



Lewes District Council

To all Members of the Cabinet

A meeting of the **Cabinet** will be held in the **Ditchling Room, Southover House, Southover Road, Lewes Southover House, Southover Road, Lewes** on **Wednesday, 25 May 2016** at **13:00** which you are requested to attend.

Please note the venue for this meeting which is wheelchair accessible and has an induction loop to help people who are hearing impaired.

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17/05/2016

Catherine Knight
Assistant Director of Corporate Services

Agenda

- 1 Minutes**
To approve the Minutes of the meeting held on 28 April 2016 (copy previously circulated).
- 2 Apologies for Absence**
- 3 Declarations of Interest**
Disclosure by councillors of personal interests in matters on the agenda, the nature of any interest and whether the councillor regards the interest as prejudicial under the terms of the Code of Conduct
- 4 Urgent Items**
Items not on the agenda which the Chair of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances as defined in Section 100B(4)(b) of the Local Government Act 1972
- 5 Public Question Time**

To deal with any questions received from members of the public in accordance with Council Procedure Rule 11 (if any).

6 Written Questions from Councillors

To deal with written questions which councillors may wish to put to the Chair of the Cabinet in accordance with Council Procedure Rule 12 (if any).

7 Report from Officers

- Key Decision

7.1 “Stronger Together” Joint Transformation Programme Business Case and Implementation - Report

Cabinet Member: Councillor Smith

To consider the joint Report of the Chief Executive and Senior Head of Projects Performance and Technology (Report No 70/16 herewith - page 3).

For further information about items appearing on this Agenda, please contact Trevor Hayward at Southover House, Southover Road, Lewes, East Sussex BN7 1AB. Telephone 01273 471600

Distribution:

Councillors: P Franklin, B Giles, T Jones, R Maskell, E Merry, T Nicholson and A Smith

Agenda Item No: 7.1 **Report No:** 70/16

Report Title: “Stronger Together” Joint Transformation Programme
Business Case and Implementation

Report To: Cabinet **Date:** 25 May 2016

Cabinet Member: Councillor Andy Smith

Ward(s) Affected: All

Report By: Chief Executive and Senior Head of Projects Performance
and Technology

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Purpose of Report:

To approve the Business Case and implementation of the Joint Transformation Programme

Officers Recommendation(s):

It is recommended that Cabinet:

- (1) Approves the business case for the Joint Transformation Programme and provisionally allocates a total of £6.878m to the programme (para 4.4).
- (2) Delegates authority to the Director of Corporate Services to determine the appropriate allocation of costs against revenue and capital funds (para 4.5).
- (3) Delegates authority to the Director of Corporate Services, in consultation with the Joint Transformation Programme Board, to determine to determine the methodology for cost and benefits sharing with an overriding principle that joint costs are allocated on the basis of the benefits realisation ratio (para 4.6).
- (4) Delegates authority to the Chief Executive in consultation with the Joint Transformation Programme Board to run the Programme within the allocated resources, reporting to Cabinets regularly (para 5.1).
- (5) Approve the high level programme plan (para 5.3).
- (6) Approve the shared services employment model with Eastbourne Borough Council acting as host authority (para 5.4).
- (7) Approve the procurement approach and contract variation outlined in this report including the exceptions to contract procedure rules and the proposed changes to information and communications technology service provision and delegate authority to Director of Corporate Services in consultation with the Joint Transformation Programme Board to negotiate the associated cost of pension protection with the service provider (para 5.10 to 5.13).
- (8) Approve the adoption of the proven ‘Digital 360’ platform as the basis for the Joint Transformation Programme, subject to procurement (para 5.12).

1.0 Executive Summary

1.1 In September 2015, Cabinet approved a strategy for the development of shared services between Lewes District Council (LDC) and Eastbourne Borough Council (EBC) based on the integration of the majority of council services.

This report asks Cabinet to approve the detailed business case, high level plan and technology arrangements for the implementation of that strategy, known as the Joint Transformation Programme ('the Programme').

1.2 Strategic Case and Objectives Summary

Both councils have significant savings to deliver over the next four years and therefore need to find new ways to deliver public services, for less money.

More than **400 councils nationally are sharing services** to deliver efficiencies, and LDC and EBC have a **strong established relationship**, having shared senior posts and services since 2012.

Therefore, our four strategic objectives of the Programme are:

- **Protect services**
Protect services delivered to local residents while at the same time reducing costs for both councils to together save £2.8m annually
- **Greater strategic presence**
Create two stronger organisations which can operate more strategically within the region while still retaining the sovereignty of each council
- **High quality, modern services**
Meet communities and individual customers' expectations to receive high quality, modern services focused on local needs and making best use of modern technology
- **Resilient services**
Building resilience by combining skills and infrastructure across both councils

1.3 Financial Case Summary

The total estimated savings of the Programme as a whole is £2.797m with an equivalent reduction of 79 FTEs across both councils. LDC will achieve a higher share of the benefits than EBC because EBC has already delivered significant savings through its Future Model programme and the Joint Transformation Programme inherits the savings target from LDC's cancelled New Service Delivery Model programme.

The total budget for the programme is £6.878m of which £1.275m was already allocated for technology investment that would be required anyway. Therefore the investment required specifically to deliver the Programme is £5.603m. This meets the financial business case test.

Costs and benefits will be shared in the same proportion.

1.4 Management Case Summary

The programme will be managed in accordance with standard programme and project management methodologies. The Joint Transformation Board will oversee delivery, monitor risks and be consulted on key deliverables and decisions, and Cabinets will receive regular updates.

The recommended employment model, having reviewed a number of options, is a shared services model with Eastbourne Borough Council acting as the host authority.

The programme depends on a common approach to information and communications technology (ICT) strategy and service provision, and a number of options have been considered to deliver this. The recommended option is for application management to be performed by a joint internal team and to vary EBC's contract with SopraSteria Ltd to provide infrastructure management services to LDC.

It is also recommended that the Digital 360 platform in use at EBC is extended to LDC, subject to commercial and procurement matters being settled satisfactorily. This means that LDC will benefit from the significant investment EBC has already made in that platform.

Legal and procurement advice has been sought on these matters and is detailed in the main body of the report.

2.0 Approach to Developing the Business Case

2.1 A joint team of officers across the two councils (the 'Core Team') have worked with Ignite Consulting Ltd to develop the business case presented here.

The work has involved a number of workshops involving staff from different teams and levels of both organisations to explore the vision, opportunities, similarities, differences and risks of the shared services programme. Activity mapping and analysis has been used to inform the savings estimates, and Ignite has also applied learning from its experience of working with other councils on similar programmes. Further information about the approach taken can be found in the business case at Appendix One. **The engagement with staff that started during the development of the business case will continue and increase throughout the implementation of the Programme.**

Improvement and Efficiency Social Enterprise (iESE), the authors of the outline business case considered in September, also contributed to the work around the employment model. iESE is a non-profit company made up of members and directors in local authorities, including LDC and EBC, which means we are working with a trusted partner with an excellent insight into how councils across the UK have delivered shared services using a range of models.

The work on the business case has been monitored and steered by the Joint Transformation Programme Board, which consists of the leaders and deputy leaders and the leaders of the main opposition groups of both councils. This cross-party approach is key to ensuring the maximum degree of consensus in

the way the work is directed, and minimise the risk of a radical shift in direction part way through implementation.

2.2 In line with Treasury's Green Book Guidance for public sector Programmes, both the business case itself and this report are divided into sections outlining:

- The Strategic Case – to demonstrate how the Programme fits with the local and national strategic context and how it meets business needs.
- The Financial Case – to outline the costs and benefits of the Programme, the capital and revenue implications and the funding required.
- The Management Case – to outline how the Programme will be managed, including governance, risk, change management, external support and benefits realisation.

Some Green Book business cases include separate sections for the Economic Case and the Commercial Case. These are merged with the Financial Case and the Management Case respectively here.

3.0 The Strategic Case

3.1 National Context

Local authorities have been at the forefront of the Government's austerity Programme since 2010. Both LDC and EBC have already made significant savings in recent years, but following the most recent local government funding settlement, in which both councils were amongst the 10% hardest hit councils, significant further savings are required. The Revenue Support Grant will be phased out altogether by 2019, and the reductions in funding will hit earlier in the current parliamentary cycle than anticipated.

At the same time as facing unprecedented reductions in funding, councils nationally are also responding to changing customer needs, requiring them to engage with an increasingly technology-capable population, whilst at the same time dealing with an ageing infrastructure.

These challenges necessitate a radical review of the way councils currently operate – an operating model that delivers a customer centric, effective and efficient way of providing local government services.

Many councils, especially smaller councils, are increasingly looking to work together and share services to deliver sustainable savings. The LGA cites 416 shared service arrangements nationally, estimating £462m in efficiency savings across all aspects of local authority expenditure¹. The national context points towards ever greater integration and collaboration in search of efficiencies and customer benefits for the long term.

3.2 Local Context

The national trend towards shared services and collaboration, as well as

¹ <http://www.local.gov.uk/shared-services-map>

looking at ways to exploit modern technology to redesign services, is reflected in the increasingly close strategic relationship between LDC and EBC. This manifests itself in three ways:

1. Existing shared service arrangements

LDC and EBC have been working together to share resources and expertise since 2012. There are currently three shared senior management roles, including the joint chief executive, two fully shared corporate services (Legal and HR) and a number of other individual arrangements.

2. Common strategic priorities

The councils share a number of strategic priorities:

- Regeneration to attract inward investment and boost employment, e.g. Devonshire Park, Sovereign Harbour and the town centre in Eastbourne, and North Street Quarter and the Newhaven Enterprise Zone in Lewes district.
- Working collaboratively with local communities through positive engagement with neighbourhood panels, residents associations, town and parish councils.
- Protecting and enhancing service delivery by investing in new technologies and focussing on resolving customer enquiries at the earliest possible point.

3. Shared vision for service redesign

EBC, through the Future Model, and LDC, through the intent of the New Service Delivery Model, have shown that both councils share a common view of the principles on which services should be redesigned, based on the following principles:

- Managing and reducing customer demand
- Delivering as much customer service as possible through a universal contact method
- Drawing on expert skills and knowledge only where appropriate
- Managing the organisation in an efficient and streamlined way

Financially, the business transformation represents the biggest single contributor to both councils' medium term financial strategies:

	2016/17	2017/18	2018/19	2019/20
Lewes transformation savings target	£400k	£400k	£400k	£400k
Eastbourne transformation savings target	£250k	£500k	£250k	£250k

3.3 The Joint Transformation Model as the basis for integration

The Joint Transformation Model (applied in EBC as the Future Model, and adopted in principle in LDC as part of the New Service Delivery Model, hereafter simply 'the Model') provides a common direction and platform that fits the national and local context. It will:

1. Build on the existing work in LDC and EBC to create a new, shared operating model based on common principles.
2. Create a common organisational culture focussed on delivering positive outcomes and experiences for customers.
3. Exploit modern, digital technologies to automate, streamline and improve access to council services.
4. Build more empowered and resilient teams and services.

Adopting the Model in LDC will deliver significant savings by fully embedding the work started through the development of the NSDM. Subsequently it provides a common language and basis for economies of scale through true integration with EBC. Integration is critical to real sustainability as the financial opportunities are higher and the strategic benefits are greater than implementing the Model separately.

3.4 The Programme will make a significant contribution to both councils' Medium Term Financial Strategies and support the councils' goals to deliver excellent, efficient and modern services rather than cutting service levels simply to reduce costs. It will create a new, flexible and resilient organisation with a high regional profile.

4.0 The Financial Case

4.1 Projected Savings

The financial case analyses the savings that can be achieved by applying the Model to LDC, and by integrating LDC and EBC management and service delivery.

There are 223.4 full time equivalent (FTE) roles in scope at LDC with a current cost of £7.770m.

There are 206.1 FTE roles in scope at EBC with a current cost of £6.752m after the transformation of EBC services under the Future Model Programme.

The baseline for the Programme is therefore 429.5 FTE roles at a combined cost of £14.522m

The total estimated savings of the Programme as a whole is £2.797m with an equivalent reduction of 79 FTEs across both councils.

In the business case at Appendix One, the savings are broken down in more detail, by efficiency driver and activity type.

4.2 Scope of the Business Case

The scope of the business case is, in broad terms, the customer facing activity of both councils. The key exclusions are:

- Waste service delivery (outsourced at EBC, and subject to a strategic investment Programme at LDC) – some elements of management, customer service and administration have been included.
- Devonshire Park at EBC, including Theatres and Heritage.

Benefits from integration of corporate support services are also excluded from the business case, as they are already being planned or delivered as shared services across the two councils:

- IT (partially outsourced at EBC)
- Finance
- HR
- Legal
- Property

Although excluded from the business case, further savings should be accrued over time from the integration of corporate support services. It is important to understand that exclusion from the business case does not mean exclusion from the Programme – the overall programme will control and steer all integration activity.

4.3 Costs of the Programme

The Programme will be the biggest integrated change programme either council has undertaken. It will involve:

- The creation of a single senior management team operating across both councils.
- Reviewing current pay scales and structures and potentially adopting a new joint pay and grading system.
- Redesigning and integrating the technology infrastructures of both councils.
- Significant investment in new technologies, both hardware and software.
- Creating a new target operating model for 350 staff working in joint teams.
- Building hundreds of integrated business processes for the joint teams, based on harmonised policies, driven by common technology.
- Significant cultural change to ensure staff exhibit the same core competencies and customer-centric attitudes and behaviours.

A high level view of the Programme, which includes more than 30 projects across six major work streams, is provided at Appendix Two.

A programme of this scale and complexity requires significant investment in programme and project management, delivery of project activity, technology and specialist support and advice.

A full net present value calculation on the Programme costs is presented at Appendix Three.

A summary of the non-discounted costs and benefits is presented below:

Direct programme costs	£5.603m
Existing allocated technology investment	£1.275m
Total programme budget	£6.878m
Business case savings	£2.797m
Payback period (all costs)	2.5 years
Payback period (excl. existing allocated costs)	2 years

4.4 Business Case

It can be seen that a significant investment is required to deliver the Programme. **In total the Programme will cost £6.878m, of which more than half is investment in new technologies.**

Some of the investment has already been allocated and would be required anyway, for example to replace LDC's end of life housing system, to upgrade LDC's finance system or to upgrade desktop devices across LDC and EBC. This investment, which totals an estimated £1.275m, can therefore be discounted against the core business case.

A financial business case test for a programme such as this would typically be 3-5 years. Allowing for all costs, the payback for this programme is 2.5 years. If one deducts the £1.275m of already allocated costs, the payback reduces to just two years.

The business case does not take account of redundancy and redeployment costs. This is because, due to the scale of the reduction in funding, these costs would be inevitable in any case. However, the Programme will seek to minimise these costs through careful management of vacancies as they arise.

Recommendation: Cabinet is asked to approve the business case for the Joint Transformation Programme and provisionally allocate a total of £6.878m to the programme.

4.5 Funding

It is proposed to fund the capital and one off revenue costs from a mixture of capital receipts, prudential borrowing and reserves and with the ongoing revenue costs coming from the efficiency savings generated. Both councils have existing earmarked sums which will be used to contribute to the Programme, including:

- LDC funding that was allocated for the New Service Delivery Model Programme in November 2014
- EBC strategic change fund
- EBC IT capital block allocation

Recommendation: Cabinet is asked to delegate authority to the Director of Corporate Services to determine the appropriate allocation of costs against revenue and capital funds.

4.6 Cost and Benefits Sharing

It is important that there is a fair, rational and transparent mechanism for allocating costs and benefits of the Programme to each council. The Director of Corporate Services will oversee this work, and recommend the approach to the Board.

EBC has delivered more than £1.5m of savings already through the implementation of the Model. This Programme inherits LDC's savings target from the New Service Delivery Model programme (£1.2m) and then targets additional savings for both councils from integration. This means that LDC will benefit from a higher share of the overall programme savings and will therefore bear a higher share of the costs, in a similar ratio. At this stage, it is anticipated that the split of costs and benefits will fall 60:40 LDC to EBC.

Recommendation: Cabinet is asked to delegate authority to the Director of Corporate Services, in consultation with the Joint Transformation Programme Board, to determine the methodology for cost and benefits sharing with an overriding principle that joint costs are allocated on the basis of the benefits realisation ratio.

5.0 The Management Case

5.1 Governance

A Programme of this scale requires robust governance and oversight.

The Programme Board will provide members with the ability to track the Programme's progress. Key Programme deliverables will be signed off by the Board. Examples include, but are not limited to:

- Changes to governance arrangements for shared services
- Recommendations around policy alignment
- The target operating model
- Arrangements regarding voluntary redundancy and vacancy management

The Board would also be required to consider any significant changes to scope or delivery timeframes.

Cabinets of both councils will receive regular updates on progress, at a minimum of four-monthly intervals. Any significant changes to the business case would require approval by both Cabinets.

Corporate Management Team (CMT) will receive Programme status reports no less than once every two months, and with greater frequency as required during key times.

Recommendation: Cabinet is asked to delegate authority to the Chief Executive in consultation with the Joint Transformation Programme Board to run the Programme within the allocated resources, reporting to Cabinets regularly.

5.2 Programme Management

The Programme will be managed in accordance with formal programme and project management techniques and standards. This will include, but is not limited to:

- Programme and project initiation documents that define the scope and key deliverables for each project.
- Programme and project plans
- Product breakdown structures
- Programme and project risk logs and active risk management
- Programme and project highlight reports
- Exception reporting
- Benefits tracking and realisation
- Customer & Stakeholder Engagement

A member of CMT will be nominated as the Programme Director. An overall programme manager will be appointed and major technology projects, such as system migrations or significant infrastructure changes, will have dedicated project managers.

The approach to resourcing the Programme has been informed by lessons learned through EBC's Future Model programme, and there is a clear desire for the councils to develop a highly-skilled, properly resourced internal programme team, and minimise the amount of work that is done by external contractors. This is for several reasons:

- To ensure that the councils are owning the design and development of new processes and customer journeys
- To provide development opportunities for staff
- To minimise the impact on 'business as usual' service delivery
- To keep Programme costs lower

The programme team will consist of 15-20 FTEs and will change depending on programme needs and project activity. These are fixed term roles that are additional to the councils' permanent staff base.

5.3 Programme Plan

The Programme consists of more than 30 projects across seven work streams, running from 2016/17 to 2019/20. A high level view of the programme plan is provided at Appendix Two.

