



Herefordshire Connects – The Way Forward.

An Options Appraisal

7th July 2008

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1 Executive Summary

This report outlines a revised vision for the Herefordshire Connects programme, explaining the objectives of the programme, the outcomes it aims to achieve and the related costs and benefits. It recommends a way forward for the programme, and identifies opportunities to develop and improve joint working with the PCT.

The purpose of the Options Analysis exercise, the findings of which are documented in this report, is to comprehensively address the following recommendation from the Council's external audit letter from the Audit Commission:

“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 PCT”

This has been completed in consultation with senior stakeholders of the Council and the PCT, revising priorities for the new landscape of Public Services in Herefordshire.

1.1 A New vision for Herefordshire Connects

The original vision is valid, but needs to reflect the changes that have occurred. The proposed new vision is:

“Herefordshire Connects is a technology enabled change programme that will support the delivery of high quality, responsive and integrated services by the Council as part of Herefordshire Public Services. It will seek to reduce costs, to help forge a new joint culture of partnership working, rationalise and update systems and infrastructure, and harmonise and improve the accessibility and responsiveness of services to both internal and external customers:”

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.

1.2 Delivering Herefordshire Connects

The programme aims to address these points through the creation of three projects:

- Integrated Customer Services (ICS)
- Integrated Support Services (ISS)
- Performance Management (PM)

The plans for these projects have been revisited and updated to reflect current priorities. This has led to the definition of programme roadmap illustrated in the diagram below:

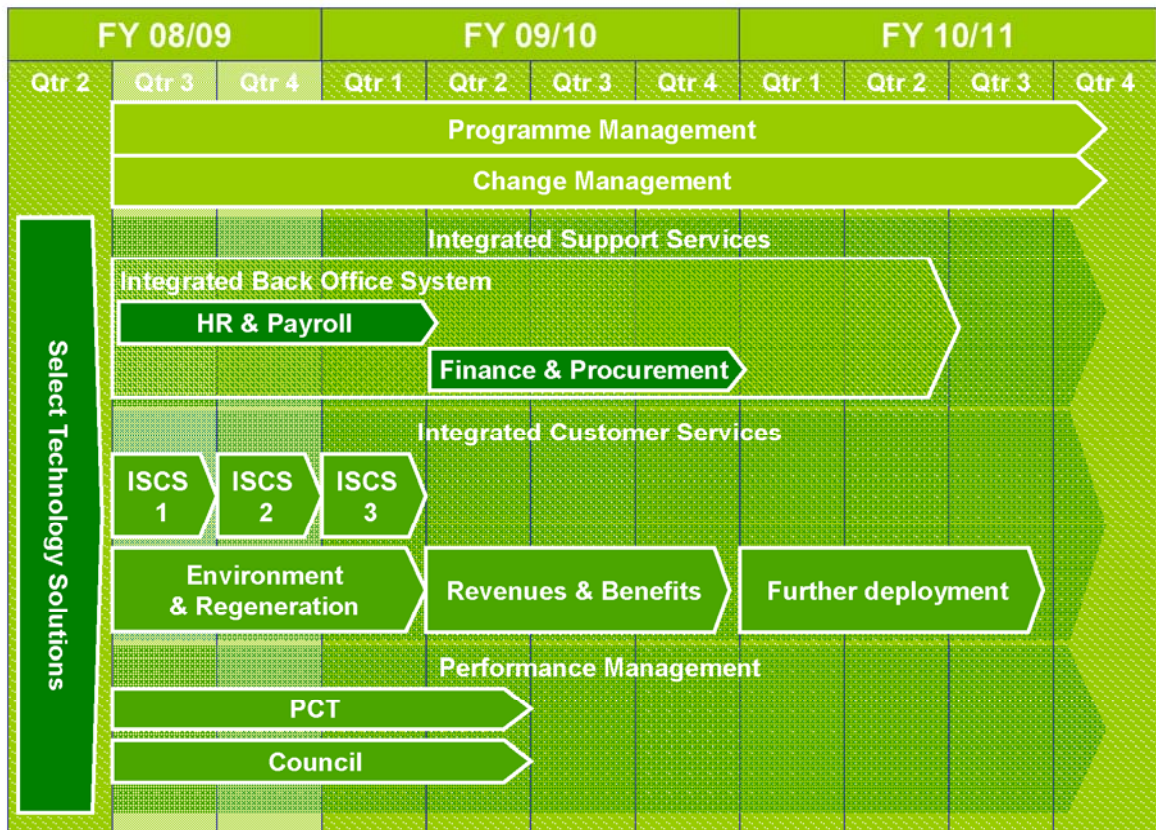


Figure 1: Timeline

1.3 Technology Options

The role of systems integration is critical in delivering the vision and objectives identified. We recommend that the Council aim to rationalise its ICT applications to a minimum number, thereby increasing process and data integrity, responsiveness to customer and services demands and reducing the ongoing costs of maintenance. It should complement this strategy by investing in a service oriented architecture that further integrates the applications.

To support this objective we recommend the Council selects, during August and September, the following software applications from a set of proven market solutions:

- An Integrated Back Office
- An Integrated Environment and Regeneration System
- A Performance Management System
- Integration tools, including Electronic Document and Records Management, Workflow and Web Portal

1.4 Business Case

The benefits of the programme have been reviewed thoroughly. It is recognised that the Council has made savings during the strategic pause period of £1.7m which was in the previous Herefordshire Connects business case. Other changes, including the reduced use of Agency Staff, having been investigated and reflected in the benefits case.

The costs of the programme have been estimated based upon our experience of the market. They will require confirmation upon selection of the systems identified above. The estimates that we have used

represent what we expect to be a worst case; the Council should target reducing these during the coming months;

These revised costs and cashable benefits result in a programme with a financial profile as described in the table below:

Fiscal Year	08/09	09/10	10/11	11/12	12/13	13/14
Revenue						
Costs	£1.4m	£3m	£2.1m	£2.1m	£2.1m	£2.1m
Benefits	(£0.3m)	(£1.3m)	(£3.3m)	(£5.1m)	(£5.5m)	(£5.5m)
Net Revenue	£1.1m	£1.7m	(£1.2m)	(£3.0m)	(£3.4m)	(£3.4m)

The programme will require funding during the first two years, but will generate benefits in excess of the costs during FY 10/11 meeting the vision of reducing costs and providing an accessible and responsive customer service.

In addition to the cashable benefits there are also significant cashable benefits deemed non-cashable particularly from the implementation of a performance management system. These exceed £5m per annum.

1.5 Making it Happen

A strong governance structure, sufficient resources and appropriate skills are three key elements in making Herefordshire Connects a success.

The report identifies key principles for the governance structure of the programme, and provides an indication of the size of the Council team that will be required to work on this programme and the skills that they will need to possess.

The volume of change occurring within Herefordshire Public Services today is significant. Many of the change agendas are inter-dependent, and all are affecting staff at the same time. It is critical that the Council and PCT understand how this change will be managed, how cross-cutting themes will be addressed and a consistent message delivered. For staff, and the services they provide, it is important to ensure that the rate of change is achievable.

2 Introduction

The original vision for the Herefordshire Connects programme was to seek to radically reduce costs, forge a new corporate culture, rationalise and update systems and infrastructure, and harmonise and improve the accessibility and responsiveness of services to both internal and external customers.

The Herefordshire Connects programme was placed upon 'Strategic Pause' on 11th September 2007. The Chief Executive wrote to the Members Reference Group and the Directors for Resources and Corporate and Customer Services on 12th September. He listed the reasons for placing the programme on strategic pause. The main reasons were:

- The absence of the ability to progress the decision on the technology platform.
- The inability to bring a recommendation to Cabinet in relation to the completion of a master agreement with Deloitte.
- The overall financial situation.

The purpose of the Options Analysis exercise, the findings of which are documented in this report, is to comprehensively address the following recommendation from the Council's external audit letter from the Audit Commission:

"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 PCT"

This report:

- outlines the background to the Herefordshire Connects programme, its original vision and progress to date;
- presents a proposal for a new vision for the programme in light of greater joint working with the PCT;
- proposes what change projects should be delivered within this programme;
- makes recommendations on the technology platforms that should be used to deliver these changes, and sets out the next steps necessary to make the final selection; and
- presents a reviewed and updated assessment of the business case for phase 1 of the programme.

In producing this report we undertook a series of interviews of key stakeholders. These are listed in Appendix 1. This was supported by desk research and analysis. We also ran three workshops with key stakeholders to consider the options and discuss recommendations.

3 Background

A comprehensive history of Herefordshire Connects was provided in a report to the Council's Strategic Monitoring Committee in January 2008. This section provides the highlights of the background to the programme from its inception in 2005 and its development during 2006 and 2007.

3.1 The Beginning of Herefordshire Connects

The Council's Corporate Plan 2005-08 identified the challenge facing the Council as it sought to take forward its priorities for improved services in a context of ever-tighter constraints on available resources as follows:

"The Council faces major risks in respect of the level of resources available to it to provide services, the maintenance of a balanced budget and the effective and efficient use of resources."

In the light of this, the Plan included as its prime organisational priority:

"To streamline its processes, assets and management structures, and secure significant efficiency savings in line with the Government's proposals contained in "Delivering Efficiency in Local Services", so as to keep down Council Tax increases and invest in priority service improvements."

Key to gaining service and efficiency improvements would be standardisation and centralisation where possible; ensuring effective interplay of strategies; the Council also needed to strengthen its programme/project management function, develop a strong change team and commence business process redesign work. It was also recognised that in order to achieve a strategic approach there had to be a more integrated technology platform and a move away from providing an individualised response to discrete needs.

The Council appointed Axon Global to run workshops in early 2006 with all of the Council's directorates to identify areas upon which the Council should focus its efficiency efforts. Three areas were considered by the Council's Corporate Management Board on 16th February 2006 as a result of the analysis:

- Back office efficiencies (finance, procurement, payroll, HR and asset management).
- Corporate performance management, which came out strongly in all directorates workshops.
- Front office customer services (records and document management, flexible working and electronic social care records).

3.2 The Business Case

These were used to generate three high-level business cases:

- Integrated Support Services (ISS)
- Corporate Performance Management (CPM)
- Integrated Customer Services (ICS)

These three business cases were the foundation of the original Herefordshire Connects programme. In total these three cases identified potential cashable savings of up to £11.75m per year when fully delivered.

The proposed profile of the delivery of these savings is illustrated in the table below.

