

HEREFORDSHIRE CONNECTS OPTION APPRAISAL

PORTFOLIO RESPONSIBILITY: ICT EDUCATION AND ACHIEVEMENT / CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES

CABINET

31 JULY 2008

Wards Affected

County-wide

Purpose

To seek approval of recommendations arising from an Options Appraisal of Herefordshire Connects to determine the future focus, purpose and outcomes for the Council's development of Information and Communications Technology (ICT) systems required to achieve cost effective, service improvements for customers, in partnership with Herefordshire Primary Care Trust (PCT).

Key Decision

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

It was included in the Forward Plan.

Recommendations

THAT:

- (a) **Herefordshire Connects be re-focused on implementing the three updated business cases and further developing these business cases jointly with the PCT as Herefordshire Public Services partners, as defined in section 5.3 of the report attached;**
- (b) **Cabinet note the critical risks to service continuity of key ICT system failures. This is due to the current large number of inadequately connected systems requiring upgrades that would not achieve the Council's ambitions for improving customer services and satisfaction, provide poor value for money or that are no longer supported by providers due to their age;**
- (c) **The Council's ICT system application portfolio be rationalised to achieve the minimum number of integrated applications by Joint Management Team and Deloitte conducting a two month evaluation of:**
 - a. **the four market proven system providers for an integrated back office system and associated integration tools to enable**

Further information on the subject of this report is available from
Andrew Williams, Interim Deputy Chief Executive on (01432) 260037

integration between Council systems and where jointly approved, Council and PCT systems, as stated in Section 6.4 of the report attached;

- b. the two market proven system providers for an integrated environment and planning system, as stated in Section 6.4 of the report attached;
- c. market proven system providers for an integrated performance management system, as stated in Section 6.4 of the report attached;
- (d) A report on the recommendations arising from (c) above be produced for the Cabinet in October 2008;
- (e) The Customer Relationship Management System Upgrade should proceed to secure the significant increase in system efficiency and customer service standards. Deloitte advise this upgrade is already delivering these for other Council users of this system;
- (f) The current Finance System Upgrade should proceed; which will address imminent service continuity risks
- (g) The Joint Management Team implement Connects Programme Management arrangements based on Section 8 of the report attached to provide assurance to the Council, and where relevant PCT, of compliance with the applicable Procurement Policies and best practice in the Project Management risks, costs and the realisation of benefits for customers and staff.

Reasons

- 1 The Audit Commission has been maintaining an overview of the council's progress with Herefordshire Connects, and in its Annual Audit & Inspection Letter recommended that before progressing further elements the council take the opportunity "to re-focus and clarify the purpose, outcomes and actions of Herefordshire Connects. This should include formally considering in a short paper what other options are still open to the council including the costs, benefits and risks of each option. It should also set out how the programme fits with the new joint working arrangements with the Primary Care Trust."
- 2 Joint Management Team has led an option appraisal with Deloitte, as the Council's strategic partners for Connects, to implement this recommendation and address the current and future impact on service delivery to customers and for staff caused by the pause in implementing the majority of the Connects Programme. The purpose of the option appraisal was to:
 - a. ensure the vision for Herefordshire Connects is fit for purpose both now and for the future;
 - b. update the business cases to take account of current and future needs and identify those benefits already achieved;
 - c. ensure that governance arrangements are robust and appropriate.

Considerations

Strategic Monitoring Committee

- 3 A consolidated report providing a detailed chronology of the Connects Programme was scrutinised by the Strategic Monitoring Committee at the Committee's meeting on 31 January.
- 4 A report on the JMT option appraisal exercise and the Deloitte report attached was presented to Strategic Monitoring Committee on 16 July 2008.
- 5 The Committee noted the conclusion that the original Connects vision is still valid with a recommendation in the appraisal that the programme is re-shaped and prioritised to reflect increased joint working with the Primary Care Trust and the increased risk of key ICT system failure.
- 6 The Committee agreed that there is clearly a need promptly to address the growing risk of systems failures highlighted in the Deloitte report. It has also suggested that the wording of the proposed new vision for Herefordshire Connects should be revisited. Through this report, Cabinet is also being advised of the Committee's continuing desire for reassurance that the Connects project will deliver what is now promised, noting that promises in the earlier life of the project did not come to fruition, and its wish that Cabinet ensures measures are put in place to enable effective monitoring of the delivery of the project.

Herefordshire Connects Vision

- 7 The original vision was found to be still valid and relevant to the Council's wider vision. However, the Connects vision has been refreshed to reflect the broader change programme, necessary to support the active pursuit of closer partnership arrangements with the Primary Care Trust, to which it contributes. The proposed refreshed vision, taking into account feedback from Strategic Monitoring Committee, is:

"Herefordshire Connects will to help forge a new joint culture of partnership working, reduce overall costs, rationalise and update systems and infrastructure, and harmonise and improve accessibility and responsiveness of services to both internal and external customers. Herefordshire Connects will support the Council, as part of Herefordshire Public Services, by providing the technology to support staff in the delivery of high quality, responsive and integrated service."

- 8 This will be achieved by:
 - Improving the service outcomes delivered to customers through integrated customer services, thereby positively impacting the Council's performance rating in core service areas;
 - Delivering productivity gains, including cashable savings to address budget challenges, in front line service delivery and in the back office, through integrated support services; and
 - Aligning organisational goals and individual performance objectives, refining and integrating existing corporate performance management processes and embedding a performance-oriented culture within the organisation.