- **Technology – New/Replacement Systems**
Projects in this workstream will deal with replacing existing systems with new joint systems (e.g. housing), implementing brand new systems and migrating one council to the other council's system (e.g. finance)

- **Technology – Infrastructure**
Projects in this workstream will focus on integrating the two councils' information and communications technology (ICT), building resilience (e.g. disaster recovery and backups) and replacing end of life systems (e.g. desktop replacement)
- **Shared Corporate Services**
Work on integrating ICT, property and finance will sit within this workstream.
- **Organisation Design and Change Management**
This workstream will manage all aspects of the change focussed on people – delivering the Target Operating Model, recruitment processes, pay and grading, team building, transition, knowledge and skills and ways of working.
- **Business Process Migration**
This workstream will determine the sequence and priority of developing new joint processes and customer journeys, delivery of online processes and the creation of golden customer records.
- **Partnership Strategy**
Develop an overarching strategy for the new working arrangements to cover aims, objectives, working principals, governance, integrated provision and commissioning, staffing arrangements and other issues such as document management and data sharing. This workstream also includes the review and alignment of key policies across the councils, tracking performance through the change, reviewing ongoing governance of services and will also include the work around allocation of costs and benefits.
- **Programme Management**
This includes programme planning, programme governance, communications and benefits realisation.
- **Customer & Stakeholder Engagement**
Introducing changes in delivery-level public services critically depends on consulting with services users and achieving a deep understanding of citizens' needs and expectations. The programme will also depend on gaining buy-in from other stakeholders and partners.

Recommendation: Cabinet is asked to approve the high level programme plan.

5.4 Employment Model

There are a number of models local authorities have adopted when coming together to share services. The councils asked iESE to undertake a review of the pros and cons of different models:

1. Shared Services
2. Public Sector Mutual
3. Local Authority Trading Company
4. Outsource / Joint Venture

Members on the Programme Board have considered the options as presented by iESE and noted the additional risks identified in models 2-4. Accordingly, the recommendation is to adopt the shared services model, with staff transfer to a

single 'host' authority.

The Board also recommended that EBC act as the host authority, given EBC's role as host of the shared HR service. It has furthermore recommended that the shared HR service be tasked with reviewing the pay and grading systems of both councils with a view to recommending the most suitable pay and grading structure, either new or existing, for both councils.

Recommendation: Cabinet is asked to approve the shared services employment model with EBC acting as host authority.

5.5 Change Management

The transition to the Model will entail a significant amount of change for both organisations. High quality change management is required to ensure that:

- We engage staff in building a unified organisational culture, focussed on delivering for our customers.
- Changes made to processes and staff structures are in line with the principles of the Model and the assumptions built into the business case.
- Staff are supported through all the changes, whether they are to systems, processes, culture or roles.

Both councils have dedicated and talented staff, many of whom have been engaged in the workshops that have fed into the business case, and who will be involved in further sessions to develop new joint processes in line with the Model.

Full implementation of the Model, supported by an integrated technology platform will require further changes to roles and responsibilities across both councils. Where redesign and significant changes to roles are proposed, we are committed to supporting staff to shape and understand these new roles, and the skills and attitudes that will be required to succeed in them. All proposed changes will be subject to full staff consultation. Costs to provide effective support to staff during the period of change and transition are reflected in the overall programme budget.

5.6 External Support

Notwithstanding the councils' commitment to growing and developing our own internal resources to deliver the Programme, there are areas of activity where external support will be required:

- **Organisation Design and Change Management**
It is anticipated that this will be delivered in partnership with Ignite Consulting Ltd. Ignite developed the Future Model and has been a key delivery partner for EBC and other councils adopting the same approach. Ignite are a change management consultancy and have an excellent track record in helping organisations to deliver wide scale transformations and performance improvements.
- **Technology – New/Replacement Systems**
All new systems or system migrations require support from the system provider to implement them successfully. Therefore the technology costs in the Programme include both software purchase costs and

implementation support services.

- **Technology – Infrastructure**

Integrating and upgrading core ICT infrastructure to support the wider programme will involve advanced capabilities that don't exist within the councils. EBC's contract with SopraSteria Ltd has provision for them to deliver significant ICT transformation, and EBC has previously worked successfully with SopraSteria Ltd on the delivery of its award-winning Agile Working Programme, which included significant ICT infrastructure change. It is anticipated that SopraSteria Ltd will be a key delivery partner for infrastructure change.

5.7

Risk

All changes programmes of this scale involve risk. A detailed risk log has been developed and mitigation will be put in place. The risk log will be actively monitored, managed and updated throughout the Programme.

The most significant risks and high level mitigations are outlined in the table below:

Risk	Mitigation
Disruption to staff	<ul style="list-style-type: none"> • Ensure programme is properly resourced to limit the impact on business as usual operations. • Ongoing staff engagement and communications programme. • Package of support built in to programme.
Delays to programme implementation timetable	<ul style="list-style-type: none"> • Recruit dedicated programme team plus external support where required. • Robust programme management and governance.
Failure to meet business case due to increased costs and/or reduced savings	<ul style="list-style-type: none"> • Realistic programme budget with some contingency. • Clear accountability within the Programme team for service design decisions and benefits realisation.
Inability to deliver integrated, shared technology solutions on time	<ul style="list-style-type: none"> • Benefits profile reflects closer integration over time. • Building on known technology platforms. • Specialist integration resources built into Programme.
Drop in service performance during implementation of changes	<ul style="list-style-type: none"> • Identify and track key performance indicators. • Ensure programme is properly resourced to limit the impact on business as usual operations. • Communicate with customers before and during key periods of change.

<p>Issues of governance, territory and the surrender of individual control means that there is failure to achieve and/or maintain member consensus on key policy matters affecting the Programme.</p>	<ul style="list-style-type: none"> • Development of a shared partnership agreement • Cross-council and cross-party membership of Joint Transformation Programme Board. • Early consultation with members on ‘red lines’. • Regular dialogue with members throughout, via the Board and Cabinet updates.
<p>Failure to understand customer requirements means the programme would deliver processes and services that the customer didn’t want or need.</p>	<ul style="list-style-type: none"> • Ensure that all service redesign work is carried out with an in-depth understanding of the customer (both internal and external), and all processes are designed with the customer at the centre.

5.8 Benefits Realisation

One of the high level risks to the Programme is that we fail to deliver the anticipated benefits, whether in terms of efficiency savings, cultural change or service improvement for customers.

For this reason, it is important that benefits are tracked carefully throughout the Programme, and this activity will sit within the programme management work stream. Both the Programme Manager and Ignite, as ‘guardians’ of the Model, will have an important role to play in ensuring that the councils hold true to the principles and underlying assumptions of the model and business case, and clearly articulate the consequences, financial or otherwise, of failing to hold true to these.

5.9 One Senior Management Team

It is essential that the councils have a single senior management team with a clear vision and a shared commitment to the Model from the early stages of the Programme.

For that reason, one of the earliest programme activities will involve the restructuring of key senior management and strategic roles across both councils. This is also an important driver of the year one savings.

The restructuring of the corporate management team (CMT) will be led by the Chief Executive, and will be completed by mid-summer. This will be followed by restructuring of a number of second tier management roles, and certain key strategic functions, to be completed by the end of the year.

Members will be involved in the appointment to all chief officer roles.

5.10 One Information and Communications Technology (ICT) Service

Given the amount of technology driven change in the Programme, it is also

essential that a common model of ICT service delivery is in place as early as possible, working to deliver a clear joint ICT strategy. The risk of trying to deliver the Programme under the current arrangements, with different managers, teams and approaches, would be significant.

A joint ICT strategy has been developed and reviewed by both councils' ICT teams. However, the two councils currently operate different models for the ICT service. LDC has an entirely in-house service whereas EBC has a hybrid service, with systems support in-house and infrastructure management (service desk, desktop, network and server support) delivered by SopraSteria Ltd in a contract due to end on 31 December 2021.

Three options for the creation of a common ICT service have been considered:

1. Cancellation of EBC's contract with SopraSteria Ltd and transition to fully in-house service

The current contract does not include any rights of termination for convenience without cause by the council. Therefore termination for convenience would need to be introduced via change control and subject to SopraSteria Ltd's mutual agreement. The minimum cost would be to pay off the remaining years of the contract, at a total of £3.7m.

In addition to this, there would be a range of additional charges to migrate to the in-house service, likely to be at least a six figure cost. This option would effectively negate the entire business case and is not recommended.

2. Vary the SopraSteria Ltd contract to enable similar services to be provided by SopraSteria Ltd, through EBC, to LDC

This option has been extensively discussed and outline costs have been determined. This would entail the transfer of some members of the existing LDC ICT team to SopraSteria Ltd, under the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE). The number of individuals affected would be likely to be three or four.

The legal implications of this option are discussed below.

This option would see SopraSteria Ltd provide a single point of contact, with 24/7 call logging, for all ICT services across EBC and LDC. LDC would benefit from a range of services not currently provided, including industry standard approaches to managing ICT services. A significant proportion of issues raised would be resolved as 'first time fixes' by the SopraSteria Ltd service desk, negating the need for in person visits by on-site staff. The councils would benefit from a highly resilient ICT support infrastructure provided and managed by SopraSteria Ltd centrally, whilst retaining on-site presence in both Lewes and Eastbourne.

This option would increase the overall ICT service cost across EBC and LDC by around £100k per annum (around 4% of the combined service

costs).

3. Vary the SopraSteria Ltd contract to deliver a hybrid model based on SopraSteria Ltd acting as ‘managing agents’

This option would see the existing on-site SopraSteria Ltd team in EBC TUPE transfer to the council and be combined with the existing LDC infrastructure team. SopraSteria Ltd would operate as the Councils single point of contact that will manage, monitor and report on all services provided by in-house teams and third parties in relation to the full end to end ICT service delivered to the councils. But the councils would be responsible for actually employing the staff who are managing and delivering the infrastructure management services.

This option is not one which SopraSteria Ltd have delivered elsewhere, and they view it as a significant change to the purpose and nature of the contract and have indicated that after due consideration, they would be not be willing to proceed with this option. As such, this option is not recommended.

5.11 Risks and Legality of Option 2

Based on the above analysis, the only viable option to deliver a common ICT service is Option 2 – a hybrid model where systems support remains with the councils and infrastructure management is delivered by SopraSteria Ltd.

It is clear that Option 2, like Option 3, entails a change of scope to the SopraSteria Ltd contract and so there is a risk that EBC and/or LDC might face a legal challenge as to the change being made.

However, justification for this type of modification is acknowledged and catered for in the Public Contract Regulations 2015. These recognise (Regulation 72 (1)(b)) that contracts may be modified without a new procurement procedure where a change of contractor would involve significant duplication of costs and would cause significant inconvenience. This would be the case here as the JTP would be delayed whilst a new procurement exercise took place. This would prevent the councils from delivering the savings required by the MTFs. The increase in price involved in the change would not exceed 25% of the value of the original contract. (The Regulations permit an increase of up to 50%)

Therefore, after careful consideration of the options, and based on clear legal advice, the recommendation is to adopt Option 2.

It is proposed that the Council mitigates the risks of a challenge by issuing a Voluntary Ex Ante Transparency Notice (VEAT), which sets out a short description of the proposed new arrangements and the justification for not going through a new OJEU procurement. This gives an economic operator a short window in which to challenge the proposed arrangements, after which the opportunity to challenge is lost. There is still potential for a claim in damages to be made, but again the window of opportunity for such a claim is small (30 days).

It is intended that the parties will enter into a collateral agreement which sets out the course of action to be followed in the event of any challenge being made to the proposed arrangements.

5.12 One Digital Platform

The core technology which supports the delivery of the Model is a digital platform which includes:

- Workflow to ensures the correct tasks are sitting with the correct teams within the new model and to automate key tasks to drive efficiencies
- Electronic document management, to ensure all teams can work in a paperless, flexible and mobile fashion
- Customer relationship management, to provide a single customer database against all enquiries are logged, enabling the new teams to have a single view of the customer
- Digital portal and online forms to enable most enquiries to be submitted and tracked online, triggering workflow automatically and linking to the customer record
- Mobile tools to enable locality teams to pick up and progress tasks when out of the office

EBC has invested significantly in Civica's Digital 360 platform to deliver these components. Given the investment and the learning EBC has undertaken, there is a strong argument to extend this platform to LDC, so that the EBC processes can be used as a starting point for new joint processes.

However, new technologies are now being used which were not available when EBC selected the Civica platform, and the core team were asked by the Board to carry out an assessment of a platform that has been adopted by Adur and Worthing Councils, involving the use of Salesforce CRM and MATS low code platform, both modern cloud-based systems very different from those on offer from the large local government software suppliers.

This work was undertaken by a joint team and a report delivered to the Board. The Board concluded that in order to minimise risk, achieve maximum benefit in the shortest time and for LDC to benefit from the work already done by EBC, the best approach was to continue to build on the Digital 360 platform, assuming an acceptable commercial agreement can be reached.

Recommendation: Cabinet is asked to approve the adoption of the proven 'Digital 360' platform as the basis for the Joint Transformation Programme, subject to procurement.

5.13 Other Legal and Procurement Issues

A number of legal and procurement issues have already been discussed, notably the approach to varying the SopraSteria Ltd contract. Other areas of Programme activity will also involve procurement, and a range of procurement strategies have been discussed with the councils' legal and procurement advisors.

1. Extension of existing licences

In some cases, where the councils have decided to extend the use of one council's system across both, it may be possible to assign or otherwise share existing licences. EBC's contract with Civica has been reviewed by the legal service, and it includes provision to transfer or share licences with another contracting authority. It is therefore possible that EBC's core licensing could be extended to cover LDC without the need for procurement under the terms of the existing contract. This may be possible in other areas as well.

2. Incidental Services

There will be a requirement for additional services to implement the Civica digital platform. It will not be possible to use a contractor other than Civica for these services due to the intellectual property rights attached to the software.

Regulations 32 (2)(b) (ii) and (iii) allow the award of a new contract through the negotiated procedure without prior publication of a notice in OJEU where the services can be supplied only by a particular contractor:

- para (ii) because competition is absent for technical reasons and/or
- para (iii) due to the protection of exclusive rights, including intellectual property rights.

In order to properly rely on either of these exceptions the council must be satisfied that no reasonable alternative or substitute exists and the absence of competition is not the result of artificially narrowing down of the parameters of the procurement process. Where this provision is used a contract award notice must be published setting out the justification for its use. The council could again mitigate a risk of challenge by issuing a VEAT notice in advance of entering the new contract.

3. Framework Procurements

Any new systems, or extensions of existing systems, which involve a contract value over the OJEU threshold will be procured via government frameworks, such as the Crown Commercial Services Local Authority Software Applications framework².

Other frameworks have been identified for consultancy services and approved by the legal service.

4. Direct Award

Where extensions of existing systems are below OJEU thresholds, the default approach will be to make a direct award, in line with the councils' contract procedure rules.

² <http://ccs-agreements.cabinetoffice.gov.uk/contracts/rm1059>

5. Operating within existing contracts

As indicated earlier, EBC's contract with SopraSteria Ltd includes provision for delivery of ICT transformation Programmes. Subject to reaching commercial agreements which meet the councils' obligations regarding best value, SopraSteria Ltd would be regarded as the default supplier of infrastructure projects, under the terms of the existing contract.

Recommendation: Cabinet is asked to approve the procurement approach and contract variation outlined above including the exceptions to contract procedure rules and the proposed changes to information and communications technology service provision and delegate authority to Director of Corporate Services in consultation with the Joint Transformation Programme Board to negotiate the associated cost of pension protection with the service provider.

5.0 Consultation

5.1 Staff and Union Consultation

We have communicated with staff and staff representative groups throughout the development of the business case. This has included face to face briefings with management forums and multiple written updates to staff. One meeting of the newly formed Joint Transformation Programme Consultative Forum has taken place, which involved a range of staff representatives including UNISON representatives, and this Forum will continue to meet on a bimonthly basis throughout the Programme.

5.2 Legal Consultation

The key legal implications of the Programme are concerned with the procurement of goods and services, and these issues have been picked up and discussed within the Management Case section of the report.

5.3 Public Consultation

The decision to approve the implementation of the Programme does not in itself necessitate changes that are likely to affect service users, taxpayers, businesses or residents and therefore there is no statutory duty to consult at this stage.

However customer and stakeholder engagement is one of the key workstreams of the Programme and we will be consulting and engaging as part of the Programme. Effective customer and stakeholder insight ensures that the council develops its policies and services taking into account the views of individuals, communities, stakeholders, forums, organisations, etc. We will be using a range of methods to engage and consult during the programme including:

- surveys
- meetings

- focus groups or discussions
- user testing

6.0 Equality and Diversity

6.1 An initial analysis has been carried out on the business case for the Programme, concentrating on the high-level overriding principles of the Programme only. At this early stage there are no apparent equality implications, however, due to the high-level nature of this analysis there is a requirement to carry out more detailed analysis as the Programme unfolds. Therefore, equality analysis will be built into the Programme and significant findings will be reported to Cabinet as necessary.

Background Papers:

The Background Papers used in compiling this report were as follows:

1. *Joint ICT Strategy*
2. *EBC Cabinet reports – July 2014, October 2014, October 2015*
3. *LDC Cabinet reports – June 2014, November 2014, September 2015*
4. *iESE Future Options Report*

To inspect or obtain copies of background papers please refer to the contact officer listed above.

Appendix One – Full Business Case

Appendix Two – Programme Plan (High Level)

Appendix Three – Costs and Net Present Value Analysis



**Lewes District Council and Eastbourne Borough Council
Joint Transformation Programme**

**Business case for integration through application of the Joint
Transformation Model**

11 May 2016 DRAFT v5.2

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2. Background
3. Strategic case
4. Financial Case
5. Management case

Appendices:

1. Introduction to Joint Transformation Model
2. Summary of Blueprint approach
3. Opportunity Assessment
4. Organisational model for integrated council

1. Executive Summary

The purpose of the Joint Transformation Programme (JTP) is the formation of two strong councils through the full integration of management, services and ICT to:

- a. **Protect Services**
Protect services delivered to local residents while at the same time reducing costs for both councils to together save £2.7m annually
- b. **Greater strategic presence**
Create two stronger organisations which can operate more strategically within the region while still retaining the sovereignty of each council
- c. **High quality, modern services**
Meet communities and individual customers' expectations to receive high quality, modern services focused on local needs and making best use of modern technology
- d. **Resilient services**
Building resilience by combining skills and infrastructure across both councils

This document provides the business case for the delivery of the Joint Transformation Model (JTM) across Eastbourne Borough Council (EBC) and Lewes District Council (LDC). This builds on the outline business case developed by IESE. The Strategic Case reiterates the requirement of the Medium Term Financial Strategy (MTFS), the case for integration and establishes the JTM as a strong basis for that integration. The Financial Case includes a refined business case and indicative timeline for benefit realisation, whilst the Management Case highlights the key assumptions made and time lines required for implementation. The Management Case also highlights key risks and mitigations.

