

# Update – EssexWorks: Customers First Transformation Programme

## Purpose of Report

Update Council of progress in the procurement of a Transformation Delivery Partner and recommend that powers are delegated to Cabinet for completing the contracted delivery partnership agreement with IBM.

## Background Reading

- 1) Cabinet Paper dated 18<sup>th</sup> August 2009: FP/188/06/09 Interim Arrangement: Essex Works Customer First
- 2) Cabinet Paper dated 23<sup>rd</sup> June 2009: CAB/925/09 (Part II) EssexWorks Section 8

## Decision being sought

To delegate power to Cabinet to sign a contracted partnership agreement with IBM.

## Recommendation

That Council note that we are reaching the end of the procurement process and confirm that authority be delegated to Cabinet in relation to the “EssexWorks: Putting Our Customer First Transformation Programme” to;

- i. Sign the contract to appoint a transformation delivery partner.

## 1. Background and Progress Summary

### **EssexWorks: Putting Our Customer First, Transformation Programme.**

In June 2009, Cabinet selected a preferred bidder to work with us to deliver our Transformation Programme *EssexWorks: Customers First*. The selection of a transformation delivery partner will help us continue to transform into an organisation that delivers world class customer service, outstanding value for money and achieve our overall corporate vision of providing the best quality of life in Britain.

Section 8 of EssexWorks noted that the increased future demand for our services, coupled with a tightening fiscal climate would result in a funding gap of £200m per annum by 2013. Given that, following the global economic crisis, there is cross-party consensus about the need for cuts in public spending during the next few years, the Council's funding gap is now likely to be closer to £300m per annum.

The EssexWorks: Customers First Transformation Programme will enable us to divert £300m per annum away from processes, property and procurement into front line services by identifying commonality, eliminating duplication and embedding an ethos of focusing all of our efforts on increasing customer satisfaction. To build on these ambitious goals, we required the additional capacity, capability and skills of a delivery partner to help us deliver this change.

From 11 bidders, senior members (from the 3 main political parties) and senior officers selected two companies to enter into detailed dialogue to further develop and evaluate their proposals. In April 2009, the Council delegated power to the Cabinet to select a preferred bidder.

In June 2009, Cabinet selected IBM as the preferred bidder and entered an interim arrangement for early works with IBM with a view to enter into the full Partnership Agreement at the appropriate time. During this period, the Council has sought contractual clarification in order to secure mutually acceptable contractual positions relating to price, scope and exit arrangements.

This period of clarification is now ending and the next step is to either reject or sign the partnership agreement with IBM. The Partner and ECC will then begin working towards achieving the outcomes set out in our *EssexWorks: Customers First* programme and realize our vision of providing the best quality of life in Britain.

## **2. Progress since April**

### **Contract Clarification**

Since April 2009 we have been working with IBM to clarify the exact contractual details of the partnership. The exact details of these activities and the content of the final contract are commercially confidential. However, it can be confirmed that there are numerous clauses in the contract which protect the interests of the Council and allow flexibility. More details of this will be available when this topic is discussed at a Cabinet meeting.

### **Transformational Change**

The procurement of IBM as a delivery partner is only one facet of the fundamental transformation of capabilities and culture at ECC. Since April, Cabinet and the Corporate Leadership Team have been working together towards developing this transformation journey. They are working to define what ECC will look like and working backwards to identify what has to be completed, at strategically important intervals, to ensure we remain on course to effect real change.

This change will take three years and contains 3 themes. The work contained in these themes will be pursued concurrently to ensure effective change is delivered.

### **Theme 1: Fixing broken systems, processes and infrastructure**

Goal: to create a stable technological and process platform which can be developed in the future by:

- Stabilising our IT infrastructure
- Ensuring systems and applications are effective and add value to key processes

### **Theme 2: One Council approach to improvement**

Goal: to deliver an integrated organisation from a process, systems and people perspective by

- Removing 'silo' operations and aligning resource with priorities more effectively
- Developing new ways of managing the Council

### **Theme 3: One Essex approach to Community Leadership**

Goal: to build on an integrated corporate infrastructure by

- Taking a transformational view of Essex's public service delivery and associated expenditure as a whole
- Incorporating county-wide solutions involving public, private and voluntary sector organizations in Essex
- Cementing relationships across the public sector landscape through deep collaboration on strategy, resources and processes

Transformational change affects everyone across the organisation whilst providing a better quality of life to everyone in Essex. As such, whilst Cabinet and CLT are the custodians of the programme and IBM are partnering us in delivering some aspects of it, it is clear that we will set the agenda, drive the change and realize the benefits.

To support ECC to drive this mission and actively manage our strategic partner a new governance structure has been devised to support, lead, monitor and deliver the Transformation Programme.

## **3. Transformation Governance Arrangements (See Diagram 1)**

The governance of the EssexWorks: Putting Our Customer First Transformation is structured across three boards.

