MIDDLESBROUGH COUNCIL	Middlesbrough moving forward

Report of:	Director of Finance and Transformation (s151 officer)

Relevant Executive Member:	Executive Member for Finance

Submitted to:	Executive

Date:	5 February 2025

Title:	Customer Strategy

Report for:	Decision

Status:	Public

Council Plan priority:	A Successful and Ambitious Town; A Health Place' Delivering Best value

Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £250,000

Subject to call in?:	Yes
Why:	Non Urgent Report

Executive summary

The Customer Strategy supports the Mayors vision, as set out in the Council Plan priorities 2024-27 and forms an integral part of the Council's wider Target Operating Model and overall transformational approach as set out in The Approach to Transformation of Middlesbrough Council report, dated 27 March 2024 and the Transformation of Middlesbrough Council report, approved by Council in April 2024.

Forecast expenditure for the Transformation Portfolio was set out in the Budget and Medium Term Financial Plan (MTFP) report, approved in March 2024. The report outlined the high level phase 1 expenditure for transformation and redundancy totalling c£26.7m over 3 years which could be capitalised under the Flexible Use of Capital Receipts (FUoCR). Transformation Governance Arrangements were subsequently approved by Executive in March 2024.

The Customer Strategy is one of a number of transformation programmes as set out in the April 2024 report to Council. The programme is cross cutting across all existing directorates and services to the community. The business case has been developed and assured through the Transformation Programme Governance and is now presented for

Executive approval to progress to implementation. It offers a brand new approach that seeks to fundamentally review, redesign, and reshape all of the Council's customer-facing and business service solutions and complements the Neighbourhood Model.

Overall, the strategy is designed to provide customers with a significantly improved experience and address some of the fragmentation and limitations that currently exist around the Council's current customer services. Consequently, as business processes are redesigned through consolidation and streamlining of similar, duplication is removed and modern technologies are introduced, this is likely to reduce the Council's overall costs and realise financial and non-financial benefits to help achieve longer term progression and sustainability for the organisation.

The Strategy will be phased in across Council Directorates, delivered through the newly designed customer model which promotes a 'one council' approach to delivering customer services. It is underpinned by a clear set of design principles and key objectives and sets out how the Council will:

a) Reorganise services to reduce the multiple 'front doors' whilst ensuring that services are accessible to all;
b) Aim to get it right first time;
c) Integrate systems where possible to remove the current fragmented approach across services;
d) Redesign business processes to consolidate and streamline similar tasks and remove duplication and reduce costs;
e) Provide a 'digital first' approach where appropriate to ensure online channels are convenient and simple to use; accessible 24/7 and user friendly for residents to use on multiple devices;
f) Use modern technology and automation to improve the delivery of services and speed up processes;
g) Work towards creating a 'single view' of the customer by managing data across the organisation more effectively;
h) Use performance and intelligence data to optimise service delivery capabilities and productivity;
i) Utilise data insights to predict customer behaviours and trends in demand, to inform policy development and respond more effectively to emerging issues.

Customers are defined in the strategy as anyone who interacts/engages with the Council e.g. residents, visitors, businesses, vulnerable groups, council employees, service users, partners, suppliers etc and is further defined in the Customer Strategy. The commitment to customers will be further formalised through the introduction of a Customer Charter.

Delivery of the change programme will take place over a two year period following approval of the Customer Strategy. There are a number of dependencies that may impact delivery and timescale, one of which is the development of the Council's new Target Operating Model approved by Executive on 13 November 2024.

Further dependencies include Neighbourhood and Digital strategies, subsequently the Customer approach may need to make some small alterations to complement the Council's approach to these areas as they evolve.

Digital technology and data management will underpin the delivery and operation of the Customer model. The introduction of new technology will be subject to the completion of a business case with appropriate sign off through the corporate governance process. ICT; will be responsible for the development of the Council's Digital Strategy and the Digital Blueprint that will form the basis of the Customer Strategy and allow access to Council services which are secure, practical, convenient, sustainable, and affordable.

To achieve consistency and to standardise the approach the Council's corporate values will form the basis of staff training and development and will be aligned to the Council's People Strategy with a strong emphasis on culture, customer excellence and continuous improvement.

Purpose

1.1 The Customer Strategy supports the Mayors vision, as set out in the Council Plan 2024-27 and is an integral part of the Council's wider Target Operating Model.

