

Finance and Resources Committee

10.00am, Thursday 16 January 2014

Customer Services Improvement Programme: Quarterly Update

Item number	7.2
Report number	
Wards	All

Links

Coalition pledges	P33, P30
Council outcomes	CO23, CO24, CO25, CO26
Single Outcome Agreement	SO1

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Executive summary

Customer Services Improvement Plan: Quarterly Update

Summary

Following approval of the Corporate and Transactional Services Improvement Plan (now named Customer Services Improvement Plan (CSIP)) at the Council meeting of 31 January 2013, the programme committed to providing quarterly updates on progress to the Finance and Budget Committee.

This report provides an update on progress since the last report in September 2013.

Recommendations

1. Note the new external legal partner has been selected and approved by the Finance and Resources committee.
2. Note that Council Tax collections for 2013/14 are at a higher level compared to the same point last year giving a positive indicator against our target of 0.2% rate increase.
3. Note that the first test of an online transaction has been successfully carried out
4. Note that good progress is being made in the delivery of the Technology Projects
5. Note that CSIP budget is currently projecting net spend to be within approved limits.
6. Note that the next quarterly update will be provided to the committee in June 2014.

Measures of success

The C&TS IP has the following key Measures of success (when compared with 2011/12):

- Reduce the running costs of C&TS by £3.2m per annum by 2017/18.
- Increase Council Tax collection rates to improve Council income by £1.2m per annum by 2015/16.
- Reduce the unit cost of transactions processed by C&TS.
- Increase the range of delivery channels for C&TS services (e.g. on-line services).
- To improve customer satisfaction for transactions processed by C&TS.
- To increase the range of Council services available via C&TS.

- To transform C&TS by the addition of proactive services.

Financial impact

The £4.21m investment required to deliver the first phase of the C&TS IP was approved on 7 February 2013, with future phases included in the 5 year budget framework. Separate business cases will be prepared for subsequent phases of the C&TS IP (Grow and Transform) for approval as required.

Equalities impact

It is anticipated that the overall programme will have a positive impact on equalities due to a wider choice of access options available to customers. An Equalities Impact Assessment will be published in accordance with the agreed Council process.

Sustainability impact

There are no direct sustainability implications arising from this report. A Sustainability and Environmental Impact assessment will be published in accordance with the agreed Council process

Consultation and engagement

A programme of Internal and external consultation and engagement has been initiated in conjunction with colleagues in the Business Intelligence service and Services for Communities. A regular forum with the trades unions has also been established.

Background reading / external references

Related Committee reports:

[Corporate and Transactional Services Improvement Programme Update](#) – Council 31 January 2013.

[Corporate and Transactional Services Improvement Programme Update](#) - Finance and Budget Committee, 21 February 2013

[Corporate and Transactional Services Improvement Programme Update](#) - Finance and Budget Committee, 21 March 2013

[Corporate and Transactional Services Improvement Programme Update](#) – Finance and Budget Committee, 6 June 2013

[Corporate and Transactional Services Improvement Programme Update](#) – Finance and Budget Committee, 19 September 2013

Customer Services Improvement Programme: Quarterly Update

1. Background

- 1.1 In January 2013, Council approved a programme of improvement in the Customer Services (CS) division, subject to an amendment raised.
- 1.2 The £4.21m budget for phase of the C&TS IP was approved at the budget meeting on 7 February 2013 and was released on 1 April.
- 1.3 An additional update report was made to the Finance and Budget Committee on 21 February 2013 addressing the points raised in the amendment.
- 1.4 The CSIP committed to reporting progress on the programme on a quarterly basis to the Finance and Budget committee. This report seeks to update elected members accordingly.

2. Main report

- 2.1 A new external legal partner has been selected to progress recovery of approximately £3m of sundry debt and £1.5m for NDR/Council Tax per annum. This brings all debt related legal work under one external provider and a saving of approximately £100k per annum is anticipated.
- 2.2 A range of improvements have been implemented to improve Council Tax collection:
 - Introduced best practice recovery procedure
 - Invested in new staff
 - Developed detailed management information
 - Deployed new technology

These improvements have delivered improved collection rates with Council Tax collection higher than the same time last year. There is a target of 0.2% increase in recovery rates for 2013/14 and the improved recovery performance is a positive indicator against this target. This project and the project to move council

tax processes into the Customer Hub are now considered complete and the projects are being closed with the appropriate documentation being prepared. The projects have moved into the benefits realisation phase with continuous monitoring of benefits to provide assurance that the project objectives are being achieved.

