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**2015 – 2019 CUSTOMER SERVICE STRATEGY**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 For 2010 to 2014 the council's customer service strategy was determined by the deliverables of the Process for Change Programme Customer Management Project. On completion of that project last year, the Customer Service Board directed that a formal Customer Service Strategy be developed for the Council to act as the framework for customer service improvement going forward.
- 1.2 An extensive consultation of customers has been carried out and these results are presented. In addition, a number of other research and benchmarking activities have informed the content of the new strategy which builds on the many advances made since 2010. The paper builds on the 3 principles adopted in the "Do we do digital" report and the opportunity for joint procurement of updated customer contact systems with The Highland Council both approved on 30 October 2014.
- 1.3 This paper presents the outline business case for the replacement of our customer contact systems. The business case takes accounts of the proposed digital development officer (Do We Do Digital? report) post, and includes these costs, along with expected capital and ongoing revenue costs for new systems. When offset against projected savings from channel shift to digital, a positive net present value of £92,492 is projected after 4 years. However replacement is also required in order to replace an increasingly aged system with a modern, robust customer management system which could support customer contact effectively through until 2020. The business case is presented for approval along with the associated revenue and capital consequences.
- 1.4 A draft Customer Service Strategy is presented for comment and approval. It includes a revised Customer Service Charter and an Action Plan and covers:
- The Council's customer service culture and its alignment with the council's values, plans and strategic outcomes;
  - The Council's customer service standards and their performance management;
  - Customer service governance, improvement/development planning and management;
  - Channel access - review of existing and planning for emerging channels including customer insight into desired future channel access and priorities;
  - Complaints management systems, processes, reporting and service improvement;
  - Ensuring an effective interface between elected members and customers;
  - Employee training and development in customer service.

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**2.0 INTRODUCTION**

- 2.1 For 2010 to 2014 the council's customer service strategy was determined by the deliverables of the Process for Change Programme Customer Management Project. On completion of that project last year, the Customer Service Board directed that a formal Customer Service Strategy be developed for the council, to act as the framework for customer service improvement going forward.
- 2.2 An extensive consultation of customers has been carried out and these results are presented. In addition, a number of other research and benchmarking activities have informed the content of the new strategy which builds on the many advances made since 2010. The paper builds on the 3 principles adopted in the "Do we do digital?" report and the opportunity for joint procurement of updated customer contact systems with The Highland Council; both approved on 30 October 2014.

**3.0 RECOMMENDATIONS**

- 3.1 To note the results of the customer consultation attached at Appendix 1.
- 3.2 To consider the draft 2015-2019 Customer Service Strategy including revised Customer Service Charter and associated action plan attached at Appendix 2 and approve this.
- 3.3 To approve the outline business case for replacement customer contact systems attached at Appendix 3 and associated revenue and capital consequences.
- 3.4 To approve the tendering approach on a collaborative basis with Highland Council as the preferred option but if not possible Argyll and Bute Council to progress on an individual basis.
- 3.5 To approve the earmarking of £94,680 from year end underspend in Customer Services to be carried forward to meet the additional one-off revenue requirements in 2015/16 and 2016/17 for the replacement customer contact systems.

**4.0 DETAIL**

- 4.1 In August 2014 the CSB commissioned the research and creation of a new corporate Customer Service Strategy with the following scope:
1. The council's customer service culture and its alignment with the council's values, plans and Strategic Outcomes and the equivalents in its partner organisations.
  2. The council's customer service standards and their performance management including:

- a review of the Customer Service Charter pledges and the performance management and reporting of the Charter standards
- Other non-Charter related performance management such as customer satisfaction and mystery shopping

3. Customer service improvement/development including:

- Ensuring customer service delivery and design is customer focused
  - Ensuring the most is made of existing ICT systems in support of customer service delivery on a corporate basis
  - Corporate and Service based development planning
  - Corporate and Service based development management and reporting, including a review of the role of the CSB
4. Channel access - review of existing and planning for emerging channels including customer insight into desired future channel access and priorities
5. Complaints Management; systems, processes, reporting and learning and service improvement
6. Ensuring an effective interface between elected members and customers. Specifically reviewing the use and operation of the Members' Portal.
7. Customer service training and guidance including a review of:
- The Jenison online Customer Care module
  - Customer Service Professional Qualification
  - Argyll and Bute manager course
  - Customer Service Toolkit

4.2 The Customer Development and Support Team undertook the research to inform the new strategy and this included:

- A Customer Service Survey that covered actual customer experiences and options for future standards and channel delivery options. This received nearly 500 responses
- A benchmark survey of all Customer Service Surveys and Customer Service Charters published by Scottish Councils
- A benchmark survey of customer service professional qualifications used by Scottish Councils followed by market research and comparative analysis of market lead options
- Interviews with relevant stakeholders and stakeholder groups e.g. the Complaints Officers' Group, Web Team, and Improvement Service etc.
- A seminar with Elected Members in December 2014 on the draft strategy and Customer Survey outcomes

Customer Service Survey and Customer Service Charter

4.3 The results of the customer survey are attached at Appendix 1. These were presented at the Members Seminar held on 1 December. Many of the questions were the same as in the previous survey in 2008, which has allowed us to track changes.

