



Date: Wednesday, 11 May 2016

Time: 11.00 am

Venue: Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

Contact: Jane Palmer, Senior Democratic Services Officer  
Tel: 01743 257712  
Email: [jane.palmer@shropshire.gov.uk](mailto:jane.palmer@shropshire.gov.uk)

## CABINET

### TO FOLLOW REPORT (S)

#### **5 Digital Transformation Programme (Pages 1 - 20)**

Lead Member – Mr Malcolm Pate – Portfolio Holder for Strategy, Financial Strategy, Budget and Business Plan.

Report of the Chief Executive is attached, marked 5. **TO FOLLOW**

Contact: Clive Wright 01743 252007

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<u>Officer and Date</u>
Cabinet 11 <sup>th</sup> May 2016

<u>Item</u>
Public

## ICT Digital Transformation Programme

**Responsible Officer:** Clive Wright, Chief Executive

**Email:** Clive.wright@shropshire.gov.uk

**Tel:** 01743 252007

### 1.0 Summary

- 1.1 This report is submitted to Cabinet following referral from DMT on 25th April 2016.
- 1.2 The purpose of this report is to seek Cabinet's approval for an ICT Digital Transformation Programme that will underpin major transformation projects and enable the Council to transform the delivery of services to a customer focused approach utilising cloud technologies.
- 1.3 This report outlines and confirms the approach that Shropshire Council will adopt in replacing its current ICT provision (systems, processes, and infrastructure), and how the new solutions will support a council wide review of current processes. This will also inform a best practice approach to a new Council Operating Model and detail the costs and benefits associated with taking the recommended option forward.
- 1.4 The key reasons for the programme are:-  
  
The Council need to ensure that we are providing value for money for all of our stakeholders. At the same time, we must ensure we are committed to providing quality services to our customers and forming good relationships with our suppliers.
- 1.5 The Council need to reduce the ongoing cost of running services in line with the overall reduction of local authority budgets.
- 1.6 The Council need to provide the necessary systems and integration to allow for a commissioning and commercial based business model.
- 1.7 The Council need to provide management information reporting tools which will provide the ability to drive greater efficiencies from services and contract delivery by providing high quality, accurate and timely business intelligence.

1.8 A new operating model is urgently needed to:

- Replace existing systems that are not currently integrated;
- Remove systems and process that enshrines information in data silos;
- Deliver high quality management information and business intelligence;
- Improve customer experience (anytime, anywhere, any channel access for customers);
- Improve the current maturity of our IT provision, which has not significantly increased since the inception of the unitary authority in 2009;
- Remove the significant manual effort which is currently required to deliver services;
- Provide resilient Disaster Recovery and Business Continuity;
- Provide reliable data communication to support Council services;
- Enable agile and flexible working.

1.9 The Council will, through implementing the recommended ICT Digital Transformation Programme, reduce the number of systems it uses, manage these centrally and improve its online services to customers, making the website the place of choice when requiring information or services from the Council. Through an integrated systems approach, there will be a principle of collect once and use many. By this we mean, customers, partners and contractors should only have to supply each set of data once, regardless of which service point they use.

## **2.0 Recommendations**

2.1 The Programme recommends that Cabinet confirms and approves the preferred approach described within this report to produce a final business case in support of the operational and financial implications i.e. to replace all of the current ICT provision (systems, processes, and infrastructure) with new fully integrated cloud based solutions.

2.2 The Programme recommends approving the required resource for programme team and specialist technical engagement.

2.3 The Programme further recommends that the financial implications of the preferred approach are noted, funding be approved from the sources identified within this Paper to proceed with the programme. The initial assessment of cost funding for this Programme exceeds £1m and was not reflected in the Council's Budget approved on 25th February 2016. Full Council approval will therefore be required to approve funding for the agreed approach as set out in the final business case.

## REPORT

### 3.0 Risk Assessment and Opportunities Appraisal

#### 3.1 Risks

3.2 There are currently very significant levels of risk resulting from the continued operation of the Council's current ICT operating model. These risks are highlighted below to illustrate the reasons which make it necessary to invest in our IT provision.

