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04 March 2022

Dear Member,

Performance and Finance Scrutiny Committee - Friday, 11 March 2022

Please find enclosed the following documents for consideration at the meeting of the Performance and Finance Scrutiny Committee on Friday, 11 March 2022 which was unavailable when the agenda was published.

Agenda No	Item
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7.	Customer Service Centre Function (Pages 3 - 16)
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These documents were delayed to allow for additional contributions from subject matter experts following the initial soft market testing.

Yours sincerely

Tony Kershaw
Director of Law and Assurance

To all members of the Performance and Finance Scrutiny Committee

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Report to Performance and Finance Scrutiny Committee

11 March 2022

Procurement of a Digital Customer Service Function – Focus for Scrutiny

Report by Director of Law and Assurance

Summary

The committee's Business Planning Group requested that the decision in relation to the procurement of a Digital Customer Service Function be scrutinised as it is a key decision in relation to how the Council interacts with and serves the residents of West Sussex.

The attached draft report sets out the decision to be taken by the Cabinet Member for Support Services and Economic Development.

Focus for scrutiny

The Committee is asked to consider the attached report. Areas for scrutiny include:

- That the outcome of the procurement meets the objectives of the Council Plan to ensure priorities and targets of the County Council can be met, specifically around KPI51: percentage of digital services available from the County Council to support self-service.
- That the service being procured will provide the Council and its members with real insight into the needs of residents and their interaction with the Council
- That the outcome of the plans for management of the service and the chosen provider enable the Council to manage and monitor performance of this critical customer-facing service
- That plans are in place to manage the implementation and transfer to ensure service continuity and value for money.

The Chairman will summarise the output of the debate for consideration by the Committee.

1. Background and context

- 1.1 The Support Service Outsource (SSO) contract is due to expire on 30 September 2022. Two of the services currently delivered through the SSO Contract are the Customer Service Centre, which handles incoming calls and non-telephony contact, and Support Service, which manages the corporate website and intranet. In preparation for the contract end the Council will procure an integrated customer service function from 1 October 2022.

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- 1.2 The Cabinet Member for Support Services and Economic Development will be asked to approve the procurement process and delegate authority to the Assistant Director (Communities) to award the contract in due course.
- 1.3 The background, context and detail to this item for scrutiny are set out in the attached draft decision report.

Tony Kershaw

Director of Law and Assurance

Contact Officer

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Appendices

Annex 1 – Draft Decision Report

Background Papers

None

Key decision: Yes
Ref: SSEDXX 21-22

Report to Steve Waight Cabinet Member for Support Services and Economic Development

March 2022

Procurement of a Digital Customer Service Function

Report by Emily King, Assistant Director (Communities)

Electoral division(s): All

Summary

The County Council's Support Services Outsource ('SSO') contract ends on 30 September 2022. Two of the services delivered by this contract are the Customer Service Centre which handles incoming calls, and non-telephony contact which includes emails, reports, requests for services from members of the public and the management of our corporate website and intranet. (The entire service defined as the "Customer Service Function").

In support of Our Council Plan 2021-2025 (making the best use of our resources) and to ensure continuity of service from 01 October 2022, the County Council is taking the opportunity to transition to an integrated delivery model providing a Digital Customer Service Function to residents, staff, and professional partners. The delivery model will have many components that support the customer's channel of choice for engagement with the County Council, which aims to meet customer expectations in a digital age.

To reduce the risk of digital exclusion, access to County Council services via the telephone will remain available. This provision will be enhanced by a full range of technology to improve the customer experience, as well as extending telephony access out of hours which will be facilitated through use of innovative technology.

The proposed contract term is three years with the option to extend by two periods of one year, the potential maximum term being five years with a contract value over that period of £10.2m.

This report concerns the procurement of the Digital Customer Service Function, both the staff to run the service; and the digital technology and cloud software to support the function.

The proposed route to market is via Lot 4 of the Crown Commercial Services ("CCS") RM 6100 – Technology Services 3 framework.

