



Customer Contact Shared Service Draft Business Case v2.2

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1 Introduction

This document details the business case for the Customer Services departments from the London Borough of Sutton (LBS) and the Royal Borough of Kingston (RBK) to come together to provide a shared Customer Services function on behalf of both Councils. It follows on from the Project Brief of August 2015.

The audience for this business case is the Commissioning function of each Council, the sponsors of the project, the Heads of Service and, via the Committee cycle, members in each Council. A summary Committee report will be written for the relevant Committees (Strategy & Resources in LBS and Treasury in RBK), with this business case as supporting information.

2 Executive Summary

Since signing a Memorandum of Collaboration in 2010, the London Borough of Sutton (LBS) and the Royal Borough of Kingston (RBK) have participated in sharing services for ICT, HR, Highways, Transport & Regulatory Services and Pensions. The two Councils are currently in implementation phase for a shared Finance service, which will go live in 2017. Additionally, both Councils participate in four and five Borough services including Legal, Payroll, Counter Fraud, Internal Audit and Waste Disposal. The Memorandum itself was revised in 2016 to emphasise the continuing partnership of the two Councils.

This business case sets out the thinking and evaluation that has been carried out in order to come to a recommendation, namely:

To develop and implement a shared Customer Contact function between Sutton and Kingston, with a phased implementation during the latter half of 2017.

The services in scope for this proposal include all services currently delivered out of each Council's respective Customer Contact functions. For Sutton, this includes their Revenues and Benefits customer contact centre which will continue to run as a discrete service - this will be reviewed in the course of normal operations after the integration of the two corporate contact centres. Kingston's Revenues and Benefits Customer Contact is integrated with the back office and currently intended to remain so - hence is outside the scope of this proposal.

The two corporate customer contact services would combine under one management team. The shared service would physically operate out of two sites, supported by telephony, technology and multi-skilling to be able to service the needs of both Councils from either site. This gives the Councils "site resilience" which means that in the instance of one site being inaccessible, both Councils could continue to offer telephone service through the other site.

Although functioning at an operational level, there are a number of factors that have driven a review of how the service operates and what its potential for the future might be. These include:

- Continually increasing customer expectations

- Continued and increasing financial constraints
- Corporate desire for a changing relationship with customers, encouraging greater participation and promoting independence
- The need for a more assertive leadership role for customer contact within each Council - leading channel shift, tackling failure demand and surfacing integrated insight
- Demographic change (the ageing and increasing population) and a strategy for coping with the additional demand this will generate
- Commissioning councils - a new model of public service delivery that may see the reduction in size of an operational function but an increased need for insight, joined-up thinking and value-add so that the end-to-end customer experience is supported and enhanced.

The proposal detailed in this business case responds to these drivers for change in a complete and systemic way that underpins service delivery (which may change significantly in the future) and empowers each Council to make informed decisions about services and the relationship they hold with their customers. It puts a strategic customer contact function at the heart of the change and this in turn improves customer journey and promotes channel shift. Developing the systems to support tracking of customer journeys beyond their initial interaction with the contact centre and through to resolution with internal or external services will give far greater corporate insight. This view of end-to-end customer contact will allow better demand management and make sure that the Councils can improve beyond the confines of initial customer contact and ensure resolution or prevention of issues that make a real difference to our customers. The key benefits are:

- This is more than just a shared service to save cost - it builds a customer access strategy for the future, putting the resident at the centre of our thinking and planning
- It enables site resilience, ensuring business continuity across both Councils
- It gives us far better customer insight - understanding and building a picture of the needs of residents now and for the future
- It redesigns channel and digital propositions using customer insight to deliver ongoing improvements and a cost-effective business model for the Councils
- It standardises and simplifies the service, transforming the ways of working.

At an operational level, the shared service will plan resourcing to match demand and see stronger performance management. In doing so, Kingston will save around 17% (£189k) of its staffing budget and Sutton will see a noticeable performance improvement and a cost avoidance of £70k (which could rise to £194k if the corporate contact centre later expands to field Revenues and Benefits calls for Sutton). Technology improvements and channel shift will see further savings accrue from year 2 onwards, which are estimated at £60k pa for each Council by year 5. A fuller financial analysis will be an early milestone on the implementation plan so that benefits can be tracked and reported.

Sharing the service not only gives site resilience - it allows flexibility to deal with peaks and patterns of demand and it allows the relatively small customer contact departments of each Council to benefit from the sustainability that a larger operation brings: both Councils will

share the cost of developing better insight, pool expertise and provide career development opportunities for staff.

Next steps:

- Decision on the implementation of the recommendation at Strategy & Resources Committee on 16 January 2017 (LBS) and Treasury Committee on 9 February 2017 (RBK), subject to financial signoff in April 2017
- Establishment of implementation project, including planning and governance
- Establishment of service design, technology and change management workstreams
- Implementation latter half of 2017, which could be phased to reduce the dependency upon technology deliverables.

3 Current Customer Contact provision

3.1 Current Customer Contact Vision

Both Customer Contact teams work to similar KPIs and publish their performance on a regular basis. They each work with the wider Council services when there are changes that could affect the content or demand for contact. Additionally both recognise the need for channel shift and staff and managers strive to create a positive customer experience.

However, there has been little recent activity in the development of a customer access and experience strategy in either Council. Such an approach would fully set the scene for the requirements of a Customer Contact function and a roadmap to achieve that desired future state.

3.2 Differences and similarities in the two Boroughs' services

Both departments are mature and stable environments, delivering the functions they have been set up to do. They are of similar size, and cost, though there are differences in the functions they undertake;

Kingston's Customer Contact department is composed of:

- **Corporate consolidated contact centre** - handling all customer access channels including the management of the buildings' Customer Service reception and the Information and advice centre (IAC). Note that this does **not** include the Revenues and Benefits Contact Centre, which is managed within a different department
- **Complaints and FOI administration team** - who support but do not own the corporate complaints process. It is a logging tracking and reporting function only
- **Kingston Interpreting Services team (KIS)** - a service which provides interpreting and translation services to external organisations largely using freelance providers from within the local community. It is a profit making unit, with scope for growth.

