

HEREFORDSHIRE CONNECTS PROGRESS REPORT

Report By: Director of Corporate and Customer Services

Wards Affected

County-wide

Purpose

1. To consider progress on the Herefordshire Connects Programme.

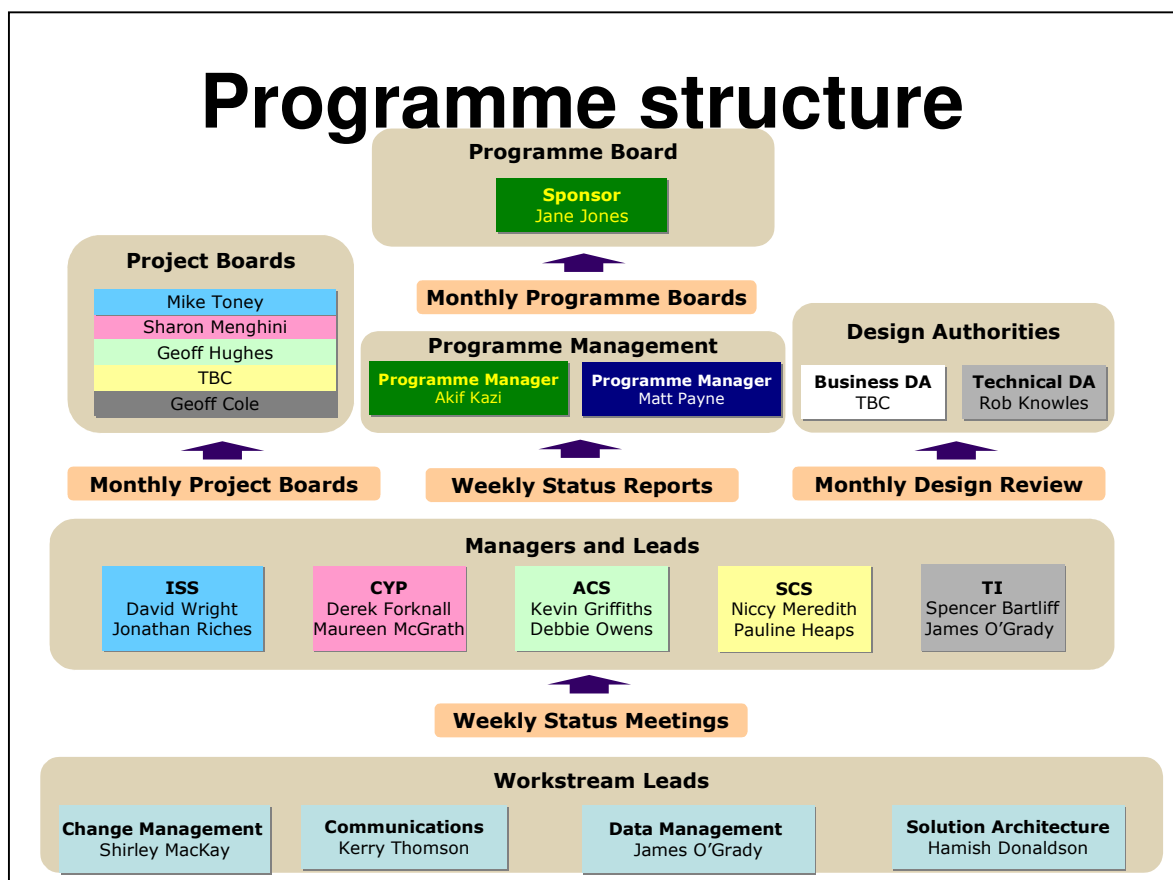
Financial Implications

2. These were set out in the Cabinet report of 12th April 2007, were revised through the challenge process described in Appendix 2, and will have to be revisited as part of the refresh of the medium term financial strategy and the requirement to consider cost reductions in the programme.

Background

3. Further to the Cabinet paper of 12 April 2007, which confirmed the decision to select Deloitte as the preferred supplier, this report provides an update to Strategic Monitoring Committee on progress on the programme. The cabinet report detailed the procurement process and is attached as Appendix 1.
4. Following the discussion at Cabinet, Deloitte commenced on site with effect from 23rd April 2007. This was the start of phase three of the programme and was called programme definition. It consisted of a number of work streams:-
5. Benefits Review. The original business case for Herefordshire Connects was based on a number of cost savings being driven out by the council. These were high level, based on the work with Axon and were some months old.
6. In order to ensure that the Council could deliver these savings, each benefit line was challenged to refine the figures to ensure that the sums were robust and 'bankable'. Over four weeks, the Herefordshire Connects Core Team and Deloitte ran a number of workshops to challenge the assumptions in the business case. This work was then presented to the Head of Financial Services and the Strategic Procurement and Efficiency Review Manager.
7. Capita plc provided external challenge and verified that the cashable savings illustrated were realistic. This work is reflected in Appendix 2.
8. Site Visits. Five site visits involving 40 staff were undertaken. Three of the visits were to assess the proposed technology (SAP) with an emphasis on the way in which Social Care and Performance Management were dealt with. Two visits focussed on Deloitte as a partner and the way in which shared services operates. Members of the Corporate Management Board (CMB) also visited the Surrey shared service centre on 12th July.

