	AGENDA ITEM:
	CABINET: 16 JUNE 2015

Report of: Transformation Manager

Relevant Managing Director: Managing Director (Transformation)

Portfolio holder: Councillor I Moran and Councillor C Wynn

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SUBJECT: DIGITAL BY PREFERENCE – A NEW APPROACH

Wards affected: Borough wide

1.0   PURPOSE OF THE REPORT

1.1   To advise Cabinet of a new approach to drive forward channel migration i.e. increasing the number of customers who access Council services online and reducing contact by phone and personal visit.

2.0   RECOMMENDATIONS

2.1   That the 'digital by preference' approach set out in this report be supported.

3.0   BACKGROUND

3.1   Self service offers efficiencies for organisations by minimising officer input into customer transactions. It also has the potential to increase the speed of service delivery through automation, and to extend the accessibility of services 24/7.

3.2   In recognition of the fact that it is cheaper to deliver services digitally than by phone or personal visit, the Council has for a number of years put the digital channel at the forefront of service delivery with its 'click, call, come in' approach. Through its organisational re-engineering projects, web improvement plans and communications activities it has made significant progress in making services available online and in driving up their use.

3.3   The Council now has around 100 services available online and through its website provides downloadable forms for many more, along with a huge range of information. An online payment system is also provided.

3.4   Nationally, the pace of progress towards digital channel shift has increased exponentially. Key drivers for this change include the need for organisations to become ever more efficient, particularly during the current austerity regime; advances in technology and its increasing affordability; the rising demand for 24/7 service; and the growing ability of customers to use digital access channels, particularly via mobile devices.

3.5   "Digital' can be defined as the technologies that allow people without specialised programming skills to interact directly with other people and organisations via the internet, using a computer, mobile device, kiosk or other interface. Private and public sector organisations, including the UK government, are putting increased investment into digital in order to keep pace with demand and maximise savings. It is therefore important that the Council is not left behind.

4.0   CURRENT POSITION

4.1   The likelihood of further government funding reductions, with continuing pressure to reduce spending and become ever more efficient, means that the Council must make renewed efforts to maximise savings from channel migration.

4.2   Internal factors also combine to demonstrate that this is an appropriate time for the Council to take a fresh approach:
*   Work is now underway on a corporate Digital Inclusion Strategy, which will set out actions to boost the number of residents with online skills and internet access, and increase the number of customers using the Council's website and online services.
*   The new website has been successfully launched and the 2015/16 web improvement plan is currently being developed, informed by the 2015 review of Council websites carried out nationally by SOCITM, the Society of IT Managers. A new intranet is also being provided.
*   The recommendations of the recent OR review in relation to digital service provision in Housing Services are being implemented, while the overall OR project has been concluded.
*   The recently-adopted ICT Strategy provides a foundation for the Council's approach to digital service delivery.

4.3   As part of this ongoing work, it has become clear that there are still many Council services that could be provided online, but which currently are not; and that many current online services would benefit from being made easier to use (and therefore more attractive to customers) with reduced need for officer intervention. In addition, the Council needs to ensure any mobile working initiatives that are introduced are integrated where possible with existing systems to provide maximum efficiency. At the same time, the Council needs to be more proactive in persuading people to use online services.

4.4   Potential savings and efficiencies will not be realised unless the Council allocates resources to these activities. A dedicated post of Digital Executive will

be created, with a specific skill-set, to lead on channel migration and ensure there is a joined-up, integrated and corporate approach across all service areas.

5.0   DIGITAL BY PREFERENCE

5.1   The Digital by Preference (DBP) approach will focus on the following objectives:
- Identifying high volume front-line services that are not currently available online, and working with service managers and BTLS to provide them online, whilst ensuring the new services are as fully transactional as possible (i.e. with minimal officer intervention).
- Reviewing the services and payment facilities that the Council currently provides online to ensure they are as fully transactional as possible whilst being easy for customers to use. This will involve working with customers to test online services and gather feedback.
- Investigating and delivering improvements to internal services and functions, including introducing new mobile working initiatives and reviewing current projects, to ensure that there is a joined-up, integrated approach that will contribute to savings by reducing officer intervention/double handling of processes and transactions.
- Supporting further promotion of online services (both existing and new services), to drive up self serve by customers.
- Reducing contact in person and over the phone within Customer Services and in back offices.

5.2   In terms of these objectives, it is proposed that priority will be given to the services which have the most front-line interaction with customers and which offer the greatest opportunity for savings.

5.3   Some key areas for DBP that have already emerged from the work set out in 4.2, and which will require specific resource input over the next few years, include:
- Provision of customer log-ins on the website. This was identified as a priority in the 2014/15 web improvement plan and it has been agreed that logins will be introduced initially for tenants, to enable them to access their rent accounts and set up direct debits etc as recommended in the recently-concluded OR review of Landlord Services. It will subsequently be rolled out to all customers to enable them to, for example, access their council tax accounts; request and pay for services without needing to repeatedly enter their personal details; check on the progress of previous service requests etc.
- Introducing online benefit applications, and online services in relation to council tax and business rates.
- Improvements to make online services and payments work well on mobile devices such as smart phones.
- Ensuring that the Council maximises the use of web chat and social media to deliver services, in order to improve online service provision and streamline internal functions in line with increased customer demand.

5.3   A Project Initiation Document (PID) has been prepared to guide the implementation of the DBP programme. This will see the establishment of a Project Board involving the Managing Director (Transformation), the Assistant

Director Housing and Regeneration, and the Transformation Manager to approve plans and resources and monitor progress.

5.4   The project requires the appointment of a dedicated Digital Executive to deliver the DBP programme. This new post will report directly to the Transformation Manager, while working in close liaison with the Customer Services Manager (CSM), the Consultation and Communications Manager (CCM), and Heads of Service/Service Managers across the Council, together with outside service providers if required.

