PLYMOUTH CITY COUNCIL

Subject:	Investment in Customer Transformation and ICT core infrastructure
Committee:	Cabinet
Date:	11 September 2012
Cabinet Member:	Cllr Peter Smith, Deputy Leader
	Cllr Mark Lowry, Cabinet Member for Finance
CMT Member:	Adam Broome, Director for Corporate Services
Author:	Mark Grimley, Assistant Director
Contact:	Mark Grimley, Assistant Director for HR & OD
Ref:	
Key Decision:	Yes
Part:	1

Purpose of the report:

Following the capital approval at Full Council on 16 April 2012 (minute 132), this paper sets out in further detail to business case for the investment in the core ICT infrastructure and capacity to enable the Council to modernise working practises, transform how we interact and work with customers and drive out efficiencies across the departments of the council.

The report requested the release of capital funding approved by the City Council for £3.0million to invest in the core technology platform however a further £1.5million has been identified as needed for the migration of the financial information system that had previously not been included in calculations which would increase this scheme to £4.5m. The additional £1.5million will be subject to City Council approval.

Corporate Plan 2012 – 2015:

The Co-operative Council: Enables the improvement of services designed around the customer involving our communities about how and where services are delivered and provides the infrastructure to support improvements and flexibility in service delivery for customers.

Value for communities: An investment that will enable the Council to improve service efficiency, the quality of management information and speed of service.

Growth: The investment will create a platform that can be expanded for commercial use, increase traded and shared services.

Reducing inequalities: Services design with the customer will allow improvements in access for communities at a local level. Improved management information will allow the Council to take informed choices about resource allocations to where they are most needed and where we can meet our priorities.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

Capital implications are set out within the report, committing £4.5million of unsupported borrowing to deliver the core technology platform and consolidate existing systems. This includes £3.0million already approved by City Council and a further £.1.5 million to bring forward the integration of the Council's financial platform into this programme. . At this stage the assumption has been made that the full £4.5m is capitalisable, funded by unsupported borrowing and the business case has been based on this premise. Regardless of the final funding 'mix' the project will still represent a significant return on the investment and will deliver significant benefits for the organisation.

The £4.5million capital is funded through unsupported borrowing with total interest payable on this borrowing being £0.211million. Over the 5-year plan of borrowing this is projected to yield approximately £10.8million of revenue savings based on the current demand and customer access channels compared to other local authorities. As part of the development of the full transformation plan, detailed analysis of revenue spend and resources will be worked through to quantify the full savings and order of transformation throughout services.

The establishment of a small, central team (change management office) to provide programme support and capacity to deliver organisational change, service re-engineering and customer involvement in service re-design will ensure a consistency of approach and demonstrable achievements. This team will be funded through both capitalisation of salaries, as appropriate, and revenue funding within the Council's General Fund.

On-going revenue resources will be required within ICT services to maintain the additional capacity and services.

Additional staffing savings resulting through a reduction in headcount will be funded through the Council's reserves for which provision is made for the cost of potential redundancies.

Within the Council's current budget (medium term financial forecast) are savings predicated on this technology being in place to reduce overheads and costs.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

Putting the customer at the heart of service design will assist in developing a greater participation rate from our communities in re-defining the Council's standards and services to meet and exceed expectations. As part of the Council's on-going commitment to greater community involvement in Council services through the Cooperative Council commitment in the Corporate Plan, we should seek to establish customer panels to help improve services and review standards and means of delivery.

Recommendations & Reasons for recommended action:

Cabinet are recommended to:

(i)   Agree the Business Plan
(ii) Recommend to Council that the capital programme be amended to include an additional £1.5m, making a total spend of £4.5m.

Alternative options considered and reasons for recommended action:

Consideration was given to an incremental approach to changing how the Council works. The return on the investment would have taken longer and created a longer period of change that would be disruptive to the delivery of services and taken longer to deliver a balanced budget with immediate service pressures.

Consideration was given to outsourcing key services and / or taking on an external strategic partner to deliver the trasnformation agenda. Our current ICT services provide good value for money when compered to both the private and public sectors. The Council felt the need to develop in-house capability that was important for attaining and embedding change and improvements in services to create a culture of conitnuous improvement. It will also allow us to develop expertise in-house to further improve the Council and support any other service delivery models such as shared services.

Replacing existing systems like-for-like as the need arose was not considered feasible given the high overhead cost of maintianing multiple systems and the capital needed in some cases would have been greater cumulatively for this approach than a single capital investment to create a single platform and redesigning services around the customer.

Background papers:

Capital. Programme Approvals Paper (City Council 16 April 2012)
City Council Approval (Capital) Minute 132 (City Council 16 April 2012)

Sign off:

Fin	CDR/ CorpsF HC1 213 001/3 0.08. 12	Leg	LT 15501	HR	MG 1213/ 08001	Corp Prop		IT	PG 1213/ 001	Strat Proc	
Originating SMT Member: Mark Grimley Assistant Director for HR & OD											
Have you consulted the Cabinet Member(s) named on the report? Yes											

1.0 EXECUTIVE SUMMARY

1.1 During the Municipal Year 2011/12, the Cabinet (Minute 146) and Full Council (Minute 132) have agreed to:

"approve the new capital approval of £3.0m to design and implement modernised ways of working to enable delivery of customer service improvements and financial benefits. The Cabinet is requested within three months, to agree business cases which identify the specific benefits to be realised from these significant investments"

1.2 This report sets out the business cases to identify the investment requirements and business benefits from the investment as part of a wider transformation of Council services to create service efficiencies to meet budget demands and to improve customer access and their experience of the Council. It also asks for an increase of £1.5m to the current approved capital budget of £3.0m.

1.3 The purpose of this investment is to:

(i) Reduce the overall costs of the Council through the consolidation of ICT infrastructure and the simplification of systems, additionally making better use through the extension of existing standard systems

(ii) Improve accessibility to services and the speed of service delivery including 24 hour access to more services as set out in the Administration's commitments through the Corporate Plan

(iii) Provide a platform for more cost-effective services across all Council departments and improve the accuracy and timeliness of performance management information

1.4 Within the Corporate Plan, we have set out the type of Council we want to be and how we wish to operate. The investment in a core ICT platform will enable a faster move towards greater efficiencies and support to front line service delivery. Specifically the Corporate Plan sets out that:

- we will secure (for customers) the delivery of cost effective services to the satisfaction of our customers, interact with them in a way that suits their needs and ensure that they are able to influence and take greater control of the services they receive
- we will work with partners in implementing common aims, sharing facilities and services and making the best use of facilities to reduce costs and benefit the city
- we will ensure (for staff) they are empowered and encouraged to be innovative and to develop and realise their full potential within a stimulating and forever changing environment that gives them a real stake in delivery
- For delivery - we will be a 'can-do', problem solving organisation that is focused on having an impact and getting things done, with everyone working cooperatively towards common ends

1.5 In line with the Administration's commitment to provide greater access to services, this proposal will allow more services to be accessed online 24/7 as well as more services and information being delivered closer to communities in libraries, enhancing their role and widening their service offer to the community.

