

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	21 September 2015
Title:	Transformation to 2017: Digital Progress and Next Steps
Reference:	6935
Report From:	Director of Corporate Resources – Corporate Services

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1. Executive Summary

- 1.1. Cabinet at its meeting in March 2015 agreed the approach and principles for developing the Transformation to 2017 programme which included the potential that Digital could play in enabling the delivery of the programme. Cabinet also agreed the sources of funding and approach to agreeing the allocation of funding to Digital projects. Since 2008 the County Council has focussed on a business strategy that had at its heart the protection of front line services by becoming more efficient in how we work; how many people we employ and how we build capacity for our own business and open up other partnerships and commercial opportunities. This report identifies the next steps in that strategy.
- 1.2. Significant progress has been made and the purpose of this report is to fully inform Cabinet of that progress and the plans and next steps related to Digital projects which are critical enablers to the delivery of Transformation to 2017 savings.
- 1.3. Following the completion of the Digital Strategy in June 2014, the Council embarked upon delivery of Phase I covering a number of pre-requisite programmes which were identified as essential foundational work in order to progress the Digital journey.
- 1.4. This paper recognises that two significant elements of our strategy are coming together. The need to replace legacy systems nearing obsolescence (which we would have to do) and the opportunity to build improved functionality that supports the policy of continuing to invest in activity that reduces the cost of business support and corporate services. This builds on phase 1, which involved rebuilding our corporate IT platforms to deliver reduced loads and shared services income opportunities.

- 1.5. The current digital strategy therefore identifies that our web site capacity and functionality is diminishing whilst Hantsdirect, after around 10 years requires a review of its capacity to allow it to develop more functions and capacity for the future. Building the next stage of the strategy around key infrastructure projects now ensures significant revenue savings being the best return for our investment
- 1.6. This paper considers the digital progress and plans across a series of phases and makes recommendation regarding next steps:
 - Phase 2: Gaining traction with Digital
 - Phase 3: Digital in support of Transformation to 2017;
 - Phase 4: Digital across Local Government; and
 - Phase 5: Digital beyond 2017.
- 1.7 This paper also recognises that this is a risk based approach: investing to secure and enable our savings allows us to exploit the benefits of mobile and digital technologies: capacity that other parts of local government find increasingly difficult to fund, hence opening up further commercial opportunities.

2. Contextual information

Phase 2: Gaining traction with Digital

- 2.1. Before embarking on the Digital Strategy in 2014 the Council had already started to deliver digital tools and capabilities to the organisation. We are the only public sector organisation in the UK to have delivered mobile employee self-service through the introduction of ESS Lite, which was already live and in use by our employees when we signed off our Digital Strategy in June 2014. We are now enhancing this capability with Manager Self Service on mobile and several approval applications are currently being piloted in Corporate Services. During the summer new analytical capabilities are also being delivered through the IBC Portal using the latest in-memory technology.
- 2.2. The Digital Strategy articulated the Council's ambition, vision, and objectives. It identified an agile Council in the future that works across the extended organisation using digital tools and insightful information to deliver user centric services wherever possible through self-service. Critically it also:
 - Identified that changes were required to the Council's IT organisation aligned to the digital ambition; and
 - Identified the digital tools and capabilities to be utilised in the future and recognised the importance of having a well-designed and resilient digital architecture upon which the Council can deploy these digital tools and capabilities; and
 - Recognised the changes that needed to be made to our culture and ways of working to make to most out of our investment in digital.

- 2.3. When PSP2 commenced in October 2014 the Council started to implement the Digital Strategy:
- IT Review and IT Change Programme: Following a comprehensive review of the IT organisation and function, the IT Change Programme commenced in March 2015 and over the next 12 months will continue to deliver the series of changes needed to create a smaller, but more effective IT organisation, that delivers robust IT operations and can operate in line with our digital ambition. It will also have realised approximately £2.5 million in recurring annual savings by the end of this year as part of the Transformation to 2017 (Tt2017) programme.
 - Digital Architecture: The digital architecture has been designed and we have identified the technical components that we need to procure to complete this architecture. The importance of the digital architecture should not be under-estimated as once it is in place the Council will have the ability to deliver fast agile developments using the digital tools and also have the capability to expand across our partners to join up the 'extended organisation'.
 - Culture: good progress has been made on raising awareness around digital and we can see how we can practically apply its use to our business in the future.
- 2.4. Phase 2 of our Digital journey concluded at the end of June with a Digital Evolution conference which enabled us to showcase our progress and importantly raise further awareness regarding our digital potential and future capabilities, which was very well received.