3.3 The current ICT Operations provision has been subject to a previous lack of investment over a sustained period, leading to:

- Unplanned spend on aging equipment;
- Previous lack of investment in ICT core capacity - Operational risk introduced by underinvestment in ICT staff (training and overall staffing numbers);
- Ongoing Audit qualification of ICT relating to Governance and, Disaster Recovery & Business Continuity;
- Poor connectivity, including Internet and Wi-Fi access.

3.4 The Council are required to test the market to ensure that we continue to get the best value for money. This requirement mandates that we go out to tender for all of our key systems. Our current ICT procurement process does not necessarily deliver the best outcomes for the Council as a whole.

3.5 The Council operate a large number of complex systems. These systems contain significant overlap of functionality and are expensive to maintain and operate;

The existing applications do not automatically share data with each other, which causes the following problems:

- Inability to enforce data governance leading to varying standards and accountability;
- Varying standards of data quality (accuracy and currency of data);
- Information stored in data silos;
- Poor visibility of data, e.g. difficulty in responding to FOI requests;
- Duplication of effort in rekeying in data;
- Difficulty in delivering a 'Tell us Once' approach across all Council applications;
- Multiple instances of the same information;
- Requirement to duplicate effort to enter data where more than one ICT application is required to complete an end to end process;
- Disjointed business functionality that prevents the opportunity to introduce efficiencies;
- A barrier to having a 'single view of the truth';

- A barrier to having a single view of the customer and, a single view of the Council;
- A barrier to having a single front door to access Council services.

3.6 The shortcomings of the current operating model have been identified in the strategic risks for the authority.

3.7 The current operating model does not include robust ICT solutions with inherent resilience which are flexible enough to enable the Council to adapt to strategic changes in the direction of travel. This results in significant impact on access to, and management of, material systems and ultimately service delivery.

#### **4.0 Recommended Approach**

4.1 The recommended approach is to build a new ICT solution provided through a hybrid cloud based platform, fully integrated with mature recognised solutions for Social Care provision and back office processing. The intention is to get the remaining ICT applications delivered through this hybrid platform, which will be configured to meet the needs of all departments within the Council. The true value is then realised through the data that the Council holds corporately, instead of being held in the current siloed approach.

4.2 The solution will utilise cloud technology that requires little or no infrastructure and remove a large amount of back end, unseen tasks undertaken by ICT. This means ICT can work more closely with departments to ensure that we are developing solutions and enhancements on the platform to enable greater efficiencies.

4.3 The ICT Digital Transformation Programme Team has created an innovative recommendation which is aligned to Council strategy. This will bring new collaborative ways of working and serving our customers, whilst enabling more cost effective services to be delivered.

#### **5.0 Options Considered**

5.1 The options were evaluated in a two stage process. An initial risk workshop and options appraisal process to identify the most beneficial options followed by detailed investigation of the remaining options.

- **Minimal Solution** – to ensure essential services are maintained and ensure regulatory compliance
- **Traditional Approach** primarily focused on the social care and back-office systems
- **Unified Approach** – centred around a single integrated platform for all systems
- **Outsourcing** - for all back-office systems and IT support

- **Phased SaaS** - implementation of a version of the conventional approach but delivered over a longer timescale for affordability reasons
- **Joint Venture** – entering into a partnership with another Council so that service provision and IT support can be delivered more efficiently
- **Internal Hosting** – whereby the Council implements new Social Care, ERP, CRM and technology improvements and manages these rather than placing reliance on a supplier.
- **Do nothing** – continue with existing processes and leave the IT support arrangements and the technology landscape in its current form.

5.2 All options identified were appraised against a number of weighted criteria. This evaluation led to the preferred option being selected. The criteria, weighting, and scores are set out in Section 5.1

## 6.0 Opportunities

6.1 The recommended approach will deliver significant financial benefits and is future proofed to meet the needs of the Council.

6.2 The recommended approach is a customer focused strategy looking to improve customer satisfaction and enabling services to be accessed from anywhere on any device and promoting the use of online services without the need to remove alternative service methods.

6.3 The recommended approach supports the ambition to facilitate Council staff to work in an agile and flexible way and enable services to be delivered from anywhere on any device and promoting the use of online tools.

