Service transformation:

A better service for citizens and businesses, a better deal for the taxpayer

Sir David Varney

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Foreword by Sir David Varney

Our economy is dominated by the service sector, which has undergone considerable change over the past decade. Technology has enabled a revolution in the way service providers interact with their customers. These changes are continuing as citizens and businesses seek better value for money and greater convenience.

There have been significant improvements to public service delivery over recent years. The Government's programme of investment and reform has delivered real improvements in the way that services are delivered, many of which are highlighted in this report. However, social, demographic and technological changes continue apace and there are increasing challenges to keep up with the best in the private sector. Differences between the public and private sector are likely to grow over the next decade unless public sector service delivery is further transformed.

The Government historically delivers services through departments. The department might deliver the service directly, through agents or agencies, alone or in cooperation with local government. Each solution is a child of its time and circumstances, with little over-arching view of the Government's relationship with the citizen. Thus, I have found that departments which provide services focus predominantly not on the citizen, but on an aspect of the citizen called 'the customer'. This allows the department to focus on the delivery of their service — a transactional relationship.

The end result is that the citizen who needs multiple services is left to join up the various islands of service to meet his or her needs. As departments do not appear to accept each other's identification of the citizen, the citizen has to validate his or her identity at each service transaction. This model of service provision is underpinned by a mass of helplines, call centres, front-line offices and websites. A similar situation applies to interactions with business resulting in business being required to provide the same information to many parts of government.

The leading edge of the new service economy that has emerged is much slicker, more immediate, more convenient to the citizen and less intrusive on the busy citizen's time. The focus is increasingly on the totality of the relationship with the citizen.

Today there are excellent examples in the public sector of entities cooperating to give citizens and businesses a better service. These need support and encouragement and we need to grow and emulate their achievements across the whole of the public service sector. The existence of these programmes is encouraging, but a much more fundamental and widespread change is necessary if the public sector service economy is to match the performance of the best service providers. My report lays out the steps we can take in the 2007 Comprehensive Spending Review to lift substantially our service performance in interacting with citizens and businesses.

We need to continue to follow international developments and learn from other countries' experiences of creating a more responsive and integrated public service. However, the experience in the private sector indicates that organisations when faced with the choice between incremental improvement of today's business model and tomorrow's — frequently choose today's. This reflects the ability of today's business operator to demonstrate how more resources can deliver a better result. Tomorrow's business model adherents often struggle to provide such clear evidence. Yet business history demonstrates the demise of many organisations whose adherence to today's model meant they lost touch with their customer base. If the public service is not transformed then we can anticipate much less effective and more expensive delivery and more citizens put off by the indifference to their needs. We need to remind ourselves that it is often the most vulnerable parts of society that are most put off by this.

My hope is that the UK's public service will respond to this report and create a world-class public service economy. Other governments faced with the issues described above have decided to impose structural change to deliver better public services, such as building new departments for citizen and business facing services. Although I do not favour this approach at present in the UK, I recommend that progress in other countries is kept under review and used to test the progress of our transformation. If we show signs of lagging behind then these structural change alternatives need reconsideration.

This report was compiled with considerable assistance from individual public servants in both central and local government. I was additionally assisted by a consultative committee of individuals who all provided advice. I am indebted to them all and to the small team in HM Treasury.

Sir David Varney

Executive summary

In the 2006 Budget the Chancellor asked for advice on the opportunities for transforming the delivery of public services by looking at how the channels through which services are delivered can be made more responsive to the needs of citizens and businesses.

Since 1997, the Government has undertaken a comprehensive programme of public service reform. This has focused on tackling under-investment in key public services and aimed to bring public services in the UK up to the best level available internationally. The reform programme has been designed to raise standards of service, reduce inequalities and increase responsiveness to users and is supported by many innovative projects across central and local government.

Much has been achieved in the past decade. Compared to 1997, the government is now providing more services online or through comprehensive telephone contact centres — allowing citizens and businesses improved ways to access government. Access to NHS Direct Online has grown by 74 per cent comparing this year to the last. In transport, citizens can now apply via the Internet for provisional driving licences and vehicle registration at any time. By the end of September 2006, 3.7 million motorists had renewed their car tax online.

However, the world is changing rapidly, with new challenges emerging that must be addressed. Citizens and businesses increasingly see their time as a limited resource. They rightly demand that their interactions with public services deliver value and that problems are resolved first time. Despite the considerable strides and innovations that have been made, there is more to do to ensure the delivery of public services keeps pace with the best of private sector service delivery, particularly in the use of technology and 24-hour, seven days a week services. New technology offers the potential to facilitate collaborative working. The Transformational Government strategy has set the scene for transformation of contact with citizens and businesses, including increasing the focus on the user of public services and making the most of technological advances.

This report focuses on the opportunities for change in the channels through which services are delivered to citizens and businesses. Over the next ten years, there is an opportunity to provide better public services for citizens and businesses and to do so at a lower cost to the taxpayer. Realising these outcomes will require citizen and business focused transformation that should see citizens having single points of contact with government to meet a range of their needs and businesses having to provide information only once to government. In addition, providing joined-up services designed around the needs of the citizen or business will yield efficiency savings by reducing duplication across the public sector. This ought to be the public service aspiration for Government.

This review builds on the reports published by Sir Peter Gershon and Sir Michael Lyons in 2004, which address efficiency within public services. The focus of these earlier reports was benchmarking performance across departments and joining up back office functions. The focus of this review is how to save government, citizen and business time and money by examining the scope for integrating front-line service delivery.

The history of public services has led to departments or agencies focusing on the supply of specific products rather than taking a citizen or business-led approach. Departments' and agencies' services are all developed independently of each other. It is leaving the citizen or business to join up the public service island economy to meet their needs. For example, this review found a typical case in which a citizen needed to contact government 44 times following a bereavement.

It is often the most vulnerable citizens who have to do the most joining-up between the public service islands and much of it could be avoided with more collaborative service delivery. The situation is similar for businesses, often needing to provide the same information more than once. This is the primary reason the Government is planning to set out in law the 'Hampton Code of Practice' as published in draft at Budget 2006.

Service transformation is not about further increases in public spending or investing in new technology. Building on the work done in the 2004 Spending Review on efficiency, there is an opportunity to coordinate services more directly around the needs of citizens and businesses and to deal with more problems at the first point of contact. In the 2007 Comprehensive Spending Review (CSR) this approach could drive out efficiencies by improved performance and coordination of front-line e-services, contact centres and local offices and reducing duplication of business processes through shared use of an identity management system. Over the longer term further efficiencies and service enhancements could be made by reducing the back office functions that would no longer be required.

Chapter 1 of the report sets out more information about the case for change and the potential for savings to government, citizens and businesses.

Fully transforming the channels for public service delivery is beyond the timeframe of the 2007 CSR. It will require a radical improvement in the level of collaborative delivery across the public sector. Chapter 2 of the report sets out a long-term vision for service transformation over the next ten years, including what steps can be taken more immediately.

Building on the achievements of the past decade, the review's analysis points to the key changes that are required across government channels to focus on citizen and business needs:

- grouping service delivery around common service 'themes' that are meaningful for citizens and businesses, starting with change of circumstances associated with bereavement, birth and change of address (Chapter 2);

- engaging citizens and businesses more fully in the design and delivery of public services, establishing principles that underpin a coordinated multi-channel approach to government delivery and a move to making e-services the primary channel for information and transactional services (Chapter 3);

- establishing a robust and transparent performance management and governance framework, coupled with fostering innovations in citizen and business focused working between departments, agencies and other providers (Chapter 4);

- seizing opportunities to secure significant improvements in the capacity and capability for government to share identity management systems and to make better collective use of the government information asset to improve public service delivery (Chapter 5); and

- further improving and coordinating the operation of government e-services, contact centres and face-to-face services, raising the overall transparency and performance of government operations, including establishing benchmarks and standards and setting targets for service. Chapters 6 to 8 look at each of the channels through which government delivers services and identify opportunities for improvement.

Chapter 9 of the report identifies the key next steps to be taken to deliver a service transformation programme.

To lay the groundwork, a number of actions are required for the 2007 CSR, including:

- develop a change of circumstances service starting with bereavement, birth and change of address by 2010, initiated as a feasibility study, to drive citizen and business focused cross-government working;

- improve Directgov and Businesslink.gov so they become the primary information and transactional channels for citizens and businesses, reducing the number of departmental specific websites, providing the Secretary of State for the Department for Work and Pensions (DWP) and the Paymaster General respectively with responsibility for the services;

- improve public sector contact centre performance by establishing performance targets and best practice benchmarks, reducing operating costs by 25 per cent;

- take forward proposals to develop a cross-government identity management system to enable greater personalisation of services and to reduce duplication across government, building on a proof of concept project to share data between HM Revenue and Customs, DWP and 12 local authorities;

- establish new citizen and business contact roles and functions within departments to drive increased skills and capability to respond to citizen and business needs and to increasingly coordinate service delivery from a whole of government perspective;

- develop better coordinated and focused face-to-face services, through a cross-government estate strategy, underpinned with departmental plans for increased third sector delivery of these services and more mobile working; and

- establish service transformation as a top priority outcome for government, underpinned by a detailed delivery plan and quantitative performance indicators which form the basis of a published annual report on service transformation.

A full list of recommendations is at Annex A.

Service Transformation: A better service for citizens and businesses, a better deal for the taxpayer

1   The case for change

INTRODUCTION

1.1   Public services and their delivery have improved substantially over the last ten years. But standing still is not an option in this area as technology improves and citizens become more demanding. In recent years, the Government has commissioned and implemented programmes to improve the efficiency of public services. These include the Gershon Review,[1] the Lyons Reviews[2] and the Hampton Review.[3] These have emphasised the potential for government to drive out operational efficiencies in public services through cross-departmental benchmarking, integration of back office functions and streamlining the Government's regulatory interactions with business.

1.2   In November 2005, the Government published *Transformational Government – Enabled by Technology*.[4] This set out an agenda of three key transformations:

- services enabled by information technology must be designed around the citizen and business;

- there must be an increased culture of shared services to release efficiencies; and

- there must be a broadening and deepening of government's information technology professionalism.

1.3   The strategy envisaged three main phases of implementation, which were described in more detail in the *Implementation Plan* published in March 2006.[5] In the first, during 2005 and 2006, the focus would be on improving professionalism and governance and successfully completing the major information technology enabled programmes already in train. The 2007 Comprehensive Spending Review (CSR) would then set priorities, plans and targets for the second phase of transforming service delivery and realising the financial and service benefits of doing so. Then, in the third phase beyond 2011, there would be continuing change to meet the needs of citizens and businesses, adopting new technology more quickly to achieve benefits and making the service delivery boundaries between parts of government increasingly less visible.

1.4   This service transformation review builds on Transformational Government, as well as the previous efficiency work. It aims to identify further savings to government, citizens and businesses by focusing on the channels through which services are delivered and how they can be made more responsive to citizen and business needs. Service transformation can deliver improved experiences and outcomes for citizens and businesses at a lower cost. Such a service transformation agenda aims to put public services alongside the best in the private service sector. The terms of reference for this service transformation review are set out at Annex B.

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[1] *Releasing Resources for the Front-line: Independent Review of Public Sector Efficiency,* Sir Peter Gershon, July 2004.
[2] *Towards Better Management of Public Sector Assets,* Sir Michael Lyons, December 2004 — *Well Placed to Deliver? Shaping the Pattern of Government Service: Independent Review of Public Sector Relocation,* Sir Michael Lyons, March 2004.
[3] *Reducing Administrative Burdens: effective inspection and enforcement,* Philip Hampton, March 2005.
[4] *Transformational Government – Enabled by Technology,* Cabinet Office, November 2005.
[5] *Transformational Government – Implementation Plan,* Cabinet Office, March 2006.

1.5   The key benefits from service transformation should include, for citizens and businesses:

- greater engagement with the current and potential service user in the design and delivery of services, with all public service organisations taking an active interest in seeking the 'citizen or business voice' on the services they offer;

- improved service delivery including greater personalisation of services (tailoring the service to the needs of the individual on the basis of previous information and the behaviour of the individual), greater speed of service, with issues frequently resolved at first contact, greater accuracy of re-using data already supplied and verified, more convenient access to services over longer hours of availability (including by mobile telephone or at home) and new services (for example the possibility of single points of contact for dealing with the consequences of a change of circumstances); and

- more consistent quality of government services as a result of joined-up working and benchmarking in channel operation and strategy.

1.6   The taxpayer can benefit too. The Gershon Review identified £21.5 billion of efficiency savings to be released by 2007–8, primarily through improved procurement, shared corporate office services and business process redesign. While there remain significant opportunities to release further savings in these areas over the 2007 CSR years and beyond, there are also opportunities to join up front-line, first-contact service delivery around the needs of the citizen and business. This will release further savings through the reduction of duplication in front-line service delivery. Over the longer term these benefits will also be felt in the back office that supports these front-line contacts, as there are likely to be major opportunities for sharing and rationalisation. Efficiencies could arise from:

- a shift to cheaper and more effective channels, primarily by improved overall channel management;

- less duplication of services and customer contact, especially through increased standardisation in data capture and use of better coordinated business delivery;

- clearer accountability for, and challenge of, excess costs through the application of benchmarks;

- reduction in the government estate through sharing office space and increasing the amount of mobile services; and

- process redesign arising from the use of shared data.

1.7   There is a genuine desire among public service workers to improve the service they deliver. They are often as frustrated as citizens and businesses when they feel unable to give a more satisfactory, efficient and joined-up service. It is encouraging that many existing pilot projects show such a positive engagement from front-line employees. The key to securing their engagement is to base the service transformation programme around the needs of the citizens and businesses with whom they deal with every day and the practical experience they gain through those contacts.

1.8   Implementing a wide-ranging service transformation programme will take time. This report outlines a service transformation vision for the next ten years and identifies a programme for the 2007 CSR to start the journey.

REFORM OF PUBLIC SERVICES

1.9   Public services have already begun to respond to the changing demands and experiences of citizens and businesses. In many respects, services have already been transformed over the past decade. Innovative solutions for providing citizen and business facing services are growing from the ground up. Of the many innovative solutions identified during the review, some examples are outlined below.

1.10   Seven councils in Worcestershire have developed and delivered the Worcestershire Hub, which comprises a Web portal and a network of seven customer service centres supported by telephone contact centres. The Hub provides citizens with coordinated access to District and County Council services as well as those of a number of partner organisations. Implementing a single access number as a first point of contact has helped reduce calls to the Hub's Carer Services Department by 70 per cent, allowing key resources to focus on the most important cases.

1.11   Cardiff Council has set a target of resolving 80 per cent of all customer calls at first point of contact. Today the Council is achieving 89.9 per cent.

1.12   Leeds City Council has started using a digital pen to increase worker mobility. The pen is very light and 10 times cheaper than a tablet personal computer. Staff can now fill in printed forms at a citizen's residence using the pen, which transmits the data via Bluetooth to their mobile phone through to the central database. This removes the need to return to the office to enter the data manually on a desktop computer.

1.13   The Home Office, working with local councils and police, has held trials for a single non-emergency number in three areas (Cardiff, Hampshire and Northumbria). A phone number was available on a 24-hour, seven days a week basis. These trials suggest 101 may improve access to specific types of community support services.

1.14   In the Department for Transport, the introduction of electronic vehicle licensing has provided a self-service facility for vehicle owners, working in cooperation with MOT private providers and insurance services. The Department is also now offering the capacity to apply for provisional driving licences online, supported by the use of identity data from the Identity and Passport Service. This is a welcome first step on the road to one department using the identity management information available to another to provide a better service to the public.

1.15   The National Health Service (NHS) provides NHS Direct, a 24 hour confidential telephone, online and interactive digital television health advice and information service. It provides guidance on which healthcare provider the caller should access and when. Nurses give advice on how to manage an episode of illness or long term condition at home. Health Information Advisors can provide information on a wide range of medical conditions, treatments, medicines and NHS services and can provide guidance on NHS policy and procedures.

1.16   The Pension Service has explored new ways of delivering front-line services, significantly refocusing customer contact and converging over 500 local office sites into a small number of more successful contact centres providing telephony rather than face-to-face services (25 centres at March 2006). A key aspect has been working with intermediaries, including from the third sector, to improve customer service.

1.17   There is an opportunity to learn from these innovations and disseminate their lessons across the public service. A number of critical success factors can be identified from existing projects. This starts with the importance of having clear objectives: improved citizen or business experience; better value for money; and staff satisfaction. Other specific shifts in thinking that are essential to deliver citizen and business focused services include:

- every level involved must be behind the change – top-down leadership, overall governance, a team with shared vision and bottom-up staff input must all be aligned;

- service delivery must be organised around the citizen or business – not the needs of the organisation;

- delivery chains must be viewed as end-to-end processes, not as a series of silo processes;

- efficiency and effectiveness should decide function and design; and

- for ongoing success and sustainability it is essential to design in flexibility and adapt services in light of practical experience, changing customer insight and regular benchmarking.

Box 1.1: Making progress; improving how citizens and businesses contact government

The following examples show how service changes and new channels have already enabled citizens and businesses to have better contact with government:

- for the filing period to the end of January 2006, nearly two million people used the Internet to file their self-assessment tax returns, which was an increase of 38 per cent on the previous year;

- by April 2006, NHS Direct was getting more than two million patient contacts per month, more than double the number of the previous year;

- by the end of September 2006, 62 per cent of customers booked their driving theory tests online, 56 per cent of customers booked their practical driving test online and 3.7 million motorists had renewed their car tax online; and

- since July 2006, citizens can apply for both State Pension and Pension Credit over the telephone, without the need to sign any form. At the end of the telephone call, wherever possible, they are told their rate of entitlement. The number of successful 'one touch' applications continues to increase. In the week commencing 13 November, 45 per cent of customers who applied this way had their application dealt with in 'one touch and done'.

THE CHANGING CONTEXT

1.18   There are many other examples of innovative practice across government, but too often these remain small scale and have not progressed into more widespread delivery.

1.19   Much more innovation will be needed to meet the challenges of the fast-changing environment in which we live. The next ten years will bring considerable change within the UK in terms of demographics, socio-economics, customer requirements and expectations, as well as technological developments. For example:

- new technologies will continue to emerge, but the changes are difficult to predict – there will be an increasing need to show flexibility in adapting and responding to changes and opportunities as they arise;

- there is likely to be continuing adoption of new technologies such as advanced mobile devices, digital television and high speed Internet access; and

- customer preferences are changing as society becomes more prosperous and more diverse. At the same time the needs of lower income citizens must be met.

1.20   These trends will increase the demands for improving the way public services interact with citizens and businesses.

1.21   Customers' expectations of government are changing. For example, the National Consumer Council, National Council for Voluntary Organisations and the Confederation of British Industry 2005 consultation exercise *Future Services: Are You Being Served* emphasises that today's consumer is no longer the passive recipient of government services. The three key elements that citizens demand are: easy and appropriate access; encouragement for the individual to use and shape services in a way that suits; and active seeking to learn from public involvement. Citizens and businesses are expecting faster services and are making increasing comparisons between the public and private sectors.

1.22   New digital technology offers new, cheaper, faster self-service options for government transactions. While government has embraced some technology, there is very limited use of mobile phones, such as to provide text messages to confirm appointment times, even though this is an increasingly preferred means of customer contact. More than 79 per cent of households now have a mobile phone,[6] compared with 21 per cent in 1997.[7]

1.23   The UK is not alone facing this issue. Other administrations are recognising the changing expectations and experiences of customers and implementing new solutions to improve customer contact and to ease the burden of working with government. For example, the Canadian Government has launched Service Canada, providing a one-stop-shop facility to contact central government services; New Brunswick provides multi-channel one-stop shopping of government services for its residents; Denmark has introduced a one-stop-shop change of address service; New York City and other cities in the United States have introduced a single number to access government services; and Belgium has introduced legislation to provide information only once to government, forcing departments and agencies to do the joining up.

1.24   The Devolved Administrations are also pursuing service transformation initiatives. For example in Wales, the Beecham Review of local service delivery has made a range of

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[6] *Consumers and the Communication Market: where are we now?,* Ofcom, 2005.
[7] *Social Trends 36,* Office for National Statistics, 2006.

recommendations for enhancing the Assembly's citizen centred model of delivery and in Northern Ireland, the Review of Public Administration is being implemented, creating radically more effective and efficient delivery of public services geared to the needs of service users.

Box 1.2: Service Transformation Reform in Scotland[a]

The Scottish Executive's vision for reform is to have public services which will be amongst the most successful, effective and innovative in the world, promoting social justice and equality and which prepare for the future – fostering sustainable change. The Scottish Executive has been reforming since devolution, with modernisation taking place across the breadth of public services in Scotland, but also aiming to face the challenges in coming decades.

