

SURREY COUNTY COUNCIL**CABINET****DATE: 23 JULY 2024**

REPORT OF CABINET MEMBER: DENISE TURNER-STEWART, DEUPTY LEADER AND CABINET MEMBER FOR CUSTOMERS AND COMMUNITIES

LEAD OFFICER: LIZ MILLS, EXECUTIVE DIRECTOR, CUSTOMER, DIGITAL AND CHANGE

SUBJECT: CUSTOMER TRANSFORMATION

ORGANISATION STRATEGY PRIORITY AREA: TACKLING HEALTH INEQUALITIES, GROWING A SUSTAINABLE ECONOMY, ENABLING A GREENER FUTURE, EMPOWERED AND THRIVING COMMUNITY, NO ONE LEFT BEHIND

Purpose of the Report:

This report sets out the ambition and business case for the transformation of customer experiences and outcomes, to support the Council's guiding ambition that 'No one is left behind'. The programme will enable the needs of Surrey County Council's residents and wider customers to be better met, with a focus on understanding and supporting those with the greatest need.

Recommendations:

It is recommended that Cabinet:

1. Approve the customer transformation ambition and approach, and the in principle £11.3m investment requirement over four years.
2. Approve the use of financial revenue reserves of £3.5m (included in the £11.3m request) to support the 2024/25 activity. Further draw down of funding will be released in phases from 2025/26 onwards, following appropriate evidence of benefit realisation in the updated business case and approval of the Executive Director, Customer, Digital and Change in consultation with the Lead Cabinet Member.
3. Approve the Dynamic Customer Operating model (D-COM) and its delivery as an essential countywide priority to ensure customer outcomes and experiences are improved.
4. Note the inter-relationships of the transformation programme with cultural and digital change, the data strategy, service specific improvements, Core Function Redesign and the Towns and Villages/Team Around the Community programmes.

5. Delegate authority to the Executive Director, Customer, Digital and Change, in consultation with the Lead Cabinet Member to refine the Dynamic Operating Model as it evolves over time, responding to changing needs.

Reason for Recommendations:

The Council is determined to improve the customer experience in line with our mission and organisational priorities. This will be achieved through the design and implementation of a new Customer Service Operating Model, supported by systems, processes and ways of working that will provide a seamless customer journey, build customer trust, confidence, and satisfaction; reduce cost and maximise efficiency and effectiveness.

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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 (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 with increased opportunity for people to 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
 - 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, with more choice about when they engage

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.

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

21. Phase 2 will focus on designing and implementing the Dynamic Customer Operating Model. 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 (CFL), 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.

Consultation:

24. The case for change is based on customer feedback and organisational data. Ongoing engagement is crucial to ensure the new model meets customer needs. The programme team regularly updates stakeholders and has a detailed engagement plan. Staff roundtables have gathered insights from many council employees.
25. A structured member engagement plan includes attending the Select Committee and presenting at a Member Development session in September 2024.
26. Over the summer, there will be wider engagement with external stakeholders, including roundtables with residents and consultation sessions. The change management team is working with the Legal team to meet consultation requirements.
27. A Customer Panel is being developed to gather diverse customer feedback and collaborate on the design. This panel will include voluntary, community, and social enterprise groups, as well as participation groups and community liaison officers, to ensure inclusive co-design.

Risk Management and Implications:

28. The programme has identified and mitigated key risks:
- **Complexity:** The changes are complex. Mitigation: Careful planning, co-design, and a risk-based approach. The programme reports to a governance board and has a steering group with cross-service representation.
 - **Directorate Alignment:** Risk of directorates working in isolation. Mitigation: Internal protocols and boards ensure coordination and alignment with the Customer Programme.
 - **Digital:** Systems and processes will become defunct without investment to support the customer and organisation's changing needs and requirements. There is a dependency on digital investment and transformation. Mitigation: Collaboration with the Digital Programme to identify needs and shape investment.

Financial and Value for Money Implications:

29. 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.

30. 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. This programme makes up part of our wider cross cutting transformation portfolio, which collectively has a target to deliver £20m of annual savings across 2025/26 to 2026/27. Work is being undertaken to quantify the benefits across the programmes, updates will be provided through the programme governance board to ensure appropriate member and senior officer oversight.

31. 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.

32. 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

33. 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.

34. 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.

35. 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.

36. 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 £m's	4 Year Total 2024/28 £m's
Investment Requirements		
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

37. 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. At present we have identified permanent (recurring) budget efficiencies totalling £8m over the next four years for the Customer Programme against the one-off investment total of £11.3m. The level of efficiencies is anticipated to increase as we continue to develop the programme in conjunction with our other cross cutting programmes.

