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|------------------------------------|--------------------------------|---|----------------------------------|
| Item No. 7 | Classification: Open | Date: 25 th November 2003 | MEETING NAME Executive |
| Report title: | | Modernising face-to-face services for customers | |
| Ward(s) or groups affected: | | All | |
| From: | | Assistant Chief Executive (Improvement & Development) and Strategic Director of Housing | |

RECOMMENDATION(S)

1. Executive agree the modernisation of face-to-face service delivery as outlined in paragraphs 37 to 42 of this report.
2. Executive agree the recommendations outlined in the report "Best Value review of Income Management" attached as Appendix 3 of this report.
3. Executive note the impact of these proposals on the implementation of the best value review of housing management as outlined in paragraphs 24-26 of this report
4. That a programme of communication for both customers and staff be launched
5. To undertake a project to deliver a temporary one-stop shop at 19 Spa road
6. A detailed implementation plan be brought back to the Executive for 3/2/04

BACKGROUND INFORMATION

1. The Executive on 29th July 2003, as part of item 46, Customer Service Centre, agreed the following:-

"The Executive instructs the Assistant Chief Executive (Improvement & Development) to bring back a report to the Executive which proposes a suitable rationalisation of face to face service access points. This should be consistent with the overall vision for customer services and address the need to rationalise accommodation to facilitate working practices and office environments which are efficient, modern, DDA compliant and conveniently situated for service users"
2. The council has agreed a vision to radically improve the way customers interact with the council, be it by phone, post, web or in person. The aim is to ensure that customers will be able to use the delivery channel of their choice, in a way that suits their needs – and importantly, that the quality of service will be equally as high, irrespective of the service being received or the delivery channel used.
3. Much work is now on-going via the procurement of the customer service centre to address access by the web and the phone. This report deals primarily with face-to-face offices as a customer service delivery channel.
4. The context for this report is extensive and it seeks to bring together key strands in a range of work that is currently being undertaken. This includes:-
 - **Procurement of Customer Service Centre (CSC)** – the invitation to negotiate has been released to the five short-listed bidders and includes three multi functional one-stop-shops within its scope. Three companies are now preparing bids for the CSC (Pearson's plc, Vertex & HBS)
 - **Best Value review of Income Management** – this suggests increasing the range of ways in which customers can pay in cash in a variety of outlets while reducing the number of cash offices in a phased programme over three years

- **Best Value review of Housing Management** – this has been the subject of other reports to the Executive, but the issue of the location of customer service points needs to be addressed.
 - **Housing Benefits** – there are proposals to expand the number of locations where the public can access this service.
 - **Regeneration of Bermondsey Spa / Elephant and Castle and Canada Water** – the council has a number of customer service points and offices in these regeneration areas that if released could unlock the potential of these sites.
 - **Office accommodation review** – There is a complete review taking place. A view is needed on front office/back office split to complete this work.
 - **Disability Discrimination Act** – there is money set aside to improve disabled access to council buildings and obvious obligations to comply.
 - **ICT infrastructural investment programme** – the ability to rebuild the ICT infrastructure is fundamentally predicated on knowing which buildings to prioritise for investment purposes.
5. In order to address these issues, a [Forward@Southwark](#) project group was commissioned with the specific remit of reviewing the current map of service locations and the range of services provided face to face by the council. The project sponsor for this work was the Assistant Chief Executive (I&D) with the project manager being Christos Pishias from the newly formed modernisation office. The project team completed this work, on schedule, by the end of June 2003.
6. The first part of the review of face-to-face services identified that the council delivers around 100 services from more than 68 locations. Detailed data has been collected on customer volumes which is available on the web.¹ A list of offices included within the scope of this report is shown in appendix 1.
7. However, a real customer experience is perhaps as powerful as the data shown in appendix 1.
- “All I wanted to do was to apply for and pay for a residents permit. So I went to one of your offices. They told me I had to go to my Neighbourhood Housing Office to complete the application. I was then sent to the parking shop who told me I had to go to the cash office to pay”.
8. It is clear from this work that for many years services have effectively been designed around departmental structures rather than around the customer and that this has resulted in an unfocussed distribution of service points. As a result of the CSC project, the council has a real opportunity to radically transform the customer experience.
9. The investment that will come from the CSC will provide for improvements in business processes enabling better ways of working. For example, through the use of Customer Relationship Management tools a customer services agent will be able to renew a parking permit, arrange a housing repair, find out about free school meals - without sending the customer anywhere else. To ensure good customer service the CSC provider will be required to integrate front and back office systems so that a service can be provided by phone, face-to-face or via the Internet.
10. In any event, over the next 18 months the following will happen:-

¹ The full report is available on the web at www.southwark.gov.uk

- The customer service centre will become operational, taking an estimated 1.9 million calls per year (it is expected to deal directly with 80% of all those phone enquiries resulting in a service being delivered)
 - By 1/4/2004 all forms will be live on the web (rents and council tax will be live by the end of 2003)
 - There will be a network of street kiosks giving free access to all web-enabled Council services
 - Mobile communications will enable street operatives and those in the field to have instant access to back-office systems (already being used by staff in environment & leisure) via a web portal due to be piloted during the autumn/winter 2003
 - There will be increasing integration between the Customer Relationship Management system being operated by the CSC provider and back office systems resulting in a reduction in back office processing
 - It will be possible to make all cash payments in post offices or banks
11. Any of the technology developed for the CSC can be deployed for front office, face-to-face service points. Therefore, other than the capability of staff and customer demand, there is no reason why **any** service should not be delivered at **any** location. For example, it would be possible for customers to use the web in libraries, with assistance from library staff, to access services on-line.

