To: Leadership Board

On: 16 September 2015

Report by: Chief Executive

Heading: Better Council Change Programme

1 Summary

1.1 The purpose of this report is to provide the Leadership Board with an update on progress with the implementation of the Better Council Change Programme (BCCP) and to seek the approval to proceed to the procurement phase of two projects which are critical to the success of the BCCP and the modernisation of the Council.

2   Recommendations

2.1   It is recommended that the Board

         i.   Note the progress made with the implementation of the Better Council Change Programme;

        ii.   approve the proposal for the Enterprise Resource Planning (ERP) project and agree to move to the procurement phase of the project, and

        iii.   approve the proposal for the Customer Access Portal for the delivery of Council digital services and agree to move to the procurement and implementation phase of this project.

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3   Better Council Change Programme (BCCP)

3.1   Renfrewshire Council's council plan "A Better Future, A Better Council" describes the Council's ambitions, priorities and the strategy for delivering better outcomes for Renfrewshire (a better future). It also describes the areas of focus for change within the Council itself that will be required to enable the Council to meet these priorities both now and into the future (a better council).

3.2   The Better Council Change programme has been set up to identify, manage and deliver changes across the Council that will improve our efficiency, modernise our ways of working and support long term financial sustainability as well as delivering savings specifically to contribute to addressing the Council's forecast medium term budget deficit of £30 million through to 2017/18.

BCCP - Phase 1

3.3   Phase 1 of the BCCP identified a range of changes across the council which included a review of how the Council organises and delivers corporate support functions; the identification of savings in procurements, rationalising of some property assets, improvements and efficiencies in catering and cleaning services, significant savings from investment in energy saving approaches, and further efficiencies in management structures operating across a number of services.

3.4   Phase 1 of the programme is forecast to deliver £13 million of savings with £8 million of these savings already delivered and the remainder due to deliver over the next year. Key contributors to this saving include:

Corporate Support Model (CSM) - The CSM covers the review of a wide and diverse range of services, including both professional and administrative functions providing corporate support arrangements (for example finance, policy and performance, business support, HR). A number of efficiencies were identified, and the workforce restructured through a programme of VR/VER, delivering over £2.9 million of saving to date. Further redesign and restructure is underway that will realise further financial savings of £1.7m for Phase 2 of the BCCP.

Cultural Trust - This project transferred the management of museums, town halls, libraries, sport pitches and services to Renfrewshire Leisure Trust from 1 July 2015 with bowling greens and community facilities coming under the trust's management from 1 December 2015. The new arrangement will deliver £0.6 million a year of financial savings.

Energy Management - This project identifies and delivers energy and water saving across the Council. In addition to financial savings, this project also reduces the Council's carbon emissions, making the Council more environmentally sustainable. Energy Management has already delivered £0.2 million of saving in FY15/16, and a further £0.3 million of savings have been identified with delivery underway, with plans to identify further opportunities.

BCCP - Phase 2

3.5 Phase 2 of the BCCP programme seeks to identify further opportunities that will modernise ways of working across the council; enhance the opportunities for customers to interact with the council using digital channels, and delivering organisational development to support our managers and staff to continue to grow and perform in a changing environment. In line with practice adopted in previous years, as individual projects reached a sufficient stage of development, reports outlining key business cases, service redesign options or other changes will be presented to an appropriate Board for consideration and approval to support the efficient delivery of implementation progress. By way of illustration, an early BCCP Phase 2 business case for investment in the Council's street lighting stock was considered and approved by Council in June to support early progress in the procurement and delivery of the project. Similarly, outlined in more detail in the remainder of this report are key BCCP – Phase 2 projects in relation to ERP and Customer Access.

Governance and management

3.6 The Council's Budget Strategy for the period 2015/18 relies on delivery of the financial benefits associated with Better Council Change Programme (BCCP). Robust governance and support arrangements have been implemented to ensure this happens.

3.7   The BCCP is led by a dedicated Strategic Programme Manager and the governance is provided by the Better Council Strategic Programme Board, made up of the Council Management Team (CMT) and representation from Legal, and HR/OD. The BCCP is managed using the Council's Project Management Framework which applies tried and tested industry standard methodologies to managing the change programmes, and is based on the Office of Government Commerce recommended approach to project and programme management.

3.8   All major projects are overseen by project boards and projects are broken down into a number of key stages, allowing for regular review, management by exception, and structured decision making points. Project boards are supported by the Better Council Project Review Panel which provides assurance that projects are set up for success, with the right resources, the right support, and the right engagement with key stakeholders at the outset and at each stage of the project. These arrangements ensure that the CMT has sufficient oversight and control over the BCCP.

