

SOUTH SOMERSET DISTRICT COUNCIL

# Transformation Programme Headline Business Case

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## (Appendix A)

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## Executive Summary

### The Transformation Programme

Along with other Councils, South Somerset District is facing significant financial, managerial and technological challenges.

The proposed “Future Model” Transformation Programme addresses these by rethinking the way the council operates. The design led approach will create and maintain a system that works for people, rather than people having to ‘work the system’.

By placing the satisfaction of customer demand at the heart of our future service design, processing and delivery costs will be lower. When compared to the current design there will be a significantly reduced need to call on both specialist and generic staffing resources but the content of the work will be changed for the better. The workforce will be more empowered, skilled and motivated.

The SSDC Transformation Programme will create a new way to engage with individuals and communities. Vertical service “silos” will disappear and all work in the community across services will be brought together under a new joined-up way of locality working.

In summary, the design of the SSDC Future Model would mean:-

- Managing and reducing customer demand
- Delivering as much customer service as possible through a universal contact method, resolving the maximum possible at the earliest point possible.
- Drawing on expert skills and knowledge only where appropriate
- Managing the organisation in an efficient and streamlined way.

Although EDM or other process efficiencies could be implemented on a service by service basis, the opportunity to generate efficiencies from merging similar generic activities across services in the front and back office would be lost. A citizen centric operating model which meets the financial challenges ahead will not be achieved through uncoordinated, incremental improvements.

The Future Model proof of concept exercise has clearly illustrated the ‘size of the prize’ that could be achieved by taking a ‘whole council’ approach to leading and resourcing a significant change programme.

The Future Model offers both flexibility and resilience for the future;

- to retain or transfer / outsource business delivery units,
- to release capacity to promote income or economic development opportunities
- to reduce overall operating costs
- to manage performance
- to facilitate data sharing that builds high quality customer insight
- to develop the skills of our staff team, managing the organisation in a streamlined and efficient way and empowering people on the front line
- to respond locally to community issues and priorities and enable local action and involvement
- to embed marketing, digital inclusion and ‘shift’ programmes
- to protect resources for the “front line” and serve our residents and businesses by being an organisation that helps South Somerset to be a good place to live and work.

Delivery of the Transformation Programme requires strong leadership, management and communication of the vision for better customer services; the intelligent use of customer insight data; a design led approach to access and handling; and innovation including the use of technology and digital tools.

## **Investment costs and return on investment**

The headline Transformation Programme (TP) business case has established that an investment of £2.3 million will generate annual recurring revenue savings of £2 million. The business case demonstrates that the TP can deliver a major contribution to bridging the budget gap faced by South Somerset District Council.

The projected annual recurring revenue savings comprise salaries and on-costs only. Associated non-pay savings, other efficiencies from supplies and services made possible by the change programme or by the enhanced capacity for income generation are not included.

The above costs do not include provision for any redundancy. This is because the Council may choose to re-invest some or all of the savings to meet other priorities. However, a provision for redundancy is included in the overall budget of £4.7m set out at the end of the business case.

Taking into account the provision for redundancy costs, the payback period for the Programme is two years and four months.

## **Conclusion**

The analysis and review work undertaken to date confirms there is a clear business case to proceed with further detailed design of the Transformation Programme to address the issues of customer service and business process efficiency identified, in line with the principles set out in the headline business case.

A decision to proceed should be accompanied by clear and robust programme leadership and governance due to the level of risk.

## 1 The Case for Radical Change

SSDC along with other Councils is facing significant challenges across a number of fronts.

We forecast that we will need to make over £4 million of savings by 2020-21. In future years, the financial pressure is likely to increase. However, it is also recognised that an approach based on annual 'salami slicing' budget reductions in line with the medium term financial strategy would continue to undermine our ability to deliver services through our existing structures.

Almost 46% of SSDC gross annual expenditure of £32.3 million is on staff related costs. The financial challenge cannot be met without reducing our staff numbers. Having already reduced these through sharing services and through service reviews, any further reductions will inevitably reduce front line service delivery unless we use a very different approach.

Leading Councils are also now looking to a new generation of customers who expect to access the services they need using smart, interactive technology.

In 2014-15 we analysed the nature and variety of customer demand and how the council handles that. This initial research as part of the budget strategy identified clear opportunities to reduce costs and improve the customer experience. In addition it showed that *current systems to manage customer data and support corporate performance management are not fit for purpose. The importance of timely and accurate data to support service planning and delivery cannot be overemphasised.*

### The key design elements of a future change programme were identified as: -

- Reducing avoidable contact
- Increasing capacity to manage demand
- Developing 24/7 digital solutions for customers – for access to services to be *digital by default* and yet -
- Continuing to ensure that customers receive the face to face help if they need it, whether for complex needs or assistance at a place and time convenient to them.
- Automating back offices
- Promoting existing digital options to customers
- Further targeting high volume simple transactions and payments for self-serve
- Reorganising customer handling to resolve enquiries and requests at the earliest point of contact possible

A redesign of service delivery supported by an investment in information and communications technology is now seen as essential for SSDC.

EDM or other process efficiencies could be implemented on a service by service basis, but this service "silo" approach can be limiting and short-sighted. The greater opportunities are to be found by generating efficiencies at a corporate level from the merger of similar generic activities across services in the front and back offices. A citizen centric operating model which meets the challenges ahead will not be achieved through incremental improvements.

## 2 Transformation: Strategic and National context

To meet these challenges, senior members have demonstrated a clear desire to transform SSDC and an acknowledgement that the traditional routes to drive down costs are no longer a realistic option.

In recent years, supported by the agenda of the Government and technological advances, leading Councils have moved to more radical programmes of service redesign. Customers

and their preferences are placed at the heart of service provision - enabled through the use of digital<sup>1</sup> technology and a *digital by default*<sup>2</sup> approach – empowering both staff and customers, protecting the front line and improving the customer experience.

A number of Councils have demonstrated that the opportunities for achieving significant reductions in the cost of service by driving a *digital by default* culture are growing. Such financial benefits are not restricted to the delivery of more services through self-help and on-line methods. Digitisation has brought efficiency benefits to the ‘back office’ reducing the costs to store, retrieve, sort and reproduce data as part of a business process. The financial and satisfaction benefits from efficiency, transparency and choice derived from being ‘digital by default’ are widely recognised.

At a practical level, redesigning services to resolve customer requests at the earliest point of contact avoids unnecessary contact which may be frustrating and / or costly for both the council and the customer. The focus of ‘Transformation’ is on the creation of core process designs that lead to a better customer service, efficiency gains and savings opportunities though maximising the use of technology.

The Improvement and Efficiency Social Enterprise (iESE) recent report on their “Review, Remodel, Reinvent” (3R) transformation framework captures how councils are reshaping their services to meet the new challenges. They emphasise the importance of the mind-set needed for successful change.

“We’ve seen that even at councils where innovation has been strong, maybe even cutting edge [transformation] has only succeeded where it is matched by a real focus on the right behaviours, culture and leadership.” (iESE July 2015)

The iESE analysis concludes that effective transformation involves all 3 levels of change (see diagram below). Councils that are able to remodel their service delivery (level 2) are in a much better position to release resources to allow members to achieve greater re-invention outcomes (Level 3). Although some Level 3 “re-invention” work has also been done, this will remain severely restricted while the necessary development resources have not yet been released through Level 2 remodelling. Reaching Level 2 is the current challenge for SSDC.