2006/7	2007/8	2008/9	2009/10	2010/11	2011/12
£1.2m	£5.8m	£10.6m	£11.4m	£11.75m	£11.75m

The delivery of the programme would require significant investment in new technology and changes to ways of working and Council processes. The Axon report and business cases were approved by Cabinet in April 2006.

3.3 Programme Delivery

Following approval of the Herefordshire Connects programme and business case the Council commenced a procurement process for a strategic partner to support the Council in the delivery of the Herefordshire Connects programme. This process began in May 2006 and was completed in April 2007 with the selection of Deloitte as the preferred strategic partner.

During May and June 2007 Deloitte worked closely with the Council to confirm the Herefordshire Connects vision and business case to challenge a number of the underpinning assumptions. As well as the three projects previously identified (ISS, CPM and ICS) there was an agreed focus on Adults and Children's social care and the implementation of an integrated social care system within the ICS project. This led to a restatement of the benefits case as identified below:

2006/7	2007/8	2008/9	2009/10	2010/11	2011/12
-	£469k	£3m	£7.54m	£8m	£8.3m

The Council felt that these numbers were prudent, but were based upon a firm set of assumptions in which there was a high level of confidence. These revised figures were reported in a June 2007 Cabinet report. The following is an extract from this report:

"3. Benefits Review. The original business case for Herefordshire Connects was based on a number of cost savings being driven out across the Council. In order to ensure that the Council can indeed deliver on these savings, each benefit line was investigated and challenged to ensure that the figures are robust and 'bankable'. Over four weeks, the Herefordshire Connects Core Team and Deloitte ran a number of workshops to complete this. This work was then presented to the Head of Financial Services and the Strategic Procurement & Efficiency Review Manager, and the figures have now been accepted as valid. Independent advice throughout this process has been provided by CAPITA plc."

The Herefordshire Connects programme was subsequently initiated with the support of Deloitte in July 2007. Work progressed through until 11th September 2007, when the programme was paused. At this point a number of key design deliverables had been completed.

The Chief Executive wrote to the Members Reference Group and the Directors for Resources and Corporate and Customer Services on 12th September. He listed the reasons for placing the programme on strategic pause. The main reasons were:

- The absence of the ability to progress the decision on the technology platform.
- The inability to bring a recommendation to Cabinet in relation to the completion of a master agreement with Deloitte.
- The overall financial situation.

All of the projects have remained on pause from this date apart from the Integrated Social Care System. The requirement to meet targets set by the Department of Children, Schools and Families (DCSF) for the implementation of the Integrated Children's System (ICS), which will be achieved via this project, meant that this project needed to carry on.

A report went to Cabinet on February 21st 2008 recommending that:

- a) Cabinet authorises the Head of Legal and Democratic Services to sign the framework agreement with Deloitte; and
- b) Cabinet confirms CoreLogic Frameworkki as the preferred solution and authorises the Directors of Corporate & Customer Services and Resources, in consultation with the Directors of Children and Young People's Services and Adult & Community Services, to proceed with this acquisition on a fixed-price basis through the Deloitte framework agreement.

This was agreed, the framework with Deloitte was signed and the implementation of an Integrated Social Care System commenced at the end of February 2008. This project will deliver an integrated Social Care System in three planned phases. The first phase is planned for delivery in November 2008. This will enable the Council to meet its ICS obligations. The first project milestone (Design) has recently been completed successfully in June 2008.

As well as the Integrated Social Care System project, the Council's Herefordshire Connects team have supported a number of initiatives identified by the Herefordshire Connects work during the summer of 2007. Benefits in the region of £1.7m per annum have been realised. These are down to changes not requiring technology investment, and have been delivered mainly from better procurement and a reduction in the use of agency staff.

In June 2008, Deloitte were engaged to undertake this short assignment to review the programme objectively and propose options for moving forward.

4 The Vision

This section outlines the original vision for Herefordshire Connects, and how this was to be achieved. It discusses whether this vision is still valid and goes on to consider a refreshed vision for the Herefordshire Connects programme.

4.1 The Original Vision

The original vision for the Herefordshire Connects programme was to seek to radically reduce costs, forge a new corporate culture, rationalise and update systems and infrastructure, and harmonise and improve the accessibility and responsiveness of services to both internal and external customers. This was to be achieved by:

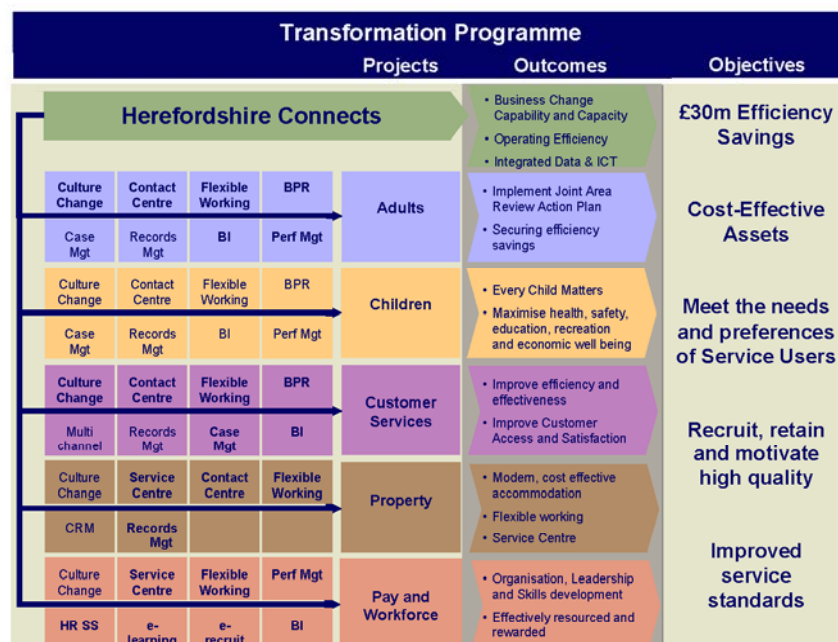
- improving the service outcomes delivered to customers through integrated customer services, thereby positively impacting the Council’s performance rating in core service areas;
- delivering productivity gains, including cashable savings to address budget challenges, in front line service delivery and 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.

The goals of the programme were defined in the original Invitation to Tender as,

“The Programme will:

- Transform the way services are delivered
- Make efficiency savings of at least £30m [net figure over 5 yrs]
- Transform the culture of the Authority
- Deliver the foundations of an integrated ICT platform”.

Herefordshire Connects was confirmed as one of the key elements in delivering the Council’s overall transformation vision, and was recognised as underpinning the other projects that the Council was undertaking to improve services. The diagram below illustrates the linkages of Herefordshire Connects to the other initiatives in 2007.



It is evident from the interviews undertaken that although the environment in which the Council operates has changed significantly, with a clearer view of the medium term financial position and the tighter integration with the Primary Care Trust, the vision for the overall programme of change remains valid and the objectives, as stated, also remain.

However, priorities have changed, in part caused by a hiatus in technology developments, and there are other streams of work now underway with which Connects must be co-ordinated.

The remainder of this section describes the factors at work in re-shaping the programme, the feedback received from senior stakeholders when asked about their views on the programme and how it should progress, and the important role integration must play in the programme as it goes forward.

4.2 Factors re-shaping the programme

4.2.1 Increasing risk of failure of legacy systems

The deficiencies with some of the Council's current ICT systems, identified at the original outset of the programme, have intensified due to the strategic pause. In particular:

- the HR systems are now at breaking point, resulting in the HR team working at maximum capacity;
- there is a need to perform a technical upgrade to the Finance system to avoid a potentially critical failure;
- the Environment system is at the end of its supported life and requires replacement; and
- the Customer Relationship Management system is costly to maintain and so requires an upgrade to a more manageable new version.

Whilst these factors do not alter the vision in themselves, they have impacted upon the priorities for the programme.

4.2.2 Herefordshire Public Services

Since the original vision was set out, the Council and PCT are now actively pursuing closer partnership working arrangements, whilst recognising that they will currently remain as separate legal entities. The change involved in this, on top of the change agendas that both organisations were facing anyway, is very significant. A new Joint Management Team (JMT) for the two organisations has been formed, with a joint Chief Executive and many cross-cutting roles.

The closer partnership working is leading to an extensive, broad based programme of change within Herefordshire Public Services. Through a Change Management & Communications Group, that has both Council and PCT employees, the following change activities are being co-ordinated:

- the formation of the JMT;
- a review of provider services;
- the development of world class commissioning;
- the integrated social care project (as part of Herefordshire Connects);
- the accommodation review; and
- developing the performance management framework.

Much of this change is inter-related, and there are common dependencies upon cross-cutting requirements including change management, accommodation and technology. Herefordshire Public Services offers excellent opportunities for efficiency and improved customer service – the very focus of Herefordshire

Connects - but it is essential that decisions taken around the future of Connects consider how the future Herefordshire Public Services environment, including technology, can be successfully integrated.

4.3 The importance of integration

Integration was always at the heart of the Herefordshire Connects strategy. As well as the *'integrated ICT platform'* specifically stated as a goal of the programme, the envisaged financial and customer service benefits required better integrated working and streamlined processes across the Council supported by this technology.

The lack of technology integration stands in the way of better integration of people and process. For example, currently the Council's Customer Relationship Management (CRM) system is not integrated with other systems. Customer calls for service are recorded in the CRM system and then often have to be emailed or printed off, sent to the service department to progress, who may re-type it into another system before fulfilling the service request.

Connects envisaged a very different, more effective and responsive way of delivering services. The following is a simplistic but real scenario from another local authority that had outsourced its waste collection and disposal services to a contractor.

Before System Integration:

When a customer called to organise a special or missed collection the customer's call was noted. At the end of each day a member of staff would collect these on one spreadsheet and fax them to the contractor. The contractor would reply the next day confirming the booking, also by fax. This meant that bookings had to be made at least 3 days in advance. The Council would then re-type the contractor's confirmation into the tracking spreadsheet with the dates. If customers called back to check their booking it was often difficult for staff to find the correct fax, and if a customer needed to move the day, it meant the whole process had to start again. The Council had to limit collections to 60 per day as the staff did not have the capacity to deal with more.

