 days	End of year 2
Putting the customer at the heart of service and process design - We will remove bureaucracy and make it easy for customers to interact with us.			
Reduce number of face to face visits to the reception hub	88,600	5%*	End of year 1
*cumulative		5%	End of year 2
		20%	End of year 3
Reduce numbers of face to face visits to the reception hub or new services brought into the customer fulfilment team	Not currently measured?	5%	End of year 1
*cumulative		5%	End of year 2
		20%	End of year 3
Reduce phone calls into existing contact centre	230,000	30%	End of year 3
Establish phone calls volumes within new service areas brought into the customer fulfilment team	Not Currently measured		End of year 1
Reduce phone calls in new service areas brought into the customer fulfilment team	Not currently measured	10%	End of year 2
*cumulative		20%	End of year 3
Increase solving requests first time for existing contact centre functions	82%	95%	End of year 3
Establish level of requests solved first time within the new service areas brought into customer fulfilment team	Not currently measured		End of year 1
Increase solving requests first time for new service areas brought into the customer fulfilment team	Not currently measured	95%	End of year 3
Develop end to end service specific measures for new service areas brought into customer fulfilment team			End of year 1
Establish social media (including website) measures for customer	Not currently		End of year 1

fulfilment functions	measured		
Involving the whole organisation – We make customer services accessible and remove barriers to delivering customer fulfilment			
Standardise customer model across all directorates		100%	End of year 3
Introduce new standard job description for customer fulfilment team		100%	End of year 1
Harnessing digital technology – We will help customers serve themselves and reduce the amount of manual handling of transactional services			
Increase fully automated process to existing online forms	Not currently measured	50%	End of year 3
Increase automation through RPA to process currently in contact centre		50%	End of year 3
Increase total number of payment transactions online	Not currently measured	95%	End of year 3
Reduce number of cheques *cumulative	9732	20%* 10%	End of year 2 End of year 3
Realising the power of data - We will join up our data and use it our customers advantage; moving towards predictive service delivery			
Implement a data observatory model			End of year 1
System Data Cleanse across all customer focussed systems		100%	End of year 3
Produce interpretive Data Sets for service areas			End of year 3
Adopting a mind set and promise – Customer fulfilment will be a living part of our culture			
Launch Customer promise			Mid year 1
Staff attending an awareness raising session about our customer philosophy		95%	End of year 1
new recruits to undertake customer focus specific training		100%	End of year 1

4. Efficiencies and Benefits Overview

Efficiencies and benefits	Financial	Customer	Business efficiencies
Increase capacity, resilience and skills with teams and eliminate single points of failure	x		x
Free up technical experts for high value add work		x	x
Multiple enquiry types dealt within one team		x	x
Reduce /eliminate service requests to back office		x	x
Reduce failure demand; service requests dealt with at first point of contact.	x	x	x
Customers with complex or high need given access to technical specialist more quickly		x	
Automate and integrate transactions into back office systems (reduce manual handling/administration of requests)	x	x	x
Reduce number of systems used by Customer fulfilment	x		x
Single Telephone number - enabled by Voice recognition	x	x	x
Reduce inputting/handling errors through robotic processing	x	x	x
AI capability - reduce low value administrative tasks		x	x
Single 'contact' record for customers (golden record) through CRM		x	x
Self service - Online booking, applications, assessments	x	x	x
Standardise Customer promise across business		x	
Measure/performance monitor all areas of the business customer fulfilment functions			x
Speed up applications/assessments and service requests		x	x
Cleansed data relevant and up to date records to improve Information governance in line with GDPR. Data sharing protocols and improved transparency		x	x
Intelligent data sets to support service design	x	x	x
Standardised job descriptions	x		x
Start to finished customer focussed Business Process transformation. Lean process , remove bureaucracy	x	x	x
Multi Channel contact strategy		x	
Customer focussed culture, support by a behaviour framework and training		x	
Reduce paper	x		x
Reduce unstructured data held in email and silo systems		x	x

5. Programme Governance and Structure

It is recommended that a multi-disciplinary Programme Board for “Operation CHARM” will be set up to manage the Customer Experience Programme (See below).