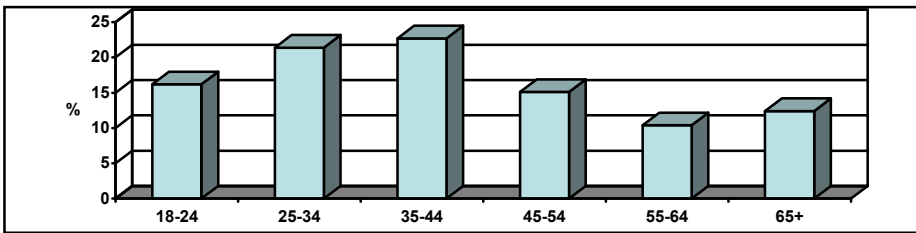
Results of Face-to-Face review

12. For the purpose of this review, Face-to-face has been defined as those services that are initiated via a customer request at a council office. This review has not addressed those services where council staff visit the homes of customers. In addition, at this stage it has excluded some Social Services and Educational services pending the outcome of the OPM review on the future of the education service in Southwark. The locations included in this review are listed in Appendix 1.
13. Some highlight data from the initial reviews shows that:-
- Excluding Leisure centres and Schools around 60,000 individuals contact the council each year – this figure includes libraries
 - There are an estimated 1.3 million customer visits per year (again – includes libraries)
 - Including the main service points (excludes libraries) around 3000 people per day visit 31 outlets served by 421² full time equivalent (FTE) staff. Better services could be provided for customers, in improved environments, if a rationalisation was agreed.
14. As part of this review some customer feedback was sought by interviewing existing customers of housing offices.³ Over 600 interviews took place with people leaving council offices during October 2003. Some key findings are shown below.

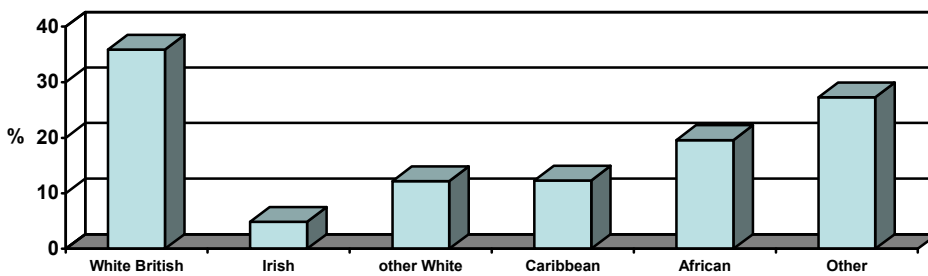
² This is based on estimates for front /back office splits for services which are currently not configured in the this way

³ The full report can be seen at www.southwark.gov.uk

Graph 1 - The age range of people visiting customer service points:-

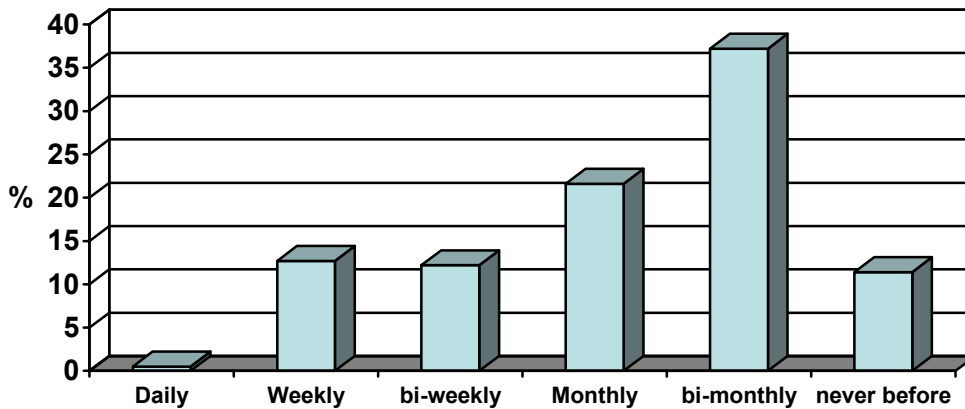


Graph 2 - The ethnic make-up of the customers on the sample days was:-

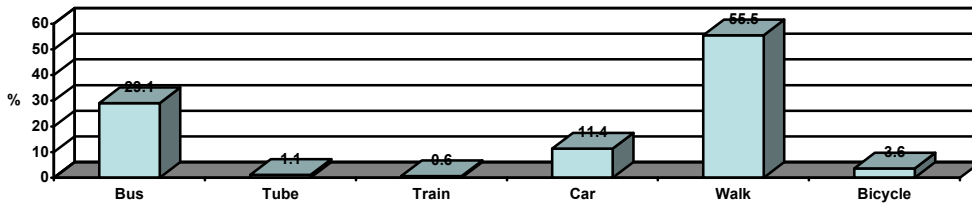


This is different from what would be expected if service usage was representative of the make-up of the borough as a whole (e.g. 63% of people in Southwark define themselves as British white as opposed to 35% in this sample of people who visited service points)

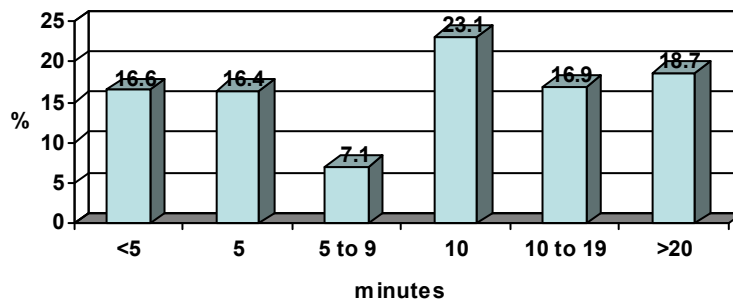
Graph 3 - How often customers visit a customer service point.