1.6   This business case supports the delivery of services more consistently closer to the point of need and through channels (such as the internet) more convenient to the customer and a more cost effective way of operating for us. A common platform will enable the Council to reduce overheads and inefficiency and provide a platform that could be more easily adopted by partners within the city and other local authorities. Work already carried out with our waste services and highways contract (Amey) are realising improved reporting of service delivery and simplified and consistent customer interaction. As we redesign services to migrate to the new platform, our staff as well as customers will be supported in developing new service approaches and allow innovation in service delivery. The platform will be an enabling tool to simplify what we do.

1.7   The programme will have a wide-ranging impact on the delivery of services. The core ICT infrastructure will enable more services to be transferred into a customer services environment with a greater emphasis on resolving enquiries and actions at the first point of contact.

1.8   The business case sets out how the Council currently structures it's ICT systems and information and establishes a case to consolidate systems, reduce down the duplication of information and move more services onto a common platform to ensure we have a better and more consistent view and understanding of the needs of those who use our services. It will also better enable performance management reporting – something that has often been slow to produce – to ensure we can make informed choices to improve services at a faster rate.

2.0   BUSINESS CASE: ICT INFRASTRUCTURE

Existing method of operation (Systems)

2.1   Plymouth City Council has 277 line of business applications operating across all departments.

2.2   This current model of ICT infrastructure has grown through business needs and demands. Services tend to have fit-for-purpose applications to support their specific needs however there is a high overhead in maintaining such a broad architecture, often with complex interfaces and nearly always duplicating data and information between systems.

2.3   Analysis of the 277 applications indicated that, under the proposed infrastructure, nearly 30% of the existing applications could be consolidated into the proposed core infrastructure. This would reduce the need for hardware, licence costs and maintenance overheads. (Appendix A, Table A2)

2.4   Over the period of this investment, a number of the existing systems will be considered for major upgrades, replacements or new hardware requirements. Both options incur capital cost and have on-going revenue implications. The proposed solution puts in place a core infrastructure where migration of data to a single platform would provide better value for money as the time and development required would be considerably shorter, along with a reduced on-going capital need for hardware and licence costs.

2.5   System duplication in function also occurs between platforms for functions and information stored. This results in duplication of physical effort (input of data). Additionally, this essentially means the Council has a number of different ways of working such as document storage, performance reporting etc that results in increased overheads, variable data quality and duplication of maintenance costs. A common example is the number of applications that store customer information. A single source of customer information, including names, addresses and service use would provide a single place to maintain and greater customer information. This will also reduce the risk to the Council in respect of potential data breaches through greater control over personal information sets. Another example is the number of telephone systems being maintained through legacy systems and new ways of working. The proposal is to reduce these down to two core systems – a business system (Lync) and customer call system (Avaya, with the intention to move to Lync).

2.6   System gaps are also present in the current way of operating. A number of departments would benefit through the additional infrastructure proposed. At present there are a number of reporting tools attached to specific applications. This provides performance information from a single source but does not necessarily correspond or correlate performance information where data is held in different systems. Furthermore, common applications for electronic document storage and self-service (for employees, customers and managers) would provide greater efficiency and reduce overheads in processing time, storage costs and 'transportation' (the time taken between transactions until it is complete).

2.7   Total cost of ownership is the method of calculating the cost of adopting particular systems and ways of working. At present, multiple systems, often specialised for an area of work, require specific training programmes and knowledge. This means that the ICT training programme is required to design and deliver specific training for each package that the Council operates, including refresher courses for upgrades requiring further time-out from the workplace for employees. The proposed infrastructure will provide a core of applications

with a common way of operating, including look and feel, and a more cost-effective way to train staff through generic application training, online training and webinars with reduced out-of-work training requirements. For the ICT function, there will be less need for application-specific training required to maintain the system and upgrades due to the reduced number of systems being supported.

Existing method of operation (Information and data)

2.8   Information and data is an important part of the Council's operations. We capture significant amounts of information about our customers, transactions and performance. This is done across a number of systems, often with data duplicated such as addresses.

2.9   Data security is an area identified as a risk for the Council. The volume of data we hold in the large number of different places means it becomes a much more difficult task to ensure data accuracy, confidentiality and data security. Information and data includes paper-based records, as well as those held electronically. The Information Commissioners Office (ICO) is increasingly enforcing public bodies to take data security and integrity seriously. Recent examples include a fine of £90k for a breach in confidentiality linked to incorrect addresses of a child in care and their mother and a second breach for the disclosure of a foster parents' address. A second fine to a hospital trust for a breach of patient data held on paper files resulted in a £325k fine earlier this year.

2.10   There is currently no common system to store data or documents electronically in a single way. This increases the risk of breaches in information security through inappropriate access to information, accidental disclose, inaccurate information about an individual or duplication of information that results in information conflicts such as differing addresses for a single person.

2.11   Out of the 277 business applications, around 150 currently hold customer data. Of these, the customer name is duplicated 44 times across systems. There are 91 different places for holding an address exist. Customers have 72 unique yet different identifiers – between unconnected systems - and up to 65 different phone number fields. There is no single view of the customer, and therefore this makes planning around the needs of the customer more difficult and may result in multiple contacts from across the council to customers. This will not only seem confusing but also perceived as highly inefficient.

2.12   Paper storage of personnel records is estimated to cost the council nearly £250k through floor space required. Additionally archived files require regular maintenance with little value to the organisation other than good record keeping for legal requirements.   Document recovery, particularly for freedom of information (FOI) and subject access requests (SAR's – information requests from individuals requiring a whole-organisation scan for electronic and paper copies of information held across the Council, sometimes back decades) is currently slow, manual and time intensive.

2.13   Internal information storage is also poor. There are currently estimated to be over 60 databases with employee records in relation to training records and professional development. This is being addressed through an investment in the Council's HR system. However, information about health and safety, buildings, resources, customers and partners are also in a similar position. Each requires resource to maintain and cleanse resulting in departmental overheads on data management.

2.14   There is no single place to consolidate information reporting, such as financial, performance, human resources in a timely manner. This provides slow decision making where there is a reliance for informed be trends and information.