- 2.3 The first integrated test of an online transaction allowing a web transaction to automatically process a claim for a Council Tax single person discount within the Income and Benefits system has been successfully carried out. This is a major step in that the technology has now been proved to work. Work can now progress on other transactional processes building up the first thirty online processes being available for end of March 2014
- 2.4 Business process reviews of Council Tax and Benefits continue. Prioritised improvements are being implemented, including:
- the IVR Telephony system, which currently has an abandonment rate of 50%, has been reviewed and simplified to help increase usage and reduce abandonment rate;
 - evidence requirements for Council Tax discounts and exemptions have been reviewed, thereby improving customer experience and reducing transaction times;
 - new rules have been created following best practice for new Benefits claims which, under certain conditions, will simplify the process, increase customer satisfaction and reduce processing time; and
 - risk Based Verification (RBV) has been deployed and is currently going through user acceptance testing.
- 2.5 Whilst the single payment engine is still awaited the Advanced Income project is in the process of enabling payments in advance of goods / services being supplied against Trade Waste, Catering and Events. This will assist in improving cash flow and help to prevent unpaid invoices and bad debt for the Council. The Advanced Income team have met with a number of service areas to roll out the new approach as follows:
- Trade Waste
 - Catering and Events
 - Theatres and Halls
 - Analytical Services
 - Education miscellaneous
- 2.6 Testing of the XML invoicing process has successfully automated the receipt of an invoice from a supplier into the Oracle system therefore eliminating manual processing. Testing is in the final stages and the system is expected to go live in January 2014. Once we go live we will look to build up on the number of suppliers who are able to utilise the XML system. There are however issues in

relation to orders being processed through feeder systems which, because of HMRC restrictions, may limit the number of suppliers that can be brought on board initially. Work is ongoing to resolve this.

- 2.7 Good progress is also being made in the technology innovations which support better co-ordination of Council systems and provide a more joined up service to customers. The MDM (Master Data Management) system now has 1.7m customer records which have been collected from six separate business systems to enable a single view of Edinburgh's citizens and data cleansing activities are underway. Data governance arrangements have been put in place and a Data Council has been established as part of the wider Information Strategy and provides governance around the matching and cleansing of data across the Council.
- 2.8 Oracle's "Rightnow" system has been selected as the Council Customer Relationship Management (CRM) solution. The CRM will deliver an improved customer experience as all customer information will be unified into a single record that can be viewed by the Customer Service agent. This will enable customer issues to be resolved quickly and easily.
- 2.9 Income and Benefits have invested in new servers for the Comino EDM system. New virtual application servers and a replacement for the old obsolete image server that houses all the documents have been installed. This has resulted in us having a more robust, stable set up with enough space available to cater for our increasing number of documents.
- 2.10 Work is progressing on related projects which are helping to support digital inclusion and channel shift as set out in the Council's Customer Services Strategy:
- the Connected Capital programme is developing business cases for better connectivity including WiFi in the City Centre, Public Buildings and Public Transport;
 - initiatives such as video links between libraries and our benefits service are under review and also the provision of broadband to council houses in conjunction with Services for Communities;
 - assisted Digital, a collaborative programme in partnership with Libraries and Housing is seeking to positively influence digital inclusion by; providing access to devices, education and broadband connectivity. A co-ordinator is currently being sought to manage a pilot which is due to commence mid January. The pilot will be held initially at the East Neighbourhood Library and also seeks to inform citizens on how they can better interact with the Council online; and
 - an opportunity has arisen to work with the Scottish Government on a further assisted digital pilot scheme potentially utilising some of the existing Council housing stock. A draft options paper has been written to enable further discussion and a detailed options paper is to be developed to help determine the best way forward.
- 2.11 The Customer Hub, Business Hub, Operations, Service Development and Income departments have all successfully moved from Chesser House to

Waverley Court with the minimum of disruption. The remaining departments will move to Waverley Court early in the New Year.

- 2.12 The programme includes a Communications workstream to support stakeholder engagement and encourage channel shift. The communications plan has been developed and approved to ensure that regular updates are provided to all stakeholders. Discussions are underway with the Council's Chief Communications Officer who is advising on the marketing strategy. This is a particularly critical piece of work which requires significant investment in order to deliver the benefits of channel shift.
- 2.13 Baseline data, against which programme benefits will be measured, has been gathered. Further work has been carried out to review the cost per transaction of our services in order to benchmark against our baseline and other local authorities. Further work is being carried out to develop KPI's around Customer Experience measures e.g. waiting and process times
- 2.14 Work is continuing to grow current services and opportunities are being identified that will form future phases (Grow) of the CS IP, and discussions are underway with service areas on the following processes:
- Expansion of Social Care Direct continues to progress well;
 - Assessment, Homelessness and Support services out of hours service;
 - Elections;
 - Edinburgh Building Services appointments for repairs;
 - Expanding the twitter response service with the Customer by using the Business Intelligence Team for listening operations and rolling out CRM source media capability;
 - Payments for IPFM (Integrated Properties and Facilities Management);
 - Links between Non Domestic Rates and Trade Waste;
 - Collaboration between Scottish Ambulance Service and Social Care Direct; and
 - Ad hoc campaigns (e.g. school placement requests helpline).
- 2.15 The programme status, as agreed by the most recent meeting of the Programme Board, is currently amber/green. The status of individual projects is detailed in the monthly status report in Appendix 1.

