

AGENDA MANAGEMENT SHEET

Report Title: Improving Customer Service and Reducing costs with Artificial Intelligence

Name of Committee: Cabinet

Date of Meeting: 7 October 2025

Report Director: Chief Officer Digital and Communications

Portfolio: Growth and Investment, Digital and Communications

Ward Relevance: None

Prior Consultation: Chief Executive, Deputy Chief Executive, Portfolio Holder, Liberal Democrat Spokesperson, Cabinet, ITDS Manager, Transformation

Contact Officer: Dr. Thomas D Griffiths
Chief Officer Digital and Communications

Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

Corporate Priorities: This report relates to the following priority(ies):
 A Healthier Rugby – To support people to live healthier, longer, and more independent lives.
 A Thriving Rugby – To deliver a thriving economy which brings Borough-wide investment and regenerates Rugby Town Centre.
 A Greener Rugby – To protect the environment and ensure the Borough adapts to climate change.
 A Fairer Rugby – To reduce inequalities and improve housing across the Borough.
[Corporate Strategy 2025-2035](#)
 This report relates to improving customer service and fulfilment across all Council priorities by better responding to resident and business needs in an effective and efficient way and reducing costs to serve.

Summary: The Council will improve customer service and reduce costs through the implementation of the

proposed AI & Automation Pilot Projects through a Project fund. This will provide seed-funding for proof of concept projects, which if effective and viable will be scaled up for full implementation subject to further Cabinet approval.

Financial Implications: The report seeks financial allocation from an existing Transformation Reserve for 2 years at £80,000 per year. Further project funding after Year 2 will be derived from cashable savings secured through AI implementation with an expected ROI ratio of 2:1. Further reports on actual project performance will be made to Cabinet with a business case for further AI and Automation investment to deliver further service and efficiency improvements

Risk Management/Health and Safety Implications: There are no health and safety implications arising directly from this report.

Environmental Implications: There are no local environmental implications arising directly from this report but cloud computing used will require energy net zero energy and environmental management through the Council's cloud platform supplier.

Legal Implications: By adopting an AI Adoption Framework and Board oversight GDPR implications will be anticipated and managed effectively.

Equality and Diversity: Improving the quality and responsiveness to customers lowers the barriers to the access for all communities of interest. Reducing our costs to serve customers improves the Councils value for money for tax payers.

Options: No alternative options have been provided.

Recommendation: IT BE RECOMMENDED TO COUNCIL THAT –

- (1) the proposed Rugby Borough Council Artificial Intelligence and Automation adoption framework be approved; and,
- (2) a supplementary budget of £80,000 for the proposed Artificial Intelligence Pilot Project funding in both the 2025/26 and 2026/27 financial years as outlined in Section 6 of this report be approved;

- (3) an AI Project Outcome report be made to a subsequent Cabinet meeting outlining progress and delivery of successful change or barriers to success with projected cashable savings. A business case will be presented for further AI programme implementation with a funding schedule;
- (4) delegated authority be granted to the Chief Officer for Digital and Communications for the following:
 - a. to implement the AI and Automation adoption framework & associated governance detailed in Section 2; and,
 - b. to authorise any necessary expenditure of the AI Pilot Project fund via the schema detailed in Section 4; and
- (5) a savings target of £200,000 be built into the MTFP for the 2026/27, 2027/28, and 2028/29 financial years to reflect savings realised by the investment in AI and Automation at Rugby Borough Council.

Reasons for Recommendation:

The introduction of an AI Pilot Project fund will significantly improve customer service and cost-efficiency at the Council, harnessing AI and Automations technology to increase the effectiveness and responsiveness of front-line services quickly and proactively.

The proposed AI & Automation Adoption framework will further ensure the robust and responsible usage of AI at Rugby Borough Council.

Cabinet - 7 October 2025

Improving Customer Service and Reducing costs with Artificial Intelligence

Public Report of the Chief Officer Digital and Communications

Recommendation

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1. Background

- 1.1 Improving the standards of resident experience and increasing the quality of engagement between the Council and the communities in Rugby Borough is the key driver of innovation and improvement.
- 1.2 It is essential that Rugby Borough Council pivots at pace to effectively capitalise on the operational benefits that can be realised through the usage of technology.
- 1.3 The proposals in this report represent a key milestone in the Councils adoption of technology and AI-assisted service delivery, offering an exceptional opportunity to improve the experience of residents and the

quality of services provided within our communities.