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<sup>1</sup> **Digital** – refers to the use or storage of data or information in the form of digital signals. So ‘**digitisation**’ is the process of converting information into a digital format. This is not the same (or as simple) as publishing information on-line or providing information by email.

<sup>2</sup> ‘**Digital by default**’ means providing services in a digital format that are so straightforward and convenient that all those who can use them will choose to do so, **while those who can’t are not excluded**.



### 3 Future Model

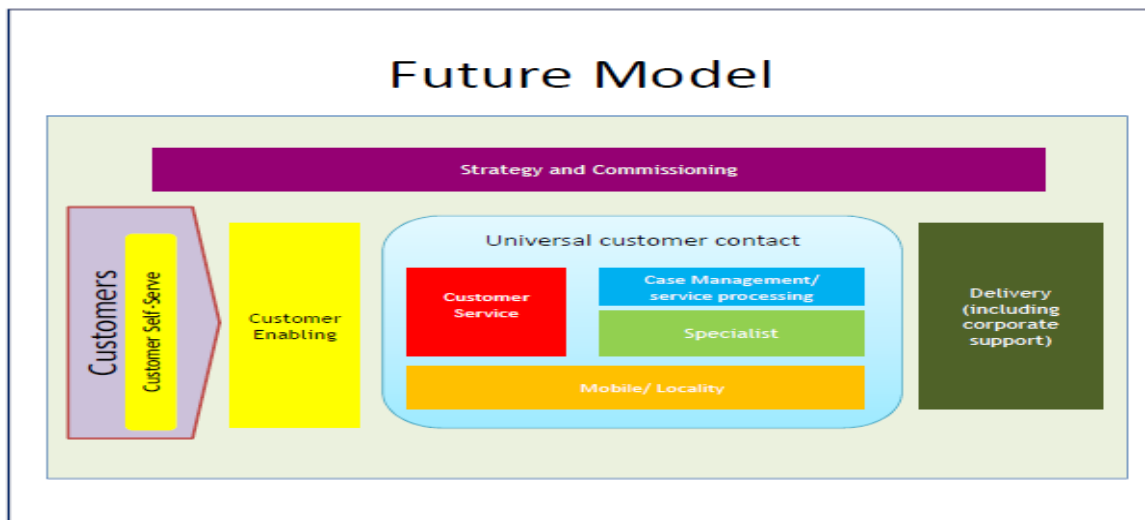
To further explore alternative ways of doing Council business, senior officers and members have visited other innovative councils, drawing on their experiences, particularly around agile working and commissioning of services in a largely rural district. They have also reviewed SSDC's experience to date in delivering savings through both shared services and re-engineering processes in some service areas.

Visits by senior councillors and officers to Eastbourne and South Hams & West Devon councils, to better understand the design principles and key risks of a major organisational change programme from the perspective of leadership and staff teams, confirmed that the design principles of the Future Model concept could be effective when applied to SSDC.

The Future Model approach to Transformation and its key principles reflect SSDC's own ambitions to be an organisation consistently delivering improving quality of life in South Somerset by providing well managed, cost effective services valued by our residents.

Work to prepare a headline business case for the redesign of SSDC service delivery based on the Future Model was initiated.

## 4 The Future Model Explained



### Overview

**Future Model is a customer & citizen centric service delivery operating model** that has been developed by local government for local government to provide a new way of managing service demand, providing sustainable long term solutions that benefit customers, staff and the community at large.

The Future Model concept can be used to redesign and improve:

- The relationship with customers and the wider community
- Staff roles and structures
- Technology and processes
- Culture and ways of working
- Costs
- Outcomes

The Future Model uses the following clear **principles of design**:

- Managing and reducing customer demand
- Delivering as much customer service as possible through a universal contact method
- Drawing on expert skills and knowledge only where appropriate
- Managing the organisation in an efficient and streamlined way.

Transition to a Future Model way of working will keep a council at the heart of the community and support vitality and growth in the local economy, delivering great outcomes for people, with excellent customer services – all on a lower cost base.

Using the Future Model re-focuses the organisation around the customer & citizen through:

- A **redesigned organisational model** that completely reconfigures the way the organisation works, eliminating traditional silos, unlocking capacity and genuinely putting the customer first.
- **Re-designed business processes and customer journeys** that are as efficient as possible, delivering the best possible customer experience, with more opportunities to self-serve in key areas - such as enquiries, reporting, making applications, and booking and paying for services.



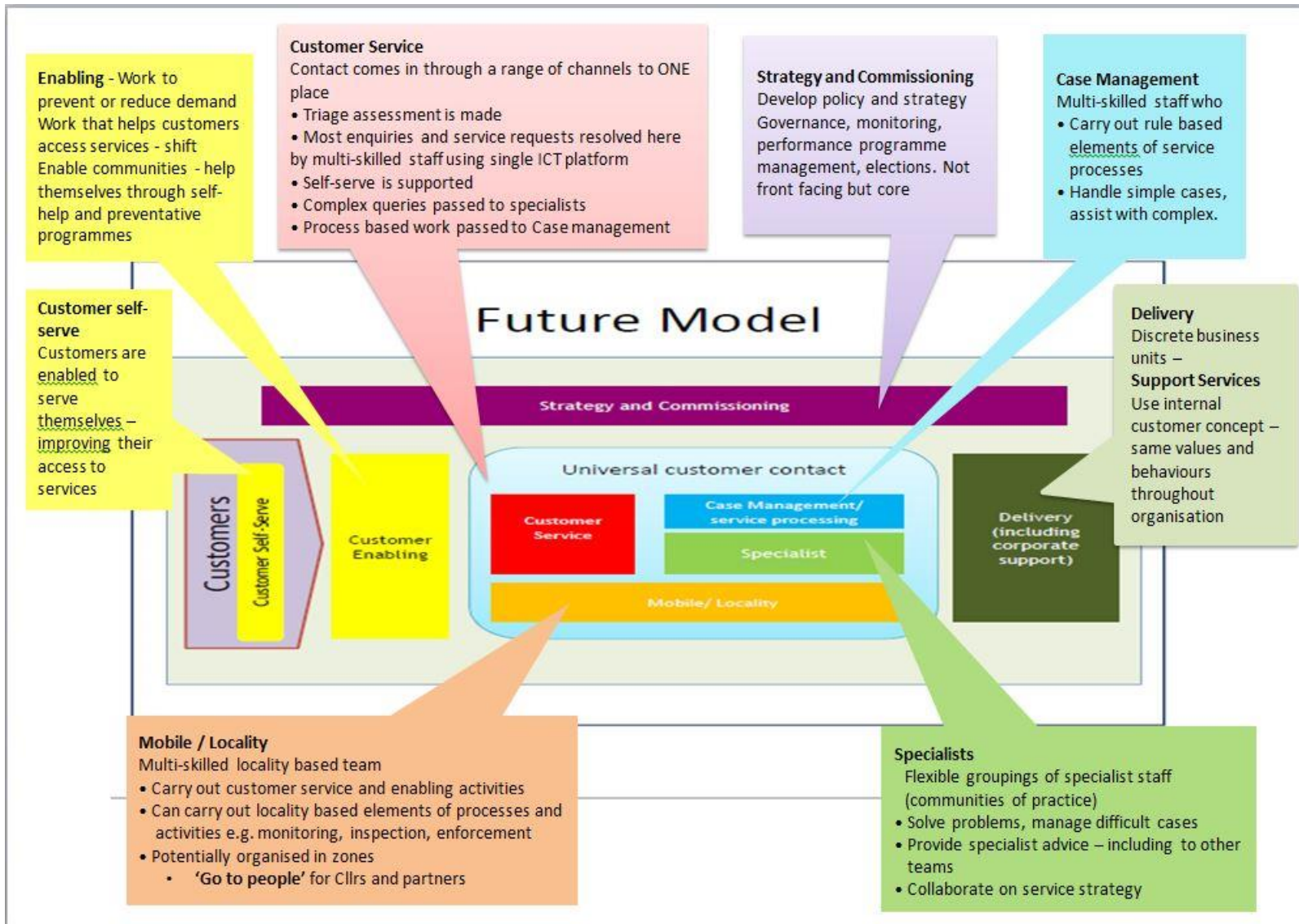
- A **refreshed technology platform** that provides end to end integration between a Customer Portal; Customer Contact Manager; Electronic Document Management; Workflow; Mobile solutions; GIS; and back office applications – all enabling smoother, shorter processes, self - serve and more efficient ways of working. Customers are not handled by multiple services around the Authority and insight and intelligence is shared to provide ‘a single view of the customer’.
- A new approach and culture that develops through the introduction of more **flexible ways of working**, resulting in liberated staff with greater autonomy to support customers and the opportunity to develop their skills.