6.4 The recommended approach will improve data capture and quality features, which will not only provide more accurate operational information, but will also support efforts to predict service demand patterns and trends more accurately.

6.5 The recommended approach will support improved staff efficiency, achieved through a combination of implementing a new core IT platform and business process improvements.

6.6 The recommended option is scalable to ensure that any increase or decrease in demand can be serviced through an appropriate complement of staff.

6.7 The recommended option ensures that the Council only pays for the service it consumes.

6.8 The recommended approach will enable existing IT restrictions and inflexibility to be removed to provide opportunities for staff resources to be redirected to undertake other work which could generate greater cost reductions elsewhere within the Council.

## **7.0 Other considerations**

- 7.1 Whilst the recommended option includes supplier contracted data migration and training services, there would still be a requirement for training management and scheduling on our side. We would also need data migration experts to work with internal teams, to ensure the correct data mapping and to collate various disparate data sources.
- 7.2 Initial investigation and analysis indicates that there is a broad range of current processes that involve daily time consuming manual workarounds, data re-entry and duplication. This leads to significant time inefficiency, risks around data entry error and inconsistent data held in multiple locations. Further analysis is likely to reveal an opportunity to make additional significant time efficiency savings as a result of combined system and business process rationalisation.

## **8.0 Financial Implications**

- 8.1 On 25 February 2016 Council approved the Financial Strategy and Budget for 2016/17 which did not include the financial implications of the review of ICT across the Council, as this had not been calculated at that point. Included within the report was Recommendation G which stated: "Note the potential for investment and further savings proposals resulting from the review of the Council's ICT requirements which are not reflected in this report.
- 8.2 As a result of work undertaken in the intervening period, the business case for the IT Programme has been produced and given the value of potential investment requires approval at Full Council level. In addition Full Council may need to consider and approve a Flexible Use of Capital Receipts Strategy (should Shropshire Council wish to apply this additional power made available to Local Authorities) for the purposes of funding this or other ICT projects.
- 8.3 To implement the recommended option there is a requirement to fund one off expenditure over a five year period at a total cost of £21.324m. This is forecast to be spread over the period over the five years as follows: Year 0 £12.905m, Year 1 £6.3m, Year 2 £1.499m, Year 3 £0.460m and Year 5 £0.160m.
- 8.4 The one off costs include additional staffing resources required within the Council over the life of the implementation project in 2016/17, 2017/18 and 2018/19 and also include software licences for the new solution and implementation costs from the supplier.
- 8.5 Total costs of the project include an element of dual running costs of the existing system and the new solution 2016/17, 2017/18 and potentially in 2018/19 depending on implementation timelines.



All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>One off Costs</b>						
<b>Staffing Resources:</b>						£ -
Project Resources plan	3,104	1,919	689	0	0	£ 5,713
<b>New System Costs:</b>						£ -
Hardware	404	70	160	160	160	£ 954
Software	1,894	2,288				£ 4,182
Implementation	5,606	1,824	650	300	-	£ 8,380
Interfaces	250	50	-	-	-	£ 300
Contracts	1,320					£ 1,320
<b>Other Costs:</b>						£ -
Training	125	50	-	-	-	£ 175
Decommissioning	201	99	-	-	-	£ 300
Contingency (10%)						£ -
<b>Total One-off Costs</b>	£ 12,905	£ 6,300	£ 1,499	£ 460	£ 160	£ 21,324

8.6 The total on-going costs are £24.455m (over 5 years). The ongoing annual costs are forecast to be between £4.305m and £4.986m, current ongoing annual costs are around £4.974m.

8.7 There will be a requirement to continue to run the current systems at an annual cost of £7.162m until the end of current contracts which will cease in stages over the 5 year period.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>On-going Costs</b>						
<b>New System Costs:</b>						
Software			2,288	2,288	2,290	£ 6,866
Contracts		1,684	1,861	1,681	1,529	£ 6,755
<b>Dual Running of Old System</b>						£ -
Software	2,851	2,851	487	487	487	£ 7,162
Contracts	2,123	1,199	350	-		£ 3,672
Hosting/DR						£ -
<b>Total On-going Costs</b>	£ 4,974	£ 5,734	£ 4,986	£ 4,455	£ 4,305	£ 24,455

8.8 There are forecast to be total cashable benefits of £4.161m and total non-cashable benefits of at least £25.357m giving a return on the investment by year 3, albeit that these benefits are considered at this point to be mainly efficiency savings it is likely that a significant proportion could be made cashable over time.

