

# **Customer Acceleration**

## **Business Case**

Date: 23/03/23

## Key Details

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Agreed Project Type:

Programme Board Allocated:

## Version Control

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The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

## Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	

Thrive Business Cases

	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Capital Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>	
Gateway Review	Director PMO Assurance	Assurance	
4 – Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

**Distribution**

This document has been distributed to

Name	Role	Date of issue	Version
Cllr Stoddart	Cabinet Member for Finance and	25/08/2023	

	Corporate Services		

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## 1.0 PROJECT DESCRIPTION

The Customer Contact Acceleration work package is split into two streams of activity:

- **Accelerated Delivery Plan for Digital Self Service**
  - Customer contact in Herefordshire is primarily carried out by email and phone, unstructured channels which cause avoidable contact and leave room for a channel shift to cheaper channels of access for digitally-able residents. Development of digital self-service webforms and workflows across the council would create a more efficient service enabling the release of financial benefit, whilst ensuring customers who need support can access this more easily.
  - This project looks to establish the delivery plan, implementation approach, rough order of magnitude benefit case and prioritised backlog for the rapid digitisation of web forms and the creation of digital workflows using the council's Granicus GovService Platform.
  
- **Demonstrate the value of contact automation and conversational AI**
  - Herefordshire are focused on driving demand to online channels and managing the remainder in the contact centre, achieving incremental efficiencies where possible. Unfortunately, voice demand remains high because services are complex and the online channel can't deal with those transactions. The use of the voice channel in an automated fashion could provide the same customer experience and outcomes 24/7, at only 5% the cost of a human taking the same call, using technology to instantly access information to be relayed to callers and web browsers.
  - This project aims to 'prove the value' of voice automation, by identifying priority transactions to be built in the voice channel, articulating the benefits of doing this, and providing learnings that can inform the scaling of this technology across customer contact throughout the council.

## 2.0 STRATEGIC CASE

The Medium Term Financial Strategy (MTFS) has identified a funding gap of £9m for 2024/25. This is driven in part by increasing demand for services but also the wider macro-economic challenges that are being experienced across the local government sector. For example, inflation has significantly increased costs across the Council. At the same time, the Council is keen to maximise the use of digital, and is committed to placing customers at the heart of how we redesign services.

The Thrive Programme has recently been initiated to identify opportunities to address these challenges and opportunities. To date, the Programme has conducted assessment work ("Stage 1"), which has identified the main opportunities for change council-wide, including address of the variable number of customer entry points (including, social media, websites,

contact centre, online forms etc.). This leads to a varied customer experience depending on what service customers are trying to access. There is an opportunity to provide a more efficient and consistent customer management approach Council-wide.

## 2.1 Project aims and objectives

### Digital self-service:

- Define the common patterns of service for all types of customer journey across the council, with good practice for user experience
- Prioritise a backlog of digital customer journeys to be implemented
- Design five digital self-service transactions, in a way which specifies:
- approach templates in an agreed format that describes:
  - Agreed service pattern
  - Rough order of magnitude benefit case
  - Initial workflow design
  - System / data integration requirements
- Define a delivery plan for building digital journeys for the remainder of the digital self-service backlog

### Demonstrate the value of contact automation and conversational AI:

- Undertake process design, digital design, and configuration of AWS Connect in relation to an agreed service area for the purpose of assessing its capability and performance (the council will arrange its own instance of the AWS Connect platform). The capabilities to be explored will be automated voice, and chatbot. This involves:
  - Automating up to 2 transactions (decided through appropriate criteria through a discovery and design phase) so that the council can assess how these automated channels can deliver value, through improved customer experience and the creation of capacity through channel shift of demand away from traditional contact channels.
  - Facilitating a collaborative and inclusive assessment of lessons learned from the above deployment to inform detailed decision making in relation to overall customer transformation roadmap and operating model.
  - Develop an initial backlog of opportunities that the council could exploit through further deployment of contact automation.

## 2.2 Strategic Drivers

As noted in the County Plan it had become clear that the way in which the council interacts with residents needed to change, delivering quicker and better outcomes, helping the council to be more efficient whilst improving the experience of residents. The most recent customer services strategy indicated that customer services is delivered in a variety of ways which is often fragmented, making it difficult to source performance data across the journey and limiting the opportunities to identify improvements, gaps and trends.

It was therefore determined that the council needed to embark on a digital and customer transformation programme that makes sure it has the right digital infrastructure, systems and digital access channels that equip it to meet the needs of all residents and work smartly.

PwC were appointed as a strategic partner to support the first two stages of the programme.

Based on initial analysis undertaken during Stage 1 of the PwC Transformation Programme, it is estimated that, depending on the investment that the Council is willing to make, savings in excess of £20m could be delivered through this customer entry work-package along with additional PwC-proposed work packages that include review of the Home to School Transport model, review of potential service costs recovery opportunities and the automation of customer transactional processes.

Further detailed work is now required, to make rapid progress in delivering immediate savings which can be realised in 2023/24. Specifically, this work will develop the plans, implementation approach and proof of the voice automation capability and will identify £250k-500k towards the initial £1m Thrive target for FY23-24. This is anticipated to be achieved through increased staff capacity arising from reduced avoidable contact, channel shift to 'digital services and process redesign.

### 2.2.1 National and Regional

Not applicable at this time

### 2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community	✓	We will continue to develop our technology strategies and make further investments in (e.g.) Service Transformation. Technology can be very liberating and empowering... This includes such things as, (e.g.) voice-activated response services
Economy		
Environment		
List key Strategy the project delivers against and explain how	<ul style="list-style-type: none"> <li>Specifically, this work will develop the plans, implementation approach and proof of the voice automation capability to realise £250k-500k towards the initial £1m Thrive target for FY23-24.</li> </ul>	

### 2.3 Background and Rationale in Project Mandate

There are several customer entry points (including, social media, websites, contact centre, online forms etc.). This leads to a varied customer experience depending on what service



customers are trying to access. There is an opportunity to provide a more efficient and consistent customer management approach Council-wide.

## 2.4 Scope

### Digital self-serve:

- Define a set of common service patterns that describe how different types of transactions should be implemented in Granicus OpenGov.
- Develop an agreed set of prioritisation criteria to allow the identification and prioritisation of transactions for digital self-service  
Develop a repeatable digital design approach for digital self-service within the council that will create a transaction design that:
  - Aligns the transaction to a common service pattern
  - Develops an initial estimate of capacity that can be created by implementing a digital self-service solution
  - Creates the initial workflow design to be implemented in the digital self-service platform
  - Identifies and document system / data integration requirements
- Use the approach developed above create the transaction design for 5 high priority transactions
- Develop the project plan for delivering digital self-service within the council, highlighting any dependencies on the development of the operating model and other programme workstreams

This does not include building the journeys prioritised, or doing detailed discovery on other customer journeys prioritised as part of the backlog.

### Voice automation:

Undertake discovery and design stages that will:

- Identify and agree the most appropriate service area and set of target transactions for automation
- Facilitate a discovery workshop with the target service area
- Agree the user stories that constitute the Minimum Viable Product for contact automation
- Facilitate a design event to design the target customer experience for transactions in scope

Undertake a build phase that will:

- Build and configure in AWS Connect up to 2 automated transactions in the web chat and automated voice channels
- Undertake functional testing of the solution so that it can be released for further evaluation in the next project phase
- For a minimum of 1, and maximum of 2 transactions agree the approach for integrating the automated customer journey with the council's digital self-service platform.
- For the avoidance of doubt, this integration is not included in the services

Undertake an assessment and testing phase that will:

- Ensure HC can complete user acceptance testing for the MVP solution with relevant service stakeholders
- Work with HC to gather feedback from relevant service users on the experience of using automated services to interact with the council
- Test that incoming demand can be transferred to human agents when required
- Demonstrate that there is a viable approach for integration between digital self-service and the contact automation platform
- Capture lessons learned feedback to allow the ongoing assessment of the contact automation capability

At the conclusion of the project:

- Create an outline roadmap to describe the rough order of magnitude benefits and approach for the council to consider the adoption of contact automation

This does not include going live with the transactions built.