A programme of this size, scale and complexity requires dedicated resource to ensure focus on delivery is maintained throughout the lifecycle and ensuring successful programme delivery.

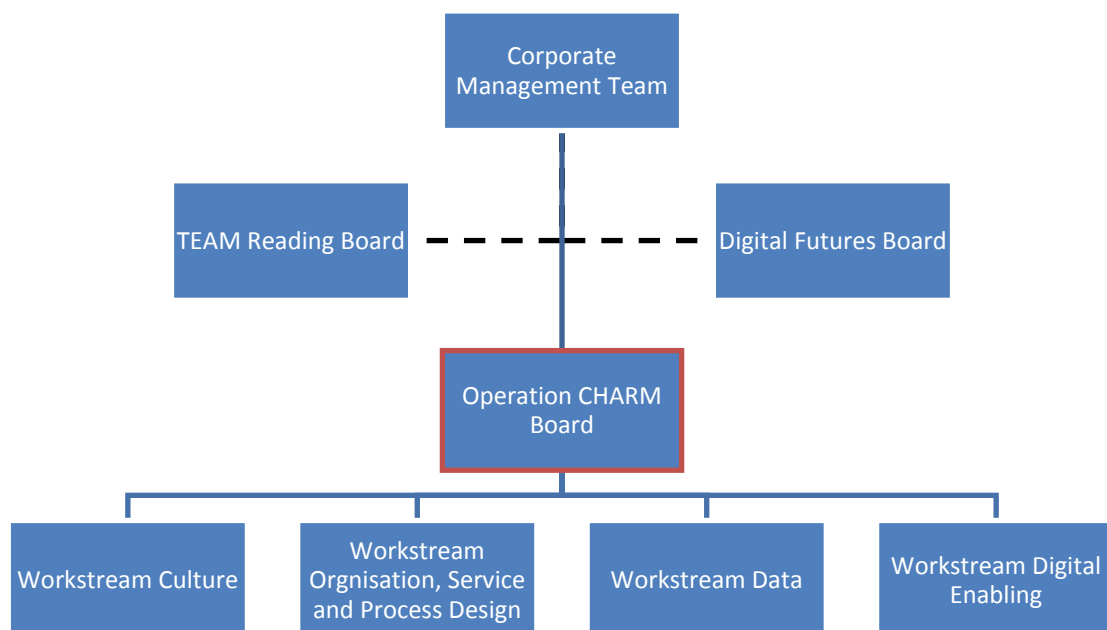
The Capital bid placeholder of £2.5 million has been put forward to deliver the organisation structure, digital and data elements and resource as required by the Strategy Programme. The Governance Board (Chaired by an Executive Director) would have delegated authority to manage the budget and delivery of the benefits of the programme. They will provide rigor, oversight and alignment of each of the deliverables.

Funding for additional project resources has already been secured for the existing Corporate Programme and elements of the Customer Experience Strategy through the delivery fund, however as the Operation CHARM programme of activity grows, further resource (particularly business analysts) may be required. It is expected that all additional resource would be funded through the £2.5 Capital bid already submitted.

Other council staff (if/where available) will be used to fill programme roles and will be supplemented by external resource where a) there is insufficient internal resource, b) there is a requirement for a specific skillset which is not available internally within Reading.

Additional [non dedicated] resource will also be required from other internal teams such as HR, Communications, Finance, Legal. Member involvement will be essential to assist with the direction and benefits realisation of the programme.

The Board would report into the Corporate Change Programme and will align to the Digital Futures governance for all IT and digital development and for people and culture change elements will report into the Team Reading Programme.