8.9 The cashable Benefits of £4.161m relate to expected staffing efficiencies £2.986m and savings on the annual running costs of the systems and software £1.175m over the 5 year period.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Cashable Benefits</b>						
Staff	80	441	688	828	950	£ 2,986
Business Savings						£ -
System Costs			12	519	669	£ 1,175
Other						£ -
<b>Total Cashable Benefits</b>	<b>£ 80</b>	<b>£ 441</b>	<b>£ 675</b>	<b>£ 1,346</b>	<b>£ 1,619</b>	<b>£ 4,161</b>

8.10 The non-cashable benefits of £25.357m include efficiency savings in staffing generated by the introduction of true end to end processes, from process improvements and reduced double input across all services. It is also considered that improved integration and processes between all systems and high quality real time management information and business intelligence will deliver further efficiencies and service improvements. It will enable the workforce to become mobile and flexible supporting the reduction of assets. By supporting channel shift and providing seamless customer interaction this will also drive down back office costs and support the front line services to work more efficiently.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Non-cashable Benefits</b>						
Staff efficiency savings	190	862	1,269	1,540	1,605	£ 5,465
Wider Business efficiency Savings	163	1,188	1,356	1,951	3,902	£ 8,559
Business efficiency Savings		513	770	1,026	1,026	£ 3,335
Other	-	1,020	2,326	2,326	2,326	£ 7,998
<b>Total Non-cashable Benefits</b>	<b>£ 352</b>	<b>£ 3,583</b>	<b>£ 5,720</b>	<b>£ 6,843</b>	<b>£ 8,859</b>	<b>£ 25,357</b>

8.11 It should be noted that the Council already holds a base budget for the existing ongoing costs for software / systems / contract and in addition to the cashable benefits noted above, the net position to be funded is £17.336m as detailed below:

All financial figures are in £000s						
<b>FUNDING POSITION</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Costs:</b>						
One Off Costs	12,905	6,300	1,499	460	160	21,324
On-going Costs	4,974	5,734	4,986	4,455	4,305	24,455
<b>Total Costs</b>	<b>17,879</b>	<b>12,034</b>	<b>6,486</b>	<b>4,915</b>	<b>4,465</b>	<b>45,779</b>
Base Budget	4,974	4,974	4,974	4,974	4,974	24,869
Cashable Benefits (excl. systems savings as included within base budget)	80	441	688	828	950	2,986
<b>Required Funding</b>	<b>12,825</b>	<b>6,620</b>	<b>824</b>	<b>-886</b>	<b>-1,459</b>	<b>17,923</b>

8.12 Funding for this project will be provided from the following sources:

The Funding for this project can be provided from internal borrowing against the Council's current cash balances. This will allow the funding of eligible costs to be spread over a number of years, with annual or ad hoc contributions required to repay the funds allocated plus any internal interest charged. Further refinement of the proposal is required to determine the level of spend that can be capitalised, but on the basis that the full net investment of approximately £17.336m is spread over five years, approximately £3.467m would be required each year for repayment. The following areas have initially been identified to cover this cost:

- Cashable savings and realisation of cashable savings from currently proposed non-cashable savings.
- Residual funding from ICT Transformation Project resources (dependent upon progress of other ICT initiatives)
- Review of appropriate earmarked reserves (e.g. Resources Efficiency Reserve)

8.13 It may be appropriate to make use of the additional powers made available to Local Authorities as part of the Final Local Government Settlement for flexible use of capital receipts. Such a move would potentially enable non-capital spend to be funded from future capital receipts generated. Such flexibility would require Full Council to approve a Flexible Use of Capital Receipts Strategy at some point during the current financial year.

8.14 In addition, some of the costs may be funded directly from the Council's £2m Invest to Save Fund where specific elements of the programme meet the requirements of this scheme.