Recommendations:

The Cabinet Member for Support Services and Economic Development is asked to approve;

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- (1) Procurement of the Digital Customer Service Function and the digital technology and cloud software of the function as set out at paragraph 2.1, via Lot 4 of the CCS RM6100 Technology Services 3 framework.
 - (2) To delegate to the Director of Communities the authority to award the contract.
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Proposal

1 Background and context

- 1.1 The Council Plan 2021-25 makes a commitment to make the way we work as a Council as straightforward as possible for the communities we serve. Customers contact the County Council for many different reasons, and the County Council's ambition is to deliver 60% to 80% of customer contact through a digital channel (Council Plan Key Performance Indicator 51). Two of the services currently delivered through the SSO Contract, are the Customer Service Centre which handles incoming calls and non-telephony contact, and Support Service which manages the corporate website and intranet. This procurement provides an opportunity to deliver services differently by harnessing digital technology and to improve content management.
- 1.2 The contract for these services started 10 years ago and expires on 30 September 2022. It is not possible to extend the SSO contract, currently provided by Capita.
- 1.3 The proposal is for the social care enquiries element of the Customer Service Centre to be insourced and delivered as an inhouse function, meaning the most complex or vulnerable customer contact is managed within the County Council. It is felt that this is the best way to support the delivery of these statutory functions at a time when children's and adults' social care services are undergoing or planning significant improvement and change activity. In particular, when these services want to make service improvements, they will not need to negotiate contract changes with a third party. This element of the Customer Service Centre equates to 32% of total demand, with circa 18 staff delivering the current service.
- 1.4 The County Council has, over the last 5 years, reduced customer telephone demand by 51.5%. This has been achieved through introducing some digital functionality on the County Council's corporate website. Customers are able to self-serve 24/7 where they can transact online with some services, for example, apply for a blue badge, pay for a service, book to see a professional, report an issue, or obtain information.
- 1.5 During 2021, the Customer Service Function supported 229,476 customer requests for support and 35,270 of these requests were delivered digitally. This demand supports 23 services across the County Council from Highways to Libraries and Blue Badge and, as the figures demonstrate, there are significant opportunities to increase the number of requests resolved digitally.
- 1.6 Customer expectations to increasingly transact online presents an opportunity to invest in an integrated delivery model for a Digital Customer Service Function. Currently due to technology limitations, the County Council is unable

to keep customers online for transactions. Use of portals and digital mailroom functionality are examples of how we can modernise our communication routes with our customers while reducing costs and aligning with the County Council's climate strategy.

- 1.7 All of the County Council's customer contact points, whether insourced or outsourced, will, through the services to be procured, be subject to improvement by utilising a single Digital Customer Service Function, providing operational efficiencies, improving customer experience, customer notification, and harnessing expertise and innovation from external providers.
- 1.8 The telephone platform used by the SSO Contract Customer Service Centre will need to be replaced, and the modernisation of technology (website, intranet, contact management software) will be addressed. The Customer Service Centre currently resolves 75% of customer enquiries first time. The County Council will procure a redesign and be able to take a "digital first" approach utilising the new Digital Customer Service Function which will provide residents, staff, and professional partners a greater online experience (website, intranet, extranet) increasing self-serve (available 24/7) and reducing current call demand.
- 1.9 Customers are currently limited to telephone, email and eForm interactions with the County Council. Introducing the Digital Customer Service Function as a result of this procurement will move the County Council from this traditional contact centre function to a digitally more mature organisation, where residents, staff, and professional partners experience an easy-to-use single-entry point.
- 1.10 The new Digital Customer Service Function will allow the County Council to rationalise and decommission current systems that will no longer be required.

2 Proposal details

- 2.1 It is proposed that a contract is procured that will deliver a digital customer service function with customer service officers using a digital customer service platform covering **all** services.
- 2.2 The Digital Customer Service Platform will provide a consistent, cloud-based solution with enhanced digital functionality benefiting the elements of the current SSO contract which are to be insourced as well as other customer contact points across the wider County Council.
- 2.3 It is proposed that the service will be procured via lot 4 of the Crown Commercial Services ("CCS") RM 6100 – Technology Services 3 framework. There are 39 suppliers listed on this Lot for major services transformation programmes relating to digital solutions.
- 2.4 The County Council is seeking to transition to an integrated delivery model providing a digital customer service function to all residents, staff, and professional partners. The delivery model will have many components that support the customer's channel of choice for engagement with the County Council, which also meets customer expectations in the digital age, as shown through the channel strategy and vision for the future (Appendix 1).