More details of the redesigned organisational model, customer journeys and business processes, refreshed technology platform and flexible ways of working are provided in the next sections.

### **Future Model - A redesigned organisational model**

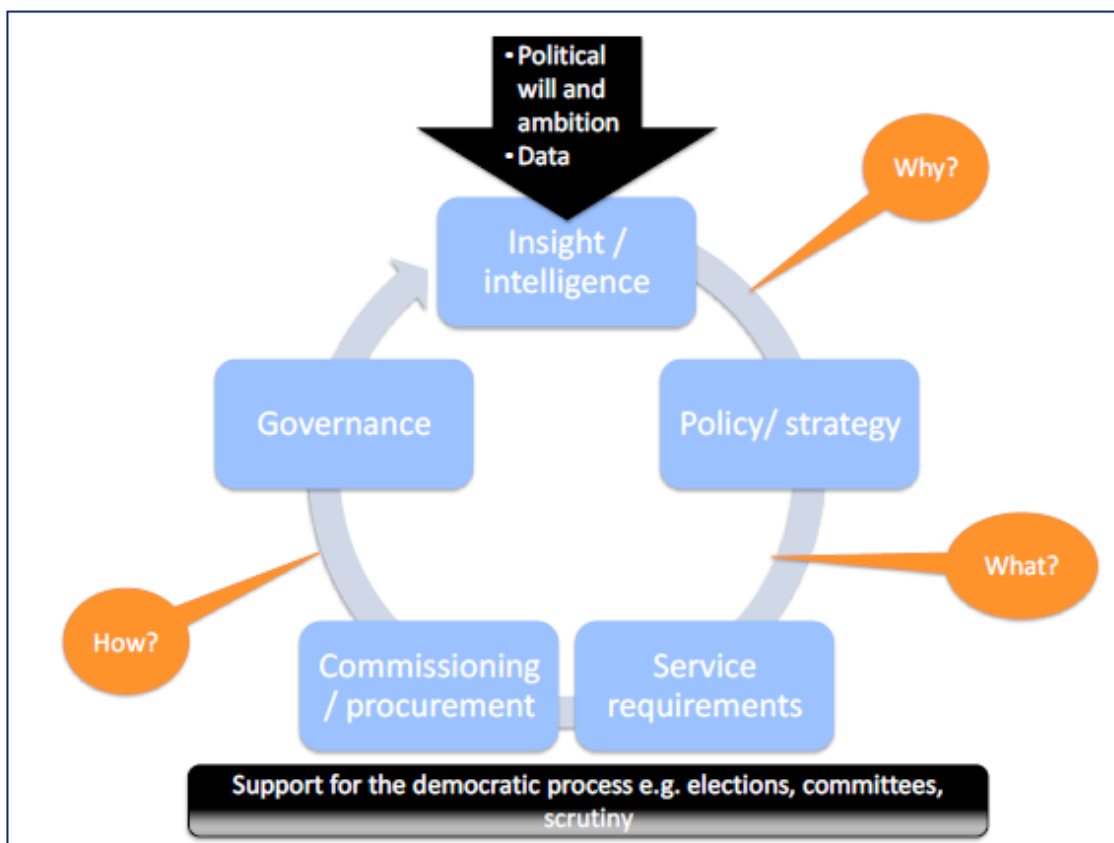
As shown on the diagram at the start of this section and in the more detailed diagram and text below, the Future Model design is made up of 3 main elements: –

- Strategy and Commissioning,
- Universal Customer Contact and
- **Delivery** (including support services).



## Strategy and Commissioning

The Future Model separates the commissioning core of the council from the delivery of its services. The principles of commissioning ensure that the focus of the council is on the outcomes it seeks to deliver and the impact these are making in the community. When designing its services, the commissioning council uses evidence to understand what its communities need.



Strategy and Commissioning is both the activity and resource to translate insight and ambition into the Council Plan and major strategies, **ensuring that the council remains unique, accountable and capable.**

Strategy and Commissioning (S&C) is a concept and an activity rather than a department or single team. There will be S&C roles in all service areas. S&C managers are likely to report to members of the senior management team, and will manage both other specialist staff in S&C roles and staff involved in 'delivery units'.

## Universal Customer Contact (UCC)

There are two main groups of customers for district council services: residents and businesses. There are different customer types within these groups e.g.: landlords, developers, licensees, tenants, business owners, householders. There are also numbers of individual customers with needs to access services in a particular way, or who require specialist services for their particular circumstances or characteristics.

Service users access services in different ways. Some can be encouraged to self-serve on line or draw on support from customer service staff only, whereas others may need to access the support of specialist staff more quickly.

The Future Model is designed to meet the differing – and changing - needs and preferences of customers.

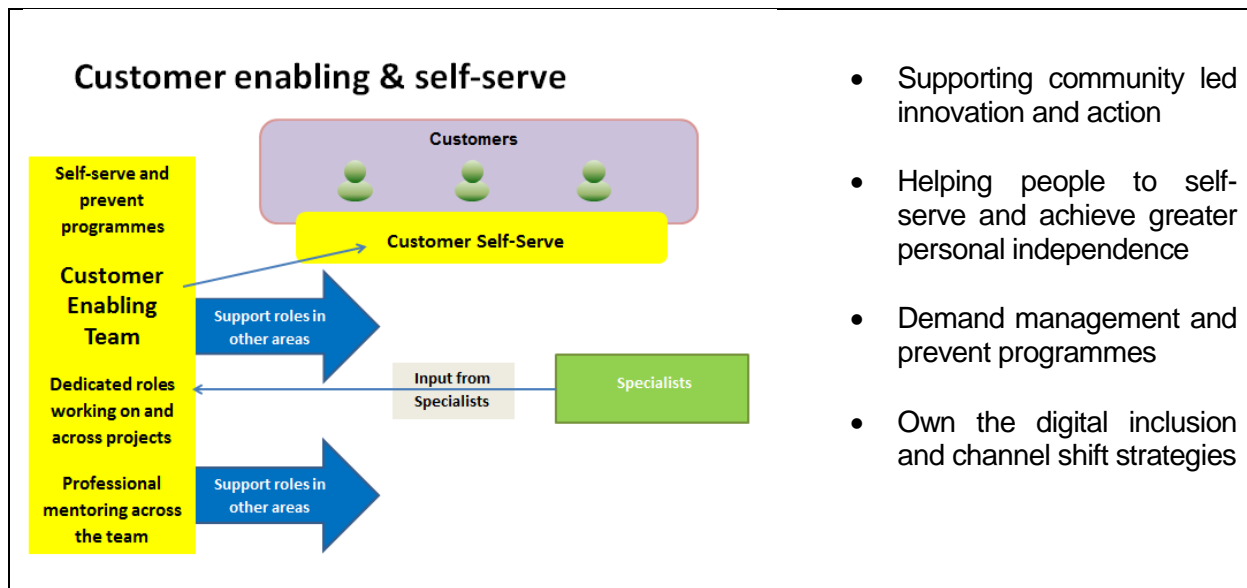
Universal Customer Contact (UCC) covers **all the activity associated with managing customer demand and performance, and providing services** – including: customer enabling, customer service, mobile and locality working, case management and specialist advice. UCC has a strong focus on resolving questions and issues (simple and complex) and scheduling specialist input when and where required. The overall purpose of this element is to provide smoother / shorter customer journeys with few if any hand offs between staff, fewer contacts between the council and customer and automation wherever possible.