Future method of operating (Systems, Information and Data)

2.15   The proposal is to establish a core operating infrastructure that becomes the platform to migrate services and information towards. This means a fewer applications requiring support, fewer instances of the same data being kept in different places and establishing 'the golden record' the one version of the truth.

2.16   As part of the core infrastructure (through the Corporate Accommodation Strategy and ICT Strategy) the following applications are already in place or being put in place already:

TABLE2a: Existing applications through the Corporate Accommodation Strategy

System / Application	Purpose
Microsoft Windows 7	Core operating system for all ICT users
Microsoft Lync Communications	Integrated communications system
Microsoft Office	Core applications (Word, Excel, Visio etc)
Microsoft Outlook	Email and calendar
Kofax	Intelligent Scanning
Microsoft Sharepoint	Front end collaboration and information presentation
Avaya	Customer Services telephone monitoring system (with plans to integrate into Lync)

2.17   Key systems are also being developed within departments that, under the future operating infrastructure could be expended and further integrated to maximise their potential and standardise (reduce) the number of applications across the Council to reduce maintenance overheads and licence requirements:

TABLE 2b: Core infrastructure investment

System / Application	Purpose
Customer Relationship Management (CRM)	Customer transaction and information system. Currently used only in Customer Services department. Will be expanded to provide a single view of the customer and create 'golden record)
SQL/SSRS (SQL Server Reporting Services)	To collate data from a number of different applications to drive 'real time' performance information
Workflow and business intelligence	Provides streamlined process management, automating transactions and providing
BizTalk	Server and system integration – enables different systems to 'talk' to each other reducing the need for multiple instances of data (e.g. addresses)
InfoPath Forms	Online form management integrated into back-end systems and workflow to create self-service and automation of transactions.
Citizen authenticated secure access	Enables secure log-on for self-service outside of the Council's network for customers and staff.
Windows External Connector	Allows external access to the Council's systems.
eDRMS / Wisdom	Electronic document management and document control.
Channel access management	Enables SMS and mobile device technology
Information Services GIS	Geographic information system – allows place-based / location activity, mapping and logging. (For use with mobile working for employees, and localisation of services for customers).
Web Content Management System (CMS)	Provides managed content for the Council's internet and intranet enabling simple update and dynamic (up to date) information driven by information held on back-end systems.
Scanning Services	Provides the scanning technology for electronic document management system.

2.18   The proposed costs for the capital and revenue implications (both cost and savings) over the 5-year programme are summarised as such:

Revenue Costs (inc. repayment of unsupported borrowing and interest   £7.0m
Revenue Savings   (£17.8m)
Total Revenue (Saving) / Cost   (£10.8m)

The detail of this is shown in Appendix A1.

2.19   The benefits of establishing a core infrastructure will be the ability to join up existing systems establish a common framework for all future systems and better manage customer and employee data with more timely performance management and business intelligence.

2.20   The core infrastructure will provide the platform to:

- Reduce transactions costs by migrating to a new operating model through channel shift
- Improve the speed and accuracy of responses to the customer
- Simplify the maintenance of Council information systems and provide better value for staff time through designing, planning and supporting a common set of systems
- Make better use of investment already made in systems such as CareFirst, Dynamics AX (HR and Payroll) by increasing their functionality and efficiency
- Reduce organisational overheads by reducing internal transactions and business operations
- Enable the delivery of the Council's transformation plans and efficiencies through the better use of technology. (The full plan for the Council's transformation is expected to be taken at the Cabinet on the 12 February 2013).

2.21   The core systems architecture will also put in place the improvement required for the ICT infrastructure for:

- Customer operations (see section 3.0)
- Achieving budget delivery plans and financial efficiencies (see section 4.0)

3.0   BUSINESS CASE: CUSTOMER OPERATIONS

3.1   The outcomes for the customer will be improved efficiency, resilience, more responsive services, greater access to Council services with ease and a better understanding of customer needs, service demands and transactional efficiency.

3.2   As a cooperative council, as we redesign our services, involvement of our service users will ensure we provide the services to meet their needs within the resources we have available. This will form part of the Council's wider transformation plan.

3.3   The investment in a core infrastructure will allow the Council to exploit all 'channel shift' activities. Making the most effective channels such as self-service on the internet and telephone contact where ever possible to ensure where more intensive services are needed (face to face, individual needs) that we have sufficient resources to meet these more complex requirements.

3.4   At present, only 30 per cent of transactions in the Council are processed through Customer Services, this compares to 67 per cent nationally. This is in part due to the fragmented systems operating across the Council. The Customer Services department cannot operate on so many different systems efficiently. The core infrastructure investment will allow the migration of services onto a simplified operating system.

3.5   Additionally, performance data for customer activity is best measured in Customer Services. The data is the most accurate picture we have of universal access to council services.   This is used to drive efficiency and manage resources. However this does mean that nearly 70 per cent of Council transactions operating outside of the customer services environment are not as robustly managed. By migrating more services to Customer Services we will provide the opportunity to create a more transparent Council, have greater visibility of customer demand and service use and enable a better use of our resources whilst continuing to drive down costs.

3.6   The council monitored over 2.8million contacts in 2011/12 through online, telephone, face to face and email channels. The business cost of administering these transactions is modelled at £28.9million, as shown in table 3a. This represents an estimated 30 per cent of all transactions undertaken within the Council. As part of the readiness preparation for the transformation of services, and channel shift of customer access channels, a more detailed analysis of costs across the council departments will be undertaken to quantify revenue savings in more detail.

3.7   More importantly, customer use of technology is changing rapidly with a wide variety of devices both within the market and in use by the Council. Greater emphasis should be placed on supporting multiple device use outside of the Council, and consider the needs of our employees who may wish to use their own devices at work (Bring Your Own Device – BYOD).

TABLE 3a: Financial cost of actual transactions through existing channels and volumes. (Unit costs based on actual cost of Plymouth City council transactions within the contact centre and salary cost averages for services outside of the contact centre).

	Unit Cost	Volumes Per Year	Percentage of Volumes	Cost Per Year (£)
Face to Face	£25.30	60,000	2.1	1,518,000
Email	£1.35	1,000,000	34.9	1,350,000
Online / Mobile Device	£0.25	106,000	3.7	26,500
Phone (Council)	£17.25	1,164,500	40.6	20,087,625
Phone (Contact Centre)	£11.10	535,500	18.7	5,944,050
		2,866,000	100	28,926,175

3.8   Our current method of delivering services indicates that compared to other local authorities and the best performing authorities, our delivery channels rely on the more expensive methods of delivery, particularly through telephone contact. This is set out in chart 3b.

