

REPORT TO CABINET

REPORT OF: Deployment Manager

REPORT NO: DM001

DATE: 4th August 2014

TITLE:	ICT Investment Decisions	
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Key Decision	
PORTFOLIO HOLDER: NAME AND DESIGNATION:	Cllr Paul Carpenter Governance and Communication Cllr Mike Taylor Strategic Resources and Well Run Council	
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INITIAL IMPACT ANALYSIS:	Carried out and Referred to in paragraph (7) below N/A	Full impact assessment Required: No
FREEDOM OF INFORMATION ACT:	This report is publicly available via the Your Council and Democracy link on the Council's website: www.southkesteven.gov.uk , with the exception of appendix 1 which is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 as amended.	
BACKGROUND PAPERS		

1. RECOMMENDATIONS

1.1 It is recommended that :

- a) Cabinet approve the procurement of the customer relationship, document management, website and intranet systems as detailed in the report.
- b) The decision to award subsequent contracts following the completion of procurement processes be delegated to the Portfolio Holder for Governance and Communication.

2. PURPOSE OF THE REPORT

- 2.1 The report details the investment required in a range of contact and communication systems to deliver Customer Access Strategy ambitions and become a more flexible organisation.
- 2.2 The report also details the financial savings that can be achieved through the replacement and standardisation of existing systems and how this will provide a platform to deliver an enhanced and more sustainable customer offer across the wide range of services delivered by the Council.

3. DETAILS OF REPORT

- 3.1 South Kesteven District Council faces a significant shortfall in funding over the coming years. The Council's Revenue Support Grant has dropped by 31% over the last three years and that reduction is set to be 48% by 2016/17. The Council is also seeing increasing demand and expectations from both general public and business customers. Customers expect much more flexibility and increasingly want to access services at a time and place that is convenient to them.
- 3.2 This report details the way in which service provision can be improved online whilst providing the opportunity to reduce costs and maintain face to face and telephone services for those who need them and particularly our more vulnerable customers or those who cannot access the internet. The proposals detailed within the report were considered and supported by Engagement PDG on 17 July 2014.

Customer relationship management

- 3.2 The Council currently manages some of its interactions through a Customer Relationship Management system (CRM) which requires replacement to offer the widest possible range of services and effectively integrate with back office systems.
- 3.3 The introduction of a new CRM would enable the authority to have a single view of its customers and would facilitate an increase in transactions that can be completed online to deliver an integrated process. It would provide both customers and employees with access to the information they need from any location.

- 3.4 Once fully implemented effective channel shift will enable operating costs to be reduced by an estimated £200,000-£350,000 per annum.

Website

- 3.5 Evidence from our citizen's panel confirms that customer demand is shifting towards web-based channels. There is a need for a much improved website offer to encourage and support customers to transact online. Using our existing website platform, the introduction of new design templates would considerably improve their experience, ensuring the desired savings. Face to face and telephone services will remain available in addition to a substantially enhanced website offer.
- 3.6 By reusing the new website designs we can also update our intranet solution and make sure that important information is available to our employees wherever they may be based. This avoids the significant cost of introducing a separate intranet solution and continues to simplify our ICT estate. Further information can be found in appendix 1.

Document Management and Workflow

- 3.7 The electronic management of documents is a tool which, when fully deployed will reduce our space requirements, ongoing support charges and enable customers and employees to securely access their documents online. A uniform approach would promote flexible working and standardise working practices.
- 3.8 This type of system will provide the authority with a high degree of flexibility in terms of speed of access to information, our use of buildings and the way we work with our customers. Reducing the footprint occupied by internal services will provide an opportunity to generate rental income and reduce ongoing running costs.