## 2.5 Benefits

### The anticipated benefits of the proposed project are:

#### 2.5.1 Cashable benefits

This work package is anticipated to identify how the Council can deliver an initial return of **£250-500k** towards the proposed £1 million savings in the FY23/24 budget through digital self-service and voice automation. The benefits relating to this work will sit within service revenue budgets, and work will be carried out to ensure that emerging benefits are aligned to Directorate plans, and there is no duplication of benefits.

#### 2.5.2 Non-cashable benefits

Digital web forms and voice automation pilots can significantly improve customer experience providing a more streamlined and automated journey that is well integrated within the existing technology stack in the council (CRM, Line of Business applications, etc.) In addition to this, digital web forms and voice automation pilots can free up staff capacity and improve staff engagement so that focus and time can be dedicated to more value-adding tasks.

#### 2.5.3 Dis-benefits

There are no immediate dis-benefits to the work presented in this business case. The Council costs associated with delivering the Customer Acceleration work are primarily service staff input into workshops, prioritisation and future licensing costs for AWS.

High-level implementation options will be provided with a high-level overview of what the costs and benefits to be realised for each are (a no-implementation cost option will also be included). Ultimately, savings from digital web-forms development and voice automation

transactions only become cashable when the equivalent FTE is removed and, therefore, there will be an impact on employment at the council and within the wider community.

### Cost Implications:

The voice automation pilots will be developed on AWS Connect, which operates on a pay for usage model. Specifically, identified costs thus far include:

- An upfront investment already agreed with AWS of £3.5k, which will contribute to Y1 running costs.
- Annual running costs that are estimated to be up to £10k for the first two transactions to go-live, and £6.5k for Y1 given the existing investment. There are also economies of scale which mean running costs are expected to reduce per transaction as volume increases. This is assumed to include software licencing costs, integration costs and analyst and developer resources if these are not in place (or with the capacity to support the priority opportunities).

A model on how the future costs for AWS will change as more incoming demand is directed towards the cloud-powered customer contact solution will be provided

## 2.6 Risks

Risk	Mitigation
Risk of staff and union backlash to increasing change in rhetoric around benefits i.e. the change in focus from improvement to staffing reductions	If it is confirmed that staff reductions are expected then this approach needs to be transparent and communicated effectively to all impacted parties as early as possible. Given that no indication has been given of this to staff yet there will need to be some concise justification to support the decision
Lack of buy in and capacity from service Directors, resulting in a delay in connecting with team leaders and work stream mobilising	Escalation within the agreed programme route
Complexity of process chosen	Processes will be assessed following a rigorous assessment to ensure the processes taken forward, are automation ready.

## 2.7 Constraints and Dependencies

Initiatives which depend on this project are:

Further implementation phases will be required to build the backlog of opportunities for digitising processes and developing voice automation.

This work is agnostic of the TOM, but is a key enabler for the TOM work to create a front door which:

- Shifts customers to an appropriate channel
- Reduces avoidable contact
- Uses resource in a better way
- Improves the way demand is processed

## 2.8 Stakeholders

The primary stakeholders for the project are the Corporate Leadership team, who have issued the mandate to PwC to deliver the work and identify opportunities for savings.

Service stakeholders required will be dependent on the processes that are taken forward as a Pilot.

The following engagements are in place:

- SRO – weekly meetings
- HC Transformation board – updates weekly

## 3.0 ECONOMIC CASE

Option	Investment Required	Appraisal
Do nothing.	£0	This would involve not pursuing the transformation projects identified during Stage 1 of the Thrive Programme. This would mean that no costs of delivering transformation would be incurred.
Deliver Customer Contact Acceleration, through in-house programme and project resources.	£0	This would involve pursuing Customer Contact Acceleration, whilst incurring more limited programme delivery costs by sourcing all resources from existing Herefordshire Council staff.
Carry out a procurement exercise, to identify alternative agencies or consultancies who could support delivery of the Customer Contact Acceleration.	£230,000	This option would involve sourcing appropriate external capacity and capability through a full tender process, to enable delivery of the transformation workstreams identified at the desired pace.
Work with the Council's Transformation Partner to deliver the Customer Contact Acceleration work package, in line with the approach adopted in	£230,000 (excluding VAT and expenses)	This approach means that the Council can immediately gain access to the capacity and capability needed to progress the Customer Contact Acceleration work with a focus on financial benefits in 2023/24 and beyond. More

<p>Stage 1 of the Thrive Programme.</p>		<p>specifically, this option will see the identification of proposals, ready for implementation, to contribute to the short-term financial benefit targets associated with the 2023/24 budget.</p>
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### 3.1 Critical success factors

- Clear correlation between expenditure and immediate and future benefit
- Ensuring that the required expertise is in place to deliver the work
- Clarity that digitisation and voice activation processes are developments that the Council wish to pursue
- Delivery of project in agreed timeframes – primarily to enable early benefit return

### 3.2 Options and Do Nothing Option

#### 3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
<p>1. Do nothing.</p>	<p>N</p>	<p>This would involve not pursuing the transformation projects identified during Stage 1 of the Thrive Programme. This would mean that no costs of delivering transformation would be incurred. However, this may mean that the Council is unable to explore the value/ benefit that accelerating Digital Self-Serve and Voice Contact Automation would have on the Council addressing its financial deficit over the medium to long term, and ultimately services may need to be cut, to deliver a balanced council budget.</p>
<p>2. Deliver Customer Contact Acceleration, through in-house programme and project resources.</p>	<p>N</p>	<p>This would involve pursuing Customer Contact Acceleration, whilst incurring more limited programme delivery costs by sourcing all resources from existing Herefordshire Council staff. However, there is currently limited staff capacity within Herefordshire Council programme teams and experience, capacity and capabilities in delivering successful Customer Contact Acceleration. As a result, there is a risk that insufficient staff would be available to deliver the transformation at the required pace.</p>

<p>3. Carry out a procurement exercise, to identify alternative agencies or consultancies who could support delivery of the Customer Contact Acceleration.</p>	<p>N</p>	<p>This option would involve sourcing appropriate external capacity and capability through a full tender process, to enable delivery of the transformation workstreams identified at the desired pace. However, this option would likely require additional costs and time (estimated to be 3 months), to carry out the procurement exercise for the preferred agency or consultancy supplier. This would mean that the commencement of the transformation projects may be delayed, and the required financial savings may not be achieved within the desired timeframe.</p>
<p>4. Work with the Council's Transformation Partner to deliver the Customer Contact Acceleration work package, in line with the approach adopted in Stage 1 of the Thrive Programme.</p>	<p>Y</p>	<p>This approach means that the Council can immediately gain access to the capacity and capability needed to progress the Customer Contact Acceleration work with a focus on financial benefits in 2023/24 and beyond. More specifically, this option will see the identification of proposals, ready for implementation, to contribute to the short-term financial benefit targets associated with the 2023/24 budget (details below). It will also identify further opportunities for additional financial benefits that could contribute in subsequent budget years.</p>

### 3.2.2 Short-list of options

Not applicable at this time

### 3.2.3 The preferred option

Work with the Council's Transformation Partner to deliver the Customer Contact Acceleration work package, in line with the approach adopted in Stage 1 of the Thrive Programme.