Sutton's Customer Contact department is composed of:

- **Corporate consolidated contact centre** - handling all customer access channels including management of the building's customer reception area
- **Stand-alone Revenues and Benefits contact centre** - handling phone and face to face only
- **Web team** - administering and maintaining the corporate website
- **Customer Care team** - a team dedicated to managing all escalated contact including complaints, FOIs, member/MP enquiries, SARs and statutory complaints
- **Appointeeships and deputyships team** - managing the personal and financial affairs of vulnerable clients.

Similarities

- Multi-channel contact centres with telephony as the main channel
- No consolidation of email contact (likely to be largely handled within other services)
- Operating hours 9-5, M-F, no shift work but some part-time staff
- Customer care and complaints-handling function (some differences in scope - administrative only in RBK)
- No resources allocated to strategy development
- Committed to channel shift and demand management, but do not have any resource allocated to achieving this.

Differences

- **Revenue and Benefits (R & B) contact centre** - LBS has a separate team that comes under the remit of Customer Contact, handling telephone and face to face appointments (not emails which are the responsibility of the back office service). In RBK, the same function (but including emails) is managed as an integrated service within Revenue & Benefits
- **Web team** - LBS has a team responsible for managing the Council's external website website: RBK has no comparable function within Customer Contact, with the Corporate Communications team managing the website content. There is no strategic function to the LBS web team, which manages content, liaises with web content owners and handles administrative and technical aspects of site management. A web master role can be brought in when necessitated by a technical project or major site review.
- **Kingston Interpreting Service** - provides interpreting and translation services to external organisations (eg Achieving for Children, Kingston Hospital, GP practices) largely using freelance providers from within the local community. It is a profit making unit, with scope for growth. No such function exists within LBS, although there may be appetite to explore this
- **Citizenship ceremonies and nationality checking** - a revenue-generating service in RBK that does not exist within LBS, although there may be appetite to explore this
- **Appointeeships and Deputyships** - provided within Customer Contact in LBS, but not in RBK (where it is managed within Finance, who also handle other assessments). Although acknowledged as a high quality service, there may be benefit in being part of a larger team (eg within the shared Finance service of the two Councils, launch 2017).

3.3 Current staffing information and cost comparison

Staffing Numbers	Kingston Contact Centre	Kingston Innovation, written channels, Complaints admin, KIS	Sutton Contact Centre	Sutton Customer Care	Sutton Revs and Bens	Sutton Appointee-ships and Deputy-ships
Customer Service Managers	1	1	1	1		
Team leaders	2	1			1	1.6
Agents - phone	25.1		13		9	
Agents - face to face	7		3.4		1.6	
Agents - other channels		3				
Officers		3		4*		1
Administrators		2	3			0.6
Web team			2			
Apprentice (new)						1*
Total staff	35.1	10	22.4	5	11.6	4.2

* these figures include 1.5 x 'over establishment' posts which have been deemed necessary for this financial year. Rightsizing underway will most likely confirm/increase these (1 part time customer care manager, and 1 apprentice in a'ships/ d'ships)

Both organisations pay their contact centre staff in line with the scale paid by other London boroughs with Kingston staff at the lower end of the scale and Sutton staff at the higher end.

The figures below include the more senior staffing of the Web Team, Customer Care Team and Appointeeships and Deputyships team. Average agent cost is a more comparable figure.

2016-17 data	FTEs	Total staff cost	Average cost per FTE	Average agent cost
Kingston (inc on-costs)	45.10	1,149,000	£25477	£27027
Sutton (inc on-costs)	43.20	1,650,000	£38194	£34583

3.4 Current service performance

Wherever available, these figures cover the year November 2016-October 2016.

Performance statistics	Kingston	Sutton
Main contact centre <ul style="list-style-type: none"> - Calls received pa - % of calls answered - Av. call handling time - Av. wait time - Number of agents 	275,586 94% 181 sec 40 sec 25	173,711 80.5% 187 seconds 216 sec 13
Face-to-face <ul style="list-style-type: none"> - Visitors pa - Number of agents 	60,000 7	50,000 3.4
Customer satisfaction <ul style="list-style-type: none"> - Telephone - Face-to-face - Email - Web 	80% 89% 62% n/a	89% 90% n/a 41%
Revenue & Benefits contact centre <ul style="list-style-type: none"> - Calls received pa - % of calls answered - Av. call handling time - Av wait time - Face-to-face visitors pa - Number of agents 	n/a	111,797 64% 4 min 50 sec tbc 16,000 tbc

4 Drivers for change

There are six key drivers for reviewing the way in which we provide customer contact services: two are very familiar and four have emerged more recently.

Familiar

1. Continually increasing customer expectations
2. Continued and increasing financial constraints

New

3. Corporate desire for a changing relationship with customers, encouraging greater participation and promoting independence
4. The need for a more assertive leadership role for customer services within each Council - leading channel shift, tackling failure demand and surfacing integrated insight - so we can get more things right first time (and reduce complaints and rework)
5. Demographic change (the ageing and increasing population) and a strategy for coping with the additional demand this will generate
6. Commissioning councils - a new model of public service delivery.

The last driver for change is significant. The changing landscape of local government, and the progress of both Councils towards a commissioning model can be counter to traditional models of a central consolidated contact centre. Increasingly, services will adopt alternative delivery models. The challenge for the organisation will be how to do this:

- without fragmenting and confusing the customer experience, especially on-line
- without compromising corporate reputation, and without fragmentation and blame-shifting between commissioners and providers
- by being able to intervene before or when things start going wrong, and not after the event
- by ensuring the corporate customer contact centre doesn't become an increasingly costly overhead as the critical mass of calls diminishes - it has to add value to the organisation in different ways.

