TO:	CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING ON DECEMBER 4, 2012
FROM:	LYNNE LIVINGSTONE MANAGING DIRECTOR, NEIGHBOURHOOD, CHILDREN'S AND FIRE SERVICES
SUBJECT:	SERVICE LONDON VALUE PROPOSITION

RECOMMENDATION

That, on the recommendation of the Managing Director of Neighbourhood, Children's and Fire Services, and at the request of Council on October 30, 2012, the following report on the value proposition of the Service London initiative:

a) **BE RECEIVED** for information, and

b) As submitted to the Strategic Priorities and Policy Committee on October 29, 2012 (Appendix A), Civic Administration **BE DIRECTED** to proceed with the first three years of the attached Service London Implementation Plan including the creation of a temporary Service London Office to implement the Plan, it being noted that this can be accommodated through the already committed one-time funding of $2.3 million and no new funding is being requested at this time.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Report to Finance and Administration Committee, May 18, 2011
- Report to Finance and Administration Committee, September 28, 2011
- Report to Finance and Administration Committee, January 16, 2012
- Report to Strategic Priorities and Policy Committee, October 29, 2012

REPORT HIGHLIGHTS

Almost six years ago, a proposed Customer Service Strategy was presented to City Council (February 17, 2007). A major component of the previous strategy was implementing 311, a single number for municipal non-emergency services, and creating a centralized, stand-alone, Call Centre. This proposal was not supported with funding during the 2008 budget deliberations.

The 2012 Service London implementation plan is different. It recommends a multi-channel strategy, focusing on improving and integrating the online, phone and in-person service channels. This would allow a customer to contact the City through whatever channel they wish, and receive consistent service and access the same information. This multi-channel integration concept had a much lower priority in the previous project.

In 2006, when background research was being undertaken on advanced customer service strategies including 311 Call Centres, there was limited experience in Ontario. This has changed as a number of cities and regions have a 311 Call Centres in place or have implemented advanced customer service strategies, taking advantage of modern technologies, to deliver enhanced services.

The one-time investment proposed in the Service London implementation plan of $2.3 million (2012–2014) is for the purchase of new software systems, improvements to the existing phone systems, and temporary resources to support the implementation of these systems. Compared to the previous project, about $1.5 million in one-time costs have been eliminated as there is no longer the need for a dedicated 311 Call Centre facility and the new equipment earmarked for this facility. This represents an excellent opportunity for the Service London team.

On a go forward basis, operating costs will be incorporated into existing service area budgets where customer services are already provided. Based on our current direction, there will be no new permanent increases to the overall staff complement. What is particularly important to note is the previous project estimated between $500,000 and $1 million in new staff costs. This amount has been eliminated due to:

- the fundamental design and operating philosophy of Service London (e.g., a highly integrated, decentralized 311 Call Centre)
- the customer service culture behind the "At Your Service" initiative, and
- the significant advancements and experience with technology and municipal experience in Ontario, other parts and Canada and a number of jurisdictions in the United states.

A key part of Service London is to not only enhance the customer service experience today but through technology and a culture of customer service, create additional capacity to absorb the growth in this area. To achieve no additional operating costs in 2015 and 2016, about $150,000 will be absorbed annually through technology efficiencies. Many operational efficiencies for the customer and for the City of London have been identified in this report along with our proposed measurement tools.

BACKGROUND

In May 2011, City Council created the Service London initiative to improve the delivery of customer services at the City of London. This initiative supports the City's mission to be ""At Your Service"" as identified in the 2011-2014 Strategic Plan. City Council earmarked $2.3 million to support Service London, subject to the approval of a three year implementation plan.