### 3.3 Supplier appraisals

Not applicable at this time

### 3.3.1 The Procurement process

Not applicable at this time

### 3.3.2 Preferred supplier

Not applicable at this time

## 4.0 COMMERCIAL CASE

### Duration

The work package described within this document will last for approximately 10 weeks.

### Cost - benefits and benefits realisation

The Customer Acceleration work package forms part of the overall “Thrive Programme” business case which outlines a potential Council wide saving of £20-37 million from a £12-20 million investment.

The aim of the Customer Contact Acceleration work package is to verify the value of Digital Self-Serve and Customer Contact Automation across the Council whilst supporting the delivery of in-year benefits. Stage 1 identified the significant volume of FTE effort that is currently spent across the council on customer management and contact related activities. This includes a significant volume of activity spent on transactional contacts which could be reduced from either being automated or service users supported to digitally self-serve. A reduction in the FTE effort required for customer management activities could deliver financial savings to the council. The use of digital self-serve is already being considered across the council and Hoople, with the aim of this work to accelerate the implementation of this and the realisation of benefits.

This work package is anticipated to identify how the Council can deliver an initial return of **£250-500k** towards the proposed £1 million savings in the FY23/24 budget. The benefits relating to this work will sit within service revenue budgets, and work will be carried out to ensure that emerging benefits are aligned to Directorate plans, and there is no duplication of benefits.

The costs associated with delivering the initial Customer Contact Acceleration work are **£230,000, excluding VAT and expenses.**

The proposed roadmap will then verify the overall benefits figure and provide a pathway for Herefordshire Council to accelerate its Customer Contact transformation. It is anticipated that this will contribute to the overall programme savings of £5.3-8.4 million as part of the broader benefits range of £20-37 million.

The Council costs associated with delivering the Customer Acceleration work are primarily service staff input into workshops, prioritisation and future licensing costs for AWS. Any implementation costs will be identified in the work package for the accelerated delivery plan. Any implementation costs to scale solutions will be identified in the deliverables for this work but they are not anticipated to be material in scale in relation to the initial financial benefits. AWS operate on a pay for usage model.

There is an upfront investment already agreed with AWS of £3.5k, which will contribute to Y1 running costs. Annual running costs are estimated to be up to £10k for the first two transactions to go-live, and £6.5k for Y1 given the existing investment. There are also economies of scale which mean running costs are expected to reduce per transaction as volume increases.

This is assumed to include software licencing costs, integration costs and analyst and developer resources if these are not in place (or with the capacity to support the priority opportunities).

## 4.1 Required services

Define a set of common service patterns that describe how different types of transactions should be implemented in Granicus OpenGov.

Develop an agreed set of prioritisation criteria to allow the identification and prioritisation of transactions for digital self service

Develop a repeatable digital design approach for digital self-service within the council that will create a transaction design that:

- Aligns the transaction to a common service pattern
- Develops an initial estimate of capacity that can be created by implementing a digital self-service solution
- Creates the initial workflow design to be implemented in the digital self-service platform
- Identifies and document system / data integration requirements

Use the approach developed above create the transaction design for 5 high priority transactions

Develop the project plan for delivering digital self-service within the council, highlighting any dependencies on the development of the operating model and other programme workstream

The supplier will undertake discovery and design stages that will:

- Identify and agree the most appropriate service area and set of target transactions for automation
- Facilitate a discovery workshop with the target service area
- Agree the user stories that constitute the Minimum Viable Product for contact automation
- Facilitate a design event to design the target customer experience for transactions in scope

The supplier will undertake a build phase that will:



- Build and configure in AWS Connect up to 2 automated transactions in the web chat and automated voice channels
- Undertake functional testing of the solution so that it can be released for further evaluation in the next project phase
- For a minimum of 1, and maximum of 2 transactions agree the approach for integrating the automated customer journey with the council's digital self-service platform. For the avoidance of doubt, this integration is not included in the services

The supplier will undertake an assessment and testing phase that will:

- Ensure the buyer can complete user acceptance testing for the MVP solution with relevant service stakeholders
- Work with the buyer to gather feedback from relevant service users on the experience of using automated services to interact with the council
- Test that incoming demand can be transferred to human agents when required
- Demonstrate that there is a viable approach for integration between digital self-service and the contact automation platform
- Capture lessons learned feedback to allow the ongoing assessment of the contact automation capability

At the conclusion of the project the supplier will:

- Create an outline roadmap to describe the rough order of magnitude benefits and approach for the council to consider the adoption of contact automation

## **4.2 Potential/Agreed risk transfer**

Risk is transferred to PwC as they manage delivery of outputs within a fixed price

## **4.3 Proposed/Agreed charging mechanism**

Charging is £230k on a fixed price basis with milestones attached to deliverables

## **4.4 Proposed/Agreed contract lengths**

10 weeks

## **4.5 Proposed/Agreed key contractual clauses**

In PwC terms of business attached to contract

## **4.6 Personnel implications (including TUPE)**

TUPE will not apply

## **4.7 Procurement Strategy and implementation timescales**

Contract as per framework which governs partnership with PwC

## **5.0 FINANCIAL CASE**

### **5.1 INSERT FUNDING TABLE**

The Capital Request Funding Form (Capital Finance Intranet site) must also be completed and submitted with the Full Business Case documentation.

## 5.2 Impact on the Council's income and expenditure account

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
<b>Project Management Fees (est. 10% project value)</b>					
<b>TOTAL</b>					

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<b>TOTAL</b>					

### (revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>PWC Contract</i>		230	0	0	230
<i>Professional Fees (up to max 6%)</i>		14	0	0	14
<b>TOTAL</b>		244	0	0	244

## **6.0 MANAGEMENT CASE**

### **Programme Management Arrangements**

For the successful delivery of the Thrive Programme, a new governance structure will be put in place, which this work package will adopt and will include the following role(s):

- Council Cabinet - May be required to sign-off a major decision in exceptional circumstances (e.g., where there would be a fundamental change to the delivery of an external council service).
- New Transformation Board - The programme's decision-making forum. Where projects require assurance from the (to be set up) Business Design Authority or Technical Design Authority, this should be sought prior to being tabled. Decisions made at this board are final, unless Council Cabinet approval is required (by exception).
- Programme leadership team - Is responsible for overseeing delivery, with a particular focus on unblocking programme issues and resolving cross-cutting programme issues.
- Work package teams - Are responsible for the delivery of their specific work package.

To support the governance structure, the transformation programme will adopt the cadence by role group set out below to manage progress, risks and issues and make key decisions.

- Cabinet engagement - Cabinet will be engaged throughout the programme and informed of progress on a frequent basis
- CLT will be updated weekly on Tuesday covering any major risks, issues or decisions that need making. On a monthly basis a full programme update will take place covering overall progress and the tracking of benefits.
- Weekly programme governance across the transformation programme will be put in place through a number of mechanisms. These will track progress, risks, issues, decisions and benefits.

### **6.1 Project Management Arrangements**

PwC will be managing all aspects of Project Management including Planning, Risks and Issues, Benefit definition and Reporting at project level and to the Corporate Leadership Team (CLT).

The PwC lead on the project will produce weekly updates on progress to the Thrive Programme team and through senior PwC colleagues, updates will be provided to CLT.

