

# Unlocking £28.5 million for improved customer service

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**Ray Ward – Head of City Service, Newcastle City Council**



## Challenge

Newcastle City Council is responsible for delivering public services to the 270,000 people living in the metropolitan borough of Newcastle upon Tyne in North-East England. In April 2003 the Council restructured itself and created a new directorate, called City Service, with responsibility for the Council’s Information & Communications Technology (ICT), Revenues & Benefits, Customer Service and Exchequer services. Its aim is to be in the top 25% of local authorities for high performance and low cost and to create the capacity to modernise the authority.

Ray Ward, Head of City Service, Newcastle City Council, says, *“The Council wanted to move to a modern, fit for purpose technical architecture and implement new ‘best of breed’, off the shelf applications. We needed additional capacity and expertise to achieve our objectives in demanding timescales, but we didn’t want consultants to come in, deliver and leave. Instead, we wanted a transformation partner to work alongside our staff and transfer skills and experience. And we wanted to do this in a way that minimised risk to the Council.”*

As a result, a new business model emerged, called the transformational partnership, which would enable the Council to fulfil its City Service vision by sharing the risk with a committed partner. The partnership would focus on procuring the most appropriate hardware and software, and working with the Council to maximise the overall business benefit and to create the most effective processes and procedures to deliver modernised best value services.

It would also free-up the Council’s internal resources to introduce new technology, such as a content management portal, and extended existing systems, including its Customer Relationship Management (CRM) and telephony applications, so that staff can seamlessly track customer queries, service requests and complaints. Managers will also have a self service capability at their desktop that enables them to manage leave and training requests and expenses claims electronically.

## Solution

Following a competitive tender, Newcastle City Council awarded Fujitsu a three year contract to deliver a business transformation and modernisation programme, migrating its mainframe systems onto a new ‘best of breed’ infrastructure with the latest enabling technology.

Ray Ward continues, *“Fujitsu was chosen because of the breadth of its overall approach. It offered a comprehensive package including*

## SUMMARY OF KEY FACTS

### Organisation

Newcastle City Council – City Service directorate

### Services delivered

A three year business transformation and technical refresh programme, including a new ‘best of breed’ IT infrastructure

### Key metrics

- 270,000 citizens
- 17,500 employees

### Benefits

- **Cut costs** – automation and de-duplication of processes and headcount reduction will save £28.5 million
- **Increased efficiency** – a 25% increase in efficiency from streamlining processes and new ‘best practice’ procedures
- **Flexible working** – home working and the electronic storage of 35,000 files have saved significant office space
- **Optimised procurement** – Fujitsu’s buying power is saving the time and expense of supplier negotiations
- **Improved customer service** – 90% of citizens’ requirements are dealt with on first contact and the choice and speed of accessing and paying for services has improved dramatically
- **Ensured compliance** – has contributed to meeting the central government targets for electronic service delivery
- **Changing culture** – has helped City Service achieve Investor in People status
- **Improved performance** – systems are achieving top quartile performance in all key performance areas

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*programme management, procurement and technical design assurance. Fujitsu worked with numerous suppliers to ensure that the new systems integrated successfully and were implemented in a structured and co-ordinated way. We also agreed a guaranteed maximum price contract, which has managed the Council's exposure to risk."*

The new systems were implemented jointly by the Council and Fujitsu, with Fujitsu project managing the change, including close liaison with a number of agencies within the Council, such as 'Your Homes Newcastle'. As a result, the Council has a fully-integrated application infrastructure, including Revenues and Benefits, Housing Management, and Document Management systems and a Payment Engine.

*"We've achieved a huge amount in just three years," says Ray Ward, "and couldn't have done so much so quickly without Fujitsu's capability and capacity. We've had some problems, but Fujitsu has worked to resolve issues and manage suppliers in order to deliver what it promised. We've learnt a lot on the way. The world doesn't stop turning because you're in the middle of a 'change programme'. So, you need flexibility to adapt to and deal with all types of changes. We worked closely with Fujitsu to respond to emerging opportunities and deal with strategic issues, such as the change in political control at the Council early in the programme."*

### Benefits

Newcastle City Council's transformation partnership with Fujitsu is enabling it to:

- **Cut costs** – automation and de-duplication of processes and headcount reduction will save £28.5 million over a 11<sup>1/2</sup> year period, which can be reinvested in priority front-line customer services
- **Increase efficiency** – streamlining processes and new 'best practice' working procedures are expected to achieve a 25% increase in efficiency, in line with the Gershon objectives to drive out back-office efficiency
- **Flexible working** – greater staff mobility is enabling more people to work from home and 35,000 files have been transferred to electronic format, reducing the need for expensive office and storage space
- **Optimise procurement** – Fujitsu's considerable buying power and industry relationships are saving the Council the time and expense of supplier negotiations
- **Improve customer service** – 90 services are delivered by staff using CRM and 90% of citizens' requirements are dealt with on first contact. The choice and speed of accessing and paying for services has also improved dramatically and the new Payment Engine has cut payment query response times to 2-3 minutes
- **Ensure compliance** – has contributed to achieving the central government Priority Service Transformation Outcomes (PSTOs) for electronic service delivery
- **Changing culture** – has helped City Service achieve Investor in People status
- **Improved performance** – systems are achieving top quartile performance in all key performance areas.

*"One of the key benefits of working with Fujitsu has been the management of risk," comments Kath Moore, Business Development and Transformation Manager, City Service, Newcastle City Council. "As well as guaranteeing a maximum price for the entire contract, Fujitsu also underwrote the risk of delay in migrating from our old mainframe systems. In addition, Fujitsu has undertaken the management of our suppliers, which has saved the Council a lot of pain, because it takes a special kind of expertise to do that successfully. Such willingness to share risk is very attractive in a partner."*

*"Our work with Fujitsu sits alongside other transformational projects that we've undertaken," continues Ray Ward, "such as working with partners to establish new Customer Service Centres, implementing a Customer Relationship Management system and setting up a corporate Contact Centre. All these activities are helping us to deliver against our Customer Service Strategy – providing community leadership in providing responsive, quality and accessible services to our customers."*

### Approach

Using its Macroscopic tool, cited by Gartner as a world-class methodology, Fujitsu has worked closely with the Council to apply a 'Value Assurance' benefits realisation approach, initially in one area, in order to create a business transformation roadmap.

Incorporating a scalable set of business and IT methodologies, based on international standards and Fujitsu's core set of best practices, Macroscopic ensures effective governance and helps to identify, structure, monitor, measure and ultimately realise the benefits of a project through the appropriate application of IT. By recognising the relationships and interdependencies of people, processes and systems and how they impact on service delivery, Macroscopic also identifies and exploits opportunities for business process improvement and re-engineering, so that staff have the necessary skills and technologies to support new ways of working.

*"From what we've seen so far, Fujitsu's Macroscopic is a great tool and I'm really keen that we adopt it more widely both within City Service as well as the rest of the Council," adds Kath Moore.*

### Expertise

The relationship that Fujitsu has developed with Newcastle City Council is unusually close – project information is distributed through co-location of staff and the contract is based on open book accounting and good governance arrangements. Effective relationship management is critical to the success of the partnership.

*"The Council wanted to work with a trusted partner with proven skills, capacity, market knowledge and the confidence to share risk," says Ray Ward. "It's been clear throughout the transformation programme that Fujitsu is a partner rather than a supplier. We've worked together to focus on achieving business objectives rather than conventional Service Level Agreements or restrictive contracts. When unexpected things happen (good or bad) it's good to know that you have a partner who will understand and respond appropriately to ensure the best outcome."*

### ASK FUJITSU

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