1.2 The strategy offers a new approach that seeks to fundamentally review, redesign, and reshape all of the Council's customer-facing and business process solutions as part of the Council's Customer programme which forms part of the Transformation Portfolio approved by Council in April 2024 as outlined in the Executive Summary.

2 Recommendations

2.1 That Executive approve the new Customer Strategy 2024-27.

2.2 That Executive approve the commitment of the estimated customer programme budget of £1.975m for inclusion within the 2025/26 to 2028/29 capital programme and Flexible Use of Capital Receipts strategy that will be incorporated into the 2025/26 Budget and MTFP report to be considered by Council on 19 February 2025.

3 Rationale for the recommended decision(s)

3.1 The Customer Strategy is one of six transformation programmes, it has an approved business case (programme delivery document) and is now seeking Executive approval. It offers a brand new approach which aims to fundamentally review, redesign, and reshape all of the Council's customer-facing and business process solutions that complements the Neighbourhood Model.

3.2 The approach meets the requirements of the Council's transformation portfolio and forecast expenditure as outlined and agreed in the Budget and Medium Term Financial Plan (MTFP), the Transformation Report and the Transformation Governance Arrangements (as outlined in the Executive Summary).

3.3 The strategy is a key decision that will incur expenditure/savings of over £250,000 and impacts all wards and as such requires Executive approval.

3.4 The strategy supports the desire to move towards neighbourhood working and is part of the proposed new Target Operating Model. The customer approach will ensure early resolve and thus reduce/avoid more complex matters from forming and

escalating into services or the Neighbourhood model which would be both timely and costly.

3.5 Delivering excellent customer services requires significant change in our operating model. With a shift in the town's demographic and a growing diverse and relatively young population, the opportunity to meet the expectations of customers and modern day requirements demand a new approach.

3.6 The Council needs to provide efficient, timely, personalised, proactive, connected and affordable services. The strategy will seek to redesign and streamline business processes to provide a more efficient service for customers and ensure staff receive the quality training and an increased knowledge base to be able to provide early resolve and intervention at any point of contact.

3.7 The strategy will align the multiple 'front doors' that can lead to an inconsistent customer experience. To achieve this, some employee reporting lines and structures may change. Any changes will be subject to appropriate Human Resources (HR) policies and procedures and relevant Trade Union consultation when necessary.

3.8 The approach is intended to reduce duplication and minimise handovers between services to provide a steady shift to early resolution of customer enquiries. To achieve this the approach also seeks to make best use of modern technologies and automation where appropriate whilst providing a route for customers to transact with the Council in a clear and concise way.

3.9 The strategy is supported through the better use of data to help predict demand trends and inform delivery solutions which provides an ideal opportunity for the Council to shape the customer journey. Over a period of time, the Council intends to progress to a 'single view of the customer' which in turn will provide a more advanced approach to responding to and planning for the needs of customers.

3.10 Utilising the principles of the new customer tiered operating model will enable processes to be organised around the customer, help gain a deeper understanding of the root cause of issues and provide end to end solutions that will significantly improve the customer experience. Consequently, this is intended to reduce costs and provide a more affordable long-term approach than our current arrangements.

4. Background and relevant information

4.1 A recent review highlighted that the Council significantly lags behind a number of Local Authorities. The Strategy will shift the Council from the current 'As Is' position, advancing to a Majority Local Authority and progressing over time to a Mature Authority as described below:
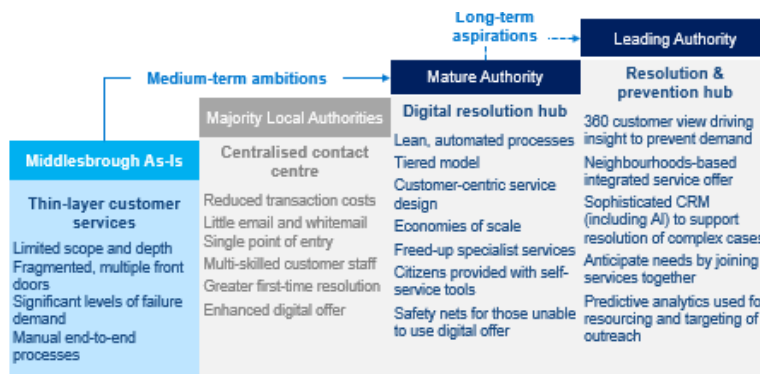
4.2   In 2023/24 over 125,000 calls were made to the Council's Customer Centre. There were over 4,700 in-person visits and the website attracted over 2.9 million visitors. This is only a small proportion of the Council interactions with customers. There are many more interactions that occur directly with service departments and are managed outside of the Customer Centre telephony system, however this data is limited.