As the new commissioning approach becomes more established, the customer services function will become less about direct delivery and more about resolution and insight. Call centre operators should reduce in number, as more is done online or automatically (channel shift) but Customer Contact will become increasingly relevant as the environment through which the organisation can monitor the quality and success of the services we commission.

Any new operating model must understand this new dynamic - as well as maintaining and improving the traditional contact centre functions, it must position Customer Contact strategically, with the tools, flexibility and approach to respond to the drivers for change.

5 Service Design

5.1 Approach

In considering the future service needs and aspirations of each Council in terms of customer contact, three activities were undertaken:

- Initial assessment of Customer Contact strategy
- Workforce Planning Analysis
- Current Customer Contact Review.

5.2 Initial assessment of Customer Contact strategy

Current strategic outlook for Customer Contact:

- Neither Council has a current customer service strategy, though both of them have had these in the past
- Neither Council has an access channel strategy (which would set out the future trajectory for each channel and contain channel shift targets, reductions in mediated channels such as face to face and phone, as well as increases in self service)
- Customer Contact teams in both Councils are delivery units, rather than demonstrating any proactive strategic function
- Neither Council has a Customer Contact team resourced to develop strategic or improvement aspects

- Even though both contact centres are perceived as corporate, there is substantial customer contact being delivered outside each corporate contact centre. This represents an opportunity for the future (increased scale, reduced cost to serve, greater customer insight).

There is development that should be undertaken within each Council (or both working together) to define the strategic direction of customer contact. This is likely to be a largely similar approach in both Councils that could be tailored to meet individual Council's needs.

Whilst not a proposed strategy, typical expectations of a Customer Contact function are:

- Customer focussed thought leadership for the rest of the organisation, defining the direction for customer experience and championing and monitoring customer service excellence across the whole organisation
- Help the organisation to listen to its customers and to learn from its mistakes
- Articulate what good looks like through customer care standards and setting out future direction through a clear strategy that is co-designed with services, partners and customers
- Develop service levels that have meaning and are appropriate to both the customer and the Councils themselves
- Provide rich and actionable insight about the customer experience from start to finish, and drive improvements which make things better
- Report granular and meaningful data about the cost to serve, highlighting opportunities for channel shift and reduction in handling times and reducing demand and avoidable contact
- Systematically use integrated customer insight for prevention and early intervention, and to promote independence
- Empower staff to act as advocates for the customer - with a remit for resolution, ensuring that the whole organisation (and all its delivery partners) keep the promises they make to customers
- To be a sustainable operation - maximising performance and productivity, agile in the face of the changing local government landscape and able to deliver its own ongoing savings and additional income year on year.

Any future delivery model needs to position itself better than the current services in order to develop a viable and meaningful strategy that supports the needs of the Councils beyond merely delivering an operational activity.

5.3 Workforce Planning Analysis

The resourcing needs of a customer contact centre (telephony) can be determined given the inputs of call arrival pattern and call duration. For all four contact centres this data is available, giving the opportunity to map various combinations of optimal staffing - from the recommended staffing levels for four standalone contact centres (as now) through to a merger of all four.

A Customer Contact Workforce Planning Analysis was commissioned from an external company using the industry-accepted 'Erlang Calculator' to determine FTE requirements for the telephony element of the operation. The input data was from the previous 2 years.

Resource levels will need to be greater the higher the performance levels to be achieved. For the figures below, an assumption was made that service performance should be 80% of incoming calls answered within 60 seconds: when it comes to operation, there will be further testing, analysis and discussion to determine the most appropriate service levels. The savings shown assume that there is the flexibility to schedule the workforce to match call arrival patterns (for instance a greater number of agents in the morning when call volumes are higher) and that agents are multi-skilled (eg can handle all incoming call types). Neither of these assumptions can be fully borne out with the current contact centres, so achieving optimal staffing levels will also need appropriate scheduling and multi-skilling of staff.

Scenarios modelled

FTE requirements have been calculated for ;

1. Four individual call centres (RBK corporate contact centre, RBK Revs & Bens contact centre, LBS corporate contact centre, LBS Revs & Bens contact centre)
2. A merger of LBS corporate and Revs & Bens contact centres
3. A merger of the LBS corporate and RBK corporate contact centres
4. A merger of the LBS corporate, LBS Revs & Bens and RBK corporate contact centres
5. A merger of the LBS Revs & Bens and RBK Revs & Bens* contact centres
6. A merger of all four contact centre environments

*RBK Revs & Bens is not a discrete contact centre but is a function integrated with the RBK Revs & Bens back office. Call data allows us to model the resource requirements were it to be a separate unit, for the purposes of comparison.

Table of FTE modelling scenarios

Option	Description	Sutton		Kingston	
		Revs & Bens	Main	Main	Revs & Bens
1	Four contact centres running independently	A	B	C	D
2	Sutton contact centres merge	AB		C	D
3	Main contact centres merge	A	BC		D
4	Main contact centres plus LBS R&B merge	ABC			D
5	R&B contact centres merge	AD	B	C	AD
6	All four contact centres merge	ABCD			

Key: **A, B, C, D** are shorthand identifiers so that various combinations of operations can be identified, eg **AB, ABC**
 - also reference in table below.

