

CABINET

11<sup>th</sup> February, 2004

RECEPTION AREAS FIRST PHASE - IMPROVING CUSTOMER SERVICE THROUGH  
ESTABLISHING A CONTACT CENTRE

REPORT OF THE DIRECTOR OF FINANCE

Contact Officer: Sheila Boden Tel No: 01962 848120 Email: [sboden@winchester.gov.uk](mailto:sboden@winchester.gov.uk)

RECENT REFERENCES:

CAB726 Corporate Strategy 2004/07 15 October 2003

EXECUTIVE SUMMARY:

Improving customer service is a key priority in the Council's Corporate Strategy for 2004/07. Specifically, and as part of a wider programme of seeking to offer better, more accessible and more responsive services, the Council proposed to *establish a dedicated customer service unit responsible for dealing with all enquiries and complaints effectively*. The implementing Electronic Government (IEG) submissions include specific targets for dealing with 80% of enquiries at first point of contact. Having embarked on preparatory work, such as improving back office systems, it is now time to focus on achieving a vision of improved customer service throughout the Council by changing the way in which we deal with customers.

An officer group has been established to drive forward the improvement of customer service. They will be considering a variety of aspects of this broad brief. The aim behind this report is to focus on the change in physical processes and the proposed introduction of a customer service centre (CSC). A CSC is not a call centre – it is a unit that will be responsible for dealing with telephone, email and personal enquiries from customers other than those that are directed specifically to named individuals or professional areas. The CSC would operate in three parts – reception counters, a telephone contact centre, and service desks. The prime aim of a CSC is to provide a better service to the public, a service at the first point of call wherever possible and a more efficient service that will generate savings in the long term.

There are significant staffing and investment issues to be addressed in setting up a contact centre and there is the potential risk of redundancy as posts are transferred to the CSC from service areas. Unison and staff have been told of the proposals and will be consulted

formally as the project progresses. A fundamental analysis and review of administrative processes will be an essential part of the project. At this stage approval in principle to the concept is sought and to the establishment of the post of Customer Services Manager. An outline programme indicates that the CSC may be operational by May 2005.

Over a five year operational period (2005/06 to 2008/09) it is expected that the CSC will at least break even in overall cost terms (excluding the cost of capital and assuming that redundancy costs are small). All the estimates included are conservative and it is known that other organisations have achieved savings in excess of those envisaged when embarking on such a project. The CSC will operate by accessing information that will also be available to customers over the Internet. As the use of this facility grows, through customers using self service, the need for staff intervention will decrease and will lead to further efficiencies in operation. Because computer systems across a number of different services will need to be integrated it is proposed to revise the capital growth bid to include an additional £150,000 in 2005/06 and a further £50,000 in 2006/07. It is proposed to alter the revenue growth bid to £150,000 in 2004/05 and £100,000 in 2005/06.

#### RECOMMENDATIONS:

1. That approval in principle be given to the establishment of a Customer Service Centre and to the post of Customer Service Manager as outlined in this report.
2. That approval in principle be given to the Customer Service Centre being provided in-house.
3. That Nineveh Consulting be commissioned to undertake more detailed work on the staff and cost implications of establishing a contact centre, including detailed proposals for agreeing services and broad service boundaries to be included in the first phase.
4. That this report be referred to the Personnel Committee and approval be sought to an increase in establishment of one FTE for a Customer Services Manager.
5. That capital growth of totalling £390,000 for the introduction of a Customer Relationship Management system and £70,000 for Telephone equipment be approved for inclusion in the capital programme as set out in paras 13.2-13.4.
6. That revenue growth of £150,000 for 2004/05 and £100,000 for 2005/06 be approved, as set out in paras 13.5-13.8.

