

Eastbourne Borough Council

Future Model

Fundamental review of Phase 2 services and proposal for implementation

Business case

June 2013

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Appendix 1 – Development of Customer First

1. Proposal

This report sets out the business case for applying Future Model thinking and principles to additional (Phase 2) services and management. This includes the corporate management team, housing (including Eastbourne Homes) and revenues and benefits. The baseline staffing resource in scope for this review is £6.5M (198 FTEs). This includes staff at the Council and at Eastbourne Homes.

Our approach to the review has been to disregard existing organisational boundaries and to propose a target operating model that maximises benefits for the customer and realises financial savings. In order to achieve this, the proposed target operating model aligns much of the activity that is currently separated between the Council and Eastbourne Homes, for example:

- The customer management elements of Eastbourne Homes (including customer contact, neighbourhood and estate management, supported housing and customer facing revenue collection), are integrated with Customer First, along with much of the Council's housing service, revenues and benefits, community development, land charges and small elements of finance, elections and civic services
- The property service element of Eastbourne Homes is amalgamated with the Council's property management functions. This will build on the Eastbourne Homes brand and expertise to help realise the Council's ambition of a corporate landlord function. It will take advantage of the reputation and capacity of Eastbourne Homes and will create a single asset and facilities management organisation
- There is a single integrated management team for all customer and property related outcomes currently delivered by both organisations.

The headline costs and benefits of this approach are shown below. For comparative purposes, indicative costs and benefits for applying the Future Model independently to each organisation are also shown. The integrated approach supports a higher level of benefits, both financial and non financial than applying the Future Model independently within each organisation. In particular it allows a higher level of senior management and internal remodelling savings, and by setting up a single view of the customer it enables a whole range of customer benefits associated with streamlined and integrated customer journeys.

	Independent approach			Integrated approach
	Eastbourne Council	Eastbourne Homes	Total	Eastbourne Council/Eastbourne Homes
Implementation costs	£2,505,400	£650,000	£3,155,400	£2,897,300
Annual savings	£741,000	£202,600	£943,600	£1,497,500
Return on investment	3.4	3.2	3.3	1.9
Key customer benefits			Single view of the customer across some council services but not housing Increased resilience across EBC services but not housing	Single view of the customer across all services so as to allow a more streamlined & integrated response to customer issues Increased resilience across services including housing A larger, integrated Neighbourhood First team highly visible in the community

(Notes: Annual savings include annual staff savings and annual IT savings. Annual savings for the integrated approach also include savings related to the lease of Ivy House (including dilapidations) and planned software maintenance and support. Costs for the Eastbourne Homes independent approach are indicative and are provided so as to allow a high level comparison.)

2. Benefits

The proposed integrated approach provides a potential annual saving of £1.5M. This includes an annual staff saving of £1.2M and a property and IT related saving of £0.3M.

Customer related benefits are as follows:

- Implementation of the change described in this business case will allow the Council a single view of its customers across all services, so that all the information held about a customer can be seen together, for example information about council tax, council house rent, benefits and arrears. This single view supports a number of benefits for the customer including more streamlined customer journeys, issues resolved more quickly and fewer hand offs/ touch points
- Greater resilience across services, especially housing, a significant benefit given welfare reform and the needs of vulnerable households
- A larger, integrated Neighbourhood First team highly visible in the community
- Customers will have a wider choice of channels (web (self serve), phone, SMS, face to face) and will be able to track progress on queries
- Potential for faster processing of applications and cases

Staff related benefits include:

- More flexible and empowered roles
- Senior staff able to focus on those areas that genuinely require their expertise

Other benefits include:

- Enhanced strategic capacity and capability to support the transformation of the organisation and the delivery of outcomes
- Enhanced capacity and capability to manage and deliver key corporate projects and corporate plan outcomes.

The table below shows savings by area of the Future Model. Generic Future Model names have been used rather than the team names developed for Phase 1. This is to avoid confusion with Phase 1 teams and roles.