After System Integration:

A customer calls the Council contact centre and the request for a collection is recorded on the system by the agent. This is integrated with a web portal for the contractor. The request is therefore instantly visible for the contractor through the web who will make the booking and suggest a time. This is then available for the call centre agent to view should the customer require confirmation. The customer can also see the booking on the web-site and request changes. The Council saw a significant rise in customer satisfaction with this process, the number of collections which had to be rebooked fell dramatically, bookings could be made for the next day rather than having to wait at least 3 and the limit of 60 per day was removed.

This example demonstrates the real benefits that customers see in service outcomes from the integration of technology. There are many opportunities within the Council to improve service and customer responsiveness in this way. With Herefordshire Public Services the opportunity is even greater as customer enquiries can be integrated across health and Council services. We note that the development of an integrated Customer Services strategy is underway and this will guide the development of the integrated processes and technology that Herefordshire Connects can deliver.

As well as supporting **process** integration using integrated systems can have the benefit of improved **data** integrity. The Council currently has the same data – for example customer details – stored in many different systems. This means duplication of effort in data maintenance and the reality of data stores being out of synch. As well as the possibility of poor customer service because of this there are other real issues with this situation – for example the difficulty in responding to Freedom of Information requirements, a process that takes considerable manual effort at present.

The importance of integration and the ways in which it can be achieved are discussed further in the Technology Options section of this report.

4.4 The New Vision for Herefordshire Connects

Although, as we have discussed, the original Connects vision is still very valid it needs to be updated to reflect the broader change programme to which it contributes. Also it was clear from our interviews that many officers have forgotten what the vision was. This is not helped by several versions or variations of the vision being used over the last three years. With a significant number of new Council members it is also very likely that clarity of purpose for Connects is not fully understood in the member community.

It is therefore recommended that a clear statement of the vision for Herefordshire Connects is agreed and publicised as part of the re-launch of the Herefordshire Connects programme. This must be consistently used and provide the guiding direction for the programme. We suggest the following:

“Herefordshire Connects is a technology enabled change programme that will support the delivery of high quality, responsive and integrated services by the Council as part of Herefordshire Public Services. It will seek to reduce costs, to help forge a new joint culture of partnership working, rationalise and update systems and infrastructure, and harmonise and improve the accessibility and responsiveness of services to both internal and external customers:”

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.

4.5 Conclusions and Recommendations

Herefordshire Connects still has a vital role to play in the development of public services in Herefordshire.

It is recommended that:

- A new vision statement for the programme with restated objectives is agreed and publicised.
- The Herefordshire Connects programme is re-shaped to reflect:
 - increased joint working with the PCT; and
 - the increased risk of key ICT system failure.
- Integrated systems are central to the delivery of the vision and objectives.

5 Delivering the Vision

This section outlines how the updated vision for Connects can be delivered. It outlines the projects that will form the programme, noting the feedback received on these projects from stakeholders. It proposes revised priorities for these projects and proposes a roadmap for the programme.

5.1 The Programme Structure

To deliver the vision, the Connects programme will:

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

As outlined earlier the original programme was designed around three key projects:

- Integrated Customer Services
- Integrated Support Services
- Performance Management

In defining the new way of delivering Connects we have reviewed the original aims of each project and the business case for each. In addition we have spoken to senior stakeholders to inform our analysis. The highlights of the feedback for each project component are set out below. We conclude that the structure remains a valid way of organising the programme but each project component needs to be re-defined in light of changed priorities and opportunities.

5.2 Feedback from interviews with senior stakeholders

5.2.1 Key messages relating to Integrated Customer Services (ICS)

- The Social Care project is now underway and progressing well.
- The Environment & Regeneration system is at the end of its support life and therefore requires urgent replacement.
- The CRM system is expensive to maintain. It can be upgraded to a new version which is less resource intensive to maintain and should offer better usability.
- The CRM system is not integrated with other systems.
- The web portal is not well integrated with current systems.
- The Revenues and Benefits function should also be considered as quickly as is feasible within the integration of functions into the 'front-office'.

- The IT helpdesk could be replaced, allowing for the decommissioning of the expensive ICT Back Office System.

5.2.2 Key messages relating to Integrated Support Services (ISS)

- HR is at 'breaking point' trying to manage with their current 19 un-integrated systems.
- Front and back-office systems are not connected – especially with respect to obtaining management information.
- The financial system urgently requires an upgrade.
- The PCT are keen to explore areas of joint working across support services with the Council.
- Systems and solutions must be flexible as both organisations will continue to change.
- Change must be planned in manageable amounts – the plans for Connects originally were too demanding.

5.2.3 Key messages relating to Performance Management (PM)

- Performance management systems within the Council are inert, and lack visibility and mechanisms for feedback.
- Improved performance management is a priority for the Council, particularly in light of the LAA and the forthcoming CAA.
- Performance Management is a priority for the PCT in light of the World Class Commissioning agenda.

5.3 Revised Priorities

The priorities within the three projects ICS, ISS and PM need to reflect the current situation and drivers for change.

5.3.1 Integrated Customer Services

The original plan for ICS was to implement social care systems and integrate them with the CRM system. This would include using records and case management systems and workflow to improve the way social care services were delivered and the way in which could respond better to customers. The integrated technology implemented could then be used to 're-engineer' other Council services into an integrated customer services environment. Given the urgent need to deliver new social care systems the Integrated Social Care System project, implementing CoreLogic's Frameworki solution, started in February and is progressing to plan. Given the pause around the rest of Connects, however, the plan to integrate the solution into CRM and implement record management and workflow has been put to the back of the implementation timescale. Phases 1 and 2 are already planned, scoped and commissioned. The precise scope of Phase 3 is to be confirmed, but is planned to focus upon providing greater integration with Council systems, including electronic records management and delivering improved integration and joint working with the PCT. It is not recommended to change this approach now that it is underway.

Instead of using Social Care as the project to deliver the integrated technology environment we now recommend that, due to the now pressing need to replace the Environment system, a project to implement an integrated system for Environment and Regeneration is undertaken. This will support integrated planning, as well as the other services such Environmental Health and Trading Standards delivered by the Directorates. This project will also address the objectives of improved customer services and responsiveness through an upgrade to the existing CRM system, integration of the CRM system with the new system and the implementation and integration of a new Electronic Document and Records Management System (EDRMS). This will enable the re-engineering of service delivery processes, resulting in services which are efficient and responsive.

Once this platform for improved customer service has been developed and rolled-out within the Environment and Regeneration Directorates, it will be deployed to other Directorates across the Council to continue to drive improved customer service across the breadth of the service. We recommend that Revenues and Benefits be the next service area to deploy the platform, with an estimated start date of 1st July 2009. It can be investigated if this could begin any earlier, as suggested in our interviews with you, but this needs to be considered in light of the Council's capacity to manage and deliver change.

The technology to support the ICS project should be finalised during August and September by the Council. The implementation project can then begin in October. The consideration of the technology options is discussed in section 6 of this report.

To successfully deliver the ICS project it will be necessary to fix some of the issues with the current CRM implementation. Given the pressure on the current system in terms of the cost of maintenance it is recommended that the upgrade to the current CRM system is undertaken as a priority within the ICS project.

5.3.2 Integrated Support Services

There are still significant efficiencies available from better support services for the Council from improved use of technology and reducing the amount of effort required in 'back-office' processes. We consider the business case in section 7 of this report. The opportunity for integrated working with the PCT enhances this opportunity further. We note that a Shared Services Strategy is being developed to consider the roadmap for potential integration of support services across Herefordshire Public Services. This should provide direction for the ISS project.

The original Connects programme included the implementation of an integrated back office system for HR, Payroll, Finance and Procurement and the delivery of a 'shared services' model for support services. This is still recommended as the medium term objective subject to the recommendations of the Shared Services Strategy. The interviews, and our assessment of the current situation, show HR to be the biggest pressure point and also a good proportion of the benefits envisaged are from this area. It is also essential that a good integrated HR system is in place to support the requirements of improved performance management

We recommend that the ISS project focus upon providing efficient and cost effective corporate services enabled by the implementation of an Integrated Back Office System. The phasing of this will change from the original Connects plan. The replacement of the existing HR systems and the inefficiencies they create is the largest area of benefit identified so this will form the first stage of the project. This will then be followed by the implementation of the system for Finance, Procurement and Asset Management. The main reasons for this are two-fold. There is an opportunity to undertake some of the re-organisation work around finance as part of the required upgrade to the current system – this will make the transition to a new integrated system easier. Secondly, there is a concern over the scale of change already in the proposed programme and finance is seen to be less urgent in the short term.

The technology to support the ISS project should be finalised during August and September by the Council. The implementation project can then begin in October. The consideration of the technology options is discussed in section 6 of this report.

The selection criteria will need to include an understanding of how support services may be shared with the PCT and of their requirements.

5.3.3 Performance Management

Both the Council and the PCT require new performance management systems. The Council needs to ensure that it can monitor performance in the new Local Area Agreement, and demonstrate this performance management capability for the Comprehensive Area Assessment. The World Class Commissioning agenda is driving a focus on performance management within the PCT.

As well as the ability to better monitor performance of the organisations there is a real need to move both organisations from **monitoring** performance to **managing** performance. This requires significant cultural change, which is recognised in the Council's Organisational Development plan, and systems that can connect organisational performance with team goals and personal plans.

There are significant gains to be made from better performance management and these have always been recognised in the non-financial benefit section of the Herefordshire Connect business case. This is a prudent view and financial benefits can be realised if the Council wants to press hard.

Performance Management is a priority. The original Connects plans envisaged a very sophisticated integrated performance system being developed. This will take time and is dependent on a lot of other integrated systems being in place. Given the urgency we recommend that the PCT and the Council jointly select a new Performance Management System that can be deployed relatively quickly on a phased basis. There are a number of systems which are used by both Local Authorities and PCT's across the country. This should be selected in August and September and the implementation can then begin in October. Given this joint approach we have also altered the name of the project to 'Performance Management' – removing the word corporate and the implications that this is a project focused only on the Council.

The overall objective is to support the development of a high-performance culture through the provision of accurate and timely information to decision makers. The implementation project will aim to develop a new framework for Performance Management within both organisations. This will include not only the system, but more importantly the people and processes also involved.

5.3.4 ICT Strategy

The Connects programme was, and still is, a critical focus for the IT strategy, which aims to rationalise and integrate the systems the Council uses. The pause of the programme has led to a failure to progress with the IT strategy, as well as a backlog of projects for system changes and upgrades.

Currently the Information Policy Group (IPG) is acting as a governance mechanism for the IT Strategy, reviewing projects and business cases. With the restart of Connects, and the governance structure for the programme reimplemented, this will no longer be effective as both will be making decisions upon the future direction of IT within the Council.