The First Minister has set out five fundamental principles of reform in public services: personalisation, quality and innovation, efficiency and productivity, joining up and accountability. There is a focus on stepping up the speed and widening the scope of reform, progressing a range of cross cutting policy and delivery programmes to drive up standards and create sustainable, accessible and citizen focused services. Programmes include:

- *data sharing and standards* — producing a common language and standard customer focused data definitions and code sets, to support information data sharing between people and systems across organisational and professional boundaries;

- the '*Efficient Government*' strategy for improving the efficiency of the Scottish public sector. The primary objective is to release resources through efficiency improvements for investing in public services – improvements in technology, workforce reform and removing boundaries;

- a partnership role in a local authority led consortium, '*Customer First*', whose core objectives are to work together to introduce business processes focused on a single view of customers, supporting organisational culture change and improvements in efficiency;

- the auditable duty of '*Best Value*',[b] driving continuous improvement across all public bodies in Scotland, placing the emphasis on the customer, through principles of responsiveness and consultation, use of review and options appraisal, joint working and accountability arrangements;

- the '*On the Ground*' initiative, contributing directly to the sustainability of the Scottish economy, the development of rural communities and delivering more joined-up and efficient public services across Scotland through the Environment and Rural Affairs Department and associated bodies; and

- the '*GLOW*' project, enabling world-class personalised learning that is inspiring, fun and engaging by creating a national schools intranet supporting educational development, serving nearly 3,000 schools and other locations, digitally linking 800,000 educators and pupils and giving them online tools to work together safely and securely, at any location or time.

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[a]Source: The Scottish Executive. More information can be found at www.scotland.gov.uk.
[b]'Best Value' requires public bodies in Scotland, including local government and health boards, to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost) and in doing so to have regard to economy, efficiency, effectiveness, equal opportunities requirements and to the achievement of sustainable development.

COSTS OF DELIVERY

1.25   Building on the 2004 Spending Review efficiency programme, the 2007 CSR marks the next stage of development in the Government's programme for delivering better value for money in public services, to continue to improve front-line service delivery and release the resources needed to respond to the long-term challenges. As part of this, service transformation improvements could contribute to releasing resources to meet the challenges ahead and pave the way for further efficiencies to be achieved in spending reviews to come.

1.26   In particular, government needs more data to inform decision making on the costs of using different channels to deliver the same service. Where information has been made available it shows there are opportunities to better measure and drive down total 'cost to serve' across all channels while providing the same or better service.

Box 1.3: Coordinating customer contact at Tameside to provide improved services for citizens at a lower cost[a]

Tameside Metropolitan Borough Council now uses the Web as the primary customer contact channel, providing round-the-clock access to all of Tameside Council's services. The channel also provides additional support to the Council's face-to-face and call centre services.

The figures below detail the usage rates and costs of different channels, showing that the transactional website offers an efficient means to deal with increasing use by citizens and changing costs across all channels. However, these benefits arise only when the shift has been combined with redesigning processes and integrating them with back office systems.

Number and cost of contacts for Tameside Council

	Number of unique contacts	Cost Per Visit (£)	Total Cost (£)
Customer visits face to face			
2003–04	100,126 visitors	15.50	1,551,953
2004–05	104,986 visitors	14.65	1,538,039
Customer Call Centre			
2003–04	303,511 calls	1.59	482,582
2004–05	314,602 calls	1.39	437,296
Self Service: Website			
2003–04	452,378 visitors	0.38	171,903
2004–05	679,813 visitors	0.25	168,703

An additional benefit of e-enabling and promoting take-up of online services has been an increase in customer satisfaction. Tameside's standards of excellence in e-delivery were officially recognised recently when the Council won the Take-Up Award at the e-Government National Awards 2005.

[a] Source: Tameside Council, 2006.

1.27 The review has identified a number of areas for potential savings:

- there is substantial scope to reduce duplication – such as numerous government databases holding the same address information, all requiring separate input and multiple identity management systems carrying out the same function;

- citizens and businesses could get a better service from telephone and face-to-face contact, by reducing the amount of duplicate information required, or services being provided;

- there needs to be a clearer rationale for where contact, either front-line or back office, would occur most efficiently or effectively;

- there needs to be more synergy in the management of customer contact peaks and troughs across government – for example some departments have high amounts of customer contact during certain times of the year, while having spare capacity at other times;

- office space could be better utilised, especially where there are other government offices that could share the same space;

- there is a need for more standard architecture for service delivery to ensure best value is achieved in areas such as procurement and supporting facilities and infrastructure; and

- there needs to be better use of property assets and incentives to facilitate change to more flexible working, based on the service needs of citizens and businesses.

Box 1.4: An example of service improvements and efficiency from service transformation

The Legal Services Commission's (LSC) Organisational Transformation Programme will transform the systems and processes within the LSC and the way the Commission interacts with its providers to deliver a reduction of up to £30 million per annum in operating costs by 2010 against 2010 prices — a reduction of around 30 per cent — while maintaining appropriate control over fund expenditure. These new systems and processes will simplify LSC's relationship with its providers, helping to reduce costs for the LSC and its providers and improve service to clients.

The LSC will reduce its headcount from around 1600 to around 1100 Full Time Equivalents, through:

- the redesign of business processes and systems delivering greater efficiency alongside the development of the LSC's staff to deliver the new processes;

- the extension of electronic working and communication with providers to cover all transactions with the LSC;

- the removal or reduction of various central and regional support functions through outsourcing, shared service provision, or reengineering;

- a revised premises strategy taking account of the reducing number of staff and the different ways of working necessary in future.

The LSC is responding to research demonstrating the clustering of client problems by ensuring that legally-based advice and guidance is provided through networks of providers (Community Legal Advice Networks in non-urban areas, and Community Legal Advice Centres in urban areas) providing innovative solutions in rural areas, but critically providing the whole range of civil legal advice through a single contract. This will avoid people with problems being passed from provider to provider and help to ensure that advice on all legally-based problems can be received in one place.

1.28   There is also an economic case for improving public service delivery so that it is focused more on citizen and business needs, particularly by examining the external benefits that more coordinated service delivery could bring. For example:

- government could release efficiency savings by reducing both complexity for the citizen and for front-line workers and duplication of processes, systems and technologies for government. These costs are not readily visible to each individual department and will remain hidden as long as there is little incentive for services to be joined up;

- departments need to be incentivised to cooperate with another department or agency where the benefit falls to the citizen or business rather than to the department; and

- customers will have more ability to influence the quality of a service when they are able to choose between providers who can offer the same service.

1.29   If these issues are not addressed, resources will be allocated inefficiently.

THE OBSTACLE COURSE

1.30   To meet the challenges set by the changing context, government needs to tackle the barriers to service transformation, specifically the difficulties of promoting collaborative service delivery based around the needs of citizens or businesses. At present, a range of central and local government organisations deliver services separately and citizens are forced to join up services themselves to get what they need. Below are a few examples that demonstrate the difficulty that citizens and businesses can experience in navigating their way through government services:

- there are 61 different benefit entitlement forms – the majority of which require the same standard information to be provided by benefit applicants. In most cases, links between the different benefit entitlements are not being made, meaning that some people may be missing entitlements they are due;

- within a year, on average a citizen will need to prove their identity to government at least 11 times, but this will not necessarily provide the citizen or government with assurance against fraud or of the correct delivery of services; and

- a small business which has decided to recruit a new staff member is required to comply with a number of regulations. Currently, if this small business seeks guidance from the government, it will be faced with over 20 helplines, links to more than 25 additional websites, at least five codes of practice and will need to be aware of 15 separate regulations on discrimination, not all of which are covered by explicit guidance.

Box 1.5: 44 bereavement contacts with government

A 2005 Cabinet Office Report[a] presented an example of what one typical family had to go through following a bereavement.

Unfortunately a member of the family died in a road traffic accident in September 2004. Following the accident the family had a total of 44 contacts with government over 180 days trying to make the necessary arrangements.

Upon his death the individual and his widow were in receipt of a retirement pension, disability living allowance, council tax benefit and housing benefit. The majority of the 44 contacts concerned amending these benefits and nearly half involved the family having to contact government regarding the same issue rather than government contacting them.

The family encountered many examples of a disjointed public service including the widow receiving unexplained payments and two separate letters on the same day providing conflicting information about entitlements and the family having to contact the local authority multiple times regarding the life insurance payment before it was taken into account for housing benefit purposes.

After 180 days, the Passport Agency still had not contacted the family to collect the passport and issues around housing benefit had not been resolved.

Annex C sets out the timeline of these contacts.

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[a] *Making a difference: bereavement,* Cabinet Office, March 2005.

1.31   The situation is often worse for disadvantaged groups who need to use government services the most. They are faced with the greatest complexity and demands, yet they are sometimes least able to navigate it successfully. So the burden of accessing the right government service means they may not get what they most need. For example, as part of their joint work programme, HM Revenue and Customs and the Department for Work and Pensions have been investigating the customer journey and have found that in some cases a job seeker may be without benefit for a significant length of time. This is due to the time taken to process the separate claims to different benefits provided by the different organisations. While everyone has to prove their identity regularly this is often with a passport or driver's licence. Twenty per cent of adults in the UK do not have a passport and an even higher proportion do not have a driver's licence. There is likely to be a strong correlation between those who are the major users of public services and those not able to access services they need. Those who find it hardest to prove their identity are those who will find it takes the most time and effort to access services.

1.32   Despite the Government's commitment to improving services for the customer there remains a proportion for which access to appropriate public services remains difficult and some of those may fall through the gaps in provision.

BARRIERS TO CITIZEN AND BUSINESS FOCUSED WORKING

1.33   A number of deeply rooted cultural and institutional factors encourage departments to continue to operate within their silos rather than take a wider view of the changing needs of citizens and businesses. For example:

- accountability arrangements for Ministers and Permanent Secretaries are structured to reflect departmental responsibilities rather than according to cross-government priorities. There are few cross-government mechanisms in place;

- civil service incentives can tend to reward the accrual of staff and budgets rather than incentivise sharing and pooling control;

- present funding arrangements are perceived as not creating the right sort of incentives for departments to spend money on programmes that are not the core business of the department but which are central to the Government's overall aims and objectives, or when investment is needed by one department to produce savings for another;

- it is often difficult for departments to reach agreement to fund cross-cutting initiatives between Spending Reviews and, as departments will have already allocated their budgets to departmental priorities, they are often reluctant or unable to contribute to the kind of common venture that is essential for efficiency savings or service transformation;

- even though Accounting Officers have a duty to seek the most efficient outcome for the Exchequer as a whole, Accounting Officers believe that they are only responsible for things they control directly; and

- focusing on the citizen and engagement with users in the design and delivery of services is at a relatively early stage for many departments and needs to move much further and faster.

1.34   There is clearly a need for change and the innovative projects already in place demonstrate willingness in some parts of government to reform. The remainder of this report focuses on how government can adapt to be more responsive to citizen and business needs and how this can drive out efficiencies.

2 Blueprint for service transformation

2.1   The rapid pace of change, driven by rising citizen expectations and the opportunities provided by changing technology, creates a compelling need for public services to transform. This chapter sets out what a long-term vision for public services could look like.

IMPROVING THE QUALITY OF ALL CONTACT

2.2   Citizens and businesses will judge the quality of public services they receive by each contact they have with a public sector employee or organisation and in comparison to the services offered by the private sector. Citizens and businesses will be able to judge relative performance, creating more challenges for government to provide services that meet the standard of the best of the private sector.

2.3   The case for change points to the need for citizens and businesses to be provided with services where:

- *each contact is easy* — citizens and businesses get to the right place, first time. Finding the right service is intuitive. The service is well signposted and available on request. Services offer sufficient access to accommodate disabled users and vulnerable groups;

- *each contact fulfils a need* — citizens and businesses understand how to request and complete a service transaction, for example applying for a passport. They do not need to understand the organisational boundaries that are being joined up to provide the service. The service needs of citizens and businesses are fulfilled at the first point of contact;

- *each contact adds value to the outcome* — each contact is relevant for the citizen or business, or the service provider. The citizen or business sees the contact as worth having and personalised to their needs. The contact is not a duplicate, made in error or nugatory;

- *each contact supports policy outcomes* — service providers understand and use contact to improve policy outcomes, for example reducing re-offender rates by delivering better debt counselling services to former offenders. Investment in contact is linked to policy outcomes;

- *contact is trusted* — government's reputation as a trusted point of contact is enhanced by every contact. Government deals with citizens and businesses consistently;

- *government understands its customer* — government's understanding of the citizen or business is underpinned by insights drawn from citizen and business behaviour data. Government exploits its insights to develop better services. Citizen and business insights are a key input to policy design; and

- *government is a world leader in delivering public service contact* — an efficient and effective service is delivered by a world-class contact capability. Government is a good place to work for contact centre staff.

2.4   Currently a citizen or business could experience a wide range of service quality from government – an inconsistent experience of government ranging from very good to very poor performance. A key challenge for service transformation is to consider what is necessary to deliver a consistently high quality public service that meets the best standards of the private sector.

A FUTURE VIEW

2.5   Service transformation means operating a more coherent, actively managed customer contact strategy across public services, so that citizens and businesses experience a more seamless and less time consuming service. This does not mean providing the same service to everyone. Citizens and businesses should experience a personalised service that meets their specific needs, but which operates to high quality standards and is joined up across the public sector.

Box 2.1: A vision for service transformation

In 2020, people throughout the country access public services that are tailored to their personal needs and preferences.

For self-service, an individual would go to their local area public services portal, when they ring the single non-emergency number they get though to their local contact centre and if they wish to they can walk into a convenient local one-stop-shop. This single point of access triggers a comprehensive, fast and accurate service both locally and nationally.

Local public services teams reach out to people who would otherwise find themselves excluded from public services, carry out a single assessment of their needs and means and commission appropriate services for them.

The requirement is greater in those communities facing the biggest socio-economic challenges.

Citizens identify these local public services teams with their council. Behind the scenes central and local government coordinate a network of public bodies, private and third sector partners to provide seamless access to these services.

The front-line delivery of services is also integrated. Older people, children and young people, workless people and other customer groups can choose packages of public services tailored to their needs. Public, private and third sector partners collaborate across the delivery chain in a way that is invisible to the public.

The partners pool their intelligence about the needs and preferences of local people and this informs the design of public services and the tailoring of packages for individuals and groups.

Value for money is a central principle in the design of public services but this does not mean there is a uniform solution in every community. There is room for difference and experimentation to drive improvement. The culture of government is to seek out duplication and opportunities for efficiency, ensuring resources can be directed to where they will most add value and benefit to the public.

Measured benefits, services and facilities are shared between all tiers of central and local government and other public bodies. The public do not see this process. They experience only public services packaged for their needs.

2.6   Realising the vision for service transformation is a long-term goal – requiring a substantial shift from models of current service delivery that could only be achieved beyond the 2007 Comprehensive Spending Review (CSR). It points to a one-stop-shop provision of services, where citizens and businesses can access a wide range of services from a single point (whether electronically, through a contact centre or by visiting a local office), regardless of whether the services are managed by central government, local government or the wider public sector. This involves changing the mode of operation between local and central government and other providers; requires new capability in service delivery and the capacity to data-share; and demands a cultural shift in the approach taken by public service providers. While there are examples of transformational innovation across public services, achieving the goal in full remains a longer-term ambition as public services develop the necessary skills and capacity to support citizen and business centred services. The examples already in place can be used to share best practice and are an encouragement to start to build the capacity and skills in the 2007 CSR.

SERVICE TRANSFORMATION IN THE 2007 CSR

2.7   Despite the scale of the challenge, a significant step change to service transformation is possible for the 2007 CSR, starting by improving transactional front-line services. There are several key strategies that require support from the Cabinet through to front-line workers in order to achieve a shift in the citizen and business experience. These need to be underpinned by a robust cross-government performance management and governance framework.

2.8   Common citizen and business focused service areas (or 'themes') should be identified and targeted to deliver significant improvements to the day-to-day lives and experience of those touched by the service. There are many different ways this contact could be grouped, such as around life events or stages, or common issues. Directgov, the government's e-service for citizens, already uses a number of common themes for citizen contact with government, such as motoring, tax and benefits and having a baby. This approach is being tested on a day-to-day basis through the operation of the Directgov service. These changes need to affect not just the front office joining up, but also the joining up of transactions and the back office.

2.9   **I recommend setting up in the period covered by the 2007 CSR a service that will allow citizens to inform government once of their change in circumstances. Initially, this should cover bereavement, birth and change of address.**

Box 2.2: Informing government of a change of circumstances

Citizens will be able to interact with government through a new approach to reporting a change of circumstances. Where the individual has agreed, this approach will be able to recognise the individual and coordinate the sharing of information across government departments and local authorities.

This approach will enable the coordination of processes across agencies on behalf of the citizen; ensure the citizen is informed of progress; and any further actions that may need to be taken. As a result, core information will only need to be provided once and only where absolutely necessary.

Citizens will be able to access the service through a range of channels — whether this is through the telephone, face-to-face, or through an Internet service available 24 hours a day.

2.10   To better join-up services, opportunities need to be quickly taken to secure significant improvements in the capacity and capability for government to share identity data on individuals and businesses and to make better collective use of the government information asset.

2.11   Building on the work already started in the 2004 Spending Review efficiency programme, the overall performance of government operations needs to be raised, particularly in terms of quality and relevance of contact at the front-line and in the supporting back office. This will require the establishment of benchmarks to drive year-on-year service improvement, capturing and using better management information on channel operation and require coordination between front-line channels as well as the back office structures that underpin them.

2.12   Further innovative examples of customer focused working between departments, agencies and other providers need to be fostered and the levers across central and local government need to be deployed to assist the most successful innovations to become the norm.

2.13   This would mean that by the end of the 2007 CSR period citizens and business should expect:

- to experience faster, more accurate government services, at least in key life events that will affect most people, if not all, at some time;

- to increasingly experience less confusion and distinction between services offered at the central and local level, so that services become more personalised and relevant to the individual's needs;

- fewer requests for information and a reduced requirement to provide the same information more than once; and

- a greater sense of empowerment and control over the services received.

2.14   The taxpayer should expect savings from the improved efficiency of government, driven by a focus on reducing inefficiency and duplication. For example:

- by the third year of the 2007 CSR, early estimated savings for face-to-face services of at least £250-300 million per year from rationalising face-to-face provision across central and local government estates, before taking account of the potential savings to be made by sharing provision across central and local government and from shifting demand to cheaper channels;

- by the third year of the 2007 CSR, savings of 25 per cent of the cost of contact centre operation (around £400 million per year), before rationalisation options are pursued; and

- up to £400 million saving over three years associated with e-service improvement including website rationalisation, channel shift and shared infrastructure, if every department rigorously applied the agreed policy.

2.15   These savings should form part of the Government's value for money programme being taken forward as part of the 2007 CSR.

2.16   The specific proposals to drive forward this strategy are discussed in the remainder of this report.

3

Providing what citizens and businesses need

3.1   This review has identified user engagement as a key strategy for delivering service transformation. This chapter sets out how this strategy could be realised and the impact that it could have on the way in which services are delivered.

3.2   Delivering public services based around the needs of citizens and businesses must start with an understanding of what citizens and businesses need. There are three main elements to this:

- first, there needs to be a greater appreciation across government of the needs, behaviours and attitudes of the citizens and businesses that its interventions seek to reach;

- second, finding ways of embedding processes across the public sector that will not simply bring the true voice of the customer into service design and delivery, but engage citizens and businesses as the focal point for services. This points to clear citizen and business insight as a part of policy development, service design, delivery and improvement plans; and

- third, achieving the right balance of channels to deliver services so that they are relevant to citizen and business needs and take into account financial considerations and other constraints on government. This points to the need for a coherent cross-channel strategy within any overarching service transformation programme.

CUSTOMER VERSUS CITIZEN AND BUSINESS

3.3   Customer focus works well for private providers in competitive markets where providers need to understand and influence customer choices. From across the population they are able to identify individuals who will be interested in purchasing their goods and services. Businesses will be keen to learn and understand more about what individuals require and what their changing needs are. There is a lot public services can learn from the best parts of the private sector on how to engage and deliver services for the customer.

3.4   Many of those in public services also focus on the customer. However, within the public service this is often taken to mean the individual who receives a particular benefit or entitlement, rather than considering the needs of the individual as a whole. People rarely identify themselves as being customers of a particular government service. Often they are trying to deal with a task or an event that does not fall neatly and obviously on any one part of government, such as becoming unemployed, getting married, starting a business or dealing with a bereavement. As these events will often cut across departmental responsibilities, the focus has to be on understanding what the individual needs. If the government continues to interpret the term 'customer' as being limited to those who transact with government at single points then government will continue to serve citizens and businesses without fully addressing their needs.

CITIZEN AND BUSINESS INSIGHT

3.5   Private organisations have to know what customers need. They succeed not just because satisfied customers will be more loyal, but because they are more likely to recommend the service to others. They succeed because satisfied customers are cheaper to serve and easier to deal with and because personal recommendation is one of the most powerful influences on a potential customer.

3.6   This approach does not mean, of course, that the customer always gets exactly what they want. In the private sector, a company is answerable to shareholders and must make a profit. Its infrastructure, however flexible, is not always capable of quick adaptation and is constrained by regulatory and other external requirements. However, successful companies use customer needs as the starting point. Focusing on the customer, they develop goods and services based around the customer's needs, which also meets other corporate requirements. For example, Tesco uses in-depth analysis of Tesco Clubcard data to introduce 12,000 new products each year to its nine million customers.

3.7   Understanding the customer in this way is a challenge that the public sector must fully embrace. While the private sector can just focus on meeting its customers' needs, government must focus on the desired public service outcomes as well as the needs of individuals. Deep insight into customer needs, behaviours and motivations, plus the ability for citizens and businesses to have better information on the services on offer, are all important for the design of public services that support the Government's desired policy outcomes.

3.8   Citizen or business insight is a starting point to answering this challenge. It can work to reduce time and money spent on contact that has no value and ensure services are relevant and easy to use. It can help to address the complex social problems of exclusion through better targeted, earlier intervention. In many of the best performing companies insight forms an integral part of the design and delivery of their goods and services.

