

18 July 2024



Customer Transformation

Purpose of report: The report provides an update on the Customer Transformation Programme, including an overview of the approach and work to date and plans for the next phase of delivery, including investment requirements.

Introduction:

1. To achieve excellent services for all, and be a high performing council, significant transformation is required to improve the way we interact with customers. Investment in improving these interactions will contribute to the Council's four priority objectives which are underpinned by the guiding principle of 'no one left behind':
 - Growing a sustainable economy
 - Tackling health inequality
 - Enabling a greener future
 - Empowered and thriving communities.
2. The programme will enable consistently good customer experience across all council services, including customer 'contact points' (e.g. libraries, registry offices, social care interactions etc.). The programme will work closely with all services and teams within the Council to achieve this, making better use of customer insights to improve effectiveness and reduce avoidable contacts and demand.
3. Currently, a significant number of our customers face challenges in their interactions with the council, which leads to frustration, unnecessary effort, waste, and reputational damage. Although there are many examples of positive day-to-day engagement and delivery with customers (as evidenced by compliments received about services), evidence from the customer satisfaction survey and complaints data show that the Council is not always delivering the consistently good experiences it aspires to.
4. Given the national and local financial context, there is a need to drive efficient processes and systems to support customer interactions. This programme aims to enhance customer satisfaction and drive efficiencies by improving the speed of service access and the quality of interactions. This will ensure the Council

remains able to support the changing needs of the population and support its most vulnerable customers in the most appropriate way. All improvements and process efficiencies will be tracked to ensure we are able to make conscious decisions about investment levels in services as part of our budget setting processes.

5. The Customer Transformation Programme was established in January 2024. The programme Steering Group sits within the broader Transformation and organisational governance structures, and membership includes the Section 151 Officer. The Steering Group oversees development of the Business Case and programme delivery, including benefit definition and realisation. The initial phase of work culminated in an Outline Business Case (approved by the Strategic Design Authority in March 2024). The Full Business Case now builds on that, setting out an approach to investment in the detailed design and implementation of a new way of working that maximises digital capabilities and makes it easier for everyone to access what they need via self-serve, assisted self-serve approaches or providing more targeted and specialist support for those who require it.

Case for Change

6. The Council's customer base is significant in scale and diversity. Our definition of a customer is 'people who contact and interact with Surrey County Council, which may include residents, those who work, visit, study or travel in the county, as well as partner organisations.' With almost 1.2m residents it is vital that we ensure that their experience, along with those of the wider customer community, is central to our transformation work.
7. A snapshot of data relating to customer interactions managed by the contact centre (excluding direct contact to other services, such as social care) shows that, on average annually there are over 357,000 customer service interactions, including:
 - over 250,000 phone calls to the contact centre
 - over 8,000 contacts via social media channels
 - approximately 95,000 emails
 - more than 17,000 web chats
8. Data also shows that there is evidence of failure demand and a lack of clarity over when and how customers can engage, resulting in more interactions than necessary. Customer feedback shows that there is often frustration with processes and wait times for issue resolution and feedback, while 80% of contact centre interactions are resolved at the first point of contact and calls are answered within the 120 second target, many customers are not satisfied with SCC's services (all services not just the contact centre).

9. During the year 2023/24, Surrey County Council recorded a total of 2,598 complaints, a 5% increase across the board compared to the previous financial year (2,467).
10. Discovery work has demonstrated limitations with gaining customer insights due to:
 - multiple systems and platforms that do not integrate with each other leading to unreliable data; data is fragmented meaning consolidation is administratively heavy and susceptible to human error.
 - multiple front doors and microsites meaning there is no central view of customer interactions,
 - limited reporting capability to identify the number of touchpoints in the journey to resolution,
11. The combination of challenges outlined above makes it harder to target and provide high quality customer experiences that are measurable.

Purpose of the Customer Transformation Programme

12. To make the improvements set out in the case for change, we will deliver a three-to-five-year change programme. The purpose of undertaking this transformation is to ensure the Council:
 - takes a 'customer first' approach by creating a step change in customer experience, outcomes, satisfaction, and efficiency of delivery through an organisation-wide operating model.
 - reviews the way it does things, not only structures, but also flexing and redesigning services where it needs to, to both streamline and improve the outcomes for customers.
 - takes full advantage of innovative digital technology and improve internal systems and data to reduce inefficiencies.
 - delivers innovation, cost reduction and service improvements to support prevention, helping to create the conditions for a sustainable council that can meet the financial pressures and challenges ahead.
 - creates inclusive approaches, ensuring our self-serve experience connects customers to the right assistance and support at the right time.

Approach and Work to Date

Phase 1: Discovery and Design phase January – June 2024

13. The programme aims to improve service delivery by focusing on outcomes for customers, encouraging self-service, using digital tools, and adopting preventative measures for better results and financial sustainability.