Analysis Results

Results of the analysis are shown in the table below and discussed in subsequent paragraphs:

Table of optimal staffing levels for various scenarios

		Current FTE	FTE required to meet target	Excess / shortfall of FTEs to meet target	Cost/saving against current at £27k per agent*
1	Four contact centres running independently - Sutton Revs & Bens (A)	10.5	15.1	4.6 shortfall	£124,200 cost
1	Four contact centres running independently - Sutton Main (B)	13	15.6	2.6 shortfall	£70,200 cost
1	Four contact centres running independently - Kingston Main (C)	25	19.6	5.4 excess	£145,800 saving
1	Four contact centres running independently - Kingston Revs & Bens (D)	n/a	11.5	n/a	n/a
2	Sutton contact centres merge (AB)	23.5	25.3	1.8 shortfall	£48,600 cost
3	Main contact centres merge (BC)	38	31	7 excess	£189,000 saving
4	Main contact centres plus LBS R&B merge (ABC)	48.5	40.25	8.25 excess	£222,750 saving
5	R&B contact centres merge (AD)	22	18.4	3.6 excess	£97,200 saving
6	All four contact centres merge (ABCD)	48.5	46.8	1.7 excess**	£45,900 saving

*£27k per agent has been assumed across the board - although the LBS average salary is notably higher than the RBK average salary, it is likely that additional resource would be brought in at the lower end of the scale.

**Note other capacity benefits within this option.

Option 1 - four individual call centres (status quo)

It can be seen that by continuing to run as standalone contact centres, that LBS would need an FTE increase of 7.2 in total in order to achieve the performance target (cost £194,400). Conversely, the RBK corporate contact centre should be able to achieve a 5.4 FTE reduction (saving £145,800) as a standalone, by better managing team scheduling, multi-skilling and performance. The RBK Revs & Bens contact centre is an integrated function with the back office - were it to run separately, it would need 11.5 FTEs.

Option 2 - merger of LBS corporate and Revs & Bens contact centres

It can be seen that merging these two functions would require an additional 1.8 FTE in order to achieve the performance target. Although an increase in cost, it is still considerably less than the 7.2 FTE needed in order to continue running the contact centres separately (Option 1). The cost would be £48,600 and the cost avoidance would be £145,800.

Option 3 - merger of LBS corporate and RBK corporate contact centres

It can be seen that merging these two functions would require 7 FTE fewer in order to meet the performance target, a saving of £189,000 overall and a cost avoidance of £70,200 (for LBS).

Option 4 - merger of LBS corporate, LBS Revs & Bens, RBK corporate contact centres

It can be seen that merging these three functions would require 8.25 FTE fewer in order to meet the performance target, a saving of £222,750 and a cost avoidance of £194,400 (for LBS).

Option 5 - merger of LBS Revs & Bens and RBK Revs & Bens contact centres

This is a slightly academic exercise, as it assumes that the RBK element is a discrete function using 11.5 FTE. Under this assumption, a saving of 3.6 FTE would be available. However, this ignores the dis-economies that would be caused by splitting the RBK Revs & Bens back office and front office functions. Given a relatively low potential saving, this option should be discounted.

Option 6 - merger of all four contact centre environments

It can be seen that merging all four functions would require 1.7 FTE fewer in order to meet the performance target - an overall saving of £45,900 and a cost avoidance of £194,400 (for LBS). The total call volume of the four contact centres could be managed within this staffing structure, which is 1.7 FTE fewer than the three contact centres excluding RBK R&B and this in itself could generate additional savings. However, no analysis has currently been done to explore the performance implications or any diseconomies of scale that could be caused by splitting the RBK Revs & Bens back office and front office functions. This option could be worth revisiting at a future date.

without transferring any staff from the RBK Revenues and Benefits integrated function, which may free up resource in that area and generate additional savings

Conclusion on Workforce Planning Analysis

Option 4 would give the greatest direct financial benefit if considering sharing services, with Option 6 worthy of consideration for a later phase as benefits could exceed those shown here (re-baselining would need to be carried out to reflect the performance and cost of the new shared service). Given that any of these modelling scenarios assume appropriate scheduling and staff multi-skilling (which will take time to achieve), a practical approach would be to pursue Option 3 to merge the two corporate contact centres in the first instance. Option 4 (the expansion of Option 3 to include the LBS Revs & Bens Contact Centre) would

be a second phase that would give further financial and performance benefits and does not disaggregate any existing teams. At that point, Option 6 (the inclusion of RBK Revs and Bens contact centre) could be revisited and would require additional analysis before a decision could be reached.

5.4 Current Customer Contact Review

The two Customer Contact Corporate teams were reviewed through:

- Analysis of performance data spanning the past 2-3 years
- Various reviews and audits spanning recent years
- Team engagement
- Review of performance indicators
- Benchmarking with other London Boroughs
- Customer Feedback and Insight (from Govmetric in Sutton, and Customer Effort face to face questionnaires in Kingston)
- Examination of complaints spanning the last year
- Interviews with staff and call listening/ work shadowing
- Meetings with Heads of Service
- Member feedback.

	Kingston	Sutton
Strategy	No current Access Channel Strategy. A Customer Charter exists but standards not measured or monitored. There is innovation /strategic remit with one manager: in practice this has been difficult to make this effective due to the burden of operational work.	No current Access Channel Strategy or corporate customer care standards.
Customer feedback	Limited data detailing only the contact centre experience, rather than end-to-end customer service including resolution and no qualitative data on dissatisfaction. Customer insight could be improved.	Govmetric used for customer satisfaction data. Complaints learning undertaken, limited capacity to follow up action outside of team. Web team uses statistics to drive improvement. Customer insight could be improved
Staff	Some good soft skills and highly motivated individuals but also a lot of labour intensive, repetitive or duplicate work that should be automated or eliminated. A poor systems environment has led to workarounds. Imbalance of staff numbers in teams and limited coaching activity due to operational pressures on team leaders.	High levels of pride, engagement and motivation, with excellent soft skills. Call centre staff generously paid (on par with highest paying boroughs), low turnover, but some challenges on sickness levels. Managers highly committed. Evidence of labour intensive, repetitive or duplicate work that should be automated or eliminated, hampered by poor systems.