38. The business case is a dynamic document that will be developed as greater insight into the benefits is gained. Other cross-cutting business cases will come to Cabinet in the coming months and further updates will be provided to Cabinet on the transformation programmes.

Section 151 Officer Commentary:

39. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost-of-service

delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending to achieve a balanced budget position each year.

40. In addition to these immediate challenges, the medium-term financial outlook beyond 2024/25 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for most of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, to ensure the stable provision of services in the medium term.

41. 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 AWP demand management and Core Function Redesign, both with significant efficiencies to be developed to contribute to a sustainable future. Consequently, the Section 151 Officer supports the recommendations including the use of Reserves to fund the investment of the Customer programme over the four years, with work on the benefits continuing to be developed contributing to the £20m targeted efficiencies across the cross-cutting transformation programmes for 2025/26 - 2026/27.

Legal Implications – Monitoring Officer:

42. As this is a strategic paper setting out design ambitions for a new way of interacting with the Council's customers, there are no legal implications at this point. However, given the scale of the proposed transformation, as it moves forward there will be a need for subject specific legal advice in several areas including employment and procurement. Any radical change to the way in which customers access services may also require advice on the need for public consultations.

43. Compliance with the public sector equality duty will need to be at the forefront of decision making as the transformation progresses.

Equalities and Diversity:

44. An Equality Impact Assessment (EIA) has been completed to address how the programme's changes might affect residents and staff with protected characteristics. The EIA will be updated regularly to ensure equality issues are considered in decision-making. An oversight group will monitor progress.

45. Early equality considerations include:

- **Digital Systems:** Adjustments for those with lower digital skills, limited English proficiency, learning difficulties, or digital exclusion. Mitigations include expanding face-to-face support, keeping phone lines open, and ensuring accessible documentation (e.g., easy-read, BSL interpretation).
- **Face-to-Face Services:** Ensuring physical accessibility of in-person locations, suitable opening hours, and easy access via public transport and blue badge parking.
- **Workforce Changes:** Ensuring diverse working patterns, accessible new locations, training for front-line staff, and protection from discrimination. Decision-making will consider individual needs and follow formal change management processes.

46. The EIA outlines potential negative impacts and mitigating actions. The programme aims to benefit various groups by improving service delivery, reducing administrative work for staff, and enhancing customer interactions.

Other Implications:

47. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Safeguarding responsibilities for vulnerable children and adults	By streamlining processes and working with partners in an improved way, safeguarding will be dealt with more efficiently.
Environmental sustainability	<p>Whilst this programme is Council wide, when considering issues in relation to:</p> <ul style="list-style-type: none"> • Risks posed to people of the build environment by environmental conditions • Designated conservation sites, protected species, and biodiversity • Materials and water • Waste • Energy • Transport • Landscape and trees • Heritage • Education and Awareness <p>At this stage, the programme is not expected to adversely impact any of the</p>

	<p>above environmental issues. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.</p>
<p>Compliance against net-zero emissions target and future climate compatibility/resilience</p>	<p>As this programme is cross cutting and far reaching, the Customer Transformation Programme will be able to contribute to the Greener Futures Agenda.</p> <p>Procured services are estimated to make up 94% of Surrey County Council's emissions, therefore it is important that large programmes such as this should align with the council's Environmentally Sustainable Procurement Policy. All consultants and suppliers should be required to report their carbon emissions in a system and manner of the council's choosing. This will both support the council's understanding of emissions within the value chain and encourage suppliers to develop their own carbon reduction plans. Engagement with suppliers on the council's commitments to Enabling a Greener Future could also encourage them to join us on this journey.</p> <p>In addition, whilst the main aim of this programme is to improve customer experience, this programme could also improve opportunities to encourage customers to take up additional services such as those offered by the Greener Futures Team to prevent fuel poverty, help them save money and reduce carbon emissions. This opportunity for increased engagement should be considered in the programme.</p>
<p>Public Health</p>	<p>This programme is seeking to deliver specialist service delivery and expert advice to those in greatest need more efficiently, specifically:</p> <ul style="list-style-type: none"> • access to care (for example: availability of given services)

	<ul style="list-style-type: none"> • quality and experience of care (for example: levels of patient satisfaction) <p>These will assist in closing the gap in health inequalities.</p>
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What Happens Next:

48. The next steps are that:

Year 1 (Detailed Design: 2024/2025)

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. 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.

Years 2-3 (Implementation 2025/6 - 2026/7)

- f. 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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Consulted:

Council Cabinet members and portfolio holders

Resources & Performance Select Committee (18 July 2024)

Resources & Performance and Communities, Environment and Highways Select Committee members (informal briefing April 2024)

Corporate Leadership Team and other staff

Legal Services

Finance Department S151 Officer

Annexes:

Annex 1- Equality Impact Assessment

Annex 2- Customer Promise