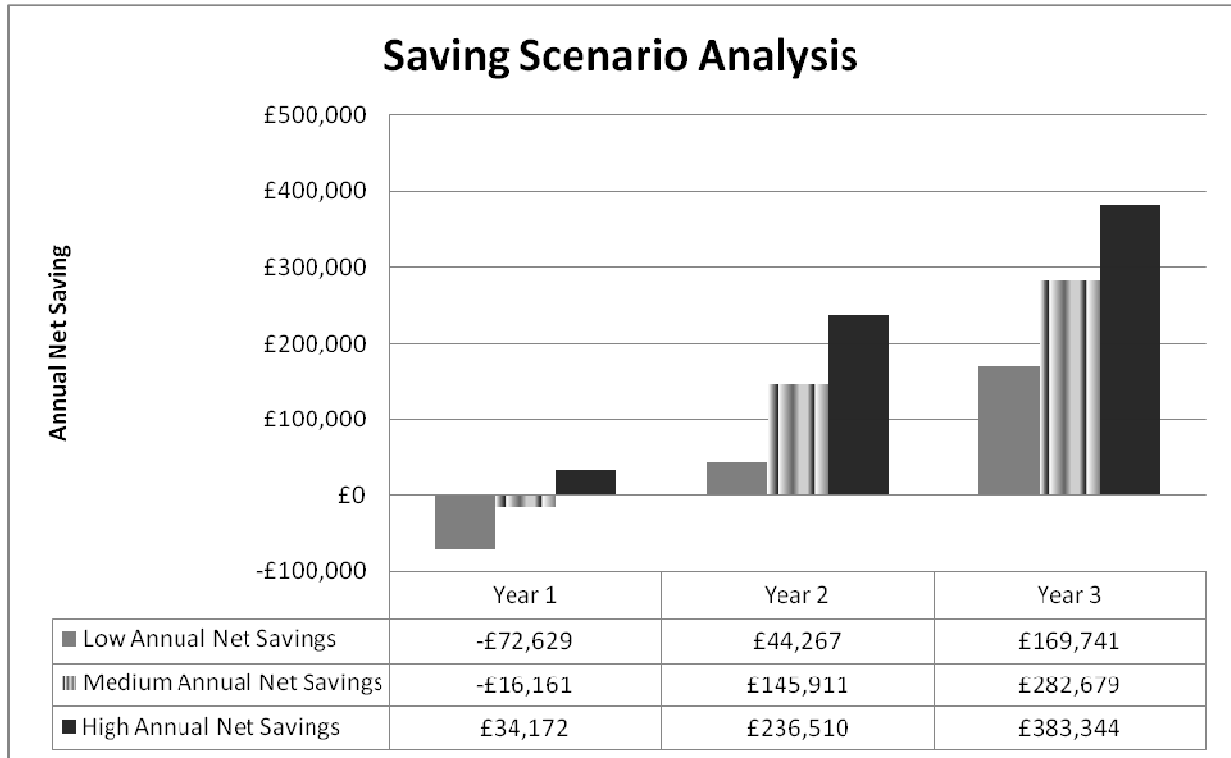
Implementation

- 3.9 Specialist resource will be required to implement the project. Some of this can be sourced internally, rather than from the supplier, reducing the project costs. The Council has set aside Housing Revenue Account and General Fund resources to support the transformation and improvement of services which it is proposed should be used to fund this investment.

Cost and return on investment

- 3.10 Market research has been completed to establish the likely cost of procuring a CRM, DMS and enhanced website. This is detailed in appendix 1.
- 3.12 The return on investment will be made over a three year period, but this is dependent on the level of channel shift achieved. Chart 1 shows how savings could be achieved based on a costed model developed on the experience of other local authorities:

Chart 1: Channel shift savings



3.13 The priority areas for self-service online are :

- Revenues and benefits
- Repairs
- Housing register
- Waste & recycling
- Building control and planning

4. OTHER OPTIONS CONSIDERED

4.1 The authority could remain as it is, utilising existing technologies and delivering services via the existing website, telephone and in a face to face environment. Savings could be generated through vacancy management however this would not provide opportunities to enhance the Council’s service offer to people who have the ability and expectation to be able to transact in a place and at times which are convenient to them.