9. Governance The following model for managerial Programme Governance was adopted.



- a. A single programme board made up of CMB and attendance from other officers as required oversees a number of project and programme boards – Children's, Adults, Integrated Support Services, Performance Management and Customer Services. These are supported by the Programme Management Office.
- b. Organisational design and technical design groups incorporating the Information Policy Group (IPG) and Security Forum. Clearly there is also a vital link to the Accommodation Strategy group as it moves forward. Of particular significance is the benefits and commercials group. This has responsibility for ensuring that benefits are realised. Every proposed efficiency is captured through a benefit card to ensure that it can be tracked and returned to the corporate pot for reallocation in line with Council priorities.
- c. A Herefordshire Council/Deloitte partnership board will also continue to meet quarterly. Union representation is invited to part of these partnership board meetings and the Audit Commission will review the agenda to determine whether it wishes to be present.

10. Technology Review. During the summer months a Technology Review was undertaken. The purpose was to determine whether the Council's existing financial management system (Cedar), with upgrades, could offer the same functionality as SAP. The report also compared overall cost for implementation and support. Once the technology review was completed it was reported to Cabinet on 11th October. Cabinet approved the recommendation that SAP be confirmed subject to affordability within the medium term financial strategy – Appendix 3.
11. Social Care Package. Implementation of a new Social Care package as a replacement for Clix and other social care systems is particularly important for the Council in terms of delivering against the timetable agreed with DCSF, GOWM and other government bodies. Cabinet will be asked to consider the preferred solution at its meeting on 29th November. Whilst Deloitte had originally proposed using the SAP Social Care package, concerns about affordability and the extent to which it was appropriate to Herefordshire's needs resulted in a further review of the system.
12. Existing Technologies. It is easy to overlook the fact that Herefordshire Connects was also addressing the underinvestment in the multitude of existing software systems, both large and small. There were no budgeted costs for replacement and in most cases very fragile arrangements for future maintenance. The programme provided a means of addressing these issues and if the programme were not to be pursued then some investment in those programmes would be required. Any exceptions that have been agreed since January 2006 have had to demonstrate how 'whole life' costs will be met. There will also be a need to reflect service continuity issues.
13. Work Packages: eight work packages (programmes of work) have been drafted. They are
 - Programme and Change Management
 - Integrated Support Services
 - Children's Services
 - Adult and Community
 - Corporate Performance Management\Technology
 - Hardware
 - Cost reduction
14. Each work package was agreed with a member of CMB and key Heads of Service via a number of focussed workshops. These programmes of work are scheduled for phase four of Herefordshire Connects which will focus on implementing them. However given the difficult financial position the Council faces the Cabinet Members for Resources, Corporate and Customer Services and Human Resources and The Leader agreed to the recommendation of the Chief Executive to a strategic pause in the programme so it could be properly addressed as part of the refresh of the medium term financial strategy and in the context of CSR2007. Practically this has meant that Deloitte have withdrawn most of the staff with consequent cost savings. This pause will however have an effect on the period over which the benefits will be realised and once Cabinet is able to determine a re-start as part of the medium term financial strategy work will have to be undertaken to re-profile the programme. There is also potential to lose

some of the team who have worked with the Council up to this point.

15. Integrated Support Services (ISS). This work package would deliver support to Herefordshire Council's back office operations across Finance, Procurement, HR and Payroll. In essence there would be a single primary source for all data which would enable:
 - Single keying of common data.
 - Standardised and streamlined administration processes.
 - Reduced manual effort.
 - Minimised potential for human error.
 - Reduced number of interfaces required to other line of business and legacy systems.
 - Reporting on a single version of the truth.
16. The council can build on the experience of other councils e.g. Surrey, who have already re-designed support service processes and are driving out cashable benefits. This is consistent with the national and regional transformational agenda. The council recently hosted a visit from Dorset County Council so that it could learn from our experiences as they embark on a similar programme with Deloitte as partners. This provided a useful exchange of experience.
17. Cost reduction and 'Quick wins'. There was a healthy response to a new email address, which was launched to identify cost savings across the authority. In particular seven areas have been considered and are being implemented as a cost saving measure. They include using West Mercia Supplies (WMS) for all utility support, travel billing etc. Further work to reduce costs by at least £500,000 have been undertaken to assist with the Council's budget planning.
18. Contract. The Office of Government Commerce CATALIST (OGC) framework was selected to provide an appropriate procurement route and Eversheds have provided necessary expert legal advice on contractual arrangements. The master contract is complete and will provide the overarching framework for the individual work packages.
19. Location and Communication. The Herefordshire Connects team and Deloitte moved to Plough Lane in June. This helped to raised the profile of the programme and the Core Team was strengthened by the addition of a fifth business transformation officer seconded from within the Council. Emphasis has been placed on communicating to staff at all levels about Herefordshire Connects and a member of the Communications Team works along side the Core Team for part of each week.
20. A seminar on Herefordshire Connects was included in the new Members' induction programme and further sessions are being planned as part of the ongoing familiarisation programme.
21. Audit Commission. The Audit Commission has undertaken two pieces of work at different stages of the programme. The first focussed on procurement, and the second on performance and governance. On each occasion an action plan has been agreed and implemented. The next piece of work is currently under discussion.

RECOMMENDATION

THAT the report be noted subject to any comments the committee wishes to make.

BACKGROUND PAPERS

- Cabinet Paper 12th April 2007 (attached at Appendix 1)
- Cabinet Paper 11th October 2007 (attached at Appendix 3)