



Committee and Date

**Performance Management
Scrutiny Committee**

13/11/2019

Item

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Public

Digital Transformation Programme - Business Case Review/Benefits Realisation

Responsible Officer

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1.0 Summary

1.1 This report reflects on the original goals of the 2016 Digital Transformation Programme (DTP) and details what solutions have been delivered and what benefits have been achieved to date.

1.2 Section 5.4 of the report outlines how the outstanding savings targets might be achieved, by utilising the technology that the organisation now has at hand.

2.0 Recommendations

2.1 Members are asked to consider the progress made with DTP and the aspirations for the future digital transformation of the organisation.

3.0 Opportunities and risks

3.1 The management of risks and opportunities associated with Digital Transformation is done via the individual programme workstreams (as outlined in 5.1.4 below).

Where necessary risks and opportunities are escalated to the Transformation Programme Board for consideration and decisions.

4.0 Financial assessment

4.1 The 2016 business case for Digital Transformation included targets for both cashable and non cashable savings, as outlined in 5.1.6 and 5.1.7 below.

4.2 Due to financial pressures in the intervening years, the cashable savings target associated with Digital Transformation rose to £9.5m.

Section 5.3 of this report details the savings that have subsequently been

- 4.3 realised as well as those that have been reinvested into improvement in service delivery.

Description	Reference	Budget Target (£'000)	Delivered (£'000)	Delivered Elsewhere (£'000)
Total DTP Cashable Savings	2016 Business Case	1663.00	268.82	748.00
Total DTP Non Cashable	2016 Business Case	11,008.00	0.00	1,790.00
Additional Transformation Savings (2018/19 & 2019/20)	Financial Strategy 2019/20	1,696.88	718.14	410.00
Single Front Door	Financial Strategy 2019/20	500.00	0.00	0.00
Total Potential Savings		14,867.88	986.96	2,948.00
Less 'contingency'		(5,367.88)		
Total Savings Target built into Financial Strategy		9,500.00		
Total Delivered to Date		3,934.96		
Total Still to be Delivered		5,565.04		

- 4.4 In addition to the £3.9m identified savings to date, there is also a £3m one-off saving from implementation (due to the project being delivered with a £3m underspend compared to the approved budget). In addition, savings from staffing rationalisation since 2016 (a 23% reduction in the FTE overall workforce) have not been attributed directly to DTP so are not included in these figures.
- 4.5 Section 5.4 of this report explores how the remaining savings target for Digital Transformation could be achieved by the Council.

5.0 Report

5.1 Introduction – The Original Basis of the Programme

- 5.1.1 Shropshire's ICT Digital Transformation Programme was approved by Council in July 2016. This programme had the stated desire to deliver services at the highest quality and lowest cost compared to other authorities in everything that it does. This included transforming IT systems, reshaping services and 'back-office' functions, reducing costs, removing duplication, improving efficiency, reducing business continuity risk and enabling more effective service delivery across a rural geography.

Council approved the recommended hybrid option (Option 4) as the preferred

5.1.2 solution for delivering a digital state to meet the business and IT needs of the Council and to support front-line services. In so doing, it would meet the requirements to:

- Deliver the greatest level of financial benefits of all the options;
- Ensure business continuity in key services;
- Achieve the greatest benefit to the Council for a reasonable level of risk.

5.1.3 The hybrid approach allowed the Council to maximise the potential of its current internal ICT provision coupled with 'best of breed' solutions for Social Care and back-office processing.

5.1.4 Four project boards, were put in place to deliver the Digital Transformation Programme, covering the following areas:

- Enterprise Resource Planning (ERP) – Replacing legacy systems for Finance, HR and Payroll
- Customer Experience – Customer Relationship Management (CRM) and Call Centre solutions
- Liquid Logic (LL) – New Social Care solution for both Adults and Children's
- Infrastructure & Architecture (I&A) – Including improvements to Business Continuity/Disaster Recovery arrangements, Wi-fi, Data management, Document management, Agile working tools, Print management, Integration and reduction of applications.