CABINET11<sup>th</sup> February, 2004RECEPTION AREAS FIRST PHASE - IMPROVING CUSTOMER SERVICE THROUGH ESTABLISHING A CONTACT CENTREREPORT OF THE DIRECTOR OF FINANCEDETAIL:1 Introduction

- 1.1 Improving customer service is a key priority in the Council's Corporate Strategy for 2004/07. Specifically, and as part of a wider programme of seeking to offer better, more accessible and more responsive services, the Council proposed to *establish a dedicated customer service unit responsible for dealing with all enquiries and complaints effectively.*
- 1.2 Following a consultancy report in the spring of 2003, an officer group was established to look at what measures were needed to improve service to customers. This group will be considering a number of aspects of this broad topic, ranging from the way in which customers first make contact with the Council to our own standards for handling queries and complaints within Departments. The project described here is one element of that wider set of activities.
- 1.3 Whilst the Council provides services that customers rate quite highly, there is more that can be done to improve the level of service that is offered and that customers receive when dealing with other organisations, including other councils. There is good evidence from many councils, that have introduced such centres, of improved customer service and increased efficiencies and cost savings. There is a clear requirement from the Government – articulated through the IEG statements and the latest RSG settlement announcements - that councils will provide their services in such a manner – making the best use of investment in technology to provide a better, more efficient and cost effective service. Lack of customer focus is also a feature of the recent CPA assessment.
- 1.4 The Council has started to improve customer care but can and should do more. A best value review of customer care highlighted a number of areas for improvement – such as improved times for dealing with telephone enquiries and correspondence and increasing customer satisfaction rates.
- 1.5 The Implementing Electronic Government (IEG) submissions include specific targets for dealing with 80% of enquiries at first point of contact. Having embarked on preparatory work, such as improving back office systems, it is now time to focus on achieving a vision of improved customer service throughout the Council.
- 1.6 There are two aspects to improved customer service. One is the attitude which people, both as individuals and collectively, adopt towards customers. The other aspect is the operation of physical processes for providing services to customers. Improving the latter can bring about immediate benefits to customers and also drive change elsewhere in the organisation.

- 1.7 The starting point, though, is a vision. This is summarised in the Corporate Strategy statement set out in paragraph 1.1 – the drive behind that is a will to change the way in which we deal with customers in order to provide a much better service. Corollaries to that aim are to provide a more cost effective service and to increase job satisfaction for staff.
- 1.8 It is recognised that leadership and support from all levels – Members, Senior Managers and Staff – is vital to achieving success, but it should also be recognised that lack of support, or even opposition, from a few will not jeopardise the overall aim.
- 1.9 As stated above, improvements come in two parts. The aim behind this report is to focus on the change in physical processes and the proposed introduction of a customer service centre (CSC). The other aspect, improving customer care more generally throughout the organisation, is also important and is being addressed through the Council’s Improvement Plan and the officers’ Customer Care Group.
- 1.10 It is also relevant to note that a better first point of contact with those in the more outlying parts of the District is also required. Improving accessibility, such as by access through parish offices or mobile one stop shops, may be part of the response to these problems and this is another aspect of customer care that is being considered.
- 1.11 The Council’s strategy consultants, Nineveh, have considerable experience in this type of work – that is setting up contact centres – as well as undertaking BPR. Nineveh was commissioned to advise on how best to improve responses to telephone contact, and to help develop the approach to providing a contact centre and provide supporting information for the introduction of a CSC. Their report is attached at Appendix B.
- 2 What is a Customer Service Centre?
- 2.1 Before providing more detail of the reasons behind the proposed introduction of a CSC it is important to understand what a CSC is and, perhaps more importantly, what it is not - it is not a call centre. Rather, it offers a more focused way of managing the initial contacts that members of the public make with the City Council, and providing them with a better response.
- 2.2 The CSC will be responsible for dealing with telephone, email and personal enquiries from customers other than those that are directed specifically to named individuals or professional areas. The CSC would operate in three parts:
- a) reception counters (to meet, greet and direct people)
  - b) a telephone contact centre (to take most incoming calls, including faxes and also certain emails)
  - c) service desks (for personal callers to be seen by staff).
- 2.3 Staff within the CSC would work in all three parts on a rota basis. These staff would deal with 80% of all enquiries – the remainder being referred to specialist or professional staff in other parts of the Council. Staff would be responsible for ensuring completion of calls – this would include follow up with professional officers and a call back service where appropriate.