Phase 3: Digital in support of Transformation to 2017 (Tt2017)

- 2.5. The IT Change Programme will continue as planned:
- Embedding and enforcing the new governance and prioritisation processes;
 - Forming a new digital team as part of the reorganisation to enable the deployment of appropriately skilled resources on priority digital projects;
 - Establishing technical governance so that all future decisions can be made by one Design Authority; and
 - Evolving IT processes, to allow for agile ways of working and to ensure introduction of new digital solutions and services is not time consuming.
- 2.6. We are now in a position to deliver the digital architecture to align with our Transformation to 2017 plans. We will deliver a series of projects that address key requirements for Transformation to 2017 and support the realisation of savings, underpinned by the digital architecture being delivered through these projects. This approach will:
- Deliver the digital architecture for the entire organisation;

- Support delivery of Transformation to 2017 and will make a contribution to savings targets;
 - Will be easier for staff to understand and support the cultural change required for the longer term; and
 - Provides a scope of work that our organisation can manage.
- 2.7. Three core digital projects will be delivered between now and March 2017:
- **HantsDirect2** – having a smaller and, in part, virtualised HantsDirect that delivers a broader and deeper range of services at greater volumes. This capacity will be achieved as demand is moved to HantsWeb2 and a better set of integrated technology supporting Hantsdirect improvement efficiencies is delivered;
 - **HantsWeb2** – this will support and promote the concept of self-service and self-fulfilment to appropriately reduce direct contact with the Council and its services wherever possible. It will enable online resolution of the most popular enquiries, will have optimised end to end processes, provide new transactional services, and have an app store, initially with 3 apps; and
 - **Analytics** - A new centralised analytics service with access to in-memory technology (e.g. SAP HANA platform), that brings together cross-departmental data to provide valuable insight into Council services. Their focus will be on the following analysis services: spend performance; cyclic analysis; forecasting; regulatory and compliance reporting for internal and external requirements, e.g. mandatory training completion and/or financial period reporting; and user based ad-hoc requests for analysis.
- 2.8. Through the delivery of HantsDirect2 and HantsWeb2 the Council will continue with progress regarding further modernising its approach to customer access.
- 2.9. In addition, a small number of ‘tactical projects’ will be delivered over a short timeframe anticipated to be three months, to support specific savings opportunities. The tactical projects will be delivered on existing technology and in line with delivery of cost savings identified through the Transformation to 2017 programme. These tactical projects are:
- **Website Improvement:** Provide lightweight changes to the existing website across all Departments, including:
 - Simple content improvements (look and feel, key customer info)
 - Simple info capture forms with basic decision logic
 - Routing of requests through to existing teams (via email or through existing systems integration).
 - **Invoicing & Payments:** Address a number of requirements related to Invoicing and Payment across Departments, improving customer access to digital billing and payment capabilities:
 - View clear and detailed invoices & payment details online

- Improved online payment process via WorldPay
 - **Flexible & Mobile Working:** Enable field based employees to access the HCC intranet on the go to perform standard activities through the:
 - Deployment of existing managed end-user devices to access Remote Working solutions (e.g. Citrix and Good for Enterprise)
 - Provision of end-users with the widest possible network coverage at the fastest possible speeds on all end-user devices: 3G & 4G dongles, WiFi Hotspots, offline coverage maps
 - **CRM Minor Improvement:** Make minor changes to the existing customer relationship management environment, very limited in scope, for example user set-up in relation to team size changes.
- 2.10. It is important that we move with some pace as our Transformation to 2017 savings are reliant upon this programme of work, therefore delivery to timescales is critical. Balanced against that is the ambition of the Digital Strategy to support the extended organisation and to foster a more integrated and collaborative approach to public services in Hampshire. Therefore, as we progress with these projects for the County Council we will, through the Digital Board, work with our combined authority partners and districts towards maximising the benefits from these developments.
- 2.11. The concept of a Combined Authority would provide the opportunity to look at new approaches to partnership working across the wider Hampshire which is underpinned by a new commitment to joint working. This provides the opportunity for organisations to be innovative and open to new and emerging approaches to the shared outcomes for Hampshire residents. The Digital Board is expected to make a significant contribution as an 'enabling force' to that vision regarding potential improved outcomes from a combined authority approach.

Phase 4: Digital across Local Government

- 2.12. The Council has the benefit of being in a position to invest in digital in a manner that the vast majority of other local authorities cannot. This presents us with the opportunity to work more closely with DCLG in a leadership role to shape local government's response to digital and develop a digital transformation package for other authorities
- 2.13. We will be ensuring that we leverage the £3.1m DCLG investment the Council has received and there are several opportunities to do so including the development of a showcase for the public sector; by developing re-usable digital products; and by sharing experience and methods with the public sector community.
- 2.14. This funding is to support the development of digital technologies that the County Council can develop but has the capacity to be rolled out or scaled up for other parts of local government.

