REPORT TO	ON	
CABINET	19 June 2019	**SOUTH RIBBLE** BOROUGH COUNCIL ▶ *forward with South Ribble*

TITLE	PORTFOLIO	REPORT OF
Enhanced Telephony and Switchboard Services	Finance, Property and Assets	Director of Customer and Digital

Is this report a **KEY DECISION** (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	**Yes**
Is this report on the **Statutory Cabinet Forward Plan**?	**Yes**
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	**No**
Is this report confidential?	**No**

PURPOSE OF THE REPORT

1. To bring forward a proposal for Cabinet consideration, detailing the benefits of upgrading to Enhanced Telephony and Switchboard Services, facilitating an improved customer service experience.

2. Seek Cabinet approval to enter into a 5 year agreement with an existing supplier, for the provision of Enhanced Telephony and Switchboard Services.

3. The report will also update Cabinet on the desire to co-design digital and customer services with our residents and Elected Members.

PORTFOLIO RECOMMENDATIONS

4. Cabinet approves the proposal to enter into a 5 year agreement at a total contract value of £113,583 for the provision of improved and enhanced telephony and switchboard services.

5. Cabinet notes the enhanced features/functionality of an upgraded system, including social media blending, request a call back and call recording.

REASONS FOR THE DECISION

6. The council's current switchboard telephony system is outdated and reliant upon technology which is due to be unsupported. In order for the council to maintain a fully supported system by the vendor and ensure risk is managed effectively, the current system requires upgrading and merging with the existing contact centre system. The current application and the system is running on Microsoft Server 2008 which will be unsupported by Microsoft in January 2020. This means that security patches will no

longer be released. This would invalidate the Council's Public Service Network (PSN) accreditation and therefore the Council would be unable to send or receive important data from, for example, The Police, DWP, Electoral Registrations This decision will also allow the council to take advantage of enhancements in functionality which are not otherwise available. The new system will also be placed in the Council's virtual server farm and as part of the Council's Disaster Recovery and Business Continuity plan would make it easier to restore services and allow customers to continue to contact the Council.

7. The existing system requires manual routing of calls from switchboard to the customer contact centre, which equates to 1.2 FTE. It is anticipated that with the extra capacity and system enhancements allowing social media blending and call back capabilities, the upgraded system has the potential to reduce call waiting times and abandoned call rates as well as improving resident satisfaction.

8. In order to deliver the council's ambitious Corporate Plan for 2018 – 23, it is imperative that digital systems are updated and enhanced to improve processes for residents interacting with our services.

EXECUTIVE SUMMARY

9. To ensure that the council can improve service delivery to residents and focus resources where they most support those in need, the council wishes to take advantage of advances in technology and the latest functionality available in an updated Customer Contact Centre. With existing ICT hardware close to end of life, upgrading will also provide system stability and avoid potential loss of service.

10. The upgrade will offer additional functionality and increase capacity by 1.2 FTE, improving customer service and increasing available communication channels for residents.

11. Upgrading will render the existing Netcall customer contact system obsolete, supporting an objective within the Digital to Improve (D2I) Programme to rationalise systems where possible.

12. Over the lifetime of the agreement, the upgraded system is expected to be near cost neutral when compared to the existing system if the expected benefits are achieved. Benefits include channel shift towards web based transactions, email integration, automatic routing of calls, social media and web chat integration and improved management and reporting capabilities.

CORPORATE PRIORITIES

13. The report relates to the following corporate priorities:

Excellence and Financial Sustainability	X
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

|	
People	X

BACKGROUND TO THE REPORT

14. The council's Digital to Improve (D2I) Programme will enable the council to deliver on the objectives of the 2018-23 Corporate Plan and Medium Term Financial Strategy. The programme recognises the need to invest in our digital services to increase efficiency and improve customer service. Whilst making services available digitally the programme also recognises the importance of improving our existing face to face and telephone communications channels.

15. The main telephone communication channel for residents, operated by Gateway, the council's customer contact centre, currently operates two separate telephony systems, with the vast majority of calls taken via switchboard being redirected to the contact centre.