#### **Directions Board:**

- Highest formal point of escalation
- Sets direction of travel of the Council
- Approves interim transition states and resource allocation

#### **Outcomes Board:**

- Responsible for managing the relationship and performance of IBM

- Conceives and ensures the timely delivery of the outcomes
- Monitors direction of travel and transition states agreed by the Directions Board through an agreed portfolio of projects

**Delivery board:**

- Monitors and ensures the prompt delivery of individual transformation projects as directed by the Outcomes Board
- Ensures the wind down of non-transformation projects currently in flight.
- Monitors staff and partner operational performance

Only, Cabinet members and senior officers will attend these three boards. IBM will not be present. However a dedicated shared governance structure has been developed to govern the projects which we are delivering in partnership in IBM.

Below are the high level terms of reference for our shared governance arrangements.

**Partnership Board**

- Focus on the long term strategic future of the partnership.
- Agrees of the IBM/ECC Transformation Roadmap
- The highest level of formal escalation.

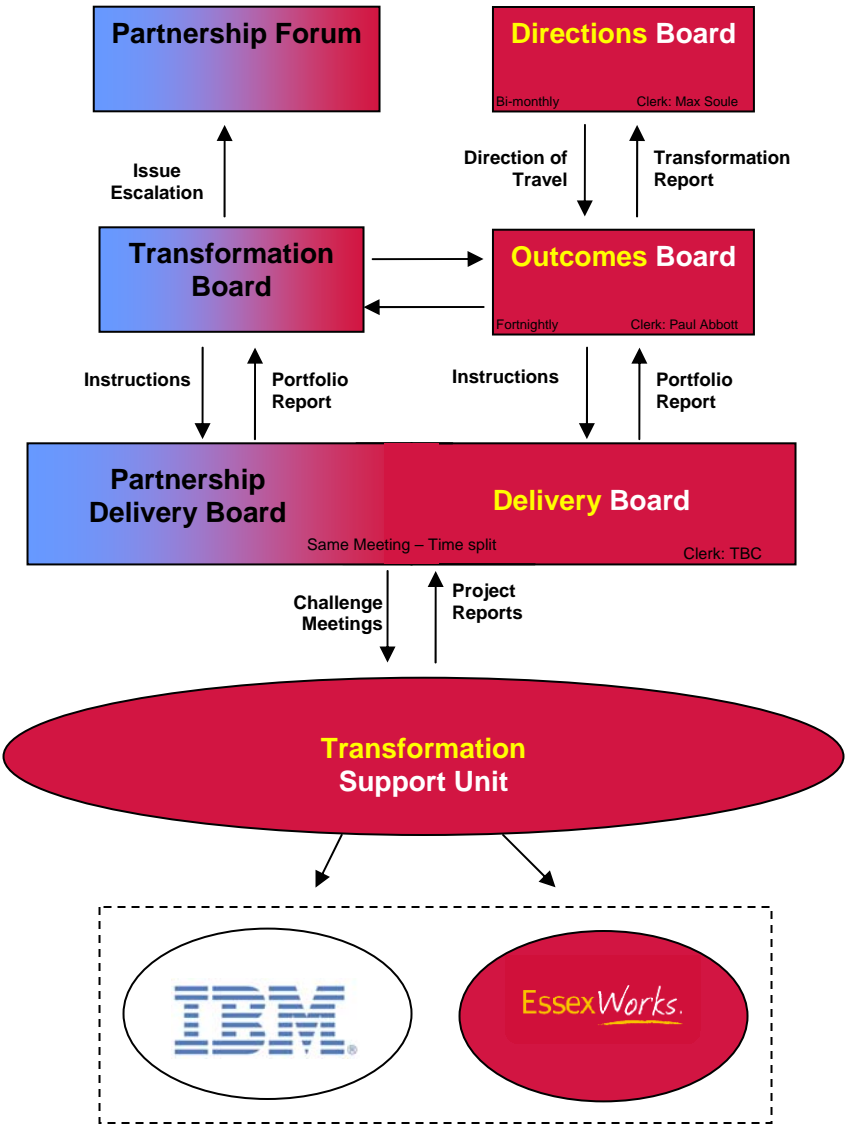
**Transformation Board**

- 2nd tier dispute resolution
- Responsible for delivery of the IBM /ECC roadmap
- Oversees and manages the transformation programme project portfolio
- Manages and reviews the partnership
- Reviews/assesses emerging IBM business cases
- Accountable for commercial and financial oversight
- Commissions partnership work and agrees/monitors payments against outputs/outcomes

**Partnership Delivery Board**

- Accountable for the day to day operations and activities of the partnership
- Ensures the delivery and reports on the progress of the transformation projects
- Manages benefits, risks, issues, assumptions and dependencies,
- Accountable for dispute resolution in the first instance
- Oversees partner contribution

# Transformation Governance



## **4.0 Early works Agreement**

As endorsed by Cabinet in June 2009, ECC approved an allocation of £2.71m to fund 5 early work activities as part of an interim arrangement in anticipation of concluding the clarification phase of the partnership agreement.