- 2.4 For the time being the CSC will have to operate in two reception areas – City Offices and Avalon House but it will be possible to close all other reception points in time. This will further the aim of providing a single point of contact for customers and will align with proposals for such if relocation to a single office is achieved. The CSC will provide consistent opening hours for all services and the core hours will be extended from those operating currently.
- 2.5 The most efficient operation of a CSC is through the significant use of technology. This will be fronted by a Customer Relationship Management (CRM) system. This is a sophisticated piece of software that provides the front screens for the operators, those on the telephone and at service desks, and links back office systems (such as Housing, Benefits and the Internet) to provide front screen information and to allow operators to update back office systems. Enhancing the information held on the Internet will also open the way for customers to access more information themselves, thus reducing the need for intervention by Council staff (known as self service). CRM will need to be procured and implemented as part of the process of establishing a CSC.
- 2.6 In addition, other corporate back office work currently being undertaken, such as Document Management Systems (DMS), Geographical Information Systems (GIS) and Content Management, are also important elements in making the CSC efficient. Further, in transferring services into the CSC, business processes will need to be reviewed and redesigned through business process re-engineering (BPR).

### 3 Why Establish a CSC?

- 3.1 The prime aim of a CSC is to provide:
- a) a better service to the public (demonstrated through increased satisfaction rates and a reduction in lost telephone calls)
  - b) a service at the first point of call wherever possible (target of 80% of enquiries dealt with first time)
  - c) a service delivered from the ground floor without the need for customers to find reception points in different parts of the buildings
  - d) a service where the member of staff comes to the customer in most cases
  - e) a more efficient service that will generate savings in the long term
- 3.2 The current practice of referring the public from a reception point or switchboard contact to another person (or series of people) to have their enquiry dealt with would not continue for most customers. Although many enquiries are dealt with satisfactorily, there is evidence of many that are not. For example, there are significant telephone calls:
- a) That are not answered by the person able to deal with the enquiry
  - b) That are transferred between staff/switchboard (until the right contact is found)
  - c) That are not answered (resulting in customers ringing again)

- d) Where the caller is asked to ring back at a more convenient time/when there is someone to deal with the enquiry
- 3.3 Appendix C refers to a sample of calls made to determine connection success. A researcher endeavoured to contact officers for a selection of Council services. Half of these services publish a direct dial number. Contact was made using both the direct dial numbers and the switchboard. The results indicate that generally the service is quite good with some 65% of direct dial connections and 85% of switchboard connections being successful (ie the caller got through to a member of staff who could help them).
- 3.4 However, for direct dial numbers (published as the number to call if a customer wants that particular Council service) one in four calls was not successful (either engaged, not answered, voice mail, staff not able to help or cut off). For calls taken through the switchboard the success rate was better but the customer's enquiry was not answered at first point of contact. For the selection of services used in this survey it may be expected that a contact centre would answer 98% of calls at the first point of contact.
- 3.5 With the installation of a new call logger good information on lost calls is now available. Some highlights from the reports for November and December, 2003 follow:

Nov 2003	Total Calls	Unanswered Calls		Busy Calls		Total Lost Calls
		No	%	No	%	
<b>Total</b>	69,696	4,197	6	3,220	5	11
<b>Health and Housing</b>	12,350	1,437	10	685	5	15
<b>Planning</b>	7,177	378	4	1,404	16	20
<b>Dec 2003</b>						
<b>Total</b>	58,265	3,606	6	2,177	4	10
<b>Health and Housing</b>	11,128	1,239	10	576	4	14
<b>Planning</b>	5,729	318	5	835	12	17

- 3.6 Unsuccessful callers are most likely to call again until they are successful – or to write or call in to reception to have their enquiry dealt with. One of the characteristics of the introduction of a contact centre in other authorities is the reduction in the total number of calls being made to the council as repeat callers are eliminated as their enquiries are answered first time. This reduction is evident even though there can be an increase in some calls as customers realise they can get a response from this

way of contacting the Council. A good contact centre will also monitor missed calls and make a return call to the customer.