CHART 3b: Current channel usage compared to local authority average and upper quartile performance in England and Wales. (Percentage of transactions undertaken)
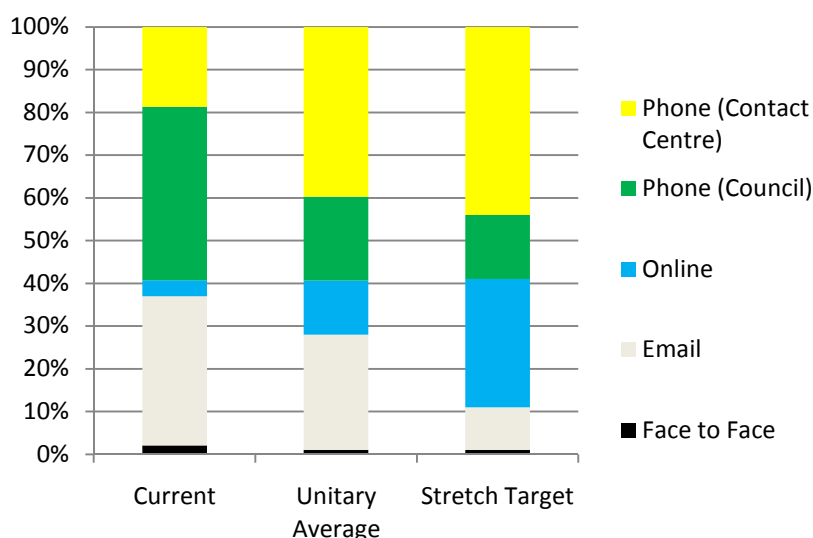
3.9   Benchmark data (SOCITM, PWC Local Government Benchmarking) from other local authorities suggests that Plymouth City Council has the potential to move transactions to different channels to provide efficiencies. For example, the number of transactions undertaken online currently is 3 per cent compared to a national average of 23 per cent. On the current volumes of transactions, if Plymouth were to meet the national average for the use of different channels the result could see a £4.7 million reduction in the cost of transaction handling based on the 30 per cent of transactions monitoring.

3.10   Using the national average as a target, as well as setting 'stretch targets' that are at the lower end of upper quartile performance nationally, the Council can model the potential for financial savings and benefits from its current position to one of the better performing authorities. The financial benefit is shown in chart 3c, below and in tables B1 to B5 in Appendix B.

CHART 3c: Cost comparison between current channel use and unitary average and upper performance (stretch target) potential.
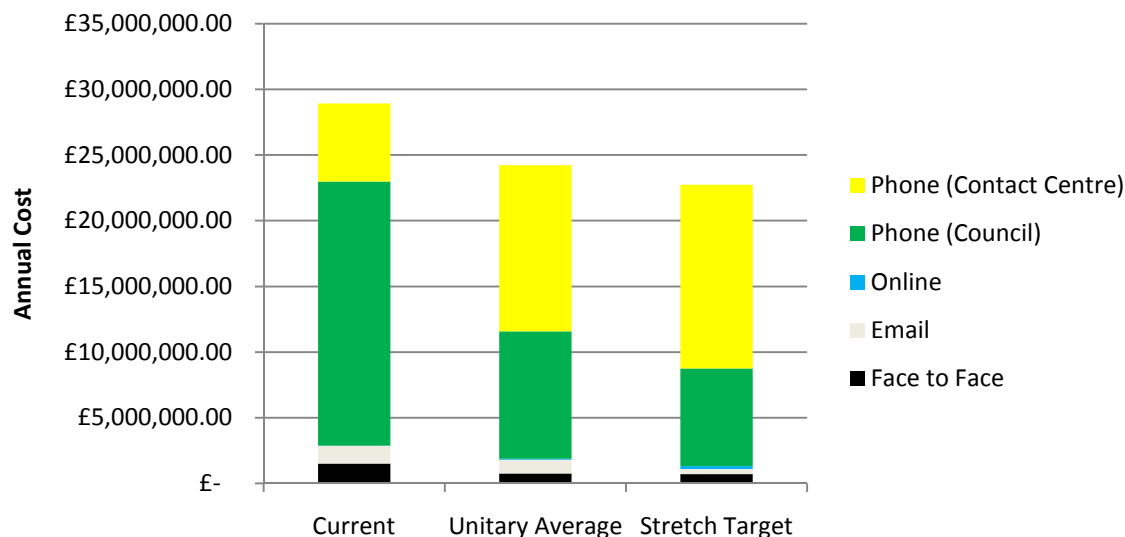
3.11   However, the national average continues to see rapid changes in the activity of the use of different channels. Should Plymouth seek to meet the current national averages, this would then place the council behind in performance once again as others improve. Therefore stretch targets could be adopted to achieve the following distribution of channel usage and efficiency. This would result in a £6 million difference between current operations and future use of channels.

3.12   The estimated financial impact of different channel delivery and targets is set out in Appendix B and are subject to validation through greater analysis that will be undertaken in 2012/13 to quantify areas of transactions and average cost per transaction.

3.13   Appendix C (Table C1) sets out research undertaken with other local authorities who have reviewed and changed business support operations through:

- Economies of scale: combining operations into service / transaction centres and smoothing the demand of services, transferring internal resource to peak demand areas.
- Performance management: conscious management of where transactions are assigned to ensure channel shift, move towards defined service lists (menus) and service level agreements.
- Removal of work: ensuring non-value adding work (e.g. checking, duplication) is removed from processes.
- Standardisation / simplification: reducing the complexity of tasks, duplication of information collection and a move to universal service access with gateways to assess individual needs.

3.14 The average efficiency achieved was around 23 per cent of business support costs in both front line and back office services. For Plymouth City Council this would be calculated as cashable revenue savings within this business case – assumed within the channel shift savings.

3.15 To achieve this, investment in staff skills is required to ensure service re-engineering is done right first time, involving staff and customers and designing the future target operating model of the Council. Under the model used to project these savings, it is predicted that around a reduction 210 FTE (full time equivalent employees) would be achieved through this approach over a 3-year period. Initial workforce models indicate that this would be achievable through natural turnover in the first instance. Further consultation with trade unions about how this will be achieved are required given the potential numbers of staff involved.

4.0 BUSINESS CASE: FINANANCIAL INFORMATION

4.1   The total capital requirement for the investment is £4.5million, to be provided through unsupported borrowing. The breakdown of this is set out in table 5a, with further detail in Appendix A.