What is meant by citizen or business insight?

3.9   A wide range of definitions exists for 'insight'. The definition used here is drawn from the Government Communications Network's *Engage* Programme, updating this with the language of the citizen and business:

"A deep truth about the citizen (or the business) based on their behaviour, experiences, beliefs, needs or desires, that is relevant to the task or issue and rings bells with target people."

3.10   Insight is also defined by the way it is collected and used, and by two attributes in particular:

- it draws on multiple sources of information, using these to build up complete pictures of customer needs and behaviours; and

- it is essentially a business process, aimed at creating something which has value to the organisation.

3.11   While these attributes mean that citizen or business insight will not always have the statistical robustness of more formal academic research, it is nevertheless a true and demanding business discipline.

The use of citizen insight in government

3.12   The review investigated the citizen insight activity carried out by departments and agencies. It found that the picture is mixed. A number of departments and agencies have established insight functions although only a few treat insight as a strategic asset and manage it in a systematic way. The challenges fall into two areas.

3.13   The first challenge involves consolidating, legitimising and spreading understanding of the activity that is currently being carried out across the public service in this area. Following the publication of *Transformational Government*[1] the Cabinet Office has brought the heads of insight units together regularly as the 'Customer Insight Forum' to share best practice, agree a common language, undertake collaborative research activities (looking at issues which are common to all) and to build and manage links with experts in business and academia**. I recommend this group continues and further promotes its important activities – but that its focus is more clearly about the citizen and business perspective (and is renamed as the Citizen and Business Insight Forum).**

3.14   The second challenge is establishing the structural mechanisms in departments and across government, which will embed this activity in public service processes. For this **I recommend that every department be required to appoint a Contact Director to carry overall responsibility within that organisation for creating and exploiting insight as a strategic asset**. These Directors should be directly accountable to the Permanent Secretary and the Board for the preparation of the department's or agency's channel strategy and the performance indicators to be used in monitoring channel effectiveness. The Contact Directors need to work collectively across government to share best practice and a further recommendation is made on this in Chapter 4.

3.15   It is important that Contact Directors have formal line management for the principal citizen or business contact points (for example contact centres, face-to-face-services, e-services) so they have the necessary authority within their organisations and are able to influence how government contacts citizens and businesses through other public services. In addition, each should be supported by an insight function, which is linked to the Citizen and Business Insight Forum and would have responsibilities including commissioning research, providing consultancy support, advice, expertise and training, coordinating insight across the organisation and communicating findings outside the department or agency as appropriate.

SERVICE DELIVERY CHANNELS

3.16   Developing a real understanding of what citizens and businesses want from the public sector creates the opportunity to provide services through channels that will best respond to their needs. Channels are a means for organisations to deliver services to citizens and businesses and for citizens and businesses to access government through a variety of communication and delivery methods (for example, post, telephone, face-to-face, online, mobile, digital television, fax and kiosks) directly through government or indirectly through intermediaries, such as voluntary organisations.

3.17   Much has been written on the theory of channel strategies in the public sector. This tends to highlight the benefits of one channel over another and may relate to whether the service being described is transactional in nature or more about public services like those provided in the areas of health, education and law enforcement.

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[1] *Transformational Government: Enabled by Technology*, Cabinet Office, November 2005.

3.18   However, best practice literature and experience from the private sector emphasises that an approach focused on 'channel optimisation'—using each channel for what it is best at – is likely to offer the public sector the greatest benefits in terms of effective service delivery and the ability to streamline and join up government processes for greater efficiency. It offers citizens and businesses services that are intuitive, easy to use, display real common sense and are much more linked to how citizens and businesses actually behave.

3.19   In practice, this means that the public sector needs to get better at identifying what individual channels can offer, which will in turn incentivise citizens and businesses to use the channel most appropriate for their needs. These channels need to be thought of as offering an integrated service, rather than being reviewed individually. Viewing channels in this way offers an opportunity to feed back into citizen and business insight to better inform day-to-day services and strategic management and make them more responsive to changing needs. It offers significant future efficiency opportunities and as a coordinated approach, allows for process redesign of the front-line and back office, cutting out duplicated processes and unproductive contact.

3.20   A coordinated channel strategy should be based on the presumption that citizens and businesses want to resolve issues at the first point of contact and want that contact to be as convenient and quick as possible:

- experience from the use of Directgov and Businesslink.gov (further discussed in Chapter 6) demonstrates the clear benefits to both users and the public sector of increasing use of e-services, where this is most appropriate. By developing e-channels to offer joined-up information and transactional services, a high proportion of citizens and businesses will want to use them as the first point of contact. This offers the potential for significant efficiency savings for government when coupled with better coordination and rationalisation of the back office and given the lower cost of dealing with a transaction through an e-channel rather than through a contact centre or a local office;

- contact centres (discussed in more detail in Chapter 7) offer an opportunity to improve the quality and timeliness of service to citizens and businesses particularly those who have more complex issues that cannot be resolved through an e-channel. Improving the quality of contact centres can initially lead to increases in the volume of traffic. This increased contact represents a genuine shortfall in current services and there needs to be analysis and corrective action to address the underlying causes. Over time the number of calls is likely to reduce, especially as the likelihood of right contact and response first time develops; and

- there will always be the need for essential face-to-face contact provision for particular citizens or businesses and where particular outcomes are required such as relationship building. However, the amount of face-to-face services should decrease as other contact channels become more effective. Face-to-face services should be provided through 'bricks and mortar' facilities only where they are essentially needed and help produce the desired outcome. The principles that could guide future delivery of face-to-face services and wider issues are explored further in Chapter 8.

3.21   This multi-channel approach recognises that citizens and businesses will always have different needs. The Government has made significant investment in bridging the 'digital divide' by establishing UK Online Centres, which have provided access to the Internet in local communities

through local and third sector partnerships. Access to the Internet has increased so that every one in two households now has Internet access, compared to one in 10 households in 1999.[2] Internet access is now commonly available on mobile phones and nearly a fifth of UK mobile phone subscribers access the Internet through their mobile phone.[3]

3.22   However, there will always be certain individuals and groups — frequently the most vulnerable and excluded — who will find it difficult or who will be unwilling to utilise the latest technology. Face-to-face services will still be made available through a high quality multi-channel approach. Furthermore, improving the services offered through e-channels and contact centres, including new services through mobile technology, should increasingly provide a more relevant service that will improve accessibility.

3.23   A recent Social Exclusion Unit Report[4] highlighted that information technology can help reach the socially excluded and some vulnerable groups, for example, some homeless people have mobile phones. Over time, we would expect the number of those still using the more expensive channels to decline. UK Online centres will have a role to play in this, although whom they target and the type of services they provide will need to reflect the changing use of channels and services offered through a service transformation programme. Any future funding for UK Online would ideally be structured in order to support a service transformation programme's objectives for digital inclusion.

Channel Principles

3.24   A single detailed channel architecture should be the basis for future design. However, the complexity of public services and the citizens and businesses they serve means that a highly prescriptive strategy is unlikely to provide the type of personalised delivery that citizens and businesses want.

3.25   A set of clear principles, which are equally applicable in both central and local government service environments, should be developed. These should not allow unnecessary variation across government, but at the same time allow flexibility and adaptation to personalise services.

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[2] *Internet Access, Households and Individuals,* Office of National Statistics, August 2006.
[3] *Telephia Audience Measurement Report UK,* Telephia, Third Quarter 2006.
[4] *Inclusion through Innovation: Tackling Social Exclusion through New Technologies,* Office of the Deputy Prime Minister, November 2005.

Box 3.1: Channel strategy principles

The following principles are drawn from current private and public sector best practice in 'customer' channel management but are adapted to take the wider citizen and business perspective. The basic rules are:

- know the citizens or businesses you are trying to reach: how they think and behave, what matters to them and what channels might work best to achieve the desired outcomes for them;

- establish what type of contact you and they need to have with each other (not necessarily just a continuation of the current system) based upon the nature of the service(s) you and others provide;

- analyse the current channels of service access used by citizens and businesses, along with the channels' performance and reliability; and

- gather cost-to-serve data on current channels to know what channels actually cost you and calculate savings/investments for the future — see if you can identify patterns of transactions across channels, not just the cost of separate contacts and try to estimate the hidden cost of channel error and demand caused by failure.

The foundations are:

- treat different citizens and businesses differently — equity of treatment is not the only way to achieve equity of outcome;

- understand that different citizens and businesses use different channels and channel combinations for different purposes and under different circumstances;

- take into account the often complex nature of public service provision; and

- organise and measure current service and future plans around the citizen and businesses you are trying to reach.

The strategic plan:

- view channels not in distinct silos but as components of an overall contact strategy that understands the true value and purpose of contact and employs an end-to-end delivery whole system approach;

- identify realisable savings in terms of both contact and cost (for both yourself and the citizen or business) through end-to-end, cost-to-serve, and 'customer journey' analysis;

- analyse likely future business and citizen behaviour patterns, channel preferences and information technology developments to inform longer-term strategic decisions;

- consider any compliance, regulatory, or other factors, which a new channel strategy will need to reflect;

- create win-wins through new forms of interaction and channel combinations, which generate customer trust, lessen demand and the physical/emotional cost to both customer and organisation;

- influence channel migration through customer education and support, understanding what drives current behaviour (see the basic rules above) and what would entice them to change — focus in particular on customer empowerment and opportunities to give rather than take control;

- take a broader view and inspire joined-up services across departments, local authorities and intermediaries through shared values and goals as well as shared infrastructure and data — when this will benefit citizens and businesses; and

- learn and innovate continuously — plan ahead and balance incremental, short term change with a longer term vision, understanding the implications of each approach. Monitor and review regularly to form a feedback loop to influence planning.

3.26   Principles of good channel management need to be promoted as a key means to drive citizen and business focused services. To this end, **I recommend the Government approve these principles for government channel management and apply them rigorously and consistently across all departments and agencies.** Further proposals on developing widespread and sustainable good practice are discussed in Chapter 4, with a particular focus on governance arrangements that could spread best practice and gain traction through working collectively on cross-government issues. The wider implementation of these principles should draw on the experience of the pilot activities that are already planned to explore the benefits of good channel management in a service delivery context.

Box 3.2: Examples of pilot activities planned to explore the benefits of good channel management in a service delivery context

- Dudley Metropolitan Borough Council is to run a pilot to test the application of channel strategy principles in a real service delivery context. The aim is to further develop their existing channel strategy in line with the principles and test resulting improvements in access for citizens and businesses and the extent of efficiency savings achieved. The initial findings of the pilot will be available by June 2007, including lessons for policy, practice and procedures that can be shared with other local authorities.

- Cabinet Office, working with Tameside Metropolitan Borough Council, will carry out a 'shift to citizen empowerment' project. That will include a cost benefit analysis to investigate the opportunities for increasing the use of the self-service online channel for delivering a range of public services, as well as consider how to redesign public services from a citizen and business perspective. The project will explore benefits to citizens and businesses, including whether they have a more active role in the design and delivery of services, as well as opportunities for efficiency savings. Findings will be available by June 2007.

- The North West e-Government Group of local authorities will take forward their current work on identifying the cost savings and service improvements that can be made through using Web service channels, feeding into the next phase of the local government national channel *Take-Up Campaign*. The projects will continue to develop a methodology for local authorities to calculate costs of channel provision, identify best practice and find means to increase shared services and will form part of the forthcoming business improvement pack described in the Local Government White Paper.

Service Transformation: A better service for citizens and businesses, a better deal for the taxpayer

4 Levers for change

4.1   Delivering the vision for transformational change set out in Chapter 2 will require collaborative delivery across the public sector. This represents a significant challenge for government, but it is essential to achieve the joined-up services that citizens will increasingly demand. Positive examples of where this is happening are highlighted throughout this report. To build on these examples and make transformational change more widespread, Government needs to operate a range of incentives and levers.

4.2   Since 1997, the Government has introduced a number of changes to incentivise successful joint delivery, including:

- developing joint budgeting arrangements where appropriate. For example the Criminal Justice System information technology budget to support joint working and planning across the criminal justice system;

- using ring fenced challenge funding to support partnership working. For example, since it was set up in 1998, the Invest to Save Budget has funded more than 460 partnership projects worth nearly £450 million. These include the *Wolverhampton Bereavement Centre* which brings together a one-stop service for those experiencing bereavement; and the *Talk Don't Walk* project in Warrington that seeks to reduce the number of young runaways; and

- publishing joint Public Service Agreements (PSAs) to drive collaborative working to achieve a joint outcome.

4.3   Sir Peter Gershon's report on public sector efficiency[1] also identified the potential for sharing transactional support services to achieve economies of scale through clustering across government bodies. Departments have actively pursued the Gershon efficiency programme throughout the 2004 Spending Review period, achieving £13.3 billion of annual efficiencies to date. They will continue to pursue annual efficiencies into the 2007 Comprehensive Spending Review (CSR) period.

4.4   Despite these innovations, joint working remains the exception, rather than the norm. To drive service transformation to the next level, the full range of incentives to encourage collaboration in the delivery of transactional services need to be considered. These include:

- strengthening performance management incentives to reward transformed public services;

- providing the right governance structures to secure committed leadership from the top;

- ensuring that government has the capacity and capability to deliver transformational change;

- setting some common standards to ensure that public sector organisations can deliver genuinely joined-up services; and

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[1] *Releasing Resources for the Front-line: Independent Review of Public Sector Efficiency*, Sir Peter Gershon, July 2004.

- providing the right incentives to enable innovative methods of service delivery to develop and strengthen.

Providing the right incentives: the performance management framework

4.5   The Government's performance management framework has played a fundamental role in driving up public service performance since 1998. Against a backdrop of previous under-investment in the public sector, the PSA framework has injected ambition into public services and galvanised effort.

4.6   The performance management framework is set to evolve in the 2007 CSR, as highlighted in the 2007 Pre-Budget Report. It will recognise the importance of securing priority outcomes that stretch across departmental boundaries, driving collaborative efforts to deliver shared challenges, in addition to securing continued progress on departmental objectives. It will seek to embed a greater focus on citizens and businesses within the design and delivery of public services, ensuring citizens and businesses have the necessary information to hold service delivery bodies to account and creating incentives for services to be more responsive to the needs and priorities of users.

4.7   A key objective of service transformation is to deliver services to citizens and businesses that reflect their own needs and circumstances. This means ensuring that public services are informed by genuine engagement with users, so that public services are answerable to the communities, citizens and businesses they serve.

4.8   **I recommend that establishing and taking forward a service transformation programme with an associated published delivery plan should be one of the Government's top priority outcomes for the 2007 CSR period**. This level of priority will be essential to driving the programme forward and to incentivise collaboration across the public sector. **I would recommend that there is regular monitoring of progress on the programme and that there is a much greater use of benchmarks to judge how departments are performing.** Finally, as happens already with existing PSAs, **I recommend that performance against the delivery plan is made public, on at least an annual basis, so that citizens and businesses can judge how public services are changing.**

Box 4.1: Benchmarks for service transformation

The private sector uses benchmarks extensively both to judge how organisations are performing in comparison to each other and to incentivise improved performance within organisations. The public sector could make significantly more use of benchmarks and the service transformation programme provides an opportunity to do so. The type of benchmark indicators that could be developed include:

What citizens and businesses experience:

- impact on citizens and businesses – government should look to measure the burden on the citizen from duplication and poor handling, so that it can be progressively reduced, starting with processes arising from bereavement, birth and change of address;

- joining-up interactions – benchmarks should be used to judge the government's success in unifying processes for common life events, for example the number of contacts required on bereavement; and

- accessibility, convenience and usability – of websites, telephone contact numbers and local offices.

Efficiency and effectiveness of delivery:

- contact – the quality, resources and cost of service required for contact with citizens and businesses through different channels should be measured and published through an agreed set of benchmarks, such as response time and the amount of contacts required to resolve a query; and

- error and rework – the costs and customer impact of errors and subsequent corrective action.

Greater accountability for delivering change

4.9   We need the right cross-government mechanisms in place to underpin performance management incentives and to ensure accountability for delivery. Accountability needs to stretch from the Cabinet through Ministers and senior officials to the frontline. Evidence from past examples of successful collaborative working in both the private and public sectors illustrates the importance of visible commitment and leadership from the top of all organisations.

4.10   **I recommend that overall responsibility for the service transformation programme is led by a Cabinet Committee, chaired by a Cabinet Minister, with representation from key departments involved in the programme.** The Cabinet Committee would be responsible for agreeing the strategic direction of the programme and holding departments to account for their progress against the delivery plan agreed at the 2007 CSR.

4.11   In addition, **I recommend that specific Cabinet Ministers be given responsibility for particular cross-government areas of transformation.** For example, the change of circumstances service I have recommended on life events will need to be led by a particular department, responsible for working across the public sector to deliver a coordinated service. **I recommend that establishing the capability for a change of circumstance service should be led by the Department for Work**

and Pensions (DWP), working closely with HM Revenue and Customs (HMRC), Department for Communities and Local Government and the Home Office. The first step should be a feasibility study to determine the outline business case proposition, delivery timetable and long term funding and benefits case. In establishing this service, experience of similar services provided by the private sector should be explored. Possible cross-government leadership is recommended in Chapter 6, proposing that the accountability for Directgov move to the Secretary of State for the DWP and accountability for Businesslink.gov move to the Paymaster General who has responsibility for HMRC.

4.12   To provide sufficient cross-government commitment at official level, **service transformation should be led by the Cabinet Secretary, supported by the Permanent Secretaries Steering Group (PSSG) and a secretariat provided by the Cabinet Office Delivery and Transformation Group.** Each Minister in charge of a department and each Permanent Secretary should have a clear objective to implement in their department from their allocated resources not only their own service transformation programme, but also the cross-cutting actions that are necessary. Ministers, the PSSG and Permanent Secretaries will be informed by the Delivery Council. The Delivery Council is an official body which has recently been established by the Cabinet Secretary and is jointly sponsored by the Treasury and the Delivery and Transformation Group of the Cabinet Office. It is made up of key officials directly responsible for delivering public services. It includes representatives of all government departments, as well as representatives from local government and the voluntary and private sectors, building on, and subsuming, the work of the Public Service Productivity Panel, which is drawing to a close.

4.13   As set out in Chapter 3, **each department should also be asked to appoint a professional head of contact (a Contact Director). These Directors should be invited to sit on a cross-departmental council – the Citizen and Business Contact Council.** The role of the Council will be to collect and assess departmental performance against agreed benchmarks and performance indicators, to make recommendations about further development (particularly in promoting collaboration between departments) and discuss and disseminate good practice arising from positive examples of innovation. This Council would report to the Delivery Council.

4.14   The Delivery Council will also need to play a key role in building departmental capacity to deliver transformational change. The programme of departmental capability reviews, announced by the Cabinet Secretary in October 2005, aims to improve the capability of the civil service to meet current and future delivery challenges. It is an important part of enabling the service transformation programme.

4.15   The emerging findings of the reviews carried out to date include:

- the importance of understanding how services are provided throughout the delivery chain to drive change;

- the need for all departments to find more innovative and diverse ways of engaging with customers to shape public services and to gain their feedback about the quality of service delivery; and

- plans to strengthen further the professional skills within departments.

4.16   In addition, the *Transformational Government*[2] agenda includes plans to achieve a step change in professionalism in delivering technology-enabled business transformation programmes. Initiatives to date include the launch of a new government information technology profession, plans for a new Government Information Technology Academy and greater talent management to ensure that the right individuals are employed in the right roles. Service transformation is not a programme to deliver new information technology. However, it does require government to become smarter about using technology and to use it as a tool for cultural and business change.

Establishing common standards

4.17   Citizens have ever growing expectations of public services. They do not expect to have to provide the same information to government on numerous occasions. Conversely, they do expect to receive a personalised service that responds to their individual needs and circumstances and is respectful of their personal data. Standardisation is key to tackling many of the most common problems that citizens and businesses experience in dealing with government. It provides the building blocks for responsive personalised services. Standardisation of data systems, for example, can enable data to be shared between service providers, enabling citizens and businesses to provide simple information, such as change of address, only once. Standardisation also provides the platform to offer streamlined services to the citizen by enabling front-line providers to resolve a range of problems at the first point of contact or by offering citizens a range of services from one point of access. For example, standardising forms across the benefits system may enable providers to assess eligibility for a range of benefits from a single point.

4.18   Standardisation is not the same as centralisation. It does not mean offering the same service to customers, regardless of their needs. By dealing more efficiently with routine transactions and by reducing the complexity of having to deal with different parts of government in different ways, service providers will be able to devote more time to delivering a personalised service to individuals. This may involve less time spent on carrying out routine identity and entitlement checks and more time on resolving complex problems or helping people access services where they are having difficulty.

4.19   Government already operates within a defined set of mandated financial standards. Elsewhere, there are standards for information systems controlled by the Cabinet Office and for procurement set by the Office of Government Commerce, although these are often more in the form of best practice. As part of implementing Transformational Government, the Chief Information Officer Council is already taking forward work to agree a catalogue of common systems, architecture and processes. This should enable government to assess what standards are required to drive greater compatibility and sharing of systems. **I recommend the Chief Information Officer Council develop technology delivery plans that standardise contact systems and supporting facilities and infrastructures.** These should be used, in turn, to maximise purchase leverage and leasing arrangements on a cross-government basis.

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[2] *Transformational Government – Enabled by Technology,* Cabinet Office, November 2005.