3.7 Survey information (Citizens' Panel, March 2002) has shown that:

- a) Of those who contact the Council 74% do so by phone, 11% in person, 10% by letter, 1% by email and 4% by other methods
- b) For this sample, the preferred method of contact is 65% by phone, 14% in person, 10% by letter, 9% by email and 2% by other methods

3.8 As can be seen there is significant demand for contact by telephone and for dealing with an individual (either by telephone or in person) – some 80% or so. Telephone statistics show that around 70,000 calls are received each month and, from a Citizens' Panel survey (December 2001), it is known that there are about 2,300 visits to reception areas each week.

3.9 It is likely that the use of email has increased since the time this survey was done. Those contacting the Council by letter are likely to continue to do so. The reason for the change in contacting in person may be linked to difficulties that people have getting to Winchester.

3.10 There is little monitoring of the length of time that callers to reception points have to wait before they are seen by an advisor. There are particular difficulties at certain times when the staff on Main Reception are left to deal with enquiries for service departments. This is most unsatisfactory for the customer, and also for the Main Reception staff who are not trained to deal with enquiries other than by referral to officers elsewhere.

3.11 One area that is monitored now is the Benefits and Taxes counter where a new queuing system has been installed. In a two month period, this has shown that, whilst 68% of customers were seen within three minutes, 23% had to wait longer than five minutes.

3.12 Information has been gathered from Mori and Citizens' Panel surveys (1993 to 2002). This shows that, in the mind of the public, customer care is, generally, getting worse. The percentage of people who were satisfied or very satisfied was:

<b>Aspect of Service</b>	<b>1993</b>	<b>1995</b>	<b>1997</b>	<b>2000</b>	<b>2002</b>
<b>Helpfulness</b>	82	80	83	76	77
<b>Friendliness</b>	84	83	83	79	67
<b>Efficiency</b>	73	72	73	70	61
<b>Ability to deal with issue/problem</b>	68	67	67	68	67
<b>Easy to contact the right person</b>	72	69	69	67	62
<b>Satisfaction with how query was dealt with</b>	61	63	55	66	63
<b>Interest in problem</b>	68	71	70	65	53

3.13 In addition to customer service issues there has been a Government drive to improve councils' performance, in particular through the use of technology. The recent IEG submissions have included a commitment from this Council to such improvement and it is clear from the form of submission that there is a Government expectation that councils will improve through the use of some form of contact centre. Similarly, in announcing additional Government support in December as part of the Revenue Support Grant process, improvement of services through technology, and specifically through contact centres, was put forward as an aim that the Government expected local authorities to pursue.

3.14 With continued pressure on the Council's budget there is also an imperative to reduce costs where possible and evidence from contact centres operating elsewhere shows this can be achieved through the more efficient working that is engendered with this approach.

#### 4 Services within the CSC

4.1 Elements of most services will transfer into the CSC. This will include:

a) Phase One:

- (i) Dealing with frequently asked questions (such as *can you send me a form for....; I have changed my address;*)
- (ii) Complaints
- (iii) Environmental Health
- (iv) Housing
- (v) Licensing
- (vi) Planning, Building Control, Estates and Transportation

b) Phase Two:

- (i) Benefits and taxes
- (ii) Car parking
- (iii) Community Services
- (iv) Electoral registration

4.2 The services for the initial phases have been chosen based on experience elsewhere, including authorities that still retain their housing stock, as to what works well and where the most beneficial impact can be secured. This is supported by the information on lost calls that indicates that performance in some key areas is not as good as it could be. This is not a reflection on the staff involved – many do an extremely good job – but a recognition that some service areas are not able to provide a first class service because of other pressures and priorities. It is proposed



that Nineveh be commissioned to undertake more detailed work on agreeing services and broad service boundaries for the first phase.