On October 29, 2012, Civic Administration presented *Service London: A Three Year Plan to Transform the Delivery of Customer Services at the City of London* to the Strategic Priorities and Policy Committee. On the recommendation of the Committee, City Council resolved to defer the report and request additional information on the value proposition of Service London:

> *That further consideration of the Service London Implementation Plan (Appendix 'A') BE DEFERRED for report back at the December 4, 2012 meeting of the Strategic Priorities and Policy Committee with additional detail regarding the longer-term operating costs, funding, measurement tools and the efficiencies that are expected as a result of implementing the Plan; it being noted that the Strategic Priorities and Policy Committee heard the attached presentation from the Managing Director of Neighbourhood, Children's and Fire Services with respect to this matter.*
>
> *(Council Resolution, October 30, 2012)*

This report responds to this resolution with additional information in five specific areas:

1. background
2. funding
3. longer-term operating costs
4. efficiencies that are expected from the Service London initiative, and
5. measurement tools

Threaded throughout the discussion, are the tangible benefits that the Service London plan can achieve, both for the Corporation of the City of London as well as for the over 365,000 Londoners and businesses that rely on the City's services.

1. Background - What is different about the Service London plan?

The idea of improving the delivery of the City's customer services is not a new one. Almost six years ago, a proposed Customer Service Strategy was presented to City Council (February 17, 2007). A major component of the previous strategy was implementing 311, a single number for municipal non-emergency services, and creating a centralized, stand-alone, call centre. This proposal was not supported with funding during the 2008 budget deliberations.

The 2012 Service London implementation plan is different. It recommends a multi-channel strategy, focusing on improving and integrating the online, phone and in-person service channels rather than placing the most emphasis on a centralized, stand-alone 311 Call Centre. This would allow a customer to contact the City through whatever channel they wish, and receive consistent service and access the same information. This multi-channel integration concept had a much lower priority in the previous project.

Furthermore, the Service London plan proposes improvements through a more incremental, systematic and coordinated process. As noted, the plan does not propose creating a centralized, stand-alone, contact centre. Instead, it proposes improving business processes, modernizing phone technology and using new software to enhance the capacity of the existing customer service infrastructure. Similarly, it proposes increasing the availability of online services and access to information at existing in-person customer service locations. This approach results in less disruption to the organization than what was proposed in 2007.

The Service London plan includes several items that were not contemplated in 2007, such as the use of social media and mobile apps for service delivery. Service London also has the added benefit of being part of a broader, Council approved mission called "At Your Service". The important difference is that "At Your Service" is designed to create a strong culture of customer service for the entire corporation. This provides an excellent foundation for Service London as it is one of the primary delivery mechanisms for "At Your Service".

As a final background note, in 2006 when background research was being undertaken on advanced customer service strategies including 311 Call Centres, there was limited experience in Ontario. This has changed. Currently 3 cities and 2 regions have a 311 Call Centre in place and a third region is in the process of implementing this service (Table 1). Just as important, many cities and regions in Ontario have implemented advanced customer service strategies, taking advantage of modern technologies, to deliver enhanced services.

Table 1: Ontario Municipalities With and Without 311 Call Centres

Municipalities with 311 Call Centres		Municipalities without 311 Call Centres (Customer Service Strategies Similar to London)	
Municipality	Population	Municipality	Population
City of Ottawa	884,000	City of Barrie	136,000
City of Toronto	2,615,000	City of Guelph	122,000
City of Windsor	211,000	City of Hamilton	520,000
Region of Halton	500,000	City of Kingston	124,000
Region of Peel	1,287,000	Region of Durham (and lower tier municipalities)	608,000
Region of Waterloo (in progress)	553,000	Region of Niagara (and lower tier municipalities)	432,000
		Region of York (and lower tier municipalities)	1,085,000

Also important to note is the ongoing dialogue with ServiceOntario that is occurring across the three channels (telephone, on-line, in-person). Activities have been under way for 18 months to determine if there are opportunities to share or integrate technologies and services to enhance services to Londoners and businesses in London. The current focus of these discussions is on call centres and the technology behind them.

Both categories of municipalities (cities and regions) listed on Table 1 couple with experience from ServiceOntario represent opportunities to learn from and shorten the implementation and ongoing operational processes associated with Service London.

2. Funding - What will implementing Service London cost and how will it be funded?

As a whole, the delivery of customer services is already one of the most expensive activities the City of London, and any public organization, does. The City has almost 100 unique services, providing over 400 different customer transactions each month. Customer service is, in some way, a part of most City employees' jobs.

