

MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR CORPORATE SERVICES

REPORT OF DIRECTOR OF CHANGE AND SUPPORT SERVICES

Report prepared by Alasdair Robertson

Date Issued: 18 October 2007

1. Business Transformation

1.1 Issue for Decision

1.1.1 To consider proposals to commence a shared programme of business transformation with other authorities. This will produce a better return on investment, bring in a wider range of skills, knowledge and service delivery models and programme costs will be lower.

1.2 Recommendation of Director of Change and Support Services

1.2.1 That the progress made in the first year of the Business Transformation Programme (BTP) is noted.

1.2.2 That agreement is given to enter a partnership approach to business transformation.

1.2.3 That the work is funded using existing resources and a revised Invest to Save loan as set out in the report.

1.2.4 That if further partners join the group, which would provide for greater potential savings, that the Invest to Save funding can be increased in line with the figures below.

1.2.5 That the Chief Finance Officer is given delegated authority to amend any of the financial parameters provided this has little material effect on the overall financial standing of the programme and that the Director of Change and Support Services has delegated authority to amend list of partners and any methodology issues provided this does not effect the viability of the programme.

1.2.6 That a separate business justification is produced for some of the activity currently funded through the Business Transformation Programme, including document imaging and the use of geographic information systems.

1.3 Reasons for Recommendation

1.3.1 **Progress to date.**

1.3.2 The current Business Transformation Programme has been running since September 2006.

1.3.3 The target for savings in year one was £150,000. So far an annualised amount of £159,000 has been removed from budgets and a total of £313,000 has been identified within these service areas. The areas of saving are set out in Appendix 1.

1.3.4 Costs have been on budget. The return on investment for the budget reductions taken to date over a three year period is 164%.

1.3.5 Although many authorities are currently exploring business process changes very few have actually delivered financial savings. Of those authorities that have made savings in many instances this has involved significant expenditure with private sector partners. As a result our programme has attracted interest from the Improvement and Development Agency (IDeA) and government departments who have invited the Council to present our work as a 'how to' case study to their consultants.

1.3.6 No redundancies have been required through careful recruitment management by Human Resources in close liaison with the project team.

1.3.7 One of the many areas of learning from the programme has been resolving the challenge of translating identified savings into actual savings within the service areas. A key part of this has been the complexity of delivering the required changes in the information technology. In some cases, delivery of the required changes by the services involved has been delayed.

1.3.8 The business transformation process has evolved during the course of the year with the following changes:

- *Reducing the number of reviews while increasing the savings target per review* - Originally the savings target was 3% of staff costs which was increased to 6%). This meant that there were fewer projects to implement which significantly reduced the implementation workload and associated risks. It also greatly simplified the project management activities. In turn this allowed for a reduction in the number of staff involved in exploring savings and the effort in tracking/ managing the project from 3.75 to 2.75 full time equivalents, further reducing project costs.
- *Improved liaison with the IT and services* - this has enabled more realistic implementation timescales to be set.

- *Reduction in extent to which IT changes are part of the solution* - this has been drastically revised from the original concept to broaden the topics for change.
- *Reviews with service managers* – the service managers involved have been asked to attend meetings at the programme board level at key stages to explore, among other issues, any delays or areas of concern.

This learning will be applied to the future running of the programme.

1.3.9 The current programme is funded for a further two years using existing resources, an Invest to Save loan and some of the savings achieved so far. However it is now proposed to cease this programme, ensure the investment is repaid and take a more progressive approach as set out below.

1.3.10 **Moving forward**

1.3.11 The programme to date has delivered savings through the knowledge of officers in the borough and identifying best practice elsewhere. Value for money comparisons and benchmarking has identified possible services for consideration in years two and three. However, officers have been looking at opportunities to maximise the value from the Business Transformation Programme (BTP) and there is currently an opportunity to work in partnership with other authorities on a shared BTP programme. The proposal and business case are attached which provides the full detail of the concept including the budget details.

1.3.12 The opportunities from this are significant but are primarily:

- Reduced costs – running costs are estimated at 40% lower for a given savings total. The return on investment over three years is projected to be 218% for a shared programme and 149% for a continued stand alone version using the same set of assumptions;
- The opportunity to take a 'compare and contrast' approach to reviews, building on the value for money book to get to a detailed understanding of variations in cost of whole services and component parts of each process;
- Potential for lower implementation costs where these can be shared
- More options for savings – new ways of producing savings emerge from a shared approach and more ideas will be generated;
- External funding – options for external funding become possible and are being actively pursued and could result in between £75 and £200k of external investment; and
- Crucially to the wider picture around value for money and the Kent Commitment, the opportunity to build relationships, experience and confidence in shared working as well as learning and blending of cultures and approaches towards change initiatives. All of this will demonstrate

that shared working can be effective and produce multiple intangible and tangible benefits.

- 1.3.13 The current plan is that the partners will comprise Ashford Borough Council and Tunbridge Wells Borough Council and a two year programme is planned. It is also possible that further partners may wish to join in the future but this has not been included in the attached proposal.
- 1.3.14 The funding and savings calculations have been made on the basis of this three way partnership (see Appendix 2) with a mixture of joint reviews and single authority reviews. Should others join then the cost per review drops and the savings potential will increase. The addition of two further partners is likely to increase MBC's annual costs by up to £18,000 but savings by £56,000. Additional Invest to Save funding may be needed should the opportunity arise.
- 1.3.15 MBC's funding will be placed alongside that of other authorities to share costs. The exception is a small allocation for IT implementation that does not involve other authorities which would be kept separate.
- 1.3.16 The costs for the assumed programme to MBC based on current plans are as follows:

Authority annual summary	£(000)
fixed costs	38
Analysis costs	80
Implementation	87
Total costs	206
Total costs to provide to 'shared pot'	174
Total savings	150
ROI 3 years after completion	218%

- 1.3.17 It is recommended that the costs of the programme are met through existing resources and by amending the Invest to Save loan. This ensures that there are no revenue implications for funding the programme. Approval for Invest to Save funding up to £100,000 for each year of the programme is recommended although it is anticipated that only £92,500 will be required, but this will provide a small level of contingency.
- 1.3.18 The current funding arrangement involves a tapering off of Invest to Save input and a corresponding increase in funding provided from the savings of previous years. This proposal involves returning all savings, (net of loan repayments), directly to the central budget giving a more rapid achievement of savings.