Promoting innovation

4.20   Service transformation should grow from both committed leadership from the top and innovation from the front-line. Examples are highlighted throughout this report of innovative projects in central and local government, which deserve to be supported as pathfinders and grown more widely. There are several ways of harnessing innovative ideas across government organisations that encourage positive and lasting cultural change. These include engaging more directly with the ideas of customers and front-line staff; providing small-scale demonstrations of the benefits from specific examples of shared services; and looking at alternative ways of delivering big projects. All three need to be encouraged. In developing this report, a venturing event was held with senior representatives from central and local government which aimed to look at problems away from the normal departmental boundaries. The event stimulated a number of ideas based around customer groups, for example those acting on behalf of elderly parents, joining up local and national disability and carers services and joining up health and education assessment of the disabled.

4.21   As part of its value for money programme for the 2007 CSR period, the Government is looking to drive further efficiency savings out of the common processes that underpin government business and innovative approaches to improving services to citizens. The early settlements for DWP and HMRC, two key transactional services departments, together with £800 million in modernisation funding set aside for these departments, should enable them to get the upfront investment required to promote innovative service transformation projects. In this context, **I recommend that government provides support for service transformation pilots as part of the CSR, for example through the provision of start-up or match funding. To firmly bed in changes that arise from pilots and to ensure ongoing investment is available for expansion of initiatives, Government should require departments to develop plans for service transformation as part of their 2007 CSR delivery plans.** In these plans, departments should be required to show how they would scale up quickly from the pilots currently being planned or progressed.

Local government

4.22   This review has found that many of the most positive examples of innovation are in local government and these are highlighted in the report. The service transformation programme has big implications for local, as well as central, service delivery and Government needs to consider how it can encourage continued innovation and most effectively engage local government in the programme. The recent Local Government White Paper[3] recognises that there are significant opportunities to improve the quality and efficiency of services by joint working, either between local authorities, with other local public bodies, or at a regional or national level.

4.23   The White Paper commits government to work with councils and key stakeholders to understand the full benefits of partnership models, to determine whether this approach is more effective for particular services and to identify barriers to greater uptake. The results of this work will be published in early 2007. Government will work with public agencies to establish a number of pathfinder projects to test opportunities in the new performance framework and to strengthen Local Area Agreements to promote and deliver partnership working with and across council boundaries.

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[3] *Strong and Prosperous Communities – The Local Government White Paper,* Department of Communities and Local Government, October 2006.

5 Information management

5.1   Securing significant improvements in the capacity and capability for government to readily identify individuals and businesses, share data and make better collective use of government information assets is a key part of delivering service transformation. Making better use of information will underpin service transformation through:

- improvement in managing a core set of identity information such as name, address, date of birth and a reference number;

- focused improvement in public service delivery supported by more data sharing;

- cross-government use of existing assets; and

- extending lessons for the development of a cross-government business identity system.

5.2   Identity management is the 'front end' of better service. Adopting a common approach to identity management across government is a corner stone of transformation. If the government gets this infrastructure right, it will result in:

- a simpler life for the citizen who will find it easier to assert their identity;

- services that are more likely to get it right first time;

- service delivery via a broader range of channels and technologies;

- organisational boundaries becoming invisible to the citizen who gets a joined-up service; and

- easier matching of records to identify individuals, so government can protect the vulnerable and reduce fraud and abuse of the welfare system.

5.3   We need to take opportunities to do this quickly by bringing clarity to what identity information government needs about individuals, aligning the basic processes for managing identity and reusing existing information assets. Without these improvements to identity management, joined-up single contact delivery such as that proposed on bereavement and other change of circumstances cannot happen.

5.4   By its very nature, identity is a personal and sensitive issue. Identity is unique to the citizen and defines that person in the eyes of those with whom they come into contact. How we manage identity must address the needs and concerns of the person who owns that identity.

Box 5.1: Identity Management Vision

By 2012 there is a secure and trusted means to help individuals establish, assert and protect their identity and enable access to better services.

Moving on from the current position where there is often no personal control of the data other people hold on us, the individual will be able to benefit from a variety of automatic updates to identity information through key life events as well as updates initiated by their own changes in circumstance. Being able to ensure that the information is up to date at any time will mean services continue to be provided smoothly or new services are triggered.

Identity management will be secure and trusted and individuals will be registered against a single identity for dealing with government.

Businesses and other organisations will also have a single identity to reduce the burden of dealing with government.

A common approach to identity management will support wider access to public and private services by encompassing all individuals — citizens or residents — at all stages of life, birth to death, entry to and exit from the UK.

This will enable unitary processes for common life events like bereavement.

Repair of identity records after fraud will be easier and victims will no longer have to spend so much time 'proving their innocence'.

BETTER SHARING OF CITIZEN CONTACT INFORMATION

5.5   The case for identity management is not new and is compelling:

- Lord Carter in his study for the Public Services Productivity Panel in 2002 indicated the potential to provide better services at lower cost if the same basic information — particularly name and address — was collected and stored in fewer places across the public sector. He concluded that there should be a "single source of truth" kept up to date with the names and addresses of citizens; this is how population registers operate in an increasing number of countries;

- the Citizen Information Project[1] evaluated this proposition in more detail and estimated that there are approximately 300 million contact details in the public sector — almost five for every citizen;

- in March 2005, Philip Hampton set out the principle that businesses should not submit information to government more than once.[2] This principle will be entrenched in law via the Hampton Code of Practice, published in draft at Budget 2006; and

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[1] *Better sharing of citizen data across the public sector,* Citizen Information Project, 2005.
[2] *Reducing Administrative Burdens: effective inspection and enforcement*, Philip Hampton, March 2005.

- it is now government policy, enshrined in the Identity Cards Act 2006 that people aged 16 and over will have a unique identity.

IDENTITY MANAGEMENT CAPABILITY APPRAISAL

5.6   This review has been informed by the work of the Identity Management Strategy Group, chaired by Sir David Normington, with officials from the 14 departments on the new Ministerial Committee on Identity Management. The Committee's Terms of Reference are:

"To coordinate the Government's policy and strategy on identity management in the public and private sectors and to drive forward the delivery of transformational benefits across government."

5.7   Officials have been examining the case for shared capabilities and leveraging existing identity assets to provide better services. The Identity and Passport Service (IPS) are leading this work and carried out an appraisal of six departments: HM Revenue and Customs (HMRC), Department for Work and Pensions (DWP), Department for Transport, Department for Education and Skills, Home Office and Department for Communities and Local Government. Findings from this appraisal included:

- departments are checking different items of identity information in different ways so may be over-confident about both the quality of checks and the identity information they hold. Departments were understandably focused on delivering their own business objectives and did not immediately recognise the potential of joining up identity management;

- there are practical challenges for standardising identity management across government, especially at local level, where there are over 400 local authorities, delivering 670 services through 4,000 types of transaction;

- programmes and initiatives which involve identity continue to devise new processes and new unique numbers. The Home Office already has 20 verification procedures and 25 unique numbers. For tax and benefits, there are 10 initiatives each using a unique number and in children's service there are nine; and

- credit reference agencies are being used by government departments – and by services including the police – to authenticate identity. Several departments propose to procure new systems for 'biographical footprint checks', which could involve significant costs. One reason given by departments for using the private sector is that departments do not have the legal authority to share relevant information to check identity. The checks done by credit reference agencies can be narrow, such as matching name and address, or more complex according to the business context. There is a case for combining the checking process where the need is similar, for example, checks to establish the identity of a customer as distinct from checks to establish entitlement to a service.

5.8   Citizens should reasonably expect that government should be able to easily connect to who they are at different points of service delivery. Government needs to move quickly to a rationale on proportionate sharing of identity information which respects privacy — one that is limited to a

standard set of information held across government and does not intrude on personal records, such as health and tax information. This can be delivered by better identity management, establishing a 'single source of truth' and be made more robust through the introduction of identity cards.

DATA SHARING

5.9   Identity management and data sharing are distinct concepts, but there is frequent interaction between the two. Improved identity management can underpin data sharing by, for example, reducing the risk of mismatched records because sharers are part of the same identity management regime.

5.10   It is important that there is transparency with citizens about what government (and the private sector) does with their identity information, how it is kept secure, what information is being shared and why. The Information Commissioner has a key role to play in helping to get the balance right.

5.11   The Government has recently set out its overall strategy for data sharing in its *Information Sharing Vision Statement.*[3] The Vision Statement made clear that information will be shared to fight crime, protect the vulnerable, provide better public services and in other instances where this is in the public interest.

5.12   A time limited Ministerial Committee, MISC 31, has been established to develop the Government's strategy on data sharing across the public sector by promoting a consistent cross-government stance on how to strike the balance between sharing information and respect the individual's right to an appropriate degree of privacy.

5.13   It is important that the advantages of sharing identity information — making life easier for the citizen and helping government give individuals a personalised service — are robustly communicated. **I recommend that the data sharing strategy should address impediments to sharing identity information and how these should be resolved to enable improvements in service delivery.**

A COMMON APPROACH TO IDENTITY MANAGEMENT

5.14   A joined-up identity management regime is the foundation of service transformation. Adopting a common approach to the way biographical information is managed across government is also a key enabler for identity cards. It will encourage moves to standardisation in public systems — and potentially private sector systems too — ready to support identity card users. Clearer processes for updating or correcting records and repairing them after fraud should be part of this regime and will also inform delivery of the identity cards scheme. The potential of common processes and standards on identity management across the public and private sectors, including issues like record repair, is being considered by Sir James Crosby's Public-Private Forum on Identity.

5.15   The ultimate aim should be a common registration system — from birth to death, migration to emigration. This would simplify life for individuals by ensuring a consistent story which is carried over and expanded as later life events or the need for new services by the individual occur. These are examples of how this would work in practice:

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[3] *Government Statement on Information Sharing*, Department for Constitutional Affairs, September 2006.

- currently birth is recorded with a different identifier number by the Health Service, the Registrar, HMRC, DWP and the local authority. One accurate and robust registration should underpin services. Service delivery can then be about reaching out rather than responding;

- change of address is recorded numerous times, quickly falling out of date. A primary record — the hub of a single registration system — would provide accurate address information to ease the burdens on individuals and businesses and reduce costs for government, such as misaddressed post or duplicate processing; and

- government could further help people in coping with bereavement by offering a more efficient service to get the right information about someone's death to the public services — and the private sector organisations — that require it. The Registrar General already provides practical advice and immediate support but is only permitted to share information in limited circumstances. The Police and Justice Act 2006 will enable sharing of bulk data to help prevent theft of identity of the dead but there is no scope for broader sharing for administrative purposes in England and Wales. The position in Scotland is different.

5.16   Improving identity management will deliver significant efficiencies. In HMRC alone it is estimated that £100 million savings each year can come from better record management, eradicating duplication of effort and improving the quality of information. Shared registration capability could reduce resources spent on checking identity, including rationalised use of accommodation where seeing someone face-to-face is necessary to establish identity.

5.17   Collaborative effort on an 'invest to save' basis will be essential to streamline and align business processes for managing identity. The full benefits will then flow from the joined-up services that can be offered to citizens. Services and systems will be ready for identity cards and then, with the certainty of biometrics, able to target effort on reducing fraud and abuse. The first practical step to inform development of a joined-up regime is the proof of concept project between DWP, HMRC and 12 local authorities.

Box 5.2: Proof of concept project on identity management

The service transformation proof of concept project between DWP, HMRC and 12 local authorities will provide further hard evidence of the benefits to government and to citizens of a consistent, joined-up approach to identity management. It will consider the challenges of evolving from diverse systems and processes towards common standards, business processes and technology. It will take into account the legal requirements around data sharing.

As well as pointing the way to practical improvements, the work will inform the cross-government identity roadmap being developed by the IPS. This roadmap will include the production of an identity management architecture, which minimises the burden on citizens of managing and asserting their identity and maximises the rigour of checking, managing and updating identity data. It will maximise protection against the misuse of identity data and will shape the establishment of a cross-government identity management system, including appropriate governance.

5.18   **I recommend that Government should extend experience from this proof of concept project to test the concept in other parts of the public sector in 2007–08.** This will further inform the evolution of a cross-government identity management regime and its governance.

GOVERNANCE OF INFORMATION ASSETS AND SHARED SERVICES

5.19   Making better use of government information assets is at the heart of the service transformation agenda. They need to be brought together in a coherent way that meets the requirements of individual departmental needs and of cross-cutting services like the Directgov and Businesslink.gov e-services and a new identity management regime. Key challenges are governance, sustained investment and balancing continuity of existing services with new demands to set priorities.

5.20   **I recommend that the Government's Chief Information Officer Council complete their work on aligning the use of government strategic assets, such as the Government Gateway, Government Connect and other key systems.**

5.21   Ministers will need to agree which systems are government information assets. Within the overall context of business and technical standards for information and interoperability, the Chief Information Officer Council should broker priorities and coordinate the funding streams and mechanisms to ensure overall value for money. It is essential that decisions are driven by the business requirements of the users, whether public bodies, businesses or consumers and these requirements should be strongly reflected in the decision making body, which should be accountable to a Cabinet Committee. The interest is shared at present between the Identity Management Committee and PSX(E), the Ministerial Committee on Public Services and Public Expenditure's Sub Committee on Electronic Service Delivery.

5.22   The design of a common identity management system poses particular challenges around ownership of information, who can access it, processes for dealing with updates, errors, record repair after fraud, liability and remedy when things go wrong. These are issues that, along with security of information, are the protections for the citizen that will build confidence. There needs to be transparency with the public about how their identity information will be used to improve the services they get and to canvass their views on how updates or record repair might work. The value of a better data picture covering demographics and location to devise better policy needs to be explained and illustrated for the public.

5.23   The governance framework for the National Identity Register (NIR) set out in the Identity Cards Act 2006, including the role of the Identity Commissioner, sets the highest standard. Governance of a shared system for biographical information needs to demonstrate a coherent fit with the establishment of the NIR. There is already knowledge and experience to draw on from current identity service providers such as the IPS and the Driver and Vehicle Licensing Agency; from Scotland's eCare programme, which enables secure information sharing between public service professionals; and there will be learning from the proof of concept project.

PUBLIC AND PRIVATE SECTOR COLLABORATION

5.24   Collaboration between the public and private sectors on identity is already evident in examples such as work between HMRC and APACS (the UK Payment Association) for data standards for government interaction with business, immigration service collaboration with airlines on border control and in the work of the Identity Fraud Steering Group.

Box 5.3: Fraud reduction

Pilot exercises are underway to reduce fraud. A successful pilot exercise of public sector agencies submitting data to CIFAS, the UK's Fraud Prevention Service, found that a high proportion of address data (an average of 31 per cent but as high as 40 per cent for some agencies) matched addresses already identified as suspect by the CIFAS database. On this basis, government departments would be able to flag a particular customer as being a higher risk. It would not automatically stop services or payments, but should allow increased diligence. Given the scale of government payments and allowances, there should be scope for significant savings over time if government departments join CIFAS. In 2005, the existing members reported savings of £682 million because of the CIFAS database, a high return on the £2.4 million per year operating cost.

5.25   Sir James Crosby's Public-Private Forum on Identity will take thinking to a new level. He has decided to focus on:

- identifying the key steps in any programme of convergence of identity management between the public and private sectors;

- reviewing international best practice on identity management, particularly in those countries which are most successful in achieving a real public-private partnership;

- considering how citizens can best be encouraged to play their part in safeguarding their identity and the scope for creating common processes and standards for repairing compromised identity records; and

- analysing the nature of any legislative barriers to public-private partnerships on identity.

BUSINESS IDENTITY

5.26   To date, work on identity management has focused almost exclusively on the citizen. Similar benefits are available from a common identity management system for business — improved confidence and reliability, streamlined compliance and driving out duplication. Steps need to be taken to improve the capability and capacity of government to establish business identity and share relevant information to meet the government's commitment for businesses to provide information only once. There is already work underway led by HMRC. This should be progressed towards a comprehensive cross government business identity system.

Box 5.4: Business identity management

HMRC are investigating with other government departments — particularly DWP, the Department for the Environment and Rural Affairs and Companies House — the scope for developing a business identity management service based on departments' existing services or plans. The key objectives are to define, hold and maintain a core set of information that would enable more effective interactions with businesses. This links clearly to the need to be confident about individual identity since government's interactions with businesses are by individuals running those businesses or agents on their behalf.

Both tax and duty systems contain a large amount of duplicated information on business customers, which causes a number of significant problems for both the customers and HMRC. HMRC currently holds over 25 million business records but has 4.3 million business customers. This has led to huge inefficiencies for HMRC storing, maintaining and processing this data. For business customers, current estimates are that the administrative cost of doing business with HMRC is around £5.1 billion each year. Although this is driven by a number of factors, the largest is related to reporting and submitting information.

The business identity management service is still at a developmental stage and HMRC will be working across government and with local authorities to ensure the service can be applied more widely.

6

e-Services

6.1   e-Services is a term that describes the provision of services through electronic channels (e-channels) including the Web, digital television, kiosks and mobile phones. These represent the most cost efficient communication and service delivery channels available to government today. The e-channel provides the customer with flexibility to access information and services wherever and whenever this best suits their needs. This enables the other more traditional channels, such as face-to-face, to focus on adding real value to citizens and businesses by providing support and guidance, rather than dealing with too many basic requests for information.

6.2   The Internet in particular provides an opportunity to deliver high quality public services at a relatively low cost. It utilises automated processes to streamline services and provide information without the need for more expensive interactions. The potential for the Internet within a comprehensive channel approach was discussed in Chapter 3.

6.3   This review builds on the work already underway through *Transformational Government*[1] and previous decisions to rationalise the Web landscape across government to make both improvements for citizens and businesses and drive out efficiency savings.

6.4   The main findings of this chapter are:

- despite the innovations in the use of e-services in the public sector, particularly the establishment of Directgov and Businesslink.gov, the public sector lags behind the private sector in the way it delivers e-services;

- by using Directgov and Businesslink.gov as its primary e-channels, government has an opportunity to provide coordinated e-services for citizens and businesses that they can access at their convenience;

- this could release approximately £400 million of savings over three years, if combined with improvements across all government websites and the shared use of infrastructure and if every department rigorously applied the agreed policy; and

- this development will require changes to the current funding and ownership arrangements in place for Directgov and Businesslink.gov.

CURRENT USE OF E-SERVICES

6.5   The Internet is still a fast growing technology and access to it in the UK is steadily increasing. In 1999, only one in 10 households had access to the Internet. In 2006, this had increased to more than one in two; 69 per cent of Internet users have broadband.[2] The Internet is now more widely available on new technology, such as mobile phones, on which nearly a fifth of users access the wireless Internet[3]. The increased take up of the technology and the demand to use it has changed the face of the service economy. Citizens and businesses now expect service availability 24 hours a day.

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[1] *Transformational Government: Enabled by Technology*, Cabinet Office, November 2005.
[2] *Internet Access, Households and Individuals*, Office of National Statistics, August 2006.
[3] *Telephia Audience Measurement Report UK*, Telephia, Third Quarter 2006.

6.6   In the last few years, government has been changing the way it delivers Web services as technologies and use of the Internet have evolved. Over £6 billion has been invested in information technology services across government since 2002. This has resulted in greatly increased use of the Internet and other electronic channels to deliver government services. Examples include:

- *education* — in 2006, GCSE pupils in pilot areas were able to view their exam results via a secure website. The *Results Plus* service also allowed them to view their marked exam paper and a personalised skills report;

- *health* — NHS Direct is the first truly multimedia health service organisation providing advice 24 hours a day — through the telephone, the Internet and digital television. The online service alone has grown by 74 per cent comparing this year with last and this trend is increasing monthly. By April 2006, NHS Direct was getting more than two million patient contacts per month, more than double the level of the previous year;

- *employment* — people looking for work now have access to over 400,000 job vacancies through 8,600 'job points' around the country and online with the Internet Job Bank. The website attracts over 1.5 million visits a week, the biggest of its kind in the UK; and

- *taxes* — in the filing period to the end of January 2006, nearly two million people used the internet to file their self-assessment tax returns, an increase of 38 per cent on the previous year. During the two days before the deadline, 8,700 returns were received each hour.

6.7   In addition to the services offered by individual departments, two cross-government e-services have been developed: Directgov (www.direct.gov.uk) aimed at citizens and Businesslink.gov (www.businesslink.gov.uk) aimed at businesses. These two sites aim to offer easier access to government services by offering a single point of access, using concise language and in a tone which the customer can easily understand.

6.8   Directgov provides citizens with access to a range of government services. It offers customers an alternative way of accessing services, either directly by specific topics such as 'money', 'tax and benefits' or 'motoring', or through sections tailored for specific group such as 'parents' or 'over 50s'.

6.9   Since its launch in April 2004 Directgov has developed from three topic areas to 16, and from 800,000 customer visits a month to over 3.4 million in September 2006. Independent research has recorded high levels of customer satisfaction. The programme now involves 18 government departments and has links to 65 services in 98 percent of the local authorities in England.

6.10   The Businesslink.gov Programme, launched in 2002, acts as the primary online entry point for businesses, joining up information, guidance, specific transactions and business support. The site is aiming to join up services across government for its users.

6.11   By March 2007, the Businesslink.gov website aims to have around 895,000 users and be used consistently by over one third of the business population of the UK. This represents a four-fold growth since March 2004.

6.12   A number of actions are already being taken to reduce the number of websites across government and to move all citizen or business facing websites to the Directgov and Businesslink.gov

sites, although progress has been slower than expected. As part of the programme announced in Transformational Government, guidance on rationalising citizen facing websites was issued to departments in April 2006. Results of this analysis are not yet complete, but are expected by the end of this year.