The Service London initiative is designed not only to enhance what we do now but to create capacity to do more in the future. A key improvement will be that employees will be equipped with better tools, systems and infrastructure to support this work. Common software platforms will allow for easier access to information and better corporate record keeping of customer interactions. Through the implementation process, existing business processes involved in delivering services will be re-engineered to be customer centric and to leverage all channels.

The investments proposed in the Service London implementation plan are one-time costs for the purchase of new software systems, improving the existing phone system, and acquiring the expertise and temporary resources to support the implementation of these systems. This is why the recommended allocation of $2.3 million is one-time funding as identified on Table 2 Compared to the previous project, about $1.5 million has been eliminated as there is no longer the need for a dedicated 311 Call Centre facility and the new equipment that was earmarked for this facility.

The amount of $2.3 million has been committed by Council (October 2011) subject to the approval of the three-year implementation plan submitted the Strategic Priorities and Policy Committee on October 29, 2012 (Appendix A).

Table 2: Implementation Costs for Service London

	SERVICE LONDON 3-YEAR PLAN			Ongoing(a)	
Expense	**2012**	**2013**	**2014**		**Total**
Service London Office(b)	$52,000	$204,000	$204,000	$0	$460,000
Program Expenses	$65,000	$180,000	$45,000	$0	$290,000
Technology	$0	$800,000	$550,000	$0	$1,350,000
Council Service London	$200,000(c)	$0	$0	$0	$200,000
Total	**$317,000**	**$1,184,000**	**$799,000**	**$0**	**$2,300,000**

(a) Ongoing costs will be incorporated into service area budgets.
(b) Temporary contract resources only.
(c) One-time allocation to City Clerk's Office.

3. Longer-term operating costs (2015 and Beyond) – How are these being addressed?

Longer-term operating costs were one of the most important concerns raised by the members of the Strategic Priorities and Policy Committee on October 29, 2012. In the past month further discussion has been held with Finance on these matters and additional data has been compiled on future costs estimates, cost savings, and operational strategies that will be required to deliver Service London in 2015 without introducing any new costs to the program.

On a go forward basis, it is anticipated that operating costs will be incorporated into existing departmental budgets where customer services are already provided. Based on our current

direction, there will be no new permanent increases to the overall staff complement.
What is particularly important to note is the previous project estimated between $500,000 and $1 million in new staff costs. This amount has been eliminated due to:

- the fundamental design and operating philosophy of Service London (e.g., a highly integrated, decentralized 311 Call Centre)
- the customer service culture behind the "At Your Service" initiative, and
- the significant advancements and experience with technology and municipal experience in Ontario, other parts and Canada and a number of jurisdictions in the United states.

Table 3 identifies that the overall net impact on the City's budget for 2015 is $0. This amount will be the same for 2016 provided that there is no change in direction to our plan.

Table 3 Estimated Annual Operating Cost to Maintain CRM/311 Systems Starting in 2015

Operating Item	Cost/ Savings
Cost Items	
311 system maintenance and upgrade	$50,000
CRM, Server and other software annual maintenance, upgrades and fees	$100,000
Sub-total Estimated Annual Cost in 2015	**$150,000**
Savings Items	
Technology Optimization(a)	$150,000
Sub-total Estimated Annual Savings in 2015	**$150,000**
Ongoing Annual Cost Required to Maintain in 2015(b)	**$0**

(a) Information Technology Services (ITS) will continue to find savings by rationalizing applications and other expenses to cover the ongoing cost of managing the technology for the Service London system.
(b) ITS has identified Service London as a priority activity and over a two year period will fully align the required existing human resources to provide the necessary support to this initiative (e.g., staffing resources to manage, maintain, train and improve the system).

As a final note on system costs into the future, it is important to recognize that the corporation invests on a strategic basis to leverage these technology systems and to realize the increasing benefits and value. At the City, these activities are normally undertaken by the various business units in consultation with ITS. This activity will continue to occur on an annual basis as part of services review and business planning and, in the future, any new requests would have a Business Case in a format common to any request for a new initiative as part of Council's budget deliberations.