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- 2.5 The digital customer service function will ensure telephony access to the full range of County Council services for those at risk of digital exclusion, for any number of reasons. This will be achieved through an integrated platform, complemented by the following new components:
- Externally published website (to include intranet and extranet)
 - Single Council-wide knowledge base
 - User portal (including receipt of secure personal correspondence)
 - Online transacting (apply, book, pay)
 - Webchat and artificial intelligence
 - Social media integration
 - Smart phone/tablet ready (including select applications)
 - Email and digital correspondence
- 2.6 Interaction with corporate and service specific IT systems will be automated with appropriate technology rather than modification of existing business processes. New workflows will be designed to reduce the need to triage cases and reduce failure demand (e.g., customers making repeat requests).
- 2.7 The planned procurement will ensure customer information is captured digitally and that the supporting technology provides customers with the relevant information, advice and guidance needed therefore improving the customer experience through digital channels.
- 2.8 The County Council provides a number of internal support phone lines to County Council employees and professional partners. The scope of digital services and self-service will also include these with the aim of reducing the number of telephone contacts to the digital customer service function.
- 2.9 The County Council will work with the contractor acting as a digital transformation partner to help the County Council to continuously improve the self-service offering using data insight and its expertise in driving change and innovation therefore reducing phone and email volumes.
- 2.10 The procurement is intended to move away from a traditional, largely telephony based, contact centre. Through innovation and continuous improvement, the County Council will create a service where the digital offer to the County Council residents, staff, and professional partners becomes their preferred way to contact the Council.
- 2.11 In 2021 the current telephone based model has delivered the following performance against the indicators included in the contract;
- 92% of calls have been answered within 3 minutes against a target of 95%
 - 9.3% of calls have been abandoned against a target of 3%
 - 65% of calls have been answered within 20 seconds against a target of 60%
 - 99% of calls have met the quality criteria against a target of 90%

2.12 In implementing a digital engagement platform, the Council will work with the transformation partner to embed a robust set of quality and performance measures that will provide real time insight on service performance, levels of user engagement and satisfaction with transactions and published content. Numerous measures are defined within the industry and the Council will work with the new partner, staff and customers to co-design the digital experience and to select the appropriate quality and performance measures.

Example measures may include:

- Customer Satisfaction Score (CSAT), to measure staff, partner, customer satisfaction with the Council’s Digital Customer Service Function
- Customer Effort Score (CES), to measure the ease of a customer journey/transacting with the Council
- Daily Active Users (DAU) & Monthly Active Users (MAU), to measure level of channel shift achieved and retained over short and longer periods
- Session Time, to measure the effectiveness of journeys on the platform and ease in transacting
- Conversion Rate, to measure the number of visitors to the website that have completed the intended task
- Visit Frequency
- Social Media Engagement Rate

2.13 The proposed contract will include clear and proportionate service levels relevant to the area of activity, for example, levels of inbound customer contact activity across the different channels. Contractual mechanisms such as a service credits will also form part of the proposed contract to address non-performance.

2.14 Regular review meetings will be held to support operations and to validate management information provided by the incoming supplier.

2.15 The proposed contract term is three years with the option to extend by two periods of one year, the potential maximum term being five years with a contract value over that period of £10.2m.

2.16 The proposed high-level timeline for the commercial phase is as follows:

Month	Activity
March 2022	Specification development
March 2022	Soft market engagement
March 2022	Procurement Tender published
May 2022	Procurement Tender deadline
May 2022 – June 2022	Tender Evaluation

June 2022	Award of Contract Decision published
July 2022	Finalise contract
July 2022 – Sept 2022	Contract Mobilisation
01 Oct 2022	Service transition (at end of SSO contract)
Oct 2022 - March 2023	Service stabilisation

2.17 Impact on staff:

2.18 It is anticipated that Transfer of Undertakings (Protection of Employment) regulations (TUPE) will apply to the staff employed in the Customer Service Centre. It is therefore expected that some staff will transfer to the County Council, and others will transfer to the new service provider, according to the work they are currently employed to do by the provider. The following arrangements are expected to apply:

- a) The County Council Social Care front door. As the social care element of the Customer Service Centre will be insourced to the County Council, staff who are working on this part of the service will transfer to the employment of the County Council under TUPE regulations. The County Council will work jointly with the SSO contract provider to ensure a well-managed transfer including consultation with UNISON to settle the arrangements for the transfer of staff. It is currently anticipated that circa 18 staff may be in scope to transfer to the County Council, although this is subject to confirmation and is likely to change over time.
- b) The Customer Service Core Services. As the remainder of the Customer Service Centre is to be re-procured, staff who are working on this part of the service are expected to transfer to the employment of the new provider under TUPE regulations. The arrangements for the transfer of those staff, including trade union consultation, will be managed between the SSO contract provider as the current employer, and the new provider. It is currently anticipated that circa 34 staff may be in scope to transfer to the new provider, although this is subject to confirmation and is likely to change over time.