1.3.19 The implementation costs are the least predictable element. Any requirements over and above the estimates will be subject to their own business case and a separate 'top up' Invest to Save loan and will need to be justified on the basis of the returns generated.

1.3.20 The costs will be met through existing resources of £114,000 and Invest to Save funding of £92,000 per annum. However, funding of £75,000 has been secured for 2007/08 from the Kent Improvement Partnership towards the overall costs and a further bid is currently being considered by the South East Centre of Excellence. There is also the potential for further funding in the future.

1.3.21 If current bids for external funding are successful the Invest to Save loan will be reduced, the likely minimum level is £46,000.

1.3.22 The existing staff resources to be applied are envisioned to be:

Role	FTE	Cost £(000)
Business Manager	0.50	40
Project Manager	1.00	33
Process Mappers	1.25	41
Total	2.75	114

In addition there will be costs for the Review Manager and other team members as well as support costs including training and accommodation.

1.3.23 The annual profile for the two years of the programme and three subsequent years are shown in appendix 2. For a two year programme on this basis the savings would be:

	£(000)
Annual budget saving	300
Cumulative saving 3 years after programme completion	1,200
Cumulative savings 3 years after programme completion net of costs	780

1.3.24 The original Invest to Save proposal assumed that DIP, GIS and electronic workflow would be key components for the release of savings. In reality DIP and GIS work have, or will, contribute towards savings totalling £33,000 and approximately £35,000 of their costs has been used towards BTP projects. It is not proposed therefore to continue to include these elements within the BTP funding at existing levels but to commission such work as may be required from the budget for implementation.

1.4 Alternative Action and why not Recommended

1.4.1 The Council could continue with a stand alone programme but the return on investment will be substantially lower as outlined above.

1.4.2 We could not continue with business transformation but the savings achieved so far are significant and we have built up expertise in this area which are a useful asset. Alternative ways of producing savings would need to be identified to meet budget requirements. In addition business transformation has been identified as one of the two main strands (along with procurement) by which the government expects local authorities to deliver the 3% efficiency savings highlighted in the Comprehensive Spending Review.

1.5 Impact on Corporate Objectives

1.5.1 Business Transformation success is one of the corporate targets and contributes to overall budget reductions.

1.6 Risk Management

1.6.1 The following risks have been identified and the risk profile is set out as follows:

Risk No	Risk Name
1	Failure to agree on areas to work on
2	Partnership working does not proceed smoothly
3	Savings can not be identified
4	Progress in achieving savings is not made to schedule
5	Staff with required skills can not be identified or released
6	An authority is not able to make their contribution to the costs
7	Delays occur in decision making at key stages in the process

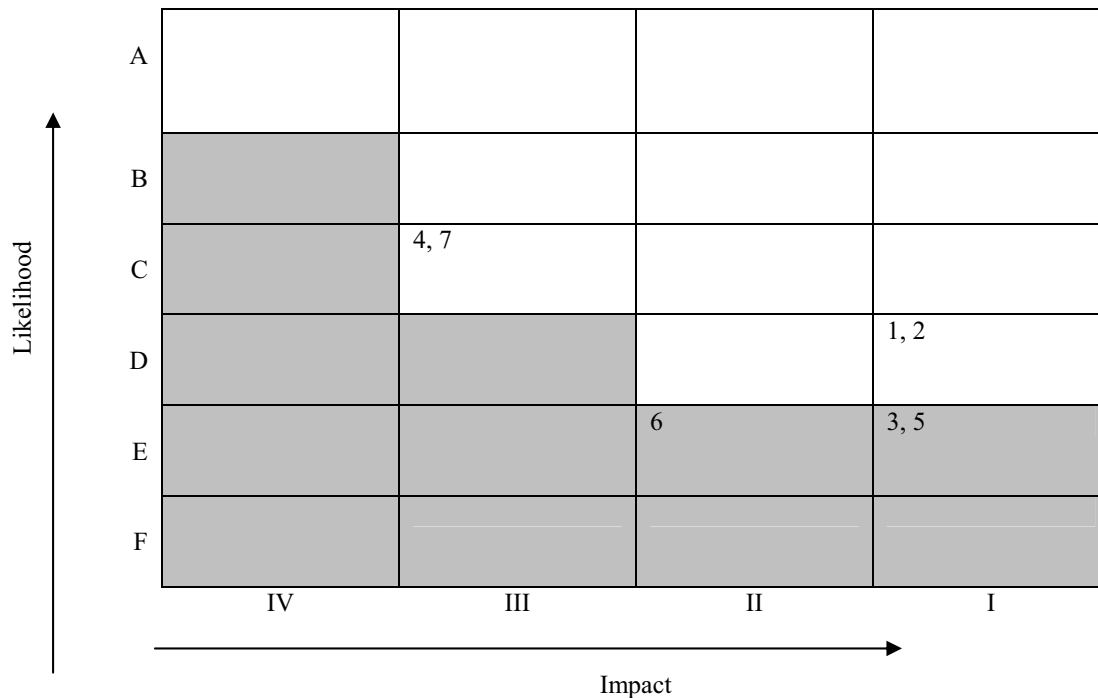
The risk profile is:

The **vertical axis** shows **Likelihood**:

A = very high; B = high; C = significant; D = low; E = very low; F = almost impossible

The **horizontal axis** shows **Impact**:

1= catastrophic; 2 = critical; 3 = marginal; 4 = negligible



1.6.2 The risks above the tolerance line will be managed as follows:

- *1. Failure to agree on areas to work on* – the value for money book and categorisation of processes according to suitability for transformation will help identify common areas. Assumptions have also been made about the work programme and shared with the other authorities, this has included the number of reviews to be conducted making agreement easier to achieve. The cost model allows for some stand alone reviews to compliment the shared ones whilst still achieving desired savings.
- *2. Partnership working does not proceed smoothly* – extensive work to build relationships has already been undertaken. Agreement to the principles of joint working has already been obtained. Management of the work as a true partnership will ensure that no contributor’s interests are not maintained. Keeping the partnership to a size that gives the economies of scale without becoming unwieldy is crucial. Three or four authorities is considered the optimal size.