- 1.4 Rugby Borough Council has recently established a Data, Insights and Automation (DIA) team. The DIA team will explore the adoption and exploitation of AI and Automation technologies.
- 1.5 This paper outlines two proposed initiatives to drive innovation, change and transformation across the Council, harnessing technology to increase the effectiveness and responsiveness of front-line services, these are:
 - i) **Artificial Intelligence Adoption Framework** – establishing an enhanced governance process and structure to ensure robust and responsible usage of AI.¹
 - ii) **Artificial Intelligence Pilot Project fund** – providing small-scale funding to assess the viability and suitability of proposed applications of AI across the Council.²
- 1.6 This paper defines the AI and Automation Adoption Framework, outlining the governance and approval processes which will be followed to ensure robust, responsible and fair usage across the Council.
- 1.7 The framework will enable RBC to pilot, scale and embed AI and Automation technologies at pace, delivering enhanced service delivery for our residents and communities; and driving significant operational and financial benefits for the Council.
- 1.8 Additionally, the framework will ensure the Council remains compliant with GDPR and data protection legislation, ensuring all data held by the Council is handled in accordance with legal and regulatory requirements.
- 1.9 The paper recommends an initial savings target of £200,000 be included in the MTFP for the 2026/27, 2027/28, and 2028/29 financial years to reflect the savings realised by the investment in AI and Automation.
- 1.10 This savings target is a minimum expected saving, the target will be reviewed on a regular basis and increased as appropriate, to reflect the progress of the proposed AI and Automation invest-to-save initiative at Rugby Borough Council.

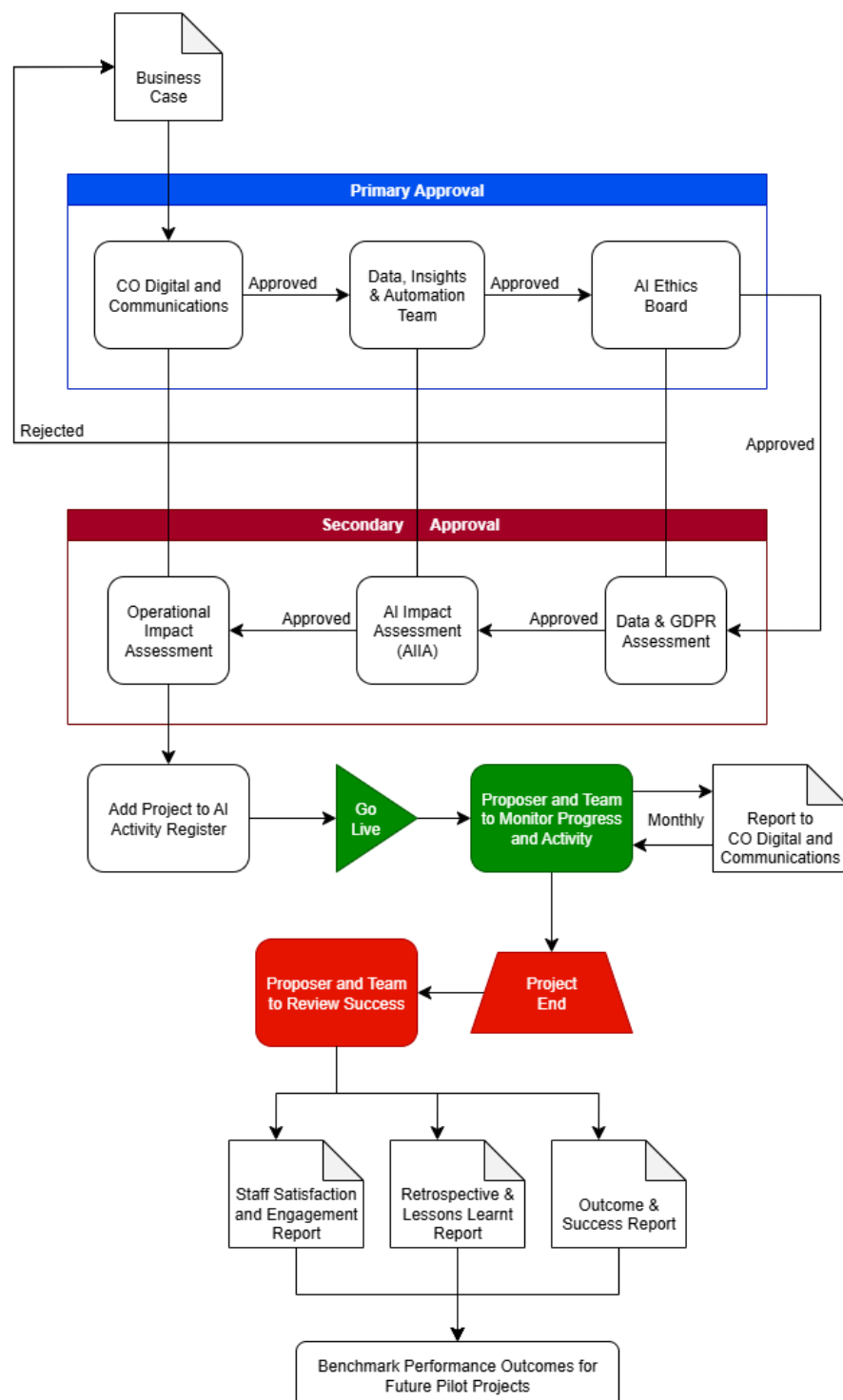
2. AI and Automation Adoption Governance Framework