Table 5a: Summary of capital requirement

CAPITAL	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		TOTAL
Capital (Hardware & Licences)	-	1,785,000	735,000	160,000	-	-		2,680,000
Capital (Technical support - staff)	-	250,000	392,500	175,000	-	-		817,500
Capital (Platform Consolidation)	-	337,500	300,000	-	-	-		637,500
Capital (Re-engineering)	200,000	15,000	-	-	-	-		215,000
Capital (Contingency)	-	-	-	150,000	-	-		150,000
TOTAL CAPITAL	200,000	2,387,500	1,427,500	485,000	0	0		4,500,000

Notes:
1. Capital Hardware and Licences, includes the expansion of the Dynamics AX system to consolidate financials and procurement, resulting in the additional £1.5million to the original calculations.
2. Technical support staff: capitalised salaries for additional technical staff to configure test and migrate to business as usual.
3. Please note the contingency level is 3.3 per cent of the total capital programme value.
4. Revenue elements of the delivery, including activities that cannot be capitalised (salaries, training etc) will be met through the General Fund

4.2   The capital programme will deliver:

- Hardware and licences: The core infrastructure set out in table 5a. (above)
- Technical support staffing: ICT staff resource (in house with external expertise as required) to configure systems and architecture design and testing
- Platform consolidation: A migration from department specific platforms and consolidation on the core infrastructure (this will release an annual revenue saving of £0.25m by year 3 in licence and maintenance costs) as shown in table A2.
- Re-engineering: Business analysis and process re-engineering to transfer to automated platforms and improve business efficiencies at the point of transfer. This includes staff investment in training.
- Contingency: Allowed at 3 per cent of the capital allocation.

4.3   The current revenue operations are set out in the tables in Appendix A providing the revised costs following consolidation of existing systems onto the new core infrastructure.   This realises an annual saving of £0.25 million on revenue costs through the reduction of licences and maintaining multiple systems. This represents the consolidation of around 23 of the Council's systems into the new core architecture (Appendix A, table 2). This represents a 4 per cent reduction in the number of systems within this business case. Once this has been achieved, a further consolidation plan to reduce by a further 15 per cent will provide greater efficiencies, funded through efficiencies achieved as part of this business case.

4.4   Existing budget delivery plans for 2013/14 and beyond are predicated on a better use of technologies to drive out efficiencies through services and transfer services in to the contact centre and online.   For 2013/14 this is £600k rising to £970k in each year from 2014/15 as set out in the Budget Book. (Appendix E of the budget book). Where possible, these plans will be delivered through making best use of this technology and being incorporated into the overall savings targets for the transformation programme.

5.0   IMPLEMENTATION

5.1   The programme is to be supported through a co-ordinating Change Management Office (CMO). This will comprise of a small project management team to support the governance of the delivery of the programme and a small team of core experts to support identifying the opportunities within service areas for efficiencies, business process re-engineering and calculating the financial benefits, customer improvements and operational efficiency. Dedicated resource to involving staff and customers in service redesign will sit within the change management office to ensure consistency and a focus on delivery.

5.2   Resource's for the CMO will initial be found from existing revenue budgets across the Council. The CMO will self-fund during the lifetime of the programme over 5 years. The capitalisation of salaries will also part-fund the CMO, with revenue reserves covering any shortfall in resources resultant from activity profiling of resources requirements.

5.3   The first key milestone will be in February 2013, where Cabinet will receive the initial findings for the migration of services into the customer services department and onto the new platforms, along with the performance, financial and customer information for the rationale.

5.4   Programme governance and the delivery method will also be set out for Cabinet approval in February.

5.5   Due to existing programme commitments, it is realistic to expect the ICT infrastructure to be implemented from April 2013. Between September 2012 and April 2013, the business case and re-engineering of services will start to ensure an early migration of key services and quick wins for efficiency start to provide the return.

5.6   Full year benefits are expected to be delivered from 2016/17 of around £3.1m on-going revenue savings, rising to £4.5million annually once the capital has been rapid (from 2018/19). These will be quantified through the business analysis report to cabinet in February 2013.

6.0 PROGRAMME DEPENDENCIES AND RISKS

6.1 Programmes of this size and ambition carry a degree of risk given the number of dependencies and lessons learned from previous consolidation and improvements by other local authorities. The high level dependencies are identified as follows:

Customer dependencies

6.2 The proposals are modelled upon changes in customer behaviour in terms of the uptake of alternative channels of access to services. The current financial model is based on the experience of other local authorities. As part of the due diligence required for the full business case for customer transformation we have the ability to provide more detailed demographic information about likely take up of channels, as well as accessibility of services channels, in particular access to broadband internet and PC access to ensure the greatest use of cheaper channels with availability 24 hours a day.

6.3 There are also dependencies on the Council's on-going consultation about the future provision of services through our library network and the use of other locations from our public sector partners.

6.4 A full equality impact assessment (EIA) will need to be undertaken to ensure that any proposals for the changes in the provision of services includes provision for access to groups that may otherwise be excluded by the changes proposed.

Organisational dependencies

6.5 The proposals have an organisation-wide impact across every service area. This requires significant changes to how we work, the structure of the organisation, reprovision of services as well as the culture of the organisation.

6.6 The most significant effort required will be in the changes to how we work with the high number of volumes of work we undertake and the long-established working practises and organisational culture changes. This requires a high degree of involvement from staff and our service users.

6.7 The precursor to change and engagement is significant communication and clarity of direction and reasons for change, whilst the actual change requires a number of technical methodologies to re-engineer process, retrain staff and restructure teams. Following the implementation of change a period of embedding and continuous improvement requires continued interventions over a number of months.

6.8 A full workforce and organisational development plan will be key to mitigating the dependencies on staff and the large change programme required. There will be a requirement for

Financial dependencies

6.9 There are existing revenue savings proposals within 'budget delivery plans' that will fall under the financial assumptions of this business case. These plans will be subsumed into this overall piece of work to ensure these savings are accounted for once, and that the allocation of resources required delivering the savings is in place for this business case.

6.10   The Change Management Office (CMO), with exceptions for technical support through ICT, is not funded through this capital business case. The CMO will be set stretch targets for achieving efficiencies above and beyond those assumed from revenue savings to provide funding from existing revenue allocations within the Council – this means using existing resources and re-prioritising their work (e.g. project management, change management, workforce development) into this project.

External dependencies

6.11   There are a number of services that are affected by legislative changes and government policy that may put them out of scope for initial transformation. Services such as benefits, where legislation has changed and the potential for the transfer of services to other agencies will be left in situ until there is greater clarity.