- *4. Progress in achieving savings is not made to schedule* – clear project plans will specify the timetable and be agreed before commencement. Project methodologies and reporting lines will highlight issues early enabling management action to alleviate issues
- *7. Delays occur in the decision making process at key stages in the process* – this may not be within the control of the project as decisions will be required at various levels within the partner authorities. The lead officer from each authority will seek to keep the decision making on track to allow smooth progress.

1.7 Other Implications

1. Financial	X
2. Staffing	X
3. Legal	X
4. Social Inclusion	
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	

1.7.1 *Financial implications* – the programme costs and funding is set out in the report.

1.7.2 In addition there is the need to identify alternative funding for the DIP and GIS resources. At present the BTP programme contributes towards the DIP and GIS sections. However, in practice only limited use has been made of these resources in BTP although significant use is made across the Council. As such there is no justification based on the BTP programme for continuing this funding at the current levels. However they have provided extremely valuable contributions towards the general support provided to services. If this is to continue, funding needs to come from a separate business case outside of BTP.

1.7.3 *Staffing* - there are three staffing implications. Firstly releasing the resources for the programme. These staff are already working on the

existing programme and given this topic of work will continue there are no further issues.

Secondly there could be significant staffing implications when implementation commences within a service. To date redundancies have not been required through careful recruitment management and clarity over the programme which has enabled a degree of staff planning. This may not be possible indefinitely and if potential shared service delivery models do emerge in the future there could be further redundancy or TUPE issues to consider. This will also be dependent on the staffing position within each of the authorities and further opportunities may arise as the project progresses.

Finally if alternative funding or a strong business case for the DIP and GIS resources cannot be made there may be further staffing issues that arise.

- 1.7.4 *Legal* – a form of legal agreement will be required. It is intended that this will be a partnership agreement based on the proposal/business case. This is currently being progressed.

If there are any decisions that need to be taken by Members in terms of future service delivery then these will be taken individually by each authority. As with the current programme Members will be briefed on progress at regular stages.

1.8 Background Documents

1.8.1 Shared Business Transformation – Business Proposal.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

If yes, when did it appear in the Forward Plan? Period Oct 07 – Jan 08

Is this an Urgent Key Decision? Yes No

Reason for Urgency

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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Appendix 1 – Savings identified and achieved to date

Service	Process reviewed	How savings are achieved	Identified Annual saving	Delivered (Y/N/ Partial)	Savings already applied to budgets	Outstanding issues to deliver savings	Other benefits/ Notes
Human Resources	Recruitment	<ul style="list-style-type: none"> Moving recruitment calls to contact centre 	£13,000	Y	£13,000		<ul style="list-style-type: none"> Improved customer access
	Payroll	<ul style="list-style-type: none"> Efficiencies when new system in place 	£4,369				<ul style="list-style-type: none"> Improved customer access
	Cross cutting s106	<ul style="list-style-type: none"> Additional charges to developers 	£25,000	Y	£25,000	<ul style="list-style-type: none"> New system nearing completion but income being achieved 	<ul style="list-style-type: none"> Streamlined s106 process. Fully meets audit requirements. Tracking of income and amounts due visible for first time.
Parking		<ul style="list-style-type: none"> Additional income through more efficient process 	£7,500	Y	£7,500		<ul style="list-style-type: none"> Non-cashable savings in administrating process (not estimated).
Parking		<ul style="list-style-type: none"> Admin reduction through use of DIP 	£7,500			Conformation of potential for savings needed	

Service	Process reviewed	How savings are achieved	Identified Annual saving	Delivered (Y/N/ Partial)	Savings already applied to budgets	Outstanding issues to deliver savings	Other benefits/ Notes
Planning Admin	Registering applications	<ul style="list-style-type: none"> Reducing costs of invalid applications Merging of admin teams Improved registration process E-consultation of new applications Advert cost reductions 	£90,000 (of which £29k is from post room and DIP team)	Partial	£20,800	<ul style="list-style-type: none"> Planning website needs upgrading Customer information on invalids needs finalising New structure needs implementing 	<ul style="list-style-type: none"> Better career development for staff Reduced paper consumption Improved customer service £29k of this figure is from post room and DIP team
Development Control	Determining applications	<ul style="list-style-type: none"> Smoothing the difference in productivity between the area teams 	£50,000	N	£10,000	Positive recent trends which need to be continued	
Development Control	Planning conditions	<ul style="list-style-type: none"> Reduce the need for applying planning conditions 	-	N		Revised validation checklists need producing	Savings of £33k are possible here but it is proposed to recycle these savings into improved service and to ensure that is contingency in other savings
Development Control	Charged for advice	<ul style="list-style-type: none"> Improved charging regime 	£20,000	Y	£20,000		More consistent and higher quality advice with less risk to authority
Housing Options	Various	<ul style="list-style-type: none"> Improvement to use of DIP and contact centre 	£14,100	Y	£14,100		Improved customer access to advisors face to face and by phone

Service	Process reviewed	How savings are achieved	Identified Annual saving	Delivered (Y/N/ Partial)	Savings already applied to budgets	Outstanding issues to deliver savings	Other benefits/ Notes
Environmental Enforcement	Planning Enforcement	<ul style="list-style-type: none"> N/A 	-	Partial		new process to be evaluated and completion of IT work	More cases being closed. More focus on key enforcement issues. Reduced admin work. Enhanced communication with parishes, wards and customers.
Environmental Enforcement	Pollution	<ul style="list-style-type: none"> improved process and contact centre use 	£38,800	Partial	£38,800		
Environmental Enforcement	Dog bin collection	<ul style="list-style-type: none"> revision to contract based on analysis and other work done 	£5,000	N		Report and new contract being completed	
Environmental Services	Market admin	<ul style="list-style-type: none"> reduction in work 	£10,000		£10,000	GIS work nearing completion	
Environmental Services	Crematorium admin	<ul style="list-style-type: none"> reduction in work 	£9,750			GIS and other IT work still outstanding	
Environmental Services	Memorials	<ul style="list-style-type: none"> Increased income 	£8,500			Review of memorial 'offer' , proposals still being developed	will also reduce workload for staff (not being taken as saving)
Environmental Services	SBS system	<ul style="list-style-type: none"> replacing SBS with CRM based system 	£9,750				
Totals			£313,269		£159,200		

Appendix 2

5 year projections from Sept 07.