2.19 The aim of the procurement will be to engage a provider who shares the County Council's values and therefore it is expected that suitable transfer and transition arrangements, staff communication and consultation will be put in place by the new provider in collaboration with the SSO contract as the current provider.

3 Other options considered (and reasons for not proposing)

3.1 This is an important service for the County Council and a number of other options have been carefully considered.

3.2 Continue to provide service through the current operating model. The provision of digital channels is a fast-changing space, where innovation is constantly evolving. The County Council needs to ensure that it is easy for customers to find accurate and timely advice and information, and easy to transact with

services. The current traditional contact centre service does not meet customer or service expectations and this option has therefore been discounted.

3.3 In all options the County Council will need to procure a digital platform as it does not have the capacity to develop the technology inhouse. The consideration then becomes whether:

- to continue to outsource the whole function
- bring all the staffing inhouse; or
- operate a mixed model with social care functions inhouse and the remainder outsourced

3.4 Outsourcing the whole function is rejected for the reasons set out in para 1.3 above due to the level of improvement activity in children’s and adults’ social care. Bringing the whole function inhouse is not recommended as the scale of transition to digital services requires more than the purchase of a new digital system – it needs an experienced contractor acting as a partner to meet the Council Plan KPI target of 80% of transactions delivered online. The mixed model therefore provides the optimum solution at this time.

4 Consultation, engagement, and advice

4.1 Engagement with the County Council’s senior leadership has provided an understanding of each directorate’s current and future needs. This insight has shaped the procurement of the proposed Digital Customer Service Function, and the decision to insource the social care element of the Customer Service Centre. The County Council’s Executive Leadership Team supports the approach.

4.2 Workshops were held with all County Council’s services whose customers use the Customer Service Centre. These workshops focused on the detail of current and future customer needs and digital solutions. This insight has shaped the procurement of the outsourced Digital Customer Service Function.

4.3 Governance supporting the procurement activity is in place, where key officers across the County Council will support the procurement and delivery of the future Digital Customer Service Function.

5 Finance

5.1 The effect of the proposal:

a. How the proposal represents good value

	2022/23 * £'000s	2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 * £'000s
Customer Service Centre	1,400	1,947	1,591	1,255	814	370
Digital Platform Run Costs	0	445	455	460	490	80
Digital Transformation	150	410	150	150		
Total Contract Cost	1,550	2,802	2,196	1,865	1,304	450

*six months costs, reflecting October start date

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- 5.2 The projected cost of the services to be procured over the total contract term is estimated at £10.2m. This provides for the Customer Service Centre function from day one alongside the costs of transformation to, and implementation of, a new Digital Customer Service Function. The expenditure profile therefore reflects this in higher costs in the initial years and then reduced costs as lower cost interactions, utilising the digital offer are increasingly taken up by customers and the contractor is incentivised to meet the Key Performance Indicator (KPI) in respect of a shift to digital.
- 5.3 The core contract costs will be met within the funding available within the wider strategic business case that looks at the future of all the services currently provided through the SSO contract. Transformation costs associated with the move away from the current service to the new digital platform will be met from the transformation fund (subject to separate governance), whilst the on-going cost of the new platform will be met from the efficiencies gained from the move away from the traditional contact centre services and more widely across the Council.

b. Future savings/efficiencies being delivered

- 5.4 It is expected that through the procurement of the Digital Customer Service Function the contractor acting as an innovation partner will be able to deliver efficiencies by utilising the new technology platform. As such the anticipated contract spend assumes that savings will be delivered against the original cost of services and the funding assumes that further efficiencies from the move to a more digital way of working will be released across the County Council.

c. Support Services Impact

- 5.5 IT has allocated appropriate resources to support the design, development and implementation of the future Digital Customer Service Function provision, ensuring a successful integration of County Council and third-party supplier systems.
- 5.6 HR resource has been allocated at a programme level and project level. The required HR activities and timelines are understood and feed into this project. The engagement with HR and Unison has commenced.
- 5.7 HR will advise on the process for transfer of staff under TUPE regulations and on consultation with trade unions.
- 5.8 IT will advise on the technology options for the future Digital Customer Service Function.
- 5.9 Legal will support the required procurement activity within the SSO Contract exit timeframe. Updating of data protection related policies to reflect the new model will be undertaken. Activities will be completed at programme level which includes contract review, drafting and completion.
- 5.10 The County Council's Procurement team will support the procurement process throughout.
- 5.11 Finance will be engaged for affordability advice. Activities will be compiled at programme level which includes contract, review, and preparation.