4. Efficiencies that are expected from the Service London initiative - How will these efficiencies be achieved?

Service London will achieve efficiencies for customers and for the City. From a customer perspective, Service London will streamline interactions with the City and allow for easier navigation of City services, less wait time, and more convenient access. Citizens expect an experience at least equal to what they receive from high performing customer service organizations, and want service delivery that fits with their active lives.

Through the Service London approach, it is expected that citizens will find contacting the City simpler and more readily understandable. Listed below are a number of the efficiencies for the customer identified at this time:

Efficiencies achieved through Service London for the Customer	
Today	Future
Difficult to find the right person – over 200 phone numbers and numerous locations	Streamlined access to services across all service delivery channels
No follow-up or closing of the loop for service requests	For certain services, the CRM system notifies customers when the service request is complete, reducing call-backs, and increasing accountability
Callers spend a high amount of time on hold, and there is a large call abandonment rate	Increased ability to respond to and process more calls without hiring additional staff
Less than 5% of City services are available online, and service hours are inconvenient	Mobile apps and online services will allow for more self service requests

Service London will also achieve efficiencies for the City of London. The implementation of a Customer Relationship Management (CRM) system will lower the cost of the walk-in channel by creating "one-stop shop" desks, which will limit the need for the public to visit multiple service departments for information. An employee at a reception desk will be able to handle a variety of walk-in requests with the same ease as he or she would a variety of telephone calls. In addition, CRM can identify when calls made by more than one customer are for the same service request. Eliminating these redundancies can save time and provide savings. Listed below are a number of the efficiencies for the City identified at this time:

Efficiencies achieved through Service London for the City of London	
Today	Future
Customer service representatives unable to answer basic questions about other services due to lack of knowledge	Access to the CRM knowledgebase will allow for cross-divisional sharing of information
Duplication of work	Increased ability to track service requests, work order completion, and customer information
Limited customer service data	CRM data will help with future budget planning and resource management
Numerous unconnected customer information databases and expensive legacy technologies	Other business software will feed into the CRM system

5. Measurement Tools - How will we measure success?

An important part of any initiative is monitoring and evaluation. Currently, no corporate-wide customer service standards exist at the City of London. Service London will create standards that set clear service delivery targets and performance measures. These standards will be service level commitments to both internal and external customers across all channels. They will provide a consistent customer experience for all citizens, and will give metrics that will be used to track progress over time.

In addition, a central feature of CRM systems is the ability to track incoming service requests by type and status, and to monitor the City's response. These statistics will be used to ensure customer service standards are being met, and to determine improvement areas. To measure success from the view of customers, satisfaction surveys will be conducted annually. The surveys will measure customer satisfaction with City of London service and delivery channels and allow for benchmarking with other municipalities.

Summary - What is the value proposition for Service London?

Service London yields important non-financial benefits that advance the City's strategic goals. It allows for better access to information, and stronger relationships with businesses and residents. Customer service is one of the most important ways that citizens interact with government. Excellent customer service builds trust and demonstrates a commitment to serving the community. Service London is a transformative initiative that places the customer at the center of service planning and delivery.

A one-time investment of $2.3 million to support the Service London implementation plan will allow the City to make needed modernization investments in existing service channels and facilitate better service delivery in the short, medium and long terms. Finally, implementing Service London is a key component to delivering on Council's Strategic Plan in living up to our mission to be ""At Your Service"". Regular reports will be provided to Council via the appropriate Standing Committee as this work proceeds.

ACKNOWLEDGEMENTS

This report was prepared with the assistance of Martin Hayward, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer; Kate Graham, Manager, Corporate Initiatives; and Jen Lajoie, Specialist, Municipal Policy.

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Appendix A   Service London Implementation Plan, Submitted and Presented to the Strategic Priorities and Policy Committee on October 29, 2012

cc.   Art Zuidema, City Manager

Martin Hayward, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer

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Service London Steering Committee