It is recommended that the “*Operation CHARM*” Board will consist of :

- Chair: Executive Director (DoR)
- Customer Representative: Isabel Edgar-Briancon (Assistant Director for Customer Services and Corporate Improvement)
- Sponsor: Executive Director (DEGNS)
- Senior Client: Assistant Director (TBC)
- Comms rep - to support communication to staff and customers
- Finance rep - will be involved to help realign budgets
- HR rep - will be required to assist in negotiations with staff and where required assist in recruitment.
- IT rep - will be required to transition the teams to a new working environment and ensure licences and hardware are provided
- Digital rep - to provide support for advancing the digital requirements
- Procurement rep - to support implementation of new technology
- AD’s and Managers of key service area representation as and when required in the programme
- Union or Staff Panel Representation
- Programme Manager and Senior Project Manager.

Each work stream will have individual delivery project teams beneath that will report into the Board. Leads will be assigned to each workstream for oversight and consistency.

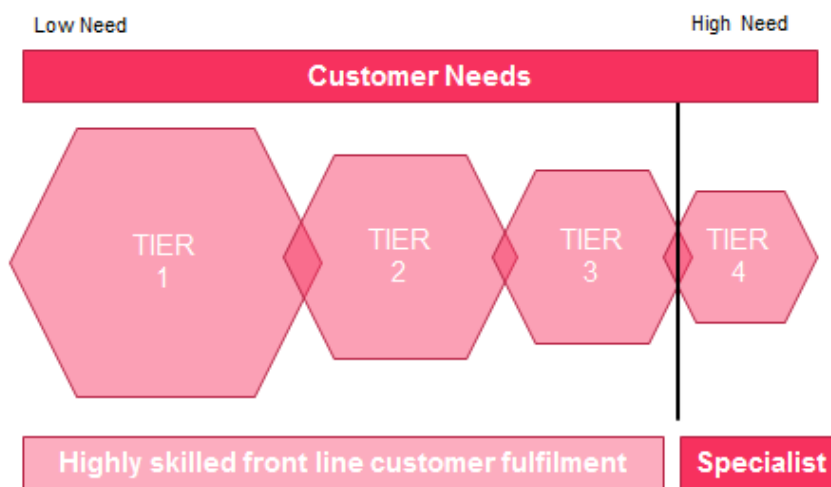
The proposed **Phase 1** timeline for the Customer Experience Strategy programme “*Operation - CHARM*” is as follows:

	Activity	Date	Owner
1.	Policy Committee	20 th January 2020	Isabel Edgar-Briancon
2.	Detailed programme planning & governance set up	February - March 2020	Programme Team
3.	Organisational changes - Lift and Shift rolling programme*	April 2020 - March 2021 *(sequence to be determined)	Programme Team
4.	Continue process improvement and digitisation (details to be determined)	April 2020 - March 2021	Programme Team
5.	Report Phase 1 and agree Phase 2	March 2021	Isabel Edgar-Briancon

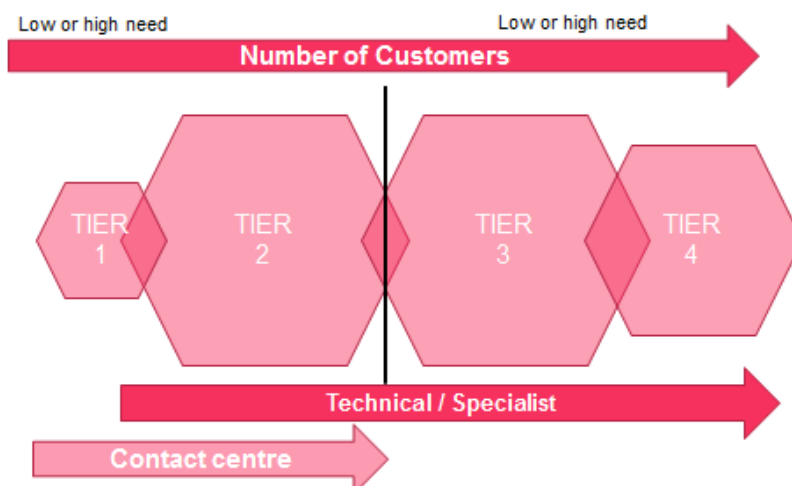
6. Changing our Organisation structure (Lift and Shift)