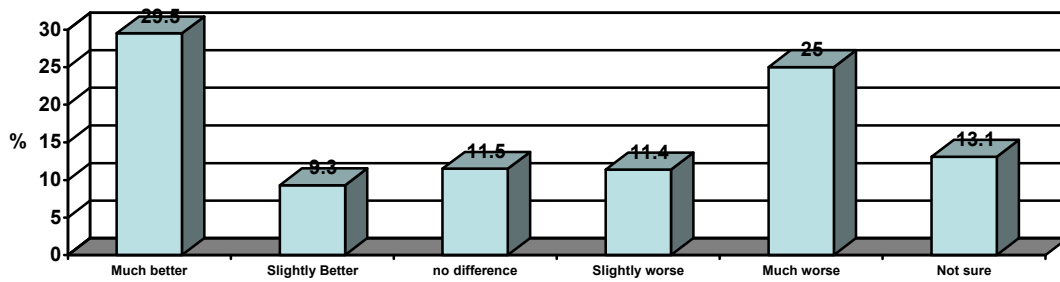
Graph 4 - How customers travelled to the service point



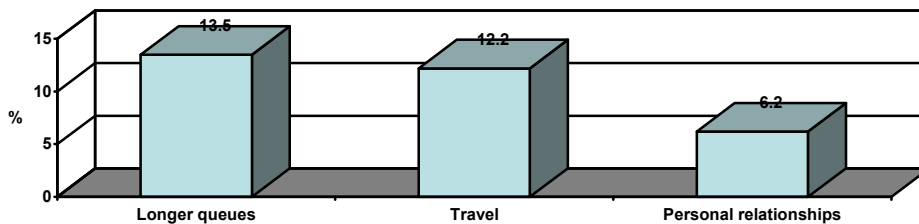
Graph 5 –How long it took customers to reach the service point



Graph 6 – Researchers explained to customers that it would be possible to have one-stop-shop offices which could deliver more services, but there would have to be less offices, and the existing service point may have to close. The question used was “do you believe these proposals would result in a better service for you?”



Graph 7 – For those customers who thought it would be worse, what were their main concerns?



15. While a majority believe that the change will be positive, it is clearly the case that there is a sizable minority who do not trust the council to deliver improvements. This is further confirmed by work that was undertaken during the summer 2003 that asked customers why they came in person rather than use the phone. 36% of customers felt turning up in person was necessary and did not trust staff to act on a phone call.

Setting a quality benchmark to guide service redesign

16. Given the need to build trust with customers that services will be improved as part of the modernisation process, some clear benchmarks are proposed to act as a quality check on any proposals. These are:-

Each service point should:-

- Provide high quality, accessible face to face services so that all residents are no more than 2 Kilometres or within 20 minutes travel (using public transport) from a service point
 - Provide a one-stop resolution to 80% of service requests (same as for phone within CSC)
 - Generate annual revenue cost savings of at least £0.5M by improved efficiency and better use of resources
 - Be able to arrange appointments where a high level of additional professional advice is required
17. There is a fundamental change suggested as part of this strategy. Locations that are designated for customer access, should in general seek to provide services consistent with the objectives outlined in the previous paragraph. Furthermore where possible, a customer will be able to transact business at a range of locations (e.g. order a repair at any office, rather than be restricted to a specific neighbourhood office).
18. To move from where we are, to where we need to be will take time. Therefore a phased implementation programme over three-years is proposed. However, if this strategy is agreed, all future proposals that impact on face-to-face service access should be integrated into this approach.
19. Currently, the service delivered can vary from a simple reception service (arranges for customer to see another member of staff) to seeking to resolve a fairly narrowly defined service request. For the strategy outlined in this paper to work, staff working face-to-face will need to be as well trained as staff working within the CSC. It is for this reason that the one-stop-shops are included within the scope of the CSC procurement process.

Best Value Review of Income Management (Cashiers)

The figures for customer numbers clearly show that a large number of existing customers visit on a face-to-face basis to pay in cash. Attached, as appendix 3, is the outcome of a very comprehensive review of cash payments to the council. This concentrates on the Cashiers as a method of payment.

20. The purpose of the review was to:-

- Extend customer access by providing an income collection service that gives more choice of payment methods and convenient payment locations,
 - Modernise the income collection service in line with Southwark Council's customer charter, customer access initiatives and meets national e-government targets
 - Provide a cost-effective, competitive, flexible and highly productive service in terms of performance in comparison with other London Boroughs
 - Provide customers with high quality customer care, timely information and access to appropriate financial information for domestic rent or council tax balances and provide proof of payment
21. Extensive research has been carried out, both in terms of surveys of customer views and benchmarking with other services. In broad terms, the conclusions are that we provide an expensive service compared with similar councils and that customers would like greater choice in how and where they can pay for services. In addition, the increased use of post offices could potentially assist the case for more of them to remain open that would otherwise have been the case.
22. Taking account of this, the review therefore proposes to:-
- Promote direct-debit as the council's preferred method of payment
 - Upgrade swipe cards to enable customers to make payments to all fund types (e.g. HRA rent, Council Tax, Business Rates) using all available payment outlets such as Paypoint and the post office
 - Introduce 24/7 Internet website and automated telephone payment facilities.
 - Rationalise offices by phasing out the three council cash offices at Abbeyfield, Crown House and the Town hall during 2004/05 for reasons of low productivity and economies of scale.
 - Further review the performance of the remaining cash offices and the uptake of alternative methods of payment during 2005.
23. These recommendations have been incorporated into this review and are estimated to result in savings of around £495,000 during 2004/05.

The Best Value review of Housing Management

24. The principal outcome agreed at the executive in July 2003 was that from an administrative perspective, housing management would be organised in eight administrative areas – broadly co-terminus with the community council areas. Throughout the review and incorporated within the agreed vision and implementation plan (January 2003) was the understanding that the housing reorganisation would be integrated in to the wider development of the public access strategy. The decision of the July 2003 executive was to consult further with tenants and residents on neighbourhood forum numbers (currently on-going) and the location of offices and sub-offices.
25. It is recognised that the nature of the housing service requires a local presence, other than for the delivery of wider face-to-face services. As the roll out of the technology and staff training permit, where there are local offices open to the public, these will be able to deliver a much wider range of services than purely housing as at present, effectively providing tenants with mini council service centres that will be accessible for all.
26. Given that the executive required further consultation by the strategic director of housing with tenants and residents on the future for housing management – and

that this paper now addresses a much broader view of customer access - the housing consultation will now need to take place within the remit of the recommendations in this report (notably paragraphs 35-43).