These early works have allowed us to test IBM's capability and capacity whilst also assessing the level of cultural fit between our two organisations. These early works relate to areas such as customer-facing process improvement, procurement and IT and will also allow us to validate targeted benefits proposed by IBM. The completion date for the delivery of all this early work is November 2009

To provide Council with some further information about what these works entail, a summary of the description and the scope of these activities can be found below.

### **1 - Procurement**

#### **Description**

- To support and supplement the ECC procurement team to identify and implement procurement cashable savings in Travel, ICT, Transport, Facilities Management, Highways and professional services.
- To provide management information in the generation of benefit business cases and the development of savings definitions.
- To provide specific support to assist with the preparation of a new Highways procurement scope and strategy.

#### **Scope**

Working with ECC procurement, finance and operational teams to:

- Achieve procurement cashable savings
- Provide management information to supplement project governance of the Gold Report
- Provide specific support to assist with the preparation of a new Highways procurement strategy.
- On the job training of the ECC procurement function through working with the IBM team on specific tactical procurement opportunities.

### **2 - Lean**

#### **Description**

The project will apply lean process improvement methodology to the following ECC-identified priority business processes (value streams):

- Fault Reporting (focussing on pothole repairs) = 14 week programme.

- Contact Centre (focussing on improvements to the payment query resolution function) = 13 week programme.
- Payroll (focus on improving the payroll process)= 14 week programme.

### **Scope**

Working with the business to apply a Lean methodology to: validate targeted benefits and initiate programmes to deliver improvements in business process efficiency.

There is an interactive 2 step delivery process:

- Assess and Design – 4 to 5 weeks (validate benefits)
- Implement and Deliver – 9 to 10 weeks (plan and start to implement available benefits)

## **3 - Establishment Controls**

### **Description**

The effective management and control of “Establishment Data” is required to promote efficient and effective management of HR and Finance processes. Inadequate control can create – for example - a surplus of un-necessary roles, an overstatement of vacancy levels and a risk of payment to individuals who are no longer employed by ECC.

### **Scope**

- Review existing ECC arrangements
- Design a new controls regime
- Investigate and trial new controls in an ESH target group
- Produce an establishment controls policy suitable for adoption by ECC
- Produce a plan for wider ECC roll out

## **4a - Mobile Working (VIA)**

### **Description**

This pilot project is designed to provide a real example of flexible working that prove the technology, usability and applicability of various tools.

The Pilot creates a Working Virtual Infrastructure Access (VIA) Pilot Project that supports 15 user desktop environments being run and managed within a virtual environment that can be accessed from a number of different locations.

### **Scope**

- The VIA pilot will be used with 15 users from across the Authority and their partners for 3 weeks to test thin client technology.

#### **4b- Mobile Working (Digipens)**

##### **Description**

The projects support 3-4 field based users who will be able to write on Digital Paper using Digital Pens and have their information transferred into text characters typed into computer systems.

This digital solution can remove the need for field workers to fill in paper forms and subsequently have to input this information onto a computer system, giving field workers more time in the field rather than completing administrative tasks.

The project provides the software, hardware, implementation and support required to run this pilot for 3 weeks. The Social Work and Highways Pilots would run at different times. Following the pilot there will be an analysis of the outcomes and findings. The project is designed to inform how Digital Pens might be applied in Essex County Council on a wider basis.

It will give information on;

- Usability. Do people like the pens? How will they work alongside other solutions like laptops? Which roles and situations best suit the technology?
- Technology. What are the technical considerations in applying digital pens to applications?
- Policy. What are the staff and HR implications of a wider adoption?
- Benefits. What benefits do Digital Forms deliver?

##### **Scope**

To build 2 solutions to test different uses of the Digital Pen technology. Both pilots will run independently of each other and start and end at different times:

1. Field use by a Social Worker
2. Field use by Highway Inspectors (potholes)

## **5 - Purchase to Pay (P2P), Lean**

### **Description**

Centralising P2P activities that are currently performed within services into Shared Services operations has been identified by the Finance Leadership team as one of the key areas where efficiencies could be achieved in Finance:

- A KPMG review completed in June 2008, highlighted a number of areas, including P2P, where efficiency could be gained through centralisation and or automation.
- There is limited integrity checking controls or visibility of areas where there is non-compliance to P2P procedures across the council which makes it difficult to address and or track necessary improvements required to prevent/detect financial exposure to the council
- There is a perception that key P2P procedures are too bureaucratic and difficult to follow which is used as an excuse for non-compliance or poor quality data in key systems

### **Scope**

- All P2P processes that are not currently being performed within the Shared Services function

### **Partner Performance**

At the time this report was being written a thorough analysis of IBM's performance was being conducted. The results of this analysis were not completed in time to be included in this report but will be available when Cabinet debates the final decision.

### **.3. Next Steps**

#### **Sign the Partnership Agreement**

The next stage in the procurement process is to either sign or reject the partnership agreement contract.

#### **Recommendation:**

That Council note that we are reaching the end of the procurement process and confirm that authority be delegated to Cabinet in relation to the "EssexWorks: Putting Our Customer First Transformation Programme" to;

- i. Sign the contract to appoint a transformation delivery partner.