In order to develop the business case a two stage process was used - initially to work with LDC staff to establish a baseline for the establishment of the JTM within LDC, and review progress in EBC of the current status of Phase 2 of Future Model implementation. Once this baseline was completed an analysis of integration benefits was undertaken.

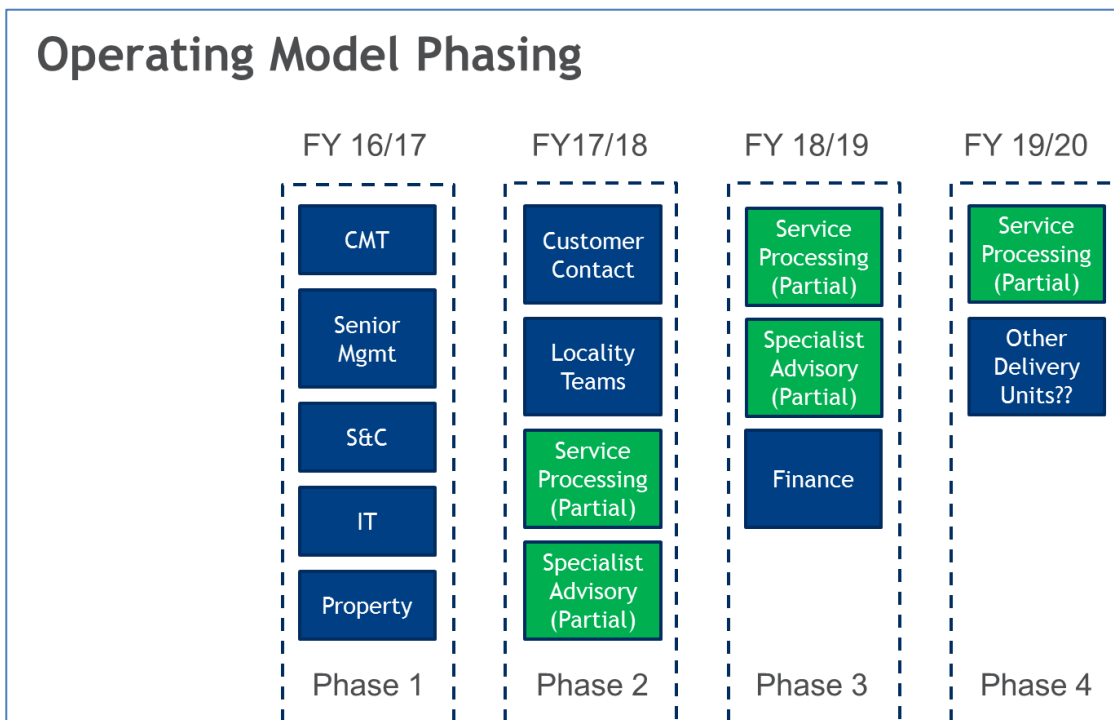
In LDC a total of 223.4.0 FTEs (full time equivalents) were identified as being in scope at a fully loaded cost of £7.770M. As a result of the Blueprinting exercise to apply the JTM to LDC, this business case proposes a reduction in the number of FTEs by 42.4 (19%) to 181.1, with a corresponding reduction of £1.393M (18%) of cost per annum, whilst at the same time enhancing customer service delivery. This aligns LDC in terms of implementing JTM with Phase 2 of EBC Future Model implementation. In EBC a total of 206.1 FTE where in scope of the integration analysis at a fully loaded cost of £6.752M. This provided a combined total of 387.2 FTE at a cost of £13.129M.

In order to identify further savings through integration of services across the two councils the following factors were assessed and agreed with CLT:

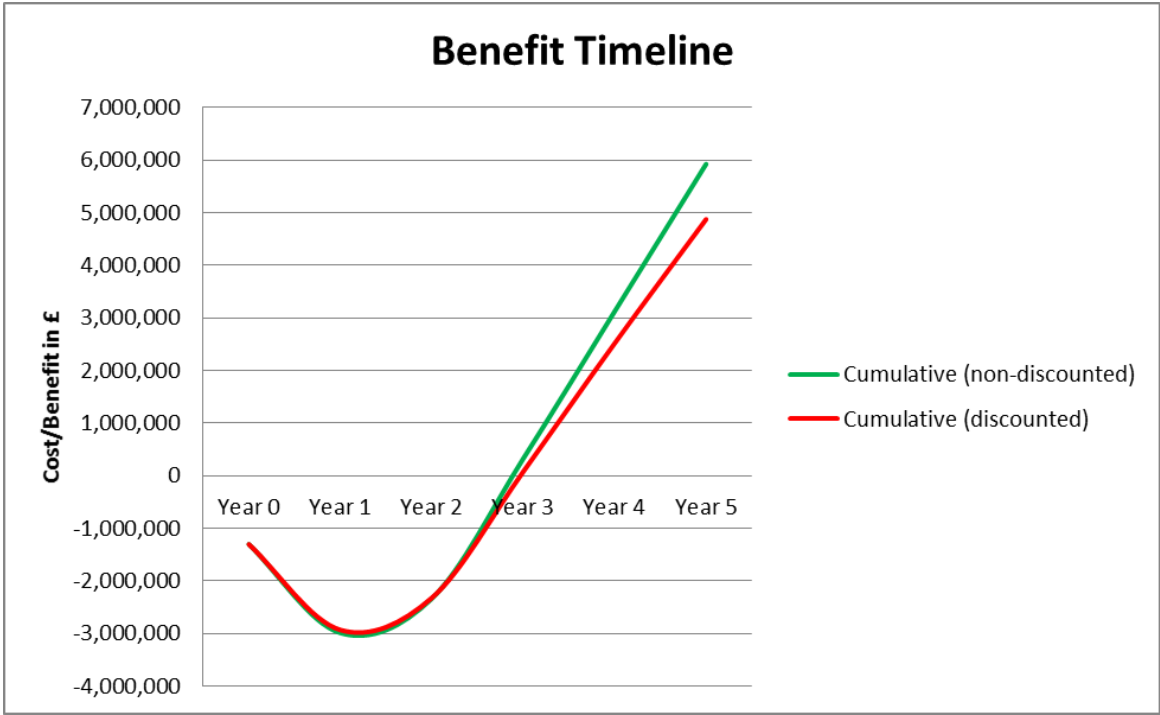
- Leadership & Management (including Strategy & Commissioning)
- Economies of scale, e.g. sharing specialist knowledge
- Policy Alignment
- Geographic links

This analysis of integration factors identified an additional benefit of 36.7 FTE at a cost of £1.403M. This provides a total benefit through the application of the JTN to both councils of 79.1 FTEs providing a financial benefit of £2.796M.

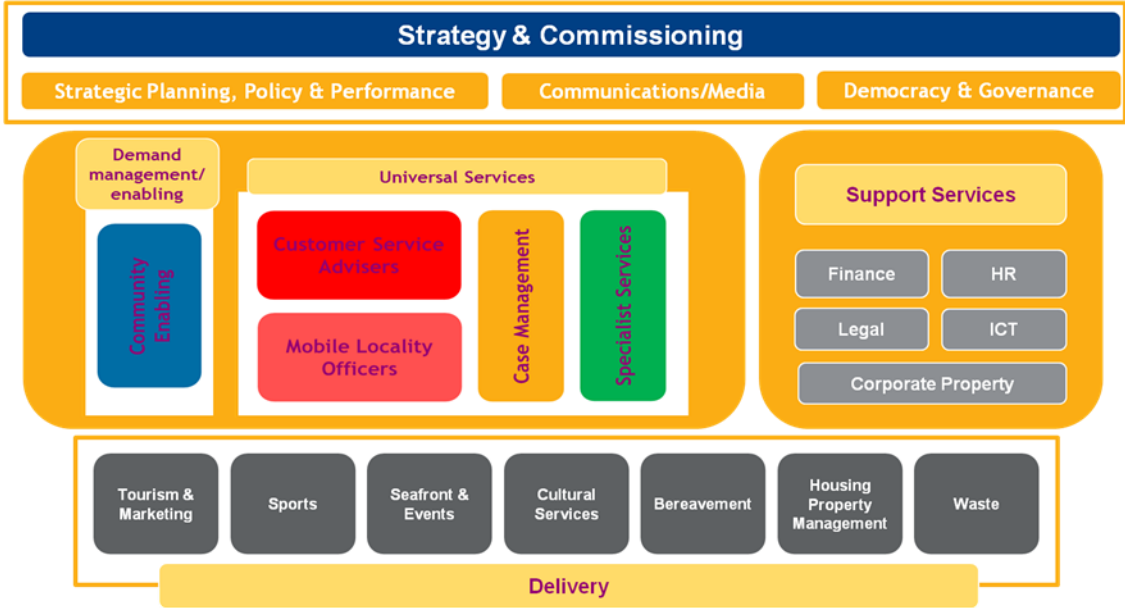
Implementation costs have been estimated, although a number of assumptions have been made to identify technology requirements and implementation costs. In order to achieve the MTFS requirements a phased approach to implementation and delivery has also been adopted as shown below:



Applying the JTM benefits to this phasing and setting potential costs against them provides a potential payback on investment within 3 years, as shown below:



An outline Target Operating Model for the JTM is also provided. This operating model focusses on the types of activity that are performed, unconstrained by current organisational models:



2. Background

2.1 Introduction

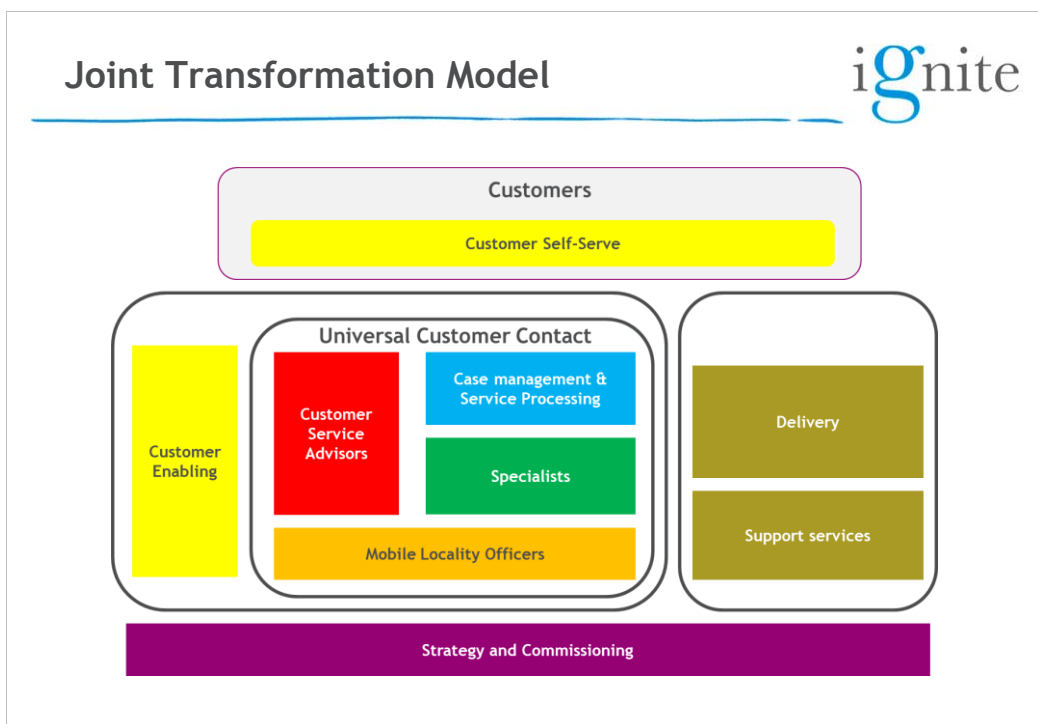
Eastbourne Borough Council (EBC) and Lewes District Council (LDC) commissioned Ignite to

- develop an organisational blueprint and to model the financial impact of LDC adopting the Joint Transformation Model (JTM)
- use this LDC blueprint as a strong basis for integration of the customer-facing aspects of the two councils' operations. The JTM is fully aligned with the Future Model which EBC has been progressively implementing and operating since 2012.

This business case is intended to refine the Shared Services Outline Business Case developed by iESE in August 2015, which made some specific assumptions notably about the exclusion of Housing and Waste for their scope, and the inclusion of all support services within it. However, to correctly assess the opportunity for LDC and EBC, this business case has focused on all service activities. Where there are separate 'in progress' business cases under development, e.g. integration of corporate shared services and certain delivery units, the activity has been excluded from this business case. Specific details of services in scope are included within the Financial Case.

2.2 Overview of the Joint Transformation Model

The graphic below illustrates the conceptual model that has been applied in EBC and that was used as the basis for this business case:



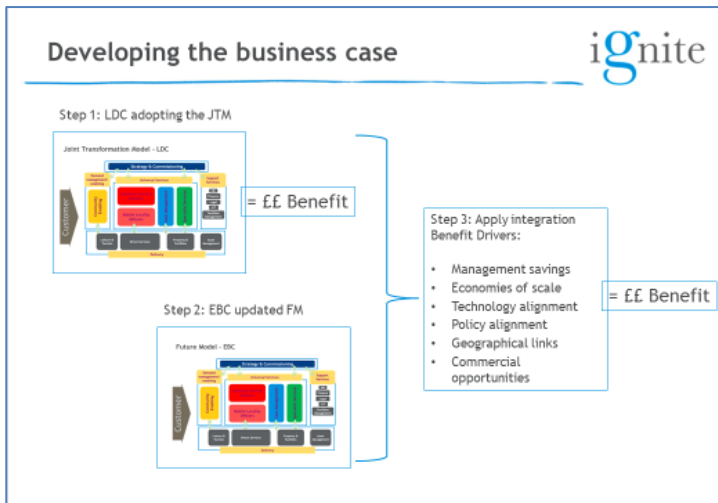
This conceptual framework has been applied with local variations in EBC, and was used as the starting point for engagement and design work in LDC. The key components are:

- **Customers** - different customer groups access services in different ways. Some groups can be encouraged to self-serve on line or to draw on support from customer service staff only, whereas others may need to access the support of specialist staff more quickly
- **Strategy & commissioning** - translates community/customer intelligence and political will and ambition into strategic direction, and commissions what's required to deliver this
- **Customer enabling** - helps the community and customers to help themselves so as to address aims and reduce demand for services
- **Universal customer contact** - all activity associated with customer contact, customer service, managing cases, resolving questions and issues (simple and complex), and scheduling input from others where required
 - **Customer service advisors** - centred on resolving customer queries and handling the majority of service requests
 - **Case managers** - focused on service processing and end to end management of cases
 - **Specialists** - focused on complex case management and providing genuinely specialist input
 - **Locality** - 'place' based resources embedded in the community to focus on enabling, prevention, compliance, enforcement and supporting case managers and specialists in the field. These roles are critical in developing customer and community capability, reinforcing the Council's relationship with key stakeholders
- **Delivery** - delivery of core services e.g. waste collection, street cleaning, leisure, etc. Note that this area is out of scope of this business case.
- **Corporate support** - non-customer facing back office functions, much transactional but some requiring organisational specific intelligence. Note that this area is out of scope of this business case, and is covered by the Shared Services initiative.

Staff in a council applying the JTM will migrate from traditional silo-based service areas into this competency/skill-based model. It is through this migration that savings in resource and improvements in customer service can be realised. Further details of the JTM are included in Appendix 1.

2.3 Approach

Details of the engagement approach, activity and service analysis undertaken during the development of the business case is included in Appendix 2. Creating the business case from this approach consisted of 3 key steps - modelling the implementation of the JTM and financial impact for LDC, updating the Future Model implementation outturn for Phase 2 in EBC and finally mapping the integration benefits against a series of additional drivers:



The financial and staffing impact of LDC adopting the JTM was modelled based on the output for the workshops and service work. Completion of the changes would put LDC in conceptually the same position as EBC is currently, having implemented two phases of Future Model.

Concurrently, an activity analysis was undertaken with EBC to update the baseline for the organisation at the current stage of Phase 2 implementation.

Finally the headcount and costs from the two organisations were combined to create a joint baseline and this was assessed for the potential of further savings through integration of each aspect of work done in the JTM.

A set of drivers for integration savings was developed and applied to this baseline. These were:

- **Management**
 - savings that can be made across integrated customer-facing roles by reviewing the spans of control and eliminating marginal supervisory posts
 - rationalisation at CMT level - joint posts mean that some headcount can be eliminated
 - savings that can be made across non-customer-facing roles, specifically in Strategy & Commissioning. Integration of the two councils provides the opportunity to revisit the effectiveness of how S&C works, with each team needing only one lead.
- **Economies of scale**, especially in specialist work where, for example, the councils may only need one full-time skilled person for flood management
- **Technology** - such as developing and managing single facilities such as internal or external websites
- **Policy alignment** - such as appointment of a single contractor to replace multiple contracts, reduction in housing bands and charging for services (enable alignment and streamlining of work processes)
- **Geography** - such as through sharing skills or capacity across the urban parts of the coastal strip in neighbourhood teams
- **Commercial opportunities** - such as commercial waste, energy, regeneration

3. Strategic Case

3.1 Appetite for shared service arrangements nationally

Councils are facing significant challenges across a number of fronts. Whilst the most significant challenge for many is financial, others are looking to improve their service for a new generation of customers; and to build their capability to engage with an ever increasingly technology-capable population, whilst at the same time dealing with an ageing infrastructure. This broad combination of challenges necessitates a radical review of the way councils currently operate - an operating model that delivers a customer centric, effective and efficient way of providing local government services.

The progress with transformation nationally is already advanced, but councils are finding that sustainable success requires a scale that smaller councils cannot reach on their own. At the same time, the need for coordinated economic growth and infrastructure planning will require greater cooperation and capacity to deliver.