Phase 5: Digital beyond 2017

- 2.15. It will be important that we focus our capacity towards Phase 3 between now and March 2017 to deliver our existing transformation plans. Beyond this point, and with our digital architecture in place, we will be in a position

to take advantage of further transformation opportunities that will further realise the potential of our digital platform. Plans and funding streams for this work will need to be developed as part of the next Transformation Programme responding to the continuation of the Governments austerity measures.

3. Financial Implications

- 3.1. The Cabinet Transformation Report 2 in March 2015 highlighted that a key strand of the Transformation to 2017 (Tt2017) programme was the potential role that Digital could play in enabling a range of savings opportunities. The Corporate Efficiency Reserve, which stands at £8.9M was confirmed as the funding source to be utilised to support the necessary investment.
- 3.2. Since 2008 as savings have been achieved earlier than necessary the one-off benefits have been retained within efficiency and cost of change reserves in anticipation that we would at some stage need to fund longer term infrastructure investments such as digital. The ‘traditional’ approach would have been to use capital expenditure underpinned by prudential borrowing, this has the disadvantage of requiring savings to pay back borrowing. Our approach of creating savings in advance for investment purposes places us in a strong position which differs significantly from many other public sector bodies.
- 3.3 The County Council has already been successful in securing £3.1M from the Government’s Transformation Fund to support this work on the basis that the County Council will also provide matched funding towards the Programme. The approved financial strategy has earmarked the Corporate Efficiency Reserve for supporting future Transformation Programmes and is therefore available to meet the costs of changes to the IT architecture as part of the IT review, together with other corporate elements of the Tt2017 programme.
- 3.4. Given the need for flexibility and quick decision making in allocating this funding, Cabinet agree that delegated authority be given to the Chief Executive in consultation with the Leader and Director of Corporate Resources to agree the allocation of this funding to support Tt2017.
- 3.5. Departments have been consulted on the scope of both the tactical and digital projects based on the requirements gathered with them through the Initial Opportunity Assessments and Tt2017.
- 3.6. A comprehensive financial analysis has been undertaken in order to identify the projected costs, linked to the delivery of Tt2017 savings which indicates a positive return on investment
- 3.7. The implementation cost of progressing with the projects identified in this report amount to £10.2M although, as we were successful in securing £3.1M of Government Transformation Funding which we plan to use, we would anticipate the County Council funding £7.1M, over a 19 month time period. The following table outlines the main categories of expenditure:-

£m

Technical	2.1
Deloitte PSP	6.8
Other 3 rd Party	1.3
Total	10.2

- 3.8. This is a large and significant programme of change which involves investment in technical solutions which we need to procure and the detailed implementation plans cannot be finalised until the detailed solutions are clear. As with all such complex IT programmes it is prudent to ringfence a contingency in the order of 15% to take account of such changes resulting from the procurement exercises. A sum of £1.5 million will be set aside within the Corporate Efficiency Reserve as a contingency which will only be allocated following approval by the Chief Executive following consultation with the Leader in order to ensure that strong governance is maintained.
- 3.9. It is important to take into consideration that some of this proposed investment would be necessary irrespective of the Transformation to 2017 programme, for example the Council's web site and contact centre technology are some 10 years old and are in need of a complete replacement and modernisation

Savings and Benefits

- 3.10. The benefits derived from this programme of work can be identified into three segments:
- **Direct savings:** these amount to additional direct savings of circa £1.2M per year and are delivered as a result of the proposed scope of work, for example our ability to decommission legacy hardware and software which will be replaced in many cases with more cost efficient cloud-based services. Another example is the investment in our analytics solutions will allow us to reduce the number of staff directly involved in manual reporting and Management Information activities. These annual recurring savings will offset the additional revenue costs that will be incurred as a result of implementing the digital programme of work.

	£m
Software decommissioning	0.3
Business Support Review: Analytics	0.9
Total	1.2

- **Direct enabled savings:** savings of approximately £4.1M per year (which will form part of the overall £98M savings required from the Tt2017 programme), will be directly enabled by the proposed scope of work, for example through replacing our ageing web and contact centre technologies, modernising to digital solutions and evolving our business processes.

These changes will enable us to realise efficiencies within our contact centre, HantsDirect through the development work we will undertake to integrate our key Line of Business systems into the new CRM platform, allowing our HantsDirect staff to spend time more time on value-add activities instead of having to log-in to multiple systems or duplicate data entry.

It will also enable other front-line services within departments (for example Adult Services) to realise demand management related savings e.g. ability for residents to create personalised accounts and track status of queries and requests on-line reduces the multiple contacts chasing updates and streamlines our internal processes.

Our business support and administration functions will also benefit from investment in digital dictation, improved on-line invoicing and payments and instant messaging tools. This will free up staff time currently spent in meetings, responding to payment related queries and other administration tasks such as typing up case notes / meeting minutes.