The following sections cover

- Customer Enabling
- Customer Services
- Case management (business processing)
- Specialist advisors – operating in communities of practice
- Mobile / Locality workers

### Universal Customer Contact - Customer Enabling

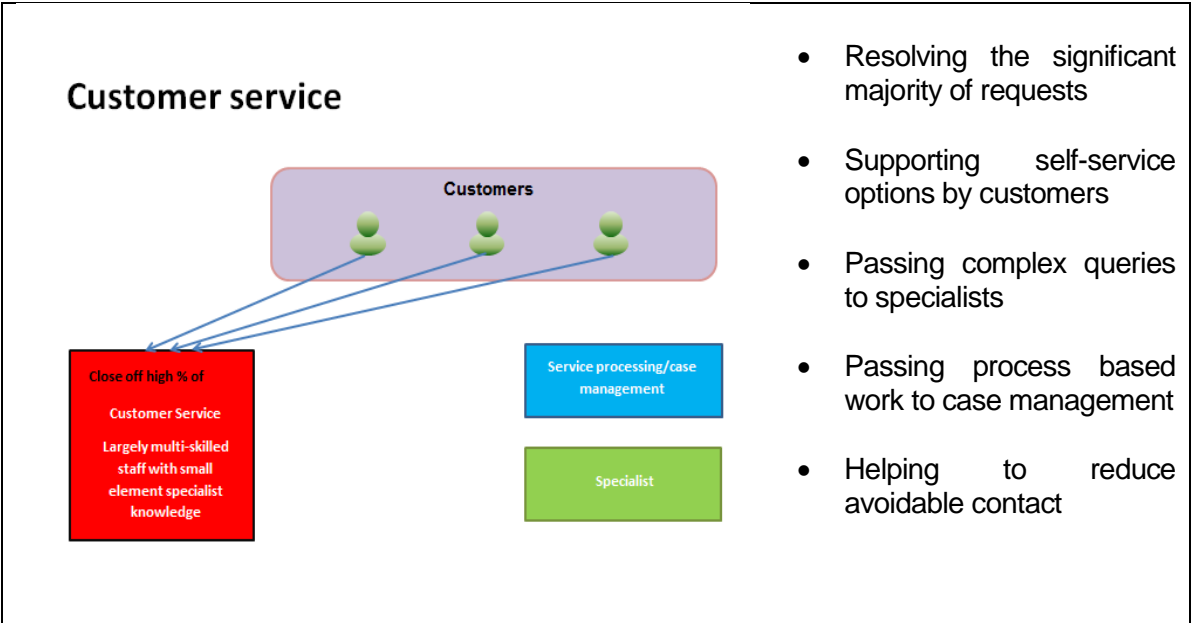
Customer enabling is an activity or function in itself – it reflects the ethos of the Future Model – helping people help themselves - with the financial and satisfaction benefits that entails.



- Supporting community led innovation and action
- Helping people to self-serve and achieve greater personal independence
- Demand management and prevent programmes
- Own the digital inclusion and channel shift strategies

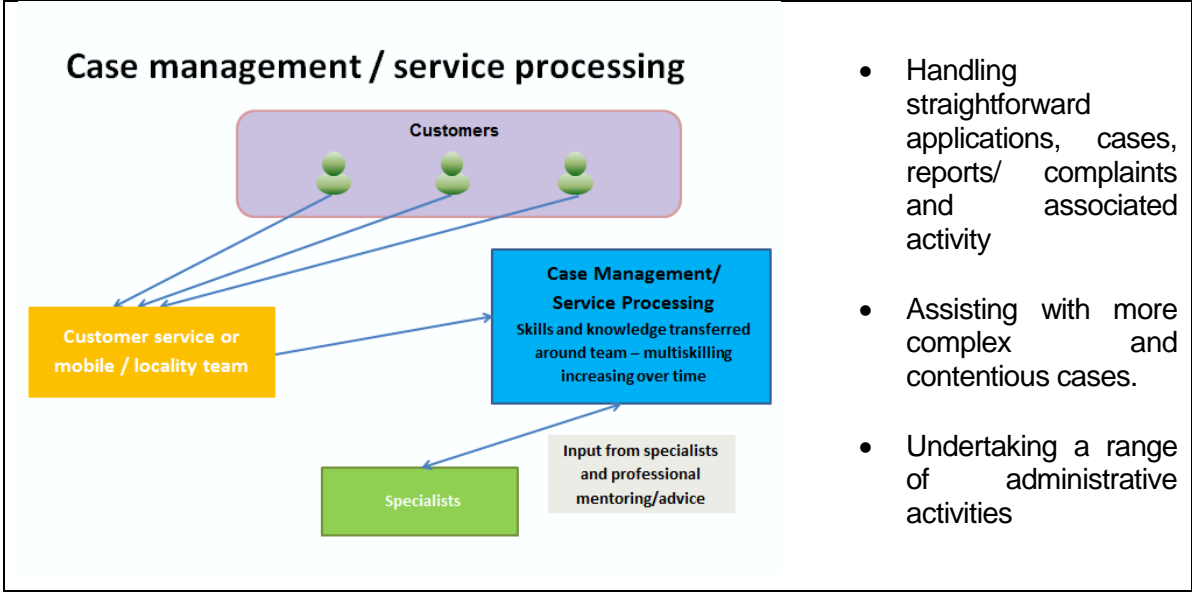
### Universal Customer Contact - Customer Services

Customer Services are provided by a **multi-skilled customer service team**, with comprehensive knowledge of council services, using intelligent form design, access to single customer records, and work flow technology. Contact from customers comes in through a range of channels - face to face locations, by phone and internet and through social media.