4.3   Work is currently underway to explore the possibility of extending the existing telephony solution corporately to ensure all calls are managed through a single solution, where appropriate. This will further assist with the monitoring of call volumes, understanding the call purpose, identifying alternative channels, better call signposting and reducing unnecessary calls.

4.4   Further features could also be introduced within the telephony solution which would immediately support services such as automatic call distribution, call routing, interactive voice responses are amongst some of the potential improvements.

4.5   The telephony system would run alongside the Council's Customer Relationship Management system (CRM) or Case Management System (CMS) which would be further developed and used as a 'front door' to supporting customers accessing web based and digital solutions.

4.6   Data management and digital technology will underpin the Customer model. The introduction of new technology will be subject to the completion of a business case with appropriate sign off through the corporate governance process. As the owner of the digital theme - ICT will be responsible for the development of the Council's Digital Strategy and the Digital Blueprint that will form the basis of the Customer Strategy and allow access to Council services which are secure, practical, convenient, sustainable, and affordable. Whilst indicative costs for the relevant technology are outlined in the Finance Section, further additional costs may be incurred at a later date and will be subject to an approved business case.

4.7   Alongside the use of data and technology, the Strategy has been developed using the delivery model that exists within the Councils Revenues and Benefits Service (holders of the Customer Service Excellence Accreditation at elite standard). The service is one of a few services that have access to all businesses and residents across the town and having excellent customer services underpinned by effective, consistent and value add business processes is fundamental to ensuring the Service continues to retain the Customer Service Excellence Accreditation.

4.8 This service is independently assessed annually against the following criteria: Customer Insight, Culture of the Organisation, Information and Access Delivery and the Timeliness and Quality of Service. In most recent assessments the service has progressed beyond excellence and moved to 'elite' status. The Council has a proven track record of delivering excellence in this area, creating a firm foundation from which to build and raise standards across the wider Council.

5. Other potential alternative(s) and why these have not been recommended

5.1 The strategy provides a clear vision of how the Council can provide and deliver improved customer service, benefits whilst realising savings through the intended approach.

5.2 If the strategy was not implemented e.g. do nothing or scaled back, the Council will not be able to implement the change necessary to transform customer services and may only be able to achieve partial benefits and savings.

6. Impact(s) of the recommended decision(s)

6.1 Finance

Expenditure

6.1.1 The Council's approach to transformation is a key driver of the Council Plan 2024-27 and the Council's Transformation Portfolio. It is critical to delivering a robust Medium-Term Financial Plan (MTFP) that secures the Council's financial recovery and financial resilience over the period of the MTFP.

6.1.2 The Council's high level financial plan for the wider transformation programme was approved by Council on 8 March 2024 as part of the 2024/25 Revenue Budget, Medium Term Financial Plan. The report outlined the phase 1 expenditure for transformation and redundancy cost totalling up to £26.7m over 3 years.

6.1.3 An initial budget of £0.904m was approved in the Transformation of Middlesbrough Council report in two tranches: £0.191m to start to develop the business case, followed by a further £0.713m as the vision for the Customer Programme was further developed. The 2024/25 budget allocation was further approved by Council within the report.

6.1.4 The Customer Project Definition Document and approval through the Corporate Transformation Board, leading to this strategy, identifies a budget over the life of the 3 year implementation programme of £1.975m from 2024/25 to 2027/28. the proposed budget by programme phase and financial year is summarised in Table 1 below. Further detail of the resource plan is included at Appendix 2

Table 1 Financial Summary Resource Plan 2024/25 to 2027/28

Financial Summary	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Phase 0 - Business Case & Strategy to Executive Approval	0.230				0.230
Phase 1 - Resident and Business Support and Customer Service	0.104	0.074			0.177
Phase 2 - Adult Social Care		0.316			0.316
Phase 3 - Childrens		0.343	0.074		0.417
Phase 4 - Environment & Communities / Regeneration			0.411		0.411
Phase 5 - Legal & Governance / Finance			0.196	0.228	0.424
Total	**0.334**	**0.733**	**0.681**	**0.228**	**1.975**

6.1.5 The total budget for Phase 0 was £0.230m, expenditure forecast to the 31 March 2025 is £0.334m. Expenditure to 30 November 2024 is £0.217m.