Performance	Key performance indicators (KPIs) not set up to measure what matters to customers. Some performance stats are measured and reported. Targets for the contact centre are largely met although higher wait times can occur during seasonal peaks. Performance with the current number of staff should be higher. Poor caseload management data makes it difficult to assess productivity of staff for complaints administration, and written channels such as email, correspondence, social media and web-chat. There are opportunities for further review and improvement.	Key performance indicators (KPIs) not set up to measure what matters to customers. Some performance stats are measured and reported. Generally low target levels which the teams in both the corporate contact centre and the Revs & Bens contact centre struggle to meet, the primary cause being understaffing. Customer Care and Appointeeships and Deputyships have less data on which to report, but have difficulty in managing caseload. Temporary resources in place to alleviate pressure across teams. This should be recognised as a significant challenge for the service.
End-to-end customer experience	No oversight of customer experience outside the contact centre and no back office SLAs. Handling times extended by lack of response from back office, inaccessible information and poor systems. Opportunities exist to improve the customer experience.	No oversight of customer experience outside the contact centre and no back office SLAs within the corporate function. Handling times extended by lack of response from back office, inaccessible information and poor systems. Opportunities exist to improve the customer experience. Revs & Bens contact centre function has a better model with an SLA between them and the back office.
Resourcing	Not currently well-aligned to demand, which causes loss of performance and under-utilisation of staff. Good induction process. Casual bank of workers helps to cover predicted seasonal peaks	Not currently well-aligned to demand, which causes loss of performance and under-utilisation of staff. Part time staff do not have hours that match business need
Systems	Poor, slow and little integration, with recent CRM upgrade not bringing improvements and no single sign-on. Inadequate use of and implementation of systems and the processes the businesses use with them - limited recording of cases gives an incomplete customer or performance picture and no technology solution deployed for knowledge management. At best, a collection of systems that falls short of a contact management environment.	Poor, slow and little integration, with recent CRM 2015 introduction making matters worse rather than better. No single sign-on. Inadequate use of and implementation of systems and the processes the businesses use with them - limited recording of cases gives an incomplete customer or performance picture and no technology solution deployed for knowledge management. At best, a collection of systems that falls short of a contact management environment.
Management information	Little meaningful data available beyond telephone stats for some services and no overall view that would inform service improvement and channel shift. Manually intensive to generate even limited customer insight data and more work needed to make the reports and their conclusions consistent with the source data. Some corporate indicators based on incomplete data set. Insufficiently granular data with which to	Insufficiently granular data with which to actively manage demand (eg failure demand, channel shift). No staff capability to improve situation in current team.

	actively manage demand (eg failure demand, channel shift). No staff capability to improve situation in current team.	
Resolution focus	Work is passed to the back office, with customer contact involvement stopping at that point ("fire and forget"). Scope to develop the contact centre to act as advocates for customers, making sure the organisation keeps its promises.	For the corporate contact centre, work is passed to the back office, with customer contact involvement stopping at that point ("fire and forget"). Scope to develop the corporate contact centre to act as advocates for customers, making sure the organisation keeps its promises. The Revs & Bens contact centre resolves around 99% of all calls, but to the detriment of call answering and far beyond the usual scope for a contact centre set up. There may be a balance to be achieved by re-calibrating work between the front and back office and this is the subject of ongoing discussions.

Customer Contact Review Conclusions

The key findings of the two reviews are:

- Both Councils have teams that are largely functioning as delivery units, although performance could be improved, particularly in the Sutton teams
- Kingston has more than enough staff to be able to reach a reasonable performance level, but Sutton has too few
- Soft skills and staff motivation are good but the requirement to carry out low-level work that should be automated reduces the ability to add value
- Better alignment of resource to demand and a greater level of multiskilling would give more flexibility to meet performance levels
- Systems, data, reporting and customer insight could be significantly improved in both Councils. In particular, the development of a more appropriate CRM implementation alongside systems integration and a consistent use of CRM technology across all service areas would make a big difference
- In the corporate contact centres, there is insufficient relationships/handoffs with the back office in either Council to adequately manage the overall customer experience of contacting their Council
- Revenues & Benefits contact centres in both Councils achieve close coordination between back and front office functions (although arranged differently in each Council)
- With no strategic function or resourcing for improvement, both Councils will struggle to promote channel shift and drive cost down and neither will be able to fulfil the potential of customer contact to help the Councils develop a new relationship with customers

- Whilst core customer contact functions are similar in intent, the full scope of services reporting into Customer Contact varies between the Councils and this could offer additional opportunities for both Councils.

Any future delivery model, whether shared or not, must address the potential to improve in a number of areas shown above, must rightsize the staffing model and should provide adequate capability and capacity to develop a strategic function to add value to the Councils, drive service improvements and significantly improve the customer experience.

6 Delivery Options

A number of potential delivery options have been considered to deliver a Customer Contact function fit for the future and aligned with the strategic direction of each Council. A particular challenge is acknowledged in that the insight that a fully-functioning service would provide would itself inform strategic direction. Attention was paid to the likely benefits, risk, timescale and procurement costs of each option.

Key considerations in assessing alternative delivery options:

- The scale of each operation separately or combined is relatively small
- The scope to reduce demand and make savings for each Council, before sharing such benefits more widely through a new partnership, is considerable - for example through process streamlining, reduction of avoidable contact and reduced handling times
- The ICT environment has already been invested in by both Councils, with appetite for actively pursuing digital channel shift (reduction of demand on higher cost channels such as telephony and face-to-face),
- Work is still required to understand current demand and handling times at a granular level, to map current processes and handoffs and to establish service level agreements, all of which would be necessary to underpin negotiations with third parties

A summary of the options considered is shown in the table below:

Option	Recommendation	Notes
Outsourcing	Not at present	Current scale of each or combined operations is unlikely to be a very compelling proposition for external providers/ or may not achieve the best possible price. If Customer Services were part of a bundle of services being considered for outsourcing there may be greater benefit. This option could be revisited in the future. Cost of procurement (indicative estimate for each OJEU procurement would be £50-80k) would erode potential benefits if progressed as a stand alone outsource (s).
Joint Venture	Not at present	As for outsourcing, above
Staff-led spin-out/Mutual	Not viable	There is no suggestion for such a model coming forth from the staff group, and so this has not been actively considered.