5.1.5 The DTP programme identified benefits to be delivered over a five year period. By the conclusion of the programme the following annual budget reductions were anticipated:

Cashable Benefits:

5.1.6

Opportunity	Detail	Budget Reduction £'000s
I&A – Corporate system costs	Moving to laas, Removing Microsoft and moving to Google docs and gmail (see 5.2.1)	593
I&A – Revenues & Benefits (R&B) system costs	Renegotiation of contract for systems in Revs & Bens	38
I&A – Finance/HR system costs	Reduced system costs resulting from moving to ERP	38
R&B – Reduced staffing costs	Modernising the system, removing manual work /rekeying/jobs received on paper, risk based authentication of customer. Adoption of ERP - Cashable.	104
ERP – Reduced staffing costs	More efficient operation allowing cashable staff reduction in Financial Management (Systems); Financial Transactions; Procurement; Intelligence; HR Transactions (incl. Payroll); HR Advice	541

CRM – Reduced costs due to Channel Shift across Shropshire Council	Cashable reduction in staffing required to manage face to face, email, phone. Assumption is customers will go online and self-serve	305
Social Care - Printing	Reduced printing at Mt Mckinley	20
Social Care – System costs	Reduced cost of Social Care system	24
TOTALS		1,663

Non Cashable Benefits:

5.1.7

Opportunity	Detail	Budget Reduction £'000s
I&A - Accommodation	Impact of estates strategy - Rationalisation of buildings and increased mobile/agile working	2,040
I&A – Infrastructure costs	Reduction in Wide Area Network (WAN) and Data Centre costs	286
R&B – Reduced staffing costs	Modernising the system, removing manual work /rekeying/jobs received on paper, risk based authentication of customer. Adoption of ERP – Non cashable.	104
ERP – Business Efficiency	More efficient processes such as improved write offs, slicker invoicing, catalogued procurement, better ability to answer FOIs, reduced avoidable calls (in and out), HR performance appraisals leading to reduced levels of absence.	1,026
ERP - Reduced staffing costs	More efficient operation allowing non-cashable staff reduction in Internal Audit; Financial Advice; Financial Management; Financial Transactions (Income); Treasury; H&S; HR Management; HR; Business Partners; ICT Contact & Transactions	716
CRM – Reduced costs due to Channel Shift across Shropshire Council	Non-cashable reduction in staff required to manage face to face, email, phone. Assumption that customers will go online and self-serve	784
CRM – Hardware costs (temporary saving only no budget reduction)	Reduced costs due to virtual infrastructure replacement	0
CRM – Wider Business Efficiencies	Redesign of services to take advantage of CRM/Customer Services (Adult Social Care; Resources & Support – Customer Involvement; Area Commissioners; Business Growth)	3,902
Social Care - Business	Staff efficiencies from improved systems	1,903

Efficiency	and workflow processes (Children's - £1.367m; ASC Data Quality - £0.089m; ASC Data Tidy - £0.126m; ASC Review Reports - £0.298m; Finance non-corporate - £0.023m)	
Social Care – Aged Debt	More efficient processes and system - Reduced aged debt write-offs	247
TOTALS		11,008

The DTP business case suggested that between 35% to 40% of 'non cashable' savings could be converted to 'cashable' through service restructures or by repurposing staff to tasks that either reduce costs or generate income.

5.1.8

Programme Delivery – 2016 to 2019

5.2.

During 2016/17, the DTP team identified further information that meant the approach to achieving forecast financial benefits needed to change. Based on the new information, Programme Board revised the approach to achieving benefits in the following two areas:

5.2.1

- *Google vs Microsoft* - When the Digital Transformation Programme was scoped, the intention to "go google" was put forward as a considerable cost saving solution (as implemented at other authorities). However, subsequent investigations revealed that the savings identified were not as great as first thought due to the inclusion of fundamental Microsoft costs for infrastructure being offered up as potential savings. Termination of Microsoft contracts would have cost the authority around £3m. Furthermore, the functionality of Microsoft O365 better supported our desire to work in new ways. Programme Board therefore took the decision to remain with Microsoft.
- *Infrastructure as a Service (IaaS)* – IaaS, a type of cloud computing solution, was documented in the initial Digital Transformation business case as a way of delivering savings through closure of the Shirehall data centre and reduction in staffing. Upon further exploration it was found that the cost of using the cloud solution were considerably higher than current and expected future costs of the 'On premise' alternative. As a result, Programme Board took the decision to invest in our data centre solutions, to control costs, open up potential commercial benefits and to better cope with our existing and future needs.

5.2.2

These decisions aside, initial 'go live' of all the core solutions, as per the business case, has been completed over the last 12 months. This puts Shropshire Council in a strong position to use these systems to change the way it works, improve the service it provides to its customers and deliver business benefits and savings.