6.0   EXAMPLES OF THE BENEFITS OF DIGITAL DELIVERY

6.1   The LGA 2014 report "Transforming local public services using technology and digital tools and approaches" gives a range of examples from councils across the country, some of which are set out below:-

6.2   Harrow provides a MyHarrow account with scalable authentication requiring proof of identity appropriate for the transaction customers want to complete. It is designed for mobile devices and 30% of transactions are now carried out in this way. A web chat 'pop up' to help website users, which is fully integrated with the CRM, helped the council save £1.55 million in contact costs over four years.

6.3   Hammersmith and Fulham developed a secure online self-service portal with single sign-on for a range of services including council tax, benefits and environmental reporting. 70% of all households registered and the portal achieved £1.15 net savings per annum.

6.4   Barking and Dagenham achieved 100% digital shift for benefit claims. Claim processing was reduced from 42 days to 12 days. There was a 75% reduction in avoidable contact along with £671k annual savings.

6.5   Lewisham reported a 33% reduction in call centre activity over five years, saving £0.5million, following the launch of a web app and mobile apps to enable residents to report environmental issues such as fly-tipping and graffiti and monitor progress on them. The app was fully integrated with back-office systems, and was also used by the front-line workers.

6.6   Missed bins: Solihull MBC integrated in-cab technology with a new online service, and the council's CRM in the contact centre, and succeeded in reducing by 46% the number of missed bins reported by residents. (Source: Socitm insight briefing 55.)

6.7   Leeds City Council saved £18,360 in just eight months after introducing live web chat. Customer service advisors interact with customers while they are online, guiding them through transactions and preventing the need for them to phone or visit the council i.e. a positive impact on both front and back office workloads. The Leeds experience shows that customers who are assisted by web chat are more likely to use online services again in future, and their feedback has helped further improve the website.

6.8   Telford and Wrekin Council saved £5,000 in contact costs over just three months after launching an app to enable residents to report problems in their streets. This is integrated into back-office systems and linked to customers' accounts.

6.9   Providing services digitally is in line with the Council's duties under the Equality Act 2010 and Public Sector Equality Duty to deliver services that will help to overcome discrimination and disadvantage. The website is accessible, and therefore enhancing the range and quality of services that are available digitally will help the council to meet its commitments to minimise disadvantages suffered by people due to their protected characteristics and to take steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people. An Equality Impact Assessment of the Digital by Preference project has been completed and is attached at Appendix A.

7.0   POTENTIAL SAVINGS

7.1   Nationally, there is agreement that providing services digitally is far cheaper than by phone or personal visit, demonstrating a sound business case for channel shift. Socitm (Society of IT Managers) published average channel cost figures for local authorities in its 2013 report "Doing better with less" which again evidenced that migrating customers to the digital channel is the most cost effective way to deliver business.

7.2   One approach to calculating potential savings just within the front office/Customer services environment is to assess how much would be saved if a proportion of customers switched from phone and/or personal visit to online service access. Although up-to-date transaction costs for the Council are not yet available, analysis using 2011/12 Council figures gives an indication of the scale of possible savings as an example: based on around 150,000 phone calls dealt with by Customer Services alone in 2011/12, a 10% migration to online service could result in estimated efficiency savings of around £27,000. It should also be noted that the central capital ICT budget can assist with any ICT costs involved on a year by year basis.

7.3   In addition to the phone calls that come in via Customer Services, many other calls go directly to back offices. These are not taken account of in the savings calculation in 7.2 above. The DBP project will, by switching services online, assist in reducing these calls and so free up staff time, making a further contribution to savings.

8.0   FINANCIAL AND RESOURCE IMPLICATIONS

8.1   The new post of Digital Executive will be at the level of PO3, meaning a likely total annual cost (including with on costs) in the region of £47,000. The first year's cost of this post will be met from the MSR Reserve in order to provide a lead in time for cashable savings to be delivered. And, whilst it is difficult to confirm the exact speed at which improvements can be implemented and therefore cash savings realised, any additional funding required to further pump-prime this project will be subject to further approvals as necessary. Clearly however, as the project gathers more and more momentum, the cashable savings delivered from this initiative will steadily increase, thereby more than

meeting the cost of this post, as well as directly contributing to the Council's corporate objective of balancing the budget and providing the best possible services within the resources available. So, although it is not possible at this early stage to identify the specific budgets from which the cashable savings will be achieved, or the timescales; it is expected that increased use of self serve by customers, accompanied by full integration with back-office systems, will result in cashable savings in Customer Services as well as, possibly, in other service areas.

8.2 As this project develops and a work programme is put in place there may be a need for associated investment in IT to maximise the benefits of this new approach. The central capital ICT budget will be used to provide this funding, but if any additional resources are required then this will be the subject of future reporting to Members as appropriate.

9.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

9.1 Channel shift will contribute to the Council's priority of 'balancing the budget and providing the best possible services within the resources available.' Moreover the drive to deliver services digitally keeps pace with the changing needs and aspirations of customers, who increasingly expect 24/7 service access via their preferred service access method. An Equality Impact Assessment has been prepared for and is attached at Appendix A.

10.0 RISK ASSESSMENT

10.1 If the Council fails to invest resources in the Digital by Preference approach, the Council will not maximise savings and efficiencies, and will fail to keep pace with customer expectations in the rapidly-changing digital environment.

11.0 CONCLUSIONS

11.1 The new 'Digital by Preference' approach set out in this report will help the Council keep pace with customer expectations and changes in technology while maximising efficiency and making long-term savings and helping the Council to fulfil its duties under the Equality Act.

Appendix A: Equality Impact Assessment