14. In the first phase (January – June 2024), the programme team worked with external partners to build in-house skills. The programme used a collaborative approach, forming multi-disciplinary teams to test and improve services, especially in Adults Wellbeing and Health Partnerships (AWHP) and Environment Infrastructure and Growth (EIG).
15. The programme created Customer Design Principles to guide this transformation and ensure a consistent focus on customer needs. These principles, along with the Customer Promise and The Surrey Way framework, will shape the organisational culture to prioritise customer needs. Equality, Diversity, and Inclusion are central to the programme, aiming to create inclusive and accessible experiences.
16. The team is supporting services that are already working on improvements for customers (for example improvements to communications with children and families) and building on where customers have fed back positively on changes so far (for example where chatbots have been introduced to support customers with booking an appointment). The team is also coordinating with other transformation programmes to explore opportunities across the Council, optimise technology use, and embed systematic changes. The first year will focus on establishing foundations for long-term efficiencies.
17. The proposed model for the future is specifically a *dynamic* rather than *target* operating model, meaning it can be flexible to customer needs as the programme progresses. There are three main elements, which represent where Surrey County Council can significantly positively impact on customer experiences. These relate to:
- How customers will be able to engage digitally
 - How customers will be able to engage via ‘locality hubs’ – interacting with the Council in community locations
 - How customers will be able to engage via the County Council’s ‘customer hubs’ – including access points in Adults and Children’s specifically
18. The enhanced customer service model will improve customer interactions with council services by offering:
- Clearer, more concise guidance for people who want to self-serve, for example when applying or paying for a service
 - More flexible contact options so people can interact with us at a time that suits them, without having to wait to speak to someone during normal working hours
 - Automated updates to keep people informed as their request progresses

- Chat bots to offer quick and additional support where appropriate
- The option to still speak to a human being, for those who need to (quicker thanks to more people able to self-serve)
- Better use of physical places – such as libraries – to increase face-to-face support options (including access to technology, guidance, signposting etc.)

The model will ultimately mean customers can access a wide range of online information or support, via a type of interaction that suits them, at a time that suits them.

19. In some services, customers will see early improvements as we are taking a 'Test and Learn' approach in areas where we can make changes quickly. This work will take place alongside longer term improvements to ensure customers are seeing the benefits of new processes and improvements as quickly as possible, whilst testing to ensure effectiveness. For example, some improvements are in very specific areas (e.g. processing applications for scaffolding licences) and will provide learning to enable improvements to be rolled out at scale (e.g. across processing applications in other areas).
20. The model also recognises the extensive community-based offer in Surrey through multiple providers that is routinely supporting residents and wider customers well before they have any interaction with council services.

Phase 2: Detailed Design and Implementation phase: July 2024 – 2027/28

21. Phase 2 will focus on designing and implementing the Dynamic Customer Operating Model (Appendix 2). This involves engaging with customers to test and understand how the model meets their needs, and working together to develop it. The Test and Learn approach means that there will be focused work to make improvements in areas like Adults Wellbeing and Health Partnerships (AWHP), Children Families and Lifelong Learning (CFLL), blue badge applications, and highway enquiries. As a result, customers will see immediate changes in those specific areas of focus, and the lessons learned will feed into wider improvements. An example would be testing how effective automation of an application process is in one specific area. As well as improving the experience for customers using that application process, the Test and Learn approach will increase our understanding of how to improve other application processes, including whether rolling out the same approach would meet customer needs, or whether a different context means that a different approach is needed. The lessons learned will help further develop the model.
22. This phase will also emphasise understanding and enhancing technical and digital capabilities. This includes evaluating Surrey County Council's IT infrastructure to find opportunities for efficiency by streamlining systems. The

development of the model will include testing new digital tools, such as automation for self-service processes, enquiry updates, and chatbots for customer assistance.

23. Additionally, the programme will plan for the long-term implementation of the model, including potential staffing changes and system procurement. Options and recommendations will be presented for decision-making through the programme's governance.

Financial and Value for Money Implications:

24. The level of investment estimated as being required for this programme reflects the complexity and scale of innovative change which requires the appropriate subject matter expertise and capability to design and embed a new Dynamic-Customer Operating Model for the organisation and create a customer-first culture. Investment is needed to deliver innovation, cost reduction and service improvements to support prevention and provide sustainability.

25. At the current stage of the programme, without having all the data and insights available we have taken an approach of using data from other Local Authorities who are undertaking Customer Transformation programmes to benchmark and make some assumptions on what the return on investment could be. It is difficult to draw too many conclusions on this data as many other local authority customer programmes are in their infancy and yet to deliver the planned savings. The programme, in conjunction with other cross cutting transformation programmes, have currently identified £17m savings. Work is being undertaken to quantify further benefits across the programmes, updates will be provided through the programme governance board to ensure appropriate member and senior officer oversight.