16. The need for strategic change was highlighted in the recent SOCITM review of ICT which stated:

"The IT stakeholders that we interviewed were unanimous in their respect for the reliability of the operational service provided by IT and the individual expertise and helpfulness of IT staff. However, many commented that they did not see IT as a partner capable of promoting and supporting business transformation."

***Source: SOCITM Advisory. "South Ribble Project 3636 IT Review Final V1.0" [2018]***

17. Since the SOCITM review, ICT has become a capable strategic partner with this report an example of how the service is promoting and supporting transformational change.

18. Between 2011 and 2018, access to the internet has increased in areas that are generally associated with digital exclusion. For example recent internet usage by retired adults has increased by 25% whilst usage by adults who are economically inactive has increased by 18%. With over 90% of adults now using the internet on a regular basis channel shift provides the opportunity to drastically change the way in which we interact with our residents, whilst still ensuring that phone, and face to face support are always available to those who need it most.

Figure 1: Internet users by age group, 2018, UK
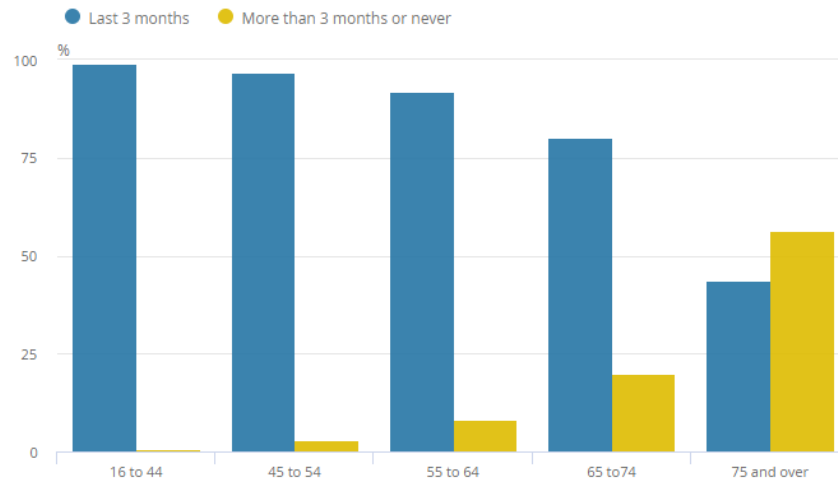
Source: Office for National Statistics. "Internet users, UK: 2018" [2018]

19. Promoting channel shift towards web based transactions will not only ensure that residents can access services quickly and efficiently in a time that suits them, but also contributes towards the Excellence and Financial Sustainability aims within the 2018 – 2023 Corporate Plan. In 2016 SOCITM suggested that web based transactions can be 91 times more cost effective than interacting with residents via face to face methods as identified below:

£8.21
Face to face

£2.59
Phone

£0.09
Web

Cost per
contact
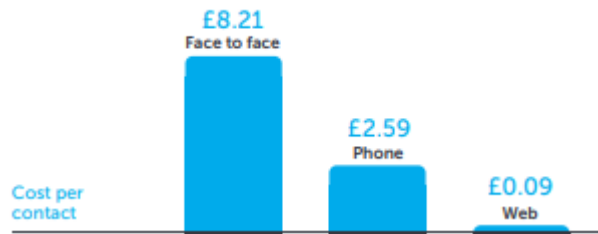
20. The councils' Digital to Improve (D2I) Programme identifies channel shift as a key contributor towards reducing transaction costs whilst delivering increased engagement and awareness of the services available to customers digitally.

"As an overall objective to help drive channel shift and reduce transaction costs, the way in which we present technology to our customers is key. Solutions must be attractive, simple and above all efficient to use if customers are to be encouraged to use this channel over more traditional options such as via phone or face-to-face."

Source: South Ribble Borough Council / Tech Align. "Digital to Improve" [2018]

21. The current switchboard system is manually operated, and requires a full time member of staff to take and redirect calls. As resident requests cannot be dealt with by the switchboard function, this capacity could be better utilised in the customer contact centre.