WHAT IS AN OPTIMUM E-SERVICE?

Private sector experience

6.13   The evolution of the e-channel and its use by the private sector has been fast paced. The private sector has moved from providing simple informational sites to providing transactional services, supported by search engines such as Yahoo and Google, to help the consumer navigate the ever-growing maze. Since then more sophisticated services have been emerging, such as large e-retailers and travel sites. For successful companies, providing a personalised service means enabling the customer to gain access to the services they want through a single website, rather than being forced to return to a more generalised search.

6.14   A next wave of development, known as 'Web 2.0' has seen increasingly interactive websites emerging where contributions by citizens and businesses are integral to the content and development of the site. By reviewing and posting information an audience community is being built that improves the services on offer.

6.15   These developments create an increasing expectation that access to services on the Web will be comprehensive, joined-up and capable of delivering a service almost instantly.

> **Box 6.1: Providing personalised e-services in the private sector**
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> Amazon.com is the largest e-retailer in the world. Amazon sells an extensive range of goods from non-perishable groceries to gardening equipment and books. If it does not stock a particular item, it acts as a service provider to other retailers who do, thus enabling the customer to buy a number of goods from different retailers all through one site in one transaction. This not only encourages repeat business from customers, but also establishes customer loyalty.
>
> According to the American Customer Satisfaction Index (ASCI) a leading indicator of customer satisfaction in the U.S.A., "No retailer or service provider in ACSI has higher customer satisfaction than Amazon".

Public sector experience

6.16   Despite the advances in the best of the public sector, the vast majority of government e-services do not meet this model. The government's use of the e-channel, while excellent in places, is often disjointed and incoherent. The majority of departmental e-services are provided through a multitude of subject centric websites without a clear proposition, audience focus, or overarching quality standards. There is the opportunity to exploit the transactional capability of e-services more extensively.

6.17   The public sector has also lagged behind the private sector in taking advantage of new technology, such as digital television and mobile phones. Despite the success of NHS Direct in using interactive digital television, few public sector organisations are using this technology in innovative ways. Directgov now supports services on the Web via digital television and is undergoing pilot activity on mobile phones. New developments need to be encouraged and be spread much further and faster, if the public sector is not to remain behind the development curve.

A public service model for e-services

6.18   While there are clear distinctions between the public and private sectors and in particular the responsibility for government to provide access and services to all citizens and businesses, there are important lessons that can be drawn from the private sector experience and use of the Internet. In particular, there is the opportunity for government to move to a joined-up model for delivering government services online that focuses on the needs of citizens and businesses. Combining and coordinating this with improvements to the use of other channels would provide citizens and businesses with a highly responsive and easy to access public service. In turn, this would enable government to promote the e-channel as the first and primary point of contact for government services, with other channels, such as contact centres and face-to-face services, being used where e-channels are not appropriate. This supports the channel strategy, including the approach to digital inclusion, set out in Chapter 3.

6.19   Under this model, a single entity would be responsible for the collation, integration and communication of public services to a specific audience group, while back-end processing and delivery would be provided by a wide range of specialist organisations. Each entity has a clear brand and identity and is easily recognised by customers as the point of interaction. The entity provides a consistent interface with the citizen across all delivery channels and takes responsibility for transactions on behalf of the background delivery organisations.

6.20   Such an approach is already being investigated in other countries. For example, the Government in Canada provides '*Service Canada*',[4] a single interactive Web facility, to enable e-service access to all federal government services. In Canada the approach is also being used to link up contact centres, post and face-to-face channels: if the recommendations elsewhere in this report are fully implemented such a radical shift should not become necessary here.

6.21   Directgov and Businesslink.gov have the potential to provide joined-up delivery mechanisms presenting information and services to citizens and businesses respectively. If used as the primary e-channels for government interactions, they could provide a seamless service for citizens and businesses, cutting across government boundaries. By continuing to make these services convenient, easy to use and satisfying customer needs, citizens and businesses will shift to using e-channels. This should provide savings for government with additional savings from shared infrastructure, rationalisation of existing government websites and cross selling of services across one website.

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[4] see www.servicecanada.gc.ca for further details.

Box 6.2: A vision for Directgov and Businesslink.gov

By 2012 Directgov is the primary electronic channel to citizens for government and is a place citizens can turn to for the latest and widest range of public services. It achieves this through providing a single electronic destination to meet the vast majority of citizen needs for government informational and transactional services.

Businesslink.gov is the single gateway into government for business. The service acts as the primary online entry point for business, joining information, guidance, specific transactions and business support.

Businesslink.gov and Directgov deliver a true transactional, end-to-end experience for citizens and businesses. Citizens and businesses enrol for government services in one place and access them through that website. The citizen and business journey appears seamless with data passing back and forth between departmental systems through a transactional process.

As with the best of audience centred e-services, Directgov and Businesslink.gov provide personalised services with a clear brand and identity and are easily recognised by citizens and businesses as the point of interaction. They provide a consistent interface with citizens and businesses across all other channels, including telephone, mobile and face-to-face services. The key benefits of the model are:

- a single, consistent and coherent interaction with government no matter which channel the customer uses;

- a single point of responsibility inside government for the citizen and business across all interactions that is able to join up notifications and sharing of data; and

- joined-up processing, enabling smooth transaction processing and contributing to future efficiency savings.

Businesslink.gov and Directgov offer for citizens and businesses:

- a single point of access to government information and services, using concise language and in a tone which they can easily understand;

- a means to provide feedback and information to help shape future service delivery and range of services on offer;

- reduced time and cost in understanding and dealing with government requirements and greater confidence that they are complying; and

- direct access, on a 24 hour basis, to advice and support from government and elsewhere.

Directgov and Businesslink.gov provide the e-channel to access the change of circumstance service for bereavement, birth and change of address.

THE WAY FORWARD

6.22   To a limited extent, Directgov, Businesslink.gov and departments have begun to focus on the potential of an improved e-service model to match the best practice of the private sector.

6.23   The experience of the Driver, Vehicle and Operator (DVO) Group within the Department for Transport shows what is possible. Through Directgov, the DVO has been able to produce a single, coherent and compelling presentation to the citizen, which meets their full range of information needs and provides access to a range of transactional services. This year, 2.6 million people booked their driving test online, with £70 million of fees collected electronically. By September 2006, 3.7 million motorists had renewed their car tax online. DVO has been able to rationalise their existing websites, providing efficiency savings. They have also benefited from a shift of customers from face-to-face and contact centres to cheaper e-channels. This best practice example demonstrates what could be possible for others.

6.24   Significant improvements can and should be made in the 2007 Comprehensive Spending Review (CSR). This requires putting Directgov and Businesslink.gov on a more secure footing with improved funding and governance arrangements and making stronger efforts to rationalise public service websites by migrating citizen and business focused sites to Directgov and Businesslink.gov.

Funding for Directgov and Businesslink.gov

6.25   As a cross-departmental service, Directgov currently relies on contributions from government departments. This arrangement has proved to be difficult to sustain and has limited the evolution of the programme. Directgov's management spends an undue amount of time and other resources on financial viability and fund raising rather than business planning. Many departments are nervous about migrating websites when the overall viability and sustainability of Directgov looks unstable. Furthermore, current funding levels are only just supporting ongoing maintenance of the programme, rather than development.

6.26   The situation for Businesslink.gov is similar although their funding base differs in that the primary source of funding is through the Department for Trade and Industry (DTI). This has carried its own limitations including continual pressure on Businesslink.gov to justify its contributions to the DTI service rather than the wider government benefit.

6.27   The funding base for Directgov and Businesslink.gov needs to support their growth and improvement so they become fully interactive, citizen and business centric services. **I therefore recommend Directgov and Businesslink.gov funding be put on a more secure basis within the 2007 CSR to develop them as fully transformed services.** This would mean increasing the amount of investment in these services over the 2007 CSR period.

6.28   There are two key funding options for government to consider:

- applying a funding formula across all departments to determine their contribution to the overall costs of Directgov and Businesslink.gov. Departmental contributions would be taken from current funding allocations. A formula would provide a clear basis for government contributions and encourage departmental ownership of and contribution to the Directgov and Businesslink.gov services. However, there are a

number of issues including how to establish the appropriate formula and whether the amount of contributions would be significant enough to stimulate departmental ownership; and

- providing a central contribution to Directgov and Businesslink.gov. This option would signal a clear government commitment to Directgov and Businesslink.gov. However, central funding may detract from departmental ownership and support of the citizen and business facing websites.

6.29 Given the need for government to signal a move to a service transformation model **I recommend that, in the 2007 CSR, the Government investigates a funding arrangement for Directgov and Businesslink.gov that puts these services on a stable financial footing, incentivises departments to contribute to services that secure cross-government benefit and allows for the expansion of functionality of these services.**

Governance of Directgov and Businesslink.gov

6.30 To ensure the full potential of Directgov and Businesslink.gov is achieved the right leadership and governance of the government e-service strategy needs to be in place. It is through this governance that cross-government objectives can be effectively met and public service buy-in encouraged.

6.31 Directgov and Businesslink.gov have clearly established cross-departmental governance structures and infrastructure, but as common services to a range of departments, they are not a key priority for any department. It is essential that they are seen to be aligned more closely with key service areas and more directly with large government services that deliver to citizens and businesses. Cross-government services must be placed at the heart of government services rather than being viewed as an aside to usual government business. To ensure a greater level of political and executive leadership for the whole of Government, **I recommend that sponsorship and leadership rests with the Secretary of State for Work and Pensions for Directgov and the Paymaster General for Businesslink.gov within HM Revenue and Customs**. The challenge for these departments would be to ensure cross-government governance, involving other key departments and agencies in the delivery of the service, to provide a true citizen and business perspective for e-services delivery.

Rationalisation

6.32 The full potential for government e-services can only be met when public service websites have migrated their citizen and business facing content and transactional capability to Directgov and Businesslink.gov.

6.33 To further drive rationalisation plans across Government **I recommend government establish a clear performance indicator for citizen and business facing website rationalisation, which focuses on establishing firm targets to reduce progressively the number of websites over a three year period.**

6.34   **In particular, I propose rationalisation targets as follows:**

- **a freeze on the development of new websites providing citizen or business e-services created by departments, agencies and non departmental public bodies, unless authorised by the Ministerial Committee on Public Services and Public Expenditure Sub Committee on Electronic Service Delivery — PSX(E); and**

- **by 2011, almost all citizen and business e-services migrate to Directgov and Businesslink.gov and all e-transactions are provided through these two primary websites. This means that all departments will have one corporate website, utilising shared infrastructure and all other sites will be closed.**

6.35   This indicator should be monitored through the governance arrangements set out in Chapter 4.

Benefits of e-service rationalisation and improvement

6.36   This chapter has already highlighted the benefits of improved access to and use of e-services for citizens and businesses. This includes the ability to access government information and carry out transactions on a 24-hour, seven days per week basis. Improved services will not tackle the digital divide but they can go some way to improving it — especially if the services on offer are relevant to the citizen or business and are combined with other channels including mobile technology.

6.37   It is estimated that government could benefit from savings of up to £400 million over the 2007 CSR period. These savings are on the basis that all public service citizen and business facing websites migrate to Businesslink.gov and Directgov and that such action occurs due to the funding, governance and rationalisation proposals outlined above. Savings of this level are also on the basis that all websites across government — not just those citizen or business facing — are rationalised.

7 Contact centres

7.1   Contact centres are widely used by both the private and public sectors as a means for citizens and businesses to access services without having to go to a specific location. Contact is usually made available through the telephone, although today many contact centres process post, email, Web chat and instant messaging as well. Contact centres have the capability to provide access to a wide range of government services through a single point of contact.

7.2   Citizens and businesses use contact centres for one of four reasons. The largest amount of contact (at 45 per cent) is requests for information. A further 43 per cent of all contact is to complete a transaction, which includes activities such as paying a bill, applying for a benefit, or booking an appointment. The final 12 per cent of contact is split evenly between accessing emergency services (from Fire, Police, Coastguard or Ambulance services) and finding support, such as advice on adult education or counselling support for domestic violence.

7.3   As set out in Chapter 3, contact centres need to work alongside other forms of government contact – such as Web and face-to-face services. Where government has invested in modern contact centres that are well signposted, easily accessible and coordinated with other contact channels, demand for contact services has increased. For example, some local authorities report a 300 per cent increase in contact volumes as a result of better signposting, coordination of contact and easier access.

7.4   This section of the review has focused on contact centre services provided by and managed across the whole of the public sector, including those outsourced to third parties. Data was collected from 21 central departments and agencies with contact centres and from many local authorities and outsourced providers. The focus was on those providers with the greatest concentration of contact centres – HM Revenue and Customs (HMRC), Department for Work and Pensions (DWP) and Department for Transport (DfT). In local government a sample was taken from a cross section of over 20 local authorities including Glasgow, Lambeth, Worcester, Cardiff, Liverpool and Salford. Additionally, a wide range of third sector and public sector helpline services were reviewed, including Childline, Frank, Sexwise, Community Legal Services, National Debtline, Citizens Advice Bureau and Consumer Credit Counselling Services.

7.5   The key findings from this section of the review include:

- the public sector has many strong examples of best practice, but they are the exception rather than the norm. The public sector can collectively draw on individual experiences and practice, in combination with learning from the private sector and other governments, to improve its contact channel;

- public service contact centres can do more to drive out inefficient and ineffective practices — and there are some examples of providers seeking to make this happen. The public sector has the capacity to secure improvements of up to 25 per cent over the 2007 Comprehensive Spending Review (CSR) period;

- access to public services via contact centres needs to be made clear and simple, with a reduction in the number of access lines and less variation in how services are offered. More contact centre services should be joined up where this will provide a better service for citizens and businesses; and

- the help and support services provided by the 1,500 helplines in the UK are high value, vital contact services for many of the most in-need citizens. Demand for these services continues to outstrip supply. It is time to look at more collaborative ways of providing these services to ensure more effective outcomes for citizens.

CURRENT SITUATION

7.6   The UK has approximately 5,700[1] contact centres directly employing over 750,000[2] people including over 500,000 agent positions. The industry has grown by almost 250 per cent since 1995 and continues to grow by 4.4 per cent annually. In 2005, around three per cent of the UK's workforce was employed in the contact centre industry.

7.7   The public sector currently operates over 730 contact centres, as illustrated in Chart 7.1, just over half of which are in local government, at an overall operating cost estimated at £1.6 billion for 2006. The vast majority of public service contact centres are owned by the public sector but a small number of operations, mostly helplines, are outsourced to third parties. Over every hour of every working day citizens and businesses will make over 200,000 contacts to UK public service contact centres, totalling some 400 million calls from citizens and businesses each year.

7.8   The average size of a UK public sector contact centre is 123 Full Time Equivalents (FTEs). The largest identified contact centre is HMRC's Bathgate Centre with 929 FTEs. Over 90 per cent of public sector contact centres are below the private sector's minimum efficient size of 200–400 FTEs.
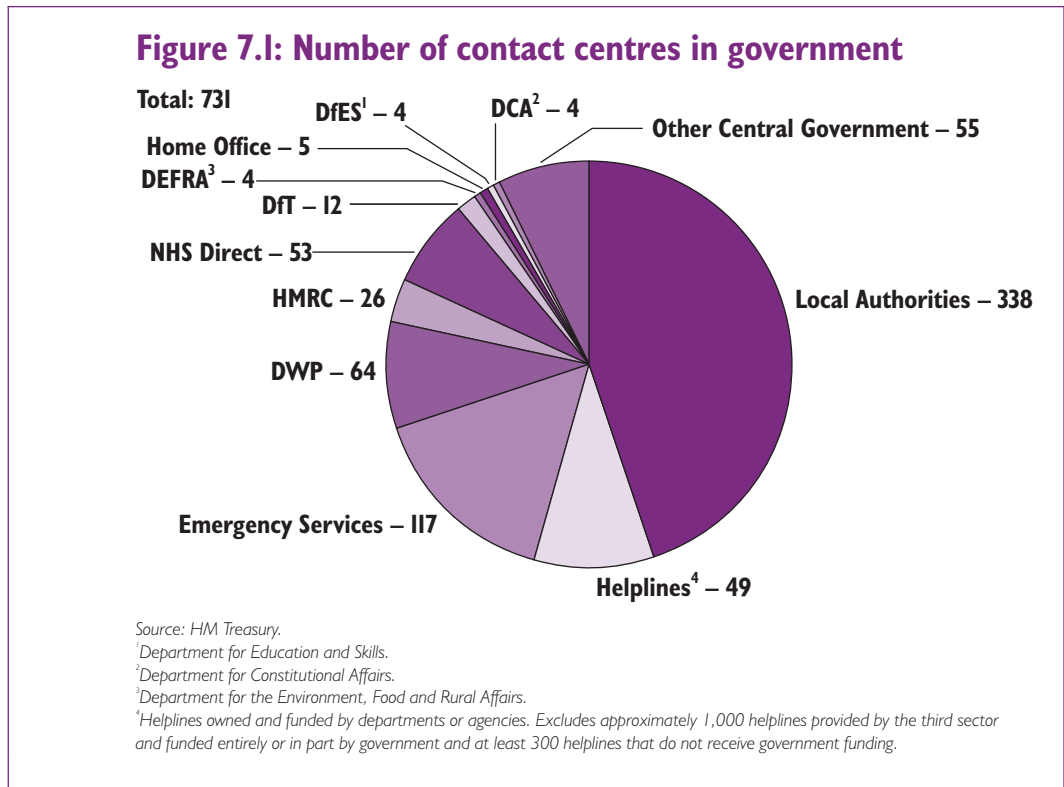
7.9   The public sector employs 55,000 FTEs in contact centres, accounting for ten per cent of the UK contact centre labour force. Just over half of the FTEs work in central government. Public service contact centres are generally a good place to work with highly competitive salaries and attrition levels are approximately five per cent lower than the private sector. The average salary of a public sector call centre agent is £16,700 per annum.

7.10   The central government contact centres surveyed in this review had an average annual attrition rate of 18 percent, which is less than private sector contact centres. Average absence levels in central government contact centres are 12 days per person per year, comparing unfavourably with a private sector average of 8.5 days per person per year. From those surveyed, in the public sector, average absence ranged from six to 21 days per person per year.

7.11   The majority of government contact centres operate independently of each other even within the same department or agency. The centres tend to be structured around specific products and services with little sharing of capacity, capability and customer knowledge.

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[1] *UK Contact Centres in 2006: The State of the Industry* (4th edition), Contact Centre Association, 2006.
[2] *The UK Contact Centre Industry*, Department of Trade and Industry, May 2006.

Figure 7.1: Number of contact centres in government

Total: 731

DfES[1] – 4
DCA[2] – 4
Home Office – 5
DEFRA[3] – 4
DfT – 12
NHS Direct – 53
HMRC – 26
DWP – 64
Emergency Services – 117

Other Central Government – 55
Local Authorities – 338
Helplines[4] – 49

Source: HM Treasury.
[1] Department for Education and Skills.
[2] Department for Constitutional Affairs.
[3] Department for the Environment, Food and Rural Affairs.
[4] Helplines owned and funded by departments or agencies. Excludes approximately 1,000 helplines provided by the third sector and funded entirely or in part by government and at least 300 helplines that do not receive government funding.

7.12   Currently, most of the activities carried out by public service contact centres focus on post and telephone services. Email, Internet self-service, instant messaging and Web chat account for only a small percentage of the contact made — at around ten percent.

CONTACT CENTRE BEST PRACTICE

7.13   Contact centres have an ability to provide significant enhancements to the service provided to citizens and businesses, as well as create more streamlined and efficient organisations, especially if well coordinated with back office activities. In the private sector it is commonly understood that failure of contact centres and the back office transactions that underpin them can have a significant impact on customer trust and the organisation's brand.

Box 7.1: Best practice principles for contact centre provision

An analysis of public and private sector good practice has identified six key principles for effective delivery within contact centres. Many of these principles are fundamental to the general management of customer contact.

Contact centres are planned on the basis of citizens' and businesses' needs rather than product centric contact strategies

Why is it important?

- to plan for and meet citizen and business needs and behaviours as a key measure of service delivery;

- to create a service delivery model that is configured to instill citizen and business confidence and meet the desire for convenience, personalisation, transparency and simplicity; and

- to create a consistent focus and set of planning guidelines, as products and services will constantly change and be updated.

Citizen and business demand for contact is proactively managed and controlled

Why is it important?

- to break the pattern of incremental cost growth within contact handling organisations – pre-empting and avoiding unnecessary activity;

- to ensure other efficient contact channels are being used appropriately; and

- to create an environment where planning and forecasting are used to manage demand.

Satisfying demand for contact through the most efficient and effective use of contact centre (and other channel) resources

Why is it important?

- to save money;

- to free resources and manage demand; and

- to optimise investments and use of resource.

The management of contact is a recognised competence in modern organisations

Why is it important?

- to ensure the organisation is more responsive to citizen and business feedback;

- to be competitive with other modern organisations;

- to be capable of managing what has become a complex environment; and

- to ensure quality and consistency of service that matches the best in the private sector, as citizens' and businesses' expectations change.

Contact centres attract and retain the most appropriate staff

Why is it important?

- to deliver the right experience for citizens and businesses and the right outcomes for government through the quality of the organisation's people;

- to minimise long-term costs of staff turnover;

- to be competitive; and

- to build the best contact competence.