	Maidstone
Sept - Apr 08	
Analysis and fixed costs	£59,222
Implementation	£0
Costs for year	£59,222
Total costs to date	£59,222
New savings achieved during year	£0
Total savings achieved to date	£0
Net position	-£59,222
2008-09	
Analysis and fixed costs	£118,444
Implementation	£87,343
Costs for year	£205,787
Total costs to date	£265,009
New savings achieved during year	£74,925
Total savings achieved to date	£74,925
Cumulative savings	£74,925
Net position	-£190,084
2009-10	
Analysis and fixed costs	£59,222
Implementation	£87,343
Costs for year	£146,565
Total costs to date	£411,575
New savings achieved during year	£149,850
Total savings achieved to date	£224,775
Cumulative savings	£299,700
Net position	-£111,875
2010-11	
Analysis and fixed costs	£0
Implementation	£0
Costs for year	£0
Total costs to date	£411,575
New savings achieved during year	£74,925
Total savings achieved to date	£299,700
Cumulative savings	£749,250
Net position	£337,675
2011-12	
Analysis and fixed costs	£0
Implementation	£0
Costs for year	£0
Total costs to date	£411,575

New savings achieved during year	£0
Total savings achieved to date	£299,700
Cumulative savings	£899,100
Net position	£487,525

2012-13

Analysis and fixed costs	£0
Implementation	£0
Costs for year	£0
Total costs to date	£411,575
New savings achieved during year	£0
Total savings achieved to date	£299,700
Cumulative savings	£1,198,800
Net position	£787,225

Shared Business Transformation

Business Proposal

Version: Draft 5

Date 14.09.07

Status of document:

Final draft to Partner authorities.

Project Manager: Alasdair Robertson, Operations Manager, Maidstone Borough Council

Project Sponsors: William Benson, Director of Change and Business Support, Tunbridge Wells Borough Council

David Edwards, Director of Change and Support Services, Maidstone Borough Council

Paul Naylor, Deputy Chief Executive, Ashford Borough Council

1. Executive Summary

The document sets out the case for a business transformation project involving Ashford Borough Council, Maidstone Borough Council and Tunbridge Wells Borough Council.

1.1. The Concept

Whilst business transformation is a current vogue, examples of successes are extremely limited. However within the above authorities the picture is of notable cost savings. For example Maidstone Borough Council is on track to save in excess of £200k from the first year of their Business Transformation programme including savings of at least 7% in all services reviewed.

But to maximise the potential and develop more universal solutions there are real advantages through taking a wider partnership approach. This is reflected in the Local Government White Paper, particularly in terms of transforming services, delivering value for money, working together and driving out waste. Hence the boroughs have all agreed in principle that a shared business transformation programme should be pursued and are actively working on the business case.

The shared approach has the decisive advantages of:

- Reducing the programme investment costs;
- Allowing a 'compare and contrast' approach between authorities to the processes, and crucially, the associated costs for each stage. From this the best bits of each can be selected to build improved services;
- Allowing the sharing of learning, capacity building, ideas, solutions and systems development work;
- Bringing together CPA rated 'excellent', 'good' and 'weak' authorities; and
- Allowing a wider range of potential strategies to improve services and reduce costs including the potential for innovative 'part shared' services where the administration, data processing and customer interaction are done in common leaving the professional decision making purely local.

1.2. The Planned Outcomes

One of the key outcomes will be more efficient delivery of services, plus cost savings, reduced 'waste', improved technology and the potential for part shared services for the transactional and data processing activities in the future. This aim is to overcome traditional barriers to collaboration giving the best of both worlds, combined and efficient delivery but with local determination and presence. An example would be Development

Control where the first stage would be improving the business process in each authority based on optimum processes which could then be further developed into a shared team who receive all applications, register and validated them, send out the initial consultations and then pass on the application to the relevant authority to determine. This would be more efficient, save on support costs to link with the planning portal and other national infrastructure and provide a team dedicated to the administrative intensive but highly customer facing part of the process.

The cost of a shared programme is 40% cheaper than a stand alone one and a target of 10% savings will be set (against the current Maidstone Borough Council achievement of 7%+ during the past twelve months. This is projected to give a return on investment over 3 years of well over 200% and a host of 'process maps' and learning for wider sharing within Kent.

The intangible understanding of each other's services and cultures will also prove an extremely significant outcome and should provide the potential for the wider application of approach.

1.3. **Funding**

Each authority in the partnership will be contributing investment in the programme but initial funding is significant. Savings will accrue later but the investment upfront is needed to make it happen. If this can not be identified the opportunities could be limited.

The overall cost of the programme will be around £445,000 per annum.

The project will commence at a time that the comprehensive spending review will be announced which will no doubt set even tougher financial targets for local government. This is against a backdrop of rising resident and stakeholder expectations and would complement other strand of work that are being taken forward around the Kent Commitment.

2. Background

2.1. Purpose

The purpose of this paper is to set out a comprehensive proposal on a shared approach to business transformation including recommendations on a methodology, funding arrangements, costs, expected outcomes, resourcing and governance arrangements.

The proposals build directly on the learning to date from existing programmes within the partner authorities. These form the basis of the key design concepts. The proposal has been agreed by all potential partner authorities and is intended to provide all the information needed for a formal decision to proceed. A copy of the signed proposal can be seen as at Appendix A.