Column label	1	2	3	4	5	6	7
To Be activities/ processes	FTE As Is	FTE As Is (mapped into the Future Model)	FTE To Be	% change (columns 2 & 3)	FTE Cost As Is (mapped into the Future Model)	FTE Cost To Be	% change (columns 5 & 6)
Management	23.2	21.3	14.8	-30.9%	£1,603,262	£1,208,671	-24.6%
Strategy & commissioning	14.3	14.3	13.6	-4.9%	£493,258	£465,077	-5.7%
Community/ customer enabling	4.9	5.7	5.7	0.0%	£202,542	£202,542	0.0%
Triage	19.7	26.0	18.3	-29.3%	£632,119	£447,944	-29.1%
Mobile triage	20.2	19.8	17.2	-13.4%	£547,428	£474,397	-13.3%
Service processing	42.4	53.6	44.0	-17.9%	£1,349,946	£1,107,974	-17.9%
Specialist	26.8	13.8	12.4	-9.8%	£478,432	£432,510	-9.6%
Corporate support	19.7	17.3	13.1	-24.3%	£465,916	£353,836	-24.1%
Asset and facilities management	11.9	11.9	9.5	-20.0%	£334,691	£267,753	-20.0%
Service delivery	15.0	14.4	12.1	-15.9%	£409,322	£344,412	-15.9%
Total	198.0	198.0	160.7	-18.9%	£6,516,916	£5,305,115	-18.6%

Figures in column 1 show 'As Is' activity organised around the Future Model but **without** the benefits of the model applied i.e. no shift towards the customer or other opportunities are applied. These figures are estimates and have only been included so as to be consistent with the Phase 1 benefits case. In the Phase 1 review we used a three stage approach to moving from 'As Is' to 'To Be' activity:

1. Organise activity around Future Model areas (using activity analysis information)
2. Where appropriate shift activity forwards closer to the customer e.g. customer contact work that was considered specialist being carried out by customer advisors
3. Apply other opportunities/ cost drivers e.g. productivity improvements.

In the Phase 2 review we have combined steps 1 and 2, and reduced the number of assumptions we have made. This has been possible because:

- Learning from Phase 1 detailed business process reengineering (BPR) has given us a fuller understanding of how activities and processes are likely to map into the Future Model following Phase 2 BPR
- The Phase 2 review has included an element of work that was **not** included in Phase 1 at this stage. This additional element has involved working with staff to map all core customer facing processes against Future Model areas. The outcome of this work will support Phase 2 detailed BPR. Additionally, it has enhanced our understanding of how different activities are likely to map into different areas of the Future Model, making it both possible and logical to combine steps 1 and 2 and reduce the number of assumptions we are making at this stage.

The table shows that when comparing As Is (mapped into the model) to To Be:

- The area of the model with the largest saving is triage (customer contact), reflecting channel shift and remodelling opportunities
- There is also a high level of savings as a result of streamlining management costs, especially senior management
- The level of savings in the specialist area looks relatively low at 10%. This is because these figures show savings **after** activity has been mapped into the Future Model. As part of mapping into the Future Model some of what is currently considered to be specialist activity is reallocated to other areas of the model and this can be seen by comparing the As Is figure of 26.8 FTEs and the As Is mapped figure of 13.8 FTEs
- Savings are lower in areas of the model where capacity needs to be retained and refocused or enhanced in order to enable other areas of the model to work effectively, for example, strategy and commissioning and community/customer enabling (service improvement and development)
- An element of the savings in corporate support and in service delivery and asset & facilities management may be deferred until a full review of back office services is complete, and until delivery units are in place (£190k).

3. Assumptions

The savings figures described here are based on a number of assumptions about potential changes. These assumptions are broadly in line with those used in Phase 1 but have been modified on a service by service basis to reflect the specific opportunities available. Overall the causes of change to FTE costs are summarised in the table and described in more detail in the paragraphs below:

Cause of change to FTE costs							
	Customer enabling	Customer self serve	Internal remodelling	Technology or process	Capacity increase		Total
Savings	-£27,933	-£219,510	-£979,707	-£122,168	£137,518		-£1,211,800
%	2%	18%	81%	10%	-11%		100%

Improvements to productivity, for example:

- Smoother customer journeys supported by improved technology and processes, with fewer hand offs between staff, fewer iterative contacts with the customer and automation where possible (10% of savings). Examples include a smoother social housing application and allocations process, and a more automated land charges process
- Remodelling so as streamline management around the model (33% of savings) and to bring groups of staff together to work in a multi skilled way so that people can do more themselves, there are fewer hand offs between staff, there are flexible roles so people can cover for each other more easily and there is less duplication (48% of saving). Examples include:
 - Staff working together to maintain and update databases e.g. council tax, NNDR, electoral roll, housing register
 - Staff working together on collecting payments and recovering debt across revenues, housing rent and leasehold charges, and sundry debtors

- Staff working together on a range of applications e.g. social housing, benefits, grants and loans
- Triage (customer contact) staff working across a range of services including housing advice, and revenues and benefits enquiries.

Customer enabling

- Activity is avoided or reduced through prevention or through customers helping themselves in other ways (2% of saving). Examples include proactive work to prevent arrears and proactive work to encourage payments by direct debit.

Channel shift

- Customers serve themselves fully or partly online (18% of saving). Examples of services that could be enabled on line include:
 - Social housing related applications and permissions
 - Applications for grants and loans
 - Land charge searches
 - Reporting of changes of circumstance for council tax, electoral roll, housing and benefits
 - Applications for discounts and exemptions
 - Setting up direct debit and payment plans online
 - Electronic billing
 - Account information for residents (and others as appropriate e.g. landlords) showing real time financial information - council tax, benefits, rent, leasehold charges and arrears
 - Book and pay for sports sessions and apply for seafront services such chalets and boat berths
 - Reporting issues on the seafront and issues related to social housing e.g. environmental issues, anti social behaviour
 - Better information on the web to reduce preventable phone and face to face enquiries.

Activity that is moved within the model, for example:

- Activity that is currently carried out by specialists that could in future be carried out within triage (customer contact), for example, enquiries
- Activity currently carried out by specialists that could in future be carried out by service processing (case management) e.g. Straight forward homelessness assessments and debt recovery.

The saving here is reflected in changes to average salary costs.

Staff savings

Staff costs for the 'To Be' model included in the business case are built from existing staff costs. The Customer First element of these costs has been compared to:

- Scenario 1 – average salaries used in the Phase 1 target operating model (consultation)
- Scenario 2 – actual average salaries of Phase 1 staff on appointment.

Under scenario 1 the 'To Be' staff costs for the Customer First element of the Phase 2 model would increase by 6% and under scenario 2 would decrease by 6%. However, if an adjustment is made to reflect that the business case includes actual salaries where a number of staff do **not** take up a pension, whereas scenarios 1 and 2 assume all staff would take a pension, these figure change to an increase of 2% and a decrease of 10%. The impact on savings including the pension adjustment is a decrease of £52,000 under scenario 1 and an increase of £260,000 under scenario 2.

Property and IT savings

These include Ivy House lease and associated costs, and a number of IT software and support related items.

4. Enablers

The organisational changes described here are enabled by technology and by changes to organisation, roles, skills, ways of working and behaviours.

Technology

The Phase 1 technology solution will be extended to support the roll out of the Future Model programme. Key elements are as follows:

- Contact Manager - Phase 2 will involve extending the use of Contact Manager and increasing the number of contact centre staff using the system
- Better information on the web via self serve - Phase 2 will extend the capability for self service into other service areas. As more financial and personal information is being presented via the self service portal functionality, the security around access to data will be developed to ensure data is controlled and managed responsibly
- To support the drive to excellence in customer service the Council is planning to provide officers with capability using mobile tablets. Web based mobile capability will be developed allowing officers access to case history and documentation via tablet PCs. Officers will also receive job requests via a web based "work tray" or job list that can be dynamically updated from requests received at the contact centre or via the web
- SMS technology - Phase 2 will see the extension of this medium of communication for other service areas and uses
- Computer Telephony Integration - Phase 2 will see the extension of this capability to embrace other service areas
- An integrated approach will be taken to critical systems so as to enable key data to flow between systems providing customers and officers with essential data to support enquiries and facilitate automation.