**Universal Customer Contact - Case management (business processing)**

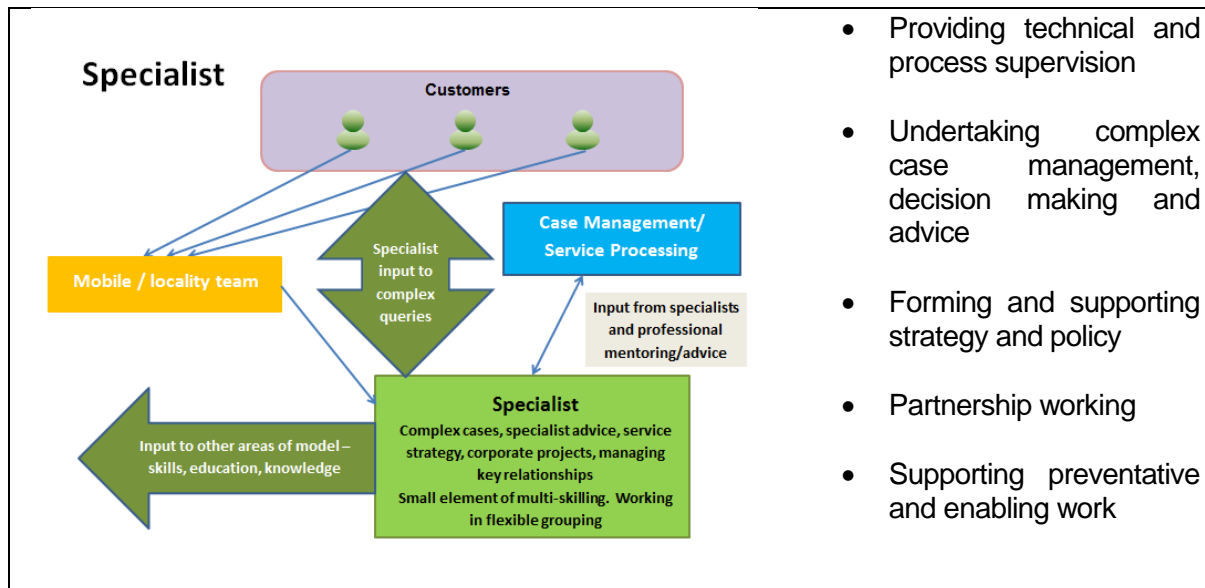
The focus here is on fast, technology enabled and customer focused service processing of cases, where an enquiry cannot be resolved at the first point of contact. During early phases of transition to the Future Model, case managers might focus on a particular business area but over a period of time the level of multi skilling would rise as knowledge and skills are transferred around the team.



**Universal Customer Contact - Specialist Advisors**

Specialist advisors are the professionally qualified staff that provide both technical and process expertise and complex case management and advice. A key principle of Future Model is the drawing on expert skills and knowledge only where appropriate. This means that systems of work must be designed so that specialists will focus on strategic and judgemental work rather than rules-based processing and case management.

Functions which are largely rules based or administrative in nature may not require specialist involvement other than when reviewing compliance or advising on the design of a particular workflow for a new national or local duty or policy.

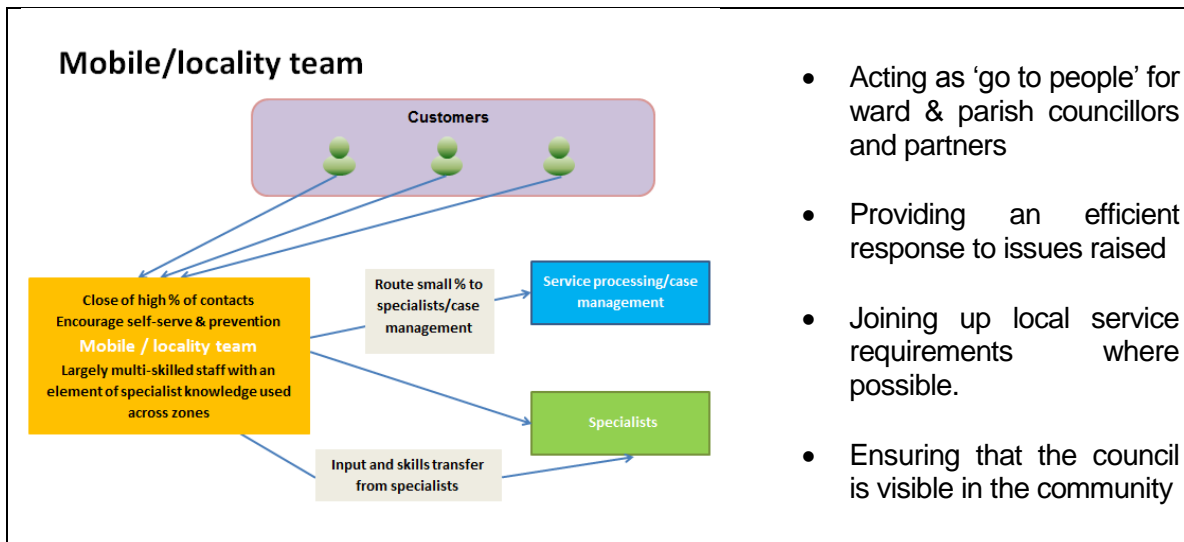


### Universal Customer Contact - Mobile / Locality

Mobile workers and Locality teams build up detailed knowledge of a local patch which leads to better commissioning of services and helps avoid duplication of work. The Mobile / Locality teams have key roles in helping the council achieve its objectives. One outcome would be to reduce the workload of specialists, saving both time and travel costs. Subject to careful assessment of the technical and administrative requirements of the task, staff broaden their skills and knowledge and make best use of technology to reduce (or even avoid) handling the paperwork 'back at the office'.

Mobile work would include a range of technical and 'public realm' services that require site visits for example pest control treatments, inspections (planned and reactive) of sites or premises, home visits to install a piece of equipment for independent living, or a site visit to put up public notices. Other examples may be a local choice to deliver a service through being mobile – for example home / business visits to make assessments, obtain information or provide advice.

Locality teams - there is clearly a comparison with the current operating practice of SSDC teams providing a responsive service to local issues and enabling or securing action on the ground with minimal referral, in partnership with local communities including town and parish councils. Using the same single platform as other elements within Universal Customer Contact, the local commissioning role would provide fast and responsive links to delivery services or to the mobile team (e.g.) to fix or install equipment. More complex issues such as investigating (e.g.) empty homes or environmental enforcement related actions would be handled using workflow in the case management system.



### Delivery (including Support Services)

The Delivery element of the Future Model will comprise several discrete business units, including Support Services. To meet the needs of the internal customer, Support Services are designed using the same values, principles and behaviours as for external customers.

The detailed design will be SSDC’s own choice. Services within the ‘delivery’ part of the model could include those retained in house or under third party management. This would allow discrete decisions to be taken in future without affecting the overall operating model

## 5 Future Model - Business Processes and Customer Journeys

Development of the technology platform (see section 6) to support the principles of the Future Model focuses on the creation of core process designs that ensure the customer request is resolved at the earliest point of contact, providing a better customer service, efficiency gains and opportunities for savings.

Working on service process redesign will allow SSDC to challenge who should be responsible for undertaking a piece of work within any given process, shift work towards the customer and triage roles wherever possible and ensure each stage of the customer journey is delivering the service in the most effective manner.

By enabling access to relevant data at the first point of contact (including via on-line self-help), the customer journey is as short and accurate as possible.