6.12   There are opportunities for working closer with our public and voluntary sector partners, to reduce duplication – particularly in 'back office' functions and systems. However, the savings and opportunities identified from these have not been assumed within this business case. Opportunities will be considered as they present themselves as well as building on existing discussions about the potential for shred services across the public sector.

APPENDICES

APPENDIX A: CAPITAL AND REVENUE COSTS
APPENDIX B: CHANNEL SHIFT INFORMATION
APPENDIX C: BUSINESS OPERATIONS EFFICIENCIES TARGETS
APPENDIX D: EXISTING BUDGET SAVINGS PLANS (PUBLISHED IN MTFS)

APPENDIX A: CAPITAL AND REVENUE

TABLE A1: HIGH LEVEL SUMMARY OF BUSINESS CASE (CAPITAL & REVENUE)

This table sets out the summary of the capital requirement, borrowing repayment and revenue implications (both cost and savings) over the 5-year programme. (Table references highlight figures in supporting tables, below).

CAPITAL	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL	TABLE REF
Capital (Hardware & Licences)	-	1,785,000	735,000	160,000	-	-	2,680,000	A5
Capital (Technical support - staff)	-	250,000	392,500	175,000	-	-	817,500	
Capital (Platform Consolidation)	-	337,500	300,000	-	-	-	637,500	A2
Capital (Re-engineering)	200,000	15,000	-	-	-	-	215,000	
Capital (Contingency)	-	-	-	150,000	-	-	150,000	
TOTAL CAPITAL	200,000	2,387,500	1,427,500	485,000	0	0	4,500,000	
REVENUE								
Capital Borrowing Costs (Repayments)	-	42,124	669,595	1,166,034	1,416,566	1,416,566	4,710,885	A3
On-going Revenue Costs (Licences)	166,400	204,400	219,400	229,400	239,400	239,400	1,298,400	A4
Additional staffing requirement ICT	-	200,000	200,000	200,000	200,000	200,000	1,000,000	
Projected Revenue Savings (ICT)	-	(32,232)	(247,376)	(247,376)	(247,376)	(247,376)	(1,021,736)	A2
Projected Revenue Savings (Channel Shift)	-	(353,629)	(2,357,527)	(4,715,053)	(4,715,053)	(4,715,053)	(16,856,314)	B4
TOTAL REVENUE IMPACT	166,400	60,663	(1,515,908)	(3,366,995)	(3,106,463)	(3,106,463)	(10,868,765)	

TABLE A2: Platform Consolidation Capital and Revenue Implications

This table sets out the cost of configuration and up-front licencing (capital)(column A) and current versus (columns B – H) new licence cost models post-implementation(Columns I – P)

	A	B	C	D	E	F	G	H	I	J	K	L	M	O	P
	Replacement Capital Cost	Current Annual Revenue Cost							Future Consolidated Cost (Function) Revenue Cost						
	2013/14 & 2014/15	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL
Platform															
EMS One	150,000	174,000	174,000	174,000	174,000	174,000	174,000	1,044,000	174,000	174,000	30,000	30,000	30,000	30,000	468,000
Ingnostics FastPlanning	-	14,804	14,804	14,804	14,804	14,804	14,804	88,824	14,804	15,000	15,000	15,000	15,000	15,000	89,804
Civica Financials	300,000	115,000	115,000	115,000	115,000	115,000	115,000	690,000	115,000	115,000	60,000	60,000	60,000	60,000	470,000
Allotment Management	5,000	750	750	750	750	750	750	4,500	750	1,000	1,000	1,000	1,000	1,000	5,750
Cicero	7,500	5,640	5,640	5,640	5,640	5,640	5,640	33,840	5,640	1,500	1,500	1,500	1,500	1,500	13,140
Data Voyager	5,000	3,000	3,000	3,000	3,000	3,000	3,000	18,000	3,000	1,000	1,000	1,000	1,000	1,000	8,000
Evolutive	7,500	4,878	4,878	4,878	4,878	4,878	4,878	29,268	4,878	1,500	1,500	1,500	1,500	1,500	12,378
Social Care Allegations	7,500	-	-	-	-	-	-	-	-	1,000	1,000	1,000	1,000	1,000	5,000
Bizaar Market Management	7,500	950	950	950	950	950	950	5,700	950	1,500	1,500	1,500	1,500	1,500	8,450
Family Group Conferencing	5,000	-	-	-	-	-	-	-	-	1,000	1,000	1,000	1,000	1,000	5,000
Trade Waste	15,000	2,680	2,680	2,680	2,680	2,680	2,680	16,080	2,680	3,000	3,000	3,000	3,000	3,000	17,680
Respond	5,000	369	369	369	369	369	369	2,214	369	1,000	1,000	1,000	1,000	1,000	5,369
Telephone Search	5,000	-	-	-	-	-	-	-	-	1,000	1,000	1,000	1,000	1,000	5,000
Corporate Room Bookings	5,000	-	-	-	-	-	-	-	-	1,000	1,000	1,000	1,000	1,000	5,000
Homelessness	7,500	1,250	1,250	1,250	1,250	1,250	1,250	7,500	1,250	1,500	1,500	1,500	1,500	1,500	8,750
LALPAC	15,000	14,530	14,530	14,530	14,530	14,530	14,530	87,180	14,530	3,000	3,000	3,000	3,000	3,000	29,530
Smartt	15,000	4,130	4,130	4,130	4,130	4,130	4,130	24,780	4,130	3,000	3,000	3,000	3,000	3,000	19,130

Gower	15,000	5,000	5,000	5,000	5,000	5,000	5,000	30,000	5,000	3,000	3,000	3,000	3,000	3,000	20,000
LACHS	15,000	5,270	5,270	5,270	5,270	5,270	5,270	31,620	5,270	3,000	3,000	3,000	3,000	3,000	20,270
YOISOPlus	15,000	2,385	2,385	2,385	2,385	2,385	2,385	14,310	2,385	3,000	3,000	3,000	3,000	3,000	17,385
Civica APP (Flare)	15,000	19,144	19,144	19,144	19,144	19,144	19,144	114,864	19,144	19,144	3,000	3,000	3,000	3,000	50,288
Kirona	15,000	15,596	15,596	15,596	15,596	15,596	15,596	93,576	15,596	3,000	3,000	3,000	3,000	3,000	30,596
TOTAL	637,500	389,376	389,376	389,376	389,376	389,376	389,376	2,336,256	389,376	357,144	142,000	142,000	142,000	142,000	1,314,520