5.2.3 To date, digital transformation programme improvements delivered include:

Contact Centre – Shared contact centre telephony solution across Customer Services, IT, Regulatory Services, Theatre Severn and Revenues and Benefits. This provides a consistent and easier customer experience across all contact channels (voice, email, webchat, SMS, social media, video) enabling the customer to switch between channels during the interaction. Face to face contacts become less necessary – channel shift. Management of contacts is more effective thanks to IVR and Automatic Call Distribution (ACD) and staff are able to handle customer contacts from any location. Tools for call recording and quality management mean Managers and Team Leaders can continually review and improve service to customers. Managers have flexible, configurable real time reporting allowing them to optimise how staff are deployed. In terms of achieving a single front door for Shropshire, the contact centre work was a crucial step along a complex path; key systems must be replaced and processes re-structured, making the work more complex than originally thought.

5.2.4 *CRM* – Services are being migrated from the old CRM (which is out of mainstream support in 2021) in 10 releases between 2018 and 2021, focussing on high demand areas first. Services live to date include Adults, Children’s and Corporate Complaints, Inspire to Learn (for HR and ICT) and Highways Maintenance (including integration into Confirm) and Street Scene, with Waste Services to follow soon. The CRM captures customer cases from inception to resolution. This record of customer interactions enables us to better analyse and forecast demand across services and hence more effectively plan services and resources to meet future demand.

5.2.5 *My Shropshire Portal* – Went live in February 2019. Focussing on adding high demand areas first (e.g. Highways and Street Scene which generate c. 25,000 phone calls p.a.). The portal gives customers the ability to report issues and track progress on line. This means customers don’t need to call or email Customer Services. User experience is optimised (e.g. single sign on, accessibility, common layout features), which in turn should encourage greater sign up and utilisation. More portal users means more customer self serve, reducing levels of

face to face and phone contacts. Handling these cases by phone would have cost use £8.62 per case as opposed to £0.15 per case via the Portal.

- 5.2.6 *ERP* - The system went live in April 2019, joining up Finance, Procurement, HR and Payroll records to achieve a single record. Post go live issues are in the process of being resolved by a task force, initially focussed on supporting Schools, Adult Social Care, Children's Social Care and Shire Services. The benefits of the ERP system include:
- Increased manager self-service and more processes initiated by the employee
 - Improved reporting and document management
 - More workflow in system, meaning less paperwork
- 5.2.7 *Liquid Logic/Controcc, Social Care* - The system is supporting staff to deliver a good service to children's and families and will make them more efficient so they can spend time with children's and families. The system will support good quality practice going forward, helping to streamline social care, including reduced time to process data; reduction of double keying; better management of commissioned services; increased online functions to support agile working and self-service technology for service users.
- 5.2.8 *Infrastructure & Architecture* - This is a complex, ongoing workstream that delivers a fully supported and well-functioning IT Infrastructure, capable of evolving as the needs of the business change. This includes supporting a mobile workforce equipped with the best tools to do their jobs and enabling the Council to fully realise its commercial aspirations. Ultimately, this workstream supports process and service design to release savings and efficiencies. Improvements achieved to date includes delivery of:
- *An Integration Hub* – Used for efficient transferring of files between systems (e.g. Financial and Staffing data to/from ERP; Integrating CRM with Highways for online status updates). This approach overcomes the need for complex system-to-system integrations which must be re-done when systems change, it also has benefits in terms of utilising data assets.
 - *Wifi* - Now implemented across 18 sites supporting agile working.
 - *3rd Party Identity and Access Management* – This platform improves data security and ease of access through single sign and Multi Factor Authentication.
 - *Equitrac Print Management* – 43 devices rolled out to date. This allows agile staff to print from any Equitrac printer whilst enabling managers to track and control paper use and offers significantly better monitoring of print habits, helping teams to target high volume users for reduction.
 - *New Hardware* - 539 laptops rolled out to replace all desk top PCs to support mobile/agile working.
 - *Ivanti Service Desk Solution* – Improved management of IT incidents, problems, requests and changes – this helps with corporate management of IT, building on the best practice IT Service Management methodology of ITIL.
 - *Microsoft Office 365* – A wide array of tools that support more efficient and agile staff practices. Tools include Teams, Sharepoint, Power BI, One Note, Forms and many more.
 - *New Data Centre Infrastructure* – Reducing the risk (and cost) of service failure, improving business continuity and Disaster Recovery.

Fundamental issues identified in previous audits have been addressed.