For this reason, councils are increasingly looking at shared services and integration with their neighbours as a means of achieving greater financial stability and a stronger regional presence. The LGA cites 416 shared service arrangements nationally, estimating £462m in efficiency savings across all aspects of local authority expenditure. Councils are seeking to realise the benefit of economies of scale, and consolidate their fragmented and frequently outdated service delivery structure

The benefits which these arrangements are delivering are:

- Financial - Ignite's work with councils adopting these arrangements show that savings of 15-25% can be targeted and realised (e.g. SHWD achieved 25%, Eastleigh is targeting 19%)
- Service resilience - by being able to allocate resources more flexibly across areas of demand
- Strategic regional presence - better able to address local and sub-regional issues and to have a louder voice in influencing regional policy
- Staff capability and opportunities - providing greater opportunities for career development
- Customer service - due to merged councils having better access to investment for new technologies and to protect services, especially for the vulnerable

The national context points towards this trend towards ever greater integration and collaboration in search of efficiencies and customer benefits as continuing for the long term.

Having already reduced revenue budgets significantly, LDC and EBC councils are therefore not alone in facing further cuts in government grants. It appears likely that council tax increases to keep pace with inflation will be permitted by government and that Revenue Support Grant will be reduced substantially until 2020, which may result in a larger reduction locally. Other funding streams such as New Homes Bonus may not provide a secure source of revenue.

3.2 The Joint Transformation Model as a strong basis for integration

It is clear that a collaborative or shared service arrangement between councils needs to have a common view from the top down of what the organisation will look like, and how both its technology and its culture will support that. The Joint Transformation Model (applied in EBC as the Future Model, and adopted in principle in LDC as part of their New Service Delivery Model) provides that common direction and platform.

The principles underpinning the JTM have been applied by many councils nationally. They embody the following key features, all based around customer-centricity:

- Managing and reducing customer demand
- Delivering as much customer service as possible through a universal contact method
- Drawing on expert skills and knowledge only where appropriate
- Managing the organisation in an efficient and streamlined way

The outcome is an organisation that is focused on resolving customer enquiries at the earliest possible point and with the most appropriate type of resources. It takes advantage of the opportunity to share core skills of customer service and rules-based processing across the organisation and, in so doing, provides the flexibility for changes and growth in demand.

The benefits which councils see are both financial and non-financial. In effect it puts in place the first stage of transformation that integration and shared services can consolidate. Ignite's experience with councils implementing the JTM principles on a sole-council basis is that savings of 15 - 25% can be realised, with associated benefits for:

- **Customers** - such as improved customer journeys that are more intuitive, user friendly, simple, responsive and speedier; independent access to services through self-serve; councils able to build relationships and raise visibility in the community; ability for customers to access services without having to provide the same information multiple times; an ability to retain and protect locally-valued services, including support for more vulnerable people
- **Staff** - improved staff morale through reduction in unnecessary administration; ability for specialist to focus on genuinely specialist and more challenging activity; a workforce that is more empowered and implementation of roles that are recognised as being equally important; a stronger focus on people management for all, including the separating out of performance management from continuous professional development
- **The council itself** - improved service resilience and flexibility; an operating model that is flexible enough to shrink and grow with changing pressures; improved service performance enabled through technology that provides reliable evidence; innovative insight to support effective strategic planning

Through Phases 1 and 2 of their Future Model programme, EBC has already seen overall savings of 19% (£565,000 (23%) from Phase 1, and £940,000 (17%) from Phase 2, plus an additional £300,000 in housing revenue account savings) and realised many of the qualitative benefits outlined above. LDC also has moved in the same direction, beginning to implement a new organisational model (New Service Delivery Model (NSDM)) from 2014.

The councils are well on their way to being able to build on their separate savings targets by combining together to exploit the value in the JTM of common language, common skill sets, common processes and common technology.

In line with national trends, the CMT has recognised that implementing the JTM in a single council is not enough, and that integration will achieve further benefits in service resilience and strategic regional presence that such a single council cannot hope to realise. The report to EBC Cabinet in July 2015 on the Medium Term Financial Strategy (MTFS) highlighted that, following a 50% real term cut to council funding in the previous parliament, Government funding is expected to be phased out altogether over the next parliamentary cycle to 2020. It is therefore clear that despite the significant savings delivered to date through the SSDS, the councils continue to face challenging savings targets going forward. The December 2015 settlement has now reset the requirements for these savings targets as shown in the table below. For EBC, the MTFS sets a target of £1.25m of recurring savings to be delivered between now and 2020 from shared services. LDC has an MTFS target of £1.6m through transformation, including shared services. This also sets out a more challenging timeline in terms of achieving benefits in FY17/18:

Council	2016/17	2017/18	2018/19	2019/20	Total
EBC	250k	500k	250k	250k	1.25m
LDC	400k	400k	400k	400k	1.6m

The JTM provides a firm and consistent set of principles and organisational model that will strengthen the basis for sustainable delivery of services for customers across the EBC and LDC areas. Integration should enable LDC to *accelerate* and both councils to *strengthen* their ability to realise these benefits.

3.3 Successful integration in EBC and LDC

The two councils have made collaborative progress towards integration over the past two years:

- Formal arrangements are already in place for Corporate Shared Services - HR and Legal
- A single Chief Executive post was announced in December 2015 and ratified in January 2016
- There is, as of February 2016, a single CMT and there are multiple shared senior manager/specialist roles across the two councils
- Finance, IT, Housing Property services, numerous aspects of strategy & commissioning - already have shared leadership, and are working on initiatives exploring the opportunity for closer working and realisation of benefit across the councils
- Sharing specialist skills around council tax and community infrastructure levy (CIL)
- The councils have agreed to the formation of two strong councils through the full integration of management, services and ICT to:

- **Protect services**
Protect services delivered to local residents while at the same time reducing costs for both councils to together save £2.7m annually
- **Greater strategic presence**
Create two stronger organisations which can operate more strategically within the region while still retaining the sovereignty of each council
- **High quality, modern services**
Meet communities and individual customers' expectations to receive high quality, modern services focused on local needs and making best use of modern technology
- **Resilient services**
Building resilience by combining skills and infrastructure across both councils

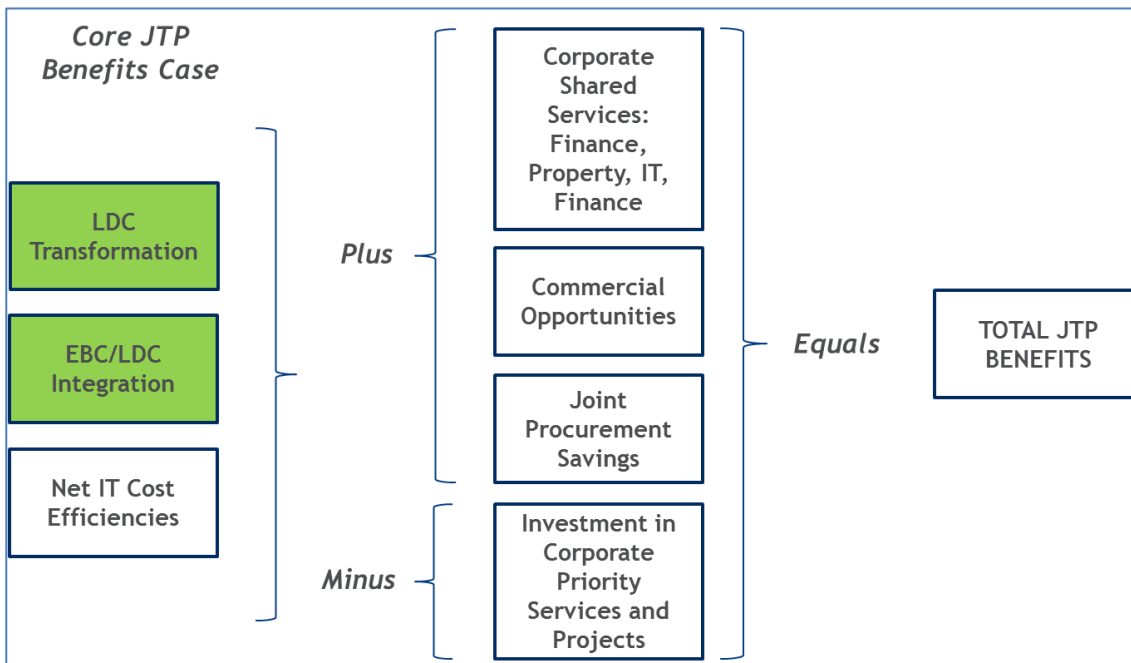
Adopting the JTM in LDC will deliver significant savings locally by fully embedding the work started through the development of the NSDM. Subsequently it provides a common language and basis for economies of scale through true integration with EBC. Integration is critical to real sustainability as the financial opportunities are higher and the strategic benefits are greater than implementing the JTM separately.

4. Financial Case

The financial case sets out the potential impact on headcount and headcount costs of LDC adopting the JTM, and of EBC and LDC using this as the basis for merging their customer-facing, commissioning and leadership activities.

4.1 Scope

The scope of this business case includes all the customer-facing aspects of work done in both councils, with the exception of specified services listed below, each of which is subject to separate strategic and/or integration business cases. In the graphic below, the green boxes show the scope of this business case.



In addition, there are specific parts of service delivery whose integration and strategic benefits are excluded from this business case:

- Waste service delivery (outsourced in EBC, and subject to a strategic investment programme in LDC) - some elements of management and administration have been included
- Devonshire Park in EBC, including Theatres and Heritage

Benefits from integration of corporate support services are also excluded, as they are already being planned or delivered as shared services across the two councils:

- IT (partially outsourced in EBC)
- Finance
- HR
- Legal
- Property

The chart below shows the number of FTE currently engaged in in-scope activities in LDC:

Service Area	FTE AS IS	Comments
Audit, Fraud and Procurement	5.05	
Democratic services	10.20	
Revenues & Benefits	28.50	
Business Strategy & Performance	9.12	
Customer Hub	24.20	
Env health - licensing	20.31	
Mobile	8.67	
Parks & Cemeteries	4.00	
Building Control	7.00	
Planning	21.51	
Regeneration & Investment	8.25	Includes TIC staff - permanent and seasonal
Senior Management & Support	11.99	Includes PA support and shared roles
Tenancy Management	22.85	
Waste	9.35	Includes team leaders and admin roles
Contracts & procurement housing	11.95	
Strategic policy	8.90	
Needs and private housing	11.59	
Total	223.44	

Note these numbers include 13.8 FTEs of current vacancies.

4.2 Applying the JTM to LDC District Council

The current cost of the 223.4 FTEs of in-scope staff is £7,769,990. On the basis of the revised activity analysis, the table below sets out the 'As Is' staffing and staffing costs compared to a 'To Be' or future state following implementation of JTM opportunities.

FM Activity	ASIS FTEs	TOBE FTEs	Saving FTE	% saving	ASIS FTE Costs	TOBE FTE Costs	Saving £	% savings
Leadership, management & supervision	22.2	17.5	4.7	21%	£1,256,883	£992,938	£263,945	21%
S&C - strategic cycle, change, corporate governance	15.4	15.0	0.5	3%	£786,328	£762,738	£23,590	3%
S&C - democratic support	5.7	5.3	0.3	6%	£197,787	£185,920	£11,867	6%
S&C - communications, marketing, media	2.5	2.4	0.1	3%	£94,217	£91,390	£2,827	3%
Corporate programmes and projects	3.7	3.5	0.2	6%	£146,707	£137,904	£8,802	6%
Community/ customer enabling	5.1	5.0	0.2	3%	£165,938	£160,960	£4,978	3%
Triage	28.8	23.0	5.8	20%	£717,604	£571,855	£145,750	20%
Mobile / locality working	20.7	18.3	2.4	12%	£582,335	£527,747	£54,589	9%
Service processing (rule based cases and accounts)	59.9	42.6	17.3	29%	£1,690,681	£1,201,615	£489,065	29%
Specialist	33.7	26.6	7.1	21%	£1,279,338	£1,013,100	£266,238	21%
Corporate support - triage	0.7	0.6	0.2	22%	£17,725	£13,896	£3,829	22%
Corporate support - service processing, admin	6.7	5.1	1.6	24%	£185,335	£140,431	£44,904	24%
Corporate support- complex advice/cases	3.1	2.7	0.4	14%	£118,056	£101,846	£16,210	14%
Corporate support- governance/compliance	2.6	2.6	0.1	3%	£119,231	£115,655	£3,577	3%
Service delivery	6.2	5.5	0.7	12%	£187,389	£164,903	£22,487	12%
Asset management	6.4	5.5	0.9	14%	£224,435	£194,024	£30,411	14%
Totals	223.4	181.1	42.4	19%	£7,769,990	£6,376,921	£1,393,069	18%

The current FTEs were mapped from the activity analysis spreadsheets and the Finance/HR reconciliation of establishment and actual FTEs in conjunction with the LDC project team. There are some minor inconsistencies between the numbers, but in the main these have now been reconciled to include all vacancies, and changed role titles where appropriate.

As a result of this proposed transition to the JTM, the number of FTEs is reduced by 42.4 (19%) to 181.1 with a corresponding reduction of £1.393 million (18%) of fully loaded salary cost per annum.

Initially, a small amount of activity was mapped to Facilities Management, but this was subsequently re-allocated to Mobile/locality working so as to align with EBC's assumptions.

The service delivery activity that has been mapped in the analysis (5.5 FTEs) includes work currently being done by staff, such as tourist information officers, mobile rangers and elements of housing maintenance.

The savings identified in the table above are based on a number of drivers which have been applied to the existing services and their mapping of activities to the JTM areas. The drivers are based on our experience of identifying and delivering savings with other councils. By structuring the activities of the Council into the JTM activity areas, we can assess the likely benefit that can be achieved in each area from each driver. These drivers were:

- **Customer enabling or managing demand;** reducing or shaping demand to reduce the level of service required from customers
- **Self-serve or channel shift;** enabling customers to do more for themselves and reducing council workload in the process
- **Remodelling (new structures and ways of working);** improving productivity and releasing capacity in the organisation through the reallocation of work, workforce optimisation and better workforce practices. This will be achieved by shifting work and knowledge closer to the customer and embedding rule based 'knowledge' into processes and scripts, developing agile working and customer centric attitudes and behaviours.
- **Efficiency (technology and process improvement);** stripping out waste and non-value added activity from journeys and processes

The scale of benefit applied against each of the drivers in LDC is informed by the maturity profile developed with staff through the workshops.

The most significant areas of potential saving are in:

- **Service-processing** - much of this work can be shifted forwards into customer self-serve and customer advice
- **Corporate support service processing and admin** - for the same reasons as above
- **Triage and corporate support triage** - in the as-is this work is scattered across many individuals; in the model it will be consolidated and made more efficient
- **Specialists** - there will be some economies as work that is rules-based or administrative in nature can be migrated to the service-processing and customer advisor teams
- **Leadership, management and supervision** - although supervision is still needed, the creation of a smaller number of management entities should lead to a rationalisation of management time

The table below illustrates the scale of estimated saving against each benefit driver.

FTE AS IS	Customer enabling	Customer self serve	Internal re-modelling	Technology/ process improvement	FTE TO BE	FTE SAVING	% SAVING
223.4	5.2	11.4	15.3	10.5	181.1	42.4	19%
% of savings	12%	27%	36%	25%			
FTE Cost As IS					FTE Cost TO BE	FTE Cost SAVING	% SAVING
£7,769,990	£161,498	£298,511	£601,974	£307,265	£6,376,921	£1,393,069	18%
% of savings	12%	21%	43%	22%			

It shows that the most significant driver of benefit is re-modelling of activity - in particular the shifting of rules-based work away from higher-paid staff and improving the efficiency with which it can be delivered. The table below compares the sources of benefit with a sample of other councils. Typically, savings from re-modelling are a high proportion of the total; in LDC this is reduced somewhat as re-organisation of service areas into customer-facing teams has already been started.

Council	As-is FTE	Source of savings (total = 100%)				To-be FTE	FTE saving	% FTE saving
		Customer enabling	Self-serve	Internal re-modelling	Technology			
Lewes DC	223	12%	27%	36%	25%	181	42.0	19%
Eastbourne BC Phase 2	219.5	2%	27%	50%	21%	188.3	31.1	14%
Eastleigh BC	361	13%	21%	46%	20%	290.9	70.1	19%
SHWD	372.4	9%	25%	38%	27%	278.8	94	25%

In the Illuminate workshops, we asked participants from LDC and EBC to identify specific opportunities for improvement against each of the four drivers. Appendix 3 includes analysis of those opportunities on an illustrative basis, showing that potential savings of around £522,000 have already been identified. Examples include:

- **Customer enabling** - manage down demand for pre-apps for building alterations by providing more/better information about permitted developments. Potential saving of £19,442 in Planning
- **Customer self-serve** - reporting changes of circumstance online. Potential saving of £11,000 in Benefits
- **Customer self-serve and growth** - enable 90% of Building Control bookings to be made on-line. Potential saving of £14,329
- **Internal remodelling** - multi-skilling staff in Revenues and Benefits so that there is better resilience, flexibility and cover for absence. Potential saving of £44,000
- **Customer self-serve and efficiency** - automate the updating of changes of circumstances. Potential saving of £96,411

These opportunities are indicative rather than specific but provide a sense check against the maturity assessment and benefits identified.

4.3 Updating the EBC Phase 2 Future Model

The second part of the analysis involved confirming the current headcount and staffing cost in EBC to use as the baseline for integration. The baseline identified provides the following totals mapped to the same JTP activities:

To Be Activity	TO BE FTE	TO BE FTE Costs
Leadership, management & supervision	24.7	£1,513,873
S&C - strategic cycle, change, corporate governance	15.3	£546,767
S&C - democratic support	11.2	£365,358
S&C - communications, marketing, media	0	
Corporate programmes and projects	7	£288,734
Community/ customer enabling		
Triage	37.9	£866,956
Mobile / locality working		
Neighbourhood - incl C/CE and M/LW	17.7	£437,570
Service processing (rule based cases and accounts)	60.4	£1,562,338
Specialist	31.9	£1,170,547
Corporate support - triage		
Corporate support - service processing, admin		
Corporate support- complex advice/cases		
Corporate support- governance/compliance		
Service delivery		
Facilities management		
Asset management		
Totals	206.1	£6,752,143

4.4 Identifying the integration benefits

The combined FTE and cost totals for EBC and estimated to-be headcount in LDC creates the initial baseline for the combined JTM. It is important to understand this baseline so that the integration savings can be applied to the merged organisation without favouring one council or

the other. It is expected that LDC's migration to the JTM will happen alongside integration with EBC, so this combined headcount will not be realised in isolation.

