

**NOT FOR PUBLICATION:**

Appendix 1 of Section B of this report contains information considered to be exempt under Paragraph 1 of Schedule 12A to the Local government Act 1972 as amended

Appendices 2,3 & 4 to Section D of this report contain information considered to be exempt under Paragraph 8 of Schedule 12A to the Local government Act 1972 as amended

Agenda Item No. 5



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<b>REPORT TO:</b>	Cabinet
<b>DATE:</b>	19 October 2005
<b>REPORTING OFFICER:</b>	Paula Newson Smith, Corporate Projects Officer
<b>DEPARTMENT:</b>	Corporate Policy and Improvement
<b>SUBJECT:</b>	<b>CORPORATE CUSTOMER SERVICE UNIT &amp; CRM TECHNOLOGY</b>
<b>WARD/S AFFECTED:</b>	All
<b>FORWARD PLAN REF:</b>	

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## **1.0 PURPOSE OF REPORT**

- 1.1 This report deals with the practical implementation of the Customer Service project, the setting up of the Corporate Customer Service Unit (CSU) and acquisition of supporting technology as part of the delivery of the Council's Access to Services Strategy.
- 1.2 The report sets out the human resources issues and accommodation options for consideration by Cabinet. It also seeks approval for Northgate Information Solutions to be confirmed as the Council's preferred supplier for Customer Relationship Management (CRM) and workflow technologies.
- 1.3 Due to the length and complexity of the report, paper copies of the following detailed information have been placed in the Members' Room:
  - Customer Service Project Initiation document
  - Risk register
  - Invitation to tender for the CRM system
  - Job description for Customer Service Advisor Post

## **2.0 RECOMMENDATIONS**

Cabinet is requested to recommend that Urgency Committee agree the following:

- 2.1 The role, responsibilities and organisational structure for the Corporate Customer Service Unit.
- 2.2 The outline job roles for posts in the Corporate Customer Service Unit and for arrangements to fill the posts be made as soon as possible.
- 2.3 The Director of Development Services implement the changes to accommodation at Crescent Gardens and Knapping Mount as set out in Section C of the report.
- 2.4 The additional revenue costs of the proposal as shown in Paragraph 6.9

Cabinet is requested to:

- 2.5 Give their views on the service delivery options set out in Section C3 and agree priorities for future development to be reported back in due course.
- 2.6 Confirm Northgate Information Solutions the preferred supplier for CRM and workflow technology and agree that an order be submitted in line with the invitation to tender under the G-CAT process and a formal contract entered into with Northgate Information Solutions.
- 2.7 The Head of ITD be given authority to purchase the necessary hardware, database licences, telephony and peripheral equipment in accordance with the quotation procedures within the Council's Standing Orders relating to contracts.
- 2.8 Agree that the target go – live date of 18 May 2006 be agreed with Northgate Information Solutions as part of the detailed project plan.
- 2.9 Note the efficiencies achieved during the procurement process as a result of the partnership work with Craven District Council.

## **3.0 RECOMMENDED REASON FOR DECISION/S**

- 3.1 In order to implement the Council's Access to Services Strategy, it is necessary to decide upon the CSU staffing, accommodation and supporting technology.
- 3.2 It is important that the staff who will be working in the CSU are identified as soon as possible in order for the implementation of the CRM system to proceed. The systems administrators and CSU staff need to be known so that training and skills transfer can be provided by the supplier in a timely

fashion.

**3.3** Progress needs to be made on the staff related matters in order to minimise worry and uncertainty for staff affected by the Customer Service Project and the setting up of the CSU.

**3.4** The CRM solution is at the heart of the new technology that will facilitate the change in working practice so that professional customer service staff can deal with the majority of customer contacts at first point of contact. This is an essential part of the Customer Service Project.

#### **4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION**

**4.1** The Access to Services Strategy was agreed by the Council in September 2003 and the Customer Service project is a key strand of its implementation. If the project does not go ahead then the corporate objectives and priorities will not be achieved. This is not recommended.

**4.2** There are many approaches to the implementation of a front/back office split and new ways of working using CRM and workflow technology. With a project as complex as the Customer service project it is essential to adopt a phased approach and to focus on relatively more straightforward and high volume services such as Street scene. The option to start with other service areas is therefore not recommended.

**4.3** The project risk register highlights that the “Do nothing” option as a high risk in terms of possible loss of government grant allocated to introduce e-government initiatives.

#### **5.0 BACKGROUND INFORMATION AND CONTEXT**

**5.1** The Customer Service project is a major part of the Access to Services programme and it brings together the creation of the corporate Customer Service Unit (CSU) and the acquisition and implementation of the supporting technology i.e. Customer Relationship Management (CRM) Systems and the associated changes to business processes and working practices across the Council. A copy of the Project Initiation Document (PID) and the project Risk Register has been placed in the Members’ Room.