4   Corporate Support Model – Enterprise Resource Planning

The need to replace current ICT systems

4.1   The redesign of the Corporate Support Model (CSM) is a key workstream within the BCCP. Intrinsic to the efficiency and effectiveness of the key services included within the CSM is the ICT systems upon which they rely i.e. payroll, finance, HR and procurement systems. While efficiencies have been and continue to be achieved from service redesign and improving working practices and processes, these will be limited while there remains a complex landscape of systems which interact with each other with varying degrees of success; which are administratively cumbersome and fragmented and which require significant effort to ensure the information they produce is robust, accurate and timely.

4.2   High level benchmarking with other local authorities suggests the Council's HR and payroll processes have a relative high cost, mainly attributable to significant double-keying of data and embedded manual (ie paper-based) processes.

4.3   Financial and procurement processes, reporting and systems environments also have limitations, with a significant number of financial transactions not being reflected in the Council's ledger system until an invoice is approved i.e. there is little visibility of committed expenditure owing to orders being placed in multiple ordering and line-of-business systems.

4.4   The existing ICT systems and services that support the current finance and HR processes are complex and relatively expensive and the

location of data centres in the same building creates business continuity risks.

4.5   The majority of transactional processing and core information maintenance and provision is undertaken by Business Support, with the finance and HR processes absorbing over 200FTE of effort across the staff group. In this context, and acknowledging the significant efficiencies that have already been delivered through the Corporate Support Model, it has been recognised that opportunities to secure further efficiencies in Business Support and other professional support areas will not be possible to any significant degree without investment to deliver major system and process change along with associated culture change in how the Council works.

ERP Business Case

4.6   The position being faced by the Council, is similar to that which has been experienced by many organisations of similar size and complexity to the Council and who have subsequently looked to the implementation of an "Enterprise Resource Planning" ERP system as the key enabler to delivering a more efficient organisation. These systems come with a suite of fully integrated finance, payroll and procurement software applications which automate and streamline the administrative processes associated with these service areas and provide much more timely and accurate management information. Case studies from other councils indicate that the implementation of an ERP system can provide the foundation for significant cost savings. A business case has been developed to examine the potential benefits of an ERP for the Council.

4.7   The business case compared the options of implementing an ERP solution against an intermediate position of investment in current systems and redesigning the current architecture to enable improved integration of these systems where possible. Both options (as well as a do-nothing option) were evaluated against agreed design criteria, along with cost, timescale and complexity criteria to produce a relative scoring. The ERP option was the most favourable in terms of generating savings, a positive net cost over the medium term and importantly the ability to enable transformation of corporate processes, resource management and business intelligence. As referred to above, it has been recognised that the next phase of the BCCP will be very difficult to deliver with the existing systems in place.

4.8   The ERP business case identified that the current administrative and staffing resource supporting finance, procurement, HR and payroll is substantial and costs £11.5m per annum. The business case forecasts that replacement of these disparate systems with an ERP system could generate efficiencies in excess of £2m per annum over a 3-5 year period. Costs of implementation, informed by soft market testing, would be £3-4m. This includes costs associated with the software and

associated services, and the staff and support costs associated with technical implementation, change management and the training and development of Council staff. This cost also assumes a level of backfilling of posts to provide temporary cover where the existing postholders are seconded to support project implementation, but the actual additional costs to the Council may be less than the figure included if other internal staff resources can be identified to provide this cover.

4.9   The intention would be for the implementation to be underpinned by the principle that the Council would align its processes and operating procedures to match the best practice efficient processes embedded within the selected ERP system, i.e. there would minimal be-spoking of the system to match existing processes, which is recognised as being a key risk factor in project cost overruns and undermining the process efficiencies that arise from the introduction of new ways of working.

4.10   It is also the intention that the system will be provided on a "Software as a Service" (Saas) model which is offered by all of the major ERP suppliers and which is fully aligned with the Council's approved ICT strategy of reducing the number of internally hosted and managed applications. A move to an ERP will support (and be supported by) the aims and objectives of Council's developing OD strategy in terms of increasing self-service, responsibility and accountability for managers.

Approach to ERP implementation.

4.11   It is recognised that there are inherent risks in a project of this size. While systems implementation is technically complex, the greatest challenge will be in changing processes, working practices and behaviours within the Council. The Council's previous decision to consolidate administrative and clerical activities within its Business Support function provides the Council with a better starting point than many other organisations. Having all clerical and administrative staff within Business Support ensured that the ERP business case was able to accurately identify the amount of Council resource currently committed to what is recognised as finance, HR, payroll and procurement processes that are not operating at optimal efficiency. Business Support's single management structure will also make it easier to deliver the process changes and efficiency savings associated with the ERP project once it reaches implementation.

4.12   The current maintenance contracts for the main finance and payroll systems expire at the end March 2017, but an ERP implementation typically takes 12-16 months due to the highly complex scope of configuration work, data migration, testing and training. Procurement will also take up to 4 months. It is important therefore that a decision to move to the procurement phase is taken now, to enable the new ERP system to be operational before the existing system contracts expire. The procurement tendering process will enable the outline business

case financial forecasts to be updated with actual market costs and allow a final business case and preferred partner to be presented for approval by the end of January 2016.