- 2.1 The purpose of the framework is to provide a robust workflow, providing oversight and accountability for the adoption of AI and automation at RBC.
- 2.2 This will ensure technologies are deployed in line with the RBC Corporate Strategy, ethical principles, and legal & regulatory guidelines.

¹ Building upon the governance established in 'Rugby Borough Council AI Tooling Policy' **June 2024**

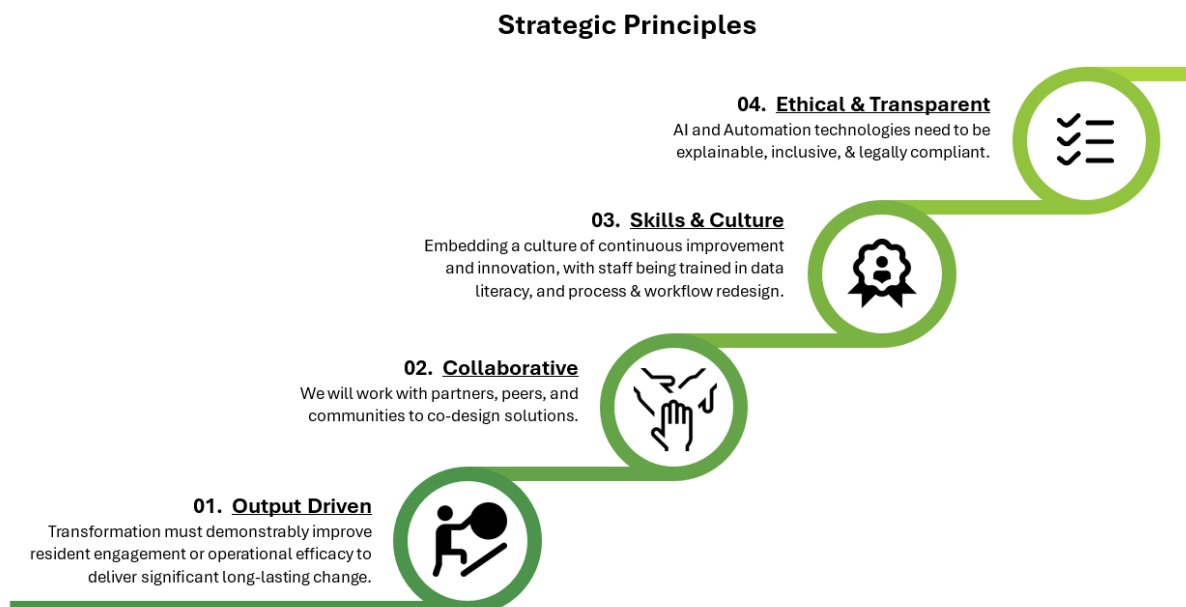
² Providing small-scale proof-of-concept funding, enabling responsive and agile solution design.

