

REPORT FOR: **CABINET**

Date of Meeting:	13 January 2011
Subject:	Corporate Services
Key Decision:	Yes <ul style="list-style-type: none">• Cost
Responsible Officer:	Myfanwy Barrett , Corporate Director Finance
Portfolio Holder:	Councillor Bill Stephenson, Leader and Portfolio Holder for Finance and Business Transformation Councillor Graham Henson, Portfolio Holder for Performance, Customer Services and Corporate Services
Exempt:	No
Decision subject to Call-in:	Yes
Enclosures:	Equalities Impact Assessment

Section 1 – Summary and Recommendations

This report sets out the case for efficiency gains in the provision of Corporate Services through the enhanced use of SAP.

Recommendations:

Cabinet is requested to approve the implementation of Corporate Service Project as set out in the Blueprint.

To authorise the Corporate Director of Finance in consultation with the

Portfolio holder for Business Transformation to take all actions necessary to implement the project.

Reason:

The proposed transformation project will deliver increased operational efficiency and cost reductions.

Section 2 – Report

2.1 Introduction

During the cross-council efficiency review (CCER) PricewaterhouseCoopers developed a number of efficiency business cases across the Council. These were explored in more detail in early 2010, and a series of projects were identified to resolve the specific challenges.

One area that has been identified as having potential for further efficiency savings is Corporate Services and, in particular, enhanced usage and take up of the existing SAP technology.

2.2 Options considered

During the review a number of options were explored before the current proposal was identified.

These included moving the corporate services support to a risk-based model i.e. by reducing advice and support provided across directorates. This was not considered appropriate in particular in view of the financial climate.

The potential to bring all transactional processes into a larger shared service was also considered (Finance, Payroll, Pensions, and Accounts) as was the potential to create efficiencies through outsourcings.

Exploratory discussions were also held with neighbouring local authorities to determine whether joint service provision was feasible but at the time the appetite was low amongst our neighbours.

Whilst one or more of these options may still become viable in later phases of the programme, the first priority identified for the corporate services review was to maximise in-house efficiencies through the improved use of (SAP) technology.

A range of technical options were identified to achieve this and following a review of the cost benefit profile of these projects, it was decided to proceed with the SIMS (Schools Information Management System), ESS/MSS (Employee Self Service/Manager Self Service) and CRB (Criminal Records Bureau) projects in Phase 1 of the Corporate Services Programme. During

this phase the E-Invoicing solutions will be revised to focus on receiving electronic invoices directly from suppliers, removing the OCR component. If this provides a better cost benefit profile the Council will consider a Phase 2 for the programme.

2.3 Background

The aim of the Corporate Services programme is to deliver a range of cashable and non-cashable benefits through building on the Council's significant investment in SAP. To achieve this aim the Corporate Services blueprint has the following three core objectives:

- 1) Improve delivery of corporate transactional processes
 - Process improvement
 - Centralise activity where it makes sense
 - Automate where effective
- 2) Support Employees' and Managers' ability to self-serve HR management
 - Reduce the workload for Shared Service team
 - Improving the user experience of ESS/ MSS
- 3) Improve financial monitoring & controls
 - Improve use of planning and forecasting tools (BPC)

High volume of manual processes have been identified in Shared Services that require data input to SAP that require significant resources to carry out, as follows:

- Schools payroll data is already input into another system called SIMS, which is then printed off, sent to Shared Services for scanning and manual input into SAP;
- Over 66,000 invoices are scanned and manually input into SAP, although there is a mature market for OCR invoice solutions;
- The SAP ESS/MSS module is being deployed across the Council, while major issues surrounding its usability reducing its uptake. One of the key issues cited is with the complexity of sickness reporting process;
- The SAP Purchase Card process has too many steps, making users submit and approve baskets individually for each transaction. The current card is not HMRC compliant which poses a significant risk to the Council;
- The need for the service checking and chasing provided by Shared Service's supporting application for CRB disclosures has evolved to resolve inaccurate data entry onto the paper application forms.

2.4 Implications of the Recommendation

In agreeing to the proposed project the service will be able to make significant progress towards meeting service and corporate objectives. It will enable both financial savings and cost reductions and will build upon the significant investment already made by the Council in SAP as its enterprise finance and management system.