8.15 Further work needs to be carried out with the aim to realise greater levels of cashable savings before determining the exact amount of funding that will be provided from each source. Following agreement of the final funding package (by the s151 Officer, Cabinet and Council as necessary), cashable savings no longer required to repay internal borrowing (either through substitution or at the conclusion of the project) will be available as base budget savings for the Council.

8.16 We are currently at the stage of having outline business case level information and will need to engage some additional project resources to carry out the next round of work i.e. to produce a full business case for the proposed option.

8.17 See section 5.2 for Financial Options Overview, Financial Options Payback Summary, and a more detailed breakdown of the other options costs and benefits.

## 9.0 Additional Information

### 9.1 Options appraisal

#### PROGRAMME OPTIONS APPRAISAL

Scores

Option	Description	Strategic Alignment	Cost	Benefits	Affordability	Business Disruption	Timescales	Longevity	Scalability	Implementation Risk	Potential Revenue	Achievability
1	Minimal solution	3	5	2	5	4	4	1	1	4	2	4
2	Traditional implementation	4	2	4	3	3	3	4	4	4	3	4
3	Unified solution	5	2	4	3	3	3	5	5	3	3	3
4	Hybrid Approach	4	3	4	3	2	3	5	5	4	3	4
5	Outsourcing	2	3	2	4	1	4	1	1	2	1	2
6	Phased SaaS implementation	4	2	3	3	2	3	4	3	2	3	4
7	Joint Venture (with other Council)	4	2	3	4	2	3	5	3	1	2	2
8	Internal hosted solutions	1	4	2	5	2	5	1	3	3	3	3
9	Do Nothing	1	3	1	5	5	5	1	2	1	2	5

Weightings % 10 12 13 8 8 8 8 7 10 5 11 100

Weighted Scores

Option	Description	Strategic Alignment	Cost	Benefits	Affordability	Business Disruption	Timescales	Longevity	Scalability	Risk	Potential Revenue	Achievability	Total	Rank
1	Minimal solution	30	60	26	40	32	32	8	7	40	10	44	329	4
2	Traditional implementation	40	24	52	24	24	24	32	28	40	15	44	347	3
3	Unified solution	50	24	52	24	24	24	40	35	30	15	33	351	2
4	Hybrid Approach	40	36	52	24	16	24	40	35	40	15	44	366	1
5	Outsourcing	20	36	26	32	8	32	8	7	20	5	22	216	9
6	Phased SaaS implementation	40	24	39	24	16	24	32	21	20	15	44	299	5
7	Joint Venture (with other Council)	40	24	39	32	16	24	40	21	10	10	22	278	7
8	Internal hosted solutions	10	48	26	40	16	40	8	21	30	15	33	287	6
9	Do Nothing	10	36	13	40	40	40	8	14	10	10	55	276	8

## 9.2 Finances

### Financial Options Overview

It should be noted that the Council already holds a base budget for the existing ongoing costs for software / systems / contract and in addition to the cashable benefits for each option, the net position to be funded for all of the options is outlined below:

#### Option 1

All financial figures are in £000s						
<b>FUNDING POSITION</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Costs:</b>						
One Off Costs	4,988	63	8	8	8	5,074
On-going Costs	1,229	1,152	1,131	1,210	1,211	5,933
<b>Total Costs</b>	<b>6,217</b>	<b>1,215</b>	<b>1,138</b>	<b>1,218</b>	<b>1,219</b>	<b>11,007</b>
Base Budget	776	776	776	776	776	3,880
Cashable Benefits (excl. systems savings as included within base budget)	68	328	409	453	469	1,727
<b>Required Funding</b>	<b>5,373</b>	<b>111</b>	<b>-46</b>	<b>-11</b>	<b>-26</b>	<b>5,400</b>

#### Option 2

All financial figures are in £000s						
<b>FUNDING POSITION</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Costs:</b>						
One Off Costs	8,566	6,797	3,703	3,638	3,638	26,342
On-going Costs	758	568	835	835	837	3,834
<b>Total Costs</b>	<b>9,324</b>	<b>7,365</b>	<b>4,538</b>	<b>4,474</b>	<b>4,475</b>	<b>30,176</b>
Base Budget	758	758	758	758	758	3,791
Cashable Benefits (excl. systems savings as included within base budget)	68	406	607	703	806	2,590
<b>Required Funding</b>	<b>8,498</b>	<b>6,201</b>	<b>3,173</b>	<b>3,013</b>	<b>2,911</b>	<b>23,795</b>

