

POLICY FINANCE & ADMINISTRATION COMMITTEE

4 DECEMBER 2012

REPORT OF STRATEGIC DIRECTOR (KA)

TRANSFORMATIONAL CHANGE PROGRAMME

1.0 PURPOSE OF REPORT

- 1.1 To give consideration to the approval of business cases and release of funding for two of the projects within the scope of the Council's Transformation Programme.
- 1.2 To report on progress within the Programme and to provide some clarity on deliverables and programme milestones.

2.0 RECOMMENDATIONS

- 2.1 That members note progress to date for the programme as a whole and approve the two business cases attached at Appendix C and update the capital programme accordingly.
- 2.2 That members authorise the release of £20K from the approved capital budget for immediate work on the Digital Channels (Website) Project and £25K as a supplementary estimate for immediate work on the Enterprise Document Management Project, the supplementary estimate to be funded from the corporate priority reserve.
- 2.3 That the anticipated total cost of the programme, as shown in the table in para 5.4, be taken into account at the forthcoming budget away day and full council for the allocation and approval of funding of appropriate capital resources.
- 2.4 That a further report be submitted for drawdown of funding in respect of the website Content Management System (CMS) once the Leicestershire County Council procurement process has concluded, which is expected to be in March 2013.
- 2.5 That officers be asked to explore the potential for developing a payment by results approach to support the ambitions within the programme and bring a further report back to members.
- 2.6 That officers be asked to develop a localised version of the digital service standard for adoption in respect of Melton Borough Council services.
- 2.7 That members receive and consider a further major progress report before proceeding with the next Phase of the Transformational Change Programme
- 2.8 That any above the line risks are monitored and managed through the Corporate Risk Management arrangements.

3.0 KEY ISSUES

- 3.1 The strategic business case for the transformational change programme was approved at the meeting of this Committee on 3rd July 2012. In essence the programme will bring together work on a number of related projects with the overriding aim being to maximise the opportunities provided by digital services to improve customer experiences and to make revenue budget savings over the longer term. A copy of the vision for the programme is attached at Appendix A.
- 3.2 Since 3rd July work on the original projects in scope has commenced with one additional project being added which is for the implementation of the social fund from April 2013 (see separate report on the Agenda from the Chief Executive). Each project within the

programme has been allocated a project sponsor and a project manager. The current projects within scope are therefore summarised below: -

Project Name	Project Sponsor	Project Manager
Digital Channels (Website) Development	Angela Tebbutt	Sarah Jane O'Connor
Customer Relationship Management (CRM) Development	Angela Tebbutt	Chris Malkin
Enterprise Document Management (EDM)	Jim Worley	Cassandra Marshall
Universal Credit Pilot Bid	Ronan Browne	Jackie Aimson
Single View of Vulnerability	Ronan Browne	Kevin Quinn
Social Fund Implementation	Ronan Browne	Kevin Quinn
Review of Local Government Funding(Including Council Tax Support)	Dawn Garton	Martyn Bowen

- 3.3 Further to the programme level mandate that was approved at the July meeting, individual project summaries for all of the projects within scope are attached at Appendix B to enable members to get a feel for these projects. The summaries show the key aims for each of the projects individually. The main reason that they are being dealt with within a programme is that they are all inter-related and most of the projects are to some degree dependent on the success of at least one other project to enable their own success. There is also potential for the projects to have competing demands on the same members of staff.
- 3.4 At the meeting in July a sum of £60K was allocated to the overall programme in order to get things started. In addition to this, a sum of £60K has also been secured from the DWP to support the development of the Universal Credit Pilot Project and the Council Tax Support Service also has a budget funded externally to support the implementation of this new service. These sums of money have supported the programme to date. For two of the projects business cases are now being submitted to release further funding for the initial phase of the programme. These two business cases, for the Digital Channels (Website) Development and the EDM system are attached at Appendix C.
- 3.5 With the help of SOCITM two workshops have been held to identify the linkages within the programme and to start to map the key milestones and to balance resources across different aspects of the programme. Very importantly, since the 3rd July the Council has been notified that it is one of the 12 national pilots exploring some of the issues for customers resulting from the implementation of universal credit in 2013, including the fact that it will be a digital by default service when introduced. For Melton we currently have around 1800 working age benefit claimants who are the customers who will be most affected. This provided a clear focus within these workshops and it was decided to concentrate the initial phase of work on the implementation of the new council tax support service because it affects this cohort of people. A document summarising the key high level milestones and the products to be developed for this first phase, which will take us to the end of June 2013, is attached at Appendix D. A further more detailed programme plan is available for members to view on request.
- 3.6 In effect we will be striving to make the new service a digital by default service from April 2013 in order to mirror what customers might expect once Universal Credit is implemented from October 2013 onwards. As part of this approach we intend to build a prototype digital process, with associated integration between different systems, to enable all 1800 existing working age benefit claimants to register to access digital services from January 2013. There are a number of technical and logistical challenges to us achieving this