The value of citizen and business knowledge is exploited to benefit the whole of government

Why is it important?

- insight to help with future planning and delivery design;

- better forecasting and management of customer outcomes across services; and

- to give flexibility to respond to individual needs and deal with mass demand in a crisis.

7.14   A number of significant improvements are being made across the private contact centre environment. These include embracing new technologies, such as increasing the number of routes or channels into the business by 'blending' the contact centre with Web based self-service and e-mail.

7.15   Another key trend is 'virtualisation', which means that services can be delivered independently of any specific location requirements by enabling voice, data and business applications to be delivered through a single network. This allows the agent to be based anywhere they can plug into the network, to become part of a virtual contact centre. This increases the ease with which contact centres can be linked together, as well extending the reach to include other remote offices and home based workers.

7.16   The review found a number of examples of good practice in public service contact centre operation, where performance is to the best of those in the private sector. Some examples include:

- *best use of new channels* — such as integrated digital television, kiosks and messaging systems (SMS): over the last three years NHS Direct has seen its digital channels providing the majority of customer contact. The multi-channel service approach has allowed citizens to have most of their information needs met through Web and digital television channels. This has enabled the telephone service to better meet the requirements of those people with clinical needs that can only be resolved through discussion with a professional;

- *channel switch* — the Pension Service now deals with 20–25 per cent of state pension claims in a single call taking an average of 20 minutes. In the past, dealing with a claim took at least two hours and involved several customer contacts over a period of up to 85 days;[3]

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[3] 85 days represents the Pension Service's operational clearance target.

- *analysing the causes of contact* — the Director of Customer Contact at HMRC commissioned an analysis of 60,000 calls to HMRC contact centres. The analysis identified that an unexpected 27 per cent of the calls related to confusion caused by the timing of Pay As You Earn tax codes letters to pensioners. This finding allows HMRC to implement changes to improve customers' experience of the department's services;

- *rationalising the number of contact telephone lines* — Chorley Council, part of a Partnership between Lancashire County Council and local councils Pendle, Ribble Valley, Hyndburn, Burnley and Rossendale, has networked several local council contact centres to provide one virtual front office to citizens. Having rationalised many published council telephone numbers to just 15, Chorley plans to reduce these 15 to one within 12 months;

- *management of absence and average number of days lost per employee* — absence in Cardiff City Council contact centres has been significantly reduced from 12 to seven days, an improvement which required deep rooted change in the contact centre's culture;

- *reaching disabled groups in Cardiff* — instant messaging is used to communicate with the deaf, which has proved to be a popular initiative; and

- *customer excellence in Bristol* — Bristol City Council launched a strategic *Customer Excellence* programme focused on transforming customer service delivery. It comprises an in-house contact centre handling first line contact for 11 major services. All staff go through Customer Excellence training — a bespoke course that goes beyond basic skills with a focus on expected behaviours and attitudes. The organisation gained a Chartermark for customer service. Bristol performs weekly customer surveys on one per cent of the week's customers. Bristol has introduced a performance management framework that encompasses targets and Key Performance Indicators for its agents and rewards the highest achieving and best-improved agents.

MOVING FORWARD

Improving contact centre performance

7.17   While there are good practice examples of contact centre operation across public services, this review uncovered a number of areas where improvement to the general operation of these contact centres is required.

7.18   There is a wide variation in the quality of services provided. This is partly caused by a lack of consistency across how contact centres are operated, including a lack of established benchmarking or good practice. **I recommend that all taxpayer funded contact centres are required to undergo formal published accreditation by December 2008.** The Citizen and Business Contact Council should be tasked with choosing and approving an appropriate accreditation standard.

7.19   The contact centre technology estate across central government is fragmented and contains a range of suppliers, products, software releases and support arrangements. Departments and agencies have adopted individual approaches to developments and purchases and these differences

are compounded by localised pilots and investments. Some contact centres were making significant investments in contact centre technology, but with little evidence of a cross-department architecture, standardisation and design to ensure investments are not being duplicated. **I recommend that the Citizen and Business Contact Council be tasked with approving a standard blueprint for public sector contact centres.**

7.20   Many contacts need to be made more valuable to citizens or businesses, or to the public service. For example, in some contact centres investigated nearly two thirds of all contact made was avoidable. This included contact involved with providing information and forms, resolving queries regarding processes or claims, processing change of circumstances information, providing progress updates and receiving payments. This implies that a large proportion of customer contact could be reduced through automation, making more use of Web based self-service, proactive contact or a clearer approach to communications.

7.21   Private sector organisations that have modernised their contact centres are finding that improved understanding of customer needs and drivers of contact are resulting in efficiency cost savings of 20 per cent.

7.22   This review revealed high levels of absence by contact centre staff. If the public service were to meet the private sector UK industry average of 8.6 days absence per person per year, savings could be achieved in the order of £15 million a year. In addition, the central government organisations surveyed provided information that indicated agent utilisation was running at 59 per cent on average, compared with a private sector benchmark of 69 per cent. This implies that some central government contact centre agents are only spending just over half of their contractual hours handling customer calls. While they may be engaged in other productive tasks departments need to review whether this non-call time is the best use of specialist resource.

7.23   Given that public service contact centres are only beginning to adopt best practice, **I expect public service contact centres should be able to go further with a view to securing 25 per cent improvements to current operations during the 2007 Comprehensive Spending Review (CSR) period, while also raising the quality of services provided to citizens and businesses.**

7.24   Improving performance will primarily rely on using the governance and performance levers outlined in Chapter 4. For example, the establishment of a Citizen and Business Contact Council can play a role in establishing best practice and benchmarks for performance. **I recommend the establishment of performance indicators and targets for contact centre operation based around the objective of at least 25 per cent reduction in costs by the end of the 2007 CSR period which could include:**

- **80 per cent of contacts made by citizens or businesses to be resolved on first contact;**

- **50 per cent reduction in avoidable contact;**

- **reducing the number of information requests handled by telephone by 50 per cent;**

- **making the Web the primary access point for all simple information and advice requests;**

- **converging all public sector telephony charges to a single tariff; and**

- **requiring all sub-200 seat contact centres to share their service with others.**

7.25   In addition, **I also recommend the establishment of best practice performance indicators and benchmarks to assist contact centres to perform to the level of best peer performance in the public sector.** These could include staff attrition and absenteeism levels, customer and staff satisfaction targets, staff utilisation, cost per call minute and the percentage of misdirected calls.

Accessibility to the right services

7.26   A number of examples were presented during the review of the difficulty citizens and businesses had in accessing contact services. Many calls by citizens or businesses originate from a confused understanding of a government service or not knowing which of the tens of thousands of published telephone numbers can provide them with what they need. The issue becomes more acute when the information spans the remit of several organisations and when certain types of information can only be provided by a specific department or agency. Analysis for this review by BT Directory Enquiries found over 4,000 published numbers for HMRC, DWP and Home Office alone and over 50,000 published numbers in the public sector.

7.27   Public sector access numbers have confusing charging tariffs. For example, calls to 0800 numbers are free if made from a landline phone but incur a charge if made from a mobile phone. 0845 is a local tariff number but 0870 is a national rate number from which the owning departments receive a proportion of the call revenue. The launch by Ofcom of the new 0300 number range in 2007 presents government with a unique opportunity to implement a single number range to simplify access to government services. Reducing the number of published numbers and implementing a clear numbering and tariffing strategy across government would make access to public sector services less confusing to citizens and businesses and would be more cost effective for the taxpayer.

7.28   Accessibility across this range of providers can be even more difficult as public service contact centres are primarily available only during core weekday hours – some offering an extended service to eight in the evening and some a Saturday service, but very rarely on a 24 hour, seven days per week basis. In some cases this may be due to a lack of access to the back office transaction services, some of which operate on a core hours only basis. The public sector has made little use of new technologies and other channels (such as digital television and the Web) to provide longer hours of service.

7.29   There are examples of where common numbers can improve access to government services more simply and quickly. Most citizens and businesses recognise the 999 number for emergency, for example. Possibly as a result this number suffers a high amount of inappropriate and wrongly directed calls. While 999 receives over 36 million calls each year, less than eight million are classed as real emergencies, 28 million are either 'abuse of service' calls (accidental and deliberate) or are incidents (six million) rather than emergencies.

7.30   **I recommend that the public sector should explore the scope for a single access number nationwide for all non-emergency public services, to provide a complementary support for 999.** A number of activities could also be carried out in the short term to improve accessibility via public service contact centres and **I recommend the following actions be reviewed to simplify**

access to public service remote contact. First, to improve immediate access to public service departments and agencies and then to rationalise telephone numbers by:

- **coordinating the implementation of a public sector wide number strategy, utilising the new 0300 number range, to simplify access and tariffs for citizens and businesses to all departments and local authorities;**

- **publishing standard form descriptions of each department's services on Directgov/Businesslink.gov (as appropriate); and**

- **publishing a government phonebook of public sector access numbers and targeting a reduction of 80 per cent of published telephone numbers and better signposting of the remaining numbers.**

7.31   **I also recommend public service contact centres seek to better coordinate services around common citizen and business themes, starting with the recommendation in Chapter 3 to develop a single contact service for change of circumstances.** Further opportunities include consolidation of DWP, HMRC and some local government centres around a 'money, tax and benefit' theme. To enable one-stop-shop services to increasingly become the norm for contact centres, government needs to increase data sharing and establish a common identity management system. This enables contact services to be shared and provide citizens and businesses with the benefits of needing to provide basic information only once and greater access to public services that will meet their needs. Recommendations about identity management and data sharing are included in Chapter 5.

Helpline services

7.32   For the citizen, helplines (e.g. Samaritans, National Debtline and Childline) play a crucial role in getting vital support to the most vulnerable. For government, helplines are an important tool for delivering Public Service Agreements (PSAs) and policy outcomes. However, despite an estimated 1,500[4] helplines in the UK, of which over 1,000 are government funded and this type of contact being highly valuable to both citizen and government, performance of help and support services falls well below expectations.

7.33   The review found several cases of helplines that only answered less than 50 per cent of their call volumes. Some reported only 20–30 per cent. Analysis of calls to one central government helpline in January found that one caller had phoned 125 times before getting through. Another caller rang 53 times and never succeeded.

7.34   There is potential for helplines to do more than fulfil citizen demand. In its report, *Getting earlier, better advice to vulnerable people,*[5] the Department for Constitutional Affairs estimated that the annual cost of unresolved civil justice problems to citizens and public services was at least £3.5 billion. Resolving citizens' issues earlier with more structured and timely interventions could therefore provide savings to public services and citizens.

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[4] *Telephone Helplines Association Directory,* Telephone Helplines Association, 2006.
[5] *Getting earlier, better advice to vulnerable people*, Department for Constitutional Affairs, March 2006.

7.35   A further report, *Causes of Action*,[6] showed that this is also relevant to issues surrounding domestic violence, relationship breakdown, homelessness and mental health. It is widely accepted that the consequences of these problems can include poor outcomes for children, anti-social behaviour and crime.

7.36   There is a high level of professionalism and dedication of staff and volunteers operating helplines. However, compared to the overall management of other contact areas (transactions, information and emergency services), management of helplines was the poorest. Helplines do not adhere to any common operating standards, rarely collect and manage case information and hardware and systems are inefficiently sourced, often individually from the same supplier.

7.37   A more practical approach to dealing with demand for helpline services would require cross-government collaboration on helpline services. Such collaboration would also assist government to meet a number of cross-cutting PSAs such as the existing Department of Health and Department for Education and Skills joint target to reduce under-18 conception rates by 50 per cent by 2010. Associated helplines that could assist include Sexwise, NHS Direct, Connexions Direct and Childline.

7.38   A number of factors seem to be preventing collaborative helpline services, leaving it up to the caller to make the appropriate connections. Reasons for this include difficulty in assessing helplines on a value for money basis due to poor knowledge of the outcome of helpline interventions and the problem of apportioning value of the helpline service across government. Providers also argue that the uniqueness of the service they provide mitigates against any form of capacity sharing. Given that not all calls to helplines are for 'deep' help (up to 70 per cent of calls are often for information only) there appear to be considerable opportunities for sharing the scarce helpline resource.

7.39   A further defining feature of helplines is the strong role of the third sector in providing support services to the public. This report found third sector helplines overlap with similar public sector helplines both in role and function, impacting a service that already suffers from resource shortage and a high reliance on volunteers to deliver its services.

7.40   To make the most of opportunities offered to meet real citizen need for help and support, **I recommend that Government explore the scope for providing more coordinated helpline services**. This includes converging current helpline infrastructures into one high capacity multi-channel first point of contact national helpline service for several key 'help' issues. This could be achieved as a partnership between public, private and third sector providers. As a starting point debt, tax, utility and benefits advice lines could be converged into one phone service, possibly making use of the Citizens Advice Service brand and local bureaux infrastructure. Further work is also required to focus on the performance and use of the third sector in helpline provision, making greater use of accreditation and adherence to standards to make funding decisions.

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[6] *Causes of Action*, Legal Services Research Centre, 2006.

Box 7.2: Karen's story — service transformation of helpline services

The following sets out an example of service improvements that could arise from better coordination of helplines. It uses a case study of Karen, a young woman with an abusive partner. It compares the access to support she might currently receive to the services she could get under a new coordinated and case managed help arrangement.

Under current helpline service arrangements: Karen calls the Women's Aid helpline who book her into a shelter in her area. The case is closed. It is up to Karen to pursue any other help services she thinks might be useful to her.

After helpline service improvement:

- Karen calls the Women's Aid helpline and the call goes through to the first line where the call handler finds out that Karen has two children and no family to go to. A case file is started. The case is transferred to Women's Aid, where the advisor books her into a shelter in her area;

- the first line case manager raises a new service order and puts Karen in touch with her local authority, to see if she is eligible for council accommodation. Karen does not want to be near her abusive partner but does not want to move her children away from their school. A new council flat is identified for Karen and she moves in;

- after a follow up call from the case manager to see how things are going Karen confides that she is worried that her ex-partner will find them and she wants a restraining order. Karen is referred to Community Legal Service Direct who confirms that Karen is eligible for legal aid. A local solicitor is successful in obtaining a restraining order; and

- management information from Karen's case is analysed to ensure service delivery was achieved, that links to government's priority objectives were made and achieved and to determine how the service could be improved for people like Karen.

Benefits of improved and rationalised contact centre provision

7.41   This report has indicated that a 25 per cent improvement to the operation of contact centres could be possible through raising the performance of current contact centre operation. This could achieve savings in the order of £400 million by the third year of the 2007 CSR. I expect savings of this size could occur even in the context of the increased demand that is likely to arise, at least in the short term, with overall improved channel management and better contact with citizens and businesses.

7.42   Higher levels of savings could be made if the public service were also to take the opportunity during the 2007 CSR period to rationalise the number of contact centres overall and streamline and coordinate back office processing. This should be possible if the datasharing improvements and better coordination of channel strategies already signalled in this report are carried out. Beginning the processes of streamlining services now and through the 2007 CSR period should pave the way for increased savings from back office transactional operations and at the front-line as more automation and better coordination of services occurs.

7.43   There are also more far reaching savings to be made from the overall better coordination of help and support provided through remote (as well as other) contact. Early intervention could help prevent more costs at a later stage. Little as yet has been done across public services to explore the potential role of contact centres in providing an early intervention service.

7.44   In addition to efficiency improvements, making enhancements to contact centres could provide citizens and businesses with better public service delivery as their contacts are more likely to be resolved first time and less time needs to be spent coordinating with multiple government agencies. Navigating around government should become easier, as there is greater clarity on the services provided and better coordination of services.

8 Face-to-face services

8.1   The landscape across the public sector for providing face-to-face services is wide-ranging and highly varied. It includes:

- *central government provision:* although central government departments use different definitions for face-to-face channels, the majority are customer-driven walk-in centres such as Job Centre Plus;

- *local government provision:* defined as local authorities providing a wide range of services that traditionally require the physical presence of a member of staff in a customer-facing role. This definition includes employees meeting citizens away from local government premises, for example social workers meeting with clients in their homes; and

- *wider public sector provision:* this encompasses a huge range of services, including schools, hospitals and post offices, providing a range of both specialist and more general face-to-face services.

8.2   The review has focused on face-to-face services organised and managed within local office networks — government owned or operated locations where public services provide direct face-to-face interaction with citizens and businesses. The review collected data from all central departments with local office networks (with the exception of Ministry of Defence, as the review was confined to civil provision), concentrating on those with the greatest level of customer contact and interaction — HM Revenue and Customs (HMRC), Department for Work and Pensions (DWP), Department for Transport (DfT) and local government.

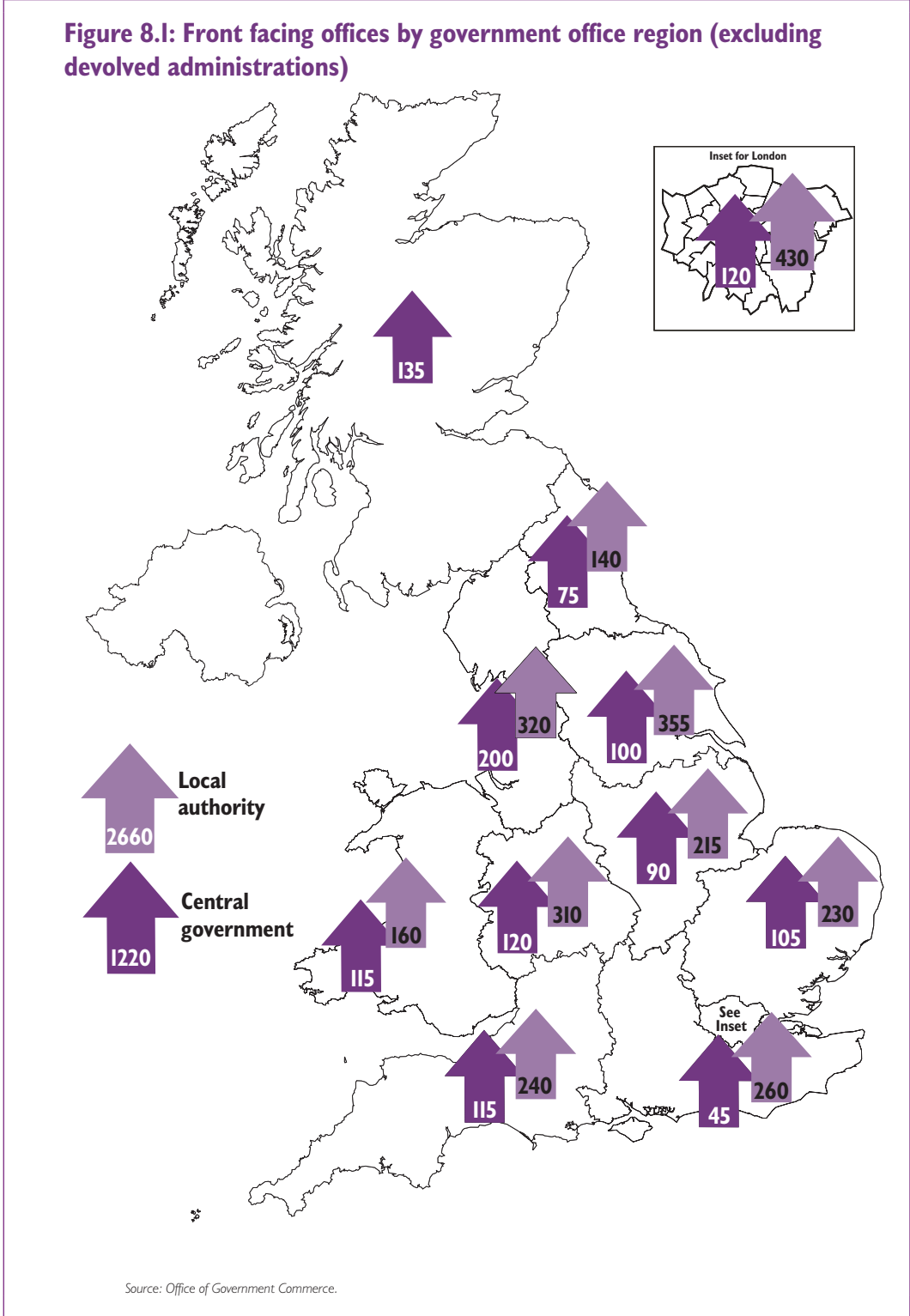8.3   The key findings from this section of the review include:

- there are opportunities to join up provision around naturally aligned services for the citizen and businesses (for example, tax and benefits, pre-school children, education and bereavement). This one-stop-shop approach would deliver improved services to citizens and businesses who want much more coherence in face-to-face provision and would be more cost-effective for government;

- there is a significant opportunity to improve organisational business processes and citizen and business satisfaction, by reducing avoidable contact and duplication. This is in line with the channel strategy principles set out in Chapter 3, which propose shifting away from using local office provision as the first point of contact where it is not necessary;

- there is potential for greater co-location as the existing office-based face-to-face provision is rationalised, even where separate processes need to be maintained;

- the need for essential face-to-face provision to continue does not necessarily imply a requirement for physical buildings. There are additional benefits for citizens, businesses and government associated with mobile face-to-face provision and remote working;

- the third sector has a valuable role in helping government to design and deliver improved end-to-end services to the citizen;

- the delivery of these benefits will require the adoption of a cross-government estates management strategy, incorporating improved data on the usage, cost and outputs achieved from face-to-face services. This will enable benchmarks to be set to drive improved focus of face-to-face provision and better asset utilisation; and