### **6.2 Use of Consultants**

As Herefordshire's Strategic Delivery Partner PwC are leading the delivery of the Automation project. Activities include all Project Management functions, engagement with subject matter experts, technical planning and implementation of the Pilot processes and

reporting on progress to both members of the senior management team and the Corporate Leadership Team.

PricewaterhouseCoopers LLP,  
 Central Square South,  
 Orchard Street,  
 Newcastle upon Tyne,  
 NE1 3AZ

### **6.3 Arrangements for benefits realisation**

Benefits realisation is subject to the wider strategy for benefits realisation across the Thrive Programme and Herefordshire Council as a whole.

Benefits could be realised by usual benefit levers (restructuring, removing vacant posts etc.).

The timing for each option for realising the benefit will vary based on the number of posts affected and the councils approach for consultation, restructuring and potentially redundancy. This will derive the payback period.

### **6.4 Arrangements for post project evaluation**

The immediate post project evaluation will be of the outputs provided as specified above. These should be judged against the contract and this business case, as well as the next steps provided to realising this benefit.

### **6.5 Timeframes**

<b>Stage/Milestone</b>	<b>Indicative Date</b>	<b>Comments</b>
Project Mandate approved	January 2023	Approved by CLT within PwC engagement
Outline business case completed	January 2023	Work-package case produced
Full business case completed	N/A	N/A

## **7.0 THE ENVIRONMENTAL CASE**

Not applicable at this time

## **8.0 LEGAL IMPLICATIONS**

Not applicable at this time

## **9.0 EQUALITY IMPACT IMPLICATIONS**

Not applicable at this time

## **10.0 HEALTH & SAFETY IMPLICATIONS**

Not applicable at this time

## **11.0 SOCIAL VALUE IMPLICATIONS**

Not applicable at this time

## **APPENDICES - SUPPORTING EVIDENCE**

None

# **Automation Discovery and Pilot (RPA)**

## **Business Case**

Date: 22/03/2023

## Key Details

Senior Responsible Officer: Andrew Lovegrove

Author: Simon Hoffmann, PwC

Project Manager: Simon Hoffmann

Service Lead: Mike Ibbitson

Agreed Project Type:

Programme Board Allocated:

## Version Control

Version	Date	Summary of Change	Author
0.1		First issue	
0.2	22/3/23	Second draft	Simon Hoffmann
0.3	23/03/23	Third draft combining content from PwC draft BC	Simon Hoffmann/PwC

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state “see track changes” in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

## Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	

	Project Board	Detailed project oversight	
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	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Capital Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	<i>Project Board / Director / Programme Board</i>	<i>Note major changes and approvals during delivery</i>	
Gateway Review	Director PMO Assurance	Assurance	
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	Director	Service Director	
	Programme Board	Programme oversight	
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Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

### Distribution

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Name	Role	Date of issue	Version
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CLlr Stoddart	Cabinet Member for Finance and Corporate Services	25/08/2023	

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## **2.0 PROJECT DESCRIPTION**

Through engagement with Subject Matter experts and process owners the Automation Discovery and Pilot work package will develop a Prioritised backlog of processes suitable for automation that will provide a pipeline of future benefits. In order to effectively demonstrate the automation capability two pilot processes will be built and deployed which can deliver up to 2-3 FTE gross capacity release each.

## **2.0 STRATEGIC CASE**

The Medium Term Financial Strategy (MTFS) has identified a funding gap of £9m for 2024/25. This is driven in part by increasing demand for services but also the wider macro-economic challenges that are being experienced across the local government sector. For example, inflation has significantly increased costs across the Council. At the same time, the Council is keen to maximise the use of digital, and is committed to placing customers at the heart of how we redesign services.

The Thrive Programme has been initiated to identify opportunities to address these challenges and opportunities. To date, the Programme has conducted assessment work ("Stage 1"), which has identified the main opportunities for change across the council, which includes the exploration of how processes could be automated or improved, to reduce staff inputs into them, saving time and/or money. The review highlighted a number of manual processes that require a significant volume of effort. As a result, staff must use several systems to access, input and copy data.

## **2.1 Project aims and objectives**

The overall aim of the Automation Discovery and Pilot work package is to assess existing manual processes across the organisation and work with council staff in order to identify which processes would be suitable for an RPA pilot. Two processes will then be piloted and tested before being deployed into production. This will enable Herefordshire Council to effectively pilot automation across the Council and understand the potential reduction in FTE effort required for processes which can be automated. This will enable Herefordshire Council to demonstrate the proof of value for automation across the council and include a list of potential processes to automate. The intended outputs for the work are:

1. A prioritised backlog of processes suitable for automation that will provide a pipeline of future benefits.
2. Two automation pilots will be built and deployed which can deliver up to 2-3 FTE gross capacity release each
3. Organisation awareness around the capabilities that automation could bring to free up staff capacity by automating lower value transactional tasks so that staff time can be spent on more value adding and complex work

## 2.2 Strategic Drivers

As noted in the County Plan it had become clear that the way in which the council interacts with residents needed to change, delivering quicker and better outcomes, helping the council to be more efficient whilst improving the experience of residents. The most recent customer services strategy indicated that customer services is delivered in a variety of ways which is often fragmented, making it difficult to source performance data across the journey and limiting the opportunities to identify improvements, gaps and trends.

It was therefore determined that the council needed to embark on a digital and customer transformation programme that makes sure it has the right digital infrastructure, systems and digital access channels that equip it to meet the needs of all residents and work smartly. PwC were appointed as a strategic partner to support the first two stages of the programme.

Based on initial analysis undertaken during Stage 1 of the PwC Transformation Programme, it is estimated that, depending on the investment that the Council is willing to make, savings in excess of £20m could be delivered through the Thrive Programme.

### 2.2.1 National and Regional

None identified

### 2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community	✓	We will continue to develop our technology strategies and make further investments in (e.g.) Service Transformation. Technology can be very liberating and empowering... This includes such things as, (e.g.) voice-activated response services
Economy		

Environment		
List key Strategy the project delivers against and explain how	<ul style="list-style-type: none"> <li>Specifically, this work will develop the plans, implementation approach and proof of concept for automation capability to realise £140k-215k towards the initial £1m Thrive target for FY23-24.</li> </ul>	

## 2.3 Background and Rationale in Project Mandate

Across the Council, a number of manual processes remain which require a significant volume of effort. As a result, staff must use several systems to access, input and copy data. There is an opportunity to explore how processes could be automated or improved, to reduce staff inputs into them, saving time and/or money.

## 2.4 Scope

### 2.4.1 In-Scope

1. Project plan and timeline.
2. Process analysis questionnaire template, opportunity analysis shortlist.
3. Assessment and recommendation report (PPT) that includes a high-level business case and ROI assessment.
4. Implementation roadmap/plan for the pilot automations across the agreed service areas (PPT). Outline of expected infrastructure, environments, licences and user accounts that will be required for pilot builds (PPT).
5. Process Definition Document (PDD), Solution Architecture Document, a Test Plan outlining test activities, responsibilities and plan.
6. 2 tested automations. The robots will be tested (unit, functional and integration test execution) and handed over to the Customer for UAT. Following successful UAT, the automations will be deployed into production.

### 2.4.2 Out of Scope

- Automation of any additional processes other than the two confirmed within the pilot
- Enactment of any FTE savings, these will simply be identified
- Any organisation training around implementation or management of automation capability
- Any other activity not listed within the In Scope items

## 2.5 Benefits

**The anticipated benefits of the proposed project are:**

### 2.5.1 Cashable benefits

The anticipated capacity saving of up to 4-6 FTE from two pilots estimated at £140k-215k. Each automation implementation (1 bot) can deliver up to 2-3 FTE.