Financial Update

- 2.16 The CSIP revenue budget for 2013/14 including loans charges is £1.909m. This is currently on target to break even for 2013/14 with a contingency of £0.2m held against potential risks. Details of this position are included in Appendix 2.
- 2.17 Savings of £0.418m were included within the CSIP budget. At the end of November a shortfall in projected savings of £0.368m is anticipated, which has been funded from lower expenditure across the programme. Savings shortfalls are predominately due to project slippage on the XML, external legal and sundry debt projects but these projects are expected to achieve their financial targets in 2014/15.
- 2.18 Further savings of £0.446m for 2013/14 are expected to be achieved from increased Council Tax collection levels. This budget is held corporately and therefore outside of the CSIP budget. Council tax collection rates are expected to increase by 0.2% in 2013/14, 0.3% in 2015/16 and 0.5% in 2016/17 from those achieved in 2012/13. Although the overall success of these improvements will take four years to achieve, a target for in year collection in 2013/14 of 94.7% is a first step towards this target. Current indications are that Council tax collection levels for 2013/14 have increased over the 2012/13 position, which is a positive indicator against this target.
- 2.19 Initial investment of £4.1m has been approved in 2013/14 for upgrading of IT infrastructure and to fund the resources (marketing, portfolio / project management and business process review) which are required to support delivery of the improvement plan. Additional investment will be required to drive further improvements in 2014/15 (£1.7m) and 2015/16 (£1.2m). The planned Capital Investment is funded through borrowing and the CSIP budget includes provision for loan charges and annual ICT charges over the 10-year financial planning period. Delivery for this year remains on track.
- 2.20 The Programme budget will be subject to ongoing monitoring and scrutiny by the Programme Board. At this point there are some issues around savings being behind schedule and underspending on planned expenditure however the programme is progressing and positive cash flow indicators are being realised in the recovery of Council Tax. Options for further savings have been identified and are currently being scoped as part of the 2014/15 budget proposals.
- 2.21 Risks to delivery of future savings include:
- **Delays in delivering service automation**
Implementation timescales for the move to electronic forms for some transactional services are expected to change and this may affect planned savings profiles. The impact on the expected savings profile will be assessed once implementation dates are confirmed. Proposed changes will

however bring additional benefits and enhance the customer experience by further reducing processing times and increasing accuracy. To further mitigate any potential impact, electronic forms for additional services will be introduced earlier than currently planned.

- **Outcome of Legal procurement exercise not achieving required results**
The delay in bringing on board our new Legal partner has affected the saving planned for 2013/14 which has been incorporated into the reported project outturn. 2014/15 and future years savings are dependant upon the impact of the procurement exercise and related new working practices generating the required savings. This activity will be monitored regularly to ensure targets are met.
- **Customers who do not wish to use on-line services**
A critical part of the programme is channel shift, migrating customers away from more expensive service lines. To mitigate the risk that customers do not adopt these new channels a range of communication and marketing events are planned in order to raise awareness. In addition programmes to promote digital inclusion are planned. These will provide assistance and training on how to access Council services on-line.

3. Recommendations

- 3.1 It is recommended that Finance and Resources Committee:-
- 3.1.1 Note the new external legal partner has been selected and approved by the Finance & Resources committee;
 - 3.1.2 Note that Council Tax collections for 2013/14 are at a higher level compared to the same point last year giving a positive indicator against our target of 0.2% rate increase;
 - 3.1.3 Note that the first test of an online transaction has been successfully carried out;
 - 3.1.4 Note that good progress is being made in the delivery of the Technology Projects;
 - 3.1.5 Note that CSIP budget is currently projecting net spend to be within approved limits; and
 - 3.1.6 Note that the next quarterly update will be provided to the committee in June 2014.

Links

Coalition pledges	P33: Strengthen Neighbourhood Partnerships and further involve local people in decisions on how Council resources are used P30: Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO23: Well engaged and well informed – Communities and individuals are empowered and supported to improve local outcomes and foster a sense of community CO24: The Council communicates effectively internally and externally and has an excellent reputation for customer care CO25: The Council has efficient and effective services that deliver on objectives CO26: The Council engages with stakeholders and works in partnership to improve services and deliver on agreed objectives
Single Outcome Agreement	SO1: Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
Appendices	Appendix 1 – Programme Status Report (summary) – November Appendix 2 – Financial Update

Appendix 1

C&TS Improvement Programme Status Report

November 2013

Name Programme/Project	C&TS Improvement Programme	Programme / Project RAG Staus	
Sponsor:	Alastair Maclean		
Project/Programme Lead (SRO):	Danny Gallacher / Karen Kelly	Current	Last Period
Project/Programme Manager(s):	Bryan Denny	Amber/Green	Amber/Green
Portfolio:	Transformation		
Reporting Period:	November 2013	Programme Phase:	Improve

Programme/Project Description

To provide a high quality, responsive and proactive service to the customers, businesses and employees of Edinburgh – whatever, whenever and wherever they want them. To provide these services the programme has been divided into three distinct phases, Improve, Grow and Transform. We are currently in the Improve phase.