5. High level implementation approach

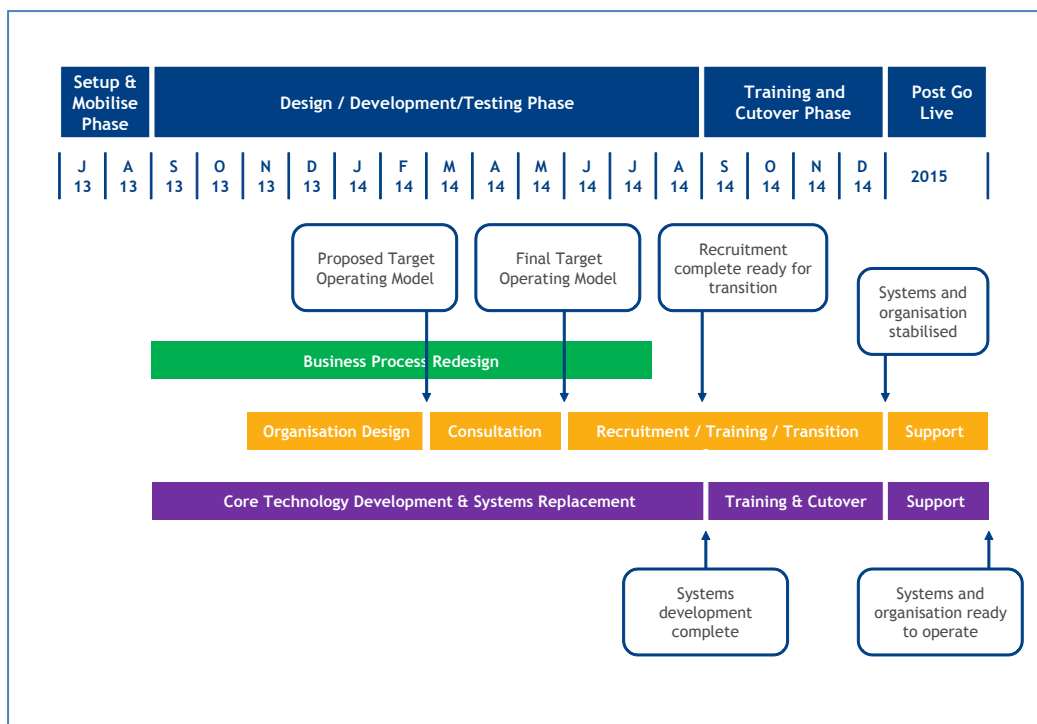
The overall timescale for Phase 2 implementation is a balance between the requirements to undertake a period of disruptive change as quickly as possible whilst managing the risks to the quality of service delivery when placing a significant demand on the organisation’s resources.

The planning work that has been completed suggests that an 18 month elapsed timescale for Phase 2 implementation is optimum – July 2013 to December 2014.

The experience of implementing Phase 1 of Future Model has informed the implementation plan for Phase 2, in particular:

- The need to reduce time gaps between the design and build stages of new scripts and processes so as to increase efficiency and reduce rework
- Phase 2 scripts and processes will not be designed and developed until the underlying core technology components are in place and tested
- Transition will take place over a 12 week timescale and provide more scope to focus on training, team building and team performance than has been possible during Phase 1 transition
- The timing of the recruitment process was not ideal in Phase 1 in that interviews and decisions about appointments were taking place over the Christmas period. The Phase 2 objective is to have the new organisation structure fully implemented by Christmas 2014
- Prioritisation of development work will take place from the outset during Phase 2 as the volume of new scripts and processes is significantly greater than for Phase 1. This will ensure that the target operating model can be published at the earliest opportunity.

The overall schedule of Phase 2 implementation activity is shown in the diagram below:



6. Implementation proposal and costs

Proposed implementation costs are summarised below. Key elements are:

- Developing an integrated approach to critical systems so as to streamline processes and enhance customer journeys
- Web integration and portal design to enrich the customer experience and encourage customers to use the web as a first port of call
- Process and script development using a new approach called “Create and Construct”
- A full time IT project manager to manage the multiple layers of technology and process design
- A part time programme manager and one FTE change manager to support delivery of the whole programme.