- 2.3 All instances of AI and Automation usage or system development must be assessed by the Chief Officer Digital and Communications, in conjunction with the AI Ethics Board.
- 2.4 The compliance and suitability of each business case will be reviewed on a case-by-case basis. The Chief Officer Digital and Communications will determine if approval is granted for the project in consultation with the Cabinet Portfolio Holder for IT.
- 2.5 An AI Activity Register will be established, managed by the DIA team, to record and monitor all usages of AI across the Council. This register will be used to ensure continued compliance with regulatory standards and adherence to industry best practice.
- 2.6 The following diagram illustrates the proposed governance workflow framework:



3. Strategic Principles

- 3.1 The following strategic principles have been established to guide the future development of AI and Automation technology at Rugby Borough Council:



4. AI Pilot Project Funding Schema

- 4.1 The funding of pilot projects has been successfully trialled across the Digital and Communications directorate. The pilot projects, commonly referred to as ‘Proof of Concepts’, allow for an organisation to try a small-scale version of a product or have access for a limited and defined timeframe.
- 4.2 This allows for an assessment of the viability and suitability of a product or service to be carried out, prior to committing significant time, resources or finances to the project.
- 4.3 The pilot project funding model introduces an increased level of flexibility and agility, enabling a quicker and more responsive solution to be delivered in a changing and uncertain environment.
- 4.4 It is proposed that this approach be utilised for the introduction of AI and Automation technologies at Rugby Borough Council.
- 4.5 In order to stimulate innovation and robustly assess the operational value of Artificial Intelligence within Rugby Borough Council, a dedicated £80,000 AI Pilot Project fund (APP) will be created; funded from the Transformation Reserve.
- 4.6 The APP fund will provide pilot project funding and support a portfolio of small-scale AI projects that demonstrate clear service impact, measurable benefits, and alignment with Council priorities.

- 4.7 Each pilot project sponsor, typically the reporting chief officer, will submit a business case outlining the scope and justifications for the pilot project.
- 4.8 The Chief Officer - Digital and Communications, in conjunction with the AI Ethics Board, will assess the suitability and efficacy of each pilot project on a case-by-case basis. The Chief Officer - Digital and Communications will determine if funding shall be granted from the proposed APP fund.
- 4.9 Business cases will be assessed on the following criteria:
- a) Address a clearly defined service problem or inefficiency.
 - b) Demonstrate potential to deliver measurable benefits (*savings, time released, resident satisfaction*).
 - c) Commit to deliver benefits or results within a 9-12 month period.
 - d) Commit to ethical, transparent use of AI and comply with the Council's AI policies.
 - e) Include a clear plan for evaluating impact and lessons learned.
- 4.10 If the funding request is successful, each pilot project will receive between £6,000 and £10,000.
- 4.11 The proposed arrangement will enable a minimum of 8 pilot projects to be funded, this will be awarded on a first-come, first-served basis until the APP fund is fully allocated.
- 4.12 Each funded pilot project must present a monthly update to the Chief Officer - Digital and Communication and members of the Data, Insights and Automation team.
- 4.13 Upon completion of each funded pilot project a summary report will be presented to Leadership team evaluating the operational impact of the pilot project, outcomes observed, and any lessons learned which can be shared more widely across the Council. A report will be made and suggestions received from a cross-party selection of Members of Council to maintain transparency and encourage promotion of the initiative.

5. Approved Pilot Projects

- 5.1 The following projects have been approved and are currently being assessed for suitability or actively developed with our commercial partners:
- i) **Microsoft Teams Transcription & Minuting** – the Council is actively piloting the use of an AI-powered plugin for MS Teams which can create detailed transcripts of meetings and produce accurate meeting summary documentation.