To deliver the Customer Experience strategy, we need to change our internal model to deliver customer services. This means building a frontline Customer Fulfilment Model where self-service becomes the primary channel, brought together and owned in one place within the Council. Tiers 1 to 3 will be owned by a new 'Customer Fulfilment' Team (CF Team) that will be merged with the current Contact and Reception centre, with technical specialist staff focussing on high need specialist support within the existing service area.

New Customer Fulfilment model:



Our current model of Customer Fulfilment:



Tier 1 - Self serve

Tier 2 - Simple transactional services/signposting i.e applications

Tier 3 - Support transactional services i.e assessments, debt collection

Tier 4 - High need services with specialist input.

Currently we have technical/ specialist resource operating across all 4 tiers, with only a small amount of fully automated self-service. A large number of transactional activities in tiers 2 and 3 are being delivered by technical specialists, when much of these could be automated and delivered through self service or into a streamline CF Team. This allows the business to prioritise our technical specialist staff on high value work and high need customers.

7. Moving to the new Customer Fulfilment Model

Please note: For the purposes of this business case a high level analysis has been done to identify teams that are potentially undertaking customer fulfilment functions. This initial assessment has been done through knowledge of existing service areas and job titles, but does not take into account the nuances of each team's functions and structures at this stage.

Following adoption of the Strategy a detailed programme will be developed and co-designed alongside service areas providing customer services.

The programme team will work with each service area to:

- **Identify:** Which teams and functions are impacted by the strategy
- **Map:** High level mapping of as-is and to- be process to determine the split between 'fulfilment' and 'technical specialist'
- **Agree:** Which teams, functions and finance will move over to the customer fulfilment team
- **Implement:** Lift and Shift team.

For the purposes of establishing the new Customer Fulfilment team, an indicative process is outlined below. It is expected that it will take **12-18 months** to work across the whole business. During this period, improvements to the digital offering and process will also be made.

There are some directorates that have already seen significant structural changes (e.g. ASC business support team) or digitisation of processes; therefore to reduce the impacts of further change the sequencing of functions moving into the customer fulfilment model will be agreed with the Directorate areas. The prioritising and sequencing of the lift and shift process should be informed by :

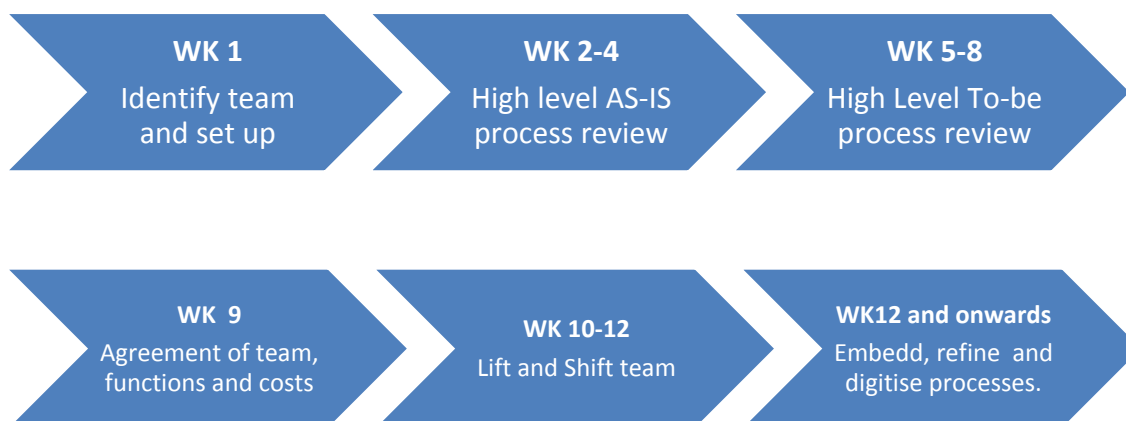
- Risk (reputational/safeguarding/recently restructured)
- Complexity of transactions or structures embedded within service
- Digital maturity

Following the completed lift and shift process the new structures will be formalised through a staff consultation to move to standardised job

descriptions, hierarchy and working practises. However through a test and learn approach, continuous improvement will become the norm.