5.2.9

Of course, technology is only part of the story. Transformation and the savings associated with it will only be achieved if we have a skilled and motivated workforce that can use technology to deliver efficient services. With all this in mind, alongside the Digital Transformation Programme, the Council is also delivering a Workforce Transformation Programme that is made up of three key elements:

- I. Changing the working culture - Reviewing and reshaping the way we work together to best meet our future purpose.
- II. Rebranding the Council - Understanding and addressing how the Council is perceived by the community.
- III. Shaping the current workforce for the future - Ensuring we develop and attract the skills needed for the Council of tomorrow.

Council employees of the future will need to be comfortable working in a much flatter structure with less hierarchy and more autonomy to make decisions. They will need to be customer focussed, regularly engaging their customers and working across traditional business silos to deliver results. As a business, the Council will need more leaders and less managers in the future. Staff that work hard, use their initiative and innovate will be rewarded.

Ultimately, we will need a skilled, engaged, motivated and supported workforce that is equipped to work together to deliver excellent services to Shropshire residents in the most efficient way possible.

Digital Transformation Savings Delivered to Date

5.3

As described above, the solutions that formed the Digital Transformation Programme have been delivered over the last 12 months and savings and efficiencies are starting to be realised. The table below describes what has been achieved to date and what still needs to be achieved:

5.3.1

	Budget / Target £'000s	Delivered £'000s	Delivered Elsewhere (e.g. not cashable / efficiencies) £'000s	Notes
Cashable Benefit (DTP Project 2016)				
I&A – Corporate system costs	593.00	0	669.00	£103k Nutanix, £83k Switch replacement, £181k WAN, £302k infrastructure cost reductions (required to fund additional IT posts not cashable)

I&A – R&B system costs	38.00	0	36.00	£6k from R&B Print, £30k reduced Northgate modules
I&A – Finance/HR system costs	38.00	0	13.00	£13k re. SAMIS / Financial elements of ERP
R&B – Reduced staffing costs	104.00	0	0	See Non cashable savings overachieved (below)
ERP – Reduced staffing costs	541.00	268.82	30.00	£269k VR Savings, £30k Finance staff
CRM – Reduced costs due to Channel Shift across Shropshire Council	305.00	0	0	tbc
Social Care - Printing	20.00	0	0	See below
Social Care – System costs	24.00	0	0	tbc
Total DTP Cashable	1,663.00	268.82	748.00	£1.017m delivered to date.
Additional Transformation Savings (2018/19 & 2019/20)				
Digital Transformation (Single Front Door/Face to Face Review) - Workforce and Transformation Directorate (WF&T)	990.00	0	410.00	£134k Reduced printing costs, £276k reduction in postage costs across Shropshire Council
Review of Services Budgets - WF&T	41.76	41.76	0	Achieved
Transformation Savings - Finance	81.20	92.46	0	Over achieved
Review of Services Budgets - Childrens	50.98	50.98	0	Achieved
Transformation – first phase savings identified - Place	473.68	473.68	0	Achieved
Review of Service budgets - P.Health	59.26	59.26	0	Achieved

Total Additional	1,696.88	718.14	410.00	£1.128m delivered to date
Single Front Door	500.00	0	0	tbc
Total Single Front Door	500.00	0	0	tbc
Non Cashable Savings (DTP Project 2016)				
I&A - Accommodation	2,040.00	0	83.00	£83k 2019/20 Jupiter House
I&A – Infrastructure costs	286.00	0	190.00	£40k move to SharePoint data migration, £150k BT NGCC replaced with 4Net
R&B – Reduced staffing costs	104.00	0	291.00	£291k Removal of agency staff between 2017/18 and 2019/20
ERP – Business Efficiency	1,026.00	0	0	tbc
ERP - Reduced staffing costs	716.00	0	0	tbc
CRM – Reduced costs due to Channel Shift across SC	784.00	0	68.00	£40k reduced F2F commissioning, £28k renegotiated Ciber contract
CRM – Hardware costs temporary saving only no budget reduction	-	0	0	tbc
CRM – Wider Business Efficiencies	3,902.00	0	0	tbc
Social Care - Business Efficiency	1,903.00	0	0	tbc
Social Care – Aged Debt	247.00	0	0	tbc
Total DTP Non Cashable	11,008.00	0	1,790.00	£1.790m delivered to date
Total Potential Savings	14,867.88	986.96	2,948.00	£3.935m delivered to date
Less contingency	5,367.88			

Total Potential Savings (after Contingency)	9,500.00			
Total Delivered to Date	3,934.96			
Total Still to be Delivered	5,565.04			

Remaining Digital Transformation capital funding has been committed and will continue to be used to deliver digital transformation through to 2021. As these commitments are delivered, benefits realisation will scale up.