### Option 3

All financial figures are in £000s						
<b>FUNDING POSITION</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Costs:</b>						
One Off Costs	15,169	8,311	1,137	460	160	25,238
On-going Costs	4,974	4,974	6,203	5,099	4,597	25,847
<b>Total Costs</b>	<b>20,143</b>	<b>13,285</b>	<b>7,341</b>	<b>5,559</b>	<b>4,757</b>	<b>51,084</b>
Base Budget	4,974	4,974	4,974	4,974	4,974	24,869
Cashable Benefits (excl. systems savings as included within base budget)	80	441	688	828	950	2,986
<b>Required Funding</b>	<b>15,089</b>	<b>7,870</b>	<b>1,679</b>	<b>-243</b>	<b>-1,167</b>	<b>23,229</b>

### Option 4

All financial figures are in £000s						
<b>FUNDING POSITION</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Costs:</b>						
One Off Costs	12,905	6,300	1,499	460	160	21,324
On-going Costs	4,974	5,734	4,986	4,455	4,305	24,455
<b>Total Costs</b>	<b>17,879</b>	<b>12,034</b>	<b>6,486</b>	<b>4,915</b>	<b>4,465</b>	<b>45,779</b>
Base Budget	4,974	4,974	4,974	4,974	4,974	24,869
Cashable Benefits (excl. systems savings as included within base budget)	80	441	688	828	950	2,986
<b>Required Funding</b>	<b>12,825</b>	<b>6,620</b>	<b>824</b>	<b>-886</b>	<b>-1,459</b>	<b>17,923</b>

### 9.3 Options Payback Summary

<b>Total Costs and Benefits</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Total One-off/Investment Costs over 5 yrs</b>	<b>£ 5,074</b>	<b>£ 26,342</b>	<b>£ 25,238</b>	<b>£ 21,324</b>
Annual On-going Costs after implementation	£ 1,211	£ 837	£ 4,597	£ 4,305
Annual Base Budget in place	£ 776	£ 758	£ 4,974	£ 4,974
Annual Cashable Benefits after implementation	£ 469	£ 806	£ 1,075	£ 444
<b>Annual Net Cost/Benefit (impact on base budget)</b>	<b>-£ 33</b>	<b>-£ 727</b>	<b>-£ 1,452</b>	<b>-£ 1,112</b>
<b>Further Annual Non-Cashable Benefits after implementation</b>	<b>£ 3,175</b>	<b>£ 7,970</b>	<b>£ 9,834</b>	<b>£ 8,859</b>
Payback period (years)	152.66	36.55	18.32	19.86
Assume 35% of Annual Non-Cashable Benefits potential to be Cashed	£ 1,111	£ 2,789	£ 3,442	£ 3,101
<b>Total potential Cashable</b>	<b>£ 1,145</b>	<b>£ 3,516</b>	<b>£ 4,894</b>	<b>£ 4,213</b>
Revised Payback period (years)	4.43	7.56	5.43	5.24

## 10.0 More detailed Options costs and Benefits Breakdown

### 10.1 Option 1: Minimal

Option 1 has one off costs of £5.074m over a 5 year period the one off costs include additional staffing resources required within the Council over the life of the implementation project.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>One off Costs</b>						
<b>Staffing Resources:</b>						£ -
Project Resources plan	2,297	-	-	-	-	£ 2,297
<b>New System Costs:</b>	-	-	-	-	-	£ -
Hardware	-	-	-	-	-	£ -
Software	546	-	-	-	-	£ 546
Implementation	544	-	-	-	-	£ 544
Interfaces	50	50	-	-	-	£ 100
Contracts	1,072	7	7	7	7	£ 1,100
<b>Other Costs:</b>	-	-	-	-	-	£ -
Training	25	-	-	-	-	£ 25
Decommissioning	-	-	-	-	-	£ -
Contingency (10%)	453	6	1	1	1	£ 461
<b>Total One-off Costs</b>	£ 4,988	£ 63	£ 8	£ 8	£ 8	£ 5,074