22. Residents are also increasingly using Social Media to contact the council which is not integrated to any of the council's customer contact centre systems. Moving forward, an upgrade would allow integration between popular social media platforms and the contact centre.

23. The existing ICT infrastructure which supports the current switchboard function is outdated and will be de-supported by the vendor in 2019 together with the platform software from Microsoft in January 2020 In order to maintain fully supported hardware and software, it is a requirement that an upgrade takes place. Utilising unsupported ICT infrastructure adds unnecessary risk to the delivery of services offered by the council.

24. The desire to co-design services with our residents and Elected Members will ensure that innovative solutions can be provided to the benefit of our residents. Developing new methods of interaction with the council was a common theme during consultation with residents during the Digital to Improve (D2I) engagement phase and has been further developed into practical delivery outcomes.

25. Learning and Development sessions will be delivered throughout the programme to support the introduction to new technology and support digital inclusion initiatives where required.

PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

26. The proposal is to consolidate the existing telephony and customer contact systems operated in Gateway and upgrade the combined OpenScape telephony system to take advantage of the latest technologies available, including call back functionality and social media integration. It should be noted that this report proposes to enter into an agreement with an existing supplier and framework.

27. The proposal is a key project in the D2I Programme to aid organisation wide service improvements, with scheduled implementation in quarter one of the 2019/20 financial year.

28. This will also underpin an objective within the D2I Programme in working towards full unified communications by quarter 2 of the 2020/21 financial year.

29. It is proposed to enter into a 5 year agreement based upon a purchase arrangement as detailed below:

	Upgrade to existing contact centre (Netcall)	Merged contact centre telephony system with Social Media Blending, call back and call recording functionality
Capital investment	£30,000.00	£67,318.00
Year 1	£9,525.00	£9,253.00
Year 2	£9,525.00	£9,253.00
Year 3	£9,525.00	£9,253.00
Year 4	£9,525.00	£9,253.00
Year 5	£9,525.00	£9,253.00
Total Contact Value:	**£77,625.00**	**£113,583.00**

30. In addition to the above costs there will also be a further £6,000 indicative costs to integrate the upgraded system with Firmstep, the council's Customer Relationship Management (CRM) system. This will be planned and configured at the implementation stage.

31. The total value over the lifetime of the 5 year period for the upgrade is £113,583.00. Initial capital investment of £67,318.00 will be required to purchase the hardware including any installation and configuration costs. Annual revenue spend is currently accounted for within the ICT budget.

32. The additional cost of the upgrade amounts to £37,318. With the reduced licence of £272 per annum amounting to £1,360 this equates to £35,958 net cost. Over a five year period we are also gaining 1.2 FTE in capacity for the annual sum of £7,192 per annum.

33. A further option would also be to upgrade the existing hardware and maintain the current contact centre software. This would still require the switchboard hardware to be upgraded at a cost of £22,717 to ensure a valid support agreement and an uplift to the ICT Revenue Budget of £1,777pa to continue business as usual. Indicative cost to upgrade the existing contact centre is approximately £30,000. Therefore in summary

the £113k is to upgrade and the £77k is to continue the as is option. Assuming that do nothing is not an option and will result in system failure.

34. There is also the option to do a full procurement but this would add a greater cost and a longer timeframe to implement.

35. An upgraded OpenScape system would allow a full time member of staff, equivalent to 1.2 FTE to be reallocated to a customer contact centre role which would contribute towards reducing waiting times and abandoned calls. Total officer capacity within Gateway is currently equivalent to 19.5 FTE, providing an increase of 6% following the upgrade without additional recruitment.