LATC	Not specifically for Customer Service function	Recognised that there could be some advantages were the service in a position to trade in future but this is not the case now. Not averse to this as part of an overall shared service approach but unlikely to pursue for the Customer Services function alone.
Stay as-is (service improvement in-house)	Second choice	All four contact centres are relatively small and with the trend towards commissioning, they run the risk of becoming even smaller over time, reducing their flexibility to respond and with remaining overheads increasing the cost to serve. Service improvement is clearly possible for each Council as standalone function, as well as some savings for Kingston. The cost of service improvement, including investing in the development of appropriate systems could be significant and the Councils face a choice of each incurring those costs for a similar outcome or of collaborating upon service improvement. This could be possible as standalone services collaborating rather than sharing.
Shared service between Sutton and Kingston	Recommended	Although not without some risk, this option offers strategic fit, savings from economies of scale and service resilience. Both councils want to ramp up their strategic customer service capacity and this is more affordable when combined. There would be scope to share with other boroughs in the future, further benefitting from economies of scale.

The conclusion is that the option for the two Councils to share services offers the greatest benefits at a manageable level of risk and within appropriate timescales. This option also strongly supports the strategic direction of both Councils. There are multiple potential routes for combining all or some of the contact centres and the approach should be to combine those with the most benefit initially. Once the platform and function shows stable and sustained performance there can be further multiskilling to allow the benefits of scale to apply to a greater range of each Council's customer interactions.

There is a strong case to keep other delivery options under review for a future phase. The act of sharing may make these options more viable, with shared costs to implement and a more representative view of savings that could be achieved once the earlier phases of sharing have delivered their cost savings to the Councils.

7 Proposal

7.1 Customer Contact Shared Service - premise

A shared service would see the two separate Customer Services departments coming together under a single organisational structure and leadership. Driving the change through developing the vision and strategy for customer contact in both Councils will enable the operation to deliver great customer insight, add value and improve the customer experience. The shared service will be resourced for this key activity in a way that neither Council has currently been able to achieve. By sharing the service, the Councils share the cost of this function and both gain the long-lasting and transformational benefit that it will bring.

The two corporate customer contact services would run as a single flexible unit, physically operating out of two sites but supported by telephony, technology and multi-skilling to be able to service the needs of both Councils from either site. This gives the Councils “site resilience” which means that in the instance of one site being inaccessible, both Councils could continue to offer telephone service through the other site.

Any changes will be designed to be seamless and invisible to customers in terms of how they contact their Council. Customer contact will be responded to using exactly the same greetings and signatures as are in use today, with the agreed branding of each Council rather than a general response that may seem “faceless” or as if one Council is providing services to the other. During the development and implementation of the project to share the service, strong attention will be paid to governance, culture and identity - so that both Councils are visibly equally sharing the service and that each preserves its identity to its customers.

There will continue to be a physical presence of Customer Contact staff in each Council. This fulfils three functions:

- It maintains face-to-face/front of house services where they are needed and directly representing the Councils where they are based
- It allows for other contact (eg telephone, webchat, email) to be carried out in both locations for both Councils through multi skilling of staff - this means that the approach towards meeting service demands can be very flexible and yet give both Councils the assurance that their services could be operated out of either Borough in the instance of one of the premises being inaccessible or not fully functioning
- It encourages the retention of skilled and committed staff in each Borough by minimising the amount of relocation or travel needed in order to provide a shared service, which will also offer greater career and development options. Some functions eg management and innovations team may be more mobile across sites and will also make use of technology in order to be flexible and effective.

Sutton's Revenues and Benefits customer contact would continue to run as a discrete unit reporting into the shared service management structure and benefitting from the development of the strategy, insight and systems that will support the overall shared service. Its potential inclusion as part of a more broadly-skilled corporate customer contact function is an operational decision that could be revisited at a later date - however, without inclusion within a broader service, it will continue to face the choice of either missing performance targets or needing more staff in order to meet them. Costs and performance will be kept under review.

Kingston's Revenues and Benefits customer contact will not be part of the shared service and will continue to be integrated with Kingston's Revenues and Benefits back office service.

Each Council, whilst benefitting from an integrated approach, resilience and improvements in customer insight, will continue to set out its own requirements of its customer services (armed with better data). It will see its own performance reports and be able to understand better its customers and how they consume the services provided by their Council.

7.2 Services in Scope

Services in scope include all those currently provided by either or both of the Customer Contact departments to their respective Councils, although there are opportunities at a future date to either expand or “re-home” a number of services which are not consistent across both Councils. Any changes in these services present only in one Council’s Customer Contact department do not form part of this business case and it is assumed that unless any alternative arrangement is made in the interim, they will report into the proposed Customer Contact shared service.