	£m
Hantsdirect operating model: Transfer to on-line and new CRM operating efficiencies	0.4
Adults operating model: Transfer to Hantsdirect	1.5
Business Support Review: Modernisation (including savings in legal services)	1.7
Business Support Review: E-payments and additional web forms	0.3
Hampshire Now	0.2
Total	4.1

- **Enabled savings:** there is a wide range of the remaining £98M savings which have reliance upon the programme of work to support aspects of the delivery. For example there are in-flight mobile projects across ETE, CCBS and Children’s Services, and the wider changes to the Adults Services operating model are also likely to have a heavy reliance on an efficient mobile workforce.

The digital investment includes the deployment of an Enterprise Mobile Management solution which all mobile devices will rely on for

identity & access management, security management and future apps distribution. Furthermore, many of the digital components will be cloud-based and modular allowing us to scale and add new functionality, for example eCommerce platform could be used by Adults Services if they require an on-line marketplace to deliver social care services.

It is estimated around a further £34M of the £98M Transformation to 2017 savings required, will make some use of the digital technologies delivered through this programme, and as such these would not be fully achieved without this investment. The remaining savings that form part of the Tt2017 programme also have elements which are partially reliant upon the Digital programme.

- 3.11. The investment will not only support and enable our Tt2017 savings, but we will deploy the tools and capabilities which the Council and partners can leverage as we look towards the 2019/2020 targets.
- 3.12. The culture and business change elements of each project will need to be carefully addressed alongside the technical implementation to ensure benefits are realised and new ways of working can be adopted and embedded.
- 3.13. An equality assessment for the Digital Strategy has been completed and published. This outlines the principles and design considerations which projects will need to refer to and comply with where relevant.

4. Conclusion

- 4.1. Our digital journey started post completion of the Corporate Services Review in 2011.
- 4.2. Through the IBC programme and rolling out the first set of significant 'digital solutions' i.e. ESS Lite for Employee and now Manager Self Service, we have successfully gone through a level of culture change, learning many lessons along the way which we will continue to build upon.
- 4.3. We have made progress in the last few months, both in acknowledging and addressing the recommendations from the Digital Strategy and IT Review.
- 4.4. The approach outlined in this paper will allow us to maintain momentum, but with a clearly defined scope for Digital which we have the capacity to deal with alongside our Transformation to 2017.
- 4.5. It is anticipated that the direct (recurring) annual savings achieved from the digital programme will meet the additional revenue operating costs that will be incurred. In addition, the £4.1M of direct enabled savings will provide a 1.7 year pay back period against the County Council's net investment of £7.1M, having taken account of the £3.1M being met through investment from the Government's Transformation Fund. This is a cautious and prudent view based upon the strict time period of Transformation to 2017, the payback from this digital investment will clearly cover multiple years into the future and in particular in support of the future Transformation to 2019 programme.

- 4.6. In addition, the delivery of an estimated £34M of the £98M Tt2017 savings proposals will require the use of digital technologies provided through this programme.
- 4.7. Investment in the digital programme will also place the County Council in a strong position to consider opportunities for using new technologies to support the delivery of further transformation beyond 2017.
- 4.8. The investment costs include an element of costs related to our Private Sector Partner capacity which is necessary in order to maintain speed and pace whilst also bringing technical expertise. Throughout our transformation journey we have had to recognise the need to ensure that we do not strip our business as usual and operational capacity out to the detriment of our ambition to maintain strong performance. This has therefore required us to recognise the need for additional targeted capacity to ensure strong traction and delivery on transformation and business as usual, a momentum which many public sector organisations cannot achieve in the current challenging climate.

5. Recommendations

- 5.1. It is recommended that Cabinet :
 - approves the development of the Digital Strategy which will be undertaken in phases as outlined above;
 - agrees that the emphasis over the next eighteen months will be on the support to the Transformation to 2017 programme, in order to deliver £4.1M of direct enabled savings, and to support the delivery of around £34M of the remaining £98M savings required;
 - agrees that progress should now be made in order to procure and spend on the necessary technical components for the three Core Digital Projects, funded from the Corporate Procurement Reserve and Government Transformation Funding, with implementation planned to commence in January 2016.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Maximising well-being:	no
Enhancing our quality of place:	no

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> Transformation to 2017 – Report Number 2	<u>Reference</u> 6591	<u>Date</u> 30-03-2015
Direct links to specific legislation or Government Directives		
<u>Title</u> None		<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

Link to the Digital EIA <http://www3.hants.gov.uk/cx-pu-eqimpact-cx.htm> (under Corporate)

2. Impact on Crime and Disorder:

2.1. Not applicable

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption? Not applicable
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts? Not applicable