

**REPORT TO: SOUTH WORCESTERSHIRE SHARED SERVICES JOINT COMMITTEE**

**ON: 16<sup>th</sup> JANUARY 2013**

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**TITLE: REVENUES AND BENEFITS TELEPHONY**

## **1. SUMMARY**

- 1.1. The purpose of this report is to recommend the transfer of responsibility for handling Revenues and Benefits telephone calls from the Worcestershire Hub Shared Service (WHSS) to the South Worcestershire Revenues and Benefits Shared Service (SWRBSS).
- 1.2. This proposal is the first step on a journey that could deliver even greater cost savings whilst safeguarding customer service and local employment.

## **2. RECOMMENDATIONS**

- 2.1. That the Joint Committee agree the transfer of call handling from WHSS to SWRBSS with a target commencement date of 1<sup>st</sup> April 2013 and subject to the assessment of the full impact on the WHSS Contact Centre, to be completed by the end of January.
- 2.2. That the Joint Committee approves the use of the SWRBSS carry forward from 2011/12 to fund one-off setup costs for this proposal up to £30,000.
- 2.3. That the Joint Committee approves the use of the SWRBSS carry forward from 2011/12 to fund project costs for the Strategic Partnership procurement process up to £40,000.
- 2.4. That the Joint Committee approves the use of the SWRBSS carry forward from 2011/12 to cover costs incurred by the service in dealing with the backlog as a result of un-scheduled ICT downtime up to £20,000.
- 2.5. That the Joint Committee approves the continuing role of the WHSS Management Board in maintaining an holistic oversight of all telephony performance across all services.
- 2.6. That the Joint Committee approves specific responsibility for operational performance monitoring of Revenues and Benefits calls transfer from the WHSS Management Board to the SWRBSS Steering Group.

### 3. BACKGROUND

- 3.1. The impact on the Revenues and Benefits Service as a result of the wider Welfare Reform agenda will be significant, leading to the need to lose a considerable number of jobs. SWRBSS has taken a pro-active approach to dealing with this exceptional situation. It is for this reason that the telephony proposal is being made at this time in order to ensure the SWRBSS structure is set to maximise potential benefits from the development of a Strategic Partnership.
- 3.2. This report proposes a change to the way telephone calls from the public are handled. Making this change will deliver improved service to our customers and financial benefits for the three South Worcestershire authorities and the County Council. This is possible because:
- (i) The proposal will streamline processes reducing the time and effort required to deal with calls, allowing for consistent, high quality service to customers.
  - (ii) Latent capacity will be released effectively increasing the amount of resources available.
- 3.3. South Worcestershire councils currently pay £268,000 for the provision of Revenues and Benefits telephone support in the WHSS. By allowing the SWRBSS to handle its own telephone calls, a cost reduction of over 22% is achievable.
- 3.4. Currently incoming calls from customers are directed to the WHSS and are handled by a Customer Service Advisor.
- 3.5. The SWRBSS has identified that there are some inherent shortcomings in this business model which create avoidable work for the service. These can be broken down into two categories;
- (i) Double handling – work handled by a CSA which then generates an e-memo or e-mail requiring additional work by the SWRBSS.
  - (ii) Failure demand – Incoming phone calls to the SWRBSS back office from Hub CSA's for advice or to transfer a call from a customer.

### 4. DRIVERS FOR CHANGE

- 4.1. **Financial** - Government austerity measures will require savings in all authorities over the next 4 or 5 years. We expect the annual budget for the SWRBSS to reduce by around 20% (£500,000) over this period. Service transformation since 2007 has delivered savings to a point where making further, large scale, budget reductions without impacting on service to customers is becoming increasingly difficult.
- 4.2. **Future direction** - A procurement process is currently underway to assess the appetite of the private sector to develop a mutually beneficial strategic partnership with the SWRBSS. Indications are that this approach will deliver significant savings for the authorities. Although it is too early to identify the exact level of savings possible, a reduction of up to 20% could be achievable.