Moving to the new model will be collaborative and will be co-designed with the business areas effected. A Customer Fulfilment SLA will be embedded and all new business process re-engineering will be agreed with each service area represented to ensure that services are supported to deliver their strategic objectives.

Discovery and planning for each business area



Depending on the complexity and scale of the team functions the above methodology may take more or less than the estimated 12 weeks. The ongoing process of digitisation will require support from services areas impacted. Depending on the scale of the change required in each area, there are likely to be requirements to back fill specific post to ensure the team has the capacity to deliver the change. It is proposed that the cost of this will be built into each business case that comes forward as part of the programme. Furthermore there are likely to be implications for teams left outside the customer fulfilment models and roles and responsibilities will need to be adjusted.

8. Financial Appraisal

The efficiency benefits associated in the delivery of **Operation - CHARM** have been defined within the strategy and performance measures are listed in section 2.

This section describes the potential financial implications and the level of investment required to implement the strategy. This financial modelling has made broad assumptions around the numbers and types of teams effected and the delivery of efficiencies.

Modelling Methodology

As part of the budget setting process a base case was developed. This has now been further refined and the following analysis and method was applied:

1. Eliminating duplicated savings proposed by other services areas as part of the MTFS budget setting process
2. Identification of savings against general fund and HRA separately
3. Removal of savings associated with specific teams that have recently undergone restructures.
 1. Cost of current Customer Services Team.
 2. Cost of other teams across the Council performing functions that appear to fall within the scope of the new Customer Fulfilment Model¹.
 3. Modelled an indicative organisational structure for the new integrated Customer Fulfilment service bringing together 1&2 above. This included assessment of team sizes, spans of control and standardising grades in line with the Organisational Design Principles.

8.1 Customer service and transactional team across the business

Transactional and fulfilment functions that relate to customer service delivery have been identified across the business. These include processes such as:

- First line telephone support and advice
- Processing applications for services and support
- Assessment of applications for services and support
- Requests for services and associated administration
- Financial payments/collection
- Responding to email/telephone enquiries

The resource costs associated with the delivery of the above functions across the business is circa £5,259,000. Some of the costs are allocated to both the General fund and the Housing Revenue Account (see below).

Functions and processes that are funded through the HRA have been identified, however the potential savings realised from moving to the customer fulfilment model will not have an impact on the General Fund. Other areas of the business such as some of the ASC Business support team processes have been excluded from the calculations due to recent structure changes and savings having already be delivered. Processes and savings identified as part of the Parking Fundamental Service Review and digital transformation savings identified within Regulatory Services have been excluded from the calculations to ensure that no double counting occurs as

¹ Tiers 1-3 of the Customer Experience Strategy

the various financial business case make their way through the budget setting cycle.

Despite not being able to identify specific savings associated with some service areas, there remains merit and logic in applying the principles of the model to these teams to create a multi-channel one stop shop for customers, improve capacity, resilience and cross training, and deliver the wider benefits identified in the strategy relating to digitisation, standardisation and operating efficiencies.

The existing customer contact and call centre costs £1,152k. The overarching structure of this team will form the basis of the new customer fulfilment team.