Savings profile	-	32,232	247,376	247,376	247,376	247,376	1,021,736

TABLE A3: COST OF BORROWING PROFILE

	12/13	13/14	14/15	15/16	16/17	17/18	Total
Capital Expenditure Profile (based on revised details from draft cabinet report)	200,000	2,387,500	1,427,500	485,000			**4,500,000**

Estimated costs of borrowing (based on expenditure profile above):

	12/13	13/14	14/15	15/16	16/17	17/18	Total
£200k required in 12/13 to be paid back over a 5 year period to start in 13/14 (1.75%)		42,124	42,124	42,124	42,124	42,124	**210,620**
£2,387k required in 13/14 to be paid back over a 4 year period to start in 14/15 2.03% (1.53%+0.5% assumed interest rate increase)			627,471	627,471	627,471	627,471	**2,509,884**
£1,427.5k required in 14/15 to be paid back over a 3 year period to start in 15/16 at 2.15% (1.35% interest rate plus 0.8% assumed rate increase)				496,439	496,439	496,439	**1,489,317**
£485k required in 14/15 to be paid back over a 2 year period to start in 16/17 at 2.2% (1.2% interest rate plus 1% assumed increase rate)					250,532	250,532	**501,064**
Total Estimated Cost of Borrowing *	**0**	**42,124**	**669,595**	**1,166,034**	**1,416,566**	**1,416,566**	**4,710,885**

Calculated so that borrowing changes will be complete in 2017/18
Cost of borrowing figures are estimated as interest rates are subject to change, and are set at the time of borrowing

TOTAL INTEREST PAYABLE = £210,885

TABLE A4: On-going licence costs

This table sets out the on-going revenue commitment for licence maintenance costs of expanded enterprise systems.

Item	Purpose	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total
CRM	Expansion of current platform	86,000	86,000	86,000	86,000	86,000	86,000	516,000
SQL Licences		10,000	20,000	30,000	40,000	50,000	50,000	200,000
Workflow	Development time	-	-	-	-	-	-	-
BizTalk	Integration of systems	-	3,000	3,000	3,000	3,000	3,000	15,000
UAG	Remote access set up	-	-	-	-	-	-	-
Infopath	e-form standardisation	-	-	-	-	-	-	-
Authenticated Secure Access	Public self-service set up	-	-	-	-	-	-	-
Windows External Connector		400	400	400	400	400	400	2,400
EDRMS	Electronic document management	25,000	25,000	25,000	25,000	25,000	25,000	150,000
Multi- channel device access	SMS, apps etc	5,000	5,000	5,000	5,000	5,000	5,000	30,000
Information GIS	Location services	25,000	25,000	25,000	25,000	25,000	25,000	150,000
Web CMS	Content Management	15,000	15,000	15,000	15,000	15,000	15,000	90,000
Document scanning		-	20,000	20,000	20,000	20,000	20,000	100,000
Server hardware	Capacity and resilience	-	5,000	10,000	10,000	10,000	10,000	45,000
	TOTAL	166,400	204,400	219,400	229,400	239,400	239,400	1,298,400

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TABLE A5: Capital distribution for hardware and software installation

Item	Purpose	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total
CRM	Expansion of current platform	-	80,000	80,000	80,000	-	-	240,000
Dynamics AX	Expansion to procurement, financials etc		1,125,000	375,000				1,500,000
SQL Licences	Reporting tools	-	-	-	-	-	-	-
Workflow	Development time	-	80,000	80,000	80,000	-	-	240,000
BizTalk	Integration of systems	-	20,000	-	-	-	-	20,000
UAG	Remote access set up	-	20,000	-	-	-	-	20,000
Infopath	e-form standardisation	-	40,000	-	-	-	-	40,000
Authenticated Secure Access	Public self-service set up	-	15,000	-	-	-	-	15,000
Windows External Connector		-	10,000	-	-	-	-	10,000
EDRMS	Electronic document management	-	-	-	-	-	-	-
Mutli- channel device access	SMS, apps etc	-	20,000	-	-	-	-	20,000
Information GIS	Location services	-	125,000	125,000	-	-	-	250,000
Web CMS	Content Management	-	100,000	-	-	-	-	100,000
Document scanning		-	75,000	-	-	-	-	75,000
Server hardware	Capacity and resiliance	-	75,000	75,000	-	-	-	150,000
	TOTAL	-	1,785,000	735,000	160,000	-	-	2,680,000

APPENDIX B: CHANNEL SHIFT INFORMATION

This section sets out the current performance (Chart B1 and Table B1) and models this against local authority averages (Tables C1 and D1) and a comparison between overall cost and channel use (Table E1 and F1).

Please note: These tables relate only to the 30 per cent of customer service transactions that can be monitored – a significant number of transactions are not yet monitored consistently in this way, and therefore it is expected that the potential savings are understated. The role of the Change Management Office will be to identify the areas for greatest improvement / cost savings from the other areas across the Council.

Table B1: Current channel usage and cost

	Unit Cost	Volumes Per Year	Percentage of Volumes	Cost Per Year £'s
Face to Face	25.3	60,000	2.1	1,518,000
Email	1.35	1,000,000	34.9	1,350,000
Online / Mobile device	0.25	106,000	3.7	26,500
Phone (Council)	17.25	1,164,500	40.6	20,087,625
Phone (Contact Centre)	11.1	535,500	18.7	5,944,050
		2,866,000	100	28,926,175

CHART B1: Current channel usage and cost comparison (percentages)