- 4.3. The inclusion of customer services, and telephony in particular, as an 'additional service' within the scope of the strategic partnership procurement process has a number of benefits:
- It is likely to increase the level of interest from the private sector as we will be offering more end to end processing within the scope of the contract.
  - Transferring telephony ahead of the main project will allow partner councils to receive 100% of any savings realised by the changes to telephony which would otherwise be diluted within the changes made by the preferred bidder.
  - Bringing in the change to telephony ahead of the development of a Strategic Partnership will give time for changes to settle making the transition to the new partnership more straightforward.
- 4.4. **Performance** –Transferring telephone calls into the SWRBSS will give managers both strategic and real time control of performance.
- 4.5. The number of Revenues and Benefits calls presented to the Hub have reduced by around 10% during 2011/12. Conversely the number of calls transferred to the SWRBSS back office from the Hub has remained static. This is because calls generated by failure demand are, on the whole, less complex and easier to resolve e.g. "I sent a claim in four weeks ago and haven't heard anything since". The calls that remain tend to be more complex and require more time to achieve resolution. These calls offer the greatest potential for efficiency gains by using SWRBSS experts.

## 5. CURRENT RESOURCE REQUIREMENTS

- 5.1. The three partner councils fund the equivalent of 12FTE Customer Service Advisor posts within the Hub to deal with telephone calls. The annual salary of a CSA is £22,400 including on-costsequating to an annual cost of £268k. This does not include the cost of additional CSA's who provide cover for SWRBSS calls on an ad-hoc basis or resources within the SWRBSS required to manage consequential double handling and avoidable contact.
- 5.2. **Methodology**  
Following analysis of data extracted from the Hub's core telephony system and taking into account efficiencies identified in this proposal the SWRBSS would require an additional 8.5 FTE posts to enable it to handle telephone calls. This calculation is predicated on the assumption that calls are restricted to 0900 to 1700 Monday to Friday and that performance targets remain at the current level. The number of callers prior to 9 a.m. and after 5 p.m. constitutes less than 4% of total calls. Saturday calls on average total 45.

The reduction in staff numbers is achievable as a result of the following;

- Latent capacity equivalent to approximately 3.5FTE will be released within the SWRBSS as a result of this proposal. Utilising this extra capacity on front line call handling together with the 8.5FTE will provide the equivalent resource to that currently provided by the Hub.

- SWRBSS will operate a rotation system for staff (including Tupe'd staff) taking it in turns to work on the telephones. Spending on average a day per week each on phones means that staff will avoid undue stress as a result of constantly working in a call centre environment.
- The rota system will provide economies of scale and provide flexibility to manage absences for annual leave, sickness and training. Staff in the revenues and benefits back office will be used to assist with spikes in demand in the same way additional CSA's in the Hub are used currently.
- Customer service training needs for existing SWRBSS staff will be assessed and training provided where required to ensure the quality of service to customers is maintained.
- The use of service experts will reduce average call duration times.

In the event that telephony is transferred to SWRBSS and hours of cover are required beyond 0900-1700 then the level of potential savings from this proposal will be reduced pro-rata depending on the exact requirements. The small number of calls received outside 0900-1700 Monday to Friday supports the SWRBSS view that there is insufficient demand to justify extended hours cover in the current economic climate.

## 6. TUPE TRANSFER

- 6.1. Subject to Joint Committee support for this proposal, as the work would be transferring to the shared service, the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) will apply. At the date of transfer, the Shared Service would take over the contracts of employment, rights and obligations arising under them, for those employed in the 'organised group of employees' immediately before the transfer. The current employer (Worcestershire County Council) will be responsible for confirming which employees would so transfer to Wychavon District Council as the new employer.
- 6.2. Staff dealing with calls within the WHSS Contact Centre are employed on a generic Customer Service Advisor job description, however a number of staff are allocated to the "Revenues, Benefits and Housing" skill-set. Within the TUPE regulations there is no set test to decide if an employee is assigned to an "organised grouping" for transfer. However, it is proposed to consider only those staff that are allocated to deal with Revenues and Benefits calls to be part of the "organised grouping" for transfer.
- 6.3. TUPE is an employment protection provision and therefore it is possible that more (or less) than 12FTE would be transferred. The details of the TUPE transfer will be developed by the County Council, as the employer, and Unison as part of the implementation if the service transfer is agreed

## 7. ONE-OFF SET UP COSTS

- 7.1. One-off set-up costs are estimated to be £27,000 to cover the purchase of ICT, equipment and software licences.
- 7.2. An additional area will be required to provide a suitable environment for receiving phone calls. There are a number of suitable locations available at

this time within the Civic Centre and it is likely that any additional accommodation required will be cost neutral for the SWRBSS by offsetting savings following their recent vacation of the area within the Civic Centre known as the Brown Zone.