8.2 Cost calculations

Outputs

Assessment of Current Establishment

		£'000's
	Customer Contact and Call Centre	1,152
<i>plus</i>	Other roles Identified as potentially in Scope	2,514
<i>plus</i>	HRA roles identified as potentially in Scope	1,593
	TOTAL	5,259

Estimate of Future Establishment (excluding HRA)

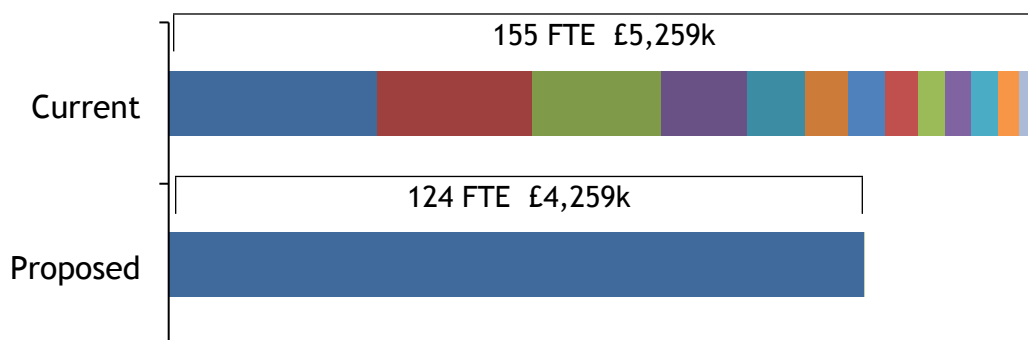
		£'000's
	Indicative service model and new establishment (excluding HRA)	2,954
	HRA new establishment	1,175
	TOTAL	4,129

Potential proposed savings estimate

Savings are predicated on achieving around a 20% reduction in workload through automation and digitisation, and the move to a new customer fulfilment team model. This leads to a reduction of circa £581,000 to the general fund and £418,000 to the HRA. The general fund savings are allocated across the 4 years of the programme:

	2019/20	2020/21	2021/22	2022/23	2023/24
£'000's		132	132	132	185

The outcomes of this exercise is shown diagrammatically below, moving from multiple teams into one Customer Fulfilment Service.



The proposals will lead to a reduction in FTE across the totality of service areas and expected reductions are profiled over 4 years

FTE Reductions (change relative to previous year)

	2019/20	2020/21	2021/22	2022/23	2023/24
FTE's		6	8	8	9

Implementation Costs

To deliver the Customer Experience Strategy existing resources will be supplemented with additional project and analysis capacity resourced through the Council's Delivery Fund totalling £480k over two years and provision of £2.5m in capital investment for technology and change needed.

There are additional costs in the region of 80k associated with facilities changes to enable the teams to collocate within in customer services. This will be funded from the capital allowance.

The table below shows the totality of capital and delivery fund costs and the revenue impacts.

	%	19/20	20/21	21/22	22/23	23/24	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Budget of Capital Programme			750	1,000	750		2,500
Cost of Capital Programme	6		45	60	45		150
Delivery Funding		120	120	240			480
Revenue costs		100					100
Savings generated for GF			(132)	(132)	(132)	(185)	(581)
Total Cost To the Council		220	783	1,168	663	(185)	2,649
Return on investment							18%

8.3 The New Customer Fulfilment Model

The new Customer Fulfilment model will bring together teams and roles performing customer facing, transactional and supporting functions as described in the Customer Experience Strategy.

For the purpose of this business case it is assumed that through; economies of scale, process improvement and digitisation the human resource requirement will be reduced by circa 20%. This is a realistic estimate based on similar programmes implemented in other councils. It is recognised that some teams have already undertaken process and structure reviews in situ, while others have yet to undergo significant transformation and this is factored in the modelling.

Applying a 20% cost reduction across our staff structure assumes the establishment will reduce from 155 FTE to 124 FTE. This level of reduction will primarily be managed through natural attrition, existing vacancies, and redeployment.

