Update on ICT and Transactional Services

Presentation to Overview and Scrutiny Committee
March 2017

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Areas to be covered

- Timeline

- Work Undertaken to Date

- Approach to the Resulting Project

- Member engagement

Timeline

- September 2018- current contract with Arvato (provider of ICT and transaction services comes to an end)

- May 2016- Cabinet considered the options in relation to future provision

- September 2016-December 2016- work undertaken to identify future business requirements, target operating models and delivery options

- January 2017- Cabinet agreed future delivery models

- Work now commencing on implementing the appropriate project and exit plans

Cabinet Decisions May 2016

1. It be noted that the contract period ends on 30 September 2018 and that the Council needs to determine its new requirements from that date;

2. Approval be given to the procurement of consultancy support to prepare the sourcing strategy in preparation for the provisioning of these services;

3. It be noted that the partnership agreement with arvato will continue until 30 September 2018, and that staff engagements will take place accordingly;

4. The Head of Corporate Resources be authorised in consultation with the Cabinet Member (Regulatory, Compliance and Corporate Services) to negotiate any interim arrangements to safeguard the continuity of services in the best interests of the Council as required; and

5. It be noted that the sourcing strategy, along with a detailed procurement and implementation plan will be reported to Cabinet for appropriate decision making in the latter part of 2016

Summary of proposed operating models

Service	Summary of proposed operational and transformation objectives
ICT	• A strong ICT strategy and architecture focussing on the Council's medium term corporate objectives
	• Disaggregate the ICT estate, adoption of integrated cloud services (as opposed to internal technologies) – reduced Total Cost of Ownership and complexity; increased scalability and resilience
	• A more mature approach to Service Management; align the user experience to modern ways of working; moving services *to the left* and resolving issues at the point of contact
	• Enable improvement, transformation and savings across the Council, particularly through a more mobile and collaborative workforce
	• Support the Council's overarching *Digital* ambitions through the delivery of enabling technologies and integration with Council business systems
	• Information architecture and governance that supports data sharing and the systematic use of business intelligence to improve service delivery; greater involvement from the Chief Information Officer across ICT
	• Ensure Sefton are delivering well above par for technology adoption and exploitation
	• Control the ICT agenda and deliver flexibility in future operating models
	• 20Transformation roadmap should begin now, not in 2018

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Summary of proposed operating models

Service	Operational and transformation objectives
Customer Services	• Broader and deeper service offer; more *joining up* between front and back office • A revised F2F offer - with a strong consideration of integrating/ co-locating with Library Services, or other Council partners • A residual, digitally based Customer Services offer in multiple community locations • A mature digital offer, focussing on digital inclusion – to deliver channel shift savings and improved customer experience • Maintaining and strengthening the relationship between Revenues & Benefits and Customer Services – 'deeper', more joined up processes
Revenues & Benefits	• Maintaining and strengthening the relationship between Revenues & Benefits and Customer Services – 'deeper', more joined up processes • Implementing a mature approach to channel shift and improving the customer experience • Improving efficiency and quality through greater automation – continue to invest in the RPA team • Systematically utilising data and Business Intelligence to support proactive service delivery planning, and to drive revenue and savings • Continuing to maximise the income derived from Council Tax, Business Rates and debt collection – celebrate and build on the Councils current performance • Developing the flexibility and agility of the team to meet future demands, particularly around the introduction of business rates localisation and Universal Credit

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Summary of proposed operating models

Service	Summary of proposed operational and transformation objectives
Transactional HR & Payroll	• A tiered model of HR, with a clear delineation between transaction and strategic/ professional services; avoid significant duplication of effort • Employees are responsible for their own data/ records; self service as a default; address the 'cultural' barriers to adoption • Streamlined and standardised processes; greater use of automation and workflow to reduce processing time and errors • Single version of the truth – all transactional data stored within a single system to create master record; reduced need to match and reconcile data sets; enhanced reporting and MI available; expansion of the current system functionality (ResourceLink) or procurement of a new solution • Potential opportunity for efficiency savings based on process redesign to eliminate unnecessary work and sources of error
Accounts Payable	• Strategic and streamlined Procure-to-Pay process – greater use of workflow, business rules and automation; reduced need for manual data re-entry and matching • Greater collaboration between Procurement and Accounts Payable; significant reduction of 'off catalogue' spend • Single data set to provide a consistent and real time picture of procurement and spend; utilise existing functionality within the Agresso finance system rather than alternative products and purchasing portals; data processed within other systems (eg Adult Social Care) must be transferred into Agresso • Requests, approvals and goods receipting undertaken within the core system by default; suppliers strongly encouraged to use digital invoicing; reduction in paper processing • Council has identified efficiency savings to be achieved by 2018/19 through streamlining processes