Requirements	Discounted price	Annuals
Civica Software & services, BPR, process design and scripting	£1,871,211	£66,610
Ignite services Program management, change management, BPR (including script writing, user acceptance testing)	£1,026,100	
Total	£2,897,311	£66,610

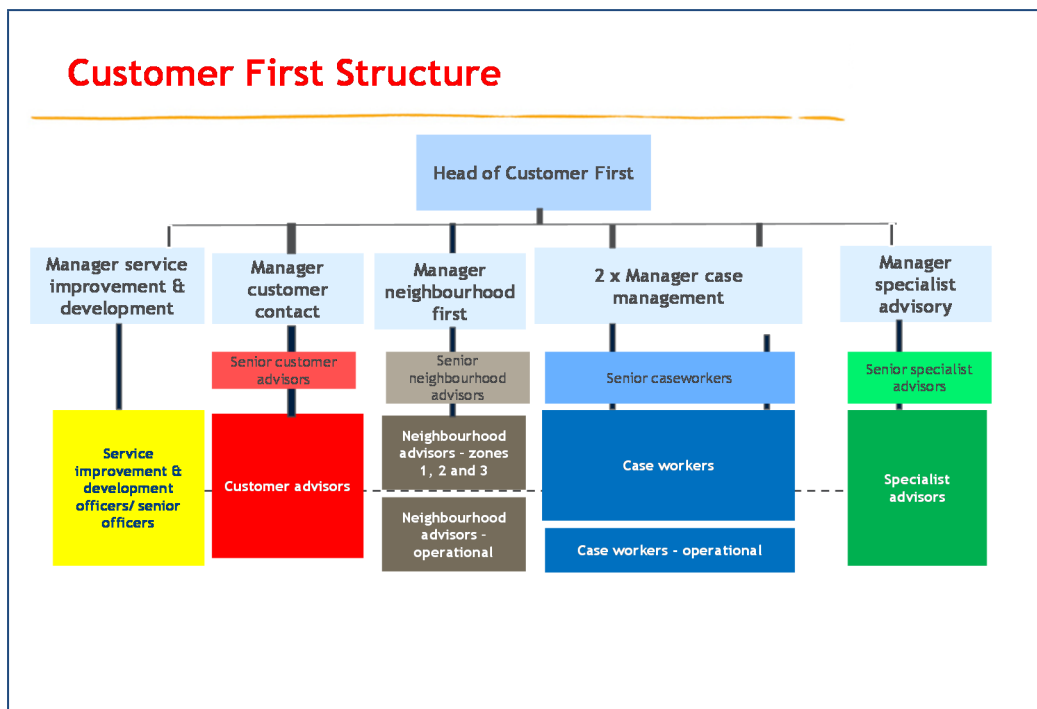
Appendix 1

Development of Customer First

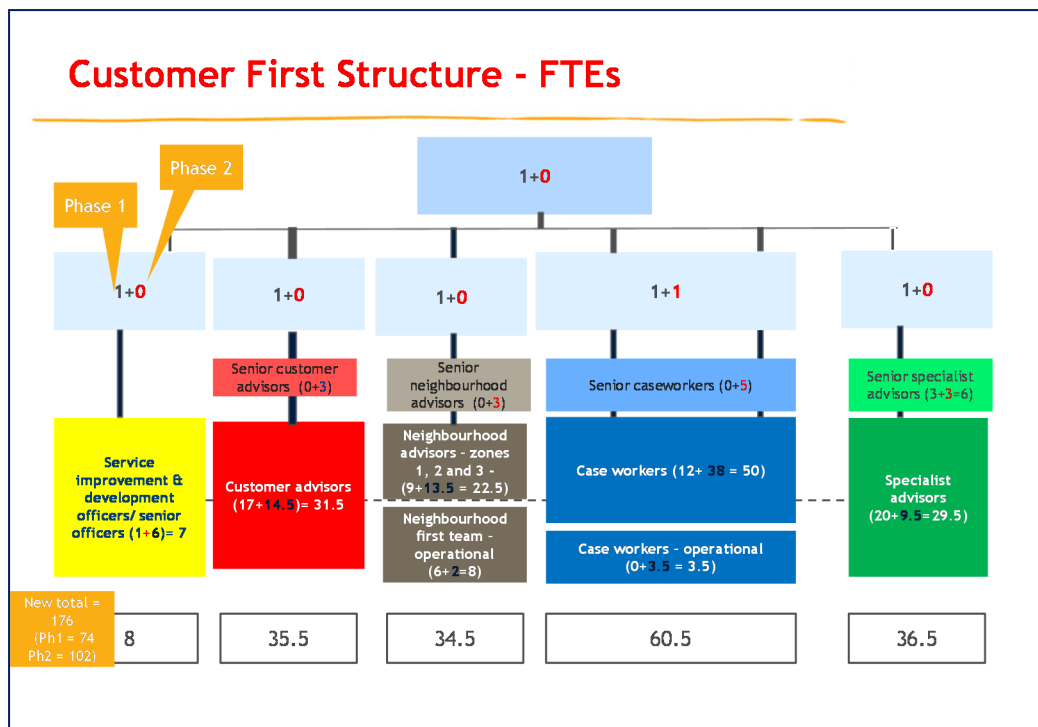
Organisation

The Customer First management structure and management roles developed for Phase 1 were designed so as to absorb relevant Phase 2 services. The preliminary target operating model for Phase 2 incorporates:

- An additional 102 FTEs moving into Customer First increasing the overall team size from 74 to 176
- Increasing the number of Customer First managers by one
- Creating new team leading senior roles in customer contact, neighbourhood first and case management
- Creating a new senior role in service improvement and development - specialist rather than managerial
- Extending the role of senior specialist to include management of teams/ staff
- Creating a new case worker (operational) role for scanning, indexing, and printing.



The numbers in each team/ role and in each phase are shown below:



The proposed approach to managing this increase is as follows:

- The existing management structure comprising Head of Customer First and five managers is expanded with the addition of one manager. The Head of Customer First role also becomes permanent. This is further supported by a CMT level Senior Head of Customer First. The grades for these Customer First roles are maintained at the Phase 1 level as the roles were designed with Phase 2 growth in mind
- The case management team has an additional manager and the team is divided into a number of semi ring fenced sub teams. The detailed arrangements will be developed during the implementation phase but could include the following groups - applications and related work, revenues and related work, data integrity, intelligence and related work, and printing, scanning and indexing