## 8. COST SAVINGS

- 8.1 Revenue and Benefits front line call handling will be provided by Revenues and Benefits Officers based in Wychavon. Staff will be rostered to work on the telephones as part of their existing Revenues and Benefits Officer role. Assuming 12FTE or more staff are transferred across from the Hub, there is a risk of a redundancy situation arising for an organisational reason following the transfer which would entail a change in the workforce.
- 8.2 As a measure to seek to avoid the redundancy situation, vacant Revenues and Benefits posts have been reserved as potential suitable alternative work for the transferring staff. Allowance can be made where the employees do not match the full skills and responsibilities specified for the role of Revenues and Benefits officer through an interim arrangement where staff can be given training to assist them to be able to undertake the wider aspects of this role over their current role.
- 8.1. First year savings will be reduced in year 1 as a result of the one-off set up costs. Currently SWRBSS has £106,000 uncommitted from the 2011/12 general carry forward and it is proposed to set aside £30,000 from this budget in order to fund the one-off costs. This will enable the partners to realise savings from the outset.
- 8.2. Initial savings from this proposal will be £78k p.a. assuming TUPE'd staff are protected on their current salary. TUPE'd staff will receive a salary increase once their training and development is complete and they become Revenues and Benefits Officers. Once TUPE'd staff achieve the higher level, the annual saving will reduce to £60k p.a. The amount of time taken for staff to achieve the higher grade will vary according to ability but with concentrated support and training this should be achieved within six months.
- 8.3. Revenues and Benefits calls currently account for approximately 40% of WHSS demand. As a consequence the number of staff required to service demand can be higher than the 12FTE provided. By transferring calls to the SWRBSS, this subsidy by the County Council will no longer be required. This together with the wider implications for the Contact Centre will be worked through in detail as part of the implementation planning.

## 9. CONCLUSION:

- 9.1. Prior to the preparation of this report, the proposal to transfer telephony to SWRBSS has been considered by both the SWRBSS Steering Group and the WHSS Management Board. Both groups unanimously support the proposal as written.
- 9.2. Subject to the Joint Committee approving the recommendation to transfer telephony, it is further recommended that approval be given for SWRBSS to

pay for the one-off setup costs identified in this report using the 2011/12 general carry forward.

- 9.3. Performance monitoring for the WHSS is currently undertaken by the WHSS Management Board. If call taking is transferred to SWRBSS it is recommended that responsibility for performance monitoring be transferred to the SWRBSS Steering Group with the Management Board retaining oversight of call handling performance for all services.
- 9.4. Subject to Joint Committee approval, work will commence to develop an implementation plan to cover the transfer of calls between services, avoiding disruption for customers and realising business and financial benefits as quickly as possible. This will include work to coordinate the technical changes required to ensure relevant calls are intercepted and directed to the SWRBSS. Protocols will be developed between the services for dealing with mis-directed calls. The existing telephony interface will be preserved as far as is possible so that customers can continue to contact the council regarding revenues and benefits matters as they do now. Any unavoidable change required to this interface will be agreed by the SWRBSS Steering Group and WHSS Management Board prior to implementation.
- 9.5. An implementation date of 1<sup>st</sup> April 2013 is recommended as this will allow a period of time to achieve steady state prior to the implementation of the Strategic Partnership project in October 2013. Whilst this is a challenging target, it is achievable and fits with the overarching procurement process to identify a Strategic Partner.

## **10. GENERAL CARRY FORWARD**

- 10.1. Approval is sought to use up to £20,000 of the general carry forward to pay for costs incurred by the service in dealing with the backlog which followed the ICT downtime experienced by Wychavon District Council during November / December 2012.
- 10.2. The Strategic Partnership Project Board has been successful in securing £10,000 from the West Midlands RIEP as a contribution towards project costs. Further funding may be available and this is currently being explored with the RIEP. The Project Board has agreed professional legal / consultancy advice is necessary at various stages of the procurement process to ensure compliance. The full extent of advice required cannot be ascertained at this stage as it will depend largely on matters arising from the process. It is proposed to set aside £40,000 from the general carry forward to cover any additional costs of the project as it is not clear whether the WMRIEP will be able to provide any further funding.