4.4 The use of email and website has grown significantly whilst conversely those contacting the council by letter have fallen. The numbers choosing to visit council offices is virtually unchanged. There is good satisfaction with telephony and face to

face channels but satisfaction with email and website leaves a lot to be desired. Just over three-quarters of respondents say they would be prepared to use these channels for interacting with the council – substantially more than the 30% using these channels already. This tells us that there is significant opportunity for the council to develop these digital channels – which are much cheaper to service.

- 4.5 Customers are not in favour of extending opening hours at customer service points or for the telephony service centre unless this can be done in a low or no cost way. In contrast there is considerable interest in the potential for saving money by providing face to face services in different ways e.g. moving into libraries or co-location with community planning partners. Customers are concerned about value for money.
- 4.6 Customers are generally not aware of our customer service charter. They believe we should have measurable standards and should report on our performance. Quite a number think our response times are too long, especially for simple queries, and for emails. We have therefore revised our customer service charter and this is presented for approval. It is included as a separate appendix (Appendix 1) within the draft Customer Services Strategy document at Appendix 2.
- 4.7 The key changes in the Customer Service Charter are to respond within 5 working days for simple issues (previously 10 working days), and to add two new standards for the website (we will make it easy to access our services online and ensure that you can find what you want on our website) and add a new pledge on complaints handling (deal with complaints promptly within 5 working days for simple issues, learn from our mistakes and publish details of improvements).

#### Customer Service Strategy

- 4.8 The draft Customer Service Strategy is attached at Appendix 2. It takes account of all these inputs, as well as the 3 principles adopted in the “Do we do digital” report and the opportunity for joint procurement of updated customer contact systems with The Highland Council both approved on 30 October 2014. It covers:
- The Council’s customer service culture and its alignment with the council’s values, plans and strategic outcomes;
  - The Council’s customer service standards and their performance management;
  - Customer service governance, improvement/development planning and management;
  - Channel access - review of existing and planning for emerging channels including customer insight into desired future channel access and priorities;
  - Complaints Management systems, processes, reporting and service improvement;
  - Ensuring an effective interface between elected members and customers;
  - Employee training and development in customer service.
- 4.9 It sets out our channel access strategy. There is still a need for face to face services in our major towns, with demand being undiminished. Efficiencies should focus on opportunities for co-location with other council outlets and/or community planning partners. There is the potential to trial late opening one day per week if back offices services can support this. Voice automation can be further deployed in response to the fairly limited demand for out of hours service, particularly if this can be improved and extended. Resources need to shift from phones to emails to

reflect shifting patterns of demand. Much greater priority and resource needs to be given to the digital channel, ensuring that it is fit for purpose with single sign-on for all online services.

- 4.10 The new strategy sets out how we propose to measure performance against the customer service charter, and to introduce the Customer Service Excellence standard to all departments. This is supplemented by a formal approach to training our employees in customer service excellence through induction training for all, and targeted expansion of the Customer Service Professional Qualification and topic specific guides for staff. The Customer Service toolkit on the Hub will be re-launched. It is proposed that formal governance will continue to be provided through the Customer Service Board which reports through to the Strategic Management Team. The terms of reference for this board are set out in Appendix 2 to the draft strategy.
- 4.11 The draft strategy is supported by an action plan to be completed through to March 2016. This is set out in Appendix 3 to the draft strategy. The Customer Services Board will monitor progress against the action plan.

#### Outline Business Case for replacement customer contact systems

- 4.12 The existing customer contact systems are now 7 years old. There are two key systems – an automated call distribution (ACD) system provided by MacFarlane for telephony and a Customer Relationship Management (CRM) system from Lagan Kana which logs customer interactions and provides scripting to customer service agents for use both at customer service points and on the telephone. The Members Portal element has been de-supported and major upgrades are required to maintain future support. The existing systems need to be upgraded or replaced. Current systems do not support social media interactions. Reviews of the market show that existing systems are no longer market leaders and it is possible to procure newer more integrated solutions that would be simpler and cheaper to maintain in the future.
- 4.13 An options appraisal was carried out considering “do nothing”, upgrade or replace. The preferred option is to upgrade or replace these systems through a collaborative tender led by The Highland Council, however if this is not possible the Council will require to progress the tender on an individual basis. Existing suppliers will be able to bid on an upgrade basis if they wish. Whilst the expected costs of a replacement system are more than those of an upgrade by c £146k over 4 years, this is expected to be more than offset by savings from channel shift which would not be available from a simple upgrade. A newer more functional system is expected to be able to support the needs of the council going forward to 2020.
- 4.14 The OBC is attached at Appendix 3 for approval. This is summarised below:

Benefit Savings Vs Costs	YEAR 1 2015/16	YEAR 2 2016/17	YEAR 3 2017/18	YEAR 4 2018/19	TOTAL 4 YEAR COST/ BENS
Capital Costs	-£220,000				-£220,000
Project Officer Costs	-£51,300				-£51,300
<b>Capital sub-total</b>	<b>-£271,300</b>				<b>-£271,300</b>
Digital Dev. Officer Costs	-£36,628	-£37,361	-£38,108	-£38,870	-£150,966
Revenue Costs	-£48,400	-£49,852	-£51,348	-£52,888	-£202,488
System Maintenance Savings	£0	£77,561	£79,888	£82,284	£239,733
Employee Savings	£0	£0	£23,697	£48,816	£72,513
<b>Revenue sub-total</b>	<b>-£85,028</b>	<b>-£9,652</b>	£14,129	£39,342	<b>-£41,208</b>
Channel Shift Savings	£0	£70,000	£135,000	£200,000	£405,000
<b>Net Present Value Benefit</b>	<b>-£356,328</b>	<b>£60,348</b>	<b>£125,432</b>	<b>£190,527</b>	<b>£92,492</b>

4.15 This includes costs of two temporary project officers full time for 8 months to carry out the implementation with minimum disruption to existing services. These posts are part of the capital implementation costs. There is also the cost of the proposed Digital Development Officer, who would be crucial in ensuring that more and more services are offered online in a simple easy to use basis for our customers. This latter post would be a permanent enhancement to the establishment and therefore a revenue cost. From year 3 onwards, there is a net revenue cost saving anticipated, based on anticipated savings in system maintenance and from employee savings in the CSC team (1 FTE in 2017/18 and 2 FTE in 2018/19). The channel shift savings are estimated at £1 per transaction, with 200,000 new online transactions anticipated by year 4. The savings will be tracked using the existing methodology for valuing and tracking customer management savings developed for Process for Change. They will not be taken directly from Service budgets, but treated as enablers towards making core departmental savings targets. The council currently has 200,000 online transactions p.a. and the business case assumes a doubling of these volumes within 4 years which should be easily achievable with the additional resource.

4.16 The capital cost can be accommodated within the existing ICT capital programme under the residual Process for Change Customer Management line which currently has a balance of £312,000. Approval is being sought for the additional one-off revenue costs for 2015/16 and 2016/17 to be covered from anticipated year end underspend in Customer Services in 2014/15 and for an earmarked amount of £94,680 to be carried forward to meet these amounts.

## 5.0 CONCLUSION

5.1 Policy & Resources Committee is asked to review and approve this draft Customer Service Strategy which is based on customer input, market research and benchmarking. It builds on the many sound approaches, products and management systems already in place and has a draft Action Plan for the implementation of improvement actions. It is supported by a revised Customer Services Charter for which approval is also sought.

## **6.0 IMPLICATIONS**

- 6.1 Policy: Develops principles followed in Customer Management work stream of Process for Change and includes the “Digital First” principle already approved by the council.
- 6.2 Financial: Capital costs of £271,300 for replacement of the customer contact systems will be covered by the existing ICT capital programme. Additional revenue costs required for 2015/16 and 2016/17 totalling £94,680 will be covered from Customer Services using end of year underspend from 2014/15.
- 6.3 Legal: None.
- 6.4 HR: Additional permanent post proposed of Digital Services Development Officer, plus 2 additional temporary project officer posts for 8 months. This is included in OBC costs for replacement customer contact systems.
- 6.5 Equalities: Includes provision for ‘Assisted Digital’ support to ensure vulnerable citizens are not digitally excluded.
- 6.6 Risk: Renewal of systems will reduce risk of system failures and will provide opportunities for efficiencies in service delivery.
- 6.7 Customer Service: Provides a corporate strategy for customer service management and development through to 2019.

**Douglas Hendry**  
**Executive Director Customer Services**  
**02 February 2015**

**Policy Lead:** Councillor Dick Walsh, Customer and Support Services

For further information please contact Judy Orr, Head of Customer and Support Services (01586-555280) or Mhairi Renton Customer Services Manager (01586-555250)

### **Background papers:**

Do we do digital? - Policy & Resources Committee 30 October 2014

Replacement/Upgrade of Customer Contact Systems - Policy & Resources Committee 30 October 2014

### **Appendices**

Appendix 1: Customer Service Strategy – Customer Survey November 2014

Appendix 2: 2015-2019 Customer Service Strategy and Action Plan

Appendix 3: Customer Management System Project – Outline Business Case