Evaluation Methodology to determine delivery models

Evaluation criteria		Scoring descriptors			
Criteria	**Description**	**1**	**2**	**3**	**4**
Ability to deliver proposed operating model	Is able to meet the transformation objectives set out in the proposed operating model	Very unlikely to deliver/ conflicts	Unlikely to deliver/ poor fit	Likely to deliver/ good fit	Very likely to deliver/ significant alignment
	Is well aligned to the Council's strategic direction and corporate priorities				
	Is able to deliver a consistently higher performing service against standard benchmarks				
Ability to deliver cost savings and/ or cashable benefits	Offers a significant reduction in service delivery costs in the medium term (ie 5 years)	Very unlikely to deliver	Unlikely or slow to deliver	Likely to deliver	Likely to deliver with a quick return
	Will quickly start to realise benefits				
	Offers potential to increase income generation				
Flexibility	Is able to adapt and change in line with evolving business requirements	Flexibility & control relinquished	Weak voice/ difficult to change/ little control	Influential voice/ easy to change/ some control	Total control and flexibility
	Is able to flex the capacity of the service in line with fluctuating demand				
	Offers opportunities for working with partner organisations to promote joint-working and economies of scale				
Complexity and cost to implement	Is either cheap to achieve or offers a quick return on any transition costs incurred	Lasting adverse impact and significant costs	Significant impact and/ or costs	Acceptable impact and/ or costs	Negligible impact and costs
	Minimises the disruption to ongoing services				
	Can be implemented quickly and with little effort				

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Recommendations

Service	Recommendation	Expectation
ICT	Procure a new prime contractor	A new partner will be able to deliver a cloud based operating model, modernise the ICT estate and service, enable the operating models of other Council service areas - at a lower cost than the current contract. The selected partner will need to be able to offer specialist schools support – brokered and supported by the Council. The development and implementation of a transformation roadmap should ideally begin before 2018.
Customer Services	Bring the service in house	Bringing the service in house and investing in the leadership will enable the Council to deliver digital/ channel shift benefits, improve the customer experience and develop strategic plans for the future of the One Stop Shops and Contact Centre. External support will be required to implement the new operating model.
Revenues & Benefits	Bring the service in house	Bringing the service in house and investing in the leadership will enable the Council to maintain high collection rates, continue to improve the support for benefit claimants, develop strategic plans around welfare reforms and NNDR localisation, and realise efficiencies through greater automation.
Transactional HR & Payroll	Bring the service in house	Bringing the service in house will provide the best opportunity to align the strategic and transactional functions, tackle the cultural barriers that are inhibiting self serve and automation, and provide a competitive schools offering. A decision will need to be made regarding the future of ResourceLink (license expires 2018) and external support will be required to implement the new operating model.
Accounts Payable	Bring the service in house	Bringing the service in house will provide the best opportunity to streamline the Procure-to-Pay process, tackle the high levels of off catalogue spend and provide a joined up view of spend across the Council.

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Implications and key issues/ risks arising

- Bringing key service areas back in house will require the establishment of a transition programme with appropriate levels of resourcing and HR support

- Whilst the Council will likely inherit good operational staff and management across the service areas to be insourced, there will need to be a focus on acquiring the appropriate senior leadership, specifically within Revenues & Benefits

- The Council will also need to invest in a retained Intelligent Client function for ICT. Work is underway to define these requirements

- The Council will need to engage with schools at the earliest opportunity to understand their requirements

- Current Revenues and Benefits performance is high, the Council will therefore need to manage the risk of disruption during the transition to maximise income

- Initial analysis has indicated that the Council could expect a significant reduction in the ICT contract price (PSR project refers) however investment will be required to generate this

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Cabinet Decisions January 2017

That:

1. The Target Operating Models for the Council Services as set out within the report be approved;

2. The evaluation criteria that had been applied to determine the appropriate delivery models for each service be noted;

3. Approval be given to the following Councils services, namely, Transactional Human Resources and Payroll, Revenues, Benefits, Customer Services and Accounts Payable been delivered 'in-house' by the Council from October 2018;

4. Approval be given to the Councils ICT service been delivered by an external prime contractor;

5. Approval be given to the commencement of an OJEU compliant process for the procurement of an external prime ICT contractor; and

Work Currently being undertaken

- Agreeing Exit Plan with Arvato to October 2018

- Agreeing Joint and Internal Governance Arrangements

- Establishment of Internal Project Board, Workstreams, project plans

- Transformation of ICT- what is required, how quickly can this be done

- Staff Engagement

- Will require external expertise and capacity

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Work Currently being undertaken

Progress

- Exit Plan was activated at 28 February Finance and Information Services Operational Board and a review of timescales will be completed and agreed by 28 March

Governance

- An internal Project Board has been established to coordinate, direct and provide oversight to the Council's activities associated with the exit and transition from the current Arvato contract that is due to expire in September 2018. It provides a mechanism to review the activities of the exit plan and the individual work streams which support the project

- The Project Board will be ultimately accountable to the Framework for Change Programme Board

- Council Exit Manager appointed and Arvato appointed Interim Exit Manager

- A structure of meetings have been scheduled in conjunction with Arvato

- Exit work plan with milestone for each service area will be agreed at 25 April Finance and Information Services Operational Board

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Work Currently being undertaken

Resource

- Lead Officers have been appointed for all relevant service areas. Roles and responsibilities have been clearly defined

Relationship Management

- Additional resource will be allocated to support the business as usual relationship management of the Arvato contract whilst key officers focus on transition and transformation activity

Performance of Services

- Performance will continue to be monitored under the current governance arrangements. Work will continue with Arvato to prioritise key changes and service quality and achievement

Risk Management

- A risk assessment will be undertaken for each service area to include issues and mitigation, this work has commenced

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Work Currently being undertaken

Communications

- Communications will cover a wide variety of areas with key stakeholders, including staff and Trade Unions. Questions and answers will be published on both Arvato and Council intranets.

ICT

- An Enterprise ICT Business Case and Roadmap is currently being developed, which will identify and plan upcoming key transformational ICT work and also feed into a service specification that drives the procurement exercise

- Discussions are underway with Procurement regarding the options regarding procurement approach

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