2.2. What is Business Transformation?

Business transformation work completed so far is a managed approach to service improvement and cost reduction. The approach typically has the following features:

- Reviews transactional based services (services where many instances of the same or similar activity are repeated, often initiated by a request for service);
- Identifies the purpose of the process from a customer's viewpoint;
- Seeks improvements to the transactional processes by fundamentally re-designing them;
- Seeks to encourage empowerment and job enrichment by allowing staff to do the activities that only people can do with more face to face interactions;
- Regrouping activities by nature, resource or other to achieve efficiencies;
- Challenging performance and productivity levels;
- Removing redundant steps and processes;
- Eliminating steps that do not add value to customers;
- Using technology more effectively to reduce work; and
- Streamlining processes and designing out deficiencies such as single points of failure (activities that rely on 1 person), handovers, decision points relying on senior staff which others could make if empowered, duplication, batching, checking and bottlenecks.

2.3. What has been achieved so far?

Each of the boroughs has undertaken different approaches to securing service and efficiency improvements with differing levels of success. This has been achieved against CPA external assessments that have rated the

authorities as 'Weak', 'Good', and 'Excellent' and generally positive statements in terms of the authorities direction of travel.

The business transformation work and concept to date has been undertaken primarily by officers in Maidstone and Tunbridge Wells. This has delivered significant savings in areas such as development control, HR, parking, environmental services, housing, internal printing, street naming and numbering and other areas but there is potential to take the current approach to the next level. In addition this has been set against delivering efficiency savings, assessment of resident satisfaction levels and external benchmarking of performance.

Each of the boroughs have also actively sought to work in partnership with others including joint work on audit, payroll, overview and scrutiny, revenues and benefits, procurement and training as well as looking at wider local strategic partnerships. Several of these arrangements are already in place and operational.

This has been achieved by taking account of differing cultures and working environments across various authorities, having a proactive approach to change management and focussing on delivering outcomes for local people.

In addition several providers within Kent have sought external support from the private sector looking at how improvements can be made. These have had varying levels of success and also in some instances incurring significant costs.

2.4. **Why a shared approach**

The rationale for shared business transformation provides a compelling business case:

- Lower management costs: under a shared approach the costs to produce a given saving drops by 40%;
- Permits a 'compare and contrast' methodology whereby benchmarking and identification of good practice are integral to the programme;
- A greater range of potential strategies becomes possible including the possibility of the 'part shared services concept' which is outlined below;
- Learning is shared and capacity built and also distributed more widely;
- More heads involved increases the chances of new ideas emerging which can then be applied in multiple authorities;
- Implementation costs reduce through replication; and
- Allows potential access to external funding opportunities which further increases partner's return on investment.

Recognising these benefits the partner authorities have already met informally with KIEP and agreed that a shared programme should be actively considered, including in terms of supporting Tunbridge Wells as a CPA 'weak' rated authority.

3. The Key Programme Design Concepts and assumptions

A review of the learning to date and emerging best practice elsewhere (informed by the work led by CLG) is central to the design of the programme. The key concepts we are mindful of in designing the programme are:

- **Partnership based**

The programme is a genuinely shared approach with a joint steering board made up from directors in each of the participating authorities. The group will agree the overall programme of work, lead officer responsibilities, milestones and monitor progress on service delivery. Member involvement will be on a project specific basis as it is envisaged that any solution involving changes to policy and resources will need to be agreed by each participating authority. Resources and input would be drawn from all the partners and there is no presumption of leadership from any partner.

- **Flexibility in the programme is key**

The programme is designed to enable authorities to benefit from 'stand alone' reviews where no other authority is looking at the same service as well as reviews involving either two or three other authorities looking at the same service at the same time.

- **Common funding**

The majority of the costs will be met from a common funding pot. This will apply to all costs (with the exception of any IT solutions that are implemented on a single site only for which authorities will set aside resources but keep these costs separately). Contributions to the funding pot can be in cash or resources to the equivalent value.

- **Using staff already within authorities**

As far as is possible staff within the partner authorities will resource the programme to:

- Give greater scope to flex resource levels
- Avoids risks of recruiting staff who may not be needed should the programme be cancelled or reduced in size
- Allows development of staff for other work in the future
- Significantly reduce costs (the 'day rate' of staff working on the programme is 16% of the likely cost using external consultants)
- Reduces the revenue that authorities need to identify

The use of consultants will be avoided except to provide some initial training.

- **Savings potential**

Reviews involving 1 authority will have a target saving equivalent to 6% of the direct salary costs. For reviews with two participating authorities it will be 7.5% and for three participants, 10%. Redundancies will be avoided as far as possible (none have been required in MBC through careful recruitment management).

- **'Waste'**

Much of the work to date is concerned with reducing 'waste' (activity not adding value to the customer). Typically this is re-work required when information is not 'clean' or complete on receipt or requests for updates when outputs are delayed and is often 5-15% of total costs. Improving processes and customer interactions are the key strategies for removing these costs. This approach will be central to much of the cost eradication.

- **'Rough cut' Activity Based Costing (RC- ABC)**

This technique will be used to apportion costs to each key stage in a process to allow comparisons between authorities.

- **Part shared solutions**

When shared reviews take place the possibility of 'part shared' solutions will be tested. This innovative concept could be applicable when a fully shared services is not either desirable or acceptable. However this does not preclude sharing the administration and core processing tasks while keeping the actual decision making within the relevant authority. Sharing these activities has a wide range of benefits including:

- A single team, all using the best in class process;
- One set of standard correspondence, advice, web information and support to customers to maintain;
- One advice team who can support customers when making requests and can undertake channel management;
- More flexibility to manage peaks and troughs;
- Training and management overheads reduction;
- A single website to maintain for all e-requests and updates (e.g. in Development Control the link to the planning portal and e-planning system);
- Reduced management overheads; and
- Frees professional teams to manage the decision making, not the data processes.

All of this provides economies of scale, lower costs and improved services while maintaining the fundamental decision making at the most local level. This approach will be tested as a possible part of the solution to each jointly conducted review.

- **Return on investment**

Any work undertaken must produce a return on investment of at least 150% over three years with the costs including staff time to make the transition.

- **Savings are savings**

Strict criteria are used about applying savings. Experience shows that managers prefer to recycle the savings from work that has been removed to fund other pressure points and cashable savings then fail to materialise. Proposals to re-cycle savings will properly be considered separately as growth.