We therefore propose that the delivery of the whole ICT Strategy forms part of Connects, and reports through the same governance structure.

5.4 Programme Roadmap

The diagram below identifies the roadmap for the programme as outlined above. It is intended to identify the key streams of work with the estimated timings. Upon the conclusion of the system selection stage the plans for each project can be developed in greater detail, based upon the selection decisions made.

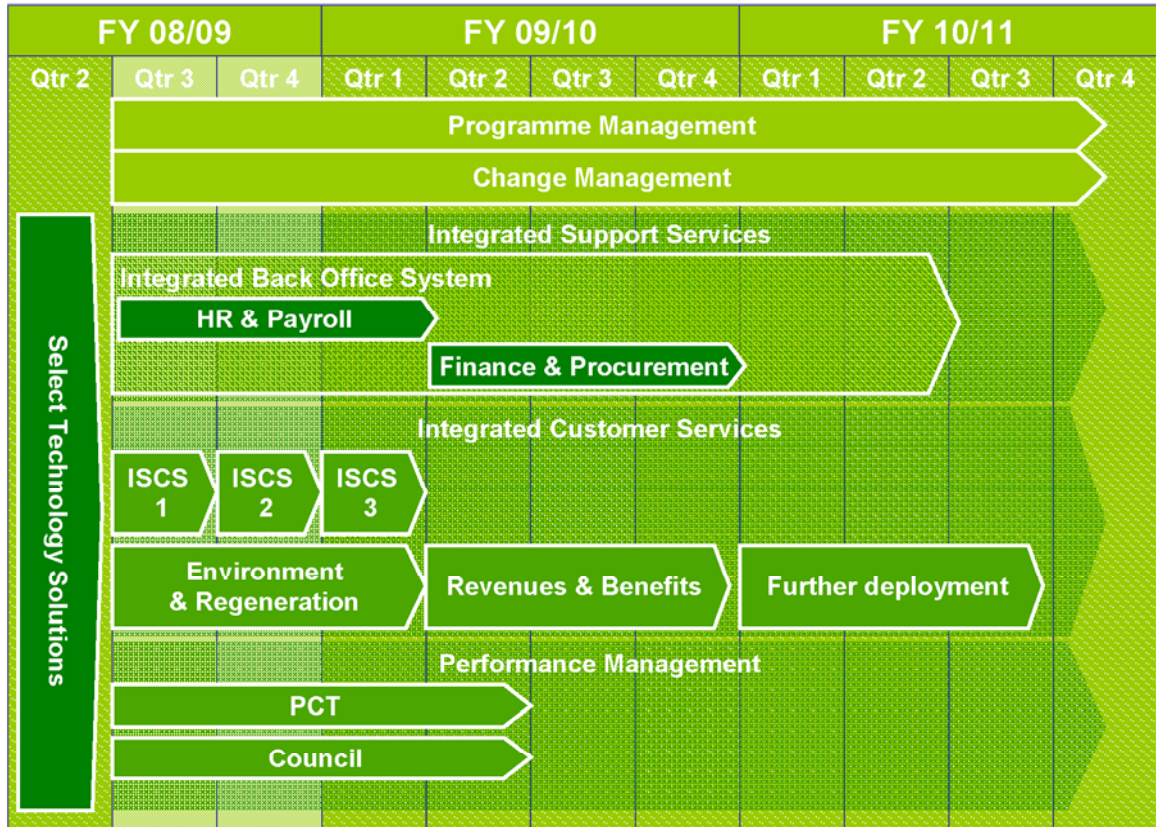


Figure 2: Timeline

5.5 Summary of recommendations

- The three original projects making up the Connects programme are still valid:
 - Integrated Customer Services
 - Integrated Support Services
 - Performance Management
- The ICT Strategy should also be governed by Connects and no longer by the IPG.
- The appropriate technology solutions should be selected during July/August

6 Technology options

Herefordshire Connects is a technology enabled change programme. In section 4 we considered the importance of integration and the importance of integrated technology to support new integrated services. But what are the options for delivering integrated technology?

6.1 Current issues

Whichever strategy for providing an integrated technology platform is adopted, the enabling technology component of the programme must address the urgent technology issues currently faced by the Council. These are:

- there is a high and growing risk of system failures – presenting a real risk to the operations of the Council;
- there is a high cost of supporting disparate and ageing applications; and
- there is a high cost arising from multiple data sources with no platform for integration.

These issues are discussed more fully below.

6.1.1 High and growing risk of systems' failure

During our interviews with key stakeholders, it has become apparent that there are real concerns over the risk of system failures, and evidence that the likelihood that such risks will materialise is growing. Such failures will have a major impact on business continuity in the areas concerned. Specific examples include:

- The finance system (Cedar) requires urgent attention to reduce the risk of system failure. Recently, the system failed and it was extremely difficult to return the service. To alleviate this risk, a technical upgrade of both software and hardware is required urgently. This is currently planned for September.
- The HR systems (of which there are 19) are described as “at their maximum capacity” in respects of functionality and there is a real concern in the Directorate that they will soon be no longer fit for purpose.

6.1.2 The high cost of supporting multiple disparate and ageing applications

Supporting the Authority's landscape of multiple, ageing applications (see overleaf) is a major concern to the ICT department. These applications require the department to have access to diverse skill sets that are often difficult and expensive to acquire, particularly because of the geographical location of the Authority.

The issue of attracting and retaining people with the right ICT skills needs to be a consideration when making the choices around the ICT platform to support Connects. However, Industry analysis indicates that consolidating functions under a single application provides a lower total cost of ownership than supporting multiple applications from different vendors in the long term. Reducing the number of applications in place and driving standardisation of core software databases, standards and tools through the ICT strategy will assist the Authority in addressing the skills issue and reducing support costs.

“Best-of-breed solutions, on average, have a TCO that is twice that provided by full suite solution providers.” - ARC Insights

6.1.3 The high cost of multiple data sources with no platform for integration

There is further upward pressure on the total cost of ownership of the Council's systems generated by operating multiple data sources with no core platform for integration. Some key operational systems have

little or no integration with other systems in the Authority leading to the duplicate entry of data and a great deal of manual effort to consolidate and reconcile data for reports – specific examples being the HR and CRM systems.

The costs of multiple data sources arise from the effort expended in aggregating data across the various sources, checking its integrity and consolidating it for operational management and reporting purposes.

"ERP delivers cost advantages to an enterprise by decreasing the costs of assuring process integrity and centralizing information across end-to-end processes." – © Gartner

For example, if the Authority currently wanted to view all of its dealings with a specific individual, a number of different departments would need to be co-ordinated in trawling their systems and records, confirming that they have located the right individual's records and they would then need to be aggregated. Whilst, to some degree, this issue will not be completely resolved in the Local Authority in the short term, a key design principle driving the enabling technology of the programme should be to minimise this issue.

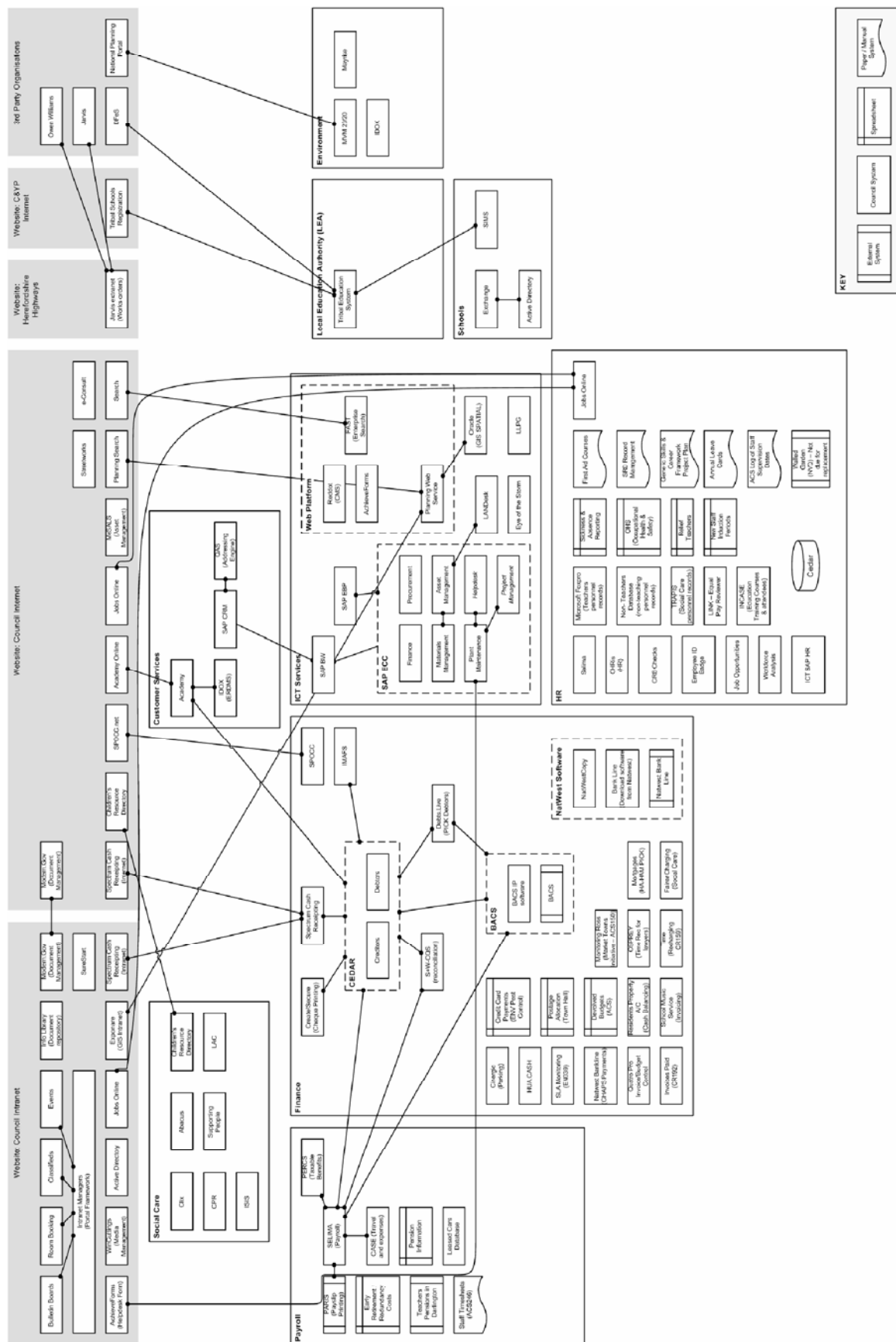


Figure 3: Current applications topology (overview)

6.2 Delivering the foundations of an integrated ICT platform

As discussed in section 4.3, integration provides improved, joined up service delivery and should also improve data integrity and reduces duplicate data sets across the Authority.