Current Cost and Volume Distribution

Legend:
- Face to Face
- Email
- Online
- Phone (Council)
- Phone (Contact Centre)
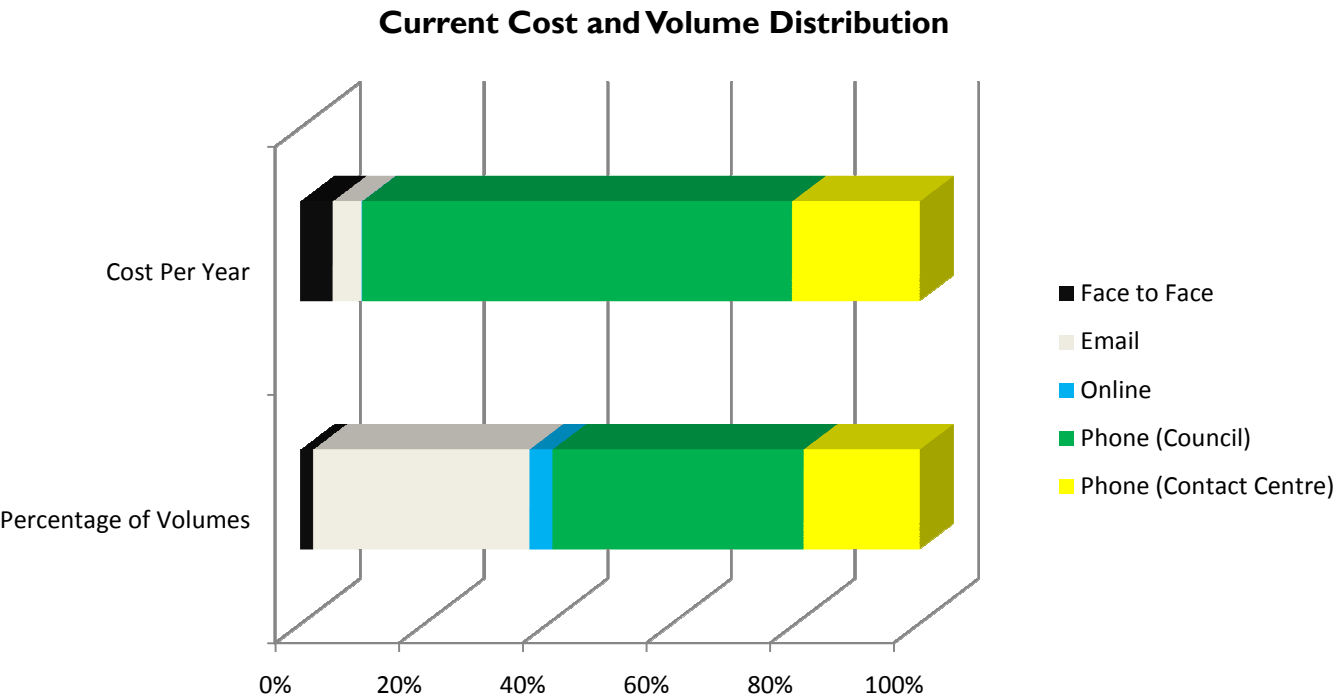
TABLE B2: Local authority average distribution and costs

	Unit Cost	Volume	Percentage	Cost Per Year £'s
Face to Face	25.3	30,000	1.0	759,000
Email	1.35	771,020	26.9	1,040,877
Online / Mobile Device	0.25	364,380	12.7	91,095
Phone (Council)	17.25	561,000	19.6	9,677,250
Phone (Contact Centre)	11.1	1,139,000	39.8	12,642,900
		2,865,400		24,211,122

TABLE B3: Upper performing local authorities distribution and cost

	Unit Cost	Volume	Percentage	Cost Per Year £'s
Face to Face	25.3	28,654	1.0	724,946
Email	1.35	286,540	10.0	386,829
Online / Mobile Device	0.25	859,620	30.0	214,905
Phone (Council)	17.25	429,810	15.0	7,414,223
Phone (Contact Centre)	11.1	1,260,776	44.0	13,994,614
		2,865,400	100.0	22,735,516

TABLE B4: Comparison between Plymouth City Council and local authority average
(Table indicates a £4.7 million saving opportunity by moving towards the average)

	Plymouth		Local Authority Average		Difference	
	%age	Cost	%age	Cost	%age	Cost
Face to Face	2.1	1,518,000	1.0	759,000	-1.1	759,000
Email	34.9	1,350,000	26.9	1,040,877	-8.0	309,123
Online / Mobile Devices	3.7	26,500	12.7	91,095	9.0	- 64,595
Phone (Council)	40.6	20,087,625	19.6	9,677,250	-21.0	10,410,375
Phone (Contact Centre)	18.7	5,944,050	39.8	12,642,900	21.1	- 6,698,850
	TOTAL	28,926,175		24,211,122		4,715,053

TABLE B5: Comparison between Plymouth City Council and upper performing authorities.
(Table indicates a £ million savings by moving to upper quartile performance)

	Plymouth		Upper Quartile Performance		Difference	
	%age	Cost	%age	Cost	%age	Cost
Face to Face	2.1	1,518,000	1.0	724,946	-1.1	793,054
Email	34.9	1,350,000	10.0	386,829	-24.9	963,171
Online / Mobile Devices	3.7	26,500	30.0	214,905	26.3	- 188,405
Phone (Council)	40.6	20,087,625	15.0	7,414,223	-25.6	12,673,402
Phone (Contact Centre)	18.7	5,944,050	44.0	13,994,614	25.3	- 8,050,564
	TOTAL	28,926,175		22,735,517		6,190,658

APPENDIX C: BUSINESS OPERATIONS

TABLE C1: Model efficiency targets (as part of the channel shift methodology)

Benefit Levers	Summary of Benefit	East Sussex	Medway	Birmingham	LB Harrow	Average	Range
Economies of scale	Co-location of Business Support Develop specialist skills Reduces Agency Smooth demand for services	4.40%	3.00%	6%	6.00%	4.85%	3 - 6 %
Performance Management of Resources	LEAN Team Leaders Workflow Management Defined service lists Service Level Agreements Spans of control (DMA)	7.50%	9.30%	5%	10.00%	7.95%	5 - 10%
Removal of work	Stopping activities	3.10%	3.00%	16%	4.00%	6.52%	3 - 16%
Standardisation / Simplification	De-duplication of work Reduction in complexity	7.04%	4.30%	Not known	5.00%	5.40%	4 - 7%
Total		22.04%	19.60%	27.00%	25.00%	24.72%	19 - 27%

Within the Channel shift assumptions; these lines of activity from each department will be included in on-going revenue savings.

APPENDIX D: EXISTING REVENUE SAVINGS – BUDGET DELIVERY PLANS (PUBLISHED)

TABLE D1: Existing budget savings plans within MTFS predicated on ICT infrastructure and modernisation of customer and business operations. It is expected these would form part of the savings identified for delivery within the business case, although work streams may be transferred as the responsibility of the Change Management Office to deliver.

Directorate	Plan		Allocated Savings target							TOTAL
			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18		TOTAL
	Customer transfer		100,000	100,000	100,000	-	-	-		300,000
PEOPLE	Customer transfer		100,000	100,000	100,000	-	-	-		300,000
CORPORATE SERVICES	Customer savings		200,000	250,000	250,000	-	-	-		700,000
CORPORATE SERVICES	E-Transactions		50,000	170,000	170,000	-	-	-		390,000
CORPORATE SERVICES	ICT Rationalisation		150,000	300,000	300,000	-	-	-		750,000
COUNCIL	Business Support		100,000	100,000	100,000	-	-	-		300,000
	TOTAL		700,000	1,020,000	1,020,000	-	-	-		2,740,000