- **Staff know the answers**

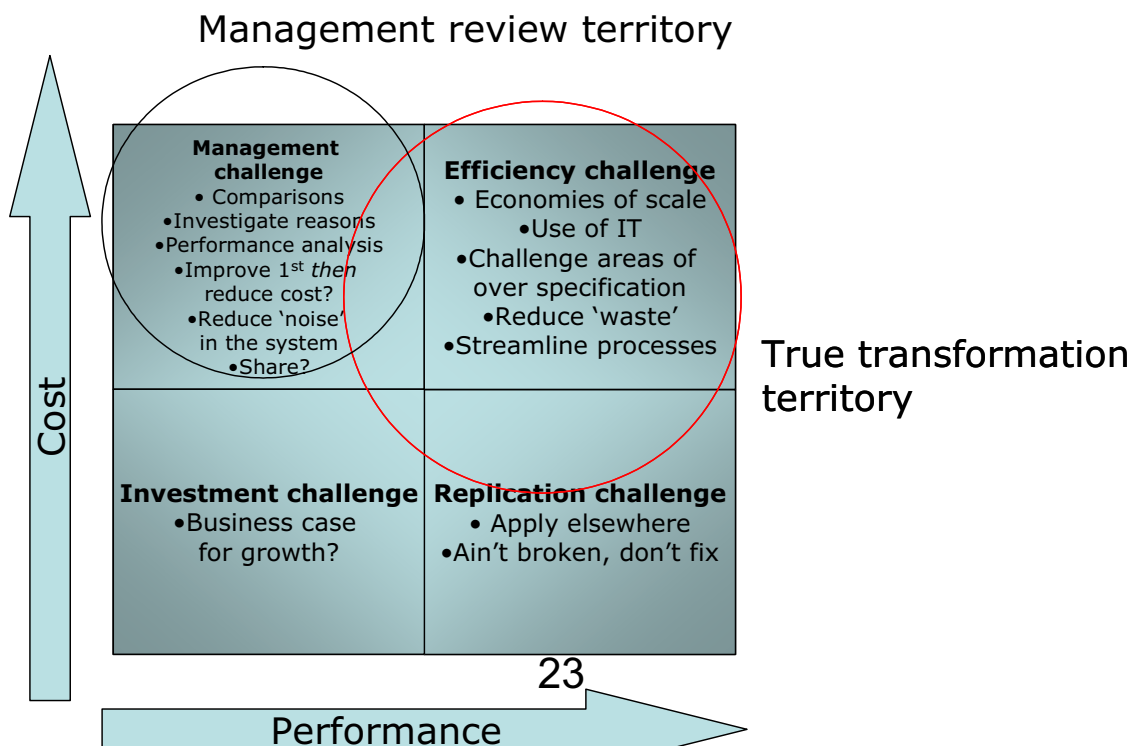
The approach will be to involve staff. Managers perceptions of the process are often inaccurate and solutions from staff are often more powerful and implemental. In addition by involving more than one borough there will also be the opportunity to challenge thinking in an open and constructive manner which should also yield improved solutions.

- **Cost/performance matrix**

The programme will be based on the concept of a cost/performance matrix (the "Transformation 'medicine bag'"). This informs both the selection of services to include and the likely strategies to employ.

The diagram below will be used to determine which services are most applicable for business transformation. These are likely to be in the top right hand segment of the chart and the current programme of work on the Value for Money Book will be used to initially plot the services for each of the boroughs. This will therefore combine the cost and quality factors that will be essential in taking service delivery forward.

Transformation 'medicine bag'



Experience to date shows that *high cost/low performance* services:

- Are generally in 'crisis' mode and there is therefore pressure to include them in a programme;
- Moderate to good performance improvements can be made fairly rapidly;
- However, cost reductions are much harder to achieve in the short to medium term and short term cost *increases* are often required
- Achieving low cost/high performance typically involves moving to high cost/high performance as the initial step.
- Replacement of management or shared services are the usually the first choice strategies

High cost/high performance are often the high profile 'crown jewel' services where investment has been made and results are good. It is tempting to leave out of review programmes and therefore such services may not have been subject to intensive cost pressures. They are often the most fruitful territory for efficiency savings.

It follows that the programme should be comprised predominantly of *high cost/high performance* services with some *high cost/low performance* ones as required.

- **IT and process reengineering is not always the answer**

Much of the savings are likely not to come from application of IT (in Maidstone around 38% of the savings have come IT use) which reduces the risk of technological delay.

- **Pick the right services for transaction transformation**

Services ideally need to be in the optimal cost/performance quadrant and must be ready and willing to engage.

The key metrics are:

- Transactions per member of staff; and
- Members of staff per process.

Typically where these are fewer than 50 or more transactions per member of staff and fewer than 4 staff involved then savings through process enhancement are often outweighed by the cost of making the change.

- **The need for external input**

A small group of 'Independent advisors' will be sought to represent the customer viewpoint or to challenge the thinking and ambition of the review team. They will be either experienced users of the service or someone with a background in delivering re-engineering programmes

from the private sector and will be paid a nominal amount (up to £900) to cover their expenses and as a retainer for the duration of the review.

This could also include 'experts' within Kent from either the districts, county or the private sector once any particular notable practice has been identified.

In addition the group envisage that there will be significant interest in the initiative from regional and national organisations with the CLG and IDeA already interested in marketing the model and publicising the programme and results.

4. Methodology

Each process is examined as a separate review. A simple two phase approach will be used for each process review.

4.1. Phase 1 – Analysis and Proposal Production

Aim

- To make a decision on the preferred delivery model and process.

Outputs

1. An agreed aim of process from customers' perspective;
2. For the two main options of '*enhanced as is*' and '*part shared service*' a specification of what the process should be able to achieve in terms of:
 - Performance;
 - Cost per transaction;
 - Productivity; and
 - Comparisons with current metrics.
3. Production of 'Ideal' *to be* process maps for stand alone and part shared delivery models;
4. Assessment of issues and findings for each authority including savings opportunities and recommendations.
5. Cost benefit analysis of options.
6. A decision, on whether or not to proceed with a part shared approach and on which other recommendations to implement.
7. Agreed action plan to implement the selected options.