At this stage the headcount for Tourism and Enterprise, Seafront and Events within EBC were added to this total so as to provide comparability with LDC, and because it was felt that it was now appropriate to assess these areas as part of the JTM.

The initial baseline for the combined JTM is shown below:

JTM Activities	JTM FTE	JTM Cost
Leadership, management & supervision	42.2	£2,506,811
S&C - strategic cycle, change, corporate governance	30.3	£1,309,505
S&C - democratic support	16.5	£551,278
S&C - communications, marketing, media	2.4	£91,390
Corporate programmes and projects	10.5	£426,638
Community/ customer enabling		
Triage	60.9	£1,438,811
Mobile / locality working		
Neighbourhood Model	40.9	£1,126,277
Service processing (rule based cases and accounts)	103.0	£2,763,953
Specialist	58.5	£2,183,647
Corporate support - triage	0.6	£13,896
Corporate support - service processing, admin	5.1	£140,431
Corporate support- complex advice/cases	2.7	£101,846
Corporate support- governance/compliance	2.6	£115,655
Service delivery	5.5	£164,903
Facilities management	0.0	
Asset Management	5.5	£194,024
Totals	387.2	£13,129,064

This shows a combined total of 387.2 FTEs at a total cost of £13,129,064 including on-costs. There are several points to note:

- These numbers do not include the out of scope roles identified earlier, nor do they take into account the ‘in flight’ business case development for support services and some delivery units
- The FTEs allocated to corporate support activity from LDC originate from the in scope service areas and will include activities such as systems admin predominantly based within services, transactional finance etc. Where this sits within the organisational design would be established during detailed design work in implementation
- It has been assumed (supported by the localities workshop outputs) that the LDC approach aligns to the EBC Neighbourhood model
- EHL leadership is included within the EBC numbers
- Comms activity is outsourced in EBC, in house within LDC - no assumption has been made at this stage as to the future delivery of comms support
- Tourism and Marketing, Seafront and Events in EBC, and Tourism in LDC have been included in the Service Delivery activity area.

As mentioned earlier this combined baseline was refined against the integration benefit drivers. The benefit from each of the drivers was agreed with CMT to achieve the following savings:

- **Leadership, management and supervision** - 20% reduction, to include elimination of one Chief Executive post and other management reductions
- **Strategy & commissioning** - 15% reduction, to account for rationalisation of leadership of the teams
- **Customer advisor/triage, service processing and specialists** - 5% reduction through economies of scale and de-duplication of specific expertise
- **Service processing and specialists** - 5% reduction through streamlining of work through alignment of policies
- **Neighbourhood teams** - 5% saving through sharing resources across the coastal urban strip

These assumptions provide a revised operating model for the JTM across both councils, as shown below:

JTM Activities	JTM FTE	JTM Cost	Integration FTE Saving	Integration FTE Cost Saving	Future TOM	Future TOM Cost
Leadership, management & supervision	42.2	£ 2,506,811	-8.4	-£ 501,362	33.8	£2,005,449
S&C - strategic cycle, change, corporate governance	30.3	£ 1,309,505	-4.5	-£ 196,426	25.7	£1,113,080
S&C - democratic support	16.5	£ 551,278	-2.5	-£82,692	14.0	£468,586
S&C - communications, marketing, media	2.4	£ 91,390			2.4	£ 91,390
Corporate programmes and projects	10.5	£ 426,638	0.0		10.5	£426,638
Community/ customer enabling						
Triage	60.9	£ 1,438,811	-3.0	-£ 71,940.53	57.8	£1,366,870
Mobile / locality working						
Neighbourhood Model	40.9	£ 1,126,277	-2.0	-£56,314	38.9	£1,069,963
Service processing (rule based cases and accounts)	103.0	£ 2,763,953	-10.3	-£ 276,395	92.7	£2,487,558
Specialist	58.5	£ 2,183,647	-5.9	-£ 218,365	52.7	£1,965,282
Corporate support - triage	0.6	£ 13,896			0.6	£13,896
Corporate support - service processing, admin	5.1	£ 140,431			5.1	£ 140,431
Corporate support- complex advice/cases	2.7	£ 101,846			2.7	£ 101,846
Corporate support- governance/compliance	2.6	£ 115,655			2.6	£ 115,655
Service delivery	5.5	£ 164,903			5.5	£ 164,903
Facilities management	0.0	£ -			0.0	£ -
Asset Management	5.5	£ 194,024			5.5	£ 194,024
Totals	387.2	£ 13,129,064	-36.7	-£1,403,494	350.5	£ 11,725,570

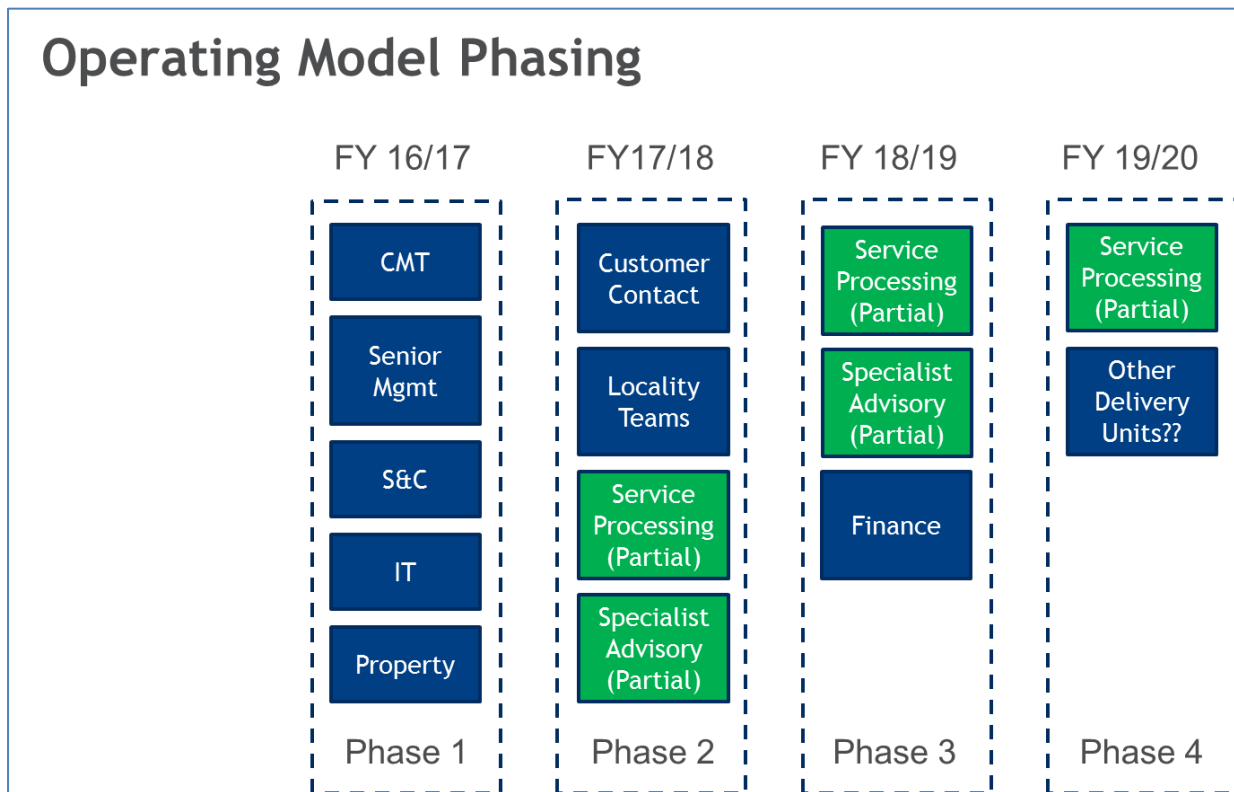
The outcome of these calculations is a further potential saving of 36.7 FTE and £1.403M. This excludes any upside from commercial opportunities, as separate business cases will be needed in order to release the investment required for these. Appendix 4 shows the detail of the revised organisation model to reflect this analysis.

The total benefit therefore combining the initial benefit from LDC implementation of the JTM and the integration savings above is 79.1 FTEs at a cost of £2.796M (incl on-costs) as shown below:

JTM Activities	FTE			FTE Cost		
	LDC	Integrati on	Total	LDC	Integration	Total-
Leadership, management & supervision	4.7	-8.4	-13.1	- £263,945	-£501,362	-£ 765,308
S&C - strategic cycle, change, corporate governance	0.5	-4.5	-5.0	- £ 23,590	-£196,426	-£ 220,016
S&C - democratic support	0.3	-2.5	-2.8	- £ 11,867	-£82,692	-£94,559
S&C - communications, marketing, media	0.1	0.0	-0.1	- £2,827		-£ 2,827
Corporate programmes and projects	0.2	0.0	-0.2	- £8,802		-£ 8,802
Community/ customer enabling	0.2	0.0	-0.2	- £4,978		-£ 4,978
Triage	5.8	-3.0	-8.8	- £145,750	-£71,941	-£ 217,690
Mobile / locality working	2.4	0.0	-2.4	- £ 54,589		-£54,589
Neighbourhood Model	2.5	-2.0	-4.6	- £ 59,567	-£56,314	-£ 115,881
Service processing (rule based cases and accounts)	17.3	-10.3	-27.6	- £489,065	-£ 276,395	-£765,461
Specialist	7.1	-5.9	-12.9	- £ 266,238	-£ 218,365	-£484,603
Corporate support - triage	0.2	0.0	-0.2	- £3,829		-£ 3,829
Corporate support - service processing, admin	1.6	0.0	-1.6	- £44,904		-£44,904
Corporate support- complex advice/cases	0.4	0.0	-0.4	- £16,210		-£16,210
Corporate support-governance/compliance	0.1	0.0	-0.1	- £3,577		-£ 3,577
Service delivery	0.7	0.0	-0.7	- £22,487		-£22,487
Facilities management	0.0	0.0	0.0			
Asset Management	0.9	0.0	-0.9	- £30,411		-£30,411
Totals	42.4	-36.7	-79.1	- £ 1,393,069	-£ 1,403,494	-£2,796,563

4.5 Phasing of benefits

The management case highlights the phasing of the employment model implementation to align with the revised MTF5 as per the December 2015 settlement as outlined in the diagram below:



Based on these implementation phases, the following high level phasing of benefit delivery has been developed:

JTM Activities	FTE	FTE Cost	Benefit Realisation FTE				Benefit Realisation FTE Cost			
	Total	Total-	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 16/17-	FY 17/18-	FY 18/19-	FY 19/20-
Leadership, management & supervision	-13.1	-£ 765,308	-13.1				-£ 765,308			
S&C - strategic cycle, change, corporate governance	-5.0	-£ 220,016	-5.0				-£ 220,016			
S&C - democratic support	-2.8	-£ 94,559	-2.8				-£ 94,559			
S&C - communications, marketing, media	-0.1	-£ 2,827	-0.1				-£ 2,827			
Corporate programmes and projects	-0.2	-£ 8,802	-0.2				-£ 8,802			
Community/ customer enabling	-0.2	-£ 4,978								
Triage	-8.8	-£ 217,690		-8.8				-£ 217,690		
Mobile / locality working	-2.4	-£ 54,589								
Neighbourhood Model	-4.6	-£ 115,881		-4.6				-£ 115,881		
Service processing (rule based cases and accounts)	-27.6	-£ 765,461		-13.8	-8.3	-5.5		-£ 382,730	-£229,638	-£153,092
Specialist	-12.9	-£ 484,603		-7.8	-5.2			-£ 290,762	-£193,841	
Corporate support - triage	-0.2	-£ 3,829			-0.2				-£ 3,829	
Corporate support - service processing, admin	-1.6	-£ 44,904			-1.6				-£ 44,904	
Corporate support- complex advice/cases	-0.4	-£ 16,210			-0.4				-£ 16,210	
Corporate support- governance/compliance	-0.1	-£ 3,577			-0.1				-£ 3,577	
Service delivery	-0.7	-£ 22,487			-0.7				-£ 22,487	
Facilities management	0.0	£ -			0.0				£ -	
Asset Management	-0.9	-£ 30,411			-0.9				-£ 30,411	
Totals	-79.1	-£2,796,563	-21.2	-35.0	-17.4	-5.5	-£1,091,511	-£1,007,063	-£544,897	-£153,092

This phasing approach provides an indication when likely benefit will drop based on headcount release. Rationalisation of the management structure and Strategy & Commissioning across the 2 councils during FY 16/17 could realise a potential benefit for the full FY 17/18 of 21.2 FTEs at a loaded cost of £1.091M. This doesn't reflect that some benefit may be released earlier by managing vacancies, early rationalisation etc. Nor does it yet take into account additional costs of implementation required, such as additional technology costs and implementation capacity.

It has also been assumed that during transition some resource capacity will be maintained to support transition in both ways of working and technology implementation. It is anticipated that these additional resources would be focused in the case management and specialist elements of the model. The following assumptions have been made in determining the release of benefit in subsequent years:

	FY17/18	FY18/19	FY19/20
Caseworker Reduction	50%	30%	20%
Specialist Reduction	60%	40%	

This creates an annual benefit timeline through to FY19/20 as follows. This is a projection only, and has not been adjusted to reflect part-year impact on cash flow. The discounted cash flow analysis has been adjusted to reflect such factors (see 4.7 below).

Benefit	FY 16/17	FY 17/18	FY 18/19	FY 19/20	Total
FTE	-21.2	-35.0	-17.4	-5.5	-79.1
FTE Cost	-£ 1,091,511	-£ 1,007,063	-£ 544,897	-£ 153,092	-£ 2,796,563

Although excluded from the business case, further savings should be accrued over time from the integration of corporate support services. It is important to understand that exclusion from the business case does not mean exclusion from the JTP - the overall programme will control and steer all integration activity.

4.6 Implementation Costs

The JTP will be the biggest integrated change programme either council has undertaken. It will involve:

- The creation of a single senior management team operating across both councils.
- Reviewing current pay scales and structures and potentially adopting a new joint pay and grading system.
- Redesigning and integrating the ICT infrastructures of both councils.
- Significant investment in new technologies, both hardware and software.
- Creating a new target operating model (TOM) for 350 staff working in joint teams.
- Building hundreds of integrated business processes for the joint teams, based on harmonised policies, driven by common technology.
- Significant cultural change to ensure staff exhibit the same core competencies and customer-centric attitudes and behaviours.

A programme of this scale and complexity requires significant investment in programme and project management, delivery of project activity, technology and specialist support and advice.

Technology Investment

The primary investment required to implement the JTM is in the integrated, customer focussed technology solution that will underpin and enable new ways of working. More than half the programme budget of £6.878m is investment in new technologies, both systems and ICT infrastructure. These numbers include technology investments that would be needed anyway

amounting to £1.275M, such as replacement of end of life systems, systems upgrades and infrastructure upgrades.

Implementation delivery

Significant resource for implementation is built into the above technology investment costs from the ICT suppliers. On top of this resource there is clearly a need for a range of other internal and external expertise to support the successful implementation of this new operating model and technology solution. An initial assessment is described below:

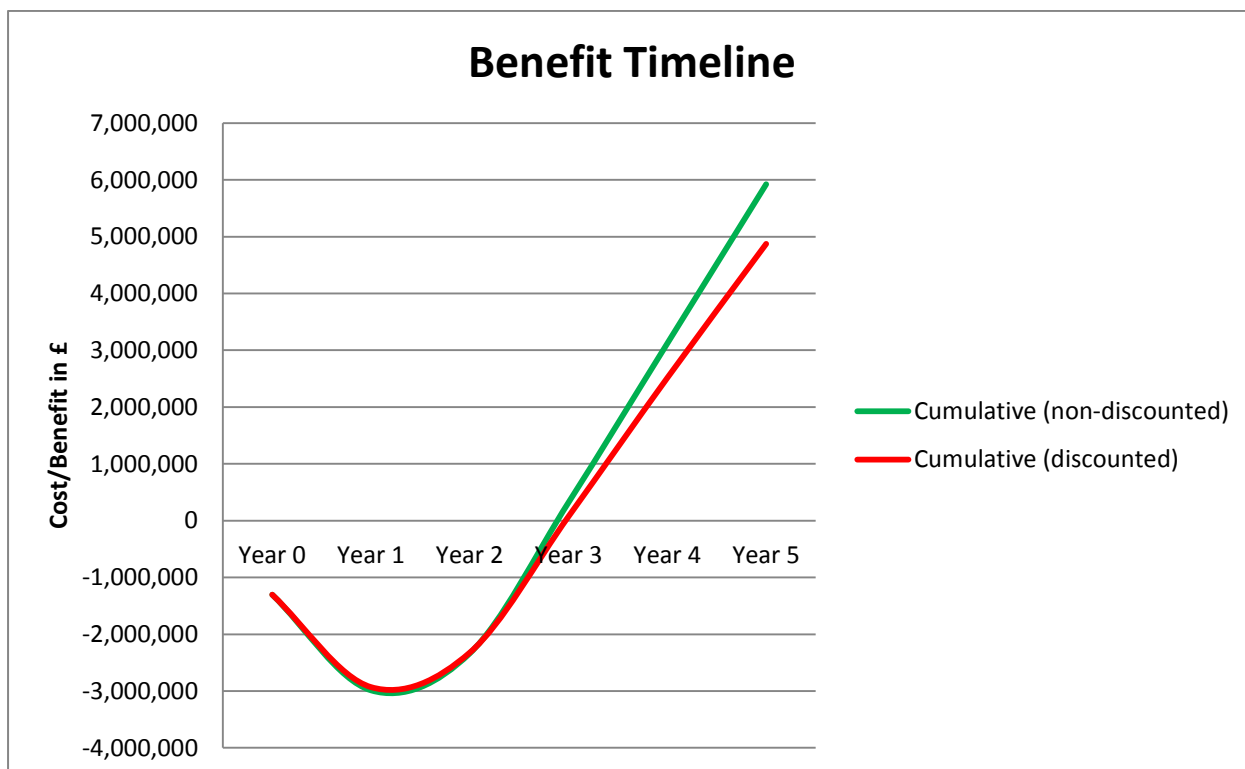
- Internal Programme team - representing around 25% of the programme budget, to include:
 - Programme management
 - Technology team to support the transition to and integration of the new systems
 - Business and technology analysts to map processes and develop scripts
 - Functional experts from across the Council to specify services policy and ensure that these policies are embedded in the new ways of working
- Change and transition support, representing around 10% of the programme budget to include:
 - Design oversight to ensure that the aspirations and principles of the Blueprint area achieved
 - Change management expertise to bring best practice approach to implementing such a complex multi-faceted change programme
 - Expertise to train, develop and support the wider team in technology, process and ways of working implementation
 - Business analysis expertise and experience working with other Councils to implement similar transitions

The remaining programme budget is allocated to a range of miscellaneous costs including running the programme office, equipment, branding and contingency.