6.2.1 Process and Data Integrity

There are two key ways of identifying when and where systems are best integrated.

Firstly:

Integration should be considered where a process is supported by multiple systems. If this is not the case then this usually results in re-entry of data which is time consuming and often inaccurate, putting the integrity of the process at risk.

For example, the process of enrolling a new joiner crosses multiple systems. They need to be created in the HR system (currently the Council has 19 systems supporting HR). They need to be added to the payroll system. They may need to be added to finance system, and their levels of authorisation added, particularly if they are able to sign off expenditure. They are also likely to need to be added to a host of other systems to enable them to work effectively, including for example web access, the telephone directory and service specific systems. An integrated back office system would remove the need for this duplication of effort.

Secondly:

The same sets of data are used widely across the Council. Where a data set is relied upon heavily integration should be considered.

For example, the Environment and Regeneration directorates rely very heavily upon property data. The majority of the services they deliver are focused upon a property, and so an integrated system for their activities including planning, environmental health and trading standards will enable them to see a complete picture of the services provided around a property.

However, there are two main approaches that can be considered. These are:

1. joining together separate applications from many different vendors and those built in-house. (Often referred to as “Best of Breed” applications); and
2. implementing a single corporate solution supplied by one vendor (generally referred to as an Enterprise Resource Planning (ERP) system).

Industry analysts define “Best of Breed” and ERP systems as:

Best of Breed

“An approach or methodology in which a user organization selects a set of applications from multiple vendors that must be interfaced to work together, either by the organization, one of the selected vendors or a third-party integrator. This solution contains more than one technical architecture and more than one database schema.” – © Gartner.

Enterprise Resource Planning (ERP) system

“ERP is defined as the ability to deliver an integrated suite of business applications. These tools share a common process and data model, covering broad and deep operational end-to-end processes, such as those found in finance, human resources, service and the supply chain.” – © Gartner.

Both have strengths and weaknesses that we have documented and provided in Appendix 2. In reality a single solution from a single vendor that meets all of the Council's requirements does not exist. Software solutions that have a broad specific range of functionality, covering, inter-related processes and managing common data as an integral part of their architectures, and serving the business needs of one or more service areas do, however, exist – for example the Council's new social care system Core Logic is replacing a number of legacy systems that were previously separate applications.

In reality this situation is true of many organisations and ERP tends to be used as a dominant part of an organisation's technology platform with some best-of-breed applications integrated with the ERP using the integration tools the ERP provides. This approach has been termed a "Cornerstone" strategy by Gartner.

A key advantage of systems with built in integration is that the integration is maintained by the software provider – the integration also tends to be more sophisticated than can be achieved with in-house interfaces. Maintaining the interfaces between the Council's current systems is extremely time consuming for the Council's ICT staff and is also a major risk factor for the overall architecture. Having too many systems also causes real problems as individual systems need to be upgraded as they become unsupported by their providers. Each time this happens there is significant work in re-testing and in some cases re-writing interfaces.

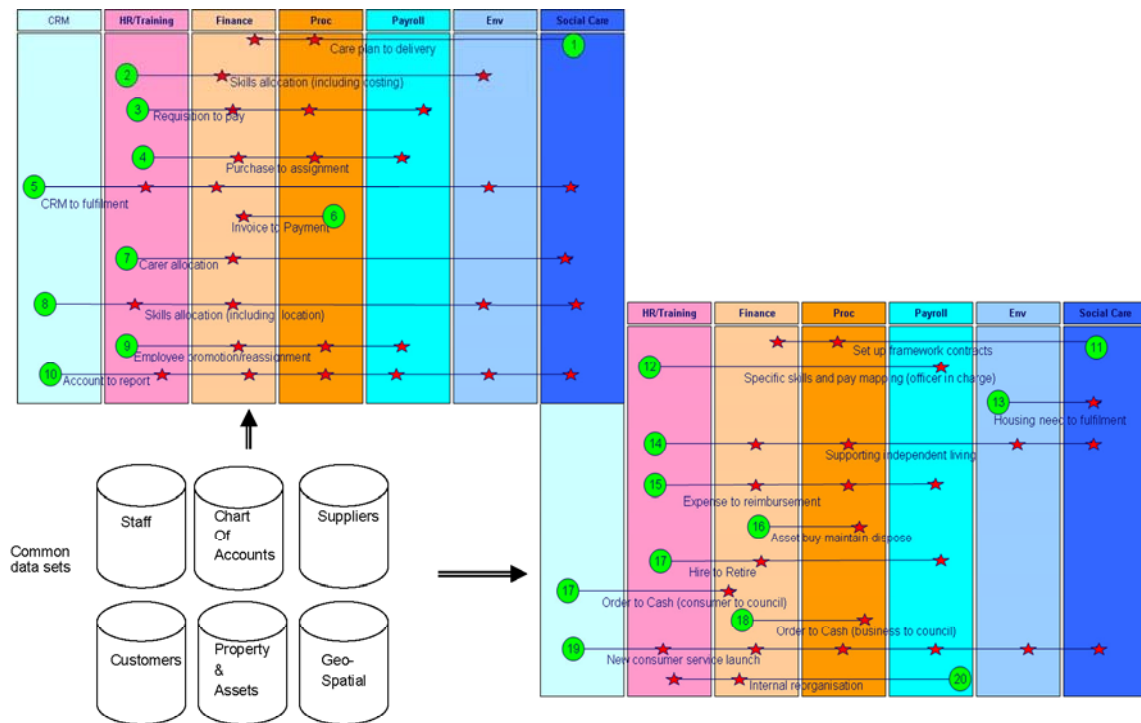
In order to pursue the programme aim of implementing an integrated ICT platform, along with the associated benefits, **we recommend that the Council adopts a strategy of minimising the number of applications** in place by replacing multiple legacy systems with integrated systems where possible. This will improve process and data integrity whilst reducing maintenance overhead and organisational risk.

Taking this approach leaves four questions for the Authority to address in deciding what components its application architecture will comprise in the future:

1. What are the inter-related processes and underlying data that it would be sensible to group together and address with a single integrated system?
2. Should we join these applications together and if so how?
3. What other corporate software is required to deliver the vision?
4. What is available on the market?

6.2.2 What Integrated systems are required?

Analysis of the Council's processes and data, as well as a pragmatic understanding of what is available in the market, can help us identify the integrated systems that can make up the Council's application architecture.



Social Care

One of the integrated components that the Authority is already in the process of implementing is the Social Care Integrated Care System (Framework). The scope of this system covers Adult and Children's care and will replace at least 5 existing applications and, it is estimated, around 17 other data sources such as user developed databases and spreadsheets.

Environment & Culture (Planning) and Regeneration

Environment & Culture is another service area within which there are multiple disconnected systems. The Environment & Culture and Regeneration (Planning) Directorates have a strong desire to procure and implement a new, single, integrated software application component that will improve integration both within and between the Service lines and remove the overhead of managing the multiple disparate and disconnected applications in place currently.

In both of these cases the Services have recognised the need to co-ordinate activities over a common data-set and integrate the processes within, and beyond, the Service Line.

Customer contact

In improving customer services, the approach to contact management is key. From an application point of view, however, there is no integration with the Council's SAP CRM software and back office and service line applications – staff need to log on to multiple systems. Furthermore, reporting from the system is very limited. The CRM software in place currently has an upgrade available which we recommend should progress but with attention to integrating information from the Authority's systems where value can be added for the customer. The opportunity to revise business processes to improve service delivery should also be taken as part of the upgrade.

Back office processes (HR, Payroll, Finance and Procurement)

With respect to the back-office, the majority of UK Authorities have, or are in the process of implementing integrated software components that integrate the operations of Finance, Procurement, HR and Payroll over a common data set using one or, in some cases, two application components.

Examining the integration touch points between these back office processes, and the commonality of the underlying data across many of them, it becomes apparent that there are many interrelated processes using common data, as presented in the diagram below.

One system that serves the needs of all of these back office processes and the Service Lines does not exist – but that ERP applications that provide Finance, Procurement, HR and Payroll functionality do, therefore we recommend, that a single application component that can support these back office processes and bring inherent “built in” integration between them should be implemented.

Adopting this approach will achieve the goal of reducing the number of applications deployed as shown in the diagrams below – which show the target application footprint and that footprint over-laid on the existing application topology respectively.

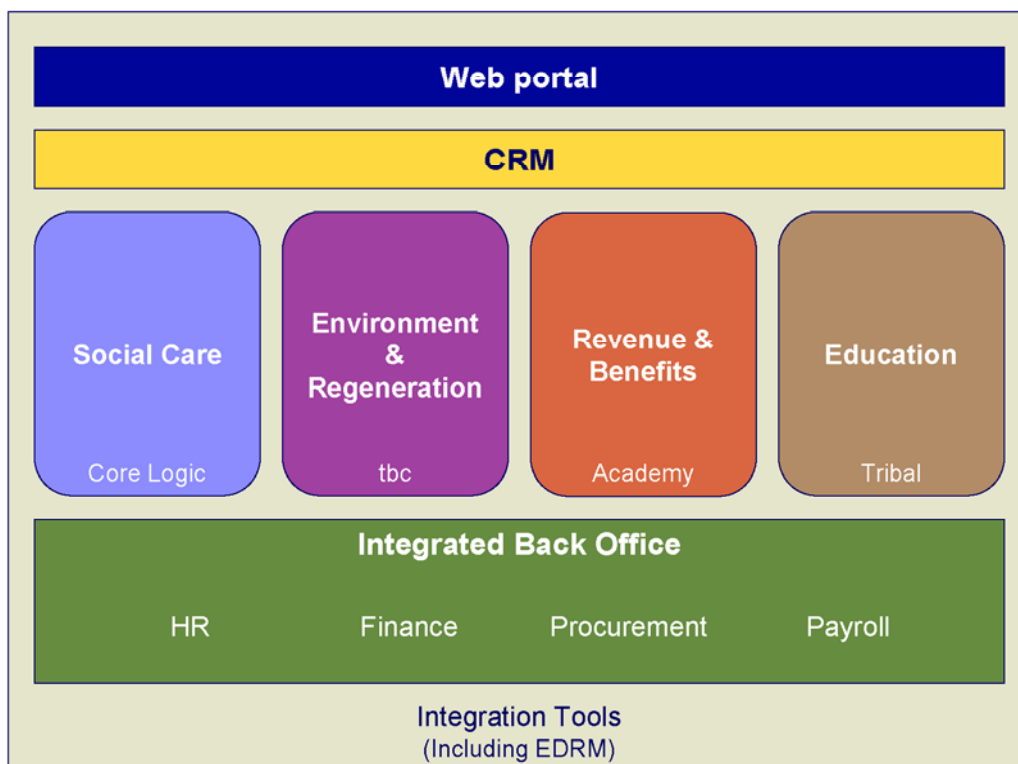


Figure 4: Simplified view of the potential future applications topology

The diagram over the page shows which legacy systems are replaced by the integrated applications above.