Approach

- Workshops and interviews with staff during short but intensive review periods;
- Review teams will work closely with a steering group comprising service managers from each partner;
- The project will comprise the following activities:
 - Definition of the process;
 - Agree scope of review;
 - Agree purpose of the process from the customer's viewpoint;

- Briefings of staff and managers who run the process;
- Identify key stages of key process;
- Map *as is* processes;
- Identify and quantify 'waste';
- Rough cut activity based costing of activities;
- Best practice research, benchmarking and other research
- Production of ideal *to be* maps;
- Specification of expectations from *to be* process;
- Specification of IT requirements;
- Report on issues and options;

Where relevant:

- In principle agreement to progress a part shared delivery model
 - With significant support from the review team and using the information produced, preparation of proposals by any authority willing to host the part shared service. This will include running and implementation costs and action plans;
 - Final decision on way forward and which authority will host the part shared service.
- Implementation planning

4.2. **Phase 2 – Implementation and review**

Aim

- To implement the chosen option(s) and achieve the benefits.

Approach

- The Core BTP team will project manage implementation to provide continuity. They will also undertake post implementation review;
- Advice and support will be provided to services for all parts of the action plan;
- Any changes requiring specific professional knowledge will be done by the service (e.g. improved customer guidance, revised standard letters or forms etc) but with help from the Core BTP team;
- The budget includes capacity to undertake IT implementations, and HR support to help achieve the change which will be provided through the process;
- Where an IT implementation involves only to a single authority, the authority concerned will meet the costs itself from money set aside in their programme budget. Where shared solutions are being developed, these will be met from the funding pot. Estimated funding for this work are shown below.
- Regular progress reports will be provided to the programme board indicating the actions completed whether these are by the BTP team, IT services, service managers or others.

5. Savings, Investment Costs and Funding

5.1. **Delivery of phase 1: Analysis and proposal production**

The investment required by each authority will be in financial contributions or resources plus some overheads.

5.2. **Estimated cost of Phase 2: Implementation and review**

Each implementation will be costed on a project by project basis with an individual business case. Where the selected model is to enhance what is there now the cost met by each authority. Where selected model is to part shared services costs will be met by those involved.

6. Resourcing the Delivery Team

The resources will be from existing staff within the partners with the majority involved in the Core BTP team

6.1. **The BTP Delivery Team**

The delivery team would be funded from the core investment and provide:

- Management of phases 1 and 2;
- Delivery of Phase 1; and
- Support and quality assurance of phase 2.

The Core BTP team comprises:

Head of Programme

- Overall responsibility for the programme, staffing, operational and strategic management

Review manager(s)

- Leading a team of process mappers/ researchers
- Ensuring the methodology is applied consistently and to a high standard and ensuring that there is continuity and learning between reviews
- To evaluate the needs of the customer, service unit and Council as a whole in relation to specific Council processes or services.
- Directing the review according to the programme
- Liaising with the authority and the service being reviewed
- Keeping the Head of Programme and service managers up to date with progress and issues
- Ensuring those involved in the service are kept aware of what is happening
- To map and re-engineer business processes to secure improved efficiency, economy and effectiveness using process mapping software (Protos).

- To consider how individual services and processes can be brought together to maximise efficiency, economy and effectiveness
- Compiling all the findings together and working with the service and review team to develop proposals for the way forward
- Developing and finalising the draft options, business case and recommendations reports produced by the Process Mappers/ Researchers
- Reviewing implementation to learn lessons and evaluate results

This role is either full or half time. The role reports directly to the Programme Manager and there is strong support from the Project Manager who will provide the project planning, tracking and monitoring support and run the 'project office'.

Process mappers/ researchers

- Leading workshops and discussions with staff to identify current processes, issues and opportunities for change
- Analysing the costs of each part of the process
- Researching best practice elsewhere
- Applying creative problem solving approaches to produce new ideas
- Compiling the evidence and doing the initial draft of reports with recommendations for the future

There is one full time Process Mapper/ Researcher required and a number working 25% of their time on this. The commitment will be in blocks of days, usually involving 2-3 days a week for 5 to 6 week periods.

Project Manager

- Compiling the initial evidence before reviews commence and using this to produce a statement of the initial baseline position
- Producing project initiation documents and scopes and gaining agreement to these
- Planning reviews
- Tracking review progress
- Maintaining the project documentation
- Planning and tracking implementation
- Ensuring that sound project management principles are applied consistently in all reviews.
- Allocating and tracking resources to reviews
- Tracking progress and achievement of the objectives of each project and the overall programme

The Project Manager(s) will work very closely to support the review managers. As this is the role that will be involved in all the reviews it is the only one that will see the totality of the programme as the work is being done. It is therefore central to the consistency and quality of the programme.

Project Administrator

- Arranging meetings and scheduling review timetables
- Secretarial support to the project, review managers, project manager and programme manager including document production, minute taking and phone cover.

This is a part time role.

IT advisors

IT advisors are involved at two stages, review and implementation

Review advisors will:

- work with the review team to identify what technological solutions may exist
- arrange to bring in IT specialists as required to assess the use of technology at present and develop future options
- work with the programme manager to develop an IT specification to go alongside the proposals being developed
- This is a role for a generalist with an appreciation of the technologies that are available within the partner authorities.

IT advisors will be seconded to the programme on a part time basis.

Implementation advisors will:

- deliver the IT requirements to implement the chosen options

The exact skills and involvement for those implementing IT solutions will clearly not be known until the way forward is known. Resources for these tasks will be assigned as each review is progressed.

HR advisor

- Advising on HR issues that need to be addressed as part of the proposals
- Providing or coordinating any training needed at implementation stage

Is it envisaged at this stage that staff could be employed by any of the partner organisations, as the project develops it may well be more practicable to locate some of the core staff in a single location.

Project advisors

- 4 independent external advisors @ 3 days/ review.

7. Governance

7.1. Legalities

The work of the partnership will be undertaken under the terms of a legal agreement. This will be in the form of a single agreement between all three authorities for the duration of the programme, which will initially be

for two years (September 2007 to September 2009). The legal arrangements will need to be finalised, however, it is envisaged that savings will start to accrue before the start of the 2008/09 financial year. The final programme will be determined by agreement by all three boroughs and will aim to provide a balance of potential savings for each borough, it is not envisaged that savings achieved in one borough will be distributed to the others.