The total on-going costs are £5.933m (over 5 years). The ongoing annual costs are forecast to be between £1.131m and £1.211m, current ongoing annual costs are around £1.229m.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>On-going Costs</b>						
<b>New System Costs:</b>						
Software	-	196	763	780	781	£ 2,520
Contracts	453	368	368	430	430	£ 2,049
<b>Dual Running of Old System</b>	-	-	-	-	-	£ -
Software	776	588	-	-	-	£ 1,364
Other Licences, Support & Maintenance	-	-	-	-	-	£ -
Hosting/DR	-	-	-	-	-	£ -
<b>Total On-going Costs</b>	£ 1,229	£ 1,152	£ 1,131	£ 1,210	£ 1,211	£ 5,933

The cashable Benefits of £1.727m relate to expected staffing efficiencies over the 5 year period.



All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Cashable Benefits</b>						
Staff	68	328	409	453	469	£ 1,727
Business Savings	-	-	-	-	-	£ -
Contracts						£ -
Other	-	-	-	-	-	£ -
<b>Total Cashable Benefits</b>	£ 68	£ 328	£ 409	£ 453	£ 469	£ 1,727

The non-cashable benefits of £11.012m include efficiency savings in staffing generated by moving towards more automation of processes, from process improvements and reduced double input across all services. It is also considered that improved integration and processes between all systems and improvements in management information and business intelligence will deliver further efficiencies and service improvements.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Non-cashable Benefits</b>						
Staff efficiency savings	12	488	677	726	749	£ 2,652
Business efficiency Savings	-	988	1,423	1,769	1,810	£ 5,991
Contracts	-	524	616	616	616	£ 2,370
<b>Total Non-cashable Benefits</b>	£ 12	£ 2,000	£ 2,716	£ 3,110	£ 3,175	£ 11,012

## 10.2 Option 2: Traditional

Option 2 has one off costs of £26.342m over a 5 year period the one off costs include additional staffing resources required within the Council over the life of the implementation project.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>One off Costs</b>						
<b>Staffing Resources:</b>						£ -
Project Resources plan	3,064	1,858.84	-	-	-	£ 4,923
<b>New System Costs:</b>						£ -
Hardware	791	275	275	275	275	£ 1,893
Software	2,014	3,545	3,041	3,032	3,032	£ 14,664
Implementation	1,150.43	300.00	50.00	-	-	£ 1,500
Interfaces	250.00	50.00	-	-	-	£ 300
Contracts	166.67	-	-	-	-	£ 167
<b>Other Costs:</b>						£ -
Training	150.00	50.00	-	-	-	£ 200
Decommissioning	201.00	99.00	-	-	-	£ 300
Contingency (10%)	779	618	337	331	331	£ 2,395
<b>Total One-off Costs</b>	£ 8,566	£ 6,797	£ 3,703	£ 3,638	£ 3,638	£ 26,342

The total on-going costs are £3.834m (over 5 years). The ongoing annual costs are forecast to be between £0.835m and £0.837m, current ongoing annual costs are around £0.758m.

All financial figures are in £000s							
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>		<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>		
<b>On-going Costs</b>							
<b>New System Costs:</b>							
Software			610	610	611		£ 1,831
Contracts	-	167	167	167	167		£ 667
<b>Dual Running of Old System</b>	-	-	-	-	-		£ -
Software	758	402	59	59	59		£ 1,337
Other Licences, Support & Maintenance	-	-	-	-	-		£ -
Hosting/DR	-	-	-	-	-		£ -
<b>Total On-going Costs</b>	£ 758	£ 568	£ 835	£ 835	£ 837	£-	£ 3,834

The cashable Benefits of £2.590m relate to expected staffing efficiencies over the 5 year period.