27. To achieve the broader objectives of the best value review of housing management and to deliver the full modernisation of service provision, there will need to be a programme of business process re-engineering to ensure that front and back offices can deliver seamless services to customers.

Impact of Regeneration on Face-to-Face provision of council services

28. Southwark as a place is changing rapidly – this review has recognised this and has incorporated development opportunities into the thinking. In particular, in Bermondsey Spa, Canada Water and the Elephant and Castle, there are real opportunities to create new service delivery access points to meet the needs of the population in those areas.
29. Bermondsey Spa Regeneration provides the most immediate opportunity to do something new as it is at the most advanced stage. Bermondsey Spa Regeneration intends to attract inward investment in housing and in jobs, to create a better environment for both residents and businesses alike and is focused on the area shown below. The new Bermondsey Tube station on the Jubilee line connecting to London Bridge is already making an impact on the area.
30. Currently, there are a number of council access points in the area. These are:
 - Revenues & Benefits, First Stop Shop
 - Alfred Salter NHO
 - Cash Office
 - Leisure Services reception (15 Spa Road)
 - Strategic Services and SBDS reception (19 Spa Road)
 - Social Services (Woodmill Building)
31. It would be possible to introduce a one stop multi-service shop to replace all of these access points. This would unlock certain key sites, at the same time as providing an improved service. It is proposed that a high quality, temporary building be constructed next to 19 Spa Road, to act as the first, flag-ship, proof of concept one-stop-shop. This to be operational by the beginning of the CSC contract in April 2005.
32. In addition, it is expected that the council will secure some service access points as part of the Canada Water and Elephant and Castle developments. Therefore, proposals for these areas will be limited to securing face-to-face service delivery in the medium term.
33. There is a proposal in a separate report for consideration by the Executive on an advantageous opportunity for a disposal of Site T with the Bermondsey Spa regeneration scheme. This would allow the proposals here to be implemented quickly and potentially provide some capital resources to support the improved services.

Multi-agency service points

34. It is almost certainly the case, that as the strategy develops, it will make sense to have one or more multi-agency service points (e.g. with Health, the Police or via the Extended Schools programme). However, at this stage of discussion, it is considered sensible to

focus specifically on the council's needs. The strategy is sufficiently flexible to be able to incorporate other agencies at a later stage (early 2004).

The future map of face to face services in Southwark

35. The intention of this report is to provide the council with a complete picture of how the customer experience can be improved by taking advantage of new ways of working.
36. In putting forward these proposals officers are aware of the following considerations:-
- The current service map results from a range of service specific decisions over many years and has not before been designed around the complete needs of the customer (e.g. while housing services are important services to tenants, they are not the only council services tenants need to access)
 - The CSC fundamentally changes what is possible in terms of joining services-up
 - There is a need to address all service access channels – face-to-face, the web and the phone and have common ICT systems for them. It is not possible to precisely predict how these different channels will impact on each other (e.g. will more e-enabled service result in less phone calls? What will be the impact of the CSC on face-to-face numbers?)
 - Despite the generally positive response to the idea of change from the recent customer research, it is the case that some people will be fearful of it, being content with the service as currently provided. In addition, the changes are so significant that risk has to be effectively managed.
37. Therefore this report is setting out a phased programme of change, over three years, so that the impact on customer service can be tested and assessed. It is also intended that this approach will allow for some “proof of concept” projects to build customer confidence in the ability of the council to deliver the new vision.
38. In preparing these proposals, the following assumptions have been made:-
- By 2007⁴
- The customer service centre will be dealing with around 1.9 M calls per year
 - 20% of customers will operate with us via the web (12,000 people)
 - Confidence in the phone, the use of other payment mechanisms and the expansion of e-transactions will reduce face-to-face customers, for the offices identified in this report, from 3200 to 2500 per day
39. Therefore, by 2007, face-to-face services could meet customer demand by rationalising existing provision to :-
- Three one-stop-shops (Peckham, Walworth and Bermondsey Spa) incorporating existing service points in these areas
 - Extended service centres based around housing offices in the other five community council areas
 - Customer access points via Kiosks in Canada Water and London Bridge
 - Self-service and customer supported web-access in all main libraries
 - Sub-office with kiosk at Kingswood
 - A neighbourhood management office for the Aylesbury estate at Taplow
 - The Peckham housing office to migrate into the Peckham one stop shop.

⁴ See map at appendix 2

40. To get there, the following phasing is proposed:-

By April 2005 – a first one-stop-shop to be opened at Bermondsey Spa, rationalising other service points in the area.

By April 2006 - the following service points be operational

- Full service one-stop-shops at Walworth (includes cash payments) and Bermondsey Spa (Opened at phase 1 CSC – April 2005) incorporating Walworth and Bermondsey Area Housing offices
- Cash office at Bournemouth Road and Spa rd dependent on the continued review of income management
- Expanded services at Peckham one-stop shop
- Subject to final consultation, six, primarily housing based service points located in the following NHO areas:-
 - Rotherhithe - Abbeyfield Road NHO
 - Camberwell – Harris Street NHO
 - Peckham – Rosemary Gardens NHO
 - Nunhead – Bournemouth Road NHO
 - Dulwich - Crown House NHO & Kingswood
 - Borough and Bankside - Library street NHO

41. Office buildings not provisioned with customer focused capabilities or integrated ICT would then be assessed against future requirements or used for back-office service points/community facilities (e.g. tenant meeting, community councils etc.).