2.5 Considerations

2.5.1 Resources

The costs of the project are based on a fixed price with rigorous change control processes. They include the cost of Capita (and their sub-contractors) and all Council resources. Capita will be the prime systems integrator and will be providing programme and project management. The total cost of the implementation is £0.505m, of which £0.190m relates to the initial and blueprint phase. Of the £0.505m, £0.467m relates to Capita and third party costs the remainder are council costs.

2.5.2 Staffing/workforce

The project will be introducing significant organisation and individual job design changes. These will be developed in consultation with Unions and staff. It will be introduced using Harrow's HR guidelines for managing organisational change.

In addition, a full training needs analysis will drive an approach to training that will reflect the style and content that staff will find most effective.

2.5.3 Legal comments

The project has been progressed under the auspices of the Business Transformation Partnership in line with requirements of the Incremental Partnership Agreement with Capita.

2.5.4 Community safety

There is no direct impact associated with this project.

2.5.5 Financial Implications

Phase 1 will release 6.5fte at a full year saving of £0.176m. This will be offset by some revenue ongoing costs of £0.028m per annum reducing the full year saving to £0.148m. The implementation costs including capital financing are £0.594m (of which £0.089m relates to interest on capital). These costs are financed over 5 years which means the cumulative net saving from 2011-12 to 2016-17 is £0.203m, after which the full £0.148m efficiency is realised from 2017-18. Onwards.

The Council has full visibility of the Financial Model based on the open book principles of the original Partnership contract with Capita, including full visibility of third party supplier costs and the Capita margin and overhead.

Benefits will be tracked using the Better Deal for Residents established benefits management process, monitored by the Project Team and Service, and further reviewed by the Better Deal for Residents Programme Board (CSB).

Capital will be funded from the BTP capital programme.

2.5.6 Performance Issues

Although the position of the National Indicator Set is still unclear following the abolition of CAA, it seems unlikely that National Indicators will be directly impacted. However, the efficiency of the service in each area will increase, and measures will be developed to enable the Council to effectively measure the performance

2.5.7 Environmental Impact

There is no direct impact associated with this project, although the consolidation of staff in Access Harrow will support the wider reduction in the number of Council buildings.

2.5.8 Risk Management Implications

The risks will be included in the Directorate risk register. The project team will maintain a separate risk register to manage day to day issues.

ID	Title	Description	Mitigating Action
1	Project costs rise beyond that agreed	The need for expensive SAP could impact the overall cost	Agree a fixed price with Capita and implement strict change control processes
2.	Insufficient internal resource	The project will require significant internal support which will be in scarce supply to the Council	Nominate change champions where necessary and account for internal costs in the overall case.
3.	Scarce internal SAP knowledge	SAP knowledge is in short supply in the Council, and may require additional support	Prioritise the use of scarce internal resource and consider external support or contractors.
4.	Take up of new systems too low	The new processes require take up by staff to ensure efficiencies are made	Develop proper training and communications and gain management support/buy-in.

2.5.9 Equalities implications

A full Equalities Impact Assessment has been conducted. It requires further review when the details of the organisational and job designs are established. Initial issues have been identified as:

- the need to develop baseline information in order to monitor impact;
- the need to ensure equal access to available job;
- the need to ensure that training meets the needs of all groups;
- The need to ensure that any organisational changes are made in line with the Council's change management approach.

2.5.10 Corporate Priorities

The project will primarily support the Corporate Priority of greater efficiency in service delivery.

Section 3 - Statutory Officer Clearance

Name: Steve Tingle	<input checked="" type="checkbox"/>	On behalf of the Chief Financial Officer
Date: 6 January 2011		
Name: Hugh Peart	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 6 January 2011		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director Partnership, Development and Performance
Date: 6 January 2011		

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker

on behalf of the
Divisional Director
(Environmental
Services)

Date: 6 January 2011

Section 6 - Contact Details and Background Papers

Contact: David Ward, Divisional Director, Risk Audit and Fraud
Tel: 0208 424 1781 (internal 2781)

Background Papers:

- Blueprint for Corporate Services Business Case (published on the website with the agenda)
- Equalities Impact Assessment

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE