

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET	
Report of:	Strategic Director – Finance & Legal and Strategic Director Change & Support Services	
Date of Decision:	20 September 2016	
SUBJECT:	INTEGRATED SUPPORT SERVICES – PHASE 1 IMPLEMENTATION	
Key Decision: Yes	Relevant Forward Plan Ref: 002282/2016	
If not in the Forward Plan: (please "X" box)	Chief Executive approved	<input type="checkbox"/>
	O&S Chairman approved	<input type="checkbox"/>
Relevant Cabinet Member(s) or Relevant Executive Member:	Councillor Ian Ward, Deputy Leader	
Relevant O&S Chairman:	Councillor Mohammed Aikhlaq, Corporate Resources and Governance.	
Wards affected:	All	

1. Purpose of report:
<p>1.1 The Integrated Support Services work-stream of the Future Council Programme has reached the end of the design phase and this report sets out the major changes to the operation of support services</p> <p>1.2 A decision point in terms of structural and technology proposals has been reached. The project can make significant progress by phasing in elements of the new design based on accepted design principles. A second phase will build on the most successful elements, including a wider roll-out of IT solutions and structural changes.</p> <p>1.3 This report seeks authority to progress with Phase 1 implementation while developing further proposals to complete the transformation of support services.</p>

2. Decision(s) recommended:
<p>That Cabinet :-</p> <p>2.1 Notes the overall design principles and structure of Integrated Support Services.</p> <p>2.2 Approves the investment in technology detailed in the Full Business Case at appendix 2 at an estimated cost of £1.62m with on-going costs of £0.25m.</p> <p>2.3 Authorises the Strategic Director of Change and Support Services to place orders up to the value of £1.62m with Service Birmingham to implement the proposed IT solutions.</p> <p>2.4 Authorises the Acting City Solicitor to negotiate, execute, seal and complete all necessary agreements and documentation to give effect to the above recommendations.</p>

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3. Consultation	
3.1	<p><u>Internal</u></p> <p>The Deputy Leader has been consulted on the content of the report and is supportive of its proposals. The detailed proposals for ISS have been discussed with all Strategic Directors at various stages of development. The Heads of Service for all in-scope support services have been involved in detailed design of the future service offers. The Strategic Director of Finance & Legal, The Strategic Director of Change & Support Services, officers from City Finance and Legal and Democratic Services have been involved in the preparation of this report.</p>
3.2	<p><u>External</u></p> <p>No external consultation has taken place as this decision involves internal service redesign only. Service Birmingham has been involved in the development of the IT strategy.</p>
4. Compliance Issues:	
4.1	<p><u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>The ISS work-stream is part of the Future Council Programme which supports the Council Business Plan and Budget 2016+ key priority of a modern council by increased efficiency and modernisation of support services.</p>
4.2	<p><u>Financial Implications</u></p> <p><u>(Will decisions be carried out within existing finance and Resources?)</u></p> <p>The services in scope for ISS have a total savings requirement of £20.1m per annum by 2019/20. Savings in 2015/16 and this financial year have been achieved by restructuring of in-scope services and use of one-off resources.</p> <p>This proposed first implementation phase of the ISS programme will deliver £11.2m per annum of the total target through a combination of service redesigns and operational efficiencies by supporting the in-scope support services to reduce further while maintaining a high quality service to managers across the council as a whole.</p>

New technology such as telephony solutions, service ticketing and an Employee Portal will be introduced during phase 1 implementation and will provide a platform for further efficiencies when they are fully operational and providing the basis for the remaining savings target.

Investment in IT for Phase 1 is estimated at £1,620,000 upfront costs and £250,000 annual on-going support charges. These costs can be accommodated from within existing investment programmes for corporate systems, which are part of the approved capital programme, funded from prudential borrowing that has already been approved to underpin the investment.

Future Council one-off resources have already been allocated for Lean reviews, Project Management of the Employee Portal and programme management from the Specific Policy Contingency budget.

4.3 Legal Implications

The ISS programme is designed to facilitate the discharge of the Council's best value duty under the Local Government Act 1999.

4.4 Public Sector Equality Duty

The equalities analysis is attached at appendix 1. Further analysis will be required for the impact of specific service redesigns.

5. Relevant background/chronology of key events:

- 5.1 The services in scope for ISS include Human Resources, Corporate and Directorate Finance, Birmingham Audit, Corporate Procurement Services, Corporate Strategy, Legal and Democratic Services, Shared Services Centre and the back office function within Customer Services.
- 5.2 The Future Council Programme included as one of its work-streams the Integrated Support Services project. A Cabinet Report dated 08 December 2015 approved the commissioning of the ISS programme resources for the design stage of the sub programme as part of the wider Future Council Programme.
- 5.3 The benefits of the overall ISS programme will be to:
 - Create an integrated, appropriate, affordable and scalable support service for the organisation, based on customer requirements and to enable the delivery of outcomes for citizens. This will underpin and support the delivery of the wider organisation operating model.

- Provide the technology to drive increased self-service by employees, managers and officers including better information and advice, and more simple and intuitive online transactions (“the tools to do the job”)
- Provide the technology to automate more and make better use of the capacity available across support services.
- Better exploit existing technologies for telephony, and simplify access to support services.
- Create an internal capability in process redesign through a Lean Academy approach that enables officers to apply this methodology in their services and provides a centre of excellence for continuous improvement.
- Deliver a whole council programme office capability that will support the delivery of the major transformation programmes and ensure consistency of methodology for business change across the council. This will provide an overview of critical change initiatives, ensuring duplication is minimised and resources are efficiently allocated and leveraged across the organisation.

5.5 Following the Cabinet approval of resources to develop detailed design proposals in December 2015, a substantial series of workshops was held and data was collected and analysed to enable quantification of resources expended on individual processes by support service teams. Consultants made a number of recommendations to revise working practices for greater efficiency. The 9 design principles for a future Integrated Support Services model are set out in Appendix 3. Appendix 3 also sets out a high level future operating model which minimises hand-offs between support services by co-locating teams within a support services hub, improving the experience for customers by providing greater visibility of progress and reducing the number of interactions.

5.6 The savings targets associated with ISS started in 2015/16 and continue to increase with step-up targets until 2019/20. Services identified a set of savings proposals to cover the first financial year and have put actions in place to secure the majority of the 2016/17 savings, in advance of the new ways of working being in place and before the implementation of new technology. Further service redesigns to secure future savings are dependent on transformational activities underpinned by the technology proposed in this report.

5.7 Technology solutions have been worked up to increase efficiency, enable integration and enhance the user experience. Users of support services were consulted at an early stage of the design work to discover which processes caused the most effort or which were difficult to navigate. All solutions are based on systems already in use by the Council but are largely new to the in-scope support services e.g. telephony solutions currently used in the contact centre. The proposed investment in IT is detailed further in the FBC attached as appendix 2.

- 5.8 Some of the proposed systems lend themselves to a pilot approach. Licence costs are per head and therefore it needs to be demonstrated that the systems are capable of delivering the required benefits before a wider roll-out. The service ticketing solution and workforce optimisation tool will have limited implementations in Phase 1 and a full assessment of the system capabilities along with the potential efficiencies for a full implementation will be assessed before a Phase 2 Implementation business case is developed.
- 5.9 The work will be commissioned from Service Birmingham who have been involved in the design phase of the project. The individual IT implementations will be managed by project managers, reporting to the Senior Responsible Officer and overseen by a Project Board.
- 5.10 Phase 2 design will evaluate the impact of revised structures, access arrangements, self-service processes and IT across the wider support service community as well as on the central support services in scope for phase 1 implementation.
- 5.11 Following approval of this report, the existing People Solutions content will be migrated to the proposed Employee Portal and further content will be developed for all support services so that managers and employees have a single on-line resource to support them. A Support Services Hub will bring together transactional teams, some of which will pilot the service ticketing solution to track tasks and work. The Employee portal will be further developed to link to other systems, avoiding the need for managers to go through different log-ins for individual tasks.

6. Evaluation of alternative option(s):

- 6.1 Doing nothing is not an option as some Support Services will be unable to meet their savings targets without the implementation of the ISS transformation.
- 6.2 Doing the whole transformation as a single project would delay the start and there would be a potentially higher risk associated with a full IT implementation before a pilot establishes the level of associated benefits.

7. Reasons for Decision(s):

- 7.1 To note the overall design principles and progress the proposals for Phase 1 implementation of the ISS project.

Signatures	<u>Date</u>
Deputy Leader
Strategic Director – Finance & Legal
Strategic Director – Change and Support services

List of Background Documents used to compile this Report:
<p>Programme costs for phase 2 of the integrated support services programme – Report to Cabinet 8 Dec 2015</p>

List of Appendices accompanying this Report (if any):
<ol style="list-style-type: none"> 1. Equalities Analysis 2. Full Business Case 3. Design Principles and Structural Proposal Block Diagram

Report Version	<u>3.0</u>	Dated	<u>25 Aug 2016</u>
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