4.7 Benefit Realisation

Whilst it is acknowledged that the figures in this business case are best estimates, experience of previous change processes and technology implementation means the figures will be very close to the final position and provide a reasonable estimate of benefit realisation from the JTP. As stated earlier it has also been assumed that the full benefit for each phase of implementation is only achieved in the year following. The table below contains a discounted cash flow (DCF) analysis of the entire programme costs to show net present value over time. The subsequent graph below shows the annual position of cumulative saving from the programme over its first six years, discounted and non-discounted (2016/17 being designated as 'Year 0'):

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
Programme costs	-1,860,000	-3,080,000	-1,475,000	-135,000			-6,550,000
Contingencies	-93,000	-154,000	-73,750	-6,750			-327,500
Total (net) Costs	-1,953,000	-3,234,000	-1,548,750	-141,750	0	0	-6,877,500
Benefits	650,000	1,550,000	2,200,000	2,800,000	2,800,000	2,800,000	12,800,000
Net flows	-1,303,000	-1,684,000	651,250	2,658,250	2,800,000	2,800,000	5,922,500
Cumulative (non-discounted)	-1,303,000	-2,987,000	-2,335,750	322,500	3,122,500	5,922,500	
DCF 3.5%	1	0.966	0.934	0.902	0.871	0.842	
NPV	-1,303,000	-1,627,053	607,949	2,397,589	2,440,038	2,357,525	4,873,048
Cumulative (discounted)	-1,303,000	-2,930,053	-2,322,104	75,485	2,515,523	4,873,048	



5. Management Case

This section of the business case sets out the implementation approach and outline implementation plan to achieve the benefits described elsewhere in the document. It also describes the governance arrangements and the risk management approach that will be used to safeguard the timely delivery of benefit and the maintenance of 'business as usual' levels of performance.

5.1 Implementation assumptions

- Implementation of the changes to achieve the JTM in LDC and EBC will be run as part of the wider integration of all service areas across the two councils.
- Every opportunity will be taken to realise benefit and prevent the delay of benefit release. For example, protocols are being agreed to ensure that, where vacancies arise in one council, the first option to fill the vacancy is to look to the other council's headcount and at-risk staff.
- Transformation of LDC's activities into the JTM will take place at the same time as the two councils integrate their operations. In other words, there will not be a 'LDC Transformation Phase'.
- Delivery of benefit against this business case is largely reliant on implementation of the employment model associated with the JTM - i.e. the alignment of senior management and Strategy & Commissioning roles, and the migration of activity into Customer Advisors, Locality teams, Case Workers and Specialists.
- The implementation of integrated systems will enable the full benefits of the JTM to be realised. The first phase of organisational change will be CMT, second tier management roles and key strategic functions - none dependent on systems changes. The second phase of change will focus on supporting customer contact - face-to-face, phone and web - and will involve systems support to the customer contact and mobile locality teams. The third phase of change will take longer to achieve fully as back office systems are replaced in order to deliver the full benefits for service delivery and specialist advisory teams.
- A single CRM (Customer Relationship Management) system and workflow will be implemented in LDC as an early priority. It is assumed that the systems will:
 - Be able to operate across existing systems in LDC so that the front end of all processes can be enabled for maximum self-serve and rules-based access and processing,
 - Enable early establishment of a single Customer Advisor team, as defined in the JTM.
 - Push work into the back-office systems used by some Case Workers and Specialists, who may continue to work on just one council's business, or may be trained to operate both councils' systems, dependent on complexity.

5.2 Implementation phases

The implementation of the JTM across LDC and EBC will be phased as shown in the table below.

Scope	Timing	Comments
CMT eCMT Strategy & Commissioning	In place and integrated across both councils by end of 2016	Critical to have singular & committed leadership for the transformation. Limited technology and process change dependency.
Customer advisors Locality-based teams	In place in both councils by end September 2017. Single integrated customer advisor team. Locality teams under single management by September 2017	Single customer advisor team includes cross-skilling and team-building Scope and structure of locality-based teams may vary according to local need. Key enabler is use of CRM, workflow and single telephony system.
Case workers Specialists	Caseworker benefits: 50% delivered by end March 2018; 80% delivered by end March 2019; fully delivered by end March 2020. Specialist benefits: 60% delivered by end March 2018; fully delivered by end March 2019.	Working in single teams across both councils, but will continue to work in the 'old way' until technology change enables consistency.

This phasing has been used as the basis for the phasing of benefit delivery described in the financial business case.

5.3 Implementation cost assumptions

These are the initial assumptions for the implementation costs as used in the financial case. The cost areas to be covered include:

- Programme management - to include programme management and governance, as well as programme office support
- Organisational design and benefit realisation - dedicated resource to manage the delivery of the target operating model and delivery of benefits
- Systems migration - each system migration will require both management and support resources at the appropriate times within the programme, supported throughout by a data/integrations specialist

- Change management - management of change to include developing the change approach, establishing ways of working, culture change, communications and engagement. This requirement is likely to fluctuate throughout the programme
- Transition and cutover management - planning and coordinating all the business activities for each cutover, including oversight of training and knowledge transfer
- Employee support / outplacement - assumed to be an external cost
- Process design and build costs - the build approach will need to be designed and developed, as well as resources mobilised to undertake the approach. Resources will be required in the first instance to support this mobilisation phase, followed by build delivery resources as follows:
 - Build Process Management
 - Build Activity - process mapping, script and content development
 - Process training and cross-training across existing systems. Use actual training days to date per role (CA, CW, Specialists, Neighbourhood worker) in EBC as the basis for estimating the volume of process training per person in-scope in LDC. Training development - TBD, based on process design collateral.
 - System training (for each implementation). Super User approach.
 - External technical resource
- Technology - these costs to include estimates for:
 - Annual licence costs and maintenance costs (inc savings on these) - including where software is being extended from 1 council to the other
 - Software acquisition
 - Implementation of new systems (system training covered above), then ongoing new licence costs
 - IT Infrastructure investment costs
- Note that (as in iESE report) redundancy costs are excluded as these would not be additional costs of integration; savings targets to meet the MTFS by both councils would require staff savings even if integration didn't take place.

5.4 Critical success factors

Based on learning from EBC's implementation of two phases of the Future Model, and Ignite's experience with other councils, these are the key aspects of the implementation that it is critical to get right if the benefits are to be delivered as planned.

- Explicit recognition that the integrated organisation will need a single culture and set of values and behaviours. This provides a huge opportunity for leadership to engage staff across both councils in developing what the culture needs to be and in contributing ideas for how to put it visibly into action. This needs to be a thread that runs throughout the implementation, and delivery of the changes need to be managed in accordance with the agreed values.

- Recognition that the two councils are starting the transformation from different starting places, and will face different challenges.
- Refining the organisation designs to meet the needs of the integrated organisation and not simply slotting roles into the existing Customer First structure
- Alignment of role descriptions across the integrated teams, which may require changes to current EBC roles as well as current LDC roles
- Having an open process for candidates to apply for all roles advertised during the transition, with appropriate ring-fencing for roles where specific expertise or capability is needed.
- Technology support. Full benefit delivery will ultimately depend on having a uniform IT infrastructure and systems landscape. However, the approach to systems implementation needs to be mindful of the capacity impact and risks of changing too many systems simultaneously.
- Achieve and publicise early wins, as this will promote a sense of progress as well as delivering benefits in cost savings and/or customer service improvement.
- Ongoing, consistent and two-way communication that engages members, staff and customers honestly in the progress made and the challenges that are being resolved.

5.5 Risks in implementation

The key challenges and risks which will need to be understood and managed are:

Performance

- Management of performance across the implementation period, especially customer service levels

To be mitigated by:

- Focus on a manageable number of KPIs and leading indicators, so that action can be taken quickly at any sign of fall-off
- Communication of changes before they happen, to manage expectations and raise awareness of the need to check on performance
- Focus on training staff as they are asked to take on new activities, so that backlogs are less likely to arise
- Refinement of activity analysis and process design work to identify where specific work will be needed to adapt existing EBC processes to LDC requirements (or vice versa), and where headcount impacts need to be confirmed

People

- Staff morale

To be mitigated by:

- Communication and consultation at all levels
- Strong leadership messaging around the purpose and impact of the programme

- Opportunities for one-to-one and local engagement with decision-makers and leaders
- Dedicated change management resource to advise on risks and strategies to build morale, cooperation and acceptance of the new model
- Mis-match of organisational culture and behaviours
 - To be mitigated by:
 - Early definition and engagement in the target culture for the integrated organisation
 - Embed the behaviours and values into the way the programme is implemented, as well as in the performance management framework
 - Acknowledge the differing start points, and that the implementation programme may include different activities for each council in order to get everyone to the same place

Political

- Political differences between the councils could slow down decision-making and/or the delivery of benefit if they get in the way of aligned processes and ways of working
 - To be mitigated by:
 - Consistent communication with members so that they understand the decisions they are asked to make and the implications of proposed changes
 - Early agreement to a framework for apportioning costs, savings and benefits across all the organisations impacted

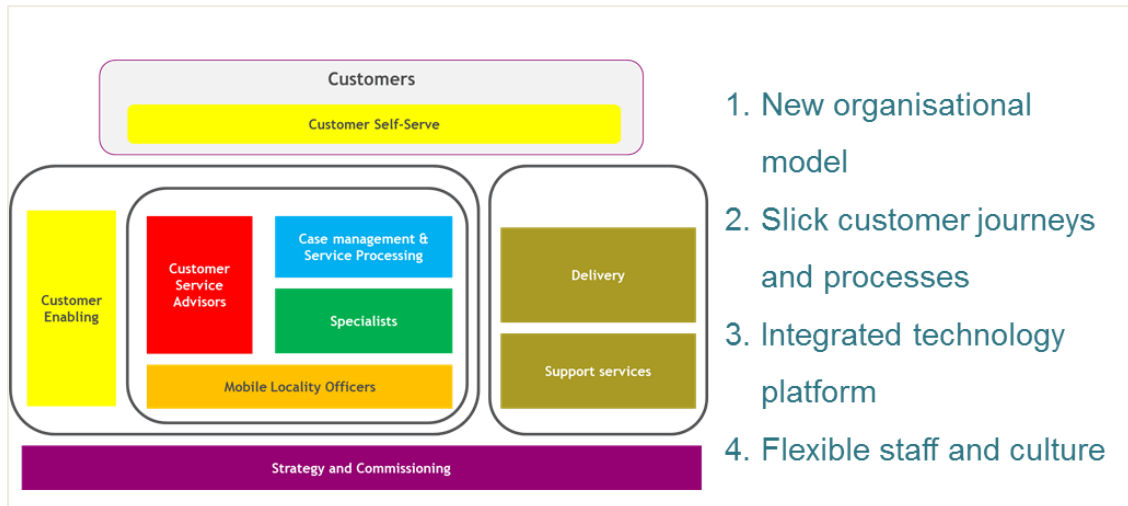
Technology

- New technology may take longer or is more complex to deliver
 - To be mitigated by:
 - Risk-based planning
 - Allocation and release of sufficient business and IT resource to meet the assumptions in project plans
 - Early assessment of data structures to assess the scale of data standardisation and take-on for the 'golden customer record'
- Existing technology may be harder to integrate via workflow than expected and/or it is more challenging than expected for staff to operate across more than one system
 - To be mitigated by:
 - Early assessment of workflow feasibility against each LDC system
 - Early decision on workflow tools to be deployed

Appendix 1 - Introduction to the Joint Transformation Model

The proposal described here is to base the integration of customer-related activities in LDC District Council and EBC Borough Council on the Joint Transformation - or Future - Model. This is

a new customer-centric operating model for Local Government. Specifically designed for the sector, it provides long term solutions that benefit customers, staff, the organisation and the community at large.



The Joint Transformation Model (JTM) includes:

- A new organisational model that migrates staff from a traditional silo based structure into a competency/skill based model; improving productivity and releasing scarce specialist capacity
- Slick customer journeys and process; improving customer experience and releasing efficiencies by being digital by default, paperless with automated workflow
- An integrated technology platform that will enable genuine integration and automation of end to end customer journeys and processes
- A new culture; aimed at providing exceptional customer service.

The Joint Transformation Model focuses on how services are delivered to the customer - effectively turning the existing silos on their sides and organising the council around the customer.

How is it different?

ignite

Customer contact



Organisational Model

Staff migrate from a silo based model into a competency/skill based model:

- Customer service advisors; centred on resolving customer queries and handling the majority of service requests
- Case managers; focused on service processing and end to end management of cases
- Specialists; focused on complex case management and providing genuinely specialist input
- Locality; 'place' based resources embedded in the community to focus on enabling, prevention, compliance, enforcement and supporting case managers and specialists in the field. These roles are critical in developing customer and community capability, reinforcing the Council's relationship with key stakeholders
- Delivery; standalone delivery units that deliver core Council services and corporate support services
- Corporate support; delivering corporate support services to internal customers enabling them to manage the Council's business and delivery of services to citizens
- Strategy and commissioning; the activity and resource required to translate political will and ambition, and ensure that the Council remains a unique, accountable and capable public authority.

How these teams are organised and structured depends on a number of considerations, including the scale of the challenge facing the Council, the geographic location (split between rural and urban wards) and strategic direction.

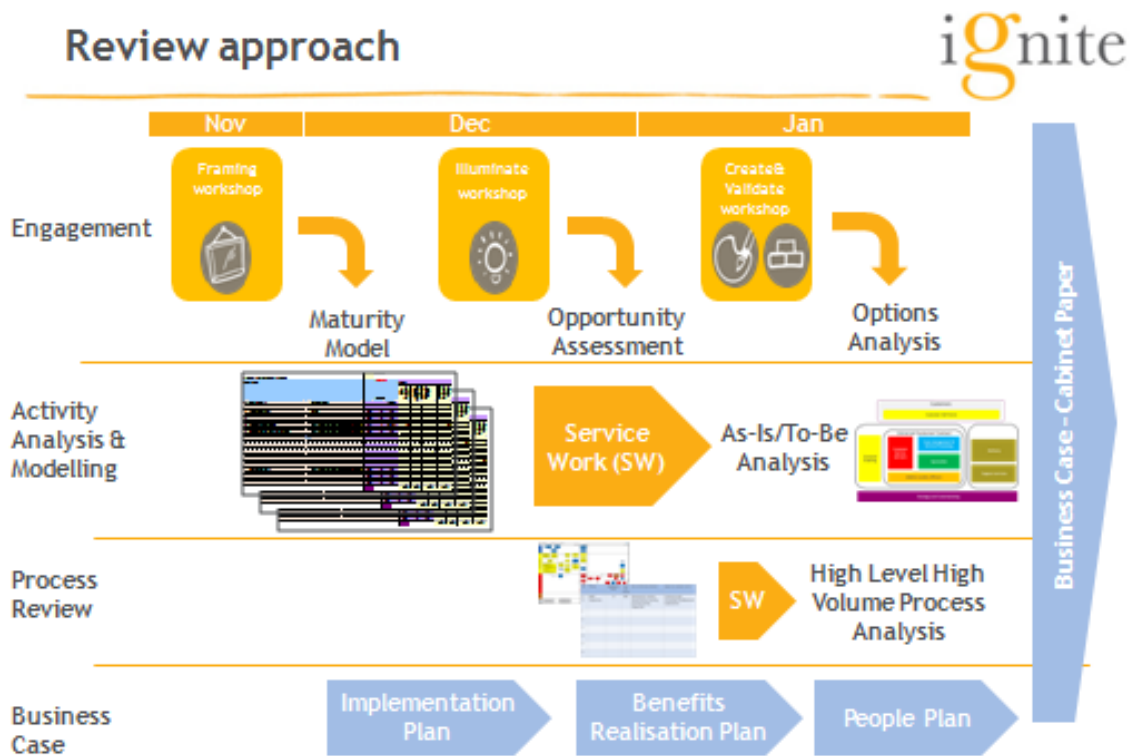
During the workshops, LDC staff prioritised and refined a set of design principles that underpin the JTM. These are set out below and will be used during detailed design to ensure the organisational design maintains the desired outcomes of the model:

1. Focus on the **customer experience**
2. Redesign processes around the **ideal customer journey** so they are quick and uncomplicated and take as few steps as possible
3. Manage customer capability. **Enable customers to do more for themselves** by building capacity, providing better information
4. **Manage customer demand.** Prevent demand, shape demand so that it is easier to deal with, steer demand to appropriate (or cheaper) channels
5. **Address issues at first point of contact** by providing staff with high quality scripts and diagnostics
6. **Collect information once**, and only if we actually need it
7. Make processes **digital by default**, but with alternative access channels where appropriate
8. **Tell customers what to expect** and keep them up to date along the way
9. **Move as much work forward into customer contact**, case management and mobile locality by developing high quality processes flows and process guidance.
10. Move work quickly and easily around the organisation by using **workflow, work-trays and automated process prompts.**
11. **Automate controls** within processes to ensure compliance
12. **Measure performance** as part of the process/ workflow - to drive improvements

Added to the list but not formally prioritised: Build in safeguards so that we can ensure **equal access** for all to our services and to employment

Appendix 2 - Summary of business case approach

In developing this business case, we followed the approach shown below:



- Mobilisation of a small core team in LDC to provide an engagement link to staff based at the council
- **Frame workshops** - we ran three of these sessions with a mixed audience of 64 LDC and EBC officers. LDC representatives comprised a cross-section of staff, including a manager and a team leader from each of the in-scope service areas. A smaller number of EBC staff attended in order to start building relationships and educate LDC people on how the JTM works in practice.