36. Call statistics for quarters 3 and 4 of 2018/19 are detailed below:

Date	Total Calls Received	Calls answered in under 60 seconds	Abandoned Calls
October 2018	8,343	19%	30%
November 2018	7,093	24%	24%
December 2018	4,215	46%	13%
January 2019	9,861	36.4%	26%
February 2019	10,210	26.9%	31%
March 2019	15,970	10.8%	46%

37. The above data demonstrates the vastly different call volumes that must be anticipated from month to month in order to plan and prioritise resources effectively. It is also clear that steep increases in call numbers has a consequence of causing increased waiting times and abandoned calls. An increase in calls of 133% between December and January was largely caused by the opening of the Garden Waste Collection Scheme for 2019-20, followed by an increase of 56% between February and March relating to end of year billing and the 2019 Local Elections. There has also been an increase in calls prior to the election due to an increased number of reports from Elected Members. From December 2018 to March 2019 this equates to an overall increase of 278%.

38. In order to achieve and maintain customer service excellence, it is imperative to reduce abandoned calls and call waiting times to an absolute minimum. An upgraded OpenScape system supports this by providing extra capacity to take and manage customer calls. Based on average calls taken by existing customer contact representatives, it is projected that an additional 60 – 70 calls could be taken per day. This would have a significant effect on organisation wide service improvements and allow customer representatives to take more revenue. This extra capacity would also ensure that routine requests can be directed to less resource heavy methods of service and prioritise services for those most in need.

39. With extra functionality of social media blending and email integration the number of systems that staff are required to operate is reduced. This will minimise downtime for staff and further assist in achieving customer service excellence.

40. In addition to calling the customer contact centre residents will also be able to request a call back. It is expected that this functionality will be well received by residents and will further reduce abandoned calls and call waiting times as residents can choose whether

to stay on the line or be called back. OpenScape manages the call back process and this can be configured to keep the caller's queue position.

41. Currently when an operative is responding to email or social media queries they are unable to take calls. OpenScape V9 prioritises calls against social media queries and email so when there are no calls waiting, emails and social media are automatically routed to contact centre representatives. Calls will always be prioritised first.

42. Merging telephony systems also supports ambitions within the D2I Programme to rationalise systems and merge support agreements where possible. The additional benefits offered by the proposed system along with the increased customer service capability will produce improvements for a wide range of services across the organisation. Members of the public contacting the council on a range of issues from Council Tax, Environment, Elections, Waste and Recycling will all see waiting times reduced.

43. The risks associated with using unsupported technology can be avoided by carrying out the proposed upgrade in line with the ICT Disaster Recovery and Business Continuity programme.

44. Procurement colleagues have been consulted and the award of the contract will be made using a Direct Award from the Crown Commercial Services RM1045 Lot 5.

45. Alternatives to this proposal considered and rejected are to take no action, or maintain the existing software. Both alternatives present significant risks of system failure and could result in both financial and reputational loss for the council.

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

46. Consultation has taken place with the Leadership Team where it was agreed that the council should proceed with merging the switchboard and call centre, and also update the call centre to OpenScape Contact Centre V9.

47. Leadership Team also noted the benefits of the new system and the potential this has to improve service delivery for residents. It was agreed that as there is currently insufficient resources within the ICT budget, that additional investment is required and agreed based on a invest to improve business case. Therefore it is proposed that there will be a net uplift of £9,253 to the ICT Revenue Budget.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

48. Currently the council relies on a manually operated switchboard system and the risks associated with not upgrading are deemed too high.

49. A second option considered and rejected was to maintain the two existing telephony systems and carry out only the required upgrades which would enable us to continue operating in a supported environment. The enhanced functionality offered by the

OpenScape solution and ability to reallocate a full time member of staff to the customer contact centre means this option was rejected.

50. A final option considered and rejected was to go to market for a full system replacement. Considering the cost of change, associated risks and limited timeframe to upgrade, this option was rejected.

FINANCIAL IMPLICATIONS

51. There are financial implications to this report. It is noted that the total contract value over the period of 5 years is £113,583. This is below the EU threshold value and therefore is not subject to EU competition rules. Also there will be indicative costs of £6,000 to integrate with the Council's CRM system supplied by Firmstep.

52. It is proposed that the best route is through a purchase option with an initial capital investment of £67,318.

53. The work to carry out the upgrade as well as associated licences and hardware is available as a Direct Order via Crown Commercial Services.