prototype digital process within the very tight timescales but it will be an excellent test for a number of the key projects within the programme if we can do it.

3.7 In addition to the work on the prototype digital process, from which we anticipate much learning, the initial phase of the programme will primarily focus on the introduction as soon as practicable of the Northgate product suite of e-revenues, e-benefits and e-services. A document which summarises the key benefits from achieving this is attached at Appendix E. It is anticipated that the initial phase of the programme will be completed by the end of June 2013, at which point members will be able to assess the achievement of the benefits of the programme to date, including those highlighted in Appendix E, before releasing resources into future phases of the programme. These checkpoints will be available throughout the programme to enable time to pause and reflect on achievements and progress against the original aims for the programme.

3.8 In order to assist members to understand progress to date a summary on a project by project basis is included at Appendix F. One development that members might be particularly interested in is the significant improvements made to the website to enable customers to view planning applications easily when they do not know the reference number. This can be demonstrated to any member on request and we will arrange for a demonstration prior to the meeting.

4.0 POLICY AND CORPORATE IMPLICATIONS

4.1 On 6th November 2012 the Government launched its' Digital Strategy. This is an important document to understand and is available at the following link: <http://publications.cabinetoffice.gov.uk/digital/strategy/> . It provides a definition of what "Digital by Default" means, which is: ***"digital services which are so straightforward and convenient that all those who can use digital services will choose to do so, while those who can't are not excluded"***. For the latter part of this statement the strategy concentrates on assisted digital access and vulnerability, which are already key aspects of our transformation programme. Whilst the Strategy is primarily for Government departments it does talk about the wider public sector, including local councils, all working together.

4.2 Within the Strategy there is a clear recognition of the cultural issues associated with becoming a "digital organisation". For example, it does make it very clear that digital services must be better or more convenient than other channels so that they become users first choice and that we must not fall into the trap of developing digitised versions of what we have always done. Processes will need to be radically redesigned to provide high quality user experiences so that customers will always choose digital as their channel of choice. Again, this is entirely consistent with the vision for the programme agreed in July but it is important to note the complexity of this cultural shift as acknowledged within the strategy.

4.3 A useful element of the strategy is a commitment to the adoption of a digital by default transactional service standard. The draft service standard included at Annex 3 to the strategy is reproduced at Appendix G to this report. We will use this standard (or any subsequent version of it) as a basis for ensuring that all digitised services approved for publication on our website, or other digital channels, meet consistently high standards. The standard will require a bit of work to make it suitable for our needs but this is considered to be a worthwhile piece of work which will assist us in achieving the critical success factors for the programme.

4.4 In terms of recognising the potential for more people to use digital services the Strategy has some useful indicators based on a major survey conducted by the Cabinet Office in August 2012. The following table is particularly interesting: -

% of UK Adult Population	Completed Digital Transactions
46%	Online and have used a government transaction online
8%	Online and have accessed government information online
28%	Online and have not used government information or transactions online
6%	Offline and willing to get online
12%	Offline and not willing to get online

4.5 The strategy also picks up on the importance of mobile phones and smart phones. For example, over 60% of traffic to the Olympic Games website came via mobile phones and 86% of UK adults own a mobile phone with 56% owning a mobile phone that is internet enabled.