- 4.3 Further services, or elements thereof, would transfer later once the CSC is established. This is an evolutionary approach, rather than a big bang. Most authorities set up contact centres in this way. There needs to be a sufficient core of services transferred in at the start to make the centre viable, to have an immediate impact on the customers and to make the work content sufficiently varied and interesting to motivate staff. Once operational for a period, and once there is stability, further services, or more complex aspects of services already in the CSC, will be transferred into the section. The complexity of some services will mean that professional staff (remaining in the service departments) will be required to deal with certain enquiries through a referral process. These enquiries would form the balance of 20% of calls not answered at the first point of contact – the target being 80% of calls being answered at first point.

## 5 Accommodation

- 5.1 As stated above, all reception areas will be rationalised into two – City Offices and Avalon House (both ground floor). Other receptions will close (Housing reception on the first floor of City offices, the Electoral Registration, Elections and Licensing reception on the second floor of City Offices and, eventually, the Parking Office). Generally, staff will come to meet customers at the reception points. Access for the disabled will also be improved and the Council will be able to meet its obligations under the Disability Discrimination Act (DDA).
- 5.2 Approval has been given to relocate the Cash Office temporarily to the ground floor of the Annex of City Offices. Because of the need to provide additional space on the ground floor for the CSC, it is proposed that this move becomes permanent. The new Cash Office will have fewer permanent tills (two, whereas currently a third till is operated if busy). Customers will be able to pay (other than in cash) at service desks, reducing the need to make visits to two desks.
- 5.3 The telephone contact centre will be located behind the City Offices reception to facilitate the rotation of staff between this and the front desks, both generally and during periods of peaks and troughs. The Avalon reception will continue to deal with development Services enquiries but responsibility for that reception will rest with the CSM. In time, it is expected that both reception areas will be able to deal with enquiries across the range of Council services. If relocation to one office building is achieved in due course all reception services will be provided from a single point.

## 6 Staffing implications

- 6.1 Unison and staff have been told of the broad proposals and will be consulted formally as the project progresses.
- 6.2 New posts will be created for a Customer Services Manager (CSM) and for Customer Service Operators (CSO). The CSM will be a senior manager (expected to be graded at Scale 8/9) and will report to the Director of Finance. The CSO posts will focus on generic customer service skills across a range of Council services and will be linked to new contracts that will ensure that there is sufficient staff flexibility to cover peak times and to provide extended opening hours.

- 6.3 To ensure that the CSC operates effectively it will be important to identify the core competencies for the type of work being undertaken within it and to recruit staff who possess such skills, including a customer focused approach. Person specifications will be drawn up showing these core competencies that the CSOs will need to possess.
- 6.4 The Operators' posts will be advertised internally and will be ring-fenced to individuals in posts that are at risk. Any remaining vacancies will be advertised externally. It is expected that such posts will be graded at Scale 3. There will also be a requirement for Team Leader posts, either at the higher end of Scale 3 or at Scale 4.
- 6.5 Departments will review their service areas to identify posts that deal predominately with the public and these posts will be deleted. There is the potential for redundancies as a result of this process if posts have been deleted but post holders have not been successful in gaining a new post of CSO. It is essential to the success of the new CSC that it is staffed with people who have the necessary skills and aptitude. Experience from others who have established such units shows that it is critical to get the staffing appointments right from the outset.
- 6.6 It is important to bring sufficient variety and complexity of work into the CSC to provide stimulus and motivation to the staff. It is also important to recognise that there can often be ill-feeling between the staff in the CSC and those outside – arising from a change in duties and responsibilities, and sometimes a reduction in the feeling of self worth, for staff remaining in service areas. In time, as the new responsibilities are embraced this will ease. Similarly, there may be resistance from the public – particularly if there are difficulties of any sort in the first few months. Member and senior management support through this period is essential – they need to believe in and embrace the concept, support it openly and show determination that it will succeed.
- 6.7 An indicative assessment of the numbers of posts affected (excluding Avalon House reception) has been provided by Nineveh and is given below. This information is based on a working knowledge that Nineveh has of the authority combined with their experience of similar contact centres operated by other district councils. Further work will be undertaken with service areas, including Avalon House, as part of the initial phases of the project to determine which posts will be affected and thus give a more informed view of the likely costs and savings.