In each session we:

- Introduced the workings and impact of the JTM
 - Invited input to the design principles underpinning the JTP
 - Assessed progress already made toward the JTM and the level of opportunity still available to LDC District Council (the maturity model)
 - Introduced the activity analysis piece of work
 - Facilitated conversation around implementation challenges and opportunities
- **An activity analysis** - which involved LDC teams mapping all their current in-scope staff resource to activities in the JTM. They used a pre-defined list of activities, but were able to add any specific activities that are unique to LDC or which take up a substantial amount of staff time (typically 5% of an FTE or more). Following detailed reconciliation against

budget staff data, we then applied a range of benefit drivers to estimate the savings that could be made by implementation of the JTM

- **Illuminate workshops** - we ran five of these workshops, each themed around 2-3 service areas. Participants were a roughly equal mix of LDC and EBC officers. The agenda covered:
 - Opportunity assessment - the first stage involved the identification of key processes or activities where demand could be reduced (or managed) and/or where customer self-service could be grown. The second stage involved the application of thinking around improvements through growing efficiency and re-modelling who delivers specific activities. This data was captured and used to underpin some of the assumptions in the benefit drivers.
 - Process comparison - where available, the joint teams reviewed standard JTM process flows to confirm what changes - if any - would be needed to enable them to operate in each council.

- **Create workshops** - we ran three of these workshops in areas where a 'deep-dive' was needed to confirm the implications of the JTM for specific service areas. They were attended by mixed teams from LDC and EBC. The areas were:
 - **Neighbourhood teams** - because of the difference in rural/urban mix between the two council areas, we needed to explore how the locality model could be adapted to meet LDC' needs
 - **Housing** - LDC does not have an ALMO, so we needed to explore how all aspects of the housing service could be delivered within the JTM, ensuring that we did not eliminate any integration options for later consideration
 - **Environmental Health** - there is a wide range of policy differences between the two councils, and we needed to provide reassurance that the JTM would still be able to deliver the target benefits in spite of this.

- **The application of our evidence base** from Future Model implementations at other Councils across the UK. We have used this to further validate savings opportunities identified in the Illuminate workshops and in the activity analysis model.

- **A review of 550 processes developed in EBC**, to assess the level of fit in LDC in order to estimate the scale of work to integrate or align technology and workflow.

Appendix 3 - Opportunity Assessment

Example opportunities identified during Illuminate workshops with service reps analysed against activity analysis:

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Revenues	Remodelling	Aligning/ cross skilling across revs and bens	Multi skill staff so that they are able to work across revs and bens - allowing better flexibility and cover	Staff saving estimated at 5%	Training of staff to allow multiskilling	Improved flexibility and cover - supporting customer improvements. Efficiency saving of 5% on current staff cost of £890,098 (revenues and benefits) - from AA	£44,545	
	Efficiency	Align and simplify letters that inform of rent changes, council tax changes and benefit changes	Consolidate 3 long and complex letters into one - with clarity on what tenant needs to do. Align timing.	Reduce customer calls in March by 75% (from workshop)	Development of single letter	Customer improvements - simplification/ reduced confusion Reduced volume of calls in March - current cost of triage in R&B is £46,824 (from AA) - calculate monthly cost and take 75% on one month as potential saving	£2,927	
	Demand management	Better credit management	Better visibility of cross council debt allowing a coordinated response, and earlier identification and intervention to prevent or reduce escalation of debt	TBC	TBC	Less debt/ more income. ?	TBC	

	Self serve/ demand management	Ability to set up a direct debit online	Allow customers to set up direct debit online - council tax, business rates and rents	Increase council tax and rent direct debits by 5%. Target 75% self serve for council tax, 50 - 75% for business rates and 80% for rents. (fromworkshop). Reduce workload by 50% (estimate)	Development of online facility for direct debit set up. Promote to customers. Customer support System changes & improvements. Promotion of self serve options and customer support - including for letting agents	Current cost of direct debit activity is £27,446 (AA) - assume this can be reduced by 50%	£13,723
	Self serve/ demand management / efficiency	Revenues - self serve	Increase self serve for revenues processes e.g. bills sent electronically, online changes of details/ circumstances, occupations/ vacations, application for discount/ exemption etc. Automate where possible e.g. calculations.	Target 25% self serve, reducing workload by 5 - 10% (my estimates)		Customer improvements (including letting agents). Staff saving 5 - 10% (estimated here at 10%). Current staff cost for occ/vac, annual billing, change in circs, exemptions/ discounts, refunds/ credits - is £102,257 (from AA)	£10,226
	Growth	Mobile teams enabled to take payments	Allow mobile teams to take payments - income and penalties	Increase in revenue/ reduction in debt?	Mobile systems. Staff training	Customer improvements - easier to make payment. Increase in revenue. Reduction in debt. Assume investment in staff balanced by increased income	£0
							£71,421

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
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Benefits	Self serve	Reporting change of circumstance	Allow people to report a change of circumstance online	Target 80% self serve (from workshop). Reduce workload on these enquiries by 40% (estimate)	System changes & improvements. Promotion of self serve options and customer support	Customer improvements. Reduction in workload on these calls estimated at 40% on current triage cost of £29,077 (from AA)	£11,631	
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Self serve	Track claim online	Allow customers to have an account and track progress online	Reduce enquiries - limited impact as relatively few enquiries. Estimate here at 5% impact on triage workload (estimate)	System changes & improvements. Promotion of self serve options and customer support	Customer improvements. Reduction in benefits triage workload estimated at 5% on current new claim triage cost of £18,997 (from AA)	£950
Self serve & efficiency	Online applications for new claims	Allow people to apply on line - using new web based forms	Target 25% self serve (estimate). Impact on workload estimated at 5% reduction (from workshop)	System changes & improvements. Promotion of self serve options and customer support	Customer improvements. Increase claim rate. Impact on workload estimated at 5% on current cost of £66,469 (from AA)	£3,323
Self serve & efficiency	Automate processing of changes of circumstance	Automate forms and allow to update other benefits (Note - LDC staff may have defined this more narrowly to some specific changes of circumstances - but we have assumed it is applicable more broadly)	Target 100% reduction (from workshop) in workload - estimated here at 50% (estimate)	System changes & improvements.	Reduce fraud and reduce claims. Customer benefit - instant assessment of benefit. Impact on workload (service processing, mobile and specialist) estimated as 50% reduction on current cost of £192,822 (from AA)	£96,411
Self serve	Landlord portal	Develop landlord portal so landlords have access to relevant information and processes	Target 10% reduction in workload (from workshop)	System changes & improvements. Promotion of self serve options	Improvements for landlords. Reduction in workload estimated at 10% . Not identified separately in AA - assume included in rows above	
						£112,315

Revs and bens totals						£183,736
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Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
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Internal audit and fraud	Self serve / efficiency	Shift work to managers - develop self serve	Encourage/ enable managers to do elements of audit work that they are able to do more quickly and effectively, e.g. self assessment	Target X% reduction in workload (need staff input) - estimated here at 5% (estimate)	Training and support for managers Assume additional staff cost balanced by financial return and/ or economy of scale from combining LDC and EBC teams	Impact on workload estimated at 5% reduction on current cost of audit work £153,245 (AA)	£7,662
	Growth	Develop scope of fraud work	Extend scope and proactivity of fraud investigations - including sharing projects across LDC and EBC	Target 10% growth in activity (from workshop)		Increased identification of fraud, prevention of fraud	£0
							£7,662

Business, strategy & performance	Self serve/ demand management	Better management of FOI requests	Encourage self serve - so that people find their own answers on the web. Rapid triage and prioritisation of requests. Predict and pre-empt requests e.g. by providing the right information on the web	20% reduction in demand. 50% self serve. Overall reduction in workload of 50% (from workshop)	Promote new approach to customers. Customer support Better information on web. System changes and improvements.	High priority cases get more focus and effort. Self serve can lead to quicker response for customer. Impact on workload estimate at reduction of 50% on current cost of this activity - estimated at one third of cell H20 on AA (information management) - £6169	£3,085
	Self serve/ growth	Shift engagement and consultation online	Encourage and enable online engagement and consultation. Use customer analytics to underpin targeting of engagement and consultation	Increase responses by 50% - target 75% self serve. Impact on workload estimated at a reduction of 25% (from workshop)	Promotion of self serve options. Customer support	Customers consulted on pertinent issues - more effective engagement. Workload reduced by 25% on current cost of £16,604 (AA)	£4,151
	Self serve/ remodelling	Online reporting of problems and issues - social media channels embedded in customer services	Enable online reporting and shift enquiries & social media reports to customer services	25% growth in reports and 75% self serve. Impact on workload estimated at a reduction in 25%	Development of online reporting.	Customer improvements. Reduction in workload on dealing with reports / enquiries. Skill mix saving on remaining work that is shifted to customer services	May duplicate self serve savings in other services - no additional benefit claimed

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Customer services	Self serve & efficiency	Improve arrangements for bulky waste admin	Enable and encourage book and pay online. Simplify eligibility criteria and charging arrangements. Better information on the web for customers	Fewer enquiries. Reduced workload - estimated at 40 - 50% (from workshop) Grow demand by 100%, target 60 - 70% self serve (from workshop) (impact on triage workload estimated at a reduction of 60% (estimate) Prevent 20% enquiries. Target 80% self serve for remaining fly tip/ missed bin reports and 70% for housing repairs. Estimated impact on triage activity - a reduction in workload of 60% (estimate). Assume this can be broadly extrapolated across enquiries/ reports - with an overall reduction in workload of 30% (estimate)	Development of improved process, and facility for online book and pay. Promotion of new approach and customer support Development of facility for online book and pay. Promotion of new approach and customer support Better information on web so people can answer own questions. Facility to report and track reports and issues online. Promotion of new approach to customers and customer support	Customer improvements - access 24/7, clearer information. Reduction in FTE cost requirement by 40-50% (estimated here at 50%) - on current cost of £10,897 (one third of triage costs in Waste service area)	£5,448	
	Demand management, self serve	Pest control book and pay	Grow demand and increase self serve			Customer improvements. Reduction in FTE cost requirement for pest control triage of 60%	Assume included in row below	
	Demand management & self serve	Online reporting - housing repairs and fly tip/ missed bin	Enable and encourage online reporting of fly tip/ missed bin and housing repairs. Enable customers to answer own questions with better information on the web			Customer improvements. Reduction in FTE cost requirement for fly tip/ bin, and housing repair reports of 60%. Given we don't have call volumes or separate analysis for different call types/ subjects - extrapolate a slightly lower level of reduction across all of (customer hub) triage - estimated at 30% on current cost of £311,569 (from AA)	£93,471	
								£98,919

Waste & recycling	Efficiency / self serve/ remodelling	Assisted collections - requests shifted to customer services, and information goes directly to crews.	Allow online request/ booking for assisted collections. Where non - self serve request is directed through customer services. Information flows directly to crews	20% reduction in workload (from workshop) - Note - is this a reduction overall - or a reduction just in this team and a shift to customer services - in which case the savings become a lower skills mix saving	Cost of developing online process/ service, scripts for customer services and promotion/ support for customers	Faster process, easier/ better for customer. Workload reduction of 20%. (savings included in £41k below)	
	Efficiency/ self serve	Bulky waste collections - online and automated process	Introduce online and automated process. Customers can book and pay online	50% reduction in workload (from workshop)	Cost of developing online process/ service, scripts for customer services and promotion/ support for customers	Faster process, easier/ better for customer. Workload reduction of 50%. (savings included in £41k below)	
	Efficiency/ self serve	Missed bin reports - online and automated process	Introduce online and automated process. Customers can report online	35% reduction in workload (from workshop)	Cost of developing online process/ service, scripts for customer services and promotion/ support for customers	Faster process, easier/ better for customer. Workload reduction of 30%. (Note - the AA doesn't separate out different types of report and request - so we have made a general assumption that there is a 33% workload reduction on report and request activity in this team - current FTE cost is £125,602	£41,449
	Efficiency/ self serve	Commercial collections - customer journey and efficiency improvements		50% reduction in workload (from workshop)	?	Improved customer journey and more efficient process. Reduction in workload of 50% on current FTE cost of £X	?
							£41,449

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Environmental health	Demand management, self serve & efficiency / remodelling	Noise - demand management, self serve, and improved process/ remodelling	Prevent demand, where there is remaining demand shift to self serve. Remodel process - automating where possible and shift from specialist staff to case work	75% reduction in demand. 10% of remaining work is self serve (overall reduction is 78%). Impact on workload - a reduction of 70%. (fromworkshop). Note - to be conservative, we have assumed a shift from specialist to case work, leading to a lower skill mix saving rather than an absolute saving of up to £76k	Investment in customer education and enabling to reduce demand. Development of process and online facility. Training case workers. Promotion to customers. Customer support	Customer improvements. Workload reduction of 70% on current FTE cost of £108,997 (from AA) OR (which we have used) a skills mix saving - estimated at £9k per noise FTE (3) = £27,000	£27,000	
	Self serve, growth, efficiency	Food registration - self serve and improved process/ systems	Encourage and enable online registration. Improve process/ system so online forms populate back office	Grow demand by 15% but target 75% self serve (from workshop) - assume workload reduction of 70% (estimate)	Development of online process and system improvements. Promotion to customers. Customer support	Customer improvements. 70% workload reduction on current FTE cost of £4803 (triage and service processing) - from AA	£3,362	
	Self serve	Taxi licensing - self serve	Allow online applications and tracking for taxi licensing	Target 30% self serve (from workshop) - assume this leads to a 10% reduction in workload (estimate)	Development of online process. Promotion to customers. Customer support	Customer improvements. 10% workload reduction on current FTE cost of £16,123 (from AA). Note if extrapolated to other licenses - current FTE would be £34,422 (we have used this figure)	£3,442	
	Remodelling	Move triage activity to customer services. Based on opportunity called 'training and scripts for customer services'	Higher proportion of customer enquiries resolved by customer services supported by training, scripts and diagnostics	Shift of all activity mapped as triage to customer services. Estimate a skill mix saving of £0 as ave FTE cost for current triage in this service is £21k.	Training for customer service staff and development of scripts and diagnostics	Skill mix saving estimated at £0	£0	
								£33,804

Mobile	Self serve/ growth/ demand management	Grow chargeable pest control and reduce demand for non-chargeable. Increase self serve	Grow chargeable pest control and reduce demand for non- chargeable pest control. Increase self serve so customers can book and pay online	Grow chargeable pest control by 200%. Reduce demand for non-chargeable by 50%. Target self serve book and pay at 70% (from workshop) Assume free pest control is also a higher level of self serve - 70%. Assume this results in a reduction in core pest control workload of 50% - and a reduction in triage of 70%. Any growth in chargeable work would be funded by income.	Customer education and enabling to reduce pest control demand. Development of facility for online book and pay	Customer improvements. Reduction in workload of 50% on FTE cost of £36,094 (pest control visits/ AA). Reduction in triage costs of 70% - current cost £3324	£20,374
	Self serve/ demand management	Reduce abandoned vehicle reports and shift remaining reports online	From workshop	Prevent 50% reports and target 50% self serve on remaining - overall reduction of 75% (from workshop). Assume mobile/ locality workload reduced 50% and triage related workload reduces 75% (my estimate)	Education and enabling activity to reduce number of cases. Development of online capability. Promotion to customers/ customer support	Customer improvements. Reduction in workload of mobile/ investigation activity by 50% on current FTE cost of £10,684 (Note this is the AA cost for all reports - so am assuming the same targets can be applied to other reports) . Reduction of 75% in triage associated with customer reports and requests - current FTE cost is £7803	£11,194
	Self serve/ demand management	Reduce LMO issues, sports	From workshop	Prevent 50% and target 70% self serve on remaining (from workshop)	Assume is included in row 48?	Assume is included in row 48?	
	Self serve/ demand management	Event bookings, volunteering	From workshop	Prevent 50% and target 100% of remainder for self serve (from workshop)	Assume is included in row 48?	Assume is included in row 48?	