4.6 Overall, the strategy predicts that central government could achieve annual savings of between £1.7 and £1.8 billion through digitisation of existing transactions. In Melton there is also significant potential for savings to be achieved for transactions involving applications, changes of circumstances, information requirements and payments. The strategy suggests that the average national costs of these transactions are £8.62 for face to face, £2.83 for phone and £0.15 for the web. We currently average around 300 – 400 unique telephone transactions every day, around 78000 to 104000 calls per annum. If we can successfully migrate at least 50% of these to digital channels this will place the Council in a very strong position in the future.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 As stated above in paragraph 3.4, the programme has been progressing on the basis of the funding already allocated together with a number of dedicated internal and external resources. In particular the Council has excellent support from our software partner for revenues and benefits, housing and customer relationship management systems, Northgate Public Services, who are committed to helping us to achieve the aims of the Universal Credit Pilot. The Change Team Manager will have a major role to play in co-ordinating resources and planning Programme wide activities to help us achieve the vision. All of the Project Managers identified will also be critical to delivery and the Project Sponsors must provide the necessary leadership and drive.

5.2 We have taken the recent opportunity of the resignation of the Customer Services Manager to engage experienced transformational change staff from Northgate Transformation Services to boost our capacity and capability over the next few months whilst we work out how we want to proceed in the medium to longer term. This resource will focus on leadership of the customer service function but is also supporting the overall delivery of the transformational programme. There may be an opportunity to extend this arrangement into the future on a payment by results basis which we propose to explore over the next few months.

5.3 In terms of moving forward we feel that it is important to try and give an indication to members of the total level of investment likely to be needed to achieve the aims of the programme together with some indication of the level of savings that might realistically be anticipated as a result. This is not an exact science and the figures are our best estimates at this point in time, having regard in particular to many of the projects still being at discovery phase. It is important to note that there will be a time lag between making the investment and achieving the conditions that are needed to realise cashable savings.

5.4 The table below summarises our best estimates of investment costs across the various projects and how those costs can be met: -

Name	Estimated Total Cost (3 Years) £K	Phase 1 Drawdown - Business Case £K	Funding Source/Notes
Overall Programme (Pump Priming money)	60	60	Funded at meeting on 3 rd July 2012 – Spending profile attached at Appendix H – Any funding included in this line has not been duplicated in other lines below.
Digital Channels (Website) Development	105	20 55	£60 K of capital funding earmarked in 2012 budget. Drawdown for phase 1 to be in two tranches. First tranche now and second tranche to be released following a report on the county procurement process due to conclude in March 2013
Customer Relationship Management (CRM) Development	15	0	Additional costs should be minimal because this project is more about making the best use of what we already have
Enterprise Document Management (EDM)	115	25	
Universal Credit Pilot Bid	80	60	£60K for Phase 1 funded by DWP
Single View of Vulnerability	10	0	
Social Fund Implementation	10	0	Should be cost neutral for the Council as County have agreed to meet any costs
Council Tax Support Service	80	80	Fully funded by Govt Grant
Totals	£475K	£300K	Breakdown of £300K for Phase 1: Funded Externally £140K Funded 3 July 2012 £60K Requested Now £45K Further Report Needed £55K

5.5 At the present time the high level savings target is to achieve minimum revenue savings of £200K per annum from the end of year 3. As stated above in paragraph 5.3 there will be a time lag between making the up front investment and achieving the cashable savings. To

achieve any savings in 2012/13 will be ambitious but it might be possible to make some cashable savings in the final quarter. If savings are achieved in the final quarter any amount saved can be at least quadrupled for a full year effect saving, i.e. a saving of £30K achieved in the final quarter of 2012/13 will translate into an annual saving of at least £120K from 2013/14 onwards. It is worth noting that the cashable savings to this council might be achieved through assisting the Government to reach the 12% of people who have no intention of accessing digital services and are likely to continue to rely on face to face support.

- 5.6 In the longer term greater usage of digital services could grow significantly, based on the estimates in the Digital Strategy. If this transpires it will give the Council a further option (alongside realising the cashable efficiencies) which is to look at how more resources could be switched to our early intervention approach. This in turn could continue to see positive changes in the community and help to drive even greater savings to the public purse (although not just to the Council).

6.0 **LEGAL IMPLICATIONS/POWERS**

- 6.1 The Legal implications of specific projects are assessed when those projects are being considered.
- 6.2 There will be a number of specific legal implications associated with the implementation of the new council tax support scheme and the digital review of processes will need to ensure that any legal requirements of the relevant service are taken into account.