- adoption of this strategy should release savings of at least £250 − 300 million a year by the third year of the 2007 Comprehensive Spending Review (CSR) period from rationalising provision across central and local government estates, with much greater benefits possible from the use of mobile working and other service transformation initiatives.
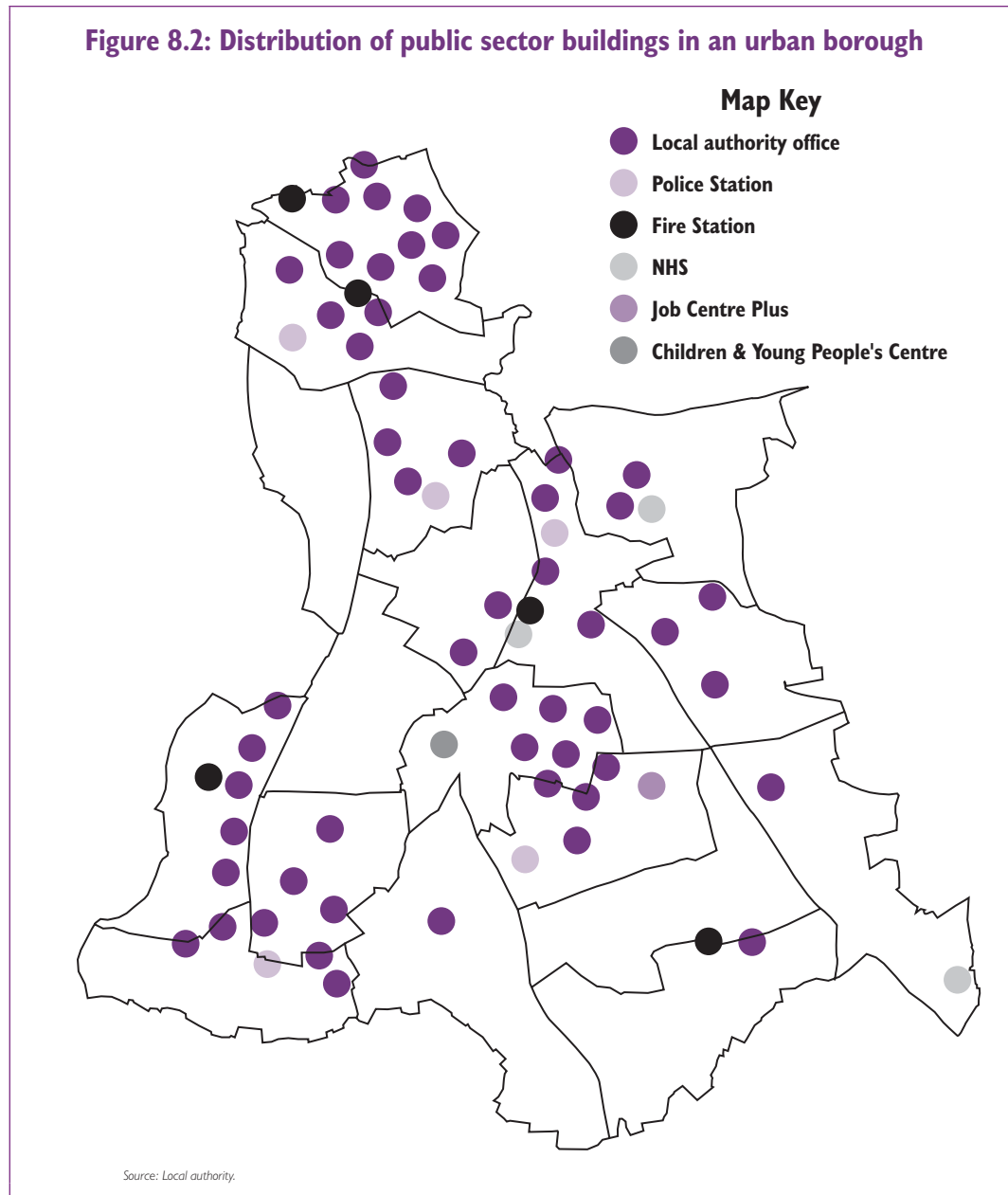
THE EXISTING LANDSCAPE

8.4   Central government operates from around 9,000 holdings across the UK, of which over 1,200 are defined by their departments as 'public caller offices'. Over 90 per cent of these offices are controlled by DWP and HMRC. The total central government estate is valued at £30 billion and the property estate costs around £6 billion annually to run.

8.5   Although there are no central records held on local government offices, it is estimated that local government operates from over 2,700 office locations. This represents over 70 per cent of the total held by central and local government, which, taken together, numbers around 4,000 office locations. Figure 8.1 shows on a regional basis the distribution of some central and local government offices.

Figure 8.1: Front facing offices by government office region (excluding devolved administrations)

Source: Office of Government Commerce.

8.6   Many local government facilities are located within very close proximity to each other, particularly in urban areas. For example, this review found 68 public sector buildings (excluding schools) within 13.7 square miles in one typical urban area.

Figure 8.2: Distribution of public sector buildings in an urban borough

Map Key

- ● Local authority office
- ● Police Station
- ● Fire Station
- ● NHS
- ● Job Centre Plus
- ● Children & Young People's Centre

Source: Local authority.

8.7   Since the publication of the Lyons Review about managing public sector assets in 2004[1], there have been considerable efforts to improve the quality of data on the public sector asset base. In particular, the Office of Government Commerce (OGC) has improved the e-PIMS (electronic Property Information Mapping Service) database. Central government departments are already required to provide information about office holdings for this database and there are plans for further improvements. OGC has been working with DWP to pilot new enhancements such as better information being made available on accommodation provided through the private finance initiative and has also been in discussion with a number of local authorities about recording their property data. Nevertheless, property information across the public sector remains patchy and, in some cases, inaccurate. OGC's plans for improving asset management information are set out in their *High Performing Property Route Map to Asset Management Excellence* which they plan to roll out during the 2007 CSR period.

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[1] *Towards Better Management of Public Sector Assets*, Sir Michael Lyons, December 2004

8.8   The Government is adopting a new strategic approach to investment and asset management practice throughout the public sector in the 2007 CSR. The focus of this progressive approach is the development of a unique Asset Management Strategy for each department, which will maximise the value of their existing asset base and create a firm foundation for future investment decisions. Departmental Asset Management Strategies will focus on improving the management and utilisation of public sector assets, incorporating a zero based approach to capital budgeting, basing future investment decisions on a more complete assessment of the condition and performance of the existing asset base and disposing of assets no longer required for public service delivery. The launch of the OGC's High Performing Property Route Map is a key part of this process.

8.9   Implementing service transformation will require government to go further to look at the way that face-to-face services are provided and the value they add. Improved information about the usage of face-to-face services, their cost and the value of the output for both the user and the provider will be vital in driving the future strategy for face-to-face provision. **I recommend that government continues to improve the level and quality of data it collects on its asset base through implementation by the OGC of their Property Route Map. The service transformation programme delivery plan, as outlined in Chapter 4, should include the use of benchmarking information about the usage, cost and outputs achieved from departmental face-to-face service provision.**

PRINCIPLES FOR DELIVERING FACE-TO-FACE SERVICES

8.10   Chapter 3 of this report highlighted the importance of using face-to-face services only when they are most essential, given the time and cost they require from both citizens and government and the opportunities for more appropriate contact to be provided through other channels. Many government departments are already conducting studies to assess what citizens and businesses want and need from face-to-face contact services. Findings from initial research show that customers use face-to-face contact as a way of receiving a more personalised service and getting immediate reassurance. Some citizens, such as those with certain disabilities, find it easier to interact with government through face-to-face contact than through websites or by telephone.

8.11   Any programme to transform face-to-face provision has to take citizen and business needs as its starting point. There will always be certain circumstances that require urgent face-to-face dialogue to respond to the needs of the individual. While face-to-face provision can be time-consuming and costly for the citizen or business and the government organisation, there will be instances where face-to-face contact is the only channel solution for some. Similarly, there are circumstances where government itself will require face-to-face contact with individuals.

Box 8.1: Principles for essential face-to-face provision

The following principles could be used by government to inform where face-to-face services should be provided:

- where there is a need for a physical inspection of, for example, a building or location or the service involves a judgement that may be made more accurately face-to-face (examples include a medical assessment, a security check or vehicle testing);

- where there a requirement to deliver services to specific locations (for example, home help services, environmental assessments or building service checks);

- when a high-risk assessment profile exists for the delivery of the service (for example, a risk of domestic violence, child abuse or potential fraud);

- where there is a need to mitigate the failure of delivering services via other channels to citizens at critical times in their lives (for example, the failure of a benefit payment);

- where there is a need to respect intimacy in sensitive circumstances;

- where transactions require significant dialogue, clarification and expert judgement to complete, although in some cases this could be mitigated by reducing the complexity of current forms;

- where there is a proven need to demonstrate a local presence of government within the community;

- where legal sanctions and duties are imposed on citizens and business (for example VAT inspection audits, immigration interviews); and

- when it will be possible to resolve the complex interaction in one session rather than have multiple telephone calls, letters and other contacts.

8.12   Despite the continuing need for face-to-face provision in some cases, there is no compelling reason why the desire of citizens for more personalised services that resolve a wider range of problems at first point of contact, or the needs of businesses for simpler working with government, should not be met effectively by alternative channels. Alternative routes, such as online applications, can often provide a more convenient, cost-effective and timely service than face-to-face channels. A number of public sector organisations have already trialled this approach building on their customer insight work:

- HMRC (then HM Customs and Excise) identified a low need for building-based face-to-face provision for business customers who had a strong preference for online services. Based on this customer research, the majority of front-office services (mostly dealing with Value Added Tax issues) were closed, without any significant problems or loss of confidence from the business community. HM Customs and Excise identified that, where face-to-face intervention was required, mobile arrangements (staff visiting businesses at their premises) was both more popular with businesses and more cost-effective for the department;

- DfT has carried out research to identify why certain groups of customers do not feel comfortable in accessing online services. As a result of this, DfT established call centre provision alongside its website, to provide certain transactional services, such as the renewal of car tax. This has reduced the need for face-to-face provision either at its own local offices or through intermediaries. DfT anticipate that this proportion of its customer base is likely to decrease due to increasing citizen familiarity with online services; and

- as part of the *Implementing Electronic Initiative,* local authorities have been collecting data on customer take-up of different channels. Some authorities, for example Tameside, have reported that although they continue to invest in face-to-face service provision, demand is reducing in favour of call centre and website access.

8.13   In order to promote channel shift, citizens must first have confidence in these alternative routes. Too much face-to-face contact is driven either by failure of previous contact or by the need for reassurance because of lack of confidence, resulting in duplication and ineffective use of resources. **The proposals for improved collection of data set out above should be used to inform when it is appropriate to use face-to-face provision and when channel shift should be encouraged, in line with the channel management principles set out in Chapter 3.**

8.14   Where face-to-face services continue to be provided, there is clear evidence that citizens and businesses would prefer the opportunity to resolve a range of queries in one place and with one contact. The next section explores the models for promoting rationalisation within face-to-face services and the opportunities for sharing provision.

MOVING FORWARD

8.15   In developing strategic proposals for change in face-to-face services, a range of options have been considered. At the most radical end of the spectrum, there is the potential to bring all central government services together into one face-to-face channel. This matches the approach taken at federal level in Canada. However, at the present time it is unlikely that this is needed if the other recommendations in this report are accepted and implemented. In the UK, there would be significant practical difficulties of implementing the model, particularly given the far wider range of services provided by central government here.

8.16   At the other end of the spectrum, a far simpler option would be to co-locate face-to-face outlets, but without any interconnections between processes and services. Although this might release efficiency savings for the public sector by rationalising the number of offices, it would yield only limited benefits for the citizen. The citizen would still be responsible for joining up services, albeit under a single roof and identifying which providers are of interest to them. The public sector would miss the far bigger efficiency opportunities that come from rationalising processes and delivering genuinely joined-up services. In reality, a single approach is unlikely to deliver the multi-faceted solution required to meet the unique needs of the public sector.

Box 8.2: Joined-up service delivery

A range of positive examples of joined-up services are already in place. The examples below demonstrate how shared facilities of this type yield genuine benefits for citizens who have access to a wide range of inter-connected services and who can resolve the majority of problems at the first point of contact.

HMRC Enquiry Centre, Livingston, West Lothian

The HMRC Enquiry Centre has been operating for six years from a large shopping complex in Livingston. Over 13,000 customers visited during 2005–06. The main partner is Jobcentre Plus and other partners include the local council, West Lothian College and the National Health Service. Jobcentre Plus provides a floorwalker to direct visitors to the appropriate service. Over time, partners are merging business processes to, for example, operate a joint appointments system and migrate customers to telephone and Internet services where appropriate. The centre aims to see 95 per cent of customers within 30 minutes.

Worcestershire Hub

The Worcestershire Hub is an initiative that grew out of the Worcestershire Local Strategic Partnership in the late 1990's. It has been taken forward by the Worcestershire e-Government Partnership, which comprises seven councils.

Today the Hub comprises a Web portal and a network of seven customer service centres supported by telephone contact centres. In time, additional smaller centres will be put in place throughout the county.

The Hub provides customers with direct access to District and County Council services as well as those of a number of partner organisations. Customer service advisors handle all types of enquiry covering the complete range of services.

With customer service advisors handling 80 per cent of the calls at the first point of contact and citizens increasingly using the self-service portal to meet their needs — time is being freed up in the back office and services are becoming more responsive and convenient for citizens.

Lowestoft — Waveney Campus Case Study

Waveney Campus is an exciting new development in Lowestoft involving the co-location of three local and central government bodies in new offices and laboratories that are part of a wider strategy for improving customer service in the town.

Waveney District Council (WDC), Suffolk County Council and Cefas (a government science agency) have developed a joint property strategy resulting in single point local service delivery for the two local authorities and an 18,000 square metre Waveney Campus development in Lowestoft that fulfils the back office functions for all three and provides new laboratories for Cefas.

Service transformation aspects include:

- local access points providing one-stop-shop high-quality face-to-face contact for customers, with a target to deal with most enquiries first time;

- new, improved ways of working;

- fully trained customer service staff empowered with direct information technology links to the Campus, to support them in dealing with more complex enquiries; and

- a one point of call approach to assistance.

The Campus development is at the design stage and an innovative funding route is being proposed with WDC acting as developer, using prudential borrowing to improve value for money for all three partners. Completion is scheduled for 2009 on a brownfield site in the former docks area, confirming the Councils' commitment to regeneration. The OGC, who helped start up the project, remain consultants to the development and provide ongoing coordination expertise.

8.17   In addition to the examples already in place, a number of central and local government organisations have identified further plans for the 2007 CSR period.

8.18   HMRC and DWP have recently set up a Joint Working Programme that will demonstrate that by working together they will provide a significantly better service to their customers and improve effectiveness and efficiency. The first step is a joint trial to improve the service to a specific customer group, those moving in and out of work, engaging with local authorities and the voluntary sector.

8.19   Both departments are embarking on significant estates consolidation programmes aimed at concentrating their main estates in urban areas while finding appropriate options for maintaining presence in more rural and remote locations. For example, HMRC is trialling mobile computer access due to begin next year as one option that may be appropriate for smaller locations. HMRC's estate consolidation programme started in London in August 2006 and several other urban area reviews are due to take place over the next year. HMRC will be liaising with DWP over their plans for each urban area as each review is undertaken.

8.20   Building on these examples, **I recommend the establishment of more cross-government one–stop-shop services. These should develop into locations where the whole of a 'theme' can be transacted, covering both central and local government, starting with the change of circumstances service recommended in Chapter 2.**

8.21   Many of the most innovative examples of joined-up services found as part of this review are in the local government sector, as illustrated by the Worcestershire Hub. Although this report supports the development of one-stop-shops across both central and local government, this will be a challenging agenda. In the meantime, continued collaboration between different levels of local government to offer joined-up services within a particular geographical area clearly offers considerable benefits. It is encouraging to note that, as part of the recent Local Government White Paper[2], the Government is consulting local government about how best to support the development

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[2] *Strong and Prosperous Communities: The Local Government White Paper,* Department for Communities and Local Government, October 2006

of collaborative frameworks between different tiers of local government. **I recommend that government continues to encourage the development of joined-up services across local authorities, in line with proposals in the recent Local Government White Paper.**

8.22   The strategy set out in this chapter requires a move away from traditional patterns of delivering face-to-face services, both by focusing provision on areas where it is really necessary and by prompting better collaboration between all levels of government. **I recommend the implementation of a cross-government estate management strategy through the active adoption of the OGC's High Performing Property Route Map. This needs to be implemented within the overarching service transformation delivery plan so that departments can be assessed on how they are using their face-to-face estate.**

Remote and mobile service provision

8.23   Customer driven face-to-face interaction has historically been organised, situated and managed in government buildings. However, with the exception of a few examples, such as HM Courts Service where legislation can require individuals to appear before a court, there are very few instances where legislation prescribes that government and citizen interactions must take place in a fixed office, branch or other location.

8.24   New technologies enable government to engage with the citizen in different ways. Mobile and remote working — providing services direct to citizens outside traditional offices, for example in their homes, business premises or other convenient access points — have become real options as information and communication technology (ICT) has improved. This offers a real opportunity to deliver services in a way that is more convenient for the citizen, whilst delivering benefits to the organisation in terms of the opportunity to rationalise fixed office provision.

8.25   In the past, safety and security considerations around remote use of ICT have been a barrier to extending remote and flexible working more widely. Personal safety for staff carrying valuable ICT equipment was also seen as a risk. However, technological advancements in reducing the size and improving the portability of ICT equipment, coupled with better management, health, safety and security practices, have helped to reduce those risks, whilst allowing departments to exploit remote service provision possibilities with greater assurance. While many public and private sector organisations have made significant strides in overcoming security issues (many now provide their staff with secure access palm-top computers, for example) ICT security still remains an issue for some.

8.26   For public sector employees, mobile working offers the opportunity to take advantage of more flexible working practices, such as home-based working. The OGC commissioned a study conducted by the University of Reading in 2004, which found that just over half of central government departments had flexible working policies in place, compared to nine per cent in 2000. There are undoubtedly management challenges in making remote working successful, but there is considerable evidence of the improvements to both staff morale and productivity where it is implemented well.

8.27   There are innovative examples already in place that demonstrate the advantages of this type of mobile and remote working for both citizens and the front-line workforce. Further developments in technology will enable more ambitious solutions to be pursued, for example by enabling a call centre worker to interface with a customer via a webcam. If it is not to fall behind the private sector

in the quality of its service provision, the public sector must seize the opportunities offered by new technology and build on the examples of innovation already in place. **I therefore recommend that central and local government bodies plan to increase the proportion of effective mobile services and that this is included within the service transformation delivery plan with progress reported annually.** Information from departments that will underpin the cross-government delivery plan should include provision for increased flexibility in work patterns to reflect the opportunities provided by mobile working and to allow for more variety in the way services are delivered to citizens and businesses.

Box 8.3: Remote and mobile working

The case studies below illustrate the positive benefits of remote and mobile working for both citizens and front-line staff.

Halton Borough Council has provided a mobile benefits office that travels around Halton Borough in Cheshire with a team of officers processing claims. The £50,000 bus is equipped with the necessary information technology links to enable the staff to provide an on-the-spot benefits service, cutting weeks off processing times and providing a doorstep service to claimants with mobility problems. The project has been awarded its second national award for innovation this year.

The *London Borough of Sutton* reports efficiency savings of up to 47 per cent through use of remote 'Electronic Financial Assessments'. Sutton achieved this by equipping its financial assessment team with mobile tablet computers. Staff can now write up their assessments whilst carrying out home-based interviews with clients and resolve problems and queries immediately. This has led to a reduction in the number of errors, enquiries and complaints from clients and financial assessments now only take one week to process rather than the previous four to five weeks.

The role of the third sector

8.28   There are over half a million third sector organisations in the UK including community groups, registered charities, social enterprises, co-operatives and mutuals. An increasing number of public services are delivered by the third sector on behalf of the government. In 2001, fee and grant income from the government was £3.5 billion — almost one third of the sector's total income.

8.29   The third sector has a number of considerable strengths to offer to government:

- the sector is well placed to provide feedback on the suitability of government provision from the perspective of the citizen;

- the third sector is effective in providing personalised services, particularly for the most vulnerable individuals and groups. This enables them to be particularly effective intermediaries, providing services on behalf of government direct to individuals; and

- the sector has considerable experience in highlighting users' needs and suggesting new service models to meet those needs in innovative and effective ways. Drawing

third sector organisations into the public service marketplace increases its strength, range and depth. Government can build on third sector best practice and aim to include it from the design stage of end-to-end service provision.

8.30   Government has already recognised the value of the third sector, particularly with intermediaries (non-governmental organisations such as voluntary and community organisations, charities, social enterprises, cooperatives and mutuals). In developing the role of intermediaries further, both government and the third sector have a range of issues to overcome. These include:

- the potential conflict between the role of the third sector as a challenge to government and their role in working with government to deliver services;

- the difficulty for many third sector organisations in delivering government services on a national scale;

- the fact that many third sector organisations operate on a franchise basis, which makes it difficult to monitor and guarantee service quality on a national scale;

- the current funding environment which makes it difficult for third sector organisations to access capital and invest in staff development; and

- the wishes and needs of citizens in determining whether it is appropriate to deliver government services through a third party.