6.8 Potential posts, excluding Avalon House reception area, are as follows:

	2004/05	2005/06	2006/07	2007/08	Total
<b>Additional posts:</b>					
CSM	1				1
CSOs	10	10	5	0	25
<b>Total</b>	<b>11</b>	<b>10</b>	<b>5</b>	<b>0</b>	<b>26</b>
<b>Staff Savings:</b>					
Dedicated front office posts (12)	(10)	(2)			(12)
Hybrid posts (15 affected)**	(0)	(5)	(2)	(3)	(10)
Other back office posts (75 affected)**	(0)	(5)	(5)	(5)	(15)
<b>Total</b>	<b>(10)</b>	<b>(12)</b>	<b>(7)</b>	<b>(8)</b>	<b>(37)</b>
<b>Net Total</b>	<b>1</b>	<b>(2)</b>	<b>(2)</b>	<b>(8)</b>	<b>(11)</b>

6.9 For posts marked \*\* - based on experience elsewhere it is expected that about 90 posts will be affected by the proposed changes – that is, that part of their work will be undertaken within the new CSC. The work these posts undertake will be reviewed and reorganised and this will result in fewer posts being required. At this stage it is estimated that perhaps the equivalent of 25 posts will be saved over the four year period shown above. The figures will become clearer as detailed work is done in each of the service areas.

6.10 In addition, as is set out in para 3.6, the volume of calls will change from the current level – as repeat calls are eliminated and more calls are received from people who find they can get a satisfactory response. This in turn may affect the number of people who visit the Council in person. These factors will also have a bearing on the number of staff required in the CSC.

6.11 Overall a net saving in posts is projected – but this will only be achieved by a rigorous assessment of work processes (ie through BPR) and a robust approach to requiring service departments to reduce staffing as work is transferred into the CSC.

## 7 Personnel Committee Involvement

7.1 Clearly there are significant staffing implications, with new and changed duties and the potential for redundancies. The CSM is crucial to the implementation of the CSC and it will be necessary to have this person in post to lead the project. At its meeting on 8<sup>th</sup> March, Personnel Committee approval will be sought to the establishment of the post of Customer Service Manager so that recruitment can commence promptly in order to meet the proposed operational date of May 2005.

7.2 Other staffing issues in connection with the proposed CSC will be brought to Personnel Committee as the detailed work is undertaken. The changes proposed will have concomitant effects on departmental structures that will need to be addressed and also reported in due course.

## 8 Project Management and Project Teams

8.1 Five separate projects have been identified:

- a) Accommodation – provision of CSC and consequent refurbishment/reorganisation of remaining areas within City Offices (project manager – Assistant Director of Finance (Support Services))
- b) CSC – establishment of, including staff recruitment and training (project manager – Director of Finance until appointment of CSM)
- c) CRM – implementation of computer software system including links to back office systems (project manager – ICT Project Manager)
- d) Process mapping – redesigning current process for the new CSC and the services remaining within departments (project manager – CSM, supported by Nineveh)
- e) Customer care – instilling a customer focused attitude into staff at all levels (Lead officers – Corporate Management Team)

8.2 Project teams will be set up as necessary to oversee these projects under the direction of the project manager.

## 9 Outline Timetable

9.1 This is shown in Appendix A. The intention is to have the CSC operational from May 2005, subject to formal approval of the necessary resources as part of the Council's Budget on 25<sup>th</sup> February and at the Personnel Committee on 8<sup>th</sup> March. The process could start then – with advertising for a CSM and with initial work on procurement of a CRM system.