42. Up until 2007, Housing will deliver services from area offices (as identified) together with a number of sub-offices throughout the process of office rationalisation. This process will be subject to ongoing review and consultation of accommodation and CSC developments.

43. A detailed project plan will be developed to achieve these changes once the broad strategy is agreed.

Resource implications

44. The precise resource implications are complicated by the following factors:-

- The full implications of the back / front office split will not be known until the detailed BPR is undertaken during 2004.
- The extent to which balances from capital receipts available from disposal of sites can be used to bring remaining offices up to the required standard is not yet known
- The exact split between HRA and general fund in terms of funding the future one-stop-shop capabilities
- The CSC bidders will provide indicative costs as part of their bids,

45. However, initial estimates, demonstrate that from for 2005/2006, revenue savings of between £1.5 - £2m should be achievable by 2007/08.

Communication with the public and staff

46. Following consultation that has taken place with existing customers, there will be a need to communicate these decisions to both customers and staff. Therefore, a detailed

programme of communication needs to take place once these proposals are agreed. This could take the form of:-

- Discussion at community councils and tenant organisations
- Create a discussion forum on the web
- Articles in Southwark life
- Presentation with council stakeholders (SSP) and provider agencies
- Presentations and articles with council staff and trade unions

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Chief Finance Officer

No additional comments not included in the report.

Comments for the Strategic Director of Regeneration

The Regeneration and Property teams have contributed fully to the assessments and proposals in this paper. The full accommodation review will shortly provide some indicative options for rationalising the overall use of our property. The decisions taken here will help define the policy to be adopted to one element of our property requirements. I am satisfied that none of the proposals here will limit the options for change and consolidation of the main office estate.

REASONS FOR URGENCY

The invitation to tender for the customer services centre was released at the beginning of September. This included a commitment to issue an addendum to clarify the position in relation to face-to-face services and the CSC. This report indicates that the three one-stop-shops are within the scope of the CSC and is integral to the overall viability of the project. Therefore a decision is needed at this time so that the addendum can be issued to give the bidders sufficient time to take this into account when preparing their responses to the ITN. The Council is receiving questions on a day-to-day basis from bidders about the long-term strategy for face-to-face services. A commitment has been given by the Council that after the 25th November 2003 the Council would be able to provide information on the location and numbers of one-stop services that would be within the scope of the CSC.

REASONS FOR LATENESS

The need to bring together a number of different initiatives and the need for extensive consultation and discussion on this report has resulted in a delay in its publication.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|--|---|------------------------------------|
| <i>Title of document(s)</i> | <i>Title of department / unit Address</i> | <i>Name Phone number</i> |
| <i>Review of face to face services (1)</i> | <i>Strategic Services</i> | <i>Bill Murphy 02075257199</i> |
| <i>Invitation to negotiate for the</i> | <i>Strategic Services</i> | <i>Bill Murphy</i> |

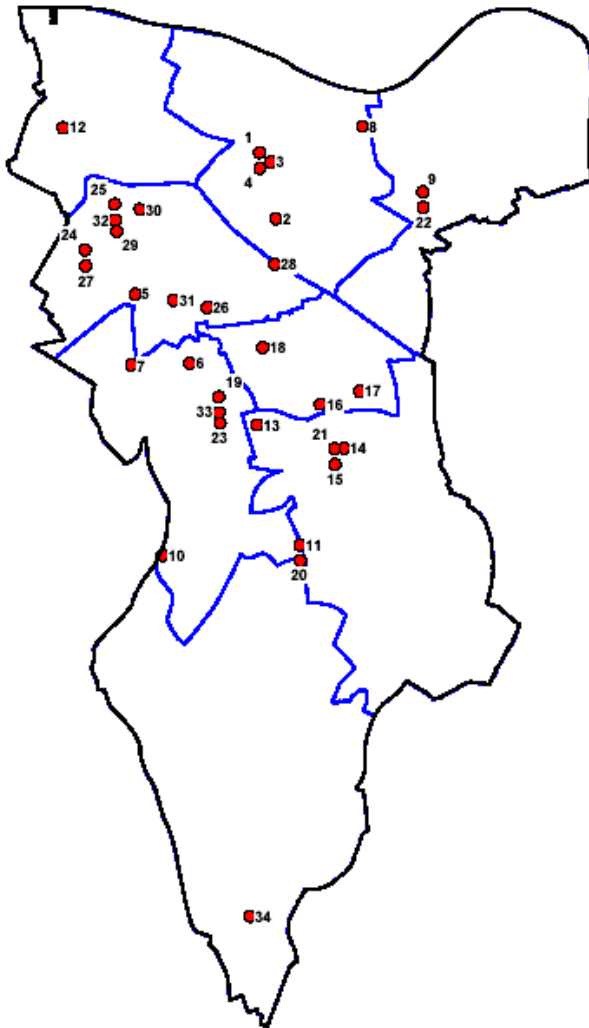
| | | |
|--|---------------------------|---|
| <i>customer services centre</i> | | <i>02075257199</i> |
| <i>Best Value review of housing management executive 3/12/02</i> | <i>Housing Department</i> | <i>Chris Brown – Head of Housing management</i> |