4.13 In terms of the implementation itself, significant effort and thought will be required to ensure the specification for the new system will meet the Council's current and future requirements. Throughout the specification development, procurement, award and implementation phases adequate internal resources will be required from each of the key services affected; and it is also likely that external support will also be required to ensure the Council has access to technical expertise and market intelligence. Strong project management will be required, and the project will be taken forward and overseen within the robust BCCP governance arrangements described above.

5 On-line Customer Portal

5.1 Another key component of the BCCP is the Customer Access project which aims to maintain and enhance the quality of services provided to customers and deliver future cost savings through the introduction of online delivery channels for those transactional services with the largest volume of contacts.

5.2 A business case has been developed by the Customer Access project team which considered 3 options to meet the challenge of improving customer services while reducing costs:

- continue with the current customer service delivery model and seek to reduce unnecessary contact through revised business processes and better 'sign-posting' to information online;
- make tactical changes to current systems to introduce some digital services to customers and introduce eforms, and
- implement a full-online customer portal solution to allow self service and automation of processes for customers.

5.3 The cost benefit analysis carried out on each option identified that only the implementation of the full customer portal solution has the potential to realise significant savings whilst improving the service to customers.

5.4 The procurement and implementation of a customer portal will provide customers with the choice of carrying out regular transactions via the Council's website. This will save time and be more convenient for those customers who choose this option, and reduce costs for the Council. The portal will be implemented in stages over a 3-4 year period and based on the level of customer uptake experienced by other Councils, annual recurring revenue savings are forecast to be in excess of £0.7 million by year 4. Implementation costs are forecast at £450k, which relates predominantly to internal resource required to be directed to support the implementation and development of the associated ICT system.

5.5   The customer portal project will initially target areas of high customer contact where demand for digital options is strong and where the maximum benefit for Customers and the Council will be achieved, such as Council Tax. The target implementation for stage 1 of the portal is January 2016 as this is in advance of the annual billing process and provides the opportunity to achieve maximum contact with households across Renfrewshire as part of launching the new service channels available to the public. Approval by the board at this stage would support commencement of the procurement and subsequent implementation phases to be carried out in time to meet the annual billing timescale.

5.6   It should be noted that the Customer Portal will make use of the national "MyAccount" service managed by the Improvement Service and provided free of charge to all Scottish Public Sector bodies. This provides a secure mechanism to authenticate individual customers and which is an essential requirement for delivering secure on-line services. It is intended that subsequent phases of the Customer Portal project will implement digital transactions for Housing Repairs; Environmental Reports; Business Support contacts and payments for Council services.

Implications of the Report

1. **Financial -** The Better Council Strategic Change programme is key the mechanism through which the Council will deliver the budget savings required over the period 2015/16 to 2017/18. It is imperative therefore that the programme is implemented effectively and the financial and service benefits fully realised. Delivery of both the ERP and Customer Portal projects will be delivered through existing approved service and change fund resources.

2. **HR & Organisational Development** – The implementation of the Better Council Change Programme has significant implications for the Council's staff in terms of organisational structures, roles and responsibilities and ways of working.

3. **Community Planning –** The changes within the Better Council Strategic Change Programme relate primarily to the internal operations of the Council and its services and therefore the implications for Community Planning are limited and indirect.

4. **Legal** – There are several large procurements arising from the projects within the Better Council Strategic Change Programme and these will require to be supported by the Legal Team.

5. **Property/Assets –** There are several projects within the Better Council Strategic Change Programme which have implications for property assets involve property reconfigurations and these will require to be supported by the Council's professional support functions as appropriate.

6. **Information Technology -** There are several large projects within the Better Council Strategic Change Programme that involve replacement of existing systems and additional new systems, the successful implementation of which will require significant support to be provided by the Council's ICT and Change Team.

7. **Equality & Human Rights**

    The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. Equality and Human Right's impact assessments will continue to be carried throughout the programme at the appropriate development stage of each individual project. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the

Council's website

8.	**Health & Safety –** The Health and Safety implications of each project within the Better Council Strategic Change Programme and where risks are identified, appropriate steps will be included within the implementation plan to mitigate these.

9.	**Procurement –** There is a requirement for a wide range of procurements, both large and small, to support the implementation of the Better Council Strategic Change Programme and these will require to be supported by the Corporate Procurement Team.

10.	**Risk -** there are significant financial and service risks arising from the projects within the Better Council Strategic Change Programme and these will require to be managed through the Council's robust programme management and governance arrangements.

11.	**Privacy Impact** - There are projects within the Better Council Strategic Change Programme that involve replacement of existing systems or implementation of new systems. Privacy Impact Assessments will require to be carried out on these projects.

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