All financial figures are in £000s							
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>		<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>		
<b>Cashable Benefits</b>							
Staff	68	406	607	703	806		£ 2,590
Business Savings	-	-	-	-	-		£ -
System Costs	-	-	-	-	-	0	£ -
Other	-	-	-	-	-		£ -
<b>Total Cashable Benefits</b>	£ 68	£ 406	£ 607	£ 703	£ 806		£ 2,590

The non-cashable benefits of £24.447m include efficiency savings in staffing generated by moving towards more automation of processes, from process improvements and reduced double input across all services. It is also considered that improved integration and processes between all systems and improvements in management information and business intelligence will deliver further efficiencies and service improvements.

All financial figures are in £000s							
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>		<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>		
<b>Non-cashable Benefits</b>							
Staff efficiency savings	12	387	615	797	820		£ 2,631
Business efficiency Savings	-	988	2,472	3,837	3,879		£ 11,177
Other	24	1,520	2,841	2,984	3,271		£ 10,640
<b>Total Non-cashable Benefits</b>	£ 35	£ 2,896	£ 5,928	£ 7,619	£ 7,970		£ 24,447

### 10.3 Option 3: Unified

Option 3 has one off costs of £25.238m over a 5 year period the one off costs include additional staffing resources required within the Council over the life of the implementation project.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>One off Costs</b>						
<b>Staffing Resources:</b>						£ -
Project Resources plan	2,444	1,140	377	-	-	£ 3,962
<b>New System Costs:</b>						£ -
Hardware	404	70	160	160	160	£ 954
Software	2,802	2,802				£ 5,603
Implementation	£8,199	£2,869	£600	£300	£0	£ 11,968
Contracts	1,320	1,430	-	-	-	£ 2,750
<b>Other Costs:</b>						£ -
Training	-	-	-	-	-	£ -
Decommissioning	-	-	-	-	-	£ -
Contingency (10%)						£ -
<b>Total One-off Costs</b>	£ 15,169	£ 8,311	£ 1,137	£ 460	£ 160	£ 25,238

The total on-going costs are £25.847m (over 5 years). The ongoing annual costs are forecast to be between £4.597m and £5.009m, current ongoing annual costs are around £4.974m.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>On-going Costs</b>						
<b>New System Costs:</b>						
Software			2,802	2,802	2,802	£ 8,405
Contracts			1,573	1,318	1,166	£ 4,058
<b>Dual Running of Old System</b>						£ -
Software	2,851	2,851	629	629	629	£ 7,590
Contracts	2,123	2,123	1,199	350		£ 5,794
Hosting/DR						£ -
<b>Total On-going Costs</b>	£ 4,974	£ 4,974	£ 6,203	£ 5,099	£ 4,597	£ 25,847

The cashable Benefits of £3.238m relate to expected staffing efficiencies £2.986m and savings on the annual running costs of the systems and software £0.252m over the 5 year period.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Cashable Benefits</b>						
Staff	80	441	688	828	950	£ 2,986
Business Savings						£ -
System Costs				- 125	377	£ 252
Other	-					£ -
<b>Total Cashable Benefits</b>	£ 80	£ 441	£ 688	£ 703	£ 1,327	£ 3,238

The non-cashable benefits of £27.226m include efficiency savings in staffing generated by the introduction of true end to end processes, from process improvements and reduced double input across all services. It is also considered that improved integration and processes between all systems and high quality real time management information and business intelligence will deliver further efficiencies and service improvements. It will enable the workforce to become mobile and flexible supporting the reduction of assets. By supporting channel shift and providing seamless customer interaction this will also drive down back office costs and support the front line services to work more efficiently.

All financial figures are in £000s						
<b>COST &amp; BENEFIT CATEGORIES</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Totals</b>
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/2021</b>	
<b>Non-cashable Benefits</b>						
Staff efficiency savings	190	862	1,269	1,540	1,605	£ 5,465
Wider Business efficiency Savings	203	1,310	1,599	2,439	4,878	£ 10,429
Business efficiency Savings	0	513	770	1,026	1,026	£ 3,335
Other	-	1,020	2,326	2,326	2,326	£ 7,998
<b>Total Non-cashable Benefits</b>	£ 393	£ 3,705	£ 5,963	£ 7,331	£ 9,834	£ 27,226

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

**Cabinet Member (Portfolio Holder)**

Councillor Michael Wood

**Local Member**

Not applicable

**Appendices**

None

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