Delivery of Herefordshire Connects

- 9 The above points will be addressed through the creation of three strategic service

improvement programmes, led by the responsible Joint Management Team members and supported by the Connects Programme:

- Integrated Customer Services Business Case
- Integrated Support Services Business Case
- Performance Management and Risk Management Business Case.

Technology Options

10 To ensure that systems are in place to support the delivery of the vision, it is recommended that the number of ICT applications are rationalised to the minimum necessary. This strategy should be complemented by investment in technology to support effective integration. It is therefore recommended that during the next two months, with the strategic advice of Deloitte, the council evaluates and selects, through the existing framework agreement and from a set of proven market solutions, the following software applications:

- Integrated 'Back Office' system
- Integrated Environment & Regeneration system
- Performance Management system
- Integration tools

11 A prioritised and scheduled programme roadmap is proposed to support the recommendations (Section 5.4). Two interdependent recommendations arising from the Deloitte report are that:

- to address severe service continuity risks, the current Finance System (Cedar) Upgrade should proceed;
- the Customer Relationship Management System (SAP CRM) Upgrade should proceed to secure the significant increase in system efficiency and customer service standards Deloitte advise that they have thoroughly reviewed this upgrade which is already delivering benefits for other Council and private sector users.

12 Business cases for both upgrades have demonstrated that costs are limited because these are applications the Council already owns. Both upgrades are consistent with the roadmap and the recommended evaluation and selection exercise set out in paragraph 10 above.

Legal Implications

13 As explained in the Consolidated Report on the Herefordshire Connects Programme, Strategic Monitoring Committee 31 January 2008, Deloitte were selected through a competitive procurement exercise as strategic advice and implementation partners to the Council for the Connects Programme. Deloitte are not the providers of specific provider system applications. As already established for the Connects Social Care (Corelogic Framework implementation), all procurements operate as separate work packages within the Council and Deloitte Framework Agreement, which is compliant with the Council's current Procurement Policy.

Financial Implications

14 The council has made savings during the period of the 'strategic pause' of some £1.7m which was in the previous Herefordshire Connects Business Case, including

£0.75m procurement savings, which have been delivered with the engagement of the Connects Programme team.

- 15 Based on 'worst case' costings that reflect the cost if all selected providers were the highest cost provider and the revised cashable benefits set to reflect the most prudent level of savings, a revised financial profile has been established (Appendix A, paragraph 7.7). As previously, CAPITA have undertaken an independent review of these figures. The revised profile identifies the need for the council to invest £2.8m in the programme over the first two years, but that the programme begins to be 'cash-positive' by the third year, and by the fifth year will generate recurring cashable savings of at least £3.4m.
- 16 The Director of Resources has confirmed the investment of £2.8m in the programme over the first two years is affordable within the Council's Medium Term Financial Plan. This assessment is based on the Council's general fund balance of £6.728m at the end of financial year 2007/08 being approximately £2.75 million above the recommended level and therefore able to help support the programme. In addition there is a £1.115m specific reserve for Invest to Save on the Council's balance sheet. These are non-recurring funding sources but can be used to meet the £2.8m investment requirement in the programme's first two years. The overall financial position is assisted in significant part by the Council's financial performance in 2007/08 and the higher than anticipated Comprehensive Spending Review settlement from the Government for financial years 2008/09 to 2010/11. The longer term affordability of the programme is also assisted by capacity in the current MTFMS.
- 17 The Business Case also identifies significant non-cashable benefits including offering customers enhanced choices in how they interact with the Council face to face, over the telephone and online and reducing staff time spent entering and accessing the same information in multiple systems.
- 18 The Connects Programme is interdependent with the Council's ability to secure customer service benefits and cost efficiencies through the strategic accommodation review and the Herefordshire Public Services partnership with the PCT. The strategic accommodation review is addressing accommodation efficiencies. These are outside the scope of the Connects Programme. However, the potential for accommodation efficiencies formed part of the Axon high-level business case estimate in 2006 (Appendix A, para 3.2).

Risk Management

- 19 The Council is exposed to critical risks to service continuity of key ICT system failures. This is due to the current large number of inadequately connected systems requiring upgrades that would not achieve the Council's ambitions for improving customer services and satisfaction, provide poor value for money or that are no longer supported by providers due to their age.
- 20 Connects Programme governance and risk management structure has been refreshed with Joint Management Team (Appendix A, paragraph 8.1) to reflect the newly defined programme and to ensure accountability and alignment with the revised senior management structure and risk register assurance framework. Links have also been developed to ensure integration with the wider Human Resources and Organisational Development and Accommodation change agendas.
- 21 For completeness sake the options appraisal has also reconfirmed the corporate and service resource requirement, in broad terms, to support delivery of the programme.

This includes taking account of the implications for human resources and other internal resource requirements (Section 8.3)

Alternative Options

- 22 The existing and new options available to the Council that are capable of meeting the Council's requirements are identified in the Deloitte report attached (Section 6). These requirements are capability to deliver the Council's priorities for service improvement; evidence of market proven systems; minimising application platforms; maximising systems integration; and enabling joint business case development with Herefordshire PCT.

Consultees

- 23 Consultation took place with Strategic Monitoring Committee, Joint Management Team and service and ICT managers involved with the three business cases.

Appendices

Appendix 1 – Herefordshire Connects – The Way Forwards, an Options Appraisal, Deloitte, 7 July 2008.

Background Papers

- Consolidated Report on the Herefordshire Connects Programme, Strategic Monitoring Committee 31 January 2008;
- Herefordshire Council ICT Strategy 2007 – 2011.