**5.2** The project is also a key initiative on the improvement agenda and links into other local and national initiatives such as the update to the corporate customer care policy, procurement, Gershon efficiency reviews and partnership working.

**5.3** The acquisition and implementation of CRM and supporting technology is the means by which the changes in working practices can be achieved and more efficient processes introduced into the organisation. Future phases of the project will require investment in corporate Document Image

Processing (DIP) systems in order to ensure that the CRM can be used effectively.

5.4 The Access to Service Programme Board (the Corporate Management Team - CMT) has considered a number of detailed reports on the implementation of the Customer Service project. This report contains the options recommended by the Board and also sets out the issues that need to be considered in implementing the project.

5.5 The main areas that need to be addressed are as follows:

- Corporate CSU - role, responsibilities and organisational structure
- Staff roles and HR issues
- Service delivery options and accommodation arrangements
- Acquisition of the CRM and supporting technology
- Implementation
- Financial implications

## 6.0 OVERVIEW OF PROPOSALS

### **Corporate Customer Service Unit**

6.1 The setting up of the corporate CSU will give a focus within the Council for all customer related matters and will have the lead corporate role in delivering the Council's objectives for customer services. Its role will comprise:

- Policy and Service Development
- Provision of Direct Customer Services, including the switchboard service
- CRM and Telephony Systems and user support, plus technical advice
- Training and guidance

It is anticipated that the Unit will be located within the Resources Department once it is fully functional. If required, interim management will be provided by the Chief Executive once staff are appointed. Full details together with an outline of job roles are given in section A of this report.

### **Staffing the CSU**

6.2 It is proposed that the CSU will be staffed in accordance with the principles adopted in the corporate restructure and the service will be developed on an incremental basis. This approach assumes that staff who are currently undertaking work that has been identified as forming part of the CSU will transfer into the CSU to work in Customer Service Advisor roles, possibly at a higher grade.

6.3 The advantages of this approach are that it is an attempt to ensure that

staff are not unduly made to worry about their jobs and the organisation makes best use of their existing skills and experience. It follows a similar process that was taken with the Council restructure. It is anticipated that existing staff would be interviewed and a training needs analysis be carried out. Staff will be trained to the required level and would transfer into the new posts, subject to their ability to carry out the new role and their willingness to do so. This process works on the assumption that if no redundancies are declared then there will be no redundancy costs.

- 6.4 An analysis of the posts affected, the organisational structure and predicted staff costs is given in exempt Appendix 1 of Section B of the report. The total staff strength for the new team is 13.8 FTE posts in total with 10.3 FTE existing posts transferring into the CSU from DDS, DCS, DR and DCPI. There are an 1.5 additional posts are put forward as growth items to be funded from the Local Authorities Business Growth Incentive receipts and Access to services maintenance budget with a further post to be funded from the Access to Services reserve budget. The latter funding is time limited to 12 – 18 months however the appointment will be permanent and absorbed in future phases of the project.

#### **Service delivery options and accommodation**

- 6.5 There are a range of options for future service delivery of customer services and associated changes to accommodation, these are set out in section C of the report. It is proposed that the corporate CSU be introduced on a split site basis. It will be based at both the Crescent Gardens and Knapping Mount offices. This option offers the most cost effective solution and can be achieved in line with the project plan. It will also allow for some expansion and for future service development on a phased basis.

#### **CRM and supporting technology**

- 6.6 Details of the CRM, workflow and associated technology that it is proposed to implement as part of the project is give at section D, together with details of the evaluation process and costs. Work on this element of the project was undertaken in partnership with Craven District Council. This approach has been successful and resulted in significant savings in both officer time and the final tender prices from the supplier.

#### **Implementation**

- 6.7 Details of the activities involved in the implementation of the new arrangements are shown in Section E of the report. A judgement needs to be made as to the target go – live date for the new customer services. The detailed project plan shows that it would be technically feasible to introduce the service in March 2006. However, this is not recommended as there is a clash in the requirement for ITD resources with the Financial Management System project and the latter has priority as it must be introduced from April 2006. March and April are also busy times for

customer contact and, when coupled with the Easter holidays, staff resources can be reduced due to people taking outstanding annual leave.

- 6.8 It is therefore suggested that a target go-live date of mid – May 2006 be agreed. This needs to be formally agreed so that the project plan can become part of the formal contractual arrangements with the main supplier and to enable the project to be coordinated effectively.