- 5.12 Operational elements of service delivery will be managed internally through Customer Experience/IT with escalations being supported by the Council's Procurement and Contracts team.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
<p>There is a risk that the procurement timeframe may not be met before the SSO contract end date, and the changeover impacts the service provision to the County Council's customers.</p>	<p>Work with potential suppliers to agree timeline and possible phasing. Identify the minimum viable product that will provide business continuity from day one.</p> <p>Current plan is on track to deliver on time.</p>
<p>Loss of productivity when outsourcing staff can arise due to the transition associated with change of employer.</p>	<p>The County Council will ensure the SSO provider is kept informed of the developments to enable the SSO provider to keep their staff well informed and feel supported.</p> <p>From 1 October 2022 the new provider will provide ongoing support.</p>
<p>It is understood that the current systems that support the County Council's Customer Service Centre function will not novate to the County Council at end of the SSO contract. The Digital Customer Service Function needs to be in place from 1 October 2022.</p>	<p>The minimal viable product that is required from 1 October has been identified, which is achievable within the current timeframe.</p> <p>This minimal viable product will support the Digital Customer Service Function and the County Council customer contact points from 1 October 2022.</p> <p>Delivery of a telephony platform and contact management system will be required for day one. Experience from the ITO contract and the ability to set up telephone platforms in relatively short periods allows for reassurance.</p>
<p>Organisational culture reliance on the County Council changing ways in which we deliver Services.</p>	<p>Effective communications within the County Council to ensure understanding and embrace change.</p>

7 Policy alignment and compliance

- 7.1 The proposal outlined in this paper aligns with the County Council's Policy and Compliance such as GDPR and the County Council "Our Council Plan" priorities.

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<https://www.westsussex.gov.uk/about-the-council/policies-and-reports/corporate-policy-and-reports/our-council-plan/>.

- 7.2 For example, bidders will be asked to set out their approach to helping the Council meet its commitment to climate change and to develop specific social value plans, with commitments for each contract year. These will be evaluated in line with the County Council's Social Value Framework.
- 7.3 The value of the proposed contract is above the relevant thresholds in the Public Contracts Regulations and the County Council will competitively tender these services in accordance with the procedures set out in Standing Orders on Contracts and Procurement.

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Appendices

Appendix 1: Channel Strategy and Vision for the future

Channel strategy and vision for the future



CUSTOMER TRANSACTION TYPES



SUMMARY OF CHANNELS PRINCIPLES

- Multi channel – a range of channels (digital & non-digital) will be made available for customers
- Omni channel – customers will have a seamless experience between channels
- Digital inclusion – customers will be supported with adopting digital channels
- Digital assistance – customers will be provided with assistance to self-serve across channels
- Digital by design – customer transactions will be shifted to cost-effective digital channels where appropriate

DIGITAL CHANNELS AND PRIMARY CUSTOMER TRANSACTIONS

Channel shift target 60–80% of initial contact



Information, advice and guidance will be made available online for all customers as well as simple transactions. This contact channel offers the fastest response time to customers and is the cheapest.



Where dedicated online or mobile apps are available, demand will be actively shifted to these tools.



Webchat is a system that allows users to communicate in real time using easily accessible web interfaces. Webchat will assist customers in simple transactions such as applications and payments.



A chatbot is a computer program or an artificial intelligence which conducts a conversation via auditory or textual methods. Chatbot functionality will be used for signposting and providing information, advice and guidance.



Short Message Service (SMS) is a text messaging service component of most telephone, internet and mobile device systems. SMS functionality will be introduced for push notifications.



Social media covers websites and applications that enable users to create and share content or to participate in social networking. Social media will be made available to actively encourage two-way dialogue.

OTHER AVAILABLE CHANNELS

20–40% of initial contact



PHONE

We will provide face to face and telephone services for those who need them. Whilst the majority of customers will be encouraged to access services online, we will provide alternative channels to those who need additional support because they are vulnerable or digitally excluded. For customers who lack the confidence to transact online, digital assistance will be provided to support people to become independent.



F-2-F



LETTER

This channel will be made available for all customers. However, a digital mail room solution will enable all correspondence to be processed efficiently while efforts are underway to actively shift letters and post to other cheaper forms of contact.



EMAIL

This channel will be made available for all customers. However, customers using email will be actively shifted to online or mobile services to reflect their existing use of digital channels or actively encouraged to build digital confidence in a face to face location.

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