6.1.6 Indicative annual ICT capital costs to support the ambitions of the Customer Strategy identified to date are estimated at this stage to be **Year 1 (25/6)** £1.5m, **Year 2 (26/7)** £1.5m, **Year 3 (27/8)** £0.5m. As highlighted in para 4.6, the introduction of any new technology will be subject to an approved business case.

6.1.7 The programme's progress and planned expenditure has been assured by the Council's Transformation Board, utilising the 'Flexible Use of Capital Receipts' (FUoCR). This is in line with Phase 2 of the FUoCR Strategy and in accordance with the regulations and application of capital receipts - as approved by the Ministry of Housing, Communities and Local Government (MHCLG) . The Customer programme budget will be committed against the overall Transformation Programme budget subject to approval of this strategy for inclusion within the approved 2025/26 capital programme and FUOCR strategy.

Financial Benefits

6.1.8 Financial benefits are anticipated to range from c£1.5m - £2m (low), to c£2.5m - £3m (high), resulting in a return on investment from £0.51p to £1.02 (£Savings / £Expenditure). Early indication suggests that a large proportion of the savings will be delivered through a review of policy, practice, and process. The return on investment does not include any costs in relation to new technology - this will rest with ICT as previously mentioned and be subject to approved business cases. Any savings generated against the Customer Transformation Programme are not at this time built into the Medium Term Financial Plan.

6.1.9 At each phase of the programme savings will be quantified (and by Directorate) with current suggested savings based on the low range of **Year 1 (25/6)** £0, **Year 2 (26/7)** £1m, **Year 3 (27/8)** £0.5m - £1m.

Non - Financial Benefits

6.1.10 Non-Financial Benefits are included in the table below:

Business (main) Customer Process People	Increase in the number of services available via the Customer 'Front Door'	Clear routes into the council via online, web, social media, telephony, face to face first contact, access to back-office processes as required. Routing through to specialist services/ Neighbourhoods.	% increase in improved first contact % reduction in councillor enquiries via councillor portal (formerly OSS) Increase in the number of services available via the Customer 'front door' i.e. the services being taken out of Directorates and under Customer Customer satisfaction ratings Online customer accounts created Website visitors	Staff surveys & feedback Resident surveys & feedback Telephony systems Case Management Systems Website back-office system
Process (main) Business Customer People	Improved process efficiencies and timelines	Efficient processes and clear communication channels. By having improved processes means we can do more for the same. Improved Response Times for customers. Reduced need for customer to make an in person visit. Increased number of enquiries processed first time.	% staff overall satisfaction % Increase in customer satisfaction Number of website interactions % increase in enquiries resolved at first point of contact Average time taken to resolve enquiries. Customer / Department feedback No of in person visits -including repeat contact Timely responses - using KPI's and tracking methods.	Staff surveys & feedback Resident surveys & feedback Telephony systems Case Management Systems Website back-office system
Customer (main) Business Process People	Increased levels of customer satisfaction	Improved confidence in Council. Less touchpoints. More informed.	% reduction in complaints % Increase in customer satisfaction Maintain Customer Service Excellence Accreditation	Staff surveys & feedback Resident surveys & feedback Customer Service Excellence Monitoring Case Management System
Process (main) Business Customer People	Increased use of modern technology	Providing digital solutions that customers can interact with 24/7 on multiple devices. Introduction of AI/new technologies where possible. Explore opportunities to expand existing systems. Digital Register. Aligned and compatible systems across the Council.	Reduced failure demand - % complaints and % customer satisfaction Increase in no of website visitors Introduction of AI to deliver services such as webchats/ instant messaging Expansion of telephone solutions to support more complex enquiries Using voice recognition to support customers navigation services	Staff surveys & feedback Resident surveys & feedback Website stats Customer Service Excellence Monitoring Digital Register (not yet implemented) Telephony systems
People (main) Process Business Customer	Increase customer centric training	Motivated and well-trained staff. Knowledgeable staff. Customer facing staff well equipped to manage and resolve queries at first contact where possible. Minimised Handovers Between Services.	% staff overall satisfaction % retention of trained staff % absence / sickness levels Number of training and qualifications accessed Experience in business processes. Leaders leading customer. Likeminded staff with same ambitions and goals. Customer and business process skills. Harnessed and evolved. Opportunity for progression, extended knowledge. Retention of skilled officers.	Staff survey & feedback HR / OD systems Middlesbrough Learns