## 6 Future Model - The Transformation Technology Platform

A fully integrated technology platform is needed to support improvements in the following critical elements of Transformation:

- customer enabling
- customer self-serve
- single view of the customer
- automated workflow
- document management
- mobile solutions

Key to a new technology platform is the single view of the customer through data integration between the CRM (customer relationship management system) and the 'back office' data processing systems. All information held about a customer can be seen together. This single view supports more streamlined customer journeys, with fewer handoffs / touch points and issues resolved faster. In addition:

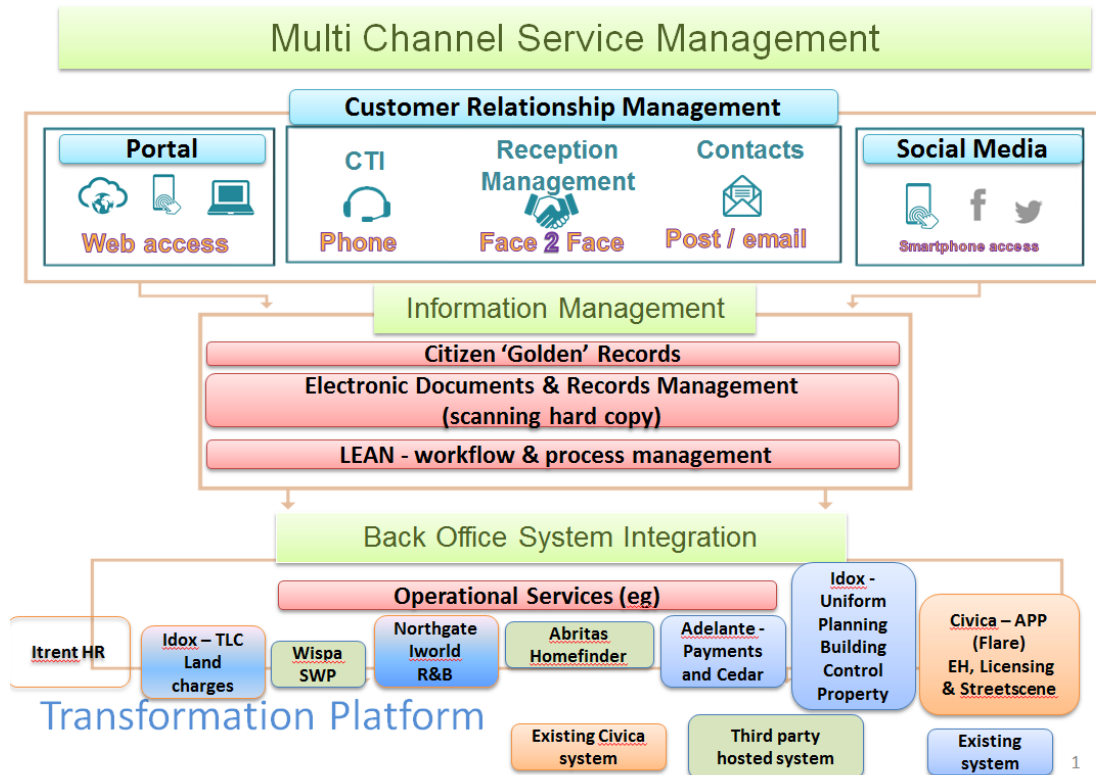
- Customers will have a wider choice of channels, receive the same level of service and will be able to track progress on-line.
- Mobile / agile working is enabled by access to back office systems.
- The Council will be better positioned to meet increasing requirements for data sharing and transparency.

An integrated technology platform (as illustrated below) can support a single or multi-council service delivery. This can be evidenced at South Hams where a single platform will enable officers to answer calls for the two different Councils using the same systems.

The Transformation Platform can be designed to allow different back office systems to be integrated and could be retained or replaced in phases as and when required by the council.

To release the savings & efficiency opportunities identified by the Future Model analysis, an extended / developed technology platform is needed at SSSC. The illustration below shows how the different elements of the council's ICT system could link together, enabling an integrated flow of information to and from the customer.





## 7 Future Model - Flexible Ways of Working

The Future Model promotes innovation in working practices so that staff teams and individuals adapt to meet changes in customer demand.

Transformation aims for an organisation that is designed around the customer, staffed by people who are customer centric in behaviours and attitudes, who use slick and efficient business processes to deliver excellent customer service at lower cost

To deliver these changes, Future Model transformation focusses on;

- **Knowledge and skills.** Investing in the structured transfer of knowledge to enable customer self-serve and effective functioning of customer teams
- **New Future Model roles and structures, career pathways and progression.** Providing clarity about career development and pathway opportunities will become a crucial part of the Future Model and of developing and retaining staff
- **Culture, behaviours and ways of working.** Creating a culture of empowerment, performance management of staff, an open and honest approach, trust and respect, knowing when to ask for help and new approaches to team meetings and team support.

Selecting staff with the right customer centric attitudes, behaviours and willingness to embrace change, empowerment and innovation will make the future model work across all services. This can be achieved by allocating people to new roles through a mix of job matching, self-selection, internal or external recruitment.

## 8 Benefit Drivers

The section explains **how** the financial and other benefits of transformation are achieved.

Delivering service improvements and releasing savings is the main design challenge for a Transformation programme. Programme design and implementation will focus on the following drivers:

- Remodelling
- Demand management
- Channel shift
- Efficiency

### Remodelling

Including agile working, releases capacity in the organisation through the reallocation of work and better workforce practices and creates the bulk of the projected cost reductions through improving productivity. Higher paid specialist staff are focused on strategic and judgement based work rather than rules based processing and case management.

### Demand management

Demand management is about a deeper understanding of the causes of demand and how it may be reduced without lowering service standards. Examples include design of letters to help avoid visits or calls to clarify meaning or to give information, earlier interventions to prevent arrears and targeted work to increase payments by direct debit.

### Channel shift

Channel shift involves supporting customers to make more use of on-line digital services (self-serve) – which in turn are designed to suit customer preferences and expectations. It is well evidenced that the cost of transactions through a digital / on-line channel are significantly lower than those handled by phone, or face to face. Well-designed public services promote self-help and the empowerment of people – and promoting self-serve online is one aspect of that. The risks of digital exclusion must of course be properly understood and managed.

### Efficiency

Technology is used to support and enable the redesign of service delivery to achieve greater efficiency through reduced use of resources. Examples include reductions in duplication of work; speeding up processes through automation; automated services request allocation through workflows; supporting mobile and agile working; data sharing of information and faster access to customer intelligence.

## 9 Developing the Headline Business Case for an SSDC Future Model

The headline business case for a transformation programme provides an assessment of the potential costs and benefits.

In particular, the business case provides a proof of concept for a customer centric 'Future Model' for SSDC. The business case draws on the experience of local authorities that have successfully transformed their organisations with particular reference to Eastbourne Borough Council and South Hams & West Devon councils, where Future Model design proved to deliver the benefits the councils sought.

The headline business case is based on both a high level strategic review and at a more granular level review of a cross section of SSDC Services

A detailed review of a number of key processes and customer interactions was undertaken, using data supplied by SSDC to specifically identify opportunities for channel shift and technology enabled efficiency. The output from this work has been used to validate some of the assumptions in the high level review.

- A headline **assessment** helped identify the potential for reducing costs and delivering benefits by adopting a new operating model. The assessment reviews current methods and processes against a clear set of benchmarks. This headline assessment was established through a series of 'opportunity workshops' with service representatives in Autumn 2015.
- Using the current staffing structure (FTEs and costs) for SSDC, a **headline activity analysis** mapped current work activity by service type against the Future Model.
- **Analysis of potential efficiency gains** from automation used SSDC service data supplied by high volume contact services in March and Autumn 2015. This work helped to provide a more detailed analysis of high volume contact services, to compare with the overall findings of the council wide headline maturity assessment and activity analysis.
- Learning from representatives of service teams (drawn from the high volumes of contact services) helped to form a better understanding of current needs and opportunities for improved service delivery and customer engagement. Discussions considered the implementation of a new technology platform and promotion of a move towards digital by default (internal processing activities and by customers using services). A workshop specifically for the technical aspects of ICT including the Customers First system was also held.