Feedback indicates that the plugin has replaced a significant amount of manual work and has enabled the sharing of meeting summaries and agreed actions with the participants within minutes of the meeting ending.

- ii) **Chatbot Development** – officers are working with a commercial delivery partner to create a range of chatbot functionality within the Council, these broadly fit into two distinct categories:
 - a. **External Facing** – This chatbot will be present on the Council website and will be used to improve the resident experience, making information retrieval easier and quicker and reducing demand on the Customer Service Centre.
 - b. **Internal Facing** – This chatbot will be utilised by Council staff to assist with document, policy and workflow process identification, increasing the speed and effectiveness of staff.
- iii) **Automated Email Response Support** –officers are working with a commercial partner to develop a predictive support tool to assist with responding to emails from residents, businesses and community groups. The tool will analyse the message, providing suggested responses and retrieving relevant information from Council systems to greatly improve the speed and quality of email responses.

- 5.2 It is proposed that the pilot projects listed above offer real potential to deliver significant operational improvements for Council officers. This will have a direct positive impact on the Council's ability to deliver the core Corporate Strategy agenda.
- 5.3 The costs associated with the continued running of the pilot projects listed are included in Section 6 below. It is proposed that the continued funding of successful pilot projects will be funded from the AI Development Budget.

6. Financial Impacts

- 6.1 The financial impacts of the proposed APP fund, the continuation of the previously approved pilot projects are outlined in the table below.
- 6.2 It is proposed that the APP fund Year one (Y1) is funded from the Transformation reserve, with a summary outcome report being presented to Council outlining the impacts of the projects over the 12-month period.
- 6.3 If successful, it is proposed that the APP fund Year two (Y2) is subsequently funded from the Transformation reserve, with a summary outcome report being presented to Council outlining the impacts of the projects over the combined 24-month period.
- 6.4 The AI Development Budget will be used to further fund the continued development of any successful pilot projects or other large-scale AI and Automation initiatives that are approved by the Chief Officer Digital and Communications.
- 6.5 Through detailed analysis, officers have identified some significant savings in the IT Refresh programme at Rugby Borough Council.

- 6.6 These identified savings have been included in the table below, reducing the overall financial impact of the proposed APP fund and AI Development Budget.

Financial Information		2025/26	2026/27
		£	£
Increase in Expenditure:			
	AI Development Budget	0	
	Artificial Intelligence Pilot Project Fund Y1	80,000	0
	Artificial Intelligence Pilot Project Fund Y2	0	80,000
Approved Projects	MST Maestro Meeting Transcription	4,000	4,000
	AWS Chatbot Development	9,300	2,000
	AWS Automated Email Response	6,000	10,000
	Total Increase in Expenditure	99,300	96,000
Savings:			
	Reduction in IT Refresh Programme Spend	27,000	102,000
	MTFP Savings Target (annual)		200,000
	Total Savings	27,000	302,000
Projected Total Net Cost/Saving		72,300	206,000

7. Conclusion

- 7.1 The proposed AI & Automation Adoption Framework represents a robust governance pathway to ensure that any proposed application of the technology is assessed for both operational suitability and regulatory compliance.
- 7.2 This assurance and approval process will drive the responsible adoption of AI and Automation across the Council, delivering operational, financial and social benefits to Rugby Borough.
- 7.3 It is recommended that Council approves the funding associated with the AI & Automation Pilot Projects, the AI Development Budget, and approves the additional recommendations listed in this report.

Name of Meeting: Cabinet

Date of Meeting: 7 October 2025

Subject Matter: Improving Customer Service and Reducing costs with Artificial Intelligence

Originating Department: Digital and Communications

DO ANY BACKGROUND PAPERS APPLY **YES** **NO**

LIST OF BACKGROUND PAPERS

Doc No	Title of Document and Hyperlink
	<i>Supporting Local Government Reorganisation with the establishment of a Data, Insights & Automation function within Rugby Borough Council.</i> September 2025
	<i>Rugby Borough Council AI Tooling Policy</i> June 2024

The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

Exempt information is contained in the following documents:

Doc No	Relevant Paragraph of Schedule 12A