APPENDIX A

Audit Trail

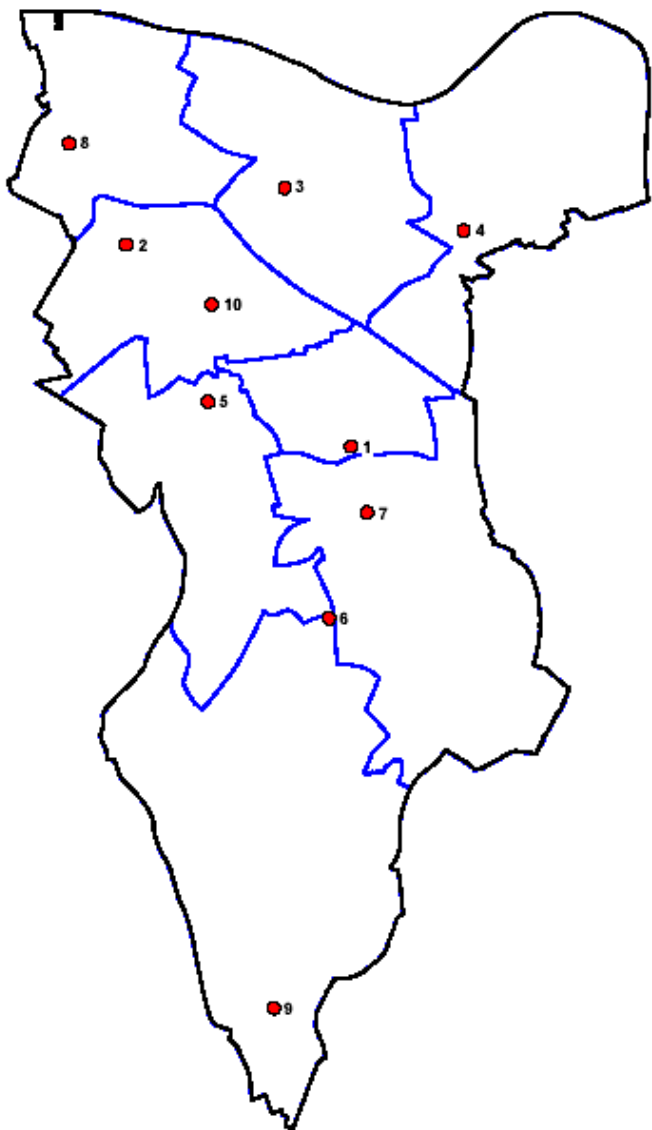
| | | |
|---|---------------------------------|--------------------------|
| Lead Officer | <i>Bill Murphy/Keith Broxup</i> | |
| Report Author | <i>Bill Murphy</i> | |
| Version | <i>final</i> | |
| Dated | <i>17/11/03</i> | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Borough Solicitor & Secretary | Yes | No |
| Chief Finance Officer | Yes | Yes |
| <i>List other Officers here</i> | | |
| Executive Member | Yes | Yes |
| Date final report sent to Constitutional Support Services | 18/11/03 | |

Appendix 1 – Offices included in scope of the review of Face to Face Services



| Number | Access Point | Postcode | Visitors per day |
|--------|----------------------------------|----------|------------------|
| 1 | Alfred Salter NHO | SE16 3QP | 55 |
| 2 | Lynton Road NHO | SE1 5QR | 60 |
| 3 | First Stop Shop | SE16 3QW | 75 |
| 4 | Cash office Spa Road | SE16 3QP | 291 |
| 5 | Consumer and Money Advice Centre | SE17 2NG | 5 |
| 6 | Harris Street NHO | SE5 7RX | 35 |
| 7 | West Camberwell NHO | SE5 0ED | 150 |
| 8 | Cherry Gardens NHO | SE16 4QF | 50 |
| 9 | Abbeyfield Road NHO | SE16 2BS | 25 |
| 10 | Denmark Hill NHO | SE5 8EF | 20 |
| 11 | Crown House NHO | SE22 9BY | 35 |
| 12 | HSG Library Street NHO | SE1 0RG | 50 |
| 13 | Pelican NHO | SE15 5NU | 11 |
| 14 | Private Housing Renewal | SE15 4UJ | 35 |
| 15 | Parkside NHO | SE15 4UJ | 225 |
| 16 | Peckham One Stop Shop | SE15 5JZ | 35 |
| 17 | Acorn NHO | SE15 2TU | 40 |
| 18 | Rosemary Gardens NHO | SE15 6LJ | 45 |
| 19 | Cash office Southwark Town Hall | SE5 8UB | 160 |
| 20 | Cash office Dulwich | SE22 9BY | 134 |
| 21 | Cash Office Bournemouth Road | SE15 4UJ | 358 |
| 22 | Cash office Abbeyfield | SE16 2BS | 198 |
| 23 | The Registrars (F2F) | SE5 8QA | 70 |
| 24 | West Walworth NHO | SE17 3BP | 50 |
| 25 | One Stop Shop Walworth | SE17 1RY | 40 |
| 26 | Chumleigh Gardens | SE5 0RJ | 45 |
| 27 | Taplow NHO | SE17 3BP | 98 |
| 28 | Parking Shop | SE1 5AA | 100 |
| 29 | Cash Office Walworth | SE17 1RW | 532 |
| 30 | Rodney Road NHO | SE17 1NS | 40 |
| 31 | Chiltern House | SE17 2ES | 50 |
| 32 | Disabilities Centre (Walworth) | SE17 1RY | 30 |
| 33 | Electoral services | SE5 8UB | 20 |
| 34 | Kingswood Sub Office | SE21 8QR | |

Appendix 2 – Proposed location of main customer access points by 2007



| Number | Access Point | Visitors per day |
|--------|------------------------------------|------------------|
| 1 | One Stop Shop Peckham | 353 |
| 2 | One Stop Shop Walworth | 1047 |
| 3 | One Stop Shop Bermondsey | 531 |
| 4 | Rotherhithe Office | 223 |
| 5 | Camberwell Office | 210 |
| 6 | Dulwich Housing Office | 184 |
| 7 | Nunhead Office | 630 |
| 8 | Borough and Bankside Office | 50 |
| 9 | Kingswood Office | |
| 10 | Aylesbury Estate Management Office | |

Appendix 3 – Best Value Review of Income Management (Cashiers)