Herefordshire Connects – The way forward?



Figure 5: Potential future applications topology (overview)

6.3 How do we integrate these applications together?

The strategy proposed is to minimise the number of applications deployed across the Council – this will bring a significant degree of integration which is already built in to these applications, e.g. Employee data is entered once in HR and used consistently throughout HR and Payroll. This internal application integration is managed by the software application component; relieving the Council of the burden of managing the data integrity.

However, even if we reduce the number of major applications there is still a great deal of benefit to join these systems up for operational and reporting purposes. An example of the need to do this can be found in the Contact Centre – where, when a caller enquires about a street lighting problem they previously reported, it would be ideal if the operator could be presented with the details of the initial call and the progress of the planned work. In this example the requirement will be for the street lighting application to be integrated appropriately with the CRM application to deliver the information on the call to the operator's desktop – without the need for the operator to log on to multiple systems.

There are two ways of doing this and both require software development tools and skills to implement.

1. Point to point interfaces

This involves writing specific data file extraction and import routines and, typically, transferring data in batch (e.g. at a specific time of day) for transactional purposes. Software is usually implemented to assist in managing the interfaces.

This type of integration is usually relatively simplistic and when one of the component applications is changed this invariably means that the interface will need to be amended or re-written.

2. Service Orientated Architecture (SOA)

This approach is a strategic one that, to implement, will need to be considered as part of all system developments, replacements/purchases in the future. The basic premise of this approach is to consider the integration of technology that supports a full service activity end to end, regardless of how many applications the service activities cross throughout their life-cycle.

An example may be a change of address on a Housing Benefits system that comes into the Contact Centre. The SOA approach is to integrate the presentation and data available to the call centre agent; enable them to make the change; and to promulgate that change across the Council's applications – so that each application that requires that person's address data at any point in time will use the most up to date data which is consistent across the Authority.

The goals of the SOA approach are to:

- minimise the duplication of data and processes in an organisation's application architecture;
- standardise the presentation of application data to the user, albeit that information may be aggregated from 2 or more separate underlying applications; and
- enable the organisation to replace individual application components with minimum disruption by enforcing standardisation of interfaces.
- In implementing SOA it is best to target specific service activities and focus on them. There will continue to be a need for point to point interfaces, and the SOA software tools (referred to as SOA middleware) can be used for both SOA and Point to Point interface developments.

This SOA middleware includes software for process and data modelling, design coding and testing, presentation (portal) and governance – ensuring the integrity of the SOA process. SOA tools can be provided as standalone for example Microsoft Biztalk and Sharepoint and IBM's Websphere. Alternatively ERP systems such as Oracle and SAP provide their own integrated SOA middleware within their ERP suites; Oracle Fusion and SAP Netweaver/Xi.

We recommend that the Council complements its minimum integrated application strategy with a SOA approach to integration wherever possible. This approach should consider using core data sets that may be maintained or “mastered” by a single application but used by many, and uses the functionality of the most appropriate system in the Council’s application portfolio to manage transactions and present transactional information, potentially combining information from a number of systems, transparently to the user. However, this approach will not be appropriate for all interfaces and we accept that there will still be a need for point to point integration in cases where the interface is either simple, the SOA approach is not feasible for technical reasons, e.g. in some older applications, or the cost of integrating using this approach outweighs the benefits.

6.3.1 What other corporate software is required to deliver the vision?

In order to deliver the true benefits of joined up working and enabling systems, it is necessary to consider the cross service functionality required for:

- Electronic Document and Records Management (EDRM); and
- Corporate workflow.

In particular, this functionality is important in delivering Service Orientated Architecture solutions whereby documents will be required to be presented to the user within a service activity that may be using a number of applications. Similarly the workflow engine will need to be application independent.

6.4 Which applications?

We outlined above the core applications that should be implemented to deliver the minimised application strategy. Two of these are already being, or have been, implemented – Integrated Social Care System (Corelogic’s Framework-i) and SAP CRM.

To support the programme as outlined in section 5 it is recommended that the Council evaluate the market proven applications in each of the application areas required by the new Herefordshire Connects programme during July and August 2008 and make decisions during September that enable the Connects programme to begin in earnest in October 2008.

Integrated Environment and Planning System:

The proposal is to procure a replacement to the Council’s existing Northgate MVM system with an application that will also extend functionality to enable the Directorates to reduce the number of systems in use and improve integration within the department and with other departments. There are two applications on the market that meet the scope of the functionality required and so should be assessed, supplied by Civica and Northgate.

Integrated Back office:

In the local government sector, an analysis of what other Councils have procured in the last 5 years show that four products dominate the market:

- **SAP and Oracle:** Providing a full range of ERP functionality for the back office and other capabilities such as plant maintenance and also corporate applications for EDRMS, Workflow, CRM and Integration in an SOA environment as part of their suites; and
- **Agresso Business World:** Provides full functionality across the back office but does require some third party software to enable e-procurement and Employee and Manager Self Service.
- **Cedar** (The Authority’s existing supplier): Financials already implemented and being upgraded to resolve technical support issues. Cedar also offers an e-procurement module and, through the acquisition of Goldenhill Computer Systems in 2003, a HR and Payroll system.

Agresso and Cedar do not include SOA tools, CRM or EDRMS as part of their core offerings, third party SOA applications to perform these functions would need to be procured (see below).

Performance Management

There are a number of performance management systems on the market including some already in use within the PCT and the Council. These should be evaluated during July/August.

Service Orientated Architecture middleware/EDRM and Workflow:

SAP and Oracle provide SOA middleware as part of their core suites – Oracle Fusion and SAP Netweaver/Xi as well as records management and workflow. However, if non-SAP or Oracle software is chosen, there are other products on the market place, including:

- Microsoft: A combination of Biztalk, Sharepoint.
- IBM: Websphere.
- IDOCS
- Meridio
- Opentext

We recommend that alongside the evaluation of other applications during July/August the Council evaluates independent SOA technology including records management and workflow. However, our recommendation is that if Oracle or SAP is chosen as the Back Office solution then their proprietary tools are used.

6.5 Summary of Recommendations

Based on our findings from the review, the changing priorities of the Connects Programme and progression of the relationship with the PCT, our recommendations arising from this review are that

- The Council adopts the strategy of minimising the application portfolio, consolidating functionality onto single applications serving specific service and cross service needs. This should complement with a SOA strategy for managing data and process across these applications. Point-to-Point integration should be minimised but used as a cost-effective solution where minimal integration is required;
- The Council evaluates software applications during August and September from the proven market solutions outlined;
- That the Council upgrades the existing SAP CRM product and In undertaking this upgrade, we further recommend that a review of the contact management strategy is undertaken including:
 - definition of integration with back office and service line systems required; and
 - review of processes against the standard processes inherent with the CRM application with view to minimising any bespoke development.
- That, as part of the ICT strategy, the Council develops a strategy for SOA middleware, EDRMS and Workflow:

7 Business case

This section will outline the benefits and costs that result in the business case for the Herefordshire Connects programme. It will firstly provide a brief summary of the benefits case development, identifying the current position and what has already been delivered.

It will then summarise the indicative costs of the Programme Roadmap proposed. The costs at this point are indicative based upon our previous experience of delivering programmes of this nature. Further refinement of these will be required as the Council confirms its preferred technology solutions.

Finally it will provide an estimated financial profile for the business case based upon the proposed Programme Roadmap.

7.1 The Original Axon Benefits Case

As described in the Background section above, Axon worked with the Council in Jan-Mar 2006 to identify potential savings. The resulting benefits case from this analysis is identified below:

2006/7	2007/8	2008/9	2009/10	2010/11	2011/12
£1.2m	£5.8m	£10.6m	£11.4m	£11.75m	£11.75m

The Axon report and business cases were presented to Cabinet in April 2006.

7.2 Benefits Case – Revised June 2007

As described in the Background section above, as part of the definition phase conducted in May-June 2007, the Council reviewed the benefits case for the programme, and with the support of Deloitte challenged a number of the underpinning assumptions. This led to a restatement of the benefits case as identified below:

The Council felt that these numbers were prudent, but were based upon a firm set of assumptions in which there was a high level of confidence.

The financial benefits cases were split as follows:

Project	Cashable Savings
ISS	£5.6m
ICS	£2.5m
CPM	£0.2m

These revised figures were reported in a June 2007 Cabinet report. The following is an extract from this report:

“3. Benefits Review. The original business case for Herefordshire Connects was based on a number of cost savings being driven out across the Council. In order to ensure that the Council can indeed deliver on these savings, each benefit line was investigated and challenged to ensure that the figures are robust and ‘bankable’. Over four weeks,

the Herefordshire Connects Core Team and Deloitte ran a number of workshops to complete this. This work was then presented to the Head of Financial Services and the Strategic Procurement & Efficiency Review Manager, and the figures have now been accepted as valid. Independent advice throughout this process has been provided by CAPITA plc.”

7.3 Savings Delivered in the Interim

The Council has continued to progress the delivery of savings where not dependent upon the technology solutions to be delivered by the programme.