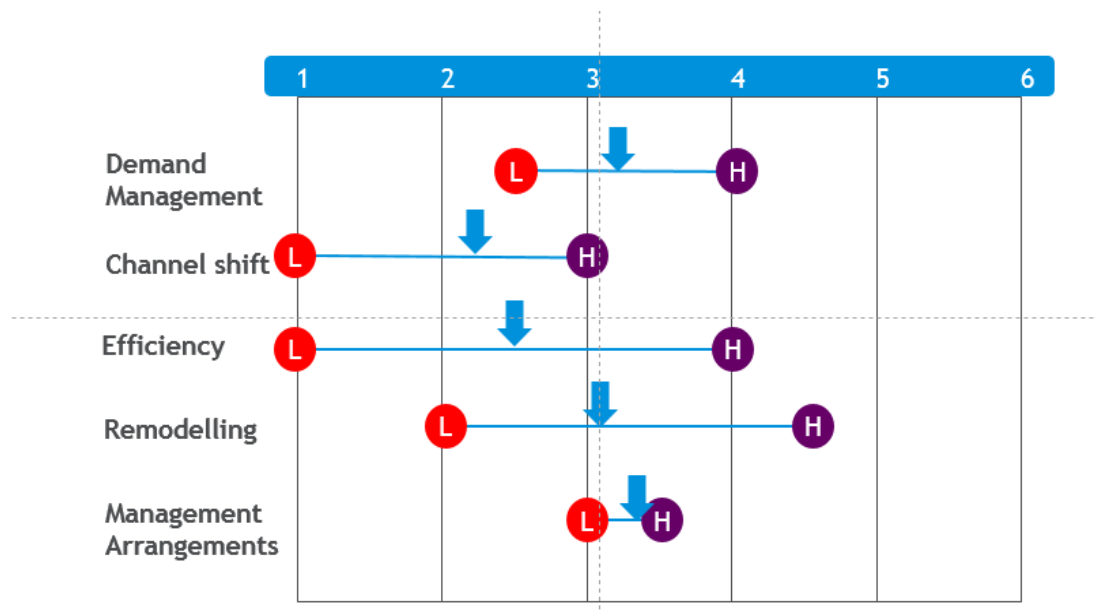
## 10 Aligning SSDC with the Future Model: headline financial impact

The summary output from the headline assessment for SSDC is shown below.

Benefit drivers that reflect the Council's opportunities were applied to the 'future modelled' activity, creating a potential FTE cost saving/benefit. This benefit can be realised as a financial saving through headcount reduction or can be reallocated to support the customer focused model. This approach would involve the full remodeling of the Councils structure supported by technology to enable the financial benefits to be realised.

### Summary Headline Assessment

Note. The arrows indicate SSDC's current position and help to illustrate the potential opportunities to gain the benefits from the Future Model.



The headline per annum impact of the Future Model at SSDC, set out below, reflects the significant savings that have already been achieved by SSDC from other service based re-design.

SSDC staff lists (FTEs and costs) were used to map work activity by service type that currently takes place against the Future Model activities.

Further refinement of this assessment will be part of the next phase of the programme – a detailed business case and blueprint for the new operating model. At this stage there are a number of assumptions made based on knowledge of other councils, including the type of activities undertaken within the council and the proportion of time spent on each activity. These would need to be tested further at a local level in a detailed business case.

If SSDC were to adopt an approach to transformation similar to Eastbourne and South Hams/West Devon councils, then the savings estimated below could be achieved. These are based on a new structure for SSDC supported and enabled by the implementation of a Transformation technology platform as described in section 6.

- The baseline staff cost in scope is £12.3M (367.7 FTEs).
- The potential annual financial saving is £2.0M (equating to 63.1 FTEs) following full implementation of the model (estimated to be a minimum of 18 months).
- This represents a saving of 16% (17% FTE reduction). This benefit could either be realised directly from a reduction in headcount **or** re-aligned to additional customer/community enabling activity, e.g. locality working initiatives, building self-serve capability or revenue generation activity.
- It is important to note that this level of saving (£2.0m) can only be achieved as a result of large scale remodelling of SSDC's organisational structure and staffing profile.

The tables below highlight the potential savings available by applying the headline assessments for each driver using the activity analysis. All drivers are interconnected and it would not be reasonable to consider savings projections in isolation.

	Benefit Drivers						
FTE	Customer Enabling	Customer Self-Serve	Internal Modelling	Technology or Process Improvement	FTE to be	FTE Saving	% Saving
367.7	6.6	16.1	23.7	16.7	304.5	63.1	17%
% of savings	10%	26%	38%	26%			

	Benefit Drivers						
FTE	Customer Enabling	Customer Self-Serve	Internal Modelling	Technology or Process Improvement	FTE to be	FTE Saving	% Saving
£12,323,116	£207,508	£429,303	£875,906	£494,069	£10,316,330	£2,006,787	16%
	10%	21%	44%	25%			

This high level analysis applies the FM assessment, principles of design and drivers of benefits using South Somerset data to show that:

- Reduced cost / reduced staffing requirement can be achieved by managing demand to reduce the level of service required by customers – enabling customers through better design of guidance and signposting services and support to do more for themselves.
- Further time (and cost) reductions can be created by ‘channel shift’ - supporting customers to self-service on-line and reducing council administrative workload and overheads in the process.
- There are efficiency gains from better use of technology to help process work such as designing out non-value adding activity (waste) and manual handling which can be automated from journeys and processes. The headline assessment for efficiency gains makes up 25% of the projected reduction in costs and FTE.
- Remodelling (including agile working) creates the bulk of savings through improving productivity and releasing capacity in the organisation through the reallocation of work, workforce optimisation and better workforce practices. This is achieved through the redesign of job roles and reframing the definition of a ‘specialist’. This allows for a shift of work and knowledge closer to the customer by embedding rule based ‘knowledge’ into processes and scripts and workflows, developing agile working and genuinely customer centric attitudes and behaviours. Remodelling represents 44% of the cost reduction as work is pushed closer to the customer away from higher paid staff. This allows specialists to focus on strategic and judgemental work rather than rules-based processing and case management.

## **11 SSDC Future Model - Customer, staff and Council related benefits**

In addition to the projected annual saving of £2M (and associated non-pay savings and income generation opportunities), a range of potential customer, staff and business related benefits are described below:

### **Customer related benefits:**

- Implementation of the change described in this business case will allow SSDC to have a single view of customers. This single view supports a number of benefits for the customer including more streamlined customer journeys, issues resolved more quickly and fewer hand offs/ touch points
- Greater resilience across services – protecting the front line
- A larger, integrated mobile/locality team highly visible across the community
- Customers will have a wider choice of channels (web (self-serve), phone, SMS, face to face) and will be able to track progress on queries
- Potential for faster processing of applications and cases.

### **Staff related benefits:**

- More flexible and empowered roles
- Senior staff able to focus on those areas that genuinely require their expertise.

### **Council related benefits:**

- Enhanced strategic capacity and capability to support the forward planning of the organisation and the delivery of outcomes through continuous feedback, innovation and improvement.
- The potential to enhance capacity and capability to manage and deliver key corporate projects and corporate plan outcomes.
- Enhanced capability for marketing and targeting of services – potential for income generation
- The benefits of joined up [digital] data (see below)

### **Joined up data benefits:**

The implementation of a Transformation Technology Platform will enable a smoother customer journey and will also improve the data journey by acting as the central information management tool, linking the customer and the various back office systems through systems integration.

- With all incoming and outgoing communication fed through the a digital platform SSDC would have a single system that links all its business specific back office systems, allowing for customer contact data, process information and key records to stored and viewed in one system.
- With each back office system being integrated to a Digital Platform, there is less risk of duplication of records. Records created in the back office system will also be created as a record using data synchronisation.
- Any updates or changes will be made in the back office system and will auto-update the system when next synchronised. Deep, two-way integration will also be delivered enabling further efficiency savings to be realised. With users working on communication and processes from a single Digital Platform, duplicate records will be easier to identify and manage.