- A senior role is developed in each of triage (customer contact), service processing (case management), and mobile triage (neighbourhood first) with 3 to 5 FTEs per team in this role. These roles will spend half of their time on core activity and half on team leading and additional responsibilities. This role might be accommodated by extending the career grade from C/D to C/D/E within customer contact and by developing new roles and grades within the other teams (D/E or E/F). Final grades will be developed during implementation
- So:
 - In triage (customer contact) there will be 3 FTE **senior customer advisors**, 50% of their time will be working as customer advisors and 50% will be acting as team leaders, duty managers and assisting the manager with specific aspects of the role e.g. knowledge transfer and sharing, performance management, developing customer service culture
 - In service processing (case management) there will be 5 FTE **senior customer caseworkers**. They will spend 50% of their time on case work or related activity and 50% on team leading one of the sub teams – and on assisting the relevant manager

with specific aspects of the role e.g. knowledge transfer and sharing, performance, projects etc

- In mobile triage (neighbourhood first) there will be 3 FTE **senior neighbourhood first officers**. They will spend 50% of their time on neighbourhood activity and 50% on team leading one of the zone teams and assisting the manager on specific aspects of the role, for example, knowledge sharing, performance, projects
- In addition a new role is proposed within service processing (case management) at an equivalent grade to mobile triage/ neighbourhood first (operational) to carry out activity associated with physical inputs and outputs of the system – printing, scanning and indexing. Ultimately this team might become part of the back office
- Within the specialist advisory team the increase in team size will be accommodated by building more defined support to the Manager into senior specialist roles and grouping specialist advisors into flexible teams organised around customer groups e.g. businesses, people (high need) and property/ place. It is anticipated that this can be accommodated within the current grade for the role (F/G).

A small number of externally funded roles are included in both the baseline and the 'To Be' resource. How these roles fit within Customer First will be explored as part of the organisation design implementation project.