The full range of in scope and out of scope functions are detailed in the table below:

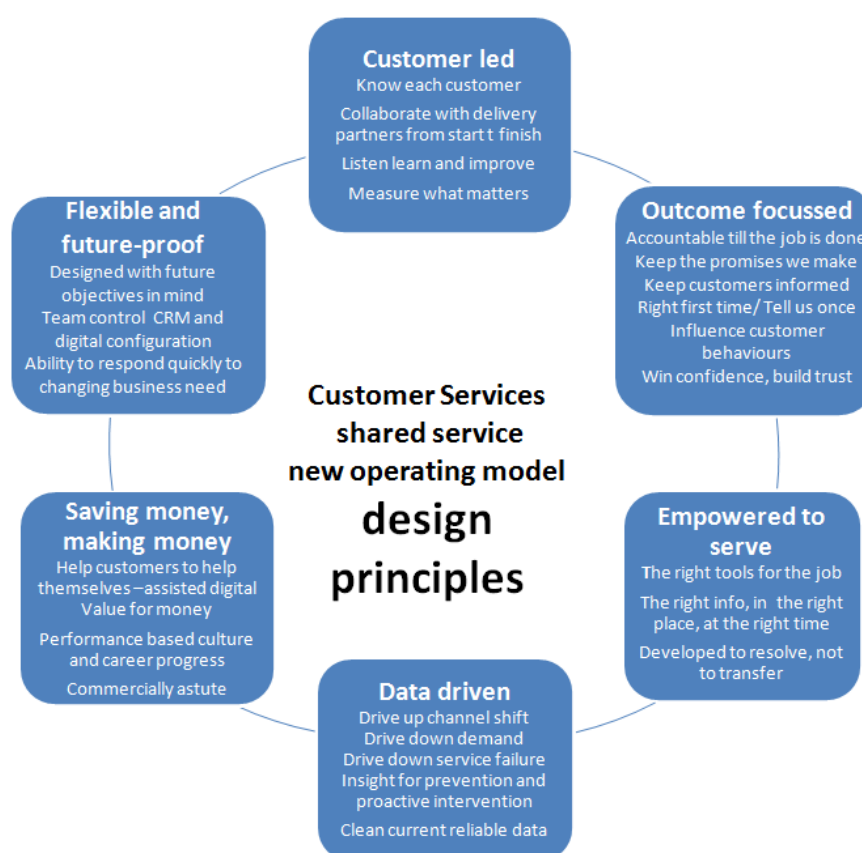
Teams	Kingston	Sutton	In / Out of scope?	Comments and recommendations
Multichannel corporate contact centre, including face to face receptions	Y	Y	In scope to fully share both functions	Comparable service provided and minor service differences can be managed. <i>This function will deliver all the ‘economies of scale’ financial benefits for this project.</i>
Revenues and Benefits Contact Centre	N	Y	Neither R&B contact function in scope initially LBS R&B could be added to scope at a later date	The reporting line remains into Customer Contact for LBS only but continues to be managed as a discrete function. There is potential to bring it into scope as a future phase. RBK remains an integrated function with the rest of R&B and is not being considered for inclusion at this time.
Web team	N	Y	LBS in scope for shared service	Responsibility for website maintenance lies with Comms in Kingston, but they do not have any allocated resources. Could consider a shared web team to fill current gap in Kingston - although not part of this business case
Complaints and other escalated contact	Y	Y	In scope for shared service	Dedicated team at LBS for all escalated contact, only complaints and FOI administration performed at Kingston, overall responsibility for escalated contact lies with Risk and Assurance. Proposal put forward to RBK SLT to align and adopt Sutton model, which is under review and does not impact the business case to share
Appointee-ships and Deputyships	N	Y	LBS in scope for shared service	This function in RBK is delivered by Finance. There could be opportunity to deliver the LBS function from the future shared Finance service, although this option does not form part of this business case (so the LBS function remains reporting into the proposed shared Customer Contact service).

Interpreting service	Y	N	RBK in scope for shared service	Highly valued strategic service which generates income. Could be opportunity to expand service to LBS with adequate resourcing, although this option does not form part of this business case.
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7.3 Customer Services Shared Service Design Principles

The potential strategic objectives of the Customer Services shared service are shown below as a series of design principles. These will be built upon during the implementation of a shared service (and its strategy) to create the new operating model, to guide the activities and responsibilities within it and to develop a resourcing model to deliver it.

Proposed design principles



8 Benefits

8.1 Financial Benefits

There is a strong financial case for developing a Customer Contact shared service:

- Kingston would realise a cashable saving of c£189k, which equates to 17% of its staffing budget of £1,090k for that element of the service
- Sutton would benefit from cost avoidance of c£70k which is how much it would need to invest if pursuing a performance measure of 80% of calls answered in 60 seconds

for the corporate contact centre. This could rise to a cost avoidance of c£194k if it were later able to integrate its Revenues and Benefits contact centre with the shared corporate contact centre.

Both Councils would also benefit financially from better systems and channel shift that would be driven through by the new shared service approach. This is estimated to deliver savings from year 2 that increase year on year to £120k (£60k per Council) by year 5.

The two Councils both need to invest in developing their strategies and systems and although not quantified, this is a cost that will be shared, thus reducing the financial burden on each Council.

The shared service will give the Councils site resilience, a valuable operational asset that without sharing, neither Council would be likely to be able to afford.

A fully-ratified financial case is being developed with Finance teams in both Boroughs that will show the incremental savings over a 5-year period.

8.2 Strategic Benefits

Sharing Customer Contact effectively supports the strategies of each Council:

- Both Councils are keen to develop their customer services department into a strategic function, setting customer strategy and standards for the whole organisation and driving forward channel shift and demand management - the shared service design and focus will put this function at the heart of customer contact and deliver value-add and customer insight both for customer contact and the other services within the Council
- The Councils seek to improve the customer experience, demonstrate more accountability and focus on resolution.
- The new operating model, structure and systems will set up the service to be 'fit for the future' - with strong alignment to each Council's strategic priorities.
- The new functions proposed will drive ongoing savings and generate new income as part of the BAU function, as well as giving more oversight of the end to end customer experience and a single view of customers - contributing to each Council's transformation objectives.

The shared service will redirect resources to strategic development and active, targeted demand management and channel shift and develop a system which will support those resources in achieving these deliverables.