The Base assumption of 36,000 average cost per FTE can be refined based on specific roles impacted by the bots taken into build.

Wherever possible, proposals will be identified that can be implemented in the short term and a no/minimal additional cost in relation to this immediate target. The benefits relating to this work will sit within service revenue budgets, and work will be carried out to ensure that emerging benefits are aligned to Directorate plans, and there is no duplication of benefits.

### 2.5.2 Non-cashable benefits

Automation can free up staff capacity by automating lower value transactional tasks meaning that staff time can be spent on more value adding and complex work. Leading to improved staff engagement and satisfaction.

### 2.5.3 Dis-benefits

Savings resulting from Automation only become cashable when the equivalent FTE is removed. Therefore there will be an impact on employment at the council and within the wider community.

#### Cost Implications

£3,800 is the annual licence costs for MS Power Automate for 2 processes. This will be recurring. There will also be a maintenance requirement. Options to be considered but typically sits in an automation centre of excellence or IT. There are further cost implications if this is exceptional to the normal support and maintenance provided.

## 2.6 Risks

Risk	Mitigation
Risk that timelines and benefit identification will be impacted due to lack of response and engagement from service areas for the RPA work.	Escalation within the agreed programme route
Risk of staff and union backlash to increasing change in rhetoric around benefits i.e. the change in focus from improvement to staffing reductions	If it is confirmed that staff reductions are expected then this approach needs to be transparent and communicated effectively to all impacted parties as early as possible. Given that no indication has been given of this to staff yet there will need to be some concise justification to support the decision
Lack of buy in and capacity from service Directors, resulting in a delay in connecting with team leaders and workstream mobilising	Escalation within the agreed programme route

Complexity of process chosen	Processes will be assessed following a rigorous assessment to ensure the processes taken forward, are automation ready.
------------------------------	---

## 2.7 Constraints and Dependencies

Initiatives which depend on this project are:

Automation capability will build a significant base to drive out savings, therefore any initiatives looking to achieve savings through technical efficiency will rely heavily on the ability to remove manual effort from technical process.

Further implementation phases will be required to build the backlog of opportunities.

This project depends on:

The Target Operating Model being delivered within the Thrive Programme is key to defining the future digital approach. It is yet to be confirmed that increased automation is an aspirational objective. If there is no appetite for automation then the work will not produce any significant future benefit.

## 2.8 Stakeholders

The primary stakeholders for the project are the Corporate Leadership team, who have issued the mandate to PwC to deliver the work and identify opportunities for savings.

Service stakeholders required will be dependent on the processes that are taken forward as a Pilot.

The following engagements are in place:

- SRO – regular meetings
- Rapid transformation board – Updates weekly

## 3.0 ECONOMIC CASE

Option	Investment Required	Appraisal
Do nothing.	£0	This would mean not progressing the workpackage and not pursuing Automation as a service option. Costs of Piloting will be saved but no benefit will be realised from automation of tasks.

Agree the Council would like to progress the concept of automation but do not need a Pilot to confirm that decision	£0	This would mean not progressing the workpackage with the Delivery Partner but confirming that automation will be part of the future TOM. A delivery partner will need to be sought to shape Automation delivery. Costs of Piloting will be saved but no benefit will be realised in Stage 2
Deliver the Automation Discovery and Pilot programme, through in-house programme and project resources.	Unknown	This would involve pursuing the transformation projects, whilst incurring more limited programme delivery costs by sourcing all resources from existing Herefordshire Council staff. However, there is currently limited staff capacity, capability and experience within Herefordshire Council programme teams to successfully deliver the work package.
Agree that the Council would like to progress Automation and Piloting but with another Delivery Partner, going to market to source one	£140,000 (maximum)	This option would involve sourcing appropriate external capacity and capability through a full tender process, to enable delivery of the Pilot activity. This would significantly delay the outcomes and any potential savings
Work with the Council's Transformation Partner to deliver the Automation Pilot as determined in the workpackage document	£140,000	Proof of automation concept will be evidenced, potential for Stage 2 savings and delivery timeframes can be achieved.

### 3.1 Critical success factors

- Clear correlation between expenditure and immediate and future benefit
- Ensuring that the required expertise is in place to deliver the work
- Clarity that automation is something that the Council wish to pursue
- Delivery of project in agreed timeframes – primarily to enable early benefit return

### 3.2 Options and Do Nothing Option

#### 3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
5. Do nothing (not progressing any automation)	N	Existing manual processes will be retained along with the inefficiency they create – there will be no improvement to customer or digital performance. There will be no immediate or future benefit enablers.



Thrive Business Cases

<p>6. Agree the Council would like to progress the concept of automation but do not need a Pilot to confirm that decision</p>	<p>Y</p>	<p>Avoids the cost of a Pilot demonstrating something that conceptually the council already intends to do. Potential benefits from the Pilot processes would be lost but £140k wouldn't have been spent to reach the same conclusion. Some additional work would be needed to prioritise processes but this could be agreed as part of a delivery package.</p>
<p>7. Deliver the Automation Discovery and Pilot programme, through in-house programme and project resources.</p>	<p>N</p>	<p>This would involve pursuing the transformation projects, whilst incurring more limited programme delivery costs by sourcing all resources from existing Herefordshire Council staff. However, there is currently limited staff capacity, capability and experience within Herefordshire Council programme teams to successfully deliver the work package.</p>
<p>8. Agree that the Council would like to progress Automation and Piloting but with another Delivery Partner, going to market to source one</p>	<p>N</p>	<p>This option would involve sourcing appropriate external capacity and capability through a full tender process, to enable delivery of the transformation workstreams identified at the desired pace. However, this option would likely require additional costs and time (estimated to be 3 months), to carry out the procurement exercise for the preferred agency or consultancy supplier. This would mean that the commencement of the transformation projects may be delayed, and the required financial savings may not be achieved within the desired timeframe.</p>
<p>9. Work with the Council's Transformation Partner to deliver the Automation Pilot as determined in the workpackage document.</p>	<p>Y</p>	<p>This approach means that the Council can immediately gain access to the capacity and capability needed to progress the Automation work with a focus on financial benefits in 2023/24 and beyond. More specifically, this option will see the identification of proposals, ready for implementation, to contribute to the short-term financial benefit targets associated with the 2023/24 budget (details below). It will also identify further opportunities for additional financial benefits that could contribute in subsequent budget years.</p>

### 3.2.2 Short-list of options

Not applicable at this time

### 3.2.3 The preferred option(s)

There are effectively two choices given the likely need for automation technology to enable financial savings:

Option: Agree to progress with Automation as a concept without the need to invest and deliver a Pilot

Option: Work with the Council's Transformation Partner to deliver the Automation Pilots work package, in line with the approach adopted in Stage 1 of the Thrive Programme.

**\*\*\* the following section (3.3 to 3.3.2) is for use in the FBC only\*\*\***

## 3.3 Supplier appraisals

Not applicable at this time

### 3.3.1 The Procurement process

Not applicable at this time

### 3.3.2 Preferred supplier

Not applicable at this time

## 4.0 COMMERCIAL CASE

### Duration

The work package described within this document will last for approximately 10 weeks.

### Cost - benefits and benefits realisation

The Automation Discover and Pilot project forms part of the overall "Thrive Programme" business case which outlines a potential Council wide saving of £20-37 million from a £12-20 million investment.

The aim of the project is to verify and demonstrate the value of Automating processes across the Council whilst supporting the delivery of in-year benefits. Stage 1 identified the

significant volume of FTE effort that is currently spent on manual, repetitive processes. This includes a significant volume of activity spent on transactional interactions that could be automated. A reduction in the FTE effort required for these activities could deliver financial savings to the council and/or allow staff to focus on high value/high impact activity.