4.2 A further option available to the organisation is to invest in a CRM and website only. This would see the Council investing in a replacement CRM solution, but not rationalising its ICT systems and hardware in relation to document management or improving the quality of its website. This option would improve access to services online however the opportunity to generate the full benefits of a flexible workforce and a reduced property footprint would not be available.

5. RESOURCE IMPLICATIONS

- 5.1 The implementation of the systems detailed above will require dedicated resources to be allocated to the project through a combination of internal resources and supplier based expertise. The allocation of internal resource in existing ICT and service areas will help to reduce implementation costs. The full cost of the internal resource is difficult to quantify at this stage. The procurement exercise will provide further clarity on this and the implications will be included in subsequent decision reports.
- 5.2 Resource requirements will be clearly mapped out and agreed with the supplier and appropriate service areas as part of our planning and implementation phase.

6. RISK AND MITIGATION

Risk has been considered as part of this report and any specific high risks are included in the table below:

Category Risk	Action / Controls
<u>Social</u> Community Impact	A failure to adopt the recommendations will impact on our communities. We will not be able to effectively manage ongoing demand or meet the rising expectations of our customers without incurring additional costs.
<u>Economic</u> Expenditure requirements	Significant investment is required and there is a risk that integration costs could increase . Costs and resource implications will be covered in detail through the procurement process and closely monitored.
<u>Technological / contractual</u> Software delivering expected outcomces	Detailed analysis of the market place has been undertaken and the procurement exercise will ensure that the chosen solution is able to deliver the specified outcomes.
<u>Physical</u> Availability and capacity of internal resources	Resource requirements will be mapped out and agreed for each stage of deployment.
<u>Physical</u> Paper data storage	Paper based data systems are vulnerable to loss or damage. The introduction of comprehensive electronic document management solutions enables the risks associated with data loss to be substantially reduced.
<u>Legislative</u> DPA, FOI etc	The new solutions will ensure that our data is held securely and complies with the requirements of DPA. The solutions will enhance our

	ability to respond to FOI requests as a result of the authority gaining a single customer view.
<u>Reputational</u> Customer engagement and quality of service provision	Consultation with the citizens panel has confirmed that our customers want to access services online. Evidence from our green bin renewal process supports this further.
<u>Political and sustainability</u> Delivery of priorities	The solutions proposed in this report will enable a more flexible approach to service delivery and enable customers to take more ownership of interactions, providing a more transparent process.

7. ISSUES ARISING FROM IMPACT ANALYSIS

N/A

8. CRIME AND DISORDER IMPLICATIONS

N/A

9. COMMENTS OF FINANCIAL SERVICES

At its Budget meeting in March 2014 the Council created a Transformation Reserve in order to invest in the modernising of its business operating model including supporting the development of web based services for those customers that prefer to conduct their business in that manner. This is not only convenient for those customers it is the most cost effective way of delivery services. The potential savings provided in the report are based on a number of assumptions including the level of process automation, the number of customers using the services and the reduction in operating costs as a consequence of the channel shift that could be introduced.

If the investment is approved then further detailed work will be undertaken to allocate costs appropriately between the HRA and General Fund and determine the level of financial return and the anticipated time period for delivering the savings. It is suggested that some of the implementation costs of these products could be sourced from internal resources although some back filling arrangements may need to be introduced.

10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES

- 10.1 If no framework solution exists for the procurement of the document management system and CRM, it would appear that an OJEU tender process will be required. Whilst the tender exercise carried out in 2009 provides valuable information, other providers may be available to provide compatible solutions at better value. The document management system

deployed should be considered for all service areas to avoid piece-meal provision throughout the organisation.

- 10.2 In relation to the intranet/website procurement, the award procedures for contracts valued at under and over £25,000 are similar with both requiring 3 written quotes. Contracts over £25,000 require a written specification.
- 10.3 Access to and use of the information held on any CRM and document management systems will have to be carefully implemented and managed to ensure that data protection requirements are maintained.

11. COMMENTS OF OTHER RELEVANT SERVICES

12. APPENDICES:

Appendix 1: Financial information

This Appendix is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) because it contains information relating to the financial and business affairs