6.2 Legal, Risk (including procurement and Social Value)

Topic	Impact
Legal	The delivery of the Customer Transformation programme will enable the Council to deliver planned transformation programmes and make best use of the resources available to continue to meet its statutory duties, including the overarching duty of Best Value.
Risk	The programme will comply with all relevant legislation to ensure that the Council does not breach governance requirements or fail to deliver organisational priorities (Risk 08-054As a thematic programme and key business-change project within the Transformation Portfolio the programme will be one of the actions in place which will mitigate the likelihood of the following risk: 'SR-13 - Failure to deliver transformation successfully'. The programme reports frequently to the Customer Transformation Board and Independent Transformation Advisory Board. Each phase will be reviewed, tracked, and reported by a dedicated Customer Transformation programme manager to mitigate risk and ensuring resources are in place to deliver the programme. The strategy is aligned to the Council's new Target Operating Model with clear dependencies on a number of directorates and support services, such as Digital/ICT, Finance, Data Protection, Data Analysis, Human Resources. It is essential that these dependencies do not create delays/slippage to the delivery of the strategy, all of which will be closely monitored through the customer programme. Where delays are foreseen or occur, appropriate mitigations will be introduced to minimise the impact on the programme. Any financial risk will be managed through the customer programme. Business cases where they relate to the introduction of technology will be led by ICT and signed off through the appropriate Thematic Board.
Human Rights, Public Sector Equality Duty and Community Cohesion	An impact assessment has been completed (see attached). The programme is intended to improve the customer experience across all services to ensure that it is inclusive and accessible for all. Where the needs of customers are linked to a protected characteristic, supporting services will be engaged to ensure the programme will accommodate those needs to ensure they do not experience disproportionately adverse impacts.
Climate Change Environmental	There are no disproportionate adverse impacts on the aspirations of the Council to achieve net zero, net carbon neutral or be the lead authority on environmental issues.
Children and Young People Cared for by the Authority and Care Leavers	The Council has a key role in supporting Children and Young People, Care Leavers and Special Guardians; as with all customer cases any financial review may involve a referral to welfare rights for independent advice and support to ensure any state benefits or exemptions can be applied for if available.

Topic	Impact
Data Protection	The strategy will lead to significant changes in how the Council gathers, handles, and ultimately uses personal data. The aim is to create a consolidated and secure customer record to create a single view of a customer's data, so it is located in one place and does not have to be repeated for different transactions. Data will also be able to be better used to predict trends and plan the shape and size of the Council's services according to need and demand. This will require a high degree of business analysis in order to identify and assess the operational processes and systems affecting that data. This has been achieved to good effect in other Local Authorities - working examples will be utilised to find the appropriate solution that will not compromise sensitive data or its intended purpose and to future proof the data to enable it to be reused. The advice of the Data Protection Officer will be sought through timely, detailed data protection impact assessments and more generally on compliance with the data protection legislation and the data protection principles set out below:

Lawfulness	There must be a legal duty or power or a documented consent enabling use of the data
Fairness	The *person* would reasonably expect their data to be used in this way
Transparency	The person was told in advanced of all of the uses of their data through a privacy notice
Purpose limitation	If data was originally gathered for a specific purpose, it is *not* reused for an incompatible one
Data minimisation	The minimum amount of data is used or shared to achieve the identified purpose
Accuracy	If data is still in operational use, including matching, it is kept accurate, complete, and up to date
Storage limitation	The data is not held for longer than is needed and justifiable
Security	The person's data is only accessed or shared if it does not interfere with their legal rights

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Strategy published on the website	Janette Savage	28 Feb 2025

Appendices

1	Customer Strategy
2	Resource Plan 2024/25 to 2027/28
3	Impact Assessment

Background papers

Body	Report title	Date

Executive	2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting	February 2024
Council	Transformation Governance Arrangements	March 2024
Council	The Approach to Transformation of Middlesbrough Council	April 2024
n/a	A series of videos have been created as part of the development of the Customer Strategy to provide examples of how customers will benefit from the new approach: Council Tax Debt: https://youtu.be/gG65kLBiVK8 Planning Query: https://youtu.be/kfnP14hNVYI Waste Collection Query: https://youtu.be/mWmFoaov5ts	

Contact: Janette Savage (Head of Resident and Business Support & Customer Transformation Lead)
Email: Janette_Savage@middlesbrough.gov.uk