To date the following have been delivered:

Benefit	Value	Included in Connects?
Vacancy turnover rate of 1% thereby reducing the Council's overall pay bill	£500k	Outside of Connects scope – resourcing in benefit areas unchanged
A reduction in expenditure on supplies and services of 1% thereby reducing overall expenditure	£200k	Taken into account (Proc) – questionable.
A further reduction in the cost of employing agency and temporary staff through consistent use of the new framework contract	£100k	Taken into account (Proc)
Efficiency/procurement saving	£750k	Taken into account (Proc)
Saving IT are making on agency staff	£400k	Taken into account (Agency Staff) – questionable
2007/2008 Savings	£250k	Taken into account (Proc)
TOTAL	£2.2m	£1.7m Connects

The table also identifies where these savings relate to those identified in the Herefordshire Connects benefits case. For example, the savings due to the vacancy turn-over rate have not altered the staffing in key areas identified by the programme and so the savings are still there to be achieved. However, some of the procurement savings identified do relate to those targeted by the programme and so have reduced those still to be achieved.

7.4 Benefits Case – Revised June 2008

The Council has reviewed the figures to update for savings delivered and to assess other changes in the Strategic Pause period. This results in a revised benefits case for the Herefordshire Connects programme of the following:

Project	Cashable Savings
ISS	£3.4m
ICS	£2.0m
CPM	£0.1m
Total	£5.5m

It is important to note that these are deemed to be a prudent set of numbers. The Council should therefore be targeting these as a minimum.

7.5 Non-Cashable Benefits

In addition to the cashable benefits discussed above, there are a series of non-cashable benefits that will be realised by the programme. These are critical in delivering the Herefordshire Connects vision. These include:

- Improved customer satisfaction with responsive integrated services.
- Customers able to interact with the Council online, over the telephone or face-to-face and receive consistent information and level of service.
- Improvement in efficiency and productivity through an improved, transparent Performance Management system.
- Reduction in time spent on admin by staff, freeing up time to focus upon the delivery of services.

The Council should also target making some of these savings cashable rather than non-cashable. For example, currently the productivity improvements targeted from improved Performance Management are estimated at in excess of £4m. These have been assumed as non-cashable for prudence given that they will often represent small parts of every member of staff's time. Through a focused benefits realisation approach it will be possible for the Council to realise this figure over time.

7.6 Indicative Costs

It is not possible to confirm the costs at this stage. Once the software has been selected, as described in the Technology Options section, the costs can be accurately defined. For planning purposes we have provided what we believe to be a worst case set of costs based upon our experience with a range of technology solutions. Depending upon the chosen technology options it may be possible to reduce these costs. The table below identifies the cost estimates:

Internal Costs	
ISS	£ 749,700
ICS	£ 420,000
CPM	£ 262,500
External Costs	
Integrated Support Services	£ 2,775,000
Technical Integration	£ 800,000
Social Care Phase 3	£ 500,000
Environment & Regeneration	£ 850,000
Revenues & Benefits	£ 300,000
Performance Management	£ 420,000
Programme Management	£ 450,000
Change Management	£ 420,000
Software Licences	£ 1,450,000
Software Maintenance	£ 290,000
Hardware	£ 700,000
Total	£ 10,387,200

These figures also reflect work already completed e.g. the original review of procurement spend is no longer included in the estimated costs going forward.

7.7 Phased Financial Profile

This section provides an initial indicative analysis of the financial profile of the programme, based upon the Programme Roadmap outlined earlier. This will require further refinement once the costs of the chosen technology solutions are known. We also recommend that the profile for the delivery of benefits is confirmed at that point.

The profile is based upon the following assumptions:

Capitalisation		Software:	
Years:	5	Licences:	Capitalised
Interest Rate	4.5%	Maintenance:	Not Capitalised
Resources:		Hardware:	Capitalised
Change Management:	Not Capitalised		
Design and Configuration	75% Capitalised		

Fiscal Year	08/09	09/10	10/11	11/12	12/13	13/14
Revenue						
Costs	£1.4m	£3m	£2.1m	£2.1m	£2.1m	£2.1m
Benefits	(£0.3m)	(£1.3m)	(£3.3m)	(£5.1m)	(£5.5m)	(£5.5m)
Net Revenue	£1.1m	£1.7m	(£1.2m)	(£3.0m)	(£3.4m)	(£3.4m)

This highlights that the Council will need to invest in the programme in the first two years, but that the programme will begin to deliver benefits quickly and will be cash positive in its third year.

8 Making it happen

The correct governance structure, sufficient resources and appropriate skills are three key elements in making Connects a success. This section addresses these three elements and makes recommendations as to how each should be taken forward within the programme.

8.1 Governance structure

There has been no governance of the Herefordshire Connects programme for some time. It is essential that this is put in place as soon as possible in line with the overall governance of the Joint Management Team's change agenda. We have revisited the planned governance structure proposed for Herefordshire Connects and updated it to reflect the newly defined programme. The governance structure comprises a separate project board for each of the workstreams, and an overall Connects Programme Board as set out in the diagram below.

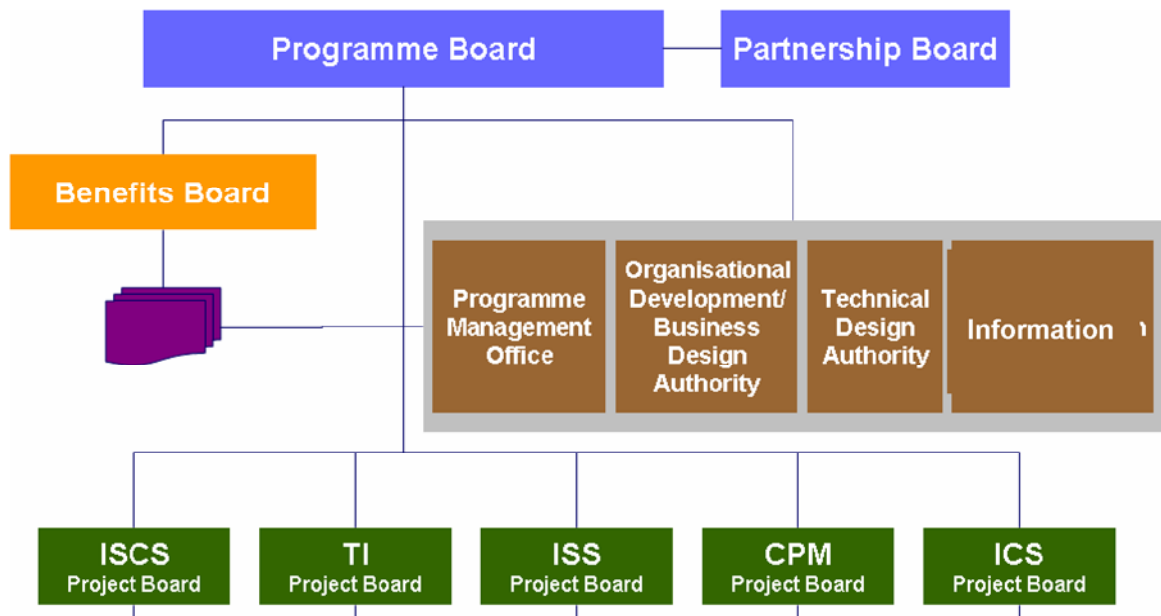


Figure 6: Governance Structure

In accordance with the Council's standards Prince 2 methodology will be applied where relevant. The proposed governance structure has the following features:

- The Connects Programme Board reports to the Joint Management Team
- The Connects Programme Board will be chaired by the Deputy Chief Executive.
- Each Project Board will be chaired by a Senior Responsible Officer (SRO) who will also sit, and be accountable to the Connects Programme Board
- Cross-cutting projects will report to the relevant Design Authority.
- The Benefits Board will oversee the delivery of benefits.
- The new TI (Technology Integration Board) will replace the IPG and co-ordinate the delivery of the IT Strategy.

We recommend that the IT Strategy no longer be governed through the IPG, but rather through the Connects governance structure. We also recommend that the IS/IT development programme, currently being re-assessed by the ICT Department, is reviewed in the renewed light of the Connects programme and that review should include the programme board.

8.2 Managing Change

Herefordshire Connects is an enabling programme and it is essential that Connects is truly ‘connected’ with the rest of the JMT change agenda. This will involve taking part and reporting across other governance boards as they develop.

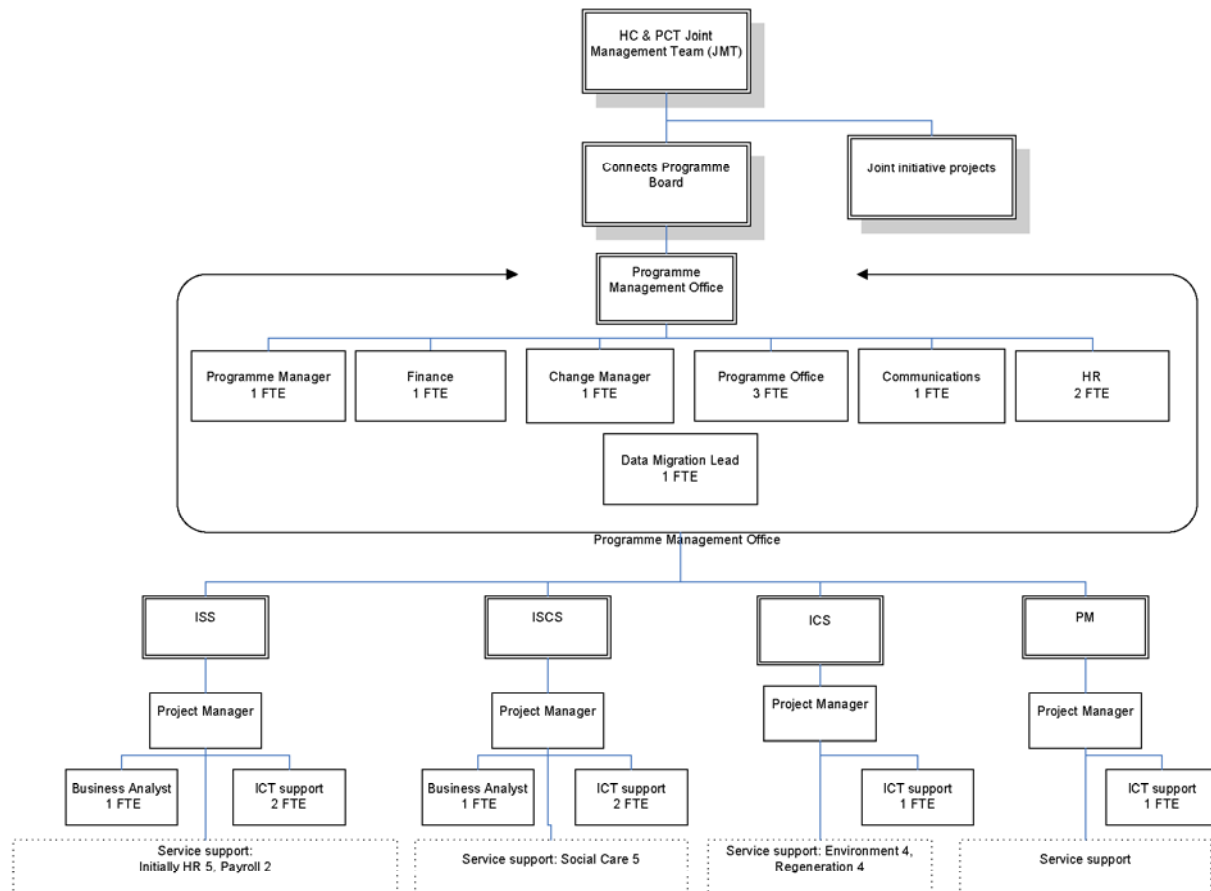
The JMT has made an excellent start to its Organisational Development agenda and it is vital that staff and consultants within Herefordshire Connects are engaging in these activities. There is a significant amount of process and organisational change that will be driven through the Connects programme and this must be co-ordinated with other change activities across the Council and the wider Herefordshire Public Services.