9.2 Further detailed reports will be brought to Cabinet as the project progresses. The first such report will outline the costs and savings in more detail after some initial work has been done on identifying posts within service departments that will be deleted.

## 10 Transitional Arrangements – How it will work

10.1 Following the outline timetable it can be seen that the plan is to have the reception refurbishment works complete by the end of June 2004 and a CSM in post by August 2004. The first CSOs (from internal candidates) will be appointed in September. Further CSOs will be recruited externally and be in post by November/December. Training will be carried out through January/March 2005.

10.2 Until January 2005 internal CSO staff, who have been successful in securing posts within the CSC, will remain in their current departments preparing to leave. During this period departments will be reviewing the organisation of their work so as to hand over to the CSC the front line customer contact, and retain the administration

functions. BPR will be an essential part of this process and it is proposed that this work be headed by the CSM with specialist support from Nineveh. The specialist support will come from an individual experienced in BPR and the skills will be transferred to the Council through the CSM.

- 10.3 As the refurbishment will be complete (by June) before the CSC becomes operational the reception will operate on departmental lines for the intervening period. Individuals will deal with their current reception duties on the ground floor, even though the back office support may be situated on a different floor of the building. So, for example, a Housing receptionist will be available at a Housing desk, a Benefits receptionist at a Benefits desk, and so on. For some services, where customer contact is more intermittent, there will be no permanent presence on the ground floor. The Receptionist at the main reception counter would contact the appropriate member of staff to come to the ground floor to deal with the enquiry. This approach will continue for those specialist services that would not be dealt with by the CSC.
- 10.4 There may be a requirement to employ additional temporary staff during the transition period to supplement skills gaps that may appear as internal staff prepare to move to the CSC or are used to provide training for the CSOs. Further, there is likely to be a consequent adverse effect on performance (and Performance Indicators) during this period. Members, and Managers, need to accept this and hold on to the long term vision that the Council's services will improve radically.

## 11 In House Provision of Contact Centre

- 11.1 The Nineveh report at Appendix B suggests that the CSC is best provided in-house. In summary, the reasons for doing so are as follows:
- a) An in-house contact centre has a proven track record in that it is the way that most councils provide this facility
  - b) The potential for partnership working with other organisations is still possible
  - c) An off-site out-sourced contact centre will lose the benefits of close working between staff providing the personal contact at service desks and those providing the telephone operation (proposed to be the same staff operating on a rota basis)
  - d) The contact centre will be a significant driver for change in customer care throughout the rest of the organisation
- 11.2 Although no firm decisions need to be taken at this stage, Members are asked to indicate whether they prefer this approach: that is, of provision in-house. Alternatively, this aspect could be considered in more detail when reviewing the cost and savings implications once further preparatory work has been done. Outsourcing could delay the proposed implementation date of May 2005 and could have more serious implications for staff than those under an in-house arrangement. There will also be an increased workload in terms of specifying and tendering for the work and for Personnel staff in dealing with issues such as transfer of staff under TUPE arrangements.

OTHER CONSIDERATIONS:12 CORPORATE STRATEGY (RELEVANCE TO):

- 12.1 Customer Service is a key priority in the Council's Corporate Strategy with a specific remit to *establish a customer service unit responsible for dealing with enquiries and complaints effectively.*

13 RESOURCE IMPLICATIONS:

- 13.1 There are significant costs involved in a project of this magnitude. Nineveh has provided indicative capital costs that shown in para 13.2 below.

- 13.2 In summary, the capital costs are estimated as follows:

<b>£000</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>Total</b>
Organisational	37					<b>42</b>
Facilities	145	3	1			<b>149</b>
Telephony	55	5	1	20		<b>81</b>
Hardware	19	8	4			<b>31</b>
Software	235	110	45	10		<b>400</b>
<b>Total</b>	<b>491</b>	<b>126</b>	<b>51</b>	<b>30</b>	<b>0</b>	<b>703</b>

- 13.3 The capital programme (including growth bids) has provision as follows:

<b>£000</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>Total</b>
Organisational						<b>0</b>
Facilities	210					<b>210</b>
Telephony	70					<b>70</b>
Hardware	*19	8	4			<b>31</b>
Software	190					<b>190</b>
<b>Total</b>	<b>489</b>	<b>8</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>501</b>

\*Total provision £250,000

- 13.4 The potential shortfall of £200,000 relates primarily to different expectations about the extent to which a CRM system will be implemented and integrated through the project. The growth bid assumed a simplistic approach but it is recognised that it is likely that further capital over that included in the programme will be required in order to achieve the correct level of integration. Accordingly, it is proposed to revise the growth bid to include additional capital costs of £150,000 in 2005/06 and £50,000 in 2006/07.

13.5 The revenue costs and savings are summarised below:

<b>£000</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>Total</b>
Organisational	20	20	20	10	0	<b>70</b>
Staff	126	315	458	512	512	<b>1,923</b>
Hardware	2	2	2	2	2	<b>10</b>
Software	15	22	24	24	24	<b>109</b>
Total	163	359	504	548	538	2,112
Savings	(43)	(281)	(493)	(629)	(629)	(2,075)
<b>Net Cost/(Saving)</b>	<b>120</b>	<b>78</b>	<b>11</b>	<b>(81)</b>	<b>(91)</b>	<b>37</b>
<b>Growth bid</b>	<b>100</b>	<b>150</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>350</b>

13.6 Over a five year operational period (2005/06 to 2008/09) it is expected that the CSC will at least break even in overall cost terms (excluding the cost of capital and assuming that redundancy costs are small). All the estimates included are conservative and it is known that other organisations have achieved savings in excess of those envisaged when embarking on such a project.

13.7 As stated earlier in this paper, the CSC will operate by accessing information that will also be available to customers over the Internet. As the use of this facility grows, through customers using self service, the need for staff intervention will decrease and will lead to further efficiencies in operation.

13.8 The growth bid shown in the current budget papers did not make allowance for savings that would be expected in later years. At this stage it is proposed to alter the revenue growth bid to £150,000 in 2004/05 and £100,000 in 2005/06.

13.9 In addition, it needs to be recognised that the project may require significant time input from staff. The experience of existing staff will be required to undertake BPR in the various services. Managers will need to spend time dealing with staff issues as work is transferred to the CSC, duties change and some individuals may face the potential of redundancy. As the CSC is a key priority in the Corporate Strategy it is right that staff do focus their time on this project, but it needs to be recognised that other work, of lesser priority, may have to be deferred or delayed. Additional support, through the new post of CSM, through Nineveh and possibly through temporary staff will help this process.

#### 14 BACKGROUND DOCUMENTS:

14.1 Reports as detailed in Appendices B-C.

APPENDICES:

Appendix A: Outline timetable

Reports from Nineveh Consulting Ltd:

Appendix B: Managing Customer/Council Interaction – January, 2004

Appendix C: Telephone Access Findings – October 2003

CAB793



**Outline Timetable for Establishment of Customer Service Centre**

	<b>CSC</b>		<b>Accommodation</b>		<b>CRM</b>
11 Feb	Outline Cabinet approval	Jan	City Offices reception design completed		
25 Feb	Council budget approval	Feb	Negotiation/tender process		
8 Mar	Personnel Ctte approval				
Mar	Advertise CSM			Mar	Specification compiled
		Apr	Community Services move to Athelstan House; Internal audit move from annex; switchboard upgraded	Apr+	Tender (Gcat) process
May	Appoint CSM	May	Cashiers refurbishment and relocation completed; office moves commence		
Jun	Advertise CSOs	Jun	City Offices reception works undertaken		
		Jul	Other office moves completed		
Aug	CSM in post				
Sep	Internal CSOs appointed			Sep	Award contract
Oct-Dec	Set up CSC			Oct	Finalise contract/project plan etc
Nov/Dec	External CSOs appointed				
Jan/Apr 05	Training			Jan/Apr 05	Implementation
May 05	CSC live			May 05	CRM live