Box 8.4: Working with the third sector

The following illustrates three case studies where the third sector is working with the public sector to deliver public services.

Young Addaction Liverpool provides drug and alcohol services to young people in Liverpool. The service has built up an excellent relationship with the local NHS, particularly Alder Hey Children's Hospital. Young people identified by the Drug and Alcohol Unit at the hospital are now referred immediately to the charity who contact them within two days. In 2005–06, Young Addaction Liverpool saw 338 young people.

Central and Cecil Housing Trust has entered into partnership with Sutton and Merton Primary Care Trust and London Borough of Merton to provide intermediate nursing care beds at a recently opened care home in Merton. These beds were to provide rehabilitative care for individuals needing further support before returning to their own homes. The service has provided clear rehabilitative benefits for users. In the first full year, 93 service users were admitted and the average length of stay was 26 days. 71 per cent of service users returned to their own homes, 21 per cent were readmitted to hospital and only 8 per cent to long term nursing care. The cost per week of the service for each client is £900, compared to an average of £2,500 in hospital.

Southampton Action for Employment (SAFE) are working with Jobcentre Plus and Southampton City Primary Care Trust to provide help and support to individuals with mental health problems on incapacity benefit or facing social exclusion.

8.31   The Office of the Third Sector within the Cabinet Office is currently drawing up a cross-departmental action plan for building third sector delivery of services to the public, due to be published later this year. It will be important that the recommendations are integrated into the service transformation programme, including the greater use of intermediaries in departmental plans. **I recommend that central and local government work together to facilitate and increase substantially the use of third sector intermediaries in improving public services.**

BENEFITS OF RATIONALISED FACE-TO-FACE PROVISION

8.32   There are a number of benefits from getting this aspect of service transformation right. Four main areas are identified:

- removing duplication and rework in face-to-face services — taking opportunities to strip out unnecessary and ultimately wasteful contact;

- transforming face-to-face business processes — ensuring that the more cost-effective e-channel becomes the first contact and that it is developed to resolve more queries first time;

- increasing mobile and remote services working — following the lead of progressive local government and private sector service providers, central government departments need to become more proactive about exploiting new technologies and working practices where this delivers more of what citizens want; and

- improving asset management and rationalising estates — there is significant, as yet largely untapped, potential not just for savings across the separate central and local government estates, but also through bringing service providers in both arenas together in shared spaces.

8.33   The benefits to citizens from this approach are obvious. But there are also significant opportunities for government. Basing data on recent reviews looking at rationalisation opportunities across the entire central government estate and extrapolating for face-to-face offices, it is estimated that there are potential efficiency savings of at least £250–300 million a year from rationalising face-to-face provision across the central and local government estates. These could be achieved by the third year of the 2007 CSR. This does not take account of the potentially much larger savings to be made by sharing provision across central and local government, from shifting demand to cheaper channels and from the use of mobile working.

9 The next steps

SERVICE TRANSFORMATION IN THE 2007 COMPREHENSIVE SPENDING REVIEW

9.1   Achieving the service transformation programme in full will require a fundamental shift in the way government goes about its business. But the scale of the work should not deter us. Provided a cross-government framework is put in place now and some innovative services are set in train to act as a stimulus for further transformation, the benefits will start to flow. Detailed delivery planning with departments and local authorities on service transformation is still required, in line with the development of 2007 Comprehensive Spending Review (CSR) delivery plans and the associated performance management framework. The key steps that should be taken and the potential outcomes that could be achieved are set out below.

By April 2008

9.2   Within the next eighteen months, the cross-government framework for delivering service transformation should be put in place and the full delivery plan for the programme should be agreed. Some transformation pilots could be working and delivering real benefits. By April 2008, key outcomes include:

- service transformation has been established as a cross-government priority and the underpinning delivery plan has been agreed across delivery agencies based on what those agencies will do and what citizens and businesses will experience. The plan has been signed off at Cabinet Committee level. Seedcorn funding to support innovative pilots has been allocated;

- new cross-government official-level leadership is in place, under the overall leadership of the Cabinet Secretary. This is supported by the Delivery Council and the establishment of a new Citizen and Business Contact Council with representatives of Citizen and Business Contact Directors from central and local government;

- the contribution that each department and agency will make to service transformation is embedded in departmental 2007 CSR delivery plans and in the local government performance management framework;

- results of early pilots are available and being shared across public services and are used as input into future decisions;

- government has agreed a cross-government identity management strategy. Lessons learnt from the pilot between HM Revenue and Customs, the Department for Work and Pensions and 12 local authorities have been acted on in the development of governance and standards and the project has been further rolled out and is being tested in other parts of the public sector;

- a set of cross-government benchmarks to drive improved performance in contact centres and face-to-face services, together with proposals for radical improvement to helpline services, are agreed;

- a cross-government estates management strategy has been established and agreed;

- departments have prepared plans for mobile working and use of mobile technologies;

- new governance and funding arrangements for Directgov and Businesslink.gov are in place and reform plans are incorporated in the service transformation plan;

- the Cabinet Secretary publishes his first annual report on progress against the service transformation plan; and

- central departments publish clear business plans that involve the integration of intermediaries in end-to-end service delivery.

By early 2011

9.3   The results of early transformational change are evident to citizens and businesses. A core of departments are demonstrating how to provide citizen and business focused services. Key outcomes include:

- a change of circumstances service is operating, including for bereavement, birth and change of address;

- funded pilots from the 2007 CSR conclude and decisions have been made about rollout;

- all of government has adopted a common approach to identity management which also supports the use of identity cards;

- nearly all citizen and business facing content and transactions will by now be surfaced through Directgov and Businesslink.gov, with consequent rationalisation of departmental websites and all government e-transactions are undertaken directly from the Directgov and Businesslink.gov websites;

- savings of up to £400 million are made from a reduction in the number of government websites, use of the e-channel and use of shared Web-service infrastructure;

- accreditation of all contact centres is achieved and results are published;

- contact centre performance is measured against agreed benchmarks. The cost of operating contact centres is reduced by 25 per cent. The percentage of problems dealt with at first point of contact is significantly increased;

- one number is used for all non-emergency public service enquiries and citizens receive an improved helpline service;

- the cost of government estates management has reduced by at least £300 million each year through the use of shared offices and innovative use of mobile technology and mobile services has spread;

- progress on the programme is published annually.

Beyond 2012

9.4   The structure, processes and governance to support service transformation are fully bedded in, with greater consistency and personalisation across a wide range of public services. Key outcomes include:

- the public and private sectors are converging on a common identity management regime that puts the UK at the leading edge of international practice and commands high levels of public confidence about good service, security and privacy;

- one-stop e-services, contact centres and face-to-face services, including through mobile services, are developed for a full range of life events and other key citizen and business needs;

- users are regularly engaged in the design and delivery of public services;

- information coming from contact is being used to continually enhance the services on offer;

- Directgov and Businesslink.gov are recognised as the primary e-channels for citizens and businesses and offer a high quality service on par with the best of the private sector;

- citizens and businesses feel confident in using the full range of government channels and will use e-channels as their first point of contact to resolve queries in the most convenient and rapid way;

- public service workers feel confident in their contact with citizens and businesses and their ability to deal with a majority of issues and requests on first contact and that the necessary more technical and specialist services are on offer; and

- efficiency improvements from back office rationalisation and redesign enables resources are released for further front-line service improvement.

Box 9.1: A single-contact service for bereavement — pilot to full service in three years

Immediate actions:

- Secretary of State for Work and Pensions appointed as Minister responsible for change of circumstances, beginning with bereavement related services: and

- a cross-government Steering Group is established.

Phase one — subject to the findings of the feasibility study, the Department for Work and Pensions with partners will pilot proposals so that:

- a pilot group of citizens are offered a coordinated service to facilitate (within the parameters of current data sharing legislation) contact with a number of government agencies following a bereavement;

- the citizens are offered a personalised service within a common approach, that gives them a choice of ways to help with managing the bereavement process across government; and

- the ability to share identity data is determined and where appropriate legislation is drafted to enable required datasharing and in order to reduce the number of times a citizen is required to provide the same information.

Phase two — consolidating the service following full evaluation and a published progress report:

- developing and implementing a full solution to enable roll out of the capability proven in the pilot to all citizens;

- the service is deepened and applied across all government agencies;

- an e-service for bereavement is added to existing channels; and

- end of phase report on progress published.

Phase three — exploiting services for other changes of circumstance and excelling in the delivery of bereavement services;

- citizens have a full cross-government single contact bereavement service, with a choice of channels. Information only needs to be provided once where the point of contact coordinates the bereavement process across all agencies for the citizen;

- the service is broadened to take on birth and change of address, using the same stepped approach as used in the delivery of the bereavement service;

- benefits realisation through process redesign of the back office is initiated. Efficiencies arise from reducing duplicated processes and from optimising cheaper channels; and

- an end of phase report on progress published.

A Recommendations

I recommend:

On the 'blueprint for change':

1. setting up in the period covered by the 2007 Comprehensive Spending Review (CSR) a service that will allow citizens to inform government once of their change in circumstances; initially this should cover bereavement, birth and change of address;

On 'what citizens and businesses need':

2. the Customer Insight Forum continues and further promotes its important activities — but that its focus is to be more clearly about the citizen and business perspective (and is renamed as the Citizen and Business Insight Forum);

3. every department be required to appoint a Contact Director to carry overall responsibility within that organisation for creating and exploiting insight as a strategic asset;

4. the Government approve principles for government channel management and apply them rigorously and consistently across all departments and agencies;

On 'levers for change':

5. establishing and taking forward a service transformation programme with an associated published delivery plan as one of the Government's top priority outcomes for the 2007 CSR period;

6. there is regular monitoring of progress on the service transformation programme and that there is a much greater use of benchmarks to judge how departments are performing;

7. performance against the delivery plan is made public, on at least an annual basis, so that citizens and businesses can judge how public services are changing;

8. overall responsibility for the service transformation programme is led by a Cabinet Committee, chaired by a Cabinet Minister, with representation from key departments involved in the programme;

9. specific Cabinet Ministers be given responsibility for particular cross-government areas of transformation;

10. establishing the capability for a change of circumstances service should be led by the Department for Work and Pensions (DWP), working closely with HM Revenue and Customs (HMRC), the Department for Communities and Local Government and the Home Office;

11. service transformation should be led by the Cabinet Secretary, supported by the Permanent Secretaries Steering Group and a secretariat provided by the Cabinet Office Delivery and Transformation Group;

12.   each department should be asked to appoint a professional head of contact (a Contact Director). These Directors should be invited to sit on a cross-departmental council — the Citizen and Business Contact Council;

13.   the Chief Information Officer Council develop technology delivery plans that standardise contact systems and supporting facilities and infrastructures;

14.   Government provides support for service transformation pilots as part of the 2007 CSR, for example through the provision of start-up or match funding;

15.   to firmly bed in changes that arise from pilots and to ensure ongoing investment is available for expansion of initiatives, Government should require departments to develop plans for service transformation as part of their 2007 CSR delivery plans;

On 'information management':

16.   the data sharing strategy to be developed by the Ministerial Committee MISC 31 should address impediments to sharing identity information and how these should be resolved to enable improvements in service delivery;

17.   Government should extend experience from the proof of concept project between DWP, HMRC and 12 Local Authorities to test the concept in other parts of the public sector in 2007–08;

18.   the Government's Chief Information Officer Council complete their work on aligning the use of government strategic assets, such as the Government Gateway, Government Connect and other key systems;

On 'e-services':

19.   Directgov and Businesslink.gov funding be put on a more secure basis within the 2007 CSR to develop them as fully transformed services;

20.   in the 2007 CSR, the Government investigates a funding arrangement for Directgov and Businesslink.gov that puts these services on a stable financial footing, incentivises departments to contribute to services that secure cross-government benefit and allows for the expansion of functionality of these services;

21.   sponsorship and leadership rests with the Secretary of State for Work and Pensions for Directgov and the Paymaster General for Businesslink.gov;

22.   government establish a clear performance indicator for citizen and business facing website rationalisation, which focuses on establishing firm targets to reduce progressively the number of websites over a three year period. In particular rationalisation targets should include:

- a freeze on the development of new websites providing citizen or business e-services created by departments, agencies and non departmental public bodies, unless authorised by the Ministerial Committee on Public Services and Public Expenditure Sub Committee on Electronic Service Delivery — PSX(E); and

- by 2011, almost all citizen and business e-services migrate to Directgov and Businesslink.gov and all e-transactions are provided through these two primary websites. This means that all departments will have one corporate website, utilising shared infrastructure and all other sites will be closed;

On 'contact centres':

23. all taxpayer funded contact centres are required to undergo formal published accreditation by December 2008;

24. the Citizen and Business Contact Council be tasked with approving a standard blueprint for public sector contact centres;

25. public service contact centres should secure 25 per cent improvements to current operations during the 2007 CSR period, while also raising the quality of services provided to citizens and businesses;

26. the establishment of performance indicators and targets for contact centre operation based around the objective of at least 25 per cent reduction in costs by the end of the 2007 CSR, which could include:

   • 80 percent of contacts made by citizens or businesses to be resolved on first contact;

   • 50 per cent reduction in avoidable contact;

   • reducing the number of information requests handled by telephone by 50 per cent;

   • making the Web the primary access point for all simple information and advice requests;

   • converging all public sector telephony charges to a single tariff; and

   • requiring all sub-200 seat contact centres to share their service with others;

27. the establishment of best practice performance indicators and benchmarks to assist contact centres to perform to the level of best peer performance in the public sector;

28. the public sector should explore the scope for a single access number nationwide for all non-emergency public services, to provide a complementary support for 999;

29. improving immediate access to public service departments and agencies and then to rationalise telephone numbers by:

   • coordinating the implementation of a public sector wide number strategy utilising the new 0300 number range, to simplify access and tariffs for citizens and businesses to all departments and local authorities;

   • publishing standard form descriptions of each department's services on Directgov/Businesslink.gov (as appropriate); and

   • publishing a government phonebook of public sector access numbers and targeting a reduction of 80 per cent of published telephone numbers and better signposting of the remaining numbers;

30. public service contact centres seek to better coordinate services around common citizen and business themes, starting with a single contact service for change of circumstances;

31. Government explore the scope for providing more coordinated helpline services;

On 'face-to-face' services':

32. Government continues to improve the level and quality of data it collects on its asset base through implementation by the Office of Government Commerce (OGC) of their High Performing Property Route Map;

33. the service transformation programme delivery plan should include the use of benchmarking information about the usage, cost and outputs achieved from departmental face-to-face service provision;

34. the proposals for improved collection of data be used to inform when it is appropriate to use face-to-face provision and when channel shift should be encouraged, in line with the proposed channel management principles;

35. the establishment of more cross-government one–stop-shop services. These should develop into locations where the whole of a 'theme' can be transacted, covering both central and local government, starting with the change of circumstances service;

36. government continues to encourage the development of joined-up services across local authorities, in line with proposals in the recent Local Government White Paper;

37. the implementation of a cross-government estate management strategy, through the active adoption of the OGC's High Performing Property Route Map. This now needs to be implemented within the overarching service transformation delivery plan so that departments can be assessed on how they are using their face-to-face estate;

38. central and local government bodies plan to increase the proportion of effective mobile services and that this is included within the service transformation delivery plan with progress reported annually; and

39. central and local government work together to facilitate and increase substantially the use of third sector intermediaries in improving public services.

B Terms of reference

B.1   The terms of reference as set out in Budget 2006 are below:

'This Budget also announces that the Chancellor has asked Sir David Varney, Executive Chairman of HMRC and former Chairman of O2, to advise him on the opportunities for transforming the delivery of public services. Drawing on the Government's recent strategy paper on service transformation *Transformational Government: Enabled by Technology*[1] the review will look at how the channels through which services are delivered can be made more efficient and responsive to the needs of citizens and businesses, for example by:

- exploiting the full potential of electronic service delivery, including by making wider use of online provision to make services more accessible to the public;

- raising the quality of service provided by call centres, learning from private sector experience in simplifying processes for call handling, improving support to front-line staff and rationalising the number of call centre sites;

- identifying the opportunities for more efficient and innovative use of local office networks, building on the success of many local authorities in basing service provision around the concept of one-stop-shop local offices that provide a wide range of services from a single site; and

- exploring the scope to improve processes for handling identity.'

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[1] *Transformational Government – Enabled by Technology,* Cabinet Office, November 2005.

Service Transformation: A better service for citizens and businesses, a better deal for the taxpayer

C Mark's bereavement story

C.1   The following table provides detail of a typical experience of a citizen's interactions with government following a bereavement. This is based on a true experience although names have been changed to protect the identities of those involved. The events occurred from September 2004 onwards and subsequently there has been work in place to improve services provided to families following a bereavement. There is still more work to be done.

Table C.1: Mark's bereavement story

Date	Event
September	
3	Mark's father John dies in hospital; no guidance was provided.
4	The police contact the family for statements and to explain the investigation and prosecution process.
	The Registrar registers John's death. A final death certificate will not be issued, as John was involved in an accident.
	The Coroner's Office informs Mark that an inquest into his father's accident is being held; a named contact is provided.
6	Mark, on behalf of his mother, telephones the Disability and Carers Service (DCS) to let them know that his father has died. DCS asks Mark to return his father's order book to stop his payments and send a copy of the Death Certificate. DCS inform Mark that they can't help with any other benefits and tell him to phone the Benefit Enquiry Line.
7	Mark telephones the Pension Service and informs them of his father's death. The Pension Service asks Mark to return his father's order book to stop his payments and for a copy of the Death Certificate. After asking they tell Mark they can't do anything about his mother's retirement pension (RP), but following his request they agree to notify the relevant section on receipt of the death certificate. After asking, Mark is also provided with the number for the Pension Credit contact centre.
8	Mark calls the Pension Credit Contact Centre and is told a visit is the only option to deal with things. Mark therefore agrees to a visit. Interim Death Certificate is received.
10	Local Pension Services contact Mark to arrange visit.
13	Visit takes place and the Visting Officer (VO) takes away both order books, completes the Pension Credit Housing Benefit and Council Tax application forms and explains that the Pension Credit claim cannot be progressed without two copies of the final death certificate.
29	Mark speaks to the VO about the lack of a final Death Certificate.
30	Mark speaks to the VO about the lack of a final Death Certificate.
October	
4	Mark contacts the Coroner's Office to ask for advice on the Death Certificate issues. They agree to write a letter explaining the circumstances, which Mark could use as evidence to confirm the date of death.
6	A letter that Mark could use is received from the Coroner's Office. Mark sends a copy to the VO.
7	Mark's *father* is sent a letter from the Local Authority (LA) advising that they need to come out and see him to review his Housing Benefit. Mark contacts the LA to explain that his father has died.
	The VO contacts Mark to let him know that the interim Death Certificate will be accepted.
8	The VO agrees to photocopy the interim death certificate and forward it to pension credit.
9	The VO makes another home visit to photocopy the interim Death Certificate.
11	LA contacts Mark to let him know that they require a copy of the Death Certificate before they can process his mother's claim for Housing Benefit.
19	Mark visits the hospital to obtain certification of his father's stay for health insurance.

Table C.1: Mark's bereavement story

Date	Event
November	
7	Mark informs the LA of the health insurance payment to his mother.
10	Mark's mother is notified of Housing Benefit and Council Tax benefit awards.
13	Mark writes to the LA, informing them of the health insurance payment to Mark's mother.
15	Mark's mother's Housing Benefit is immediately suspended pending investigation.
20	Mark's mother receives an unexplained giro from the Department for Work and Pensions for her RP.
21	Mark contacts the RP Helpline to try and resolve the giro problem but they do not believe that she was being paid by giro and not by Post Office Card Account.
26	RP giro was received, with no explanation.
27	Mark is told by the RP helpline that they cannot resolve the payment method until the benefit is re-assessed.
December	
2	RP giro was received, with no explanation.
3	Mark is told by the RP helpline that they cannot resolve the payment method until the benefit is re-assessed.
9	Again, RP giro was received with no explanation.
10	Mark is told by the RP helpline that they cannot resolve the payment method until the benefit is re-assessed.
12	Mark's mother receives varying levels of Pension Credit, but is given no explanation why it has been re-assessed.
13	Mark calls The Pension Service to check on progress and was told that they had 15,000 pieces of outstanding post and he'd just have to wait. The Manager was "too busy to come to the phone". After numerous calls Mark got a manager to intervene and his mother's claim was sorted out the following day.
14	Mark's mother's RP and Pension Credit are finally resolved.
27	Finally, Mark's mother's RP, Pensions Credit and Disability Living Allowance are paid into her bank account.
31	Mark's mother is asked to visit the LA to discuss the health insurance payout. The LA ask Mark's mother for a copy of the covering health insurance letter and copies of her bank statements to show what she has done with the money she has received.
January	
1	Housing Benefit inform Mark's mother that her benefit needs to be re-assessed and that they would be in touch. She is asked sternly to keep all receipts for expenditure using the health insurance money.
12	The inquest is held.
14	Following the inquest, a final Death Certificate is issued to Mark's mother.
18	LA write to Mark's mother to inform her that her rent is in arrears.
beyond 18 January	There are still issues outstanding, including: • Mark's mother's housing benefit claim is still to be resolved; • criminal investigations have to be finalised; • once the criminal investigation is finalised the Compensation Recovery Unit becomes involved, Mark's mother's pension credit and housing benefit has to be reviewed; and • the Passport Agency have still not asked for Mark's father's passport to be returned.