Progress Summary for Period

- UAT testing of the XML software is ongoing. Once proven robust, progress will be made during December on the pilot with the trial company.
- The new external legal partner has been selected, discussions are still ongoing to finalise contract details, expected to be completed in December.
- Council Tax recovery position continues to look positive; monies recovered indicate we are ahead compared to the same time last year, £3.5m.
- Prioritised improvements are being implemented following the process reviews in Council Tax and Benefits.
- Technical issues with the software for the e-HR project have been resolved; ongoing monitoring of the solution will continue. This has delayed the implementation of the software release until mid December 2013.

**Appendix 2
CSIP - Capital Budget**

	2013/14	2014/15	2015/16	Total
CRM Functionality / Single Desktop & Integration	1,640,000	600,000		2,240,000
E-Benefits, Council Tax and NDR Introduction of online forms integrated with back office	942,000			942,000
E- HR - iTrent Upgrade	167,750	131,250		299,000
Process Review : New online system for advance payments of low value	100,000			100,000
Process Review: CT Collection Improvement	250,000			250,000
Replacement for PPSL			550,000	550,000
Total Capital Expenditure	3,099,750	731,250	550,000	4,381,000

Appendix 2 – CSIP Improvement Revenue position to 30 November 2013

	2013/14 Budget	2013/14 Projections	2013/14 Variance	2014/15 Budget	2015/16 Budget	2016/17 Budget	2017/18 Budget	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	2022/23 Budget
Marketing	200,000	200,000	0	400,000	400,000							
Portfolio Management	557,250	500,454	-36,796	476,322	252,572							
Consultancy - including Business Process Review	200,000	140,752	-59,248	150,000	0							
Revenue Investment Costs	957,250	861,206	-96,044	1,026,322	652,572	0						
Annual ICT Maintenance Costs	320,000	30,000	-290,000	265,000	540,000	590,000	590,000	590,000	590,000	590,000	590,000	590,000
Loan Charges	275,000	275,000	0	615,000	729,000	778,000	778,000	778,000	778,000	503,000	163,000	
ICT Maintenance & Loan Charges	595,000	305,000	-290,000	880,000	1,269,000	1,368,000	1,368,000	1,368,000	1,368,000	1,093,000	753,000	590,000
Council Tax Collection	590,000	485,474	-104,526	590,000	590,000	590,000	590,000	590,000	590,000	590,000	590,000	590,000
Sundry Debt Recovery	175,000	0	-175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Process Review Advance Payments	10,000	0	-10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
I Trent Upgrade		37,500	37,500									
Additional Staffing	775,000	522,974	-252,026	775,000								
Contingency		270,378	270,378									
Total Revenue Expenditure	2,327,250	1,959,558	-367,692	2,681,322	2,696,572	2,143,000	2,143,000	2,143,000	2,143,000	1,868,000	1,528,000	1,365,000

	2013/14	2013/14 Projections	2013/14 Variance	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Technology - PPSL					35,000	74,000	74,000	74,000	74,000	74,000	74,000	74,000
Staffing Efficiencies	92,692	50,000	-42,692	609,426	1,085,172	1,162,452	1,239,732	1,239,732	1,239,732	1,239,732	1,239,732	1,239,732
Council Tax Collection	446,000	446,000	0	745,000	1,156,000	1,156,000	1,156,000	1,156,000	1,156,000	1,156,000	1,156,000	1,156,000
Sundry Debt Recovery	300,000	0	-300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Other Income	25,000	0	-25,000	60,000	82,500	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Total Revenue Savings	863,692	496,000	-367,692	1,714,426	2,658,672	2,797,452	2,874,732	2,874,732	2,874,732	2,874,732	2,874,732	2,874,732
Net Costs / (Savings)	1,463,558	1,631,558	0	966,896	37,900	-654,452	-731,732	-731,732	-731,732	1,006,732	1,346,732	-1,509,732
Budget held Corporately	446,000	446,000	0	745,000	1,156,000							
Net Costs/ (Savings)	1,909,558	1,909,558	0	1,711,896	1,193,900	501,548	424,268	424,268	424,268	149,268	-190,732	-353,732