This work package is anticipated to identify how the Council can deliver an initial return of **£140-215k (minus costs)** towards the proposed £1 million savings in the FY23/24 budget. The benefits relating to this work will sit within service revenue budgets, and work will be carried out to ensure that emerging benefits are aligned to Directorate plans, and there is no duplication of benefits.

The costs associated with delivering the initial work are **£140,000 excluding VAT and expenses (capped at 6%)**.

The proposed roadmap will then verify the overall benefits figure and provide a pathway for Herefordshire Council to accelerate its Customer Contact transformation. It is anticipated that this will contribute to the overall programme savings of £5.3-8.4 million as part of the broader benefits range of £20-37 million.

The Council costs associated with delivering the Customer Acceleration work are primarily service staff input into workshops, prioritisation and future licensing costs associated with the implementation and usage of the automation capabilities using Microsoft Power Automate. Microsoft Power Automate licence costs for the development and deployment of two pilot automations is approximately £3800 (for 12 months). This ongoing cost will need to be netted off from the total gross benefits. There also maintenance cost considerations, these will need to be determined based on current capability within the council and the scale of the implementation

#### **4.1 Required services**

Not applicable at this time

#### **4.2 Potential/Agreed risk transfer**

Not applicable at this time

#### **4.3 Proposed/Agreed charging mechanism**

Not applicable at this time

#### **4.4 Proposed/Agreed contract lengths**

Will last for approximately 10 weeks.

#### 4.5 Proposed/Agreed key contractual clauses

Not applicable at this time

#### 4.6 Personnel implications (including TUPE)

It is anticipated that TUPE will not apply to this investment.

#### 4.7 Procurement Strategy and implementation timescales

Not applicable at this time

### 5.0 FINANCIAL CASE

#### 5.1 INSERT FUNDING TABLE

The Revenue Request Funding Form (Revenue Finance Intranet site) must also be completed and submitted with the Full Business Case documentation.

Revenue cost of project	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>PWC Contract</i>		140	0	0	140
<i>Professional Fees (up to max 6%)</i>		12	0	0	12
<b>TOTAL</b>					

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<b>TOTAL</b>					

## 5.2 Impact on the Council’s income and expenditure account (revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
<i>note any impact on revenue budget, good or bad</i>	£000	£000	£000	£000	£000
<b>TOTAL</b>					

## 6.0 MANAGEMENT CASE

### Programme Management Arrangements

For the successful delivery of the Thrive Programme, a new governance structure will be put in place, which this work package will adopt and will include the following role(s):

- Council Cabinet - May be required to sign-off a major decision in exceptional circumstances (e.g., where there would be a fundamental change to the delivery of an external council service).
- New Transformation Board - The programme’s decision-making forum. Where projects require assurance from the (to be set up) Business Design Authority or Technical Design Authority, this should be sought prior to being tabled. Decisions made at this board are final, unless Council Cabinet approval is required (by exception).
- Programme leadership team - Is responsible for overseeing delivery, with a particular focus on unblocking programme issues and resolving cross-cutting programme issues.
- Work package teams - Are responsible for the delivery of their specific work package.

To support the governance structure, the transformation programme will adopt the cadence by role group set out below to manage progress, risks and issues and make key decisions.

- Cabinet engagement - Cabinet will be engaged throughout the programme and informed of progress on a frequent basis
- CLT will be updated weekly on Tuesday covering any major risks, issues or decisions that need making. On a monthly basis a full programme update will take place covering overall progress and the tracking of benefits.
- Weekly programme governance across the transformation programme will be put in place through a number of mechanisms. These will track progress, risks, issues, decisions and benefits.

## **6.1 Project Management Arrangements**

PwC will be managing all aspects of Project Management including Planning, Risks and Issues, Benefit definition and Reporting at project level and to the Corporate Leadership Team (CLT).

The PwC lead on the project will produce weekly updates on progress to the Thrive Programme team and through senior PwC colleagues, updates will be provided to CLT.

## **6.2 Use of Consultants**

As Herefordshire's Strategic Delivery Partner PwC are leading the delivery of the Automation project. Activities include all Project Management functions, engagement with subject matter experts, technical planning and implementation of the Pilot processes and reporting on progress to both members of the senior management team and the Corporate Leadership Team

PricewaterhouseCoopers LLP,  
Central Square South,  
Orchard Street,  
Newcastle upon Tyne,  
NE1 3AZ

## **6.3 Arrangements for benefits realisation**

Benefits realisation is subject to the wider strategy for benefits realisation across the Thrive Programme and Herefordshire Council as a whole  
As soon as the bot is running the capacity benefit could be realised by usual benefit levers (restructuring, removing vacant posts etc).

The timing for each option for realising the benefit will vary based on the number of posts affected and the councils approach for consultation, restructuring and potentially redundancy. This will derive the payback period.

## **6.4 Arrangements for post project evaluation**

The immediate post project evaluation will be of the performance of the live automated processes and the scope to widen the implementation across other prioritised processes. This will shape the future delivery plans for Automation alongside the development of a corporate Target Operating Model

## 6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Project Mandate approved	January 2023	Approved by CLT within PwC engagement
Outline business case completed	January 2023	Workpackage case produced
Full business case completed	N/A	N/A

## 7.0 THE ENVIRONMENTAL CASE

Any environmental impacts of recommendations will be highlighted in the report.

## 8.0 LEGAL IMPLICATIONS

Any legal impacts of recommendations will be highlighted in the report.

## 9.0 EQUALITY IMPACT IMPLICATIONS

Any equality impacts of recommendations will be highlighted in the report.

## 10.0 HEALTH & SAFETY IMPLICATIONS

Any health and safety impacts of recommendations will be highlighted in the report.

## 11.0 SOCIAL VALUE IMPLICATIONS

Any social value impacts of recommendations will be highlighted in the report.

## APPENDICES - SUPPORTING EVIDENCE

None

# **Service Cost Recovery**

## **Business Case**

Date: 24/03/2023



## Key Details

Senior Responsible Officer: Ross Cook

Author: Paul Griffiths, PwC

Project Manager: Paul Griffiths

Service Lead: Rachael Hart

Agreed Project Type:

Programme Board Allocated:

## Version Control

Version	Date	Summary of Change	Author
0.1	24/3/23	First issue	Paul Griffiths
0.2		Second draft	

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	Corporate Services		

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### 3.0 PROJECT DESCRIPTION

There is a recognition that **the Council doesn't consistently take a robust approach to understanding the extent to which they can, and do, recover the cost of delivering services through fees and charges**. There is therefore an opportunity to review the level of service fees and charges, the rationale for these and any opportunities for changes to services' cost recovery.

### 2.0 STRATEGIC CASE

The Medium Term Financial Strategy (MTFS) has identified a funding gap of £9m for 2024/25. This is driven in part by increasing demand for services but also the wider macro-economic challenges that are being experienced across the local government sector. For example, inflation has significantly increased costs across the Council. At the same time, the Council is keen to maximise the use of digital, and is committed to placing customers at the heart of how we redesign services.

The Thrive Programme has been initiated to identify opportunities to address these challenges and opportunities. To date, the Programme has conducted assessment work ("Stage 1"), which has identified the main opportunities for change across the council, which includes the need to reconsider Fees and Charges.

### 2.1 Project aims and objectives

This work package will include a number of key activities and outputs set out below.

1. PwC will mobilise to:

Develop a stakeholder engagement plan for the programme.