	Self serve/ demand management	Animal licensing self serve	Encourage and enable online animal license applications	100% self serve (from workshop). Assume workload reduction is 75%	Development of online capability. Promote to customers/ customer support	Customer improvements. Reduction in workload of 75% on current FTE cost of £4503	£3,377
							£34,945

Housing - tenancies, garages	Self serve/ efficiency	Garage requests and enquiries - self serve	Improve information on web so customers can answer own questions. Shift processes online so customer can self serve e.g. apply and pay online. Simplify process so mobile team do inspection and 1 visit for keys and sign up	Target 80% self serve and grow demand by 30% (from workshop). Assume this reduces both triage and service processing activity by estimated 50% (estimate)	Development of online capability and better information on web. Promote to customers/ customer support	Customer improvements - faster service and less to-ing and fro-ing. Workload reduced by 50% on current FTE cost of £3737	£1,869
	Self serve/ demand management	Anti- socialbehaviour - demand management and self serve	Use online guidance, checklists, and tenants' charter - to reduce demand. Enable self serve for reporting	15% reduction in demand - through prevention. 10% self serve on remaining reports (from workshop). Estimate overall workload reduction of 15% (estimates)	Development of online capability and better information on web. Promote to customers/ customer support	Customer improvements. Reduction in workload of 15% on current service processing FTE cost of £5591. note - there is additional specialist cost - but this covers a range of issues - so we haven't included a reduction on this cost (£53,488)	£839
	Remodelling	Move housing options advice to customer service team	Deal with housing options at first point of contact by shifting this work to customer services and supporting this team with training, scripts and diagnostics	Workshop estimate is 20% saving - assume this is a shift in workload	Training, scripts and diagnostics for customer services	Customer improvements - shorter waiting times, quicker response, richer role for staff. Skill mix saving of £5000 per FTE (current triage FTEs in this team is 0.1 FTE, which has an ave cost of £21k - so can't assume a skill mix saving)	£0

Remodelling	Shift sheltered scheme daily calls to customer services (from scheme managers)	Allow customer services to make daily calls to residents - support with scripts and training	Workshop estimate is 5 - 10% saving - assume this is a shift. Estimate a £4000 per FTE skill mix saving (estimate)	Training, scripts and diagnostics for customer services	Better resilience with staff absence - better for customer. Skill mix saving of £4000 per FTE - currently 0.8 FTE on this activity (AA)	£3,200
						£5,907

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Housing repairs	Self serve / demand management	Enable tenants to self serve for permission to make alterations	Enable/ increase online requests/ applications to make alterations. Improve information on web to reduce ineligible requests	Reduce ineligible requests by 50% (estimate). Increase self serve (from workshop). Target 50% self serve (estimate). Overall workload reduction estimated at 50% (estimate)	Development of better information for web - and online facility/ process for self serve. Promote to customers and support customers	Customer improvements. Workload reduced by 50%. FTE cost for dealing with customer requests (AA contracts and procurement housing tab) is £22, 964. Assume 20% is permission requests.	£4,593	
	Self serve / demand management	Housing transfers - increase demand and enable self serve	Encourage more tenants to apply for housing transfers to better balance demand and need. Enable/ increase self serve for applications	10% increase in demand (from workshop). Increase in self serve (from workshop). Target 50% self serve - overall reduction in workload estimated at 25% (estimates)	Development of online facility/ process for self serve. Promote to customers and support customers	Customer improvements e.g. more larger homes released, easier access to process. Reduction in workload of 25% - current FTE on housing transfers (in tenancy management tab AA) - is £12,210 (transfers and mutual exchanges)	£3,053	
	Efficiency	Introduce workflow into case management	Introduce workflow into case management to increase efficiency - fewer blockages and bottlenecks, fewer lost documents, less duplication, better file and time management	Target 30 - 40% saving on case management time (from workshop)	Development of workflow. Staff training	Process improvements. Reduction in workload of 30 - 40% (estimated here at 30%). Current Case work FTE in housing repairs (contracts and procurement housing is £74,431) and housing admin for repairs (in env health and licensing tab) -is £17,912	£27,703	

	Efficiency/ remodelling	Chargeable repairs management of payments	Recharge through rent account rather than sundry debtors - allowing closer management	High?	TBC	Reduce arrears	TBC
	Efficiency/ remodelling	Chargeable items - management	Charge items through rent account, stop using cash, develop personal account management for tenants	High?	TBC	Easier to manage money	TBC
	Efficiency	Generating housing reports	Replace housing management system with system that is easier to interrogate	High?	New housing management system. Staff training	Better performance management	TBC
							£35,348

Democratic services	Efficiency	Tell us once - allow electoral registration changes to trigger notifications across services	Enable electoral registration changes to trigger notifications across services e.g. council tax, housing databases	Target workload reduction of X% n X services? Increase in self serve (from workshop). Target 50% self serve (estimate) - estimate reduction in workload of 25%. Remaining requests resolved by customer services (assume 25% of work) - allowing a small skill mix saving.	System development Development of online registration processes. Development of scripts for customer services. Training customer services staff.	Customer only has to notify council once. Workload reduction - if updates across all relevant databases can be automated/ save time??	TBC
	Self serve/ remodelling	Electoral registration self serve and shift non-self serve to customer services	Enable customers to register online, and enable customer services to resolve remaining registration enquires and request.	Reduce demand as more customers find reports on web themselves without needing to contact the Council. Target 50% reduction in enquiries/ requests for reports (estimate) - leading to 50% reduction in workload	Improve information about and accessibility of reports on web. Promote to customers and support customers	Customer improvements. Workload reduction of 25% on electoral registration - current FTE cost is £30,292/ 1FTE (from AA). Assume 25% of remaining work (remaining work = 0.75 FTE) shifts to customer services with a skill mix saving of £10,000 per FTE	£9,448
	Self serve/ demand management	Easier location of reports	Make it easier for customers to find reports online - reducing enquiries and increasing self serve			Customer improvements. Workload reduction (50%) on a proportion of the current FTE of £23,737 - customer enquiries and requests (from AA). Assume 10% of this cost relates to reports	£1,187

Self serve/ demand management	Reduce demand and increase self serve for common requests and enquiries	Reduce demand and increase self serve for common enquiries and requests such as petitions, register to speak at committee, who is my councillor	Reduce demand and increase self serve (from workshop). Target 50% reduction in enquiries/ reports (estimate) - leading to 50% reduction in workload	Develop online processes and better information on the web. Promote to customers and support customers	Customer improvements. Workload reduction (50%) on a proportion of the current FTE of £23,737 - customer enquiries and requests. Assume 20% of this cost relates to these common reports and enquiries		£2,374
Efficiency	Develop workflow for land charges	Introduce workflow to maximise efficiency of individual inputs to the process	Target 10% saving on land charges processing (estimate)	Development of workflow for land charges. Staff training	Performance consistency for customers. 10% workload reduction on land charges processing - current FTE is £53,129		£5,313
Remodelling	Move customer enquiry time to customer services	Move all triage / enquiry activity from the service to customer services- supported with scripts, diagnostics and training	Shift of all enquiries/ straightforward requests.	Development of scripts diagnostics. Training for customer services staff	Customer improvements. Skill mix saving - £10,000 per FTE shifted. AA shows 0.4 FTE on triage - 30% of this already reduced by 50% (see rows 72 and 73) - so by 15% overall - leaving 0.34 FTE		£3,400
Efficiency	More efficient compiling of committee reports	Make fuller use of existing committee system including automating processes	Target 10% saving (estimate)	Staff training and development	Efficiency saving on current FTE cost of £62072 - (1.8 FTE in Dem Services)		£6,207
Efficiency	Improved management of councillor diaries	Use standard outlook councillor diaries - rather than personal emails/ diaries	TBC	TBC	Efficient organisation of meetings. Compliance with information governance/ data security policies. Efficiency savings?	TBC	
							<u>£27,929</u>

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Housing needs	Self serve	Online applications for housing register	Develop online applications for housing register so customers can self serve - including web enabled forms and triggers for document checks	Increase self serve (from workshop). Target 50% self serve (estimate) and workload reduction of 20%	Development of online process. Promote to customers/ support customers	Customer improvements. Workload reduction of 20% on current FTE cost of £12,844 - (assume this is housing admin processing time for housing needs - processing time for housing register applications)	£2,569	
	Efficiency	Rationalise databases	Rationalise databases- currently use 7 (needs a bit more explanation). Target 5% saving on relevant activity?	Reduce to a single database	TBC	Customer improvements - only have to tell us once. More usable data. (Need to identify relevant activity in AA - can we can then apply a small % saving)	TBC	
	?	Surgeries	Re introduce scheduled drop ins for housing needs?	? Earlier intervention??	TBC	TBC	TBC	
								£2,569

Planning & building control	Demand management	Manage down demand for householder pre apps - alteration of property (assumed as a reduction in the volume of pre application advice to customers about whether they need to put in a planning application by providing better info about permitted development)	Manage down demand for this work by providing design information / leaflets - including on web.	This makes up 50% of total work (assume this means 50% of pre app work). Target reduction in demand and associated workload by 50% (estimate)	Development and promotion of design information	Customer improvements. Reduced demand and workload - estimated at 50%. Current FTE cost for pre app service processing is £77,769 - assume half of this is on property alterations,	£19,442	
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Self serve/ growth	Shift building control booking online. Grow demand	Enable customers to book and pay online for building control. Grow demand for the service	Target 90% self serve (from workshop). Assume this reduces workload by 90%	Development of online process for book and pay. Promote to customers and customer support. Assume any growth is balanced by increased income	Customer improvements. Workload reduction of 90%. Current triage cost is £31,842 (AA) - assume half of this is bookings and payments	£14,329
Growth	Grow pre application advice for some areas	Grow pre application advice for commercial, industrial, agricultural and household new build	?	Assume cost balanced by income?	Applications more likely to succeed. Fewer re applications and appeals?	£0
Remodelling	Shift building control enquiries to customer services	Shift enquiries to customer services - with support of scripts, diagnostics and training	Shift of all enquiries to customer services	Development of scripts and diagnostics and training for customer services staff	Customer improvements - easier access, quicker resolution. Skill mix saving. Current triage FTE is 1.2. Exclude saving already made in row 88 (estimated at 0.54FTE). Skill mix saving estimated at £10k per FTE (specialist to triage)	£6,600
						£40,371

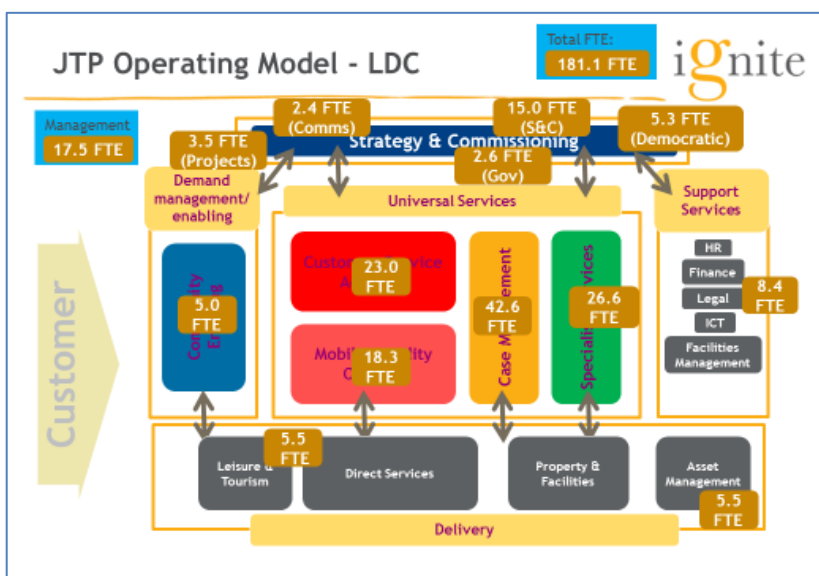
Appendix 4 - organisational model and FTE for the integrated council

Through using the activity analysis as a way to model current activities in LDC as well as the to-be model of integrated services, we are able to illustrate the FTE engaged in each part of the model for:

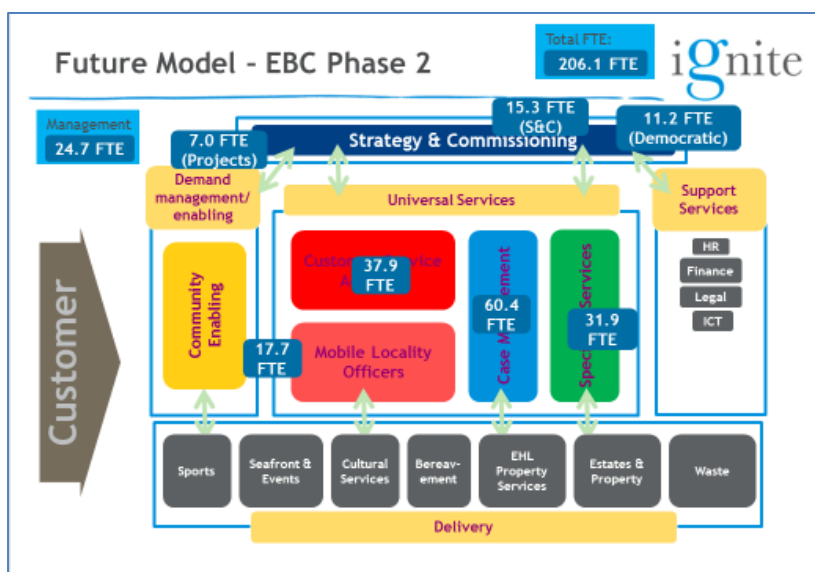
- LDC to-be - though it should be recognised that this model is not likely ever to be realised, as integration will take place at the same time as transformation
- EBC as-is
- Integrated across LDC and EBC

The graphics below show the FTE in each of these stages.

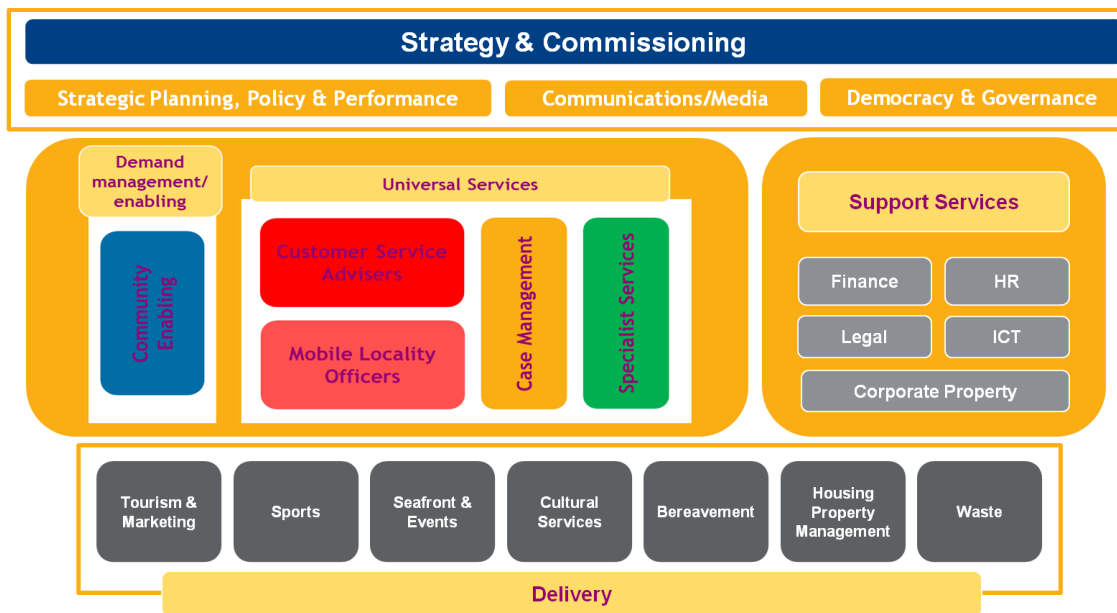
Stage 1: LDC To-Be



Stage 2: EBC Post Phase 2



Stage 3: Integrated JTM



SUMMARY JTP PROGRAMME PLAN V9 - APRIL 2016		2016				2017				2018				2019				2020															
		JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	JAN
MAJOR SYSTEMS REPLACEMENTS																																	
T1	PROCUREMENT / REPLACEMENT OF HOUSING SYSTEM	[Purple bar]																															
T2	PROCUREMENT / MIGRATION TO FINANCE /PAYMENTS SYSTEM	[Purple bar]																															
T3	CRITICAL INTEGRATIONS AND SYNCHRONISATIONS	[Purple bar]																															
T4	LDC/EBC WEBSITE INTEGRATION	[Purple bar]																															
T5	MIGRATION TO SINGLE DOCUMENT MGT SYSTEM	[Purple bar]																															
T6	PLANNING & EH INTEGRATION (timeline TBC)																			[Purple bar]													
T7	REVS & BENS INTEGRATION (timeline TBC)																			[Purple bar]													
T8	HR SYSTEM INTEGRATION (single employer in place)																			[Purple bar]													
T9	PAYROLL SYSTEM INTEGRATION (single employer in place)																			[Purple bar]													
ICT INFRASTRUCTURE																																	
T10	TELEPHONY	[Purple bar]																															
T11	CORPORATE DIRECTORY	[Purple bar]																															
T12	CROSS-SITE WORKING	[Purple bar]																															
T13	ONE ICT SERVICE	[Purple bar]																															
T14	DATA STORAGE / BACKUP / RESILIENCE																			[Purple bar]													
T15	ONE DESKTOP																			[Purple bar]													
SHARED CORPORATE SERVICES																																	
M4	PROPERTY SERVICES SHARED SERVICE	[Light Blue bar]																															
M5	FINANCE SHARED SERVICE	[Light Blue bar]																															
M6	IT SHARED SERVICE	[Light Blue bar]																															
ORGANISATION DESIGN AND CHANGE MANAGEMENT																																	
P1	CHANGE MANAGEMENT STRATEGY	[Yellow bar]																															
P2	ORGANISATION DESIGN & TARGET OPERATING MODEL	[Yellow bar]																															
P3	STAFF CONSULTATION, SELECTION, APPOINTMENT																			[Yellow bar]													
P4	WAYS OF WORKING, TRAINING AND KNOWLEDGE TRANSFER	[Yellow bar]																															
BUSINESS PROCESS MIGRATION																																	
B1	DETAILED PROCESS ANALYSIS & PRIORITISATION	[Light Green bar]																															
B2	TRANSITION LDC TO PRIORITY SET OF BUSINESS PROCESSES	[Light Green bar]																															
B3	CUSTOMER RECORDS / PROPERTY RECORDS / DOCUMENT MGT	[Light Green bar]																															
B4	CUSTOMER CONTACT CENTRE	[Light Green bar]																															
B5	MOBILE TEAM WORKING	[Light Green bar]																															
B6	SERVICE PROCESSING / SPECIALIST ADVISORY																			[Light Green bar]													
PROGRAMME MANAGEMENT																																	
M1	PROGRAMME MANAGEMENT AND BENEFITS REALISATION	[Red bar]																															
M2	COMMUNICATIONS AND CUSTOMER ENGAGEMENT	[Red bar]																															
M3	BRANDING PLANNING & IMPLEMENTATION - EBC, LDC, EHL	[Red bar]																															
ORGANISATIONAL GOVERNANCE & PERFORMANCE MGT																																	
M7	JOINT ORGANISATIONAL GOVERNANCE MODEL	[Grey bar]																															
M8	COST/BENEFIT ALLOCATION MODEL	[Grey bar]																															
M9	POLICY AND PERFORMANCE ALIGNMENT	[Grey bar]																															

Appendix Three –Costs and Net Present Value Analysis

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
Programme costs	-	-	-	-135,000			-
	1,860,000	3,080,000	1,475,000				6,550,000
Contingencies	-93,000	-154,000	-73,750	-6,750			-327,500
Total (net) Costs	-	-	-	-141,750	0	0	-
	1,953,000	3,234,000	1,548,750				6,877,500
Benefits	650,000	1,550,000	2,200,000	2,800,000	2,800,000	2,800,000	12,800,000
							0
Net flows	-	-	651,250	2,658,250	2,800,000	2,800,000	5,922,500
	1,303,000	1,684,000					
Cumulative (non-discounted)	-	-	-	322,500	3,122,500	5,922,500	
	1,303,000	2,987,000	2,335,750				
DCF 3.5%	1	0.966	0.934	0.902	0.871	0.842	
NPV	-	-	607,949	2,397,589	2,440,038	2,357,525	4,873,048
	1,303,000	1,627,053					
Cumulative (discounted)	-	-	-	75,485	2,515,523	4,873,048	
	1,303,000	2,930,053	2,322,104				