This is a structural change project which will deliver some economies of scale now, but more importantly will enable future efficiencies and necessary policy changes to be identified, discussed, planned and realised on an ongoing basis.

8.3 Customer Experience Benefits

The new Customer Contact shared service will enable the Councils to forge a new relationship with customers and which will generate new levels of customer insight for strategic planning purposes. It repositions Customer Contact as a strategic function providing direction to each organisation in terms of the customer experience and access channel strategy (which have currently expired due to lack of capacity and accountability within the existing separate departments).

An updated CRM deployment is essential to both the shared service and to each service individually - by developing it in a shared way, we reduce the overall development and onward support cost and ensure that we pool the best knowledge of customer management in order to get a product that can underpin our understanding of the customer. It will capture the right information to have oversight of the customer experience from start to finish, the right granularity of data to understand the precise nature of demand and learning from complaints/ feedback. This data needs to be acted upon at an operational level, but it is also a very powerful insight source for a corporate analytics function.

8.4 Resilience, Sustainability and Flexibility Benefits

The dual site set up and the scale of operations will provide increased resilience, smooth some seasonal peaks, and minimise single points of failure. Achieving these benefits through sharing a service is a cost-effective way of providing resilience to this critical and valued Council service that may otherwise be unachievable given current and future budget constraints.

Two similar operations operating as a shared service can enhance collaboration and sustainability:

- Both Councils are upgrading their systems and will soon be on common platforms, so can share the cost of ongoing system development and configuration
- Both Councils have relatively small Customer Contact functions, which may even become smaller in the future as more and more services are commissioned from other providers. Combining the two would provide more sustainability in the longer term.

8.5 Staffing Benefits

Although a period of change can be challenging for the staff group, the split-site nature of the proposal will minimise relocation anxieties and the new ways of working and increasingly value-added services that can be provided should help to drive staff satisfaction and lead to a vibrant and fulfilling place to work:

- Staff motivation will increase due to new career progression opportunities within the team
- Staff development opportunities will increase through broadened range of activities that the new operating model proposes. This will also provide succession planning for the service.

9 Location of service

There are no plans to change the location of current staff in order to deliver the shared service, although staff with management or specialist skills that need to span both sites are likely to spend time in each. The proposed technology will make the operation location-agnostic, except where physical presence is required - for instance, face-to-face contact. Staff should be able to work at whichever site they prefer, within the practicalities that each site affords, or potentially work from home (as some do already in Sutton).

10 Equalities and HR Change Protocol

Sutton's Integrated Impact Assessment (IIA), Kingston's Equalities Impact Assessment (EQIA) and any prevailing HR change protocols will be followed during the implementation Phase. No IIA or EQIA has been completed at this stage as without a decision on the employing authority and the confirmed location there is insufficient detail on which to complete an assessment.

11 Project Management

11.1 Project Plan and timeline

Once the principle to share is approved at committees, an implementation timeline will be developed, which will take account of a number of phases:

- Initial share of the LBS and RBK corporate contact centres - latter half of 2017
- Consideration of phasing shared team ahead of full IT systems share (CRM 2.0 and telephony platform) - latter half of 2017
- Full integration of corporate contact centres (dependent upon IT systems delivery) - last quarter of 2017
- Benefits realisation of CRM improvements and demand management - 2018 onwards
- Consideration of integrating LBS R&B customer contact - 2018 onwards.

11.2 Milestones

The major milestones will be:

- Approval at Strategy & Resources in LBS on 16 January 2017 and Treasury in RBK on 9 February 2017
- Start of Consultation (tbc - 6-8 weeks prior to launch)
- Integrated shared service launch (by 1 November 2017)

Note that there may be some opportunity to begin sharing prior to full integration: this is under discussion and a detailed implementation plan will be drawn up post-approval.

11.3 Project Governance

A Project Board will be set up, reporting into the Shared Service Board. Terms of reference to be confirmed.

11.4 Risks, Assumptions, Issues and Dependencies

The main risks to this project are IT related. In order to establish a fully integrated Customer Contact environment, it is a prerequisite that the two departments share the same Telephony environment and the same CRM. Some organisational sharing and benefit could be realised by the two departments acting as a single unit but cashable and resilience benefits are largely met only once the technology is available to support integration:

- There is an ongoing project to transition Kingston telephony to the same environment as Sutton. This is planned to complete around April - June 2017, but there is a dependency on numerous external suppliers that may impact delivery timescales
- CRM 2.0 is a project which specifically addresses the needs of the Customer Services department and the new proposed operating model. The scope of this has yet to be defined and an implementation plan and timeline agreed.

Customer Contact and ICT will continue to work closely together to identify, manage and mitigate these risks.

A full list of Risks, Assumptions, Issues and Dependencies (RAID) will be developed as part of the project implementation plan.

12 Next Steps

12.1 Immediate future activity

- Discussion of proposals with client departmental management teams
- Finalisation of the full business case and CMT/SLT review
- Decision on the implementation of the recommendation at LBS Strategy and Resources Committee (16 January 2017) and RBK Treasury Committee (9 February 2017).

12.2 Post-approval

When approval to implement the recommendation to share has been achieved from both Councils, the following activities will be initiated:

- Project Initiation
- Detailed project planning, to include the following workstreams: Service design, Technology, HR/Communications/Change Management, Benefits realisation, Legal, Finance, Governance
- Project implementation costs to be calculated
- Identification and engagement of project resources, including a project manager and support services (eg, ICT, HR, Legal)
- Set up Project Board and Project Team meetings, with documented terms of reference
- Agree and document Project Governance activities
- Service development, including further stakeholder engagement.

- Complete and evaluate interim improvement
- Re-baseline demand and revise final financials and staffing scope in April 2017
- Potential implementation date 1 November 2017 for full integration (note dependency on 2 ICT projects). Service could share other functions at an earlier date.

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