LEGAL IMPLICATIONS

54. In terms of the Council's Contract Procedure Rules (CPRs) the value of the proposed contract is categorised as being of High value. Based on that normally a procurement exercise would need to be carried out prior to entering into this contract. However, in this particular instance the solution is available as a Direct Award via Crown Commercial Services. The use of Framework agreements is permitted by our Contract procurement Rules – please see para 31.

55. Formal contract documentation will be entered into.

AIR QUALITY IMPLICATIONS

56. Whilst there are no direct air quality implications arising from this report. The additional functionality and features offered by an enhanced telephony and switchboard service will promote channel shift towards web based methods of interaction, reducing the need for additional car journeys to access council services.

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

57. Whilst there are no detrimental organisational development implications, OpenScape V9 does provide the opportunity to widen avenues of access for residents and manages each communication channel effectively and efficiently.

58. The upgraded system will also support the council's corporate vision of becoming a forward thinking and innovative council by utilising technology to improve service delivery and avenues of access.

ICT/TECHNOLOGY IMPLICATIONS

59. Due to the ageing infrastructure on which the current system runs, it is imperative that the system and associated hardware is updated to avoid unnecessary risk, which could affect the council's ability to deliver services.

60. Merging the two call centre systems also supports an aim within the D2I Programme to rationalise systems and reduce contracts where possible.

PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

61. There are no property or asset management implications to this report.

RISK MANAGEMENT

62. There are risks associated with this report. Without adequately supported hardware and software the risk of system failure is increased. The time taken to bring a system back online in the event of failure is also increased as limited support will be offered by the vendor.

63. As the current system is maintained by the existing supplier any other supplier upgrading the switchboard with the contact centre poses the risk, in the event of system failure, that the suppliers could 'point the finger' at each other delaying the restoration of services. Also the existing supplier is aware of the Council's DR/BC and are in the process of working with the Council to ensure that the switchboard would still operate in the case of a system failure as the new system would be part of the Council's virtual server estate.

64. In line with the ICT Disaster Recovery and Business Continuity Programme, all software and infrastructure should be replaced before end of life is reached and therefore offering up to date technology with reduced risk of failure.

EQUALITY AND DIVERSITY IMPACT

65. There are no equality implications to this report.

RELEVANT DIRECTORS RECOMMENDATIONS

66. The functionality and features delivered by an enhanced telephony and switchboard service will provide benefits to all council departments and enable improved customer satisfaction.

67. Gateway will also have additional capacity of between 60 – 70 extra calls per day reducing waiting times and abandoned call rates.

68. Allowing additional methods of communication such as web chat, social media blending and request a call back functionality also supports the Customers' theme within the Digital to Improve programme and will act as an enabler for fully unified communications.

69. Proceeding with this agreement will act as a positive step for ICT, Gateway and the council as a whole.

COMMENTS OF THE STATUTORY FINANCE OFFICER

70. The indicative capital cost of £67,318 is not currently budgeted within the 2019/20 ICT capital budget. It is recommended that capital funds of £67,318 are made available for this procurement along with the indicative cost of £6,000 for the integration with the Council's CRM system. This can be funded from unallocated New Burdens Funding received.

71. The indicative annual costs of £9,253 will be met from the ICT Revenue budget from 2019/20 onwards until completion of the agreement. This has been reflected in the 2019/20 Budget and Medium-Term Financial Strategy forecasts.

72. Proceeding with the agreement via a purchase option ensures the lowest costs can be achieved with a 5 year agreement securing budget certainty until 2025/26.

COMMENTS OF THE MONITORING OFFICER

73. Clearly we need to ensure that we continue to modernise and improve the services we offer our customers. What is proposed should lead to an improvement in customer experience when they contact the Council.

74. The value of this contract is High Value – hence under our Contract Procedure Rules (para 11) it is for Cabinet to authorise entering into this contract.

75. Please see Legal Implications section above for further comments.

BACKGROUND DOCUMENTS
Internet Users, UK: 2018:
https://www.ons.gov.uk/businessindustryandtrade/itandinternetindustry/bulletins/internetusers/2018
Digital to Improve Programme.
Appendices There are no appendices to this report.

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