- Better customer insight will be gained by utilising a central CRM and linking this contact record to each back office system. SSDC would have a single customer view across all service areas, providing better insight into the types of contact made by our customers and progress of any processes.
- Customer journey processes can either be initiated from CRM contacts and then the back office system updated as part of the process or the process started in the back office system with the record being created through the data synchronisation. Either way, the record (under the specific business application) becomes the central record for all SSDC.
- Better data quality/analysis. The process of obtaining customer data for analysis to support this business case was difficult. Volume data and type of enquiries for phone calls and face to face visits, post and emails across the council is not consistent even if recorded. A single platform facilitates the sharing and analysis of data for social and economic policy evaluation.
- The implementation of corporate EDM & Contact Management systems would provide SSDC with the ability to capture all this data, providing staff, service areas and senior management with a single source for all their reporting needs, including:
  - Process completion against set service level agreements
  - Real-time overviews of current workloads
  - Analysis of demand management
  - Identifying trends
  - Data on all methods of communication
- Sharing Data - Providing there are built in, adaptable integration points and robust system security, SSDC could enable external partner access to certain data and documentation as well as providing a system that could be easily be deployed by other Councils under a single operating platform.
- Transparency - In principle all data held and managed by local authorities should be made available unless there are specific exclusions (e.g. protecting vulnerable people or personal, commercial and operational considerations). The requirements of transparency and regulations such as the Freedom of Information Act can be met more efficiently with an integrated platform.

## **12 SSDC Future Model - Headline Costs and Return on Investment**

The overall cost including provision for the potential cost of redundancies is estimated to be within £4.7million. This includes the cost of the technology platform, the organisational change programme itself, and allowances for backfilling internal project team roles, a contingency sum and provision for the potential costs of redundancy.

The costs include capital and revenue spend. Software purchases and the implementation of that software can be financed through capital receipts.

The expected revenue costs are £3,388,000 including a provision for redundancy costs of £2,400,000. The provision for the associated costs of redundancy payments have been established by the HR manager and Assistant Director (Finance) using averages for the current workforce profile as a whole. A more detailed assessment will be developed during the lifetime of the programme. Workforce planning is a critical management strategy and given the consequences of a reduced budget the provision for redundancy is a financial risk of any alternative approach to addressing the budget deficit.

A fuller ICT assessment is already underway based on the indicative technology requirement. This will be completed to inform the programme board of the reviewed requirements specification and preferred procurement route. At this stage a provision of £100,000 to support third party systems integration has been included in the headline programme budget.

The headline costs do **not** include the costs of additional hardware / accommodation to support agile & mobile working. Provisions for additional hardware e.g. mobile (agile) working devices, or establishing / decommissioning accommodation may be required once a detailed blueprinting exercise has been completed. Existing budgets for a range of internal supplies and services may present an opportunity to realign budgets to the new ways of working.

The projected savings of £2m (set out in section 10) are also subject to how the Council decides to release the savings generated.

In assessing the conclusion of the headline business case, consideration should also be made for the additional undefined and / or indirect savings that would accrue as a result of the change including:

- Accommodation and other non-pay savings – supplies and services, travel etc.
- Income generation from new business areas, customer insight and web based marketing, made possible by the new operating model and technology platform
- Back office rationalisation (ie ICT systems)
- More effective collaboration with the voluntary sector, other public services and the private sector

Based on the anticipated financial costs and benefits of this headline business case the expected payback for the Transformation Programme is 2 years and 4 months from procurement.

### **13 Looking Ahead: Transformation Programme design and implementation**

Experience of implementing the Transformation Model at both Eastbourne and South Hams & West Devon Councils has produced a robust project approach – which involves a number of project work streams running simultaneously to deliver the change programme.

These will include:

- **Organisational Design and People** focussing on the management of change in the organisation. In particular this would include the definition of detailed role and people specifications, consultation, recruitment into roles, preparation for people in role – including training, cultural change and performance management. This work stream will also focus on the customer – engaging with customers in detailed design, the development of a portfolio of projects and interventions for enabling (demand management), channel shift strategy and management, and the engagement of community in change.
- **Technology** focussing on the detailed design of customer journeys and processes and the implementation of technology to support those journeys and processes. The business case is assuming that the organisation will use template prompts, diagnostics and processes as a basis for implementation. In this case the task will be to adapt these templates to the local needs with minimal modification. This may become a significant change management challenge.



- **Transition (Programme Management)** - focussing on the overall management of the programme and in particular on developing and maintaining the business case, the target Operating Model, the management of benefit delivery, transition management and communications. Any property related changes will be managed in this stream although it is expected that there will be a separate project to manage major changes in property and infrastructure.
- **Support Services establishing** the new requirements for corporate and support services, and aligning current systems to the new ways of working to support delivery and custom

## Appendix 1: Estimated Transformation Costs

The tables below shows a breakdown of estimated costs and savings, the timings are indicative and depend on procurement.

### Capital

Item	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Totals £
<b>Software, connectors, and implementation including programme team and backfilling</b>	303,250	606,500	303,250	-	-	<b>1,213,000</b>
<b>Contingency</b>	25,325	50,650	25,325			<b>101,300</b>
<b>Total Capital Costs</b>	<b>328,575</b>	<b>657,150</b>	<b>328,575</b>	<b>-</b>	<b>-</b>	<b>1,314,300</b>

### Ongoing Revenue

Item	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Totals £
<b>Ongoing costs e.g. support and maintenance</b>		59,975	59,975	59,975	59,975	<b>239,900</b>

### Once-Off Revenue

<b>Training, organisational change management consultancy, internal programme team and backfilling</b>	170,000	340,000	170,000			<b>680,000</b>
<b>Contingency</b>	17,000	34,000	17,000			<b>68,000</b>
<b>Once-off Programme Revenue Costs</b>	<b>187,000</b>	<b>374,000</b>	<b>187,000</b>	<b>-</b>	<b>-</b>	<b>748,000</b>
<b>Total Once-off and Ongoing Programme Costs</b>	<b>187,000</b>	<b>433,975</b>	<b>246,975</b>	<b>59,975</b>	<b>59,975</b>	<b>987,900</b>

<b>Allowance for redundancy costs (Note 2)</b>		1,200,000	1,200,000			<b>2,400,000</b>
<b>Total Once-off Revenue Costs</b>	<b>187,000</b>	<b>1,574,000</b>	<b>1,387,000</b>	<b>-</b>	<b>-</b>	<b>3,148,000</b>

<b>Total all Revenue Costs</b>	<b>187,000</b>	<b>1,633,975</b>	<b>1,446,975</b>	<b>59,975</b>	<b>59,975</b>	<b>3,387,900</b>
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<b>Total Capital and Revenue Costs</b>	<b>515,575</b>	<b>2,291,125</b>	<b>1,775,550</b>	<b>59,975</b>	<b>59,975</b>	<b>4,702,200</b>
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<b>Salary Savings (Note3)</b>		<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>
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Note 1 – The headline business case does not include any alterations to Brympton Way

Note 2 – An allowance of £38,000 has been made for each redundancy. It is expected that there will be some natural turnover that will reduce this figure. However, it is important that sufficient funds are set aside to cover redundancy costs and avoid any in year adverse budget impact.

Note 3 – These figures have been cross referenced for reasonableness to the savings made by South Hams and West Devon Councils