8.3 Resources and Skills

This section will identify the estimated resources required and when they will be required. It will explain where we propose these resources will be drawn from, and the skill sets that they will bring. It will also identify what resource we understand is already allocated to the programme.

8.3.1 The Resources Required

The organisation chart below identifies the Council resources that will be required for the programme. We recommend that this is reviewed and confirmed over the next two months as the chosen technology solutions have been confirmed by the Council.



The chart above illustrates the initial resource requirement, amounting to approximately 42 FTE. The resourcing will need to change over the life of the programme. For example as the Social Care phases complete, the next deployment of ICS in Revenues and Benefits will be starting, resulting in a change to the resources required. The proposed phasing of the resources is identified below:

		Start	Finish
ISS	HR & Payroll	01 October 2008	30 June 2009
	Fin & Proc	01 July 2009	01 April 2010
ICS	Social Care	Present	30 June 2009
	Environment	01 October 2008	30 June 2009
	Regeneration	01 October 2008	30 June 2009
	Revenues & Benefits	01 July 2009	01 April 2010
PM	Performance Mgt	01 October 2008	30 June 2009

8.3.2 Where will the resource come from?

We have grouped the resource requirement into two main types, Central Resources and Service Resources. The level of resource commitment from each is similar. This section explains what we mean by these and the role they will be playing.

Central Resources:

Central resources are indicated in the organisation diagram above by solid boxes. They make-up the Programme Management Office and will provide project management and other project skills to each of the projects. These roles will largely be full-time and will require experience in the project area and ideally qualifications where relevant (e.g. Prince 2). These roles are:

Programme Management	1 FTE
Project Management	4 FTE (ISS, ISCS, ICS, PM)
Programme Management Office	3 FTE
Change Management/HR	3 FTE
Business Analysts	3 FTE
Finance	1 FTE
ICT	6 FTE
Communications	1 FTE
TOTAL	22 FTE

Service Resources:

The Service Resources are team members drawn from the service going through the implementation project, and identified on the diagram by dotted boxes. The service resources assigned to the programme will work as an integral part of the project delivery team, in the same way as has worked successfully to date on the ISCS project. Their role is to ensure that the project is delivering the service's requirements, to represent the project and to champion it within the service, and to mediate between the service and project.

Individuals identified to fill the service resourcing require strong subject matter knowledge and a positive attitude towards change. There will be both full and part time roles making up this requirement. We strongly

recommend that a part time/shared arrangement for full time roles is avoided, and that arrangements will need to be made for back-filling where necessary.

Given the initial programme of work the following input from Services is estimated:

HR	5 FTE
Payroll	2 FTE
Social Care	5 FTE
Environment	4 FTE
Regeneration	4 FTE
TOTAL	20 FTE

Please note that the HR and Payroll requirement will switch to Finance and Procurement as the ISS project progresses. Similarly the ICS project will initially require Social Care, Environment & Regeneration resources, switching to Revenues and Benefits as these initial services complete the deployment and the next start up.

8.3.3 Resources Currently Allocated

The Herefordshire Connects team, with the support of the Corporate Programmes Team, have already allocated team members to the following Central Resource roles.

Programme Management	1 FTE
Project Management	4 FTE (ISS, ISCS, ICS, PM)
Project Management Office	3 FTE
Change Management	1 FTE
Business Analysts	3 FTE (Currently 2 x ISCS, 1 Data Migration)
Finance	1 FTE (Project Accountant from Finance)
Total	13 FTE

We recommend that these allocations are reviewed as part of the detailed planning process during August and September to ensure that the people allocated have the right skills for the newly shaped programme.

The Social Care service resourcing is also in place as part of the current ISCS project.

8.3.4 Developing the Resources

The Council staff resources will bring significant knowledge of the Council and its operations to the programme. They will need, however, support and development in new skills such as project and change management as well as business process re-engineering. A good deal of this will come from working with experienced external resources on the project but also from the planned actions within the Organisational Development plan. Working on Herefordshire Connects provides an excellent opportunity to build a capacity within the Council for ongoing organisational change.

9 Summary of Recommendations

9.1 Overall Conclusion

Herefordshire Connects still has an important part to play in the development of public services to the people of Herefordshire. The financial business case stacks up and the non financial benefits of better customer service and increased staff productivity are significant.

It is time to make a decision about the future of Connects. The delay over the last year has caused a significant backlog of IT priorities that are causing a significant risk to the Council.

9.2 Recommendations

The following is a summary of the recommendations that appear throughout this

Our Recommendations
A new vision statement for the programme with restated objectives is agreed and publicised.
The Herefordshire Connects programme is re-shaped and prioritised to reflect: <ul style="list-style-type: none"> • increased joint working with the PCT; and • the increased risk of key ICT system failure.
The Council's IT strategy should reflect that Integrated systems are central to the delivery of the vision and objectives.
The three original projects making up the Connects programme are still valid: <ul style="list-style-type: none"> • Integrated Customer Services • Integrated Support Services • Performance Management
The Council adopts the strategy of minimising the application portfolio, consolidating functionality onto single applications serving specific service and cross service needs. This should be complemented with a SOA strategy for managing data and process across these applications. Point-to-Pont integration should be minimised but used as a cost-effective solution where minimal integration is required;
The Council evaluates software applications to support the programme during June/July from the proven market solutions outlined
That the Council upgrades the existing SAP CRM product and In undertaking this upgrade, we further recommend that a review of the contact management strategy is undertaken including: <ul style="list-style-type: none"> • definition of integration with back office and service line systems required; and • review of processes against the standard processes inherent with the CRM application with view to minimising any bespoke development.
That, as part of the ICT strategy, the Council develops a strategy for SOA middleware, EDRMS and Workflow:

That the Council refine the costs alongside the software selection process during July August but note that funding of up to £2.8m is required for the first two years of the programme.

It is essential strong Governance put in place as soon as possible in line with the overall governance of the Joint Management Team's change agenda

The ICT Strategy should also be governed by Connects and no longer by the IPG.

Appendix 1: Stakeholder Interviews

Interviews and consultation was carried out with:

Chris Bull (Chief Executive)

Andrew Williams (Interim Deputy Chief Executive)

Cllr Price

Geoff Cole (HCC) Head of Service (ICT)

Gi Cheesman (Interim Head of HR)

Liz Wallace (HR Manager)

Alan Holmes (HR Training Administrator)

Sheila Thompson (HR Recruitment Manager)

Gordon Howells (Interim HR Manager)

Marcia Pert (Director of Resources PCT)

Michael Hainge (Director of Environment and Culture)

Rob Knowles (Programme Manager Corporate ICT Strategy)

Sonia Rees (Director of Finance)

David Powell (Head of Finance)

Akif Khazi (Herefordshire Connects Programme Director)

Zack Pandor (Director of ICT, PCT & Hereford Acute Trust)

Appendix 2: Strengths and Weakness of the options

Best of Breed – Strengths

“BOB [Best of Breed] applications often yield superior functionality.”

© Gartner.

“Best of breed tended to have a more focused range of high-quality solutions that companies felt would give them a competitive advantage.”

© Gartner.

- Deep functionality in a specific area.
- Lower initial licence fee for individual applications.
- Specific benefits within the application's reach can be realised more quickly.
- Flexibility – the organisation can gain advantage through being able to swap Best of Breed components for the latest leading application without major disruption to the overall application architecture.

Best of Breed – Weaknesses

- There is an increased effort in audit and control to ensure the integrity of the integration between products – e.g. Payroll and Finance.
- Requires a greater diversity of skills amongst support staff to support not only the application but the interfaces, points of integration, underlying databases, operating systems and hardware.
- Multiple data sets held within separate applications threaten the integrity of the data – especially an issue when addressing Corporate Performance Reporting in this environment.
- Some applications may simply not be capable of integration to the level required – especially older legacy applications.
- Complex, non-convergent upgrade paths making planning, implementation and testing difficult and expensive.
- Threat of takeover of BoB vendors.
- Lack of development in by the BoB vendor – not keeping up with changing requirements.

ERP

ERP – Strengths

“ERP delivers cost advantages to an enterprise by decreasing the costs of assuring process integrity and centralizing information across end-to-end processes.” – © Gartner

“[The] expansive ERP strategy of centralizing transaction support delivers business results because it ensures:

- end-to-end process integrity*
- data consistency across the enterprise*
- reduced support costs through consolidation of skills and systems*
- that the enterprise is engaging in best practices and compliance mandates through its assurance of process conformity that best practices are updated through the assimilation” - © Gartner.*

- Reduced technical support costs through the use of a single database platform and a reduced number of applications requiring on-going maintenance.

- Supports consistent practices for processes across an organisation: all modules have the same look and feel, reducing the overhead of re-training staff to use new modules.

- ERPs provide the architecture and tools for implementing a Service Orientated Architecture.

ERP – Weaknesses

“ERP inhibitors include:

- Vendor dependency; and
- Functional shortcomings.” © Gartner.

- In Local Government, will require interfaces to service line specific systems: e.g. Revs and Bens, Libraries and other such systems providing functionality unavailable within the ERP.

- Need for compromise by areas within the organisation where the functionality on offer with the ERP is not as extensive as a best of breed offering.