EXECUTIVE SUMMARY

1. The Executive note the following conclusions from the Best Value Review of Income Management (Cashiers):
 - a) Electronic payments (such as Direct Debit, 24/7 Internet and 24/7 automated telephone payment lines) offer a more economic means of collecting income and also meet with the e-government agenda, and the Government's commitment to extend access to bank accounts.
 - b) Customers will have improved access, choice and opportunity to more methods of payment (i.e. Direct Debit) and 140 + outlets (i.e. PayPoint, Payzone and Post Office Giro) than currently exist through 6 Cash Offices and 34 Post Offices.
 - c) As well as having low transaction costs, Direct Debit enables regular payments and is a viable alternative for a significant number of customers if supported with a comprehensive marketing and information campaign.
 - d) The cost of collecting income will be reduced and the service improved with the closure of Cash Offices and the introduction of alternative methods of payment and outlets. This will lead to a potential savings of £495,000 during the financial year 2004/05.
 - e) There will be better opportunity for protecting the personal safety of staff and reducing the fear of crime for vulnerable customers who use the Cash Offices.

RECOMMENDATION (S)

2. The Executive agree to the following recommendations of the review, which will deliver a more cost-effective payment service: -
 - a) Increase the use of more economic payment methods
 - Promote the uptake of Direct Debit as the Council's preferred method of payment.
 - Promote the availability of alternate methods of paying the Council through online Internet website and 24/7 telephone payment facilities.
 - Extend customer access by promoting the new upgraded SWIPE card as the alternative method of paying the Council and accessing up to 140 PayPoint, PayZone and Post Office Giro outlets.
 - b) Reduce the transaction costs
 - Close Cash Offices with the lowest volume of transaction and productivity through a phased programme as follows:
 - ⇒ Phase 1 – Abbeyfield, Dulwich and Southwark Town Hall starting from April 2004.
 - ⇒ Phase 2 – Consider further closures depending on (i) No deterioration of overall income collected, (ii) Customers accept alternative methods of payment, (iii) Review (6 months after the closure) performance of the remaining cash offices.

- Through economies of scale achieve improved efficiency and productivity of staff.
- c) Promote customer care and extend customer choice
- Increase payment outlets for customers from 6 Cash Offices and 34 Post Offices to 140+ payment outlets, which include 3 Cash Offices, 71 PayPoint, 35 PayZone and 34 Post Office branches.
 - Supplement the monthly rent account statements by providing freephones at customer service points.
 - Provide receipts at all designated payment outlets (i.e. PayPoint, PayZone and Post Office Giro), together with wallets to hold the Swipe card and the receipts issued.
 - Undertake a major publicity campaign to address customer worries about changes to the service including informing them of choices and alternatives available, and addressing the concerns identified in the consultation carried out.
- d) Market test the following non-core functions to ensure all activities are cost effective:
- Ordering of bulk cash, preparation of cash advances, the opening and authorisation of LBS creditor cheques and processing parking meter income.
 - Security Van service (Collection and Delivery) service.

BACKGROUND INFORMATION

3. This review focussed on how the Council collects income through the Cash Offices but also acknowledges that changes made to this method of payment will significantly increase other methods such as Direct Debit, 24/7 Internet and telephone lines, PayPoint, PayZone and Post Office Giro outlets.
4. Collecting, allocating and banking income from debtors is a crucial function for the Council. The majority of income received is either paid through the cash offices (referred to as the internal method of collection) or paid into the Council's bank account (referred to as the external method of collection).
 - a) Internal method of collection – This refers to income collected mainly at the Council's six cash offices. The Housing Cashiers Service manages these outlets for collecting income on behalf of the Council, which are located across the borough. The service also provides a Bullion Centre (which orders bulk cash, prepares cash advances and other banking activities on behalf of client service departments). The Cashiers service employs 40.5 full time equivalent staff and has an annual budget of about £1.6M (2002/03).
 - b) External method of collection – This refers to income received through Direct Debits, Standing Orders, Post Office Giro swipe card payments and Bank Credits.
5. Although the review concentrated on the Council's income collection, it took into account a number of other developments:
 - a) The Council's management of income including sources of new income and the corporate objective of driving down debt.

- b) The modernising and upgrading of the Council's Information Technology (IT) infrastructure in terms of the ability to maximise the potential to improve the customer experience (Customer Service Centre).
- c) The process improvement and re-engineering of services in delivering improvements to customers especially in meeting the e-government targets.

KEY FINDINGS OF THE REVIEW

6. Summary of Challenge

- a) What needs is the Cashiers service meeting?
 - Collected income of £227M in 2002/03.
 - Provides payment outlets for residents from 6 cash offices.
 - Provides banking services for the Council's client service departments.
- b) How well is the Cashiers service meeting these needs?
 - The service is labour intensive and the current working arrangements are not efficient.
 - The current traditional method of service provision is expensive.
 - The service does not provide access 24/7 or online payment facilities for all types of payment.
- c) Could the service be provided differently?
 - There are a number of options available for providing an income collection service. As an in-house service, it needs to be modernised by providing more access and choice to other methods. This would improve customer access, increase productivity and provide better value for money.

7. Summary of Comparison with Other London Boroughs, National Authorities And Private Organisations.

During this exercise we contacted 11 London Boroughs who belong to the CIPFA Cashiers Benchmarking Club for comparative information. We only visited and received information from 9 London Boroughs and these include - Camden, Kensington and Chelsea, Sutton, Tower Hamlets, Kingston upon Thames, Merton, Greenwich, Waltham Forest and Islington. We also received information from private companies such as British Gas.

- a) Cash income transactions
 - Southwark has more cash offices and processes more cash income transactions than any of the 9 other London Boroughs'. Although Southwark has a bigger housing stock and processes more cash, its income transactions are less efficient.
 - Unlike most other London Boroughs, Southwark does not provide a range of payment options such as 24/7 online payment facilities (by automated telephone or internet website) or other alternative outlets.
 - Most other London Boroughs have one cash office, employ fewer FTE staff and have introduced (or are in the process of introducing) other methods of payment for their customers.
 - In the private sector, direct debit, bank giro credit and 24/7 automated Internet website and telephone payment facilities are the sole methods of payment. They offer much lower transaction costs than collection through cash offices.
- b) Cost of the service
 - Southwark Cashiers service is the most expensive with a core budget of £1.085 million, which is four times the average of the 9 other London Boroughs.