Organise and facilitate a Winning Teams session to be attended by both Herefordshire Council and PwC team members.

Create a data/document request list of relevant materials and review them such as the financial, operational and product and service information.

Formalise and jointly agree governance procedures for the duration of Stage 2 focussing on:

- Governance meetings
- Status reports
- CLT meetings

## **1. Data Gathering**

Finalise the quantitative and qualitative information required from the Council to complete the review.

This includes:

- Financial information (including publicly available RO data, the Council's existing fees and charges and existing service cost recovery data)
- Operational information (including FTE involved in service delivery, costs associated with service delivery, relevant processes and enabling technologies)
- Product / Service information (details of what services are delivered)
- Customer information (customer segments per service delivered)

Provide and utilise a data gathering template that we will complete with the Council.

## **2. Data analysis and comparison**

Complete a set of desktop analysis activities to provide the Council with the following information:

- Areas where the Council don't currently charge but could.
- Areas where the Council charges but don't cover the costs (including where there are hidden subsidies).
- Areas where the Council charge but other authorities charge more.
- Areas where current macroeconomic conditions may merit an above inflationary uplift.
- Areas where consideration should be given to whether the continuation of commercial activity is beneficial to the Council.

Regular engagement and consultation with the Council in order to review analysis.

## **3. Stakeholder engagement and opportunity identification**

Review initial findings from the data analysis work completed with key stakeholders from across the Council.

Explore initial priority areas and conduct a prioritisation exercise for Business Cases to take forward for the Council with key stakeholders from across the Council.

Finalise analysis to confirm:

- Opportunities to maximise Council income earning potential from fees, charges and other commercial activity.
- Areas where the continuation of commercial activity is not considered to be beneficial to the Council.
- Any enablers that need to be in place in order achieve the identified income potential.

Agree priority area Business Cases, and obtain sign off prior to drafting the Business Cases. This will be detailed in Section 4.

#### **4. Business Case Preparation**

Draft Business Cases for priority areas as identified throughout the programme - as finalised in Section 3.

Develop approaches that will support appropriate forecasting of service cost recovery in the budget, and planning for cost recovery stretch targets to be achieved.

Any draft outputs will be shared for review and comment before they are finalised and submitted to the Director of Finance.

## **2.2 Strategic Drivers**

As noted in the County Plan it has become clear that the way in which the council interacts with residents needed to change, delivering quicker and better outcomes, helping the council to be more efficient whilst improving the experience of residents. The most recent customer services strategy indicated that customer services is delivered in a variety of ways which is often fragmented, making it difficult to source performance data across the journey and limiting the opportunities to identify improvements, gaps and trends.

It was therefore determined that the council needed to embark on a digital and customer transformation programme that makes sure it has the right digital infrastructure, systems and digital access channels that equip it to meet the needs of all residents and work smartly. PwC were appointed as a strategic partner to support the first two stages of the programme.

Based on initial analysis undertaken during Stage 1 of the PwC Transformation Programme, it is estimated that, depending on the investment that the Council is willing to make, savings in excess of £20m could be delivered through the Thrive Programme.

Further detailed work is now required, to make rapid progress in delivering immediate savings which can be realised in 2023/24.

### 2.2.1 National and Regional

Not Applicable

### 2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick ✓ below where applicable	Delivery Plan Reference(s)
Community	✓	
Economy	✓	
Environment		
List key Strategy the project delivers against and explain how		

## 2.3 Background and Rationale in Project Mandate

The Service Cost Recovery work package forms part of the overall “Thrive Programme” business case which outlines a potential Council wide saving of £20-37 million from a £12-20 million investment.

The overall aim of the Service Cost Recovery work package is to verify the initial analysis from Stage 1 and generate business cases to begin benefit realisation against the programme target. Stage 1 of the transformation programme identified a potential return of £7.9-16.4m through increasing Service Cost Recovery to 10.5% across the Council. Stage 1 identified the need for a robust, consistent, policy-led and data informed approach to Service Cost Recovery across the Council. This would have an impact from simple setting of fee levels on an annual basis, through the consciousness evaluation of subsidies through to more innovative service offers. Some of these service offers are already being considered,



for example, the proposal to provide advisory support to businesses to achieve food hygiene standards as a service rather than simply playing an enforcement role.

In addition to the overall aim, this work package is anticipated to identify how the Council can deliver an initial return of **£250k-500k benefits** towards the proposed £1 million savings in the FY23/24 budget. Wherever possible, proposals will be identified that can be implemented in the short term and a no/minimal additional cost in relation to this immediate target. The benefits relating to this work will sit within service revenue budgets, and work will be carried out to ensure that emerging benefits are aligned to directorate plans, and there is no duplication of benefits.

The Council costs associated with delivering the initial Service Cost Recovery work are primarily service staff input into workshops, prioritisation and business case content. Any implementation costs will be identified in the business cases that are developed but they are not anticipated to be material in scale in relation to the initial financial benefits

## 2.4 Scope

### 2.4.1 In-Scope

Stakeholder engagement plan.

Deliver 2 'Winning Teams' workshops and outputs (highlights and actions) focussing on:

- Teamwork and strengths
- Quality and value
- Learning and sharing

Status report template up to 3 pages in PDF format

A completed data gathering template (in a format to be agreed).

A completed data analysis and comparison report (in a format to be agreed). This will indicate initial priority areas for Business Cases to be developed.

Prioritised list of opportunities to take forward and agreement over which (up to five) Business Cases will be drafted.

Priority area Business Cases.

### 2.4.2 Out of Scope

- Implementation of any recommendations

## 2.5 Benefits

### The anticipated benefits of the proposed project are:

#### 2.5.1 Cashable benefits

Prioritised list of service cost recovery opportunities for development and implementation over the life of the Thrive Programme to support delivery of up to £16.4m of financial benefits.

Up to five business cases developed around specific priority opportunities with a focus on implementation and savings in FY23-24

**£250k-500k** towards the initial £1m Thrive target for FY23-24. This is anticipated to be achieved through **increased income** and not staff related savings.

#### 2.5.2 Non-cashable benefits

None noted

#### 2.5.3 Dis-benefits

Potential dis-benefits would include any potential political disagreements over changes to policy in sometimes sensitive area

#### Cost Implications

The costs associated with delivering the initial Service Cost recovery work is £170k excluding VAT and expenses.

## 2.6 Risks

Risk	Mitigation
Data requested by PwC is not readily available and/or not available in the format expected or required for robust data analysis	Escalation within the agreed programme route as necessary
The benefits of this workpackage are unclear due to the already identified (by HC) savings / fee increases	In the process of making recommendations PwC will refer to already identified revenue increases. The benefits will clearly identify where increased revenues are derived from, to reduce double counting of workstream benefits
Decisions on any increased fees and/or charges will need to be made by new Council, in the context of Cost of Living and already agreed raise of Council Tax	PwC to demonstrate similar LAs, similar policies and adoption of such

## 2.7 Constraints and Dependencies

Benefits will be realised by agreeing that the opportunities and associated benefits that are prioritised for delivery are added to the appropriate directorate plans and benefits targets. This means that directorates have access to increased programme support to deliver the benefits that they are expected to achieve in the directorate plans as well as securing a route to deliver these additional benefits. Benefits will then be delivered in line with the other directorate benefits through increased revenue during FY23-24. The exact timing of benefits is not known at this stage and will be determined by the nature of the prioritised opportunities selected for implementation.

## 2.8 Stakeholders

The primary stakeholders for the project are the Corporate Leadership team, who have issued the mandate to PwC to deliver the work and identify opportunities for savings.