7.0 **COMMUNITY SAFETY**

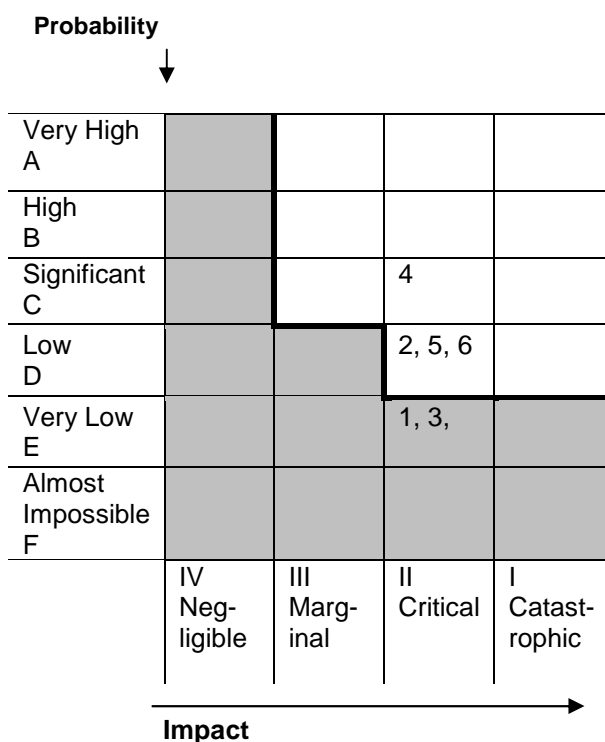
- 7.1 The projects which improve service access for vulnerable people are likely to have a positive impact on community safety and the single view of vulnerability project will have significant roles for the People Manager and the Community Safety Manager. .

8.0 **EQUALITIES**

- 8.1 We will need to ensure that in providing more digital services that those who cannot access them are not excluded. This will mean that we will need to keep some focus on the concept of the assisted digital service for the foreseeable future. Indeed, there could be an opportunity to provide an enhanced assisted digital service in Melton on behalf of other public service agencies who may wish to remove face to face and telephone support from the locality in the future

9.0 **RISKS**

- 9.1 The ability of the Council to implement the transformation programme is limited by the availability of resources both financial and people. The Council is reliant upon a number of key suppliers for software and the availability of their staff to make changes and to implement new functionality. The Council also has limited internal ICT resources both in terms of numbers and skill levels and this will be impacted on by the review of ICT services. This impacts the amount of business change that can be implemented and is a critical risk factor to the programme. At the end of the day success will depend upon changing people, influencing the way in which they expect to access Council services in the future.



Risk No.	Description
1	Capacity and capability to deliver a very ambitious change programme
2	Availability of necessary investment resources in tight financial climate
3	Loss of key personnel to other projects or initiatives
4	Cultural and behavioural change not delivered
5	ICT Review has a negative effect.
6	ICT Integration not achieved

10.0 CLIMATE CHANGE

10.1 The ICT industry as a whole takes the issue of climate change seriously and constantly seeks to reduce ICT's carbon footprint. New ICT devices are designed to be more energy efficient and have a lower carbon footprint than the older devices which they replace.

11.0 CONSULTATION

11.1 Management Team have been involved in producing the Transformational Change Programme.

11.2 Engagement is a key activity across the Programme. This is considered essential to support the cultural and behaviour change needed to achieve the vision shown at Appendix A. Key stakeholder groups have already been identified and a number of engagement consultations have already taken place, although many more are planned. This is a key mitigation for Risk No. 4 identified in Section 9 above.

12.0 WARDS AFFECTED

12.1 Wards are not directly affected by these projects but all people living in the Borough will benefit from the ultimate achievement of the vision.

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Date: 4 Dec 2012

Appendices:

- Appendix A – Vision for Transformational Change Programme
- Appendix B – Transformation Programme Project Summaries
- Appendix C - Digital Channels (Website) Development Project Business Case EDM Business Case "to follow"
- Appendix D - Transformation Programme – Product Delivery Overview
- Appendix E - Northgates Products – Aim to Achieve in Phase 1
- Appendix F - Transformational Change Programme – Progress Summaries

Appendix G - Initial Outline of Proposed Digital by Default (transactional) service standards
Appendix H - Spend Profile for £60K Programme Budget 2012/13

Background Papers: Government Digital Strategy 2012
Melton BC ICT Strategy 2012