- 5.3.2 It is worth noting that, since the original business case in 2016, Shropshire Council has become a much leaner organisation. Overall FTE staffing levels have decreased by 23% in this period. Based on average salary, this equates to £18.7m of savings. Whilst we cannot directly attribute these savings to DTP, we can assume that our strategy (including DTP) is helping to deliver operational efficiencies for the organisation.
- 5.3.3

Benefits Realisation – Achieving the Outstanding Programme Savings

Given the scale of the savings still to be delivered, the whole organisation will need to embrace and utilise the digital tools we now have in place to truly transform how the Council operates.

- 5.4 Cashable savings are expected to come from:
 - 5.4.1 • Enabling customers to do more for themselves online, reducing council workload
 - 5.4.2 • Stripping out waste and non-value added activity from processes
 - 5.4.2 • Improving productivity and releasing capacity in the organisation through the reallocation of work, workforce optimisation and better workforce practices

With this in mind, the next phase of Digital Transformation will need to focus on the following activities:

5.4.3	<p>Customer Services</p> <ul style="list-style-type: none"> • A single Call Centre for the Council – Single Front Door • Video Conferencing instead of Face to Face Services
5.4.4	<p>Working Practices/Culture & Behaviours</p> <ul style="list-style-type: none"> • Dispersed model – staff and managers take responsibility to populate systems themselves with less reliance on administrative and back office roles • Smart/Agile working supported by technology, enabling us to be flexible, adaptable and responsive to change whilst reducing the reliance on office space and realise accommodation savings

- Culture of learning with all staff committed to improve their digital skills
- Develop and train the next generation of Technology users – both the general workforce and the staff that support and maintain digital services, reducing our reliance on external consultants.

Council Wide Efficiencies

- Continue to embed the ERP, realising the benefits around self service, improved reporting, document management and workflow in system.
- Digitise all our data, records and reports to enable agile working, transparency and slicker decision making, whilst reducing our need for physical assets for work and storage (e.g. Strengthening Families work that sees data from a vast range of sources matched against specific criteria to identify individuals and families, helping the organisations involved build a better picture of the issues at hand and ultimately provide more coordinated services to help families during and before issues escalate).
- Simplified reporting (Business intelligence tools will mean less downloads, less manipulation and less spreadsheets)
- Online meetings rather than face to face (Skype will reduce travel time/costs & reduce the need for meeting rooms)
- Sharepoint instead of shared drives
- Centralised Systems Administration
- Managed Printing (wider use of Equitrac to reduce print costs)
- Digitisation and automation of business processes (all Directorates)
- Automation of support services (e.g. Routine IT Help Desk, HR and Finance Services)
- Increased productivity (Through better access to real time data, less manual intervention, less duplication of input etc.)
- Shared systems/Collaborative Working with partners (e.g. Health)

Customer Experience

- MyShropshire Account – Provide as many services as possible online
- End to end Digital Services - Use technology to improve our services for everyone, making digital the preferred way to operate, communicate and transact with our customers, colleagues and partners.
- Single customer record – tell us once etc

Systems Rationalisation / Contract re-negotiations

- Rationalisation of systems – Aim for a minimal amount of systems in use by Council – ideally just five platforms: ERP, CRM, Call Centre Telephony, Social Care System and Office 365 Suite.
- Re-negotiation of contracts – e.g. MS Premier Agreement, Open Objects, Crowd Control

Commercial Opportunities / Income

- Websites for other organisations
- Using our customer data for commercial gain
- Commercial use of our estate (via booking systems etc)

- IT Consultancy (selling the skills, experience and technology we develop during DTP)
- Selling services via MyShropshire Account

6.0 Conclusion

- 6.1 This report summarises the significant scale of systems change that Shropshire Council has undertaken since 2016, as well as the more efficient ways of working that this has enabled for staff and managers. In addition to this, the organisation is now at a much lower risk of service failure with new systems addressing business continuity issues identified in previous audits.
- 6.2 As detailed above the financial benefits of our investment in digital transformation are starting to be realised. These benefits will increase as systems are further bedded in and as staff exploit the technologies now at hand to communicate, collaborate and evaluate. In a world where demands on Local Government continue to grow and evolve, this investment in technology will enable us to adapt and quickly respond to change, helping us to manage the cost of future change.

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)

Lee Chapman - Cabinet Member for Transformation and Digital Infrastructure

Local Member

Appendices