7.2. **Overall arrangements**

The programme will be managed using a PRINCE2 based approach.

7.3. **Member involvement**

The assumption is that the majority of the decisions and overview activity will be at day to day operational levels. However if member level decisions are required, including where any major changes to delivery models are proposed then these would be arranged individually by each borough. It is also likely that Overview and Scrutiny Committees will also request updates at key stages of the programme.

Membership and the timing of any meetings will necessarily vary depending on the issues and key stages of the programme. The partner representatives on the programme board (see below) will be responsible for updating members within their authority and members will request ad hoc meetings through these individuals.

7.4. **Programme Board**

There will be a main officer programme board comprising representatives from each partner organisation. These can be selected by each partner but are likely to be management team members. In project management terms their role will be as the senior users. One of these representatives will also be the programme executive and one the senior supplier (likely to be the individual employing the majority of the project team). The representatives will also be accountable for ensuring that any actions required by managers/staff within their own authority are completed on time and to standard. In addition it is proposed that a member of KIEP would have a place on the project board, given the focus on capacity building and sharing and developing best practice within Kent.

The board will also comprise a financial advisor and an IT advisor (programme assurance).

The head of programme will also be a member of the Board.

The role of the board will be to:

- track progress of the overall programme;
- agree major proposals and the scope of individual projects/ reviews;
- ensure the delivery of the programme objectives; and
- be accountable for the programme budget

The Board will meet monthly to review progress.

It is assumed that each partner will make their own arrangements for any political involvement on a day to day basis and the management team representatives will interface with local politicians as required. The head of programme will provide regular updates and briefings to assist.

7.5. Project boards

Each review will have a project board. This will be made up of one of the managers of the service involved (senior user), the review manager (senior supplier), the head of programme (project executive) and independent advisor (project assurance).

8. Making the partnership work

To make the partnership work the following 'rules of the game' will need to be part of the shared understanding at the outset.

Authorities contributing staff to the programme will be expected to make all reasonable attempts to ensure they are available when required. As much notice as possible will be provided by the project manager of when input is needed.

It may be that a service in one authority is inherently more efficient than others. In which case there is much to learn from that authority but little incentive for them to take part other than to validate existing practice. It is envisaged that the programme will be designed to reflect this balance between the various authorities and also the speed in which change can be implemented within certain service areas. However, this is something that will be kept under regular review. If partners feel that others are being unreasonably slow to implement changes and therefore release the resources for further initiatives then an assumed amount will be requested from them, again to protect the investment of others.

A commitment to an initial two year programme is required by each partner to ensure that others do not bare the risk of their investment in staff and training being lost.

Further partners may be able to join later but it is unlikely that once the programme is underway that significant changes will be possible in the first two years. Hence the assumption is that the further partners will not be joining. Any agreement to add further partners will need the unanimous agreement of all existing partners and a contribution to any set up costs to date will be needed.

The programme is a genuinely shared approach with a joint steering board, joint resources and input drawn from all partners and no presumption of leadership from any partner.

9. Next Steps and Conclusion

Initial discussions have taken place over the potential content of the programme for the first year.

It is likely that the final selection will also be influenced by the analysis of the Value for Money book and the figures provided for each of the authorities. However, the boroughs were also keen to ensure that the mix of services should also include potential areas where there may also be efficiencies that are applicable for the county operation as well as that for the districts.

9.1. Next Steps

A priority list of service areas will be agreed and individual lead officers selected to enable the work to commence in the autumn with the first phase of potential savings identified early in 2008.

Identification and selection of the staff involved commences from August 07 and completes by mid October

The review methodology and manual will be complete by early October

Training commences from November

The first review starts in early November

9.2. Conclusion

The project offers an opportunity to take a significant step forward in collaborative working within Kent, which will deliver outcomes on the ground. All the boroughs support the principle of this bottom up approach to service improvement which may or may not lead to part shared service delivery in the future. What will be delivered is improved value for money and a range of process maps and approaches that should be applicable in other settings.

This will be part of a package of initiatives, some of which are already being undertaken in Kent to identify ways of improving services and efficiency as part of the Kent Commitment.

Achieving six to ten per cent efficiency within the service areas will be a challenge but the principles are already proven albeit in a single borough setting. Bringing a range of cultures together and boroughs who are rated at differing levels by the Audit Commission will provide an opportunity to develop new approaches and improve service delivery to residents.

Appendix A – Signed agreement from all partners

Dominic McDonald-Wallace
Capacity Building Manager
Kent Development Partnership
Military Road
Canterbury
Kent
CT1 1YW

Date 17 July 2007

My Ref: DE/CK

Dear Dominic

Re: Business Transformation Project

In advance of the presentation and paper to your Board on the 19th July we felt it would be helpful to set out our joint position on the proposed programme.

As you are aware officers from Ashford, Maidstone and Tunbridge Wells have been discussing a joint approach to business transformation over the past few months. This has also involved KIEP in the development of the outline programme for 2007/08 and the business case. Recently, Canterbury Council has also asked to join the programme which, in our view, would create the optimum size for this type of partnership project without being too unwieldy to make progress.

Business transformation work in Maidstone in 2006/07 has already delivered savings of between 6% and 10% in each service and by working collectively the group is confident that overall savings of 10% should be delivered.

All the boroughs have now agreed in principle to progress the business case with the programme to commence in September 2007. The project will be overseen by a joint project board involving lead Directors from each of the authorities.

The provisional programme of work includes:-

- Transactional services, including regulatory functions, development control, building control and enforcement; plus
- Support services, including accountancy and finance, HR and internal audit.

This programme will be finalised once the price book exercise has been concluded and the joint project board has met to agree the priorities.

If you require any further details on the project please contact any of us and we look forward to working with the KIEP over the next year.

Yours sincerely

William Benson, Director of Change and Business Support Tunbridge Wells Borough Council



David Edwards Director of Change and Support Services, Maidstone Borough Council



Paul Naylor Deputy Chief Executive Ashford Borough Council