- The core costs per transaction as at March 2003 is also the highest at £1.12 compared to other 9 London Boroughs who have an average of 83 pence per transaction.
- A number of London Boroughs who operate with one cash office have reduced cost per transaction (i.e. Camden [0.56 pence], Greenwich [0.51 pence], Sutton [0.59 pence] and Kingston upon Thames [0.57 pence]).

c) Productivity

- The average level of income transactions processed by a Southwark Cashier is 30,375 compared with the London borough average of 50,262.
- Other London boroughs tend to use their staff more flexibly between counter and back office operations depending on the demand.
- Southwark's Cash Offices are open for 40 hours during the week including Saturday morning, but most other London boroughs open for 36 hours per week and do not open on Saturdays.
- The average level of sickness per Southwark employee is 18.15 days, which is considerably higher than any other London borough. This also means that Southwark incurs more costs with temporary staff and unplanned overtime to cover for these absences.

8. Summary Of Consultation With Service Users, Residents And Other Stakeholders

a) Service users said the Council should provide more choice on how they pay their rent and Council Tax. In general, the respondents wanted:

- All methods of payment to be available including direct debit, debit and credit cards, standing orders, cheques, and cash etc.
- Opportunity to pay bills locally.
- 24/7 outlets or locations (including payments by automated telephone, internet website etc).

b) Service users also said that it was important for them to:

- Obtain proof of payments made.
- Obtain and verify rent and council tax balances on request.
- Receive an improved customer focused service, which included sign-posting customers to other services and reducing queuing times at cash offices.
- Have trust and confidence that the Council's financial system for accepting and recording receipts is reliable, accurate, robust and credible.
- Have access to an efficient and responsive high quality complaints procedure.

c) Service Users when asked about Direct Debit:

- Well over half of respondents (63%) either already use direct debit, or say they would be likely to use direct debit to pay some bills to the Council in the future. This exceeds the 49% who presently use direct debit for any sort of household payments (i.e. including utility bills).
- A further 9% said they would now be likely to switch to direct debit in the future when provided with more information about the advantages and the measures that have been taken to improve the way direct debit is administered in Southwark.
- This equates to the 8% of respondents would said they would choose direct debit if only four payment options (direct debit, telephone, internet and Payzones and Paypoints) were available.
- Of these respondents who are likely to use direct debit the survey found that most of them were employed, in the A, B and C1 social category, live in the south of the borough etc.

- d) What payment options respondents would prefer if only Direct Debit, telephone, Internet and PayPoint/PayZone are available:
- 11% of respondents would not prefer direct debit, but would prefer telephone or the Internet.
 - 8% of respondents favoured Direct Debit and only about 14% of respondents would prefer to use Paypoints or Payzones.
- e) Respondents were asked what might influence them to switch to Direct Debit:
- Being guaranteed a full immediate refund if a mistake is made (90%)
 - Being able to check the amount owed via a free telephone hotline (90%)
 - Choice of 3 different dates in the month in which regular payments for Council rent are deducted (87%)
 - Choice of 5 different dates in the month in which regular payments for Council Tax are deducted (83%)
 - Being notified prior to any payment variation being made (80%).
- f) The main barriers to using direct debit are:
- 9% of respondents said they would not use direct debit because they did not trust the Council to administer the process correctly.
 - 8% said they would not use Direct Debit because they needed to control when they paid their bill, and another 8%, that they didn't see the need to change.
- g) Staff and other stakeholders identified the following areas of improvement:
- Improvements to the personal health and safety of staff working within a cash office environment.
 - Improvements to the design and layout of Cash Offices to ensure a better working environment and better public access.
 - Introduction of internal express tills and handy tills at Cash Offices.
 - Increase in the number of customer access points where residents can make payments inside the borough.
 - Provision of incentives to customers to use the alternative electronic methods of payment other than cash and cheques, such as direct debit, automated telephone payment etc.
 - Meet the needs of more socially excluded residents (i.e. the elderly, people with disability etc) are being met.
 - Reduce the cost to the Council of administering the collection of income and increase the speed of processing income transactions.
 - Centralise the collection and reconciliation of income in one Council department.
 - Provision of up to date Council and Government information at Cash Offices.

FUTURE VISION

9. Taking into account the key challenge issues, best practice from other London boroughs and the views of stakeholders, the basis for future service delivery should be informed by 4 key principles of good practice in relation to service delivery, organisation and customer care. These are to:
- Modernise the income collection service through electronic methods of payment in line with Southwark Council's customer access initiatives and the national e-government targets.
 - Extend customer access by providing more choice of payment methods and convenient payment locations,
 - Provide a cost-effective, competitive, flexible and highly productive service by closing

- Cash Offices and promoting Direct Debit as the Council's preferred payment method.
- Promote a high quality customer care, with access to timely information and appropriate financial information for domestic rent or council tax balances and proof of payment.

PROPOSED ACTION

10. A detailed action plan has been developed to enable this strategy to be developed.

RESOURCE IMPLICATION

11. The closure of the 3 cash offices will reduce transaction costs by an average of at least 50p per transaction, if we can encourage current users to transfer to other methods of payment. Even if we only succeed in moving them to the higher volume cash offices there should be scope for a reduction in costs from greater economies of scale.
12. In addition, there is the potential of savings of up to £495,000 arising from efficiency improvements from the closure of 3 Cash Offices.

CONSULTATION

13. During this review, we consulted with customers, Council staff, trade union, Executive Members and a representative sample of residents.