26. To deliver value for money, the programme will use in-house resources wherever possible or bring in new resources via fixed term contracts. Due to the short-term nature or urgency of some of the customer transformation work, it is expected that the programme may need to use an agency or consultancy at times. Steps will be taken throughout the process to assess the options available to the programme to minimise the spend where possible but ensuring the programme has the right skills and capacity to deliver on the projected outcomes.

27. The table below shows the £11.3m investment requirements for the customer transformation programme in totality across the four years to 2027/28.

	2024/25	2025/26	2026/27	2027/28	Total
Investment requirements	£000's	£000's	£000's	£000's	£000's
Customer Transformation	3,461	4,408	2,436	960	11,265

28. Included within the £11.3m is £3.5m investment requirement for 2024/25, this excludes investment needed in Data and Digital which are both enablers for the programme, further info on those elements are captured below.

29. Customer Transformation programme spend incurred to date totals £0.7m, with £1.5m committed for this financial year. This investment has delivered a dynamic operating model, design principles and customer analysis, an analysis of our as is delivery model, two tangible changes to customer processes, and a guide for staff to enable further change across the council, a full business case and a wide range of cultural change activities amongst other key deliverables.

30. With the interdependencies between Customer, Core Function Redesign, Data and Digital transformation programmes, it is important to assess the scale of investment in totality to be able to fully deliver its ambition. The table below captures the investment ask across all these programmes, totalling c£26m. The cumulative scale of investment requirements is projected to exceed the available transformation budget in 2024/25 and 2025/26, it is therefore recommended that the Customer Transformation programme is funded from reserves.

31. The request for funding assumes an immediate draw down of reserves for investment totalling £3.5m in 2024/25 and then drawn down in phases from 2025/26 onwards following appropriate update and review of the business case, and approval by the governance boards to evidence the benefit realisation.

	2024/25	4 Year Total
Investment Requirements	£m's	2024/28 £m's
Customer Transformation	3.5	11.3
Other cross cutting		
Core Function Redesign	1.7	5.0
Digital, Data + Ai Partner	2.2	9.3
Total Investment ask	7.4	25.6

32. Work is underway to strengthen our assessment of the financial benefits being delivered across the programmes pending approval of the full business cases:

- Research from other authorities shows that significant benefits can be realised from investment in such programmes, particularly through the development of digital solutions and use of AI (Artificial Intelligence).
- We are taking a multi-year approach to the levels of investment and efficiencies across our three council-wide programmes. The level of efficiencies is anticipated to increase as we continue to develop the programme.

Conclusions:

33. This programme is critical to the success of the ambition of the council of no one left behind, with a key focus on driving improved customer experience and outcomes. The programme is also a key enabler for other transformation programmes including Adults Wellbeing and Health Partnership (AWHP) demand management and Core Function Redesign, both with significant efficiencies to be developed to contribute to a sustainable future.

Recommendations:

34. That the Resources and Performance Select Committee:

- Note the progress made to date in the discovery and design phase
- Endorse the programme and its ambition
- Provide any feedback and comment

Next steps:

35. Cabinet will consider a full report on 23 July 2024, with the recommendation to approve the customer transformation ambition and approach, and the in principle £11.3m investment requirement over four years.

36. Year 1 (2024/2025) is focused on detailed design, and following approval of the Full Business Case, a change partner for Phase 2 (Detailed Design and Implementation) of the programme will be procured, to ensure quality and pace of progress. This will include a requirement for transfer of capability to County Council Design and Transformation teams (including digital and service colleagues where relevant), reducing reliance on external support in the future.

37. Detailed design work will continue to shape the Dynamic Customer Operating Model, with a focus on engaging and collaborating with customers and partners to ensure it meets their needs.

38. The approach to implementation (for example by directorate or function) across the organisation will be decided in close consultation with directorates, and other major transformation programmes, to ensure alignment of resource and deliverability are balanced with an evidence-based approach to the greatest opportunity for impact. Detailed design and implementation will progress in line with the agreed approach.

39. Further collaborative co-design work will be undertaken across directorates, with a focus on testing and iterating the application of each aspect of the Dynamic Customer Operating Model, as well as delivering improvements in the specific areas of focus.
40. Digital capabilities will be developed and tested, mapped to the requirements of the Dynamic Customer Operating Model, with early introduction of capabilities (such as automation and productivity and efficiency technology) where possible to bring early benefits.
41. For years 2-3 (2025/6 - 2026/7) the focus is on implementation, and the longer-term implementation of the full model, including any large-scale staffing changes or systems procurement, will be set out with options and recommendations (including financial implications within the proposed Medium Term Financial Strategy) for decision through programme and organisational governance.
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Report contact

Liz Mills; Executive Director, Customer, Digital and Change

Contact details

liz.mills@surreycc.gov.uk

Sources/background papers

[List of all documents used in compiling the report, for example previous reports/minutes, letters, legislation, etc.]

- Customer Promise

Appendices:

1. Customer Design Principles
2. Dynamic Customer Operating Model
3. High level plan
4. Risks, assumptions and constraints
5. Stakeholder engagement plan

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