The following engagements are in place:

- SRO – regular meetings
- Rapid transformation board – Updates weekly

## 3.0 ECONOMIC CASE

Option	Investment Required	Appraisal
Do nothing.	£0	This would involve not pursuing the transformation projects identified during Stage 1 of the Thrive Programme. This would mean that no costs of delivering transformation would be incurred. As such, the Council would miss the opportunity to rapidly identify additional areas where financial benefits could be achieved in relation to Costs, fees and Charges, which will assist in meeting the financial deficit in the short and medium terms.
Deliver the Service Cost Recovery programme, through in-house programme and project resources.	£0	This would involve pursuing the transformation workstreams, whilst incurring more limited programme delivery costs by sourcing all delivery resources from existing Herefordshire Council staff. However, there is currently limited staff capacity within Herefordshire

## Thrive Business Cases

		Council programme teams. As a result, there is a risk that insufficient staff capacity, capability, tools (including benchmarks and comparator data) and experience of best practice would be available to deliver the transformation at the required pace.
Carry out a procurement exercise, to identify alternative agencies or consultancies who could support delivery of the Service Cost Recovery work package	Unknown	This option would involve sourcing appropriate external capacity and capability through a full tender process, to enable delivery of the transformation work packages identified at the desired pace. However, this option would likely require additional costs and time (estimated to be 3 months), to carry out the procurement exercise for the preferred agency or consultancy supplier. This would mean that the commencement of the transformation projects may be delayed and the required programme financial benefits may not be achieved within the desired timeframe.
Work with the Council's Transformation Partner to deliver the Service Cost Recovery work package, in line with the approach adopted in Stage 1 of the Thrive Programme.	£170,000 Plus expenses	This approach means that the Council can immediately gain access to the capacity and capability needed to progress the Home to School transport work given the priority that has been placed on this area. If financial savings are achievable following the review these could be addressed to help with the 2023-24 budget position.

Option 4 work with Council's Transformation Partner is therefore the preferred option.

### 3.1 Critical success factors

- Clear correlation between expenditure and immediate and future benefit

- Ensuring that the required expertise is in place to deliver the work
- Delivery of project in agreed timeframes – primarily to enable early benefit return

## 3.2 Options and Do Nothing Option

### 3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
10. Do nothing	Y	Avoids the cost of PwC spend and relies on in-house review and savings already identified/achieved in directorate savings plans
11. Agree the Council would like to progress the PwC SCR review	Y	Brings expertise, overview and best practice to review end to end process, across directorates

### 3.2.2 Short-list of options

Not applicable at this time

### 3.2.3 The preferred option(s)

There are effectively two choices given the likely need for automation technology to enable financial savings:

Option 2: Agree to progress with Service Cost Recovery

**\*\*\* the following section (3.3 to 3.3.2) is for use in the FBC only\*\*\***

## 3.3 Supplier appraisals

*This section compares the potential supplier deals and agrees the preferred supplier.*

### 3.3.1 The Procurement process

Not applicable at this time

### 3.3.2 Preferred supplier

Not applicable at this time

## 4.0 COMMERCIAL CASE

### Duration

The work package described within this document will last for approximately 9 weeks.

The proposed outputs from this work will verify how and where Herefordshire Council can transform its Service Cost Recovery and whether this will contribute to the overall programme financial benefits of £20-37 million.

The costs associated with delivering the initial work are **£170,000 excluding VAT and expenses, which are capped at 6%.**

### 4.1 Required services

Not applicable at this time

### 4.2 Potential/Agreed risk transfer

Not applicable at this time

### 4.3 Proposed/Agreed charging mechanism

Not applicable at this time

### 4.4 Proposed/Agreed contract lengths

The work package described within this document will last for approximately 9 weeks.

### 4.5 Proposed/Agreed key contractual clauses

Not applicable at this time

#### 4.6 Personnel implications (including TUPE)

Not applicable at this time

#### 4.7 Procurement Strategy and implementation timescales

Not applicable at this time

### 5.0 FINANCIAL CASE

#### 5.1 INSERT FUNDING TABLE

The Revenue Request Funding Form (Revenue Finance Intranet site) must also be completed and submitted with the Full Business Case documentation.

#### 5.2 Impact on the Council's income and expenditure account

Revenue cost of project	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>PWC Fees</i>	0	170	0	0	170
<i>Professional Fees (up to max 6%)</i>	0	11	0	0	11
<b>TOTAL</b>	<b>0</b>	<b>181</b>	<b>0</b>	<b>0</b>	<b>181</b>

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<b>TOTAL</b>					

(revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
<i>note any impact on revenue budget, good or bad</i>					

<b>TOTAL</b>					

## 6.0 MANAGEMENT CASE

### Programme Management Arrangements

For the successful delivery of the Thrive Programme, a new governance structure will be put in place, which this work package will adopt and will include the following role(s):

- Council Cabinet - May be required to sign-off a major decision in exceptional circumstances (e.g., where there would be a fundamental change to the delivery of an external council service).
- New Transformation Board - The programme’s decision-making forum. Where projects require assurance from the (to be set up) Business Design Authority or Technical Design Authority, this should be sought prior to being tabled. Decisions made at this board are final, unless Council Cabinet approval is required (by exception).
- Programme leadership team - Is responsible for overseeing delivery, with a particular focus on unblocking programme issues and resolving cross-cutting programme issues.
- Work package teams - Are responsible for the delivery of their specific work package.

To support the governance structure, the transformation programme will adopt the cadence by role group set out below to manage progress, risks and issues and make key decisions.

- Cabinet engagement - Cabinet will be engaged throughout the programme and informed of progress on a frequent basis
- CLT will be updated weekly on Tuesday covering any major risks, issues or decisions that need making. On a monthly basis a full programme update will take place covering overall progress and the tracking of benefits.
- Weekly programme governance across the transformation programme will be put in place through a number of mechanisms. These will track progress, risks, issues, decisions and benefits.

### 6.1 Project Management Arrangements

PwC will be managing all aspects of Project Management including Planning, Risks and Issues, Benefit definition and Reporting at project level and to the Corporate Leadership Team (CLT).



The PwC lead on the project will produce weekly updates on progress to the Thrive Programme team and through senior PwC colleagues, updates will be provided to CLT.

## 6.2 Use of Consultants

As Herefordshire’s Strategic Delivery Partner PwC are leading the delivery of the Automation project. Activities include all Project Management functions, engagement with subject matter experts, technical planning and implementation of the Pilot processes and reporting on progress to both members of the senior management team and the Corporate Leadership Team

PricewaterhouseCoopers LLP,  
Central Square South,  
Orchard Street,  
Newcastle upon Tyne,  
NE1 3AZ

## 6.3 Arrangements for benefits realisation

Benefits realisation is subject to the wider strategy for benefits realisation across the Thrive Programme and Herefordshire Council as a whole

## 6.4 Timeframes

Stage/Milestone	Indicative Date	Comments
Project Mandate approved	January 2023	Approved by CLT within PwC engagement
Outline business case completed	January 2023	Workpackage case produced
Full business case completed	N/A	N/A

## 7.0 THE ENVIRONMENTAL CASE

Not applicable at this time

**8.0 LEGAL IMPLICATIONS**

Not applicable at this time

**9.0 EQUALITY IMPACT IMPLICATIONS**

Not applicable at this time

**10.0 HEALTH & SAFETY IMPLICATIONS**

Not applicable at this time

**11.0 SOCIAL VALUE IMPLICATIONS**

Not applicable at this time

**APPENDICES - SUPPORTING EVIDENCE**

None