6.9 **Financial implications**

The financial implications of the proposals are summarised below:

Capital	£,000
Accommodation	101.4
CRM, workflow etc	217.0
Telephony	121.0
Hardware & Infrastructure	49.7
<b>Total</b>	<b>489.1</b>

The costs of the new technology of £387,700 can be met from the Access to Services budget (IEG grant) of £496,000 set aside for this purpose. Approximately £10,000 has already been committed on initial training, 2 lap top computers with process mapping software and the procurement exercise, leaving a balance of £98,300 which can be retained in the Access to services budget to contribute towards, amongst other things, the cost of introducing council-wide document management software. When the use of the CRM is extended to include Revenues and Benefits in the next phase of the project, document management software is essential to maintain and further develop services to customers. It is proposed that the customer accommodation changes be funded from the Capital Reserve.

Revenue – full year	£,000
Staffing costs	79.6
CRM maintenance	25.0
Telephony maintenance	21.5
<b>Total</b>	<b>126.1</b>

As the maintenance costs have come within the budget provision for ongoing revenue support for the CRM and telephony, it is suggested that a contribution of £11,000 be made to the ongoing staff budget for the CSU.

It is therefore proposed that the staff costs be funded as follows:

Budget	£,000
Access to services project support budget	27.0
Local Authorities Business Growth Incentive (LABGI)	41.6
Access to services saving on maintenance	11.0

Access to services saving on maintenance	11.0
<b>Total</b>	<b>79.6</b>

Please note that the LABGI funding is not certain and that £300,000 is initially predicted and £100,000 has previously been committed.

- 6.10 The project has achieved significant levels of savings as a result of the partnership work with Craven DC on the procurement phase of the project. These equate to £71,600 capital and £36,250 revenue over five years. The partnership also resulted in savings in officer time estimated at four weeks as a result of sharing the work on the invitation to tender. Details are shown in Section D exempt Appendix 4.
- 6.11 Typically with similar projects in other councils there is a modest cost increase in the early years in order to introduce the new ways of working but in the medium term it should be possible to break even and cost savings are achievable in the longer term. These will arise from the re-engineering of business processes, the introduction of standardised and simpler working practices using the workflow software and more effective targeted communications with customers will help to reduce repeat transactions i.e. the “right first time” approach.

## 7.0 PROJECT RISKS

- 7.1 A risk workshop was held at the start of the project and a risk register compiled. A copy of this document has been placed in the Members’ Room. Significant risks are identified but this is expected of a major change management project of this type.
- 7.2 Risks were categorised as:
- Do nothing
  - Strategic
  - HR related
  - Technology related
  - Customer related
- 7.3 The Programme Board considered that the highest risks relate to:
- a) The potential loss of government grant if no action is taken. This could be up to £900,000. There would also be significant lost opportunities for increased efficiency and improved customer service.
  - b) Cultural and change management issues within the Council, eg conflicting priorities for resources, resistance to change
  - c) Project complexity – both from a change management perspective and implementation of new, interlinking technology
  - d) Customer satisfaction – the new arrangements have to exceed the current high levels of customer satisfaction

- 7.4 The proposals set out in this report address the risk of loss of government grant and a full project plan detailing all activities and timescales has been drawn up. Moreover, there would significant missed opportunities to join up services from the customer's perspective and achieve the e-government priorities if the project did not proceed.
- 7.5 The project is being managed by the Corporate Projects Officer (DCPI) with support from the Service Development Manager (on secondment from HIC) and the Projects Officer in ITD and in accordance with the principles of PRINCE2 project management methodology. There is also significant professional involvement from the staff in the ITD and the Telephony team in all elements of the project, together with regular communication and involvement with service managers. This approach is designed to minimise the risks associated with change management and cultural issues and the complexity of the project.
- 7.6 The project is being lead by officers experienced in providing a wide range of customer services and with a background in the relevant technology. The proposed supplier is one of the leading suppliers of CRM systems in the local government market and has successful experience of implementing such projects in other councils. It is intended that the detailed design phase of the services to be delivered by the CSU will involve the wide range of stakeholders, including staff, customers and Elected Members in order to ensure that their requirements are fully met.
- 7.7 The Council already carries out regular consultation with its customers and this will be maintained and expanded upon where required during the project.

Background Papers – Copies of the papers referred to in Para 1.3 have been deposited in the Members Room, Council Offices, Crescent Gardens, Harrogate HG1 2SG.

**OFFICER CONTACT:** Please contact Paula Newson Smith if you require any further information on the contents of this report. The officer can be contacted at Council Offices, Crescent Gardens, Harrogate HG1 2SG or by telephone on 01423 556502 or by Email.  
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## SUSTAINABILITY ASSESSMENT/POLICY CONSIDERATIONS

		Implications are		
		Positive	Neutral	Negative
A.	Economy		✓	
B.	Environment		✓	
C.	Social Equity			
(i)	General	✓		
(ii)	Customer Care/People with Disabilities			
(iii)	Health Implications			
D.	Crime and Disorder Implications		✓	

If all comments lie within the shaded areas, the proposal is sustainable.