In addition the new model will put in place standard roles, gradings and supervisory spans of control. To provide the indicative cost of the new model it has been assumed that the service will be made up of teams of 10 employees, each with 8 staff at RG4 and 2 senior/supervisory staff at RG6

The assumed distribution of the 124 posts across our grading structure is:

Grades	FTE
RG4	100
RG6	24
TOTAL	124

It is anticipated that the new service will require additional leadership and management capacity. Whilst this may be funded by virement of appropriate management budget associated with staff transferring into the new service a revenue sum of £100k is assumed in this model.

8.4 Digital Enabling

All Digital Enabling elements of Operation CHARM are included within the Customer Digital Experience capital bid of £2.5m. The details and spec of each digital element will be defined during the discovery phase, and business cases will be brought forward to the Digital Futures Board, for sign off and to ensure alignment to the other IT strategies emerging.

9 Challenges

Some emerging challenges to the implementation of the programme “*Operation - CHARM*” which require addressing through the programme board :

- Resistance to change into the Customer Fulfilment Model
- Where the handover line is drawn for Tier 4 and perception in service of what defines technical/specialist resource
- Suitability of systems and data to support the change required
- Existing resources available, capability and skills
- Reluctant for skills and knowledge transfer
- Perceived loss of control in back office service function
- Skills and capabilities to take on new Customer fulfilment role
- Ensure savings are not double counted from services
- Complex staff Consultation process
- Loss of knowledge about services due to attrition
- Potential disruption to performance while undertaking transformation
- IT FOM implementation delay

10 Assumptions

Some emerging assumptions to the implementation of the programme “*Operation - CHARM*”:

- Financial appraisal assumes the FTE profile numbers and teams are correct and not double counted through other savings proposals
- Building space saving has not been included in the savings calculation.
- Civic Office space can accommodate staff moving into the Customer Fulfilment model
- Technology enablers can be delivered to support the programme transformation alongside the transition to a new IT operating model and application review.
- Pay protection exists for staff
- Savings driven from natural attrition and vacancies

11 Impacts (External/ internal)

Some emerging impacts to the implementation of the programme “*Operation - CHARM*”:

External Stakeholder Impacts:

- Customers have increasing digital demands; self-serve and first time resolution are now everyday expectations of all services customers consume.

- Implementation of a transformative digital experience will meet our customer's expectations and allow our customer to interact with us quickly 24/7.
- Linking up customer data through an online portal with front to back integration will allow customers to see all the services and interactions they have with the council, reduce handoffs to different departments and ensure services are delivered equitably and quickly.
- The programme will need to work closely with our customers, communicating and promoting changes to the services provided. In some cases it is likely to be prudent to run customer focus group to ensure proof of concept deliver against customer's expectations

Internal Stakeholder Impacts:

- Customer Services and Customer Contact centres have significant challenges around the multiple use of systems that are not integrated and do not allow immediate access to customer data or first time resolution of customer enquiries.
- Staff are often having to develop manual work arounds that reduce accuracy and mean that staff are spending time on low value administrative tasks that could be automated.
- Individual service areas will need to be instrumental in ensuring a smooth transition to working in a fully automated and digital way. Multi-disciplinary steering groups will allow for informed analysis and oversight of project deliverables.
- The capital fund will include funding for PMs and project resources, and implementation of software solution to deliver the programme.
- To date stakeholder engagement remains high level with each directorate feeding into the strategy through DMTs and Senior Leadership Group meetings. Adoption of the strategy and set up of the programme will allow for more detailed discussion and co-design of the workstreams with service areas affected.

12 Interdependencies

Some emerging assumptions to the implementation of the programme "*Operation - CHARM*":

- IT Strategy - continue to deliver transformation when transitioning to new future operating model
- Data Strategy and delivery of a data intelligence team
- Civic Offices can accommodate staff moving into new Customer Fulfilment Model
- MTFS savings delivery for services including within scope of the new Customer Fulfilment model
- Capital bid approved for investment in technology to support the Customer Experience Strategy