

City of Westminster

Report to	Date	Title of Report
Cabinet Urgency Committee	27 October 2003	ICT Centralisation
Classification: For General Release		Report of Director of Policy and Communications
Wards involved	All	
Policy context	Customer First – Customer Services Initiative and prudent use of ICT resources, leading to a low council tax	
Financial Summary	The Re-centralisation of ICT will achieve savings of £400,000 pa in 2003/4 and £400,000 pa in 2004/5 through better planning and co-ordination of ICT support. In addition it will reduce the number of support days from 16 to 8 person years. A key component is the production of the ICT Development Plan which will be used to control investment. This is attached to this report as Appendix 1.	
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BASIS FOR URGENCY

This re-centralisation of ICT resources is essential to developing the technical infrastructure for the CSi and refocusing the ICT investment to achieving this objective. The proposals are also essential to achieving planned savings of £400k in each of the current and next financial years. As the proposals cover the transfer of staff from several departments, this matter is referred to the Cabinet Urgency Committee rather than to an individual Cabinet Member.

1. SUMMARY OF THIS REPORT

- 1.1 This report proposes the centralisation of ICT staffing, replacing the current devolved structure. Centralisation will improve the strategic planning of ICT investment. Core teams will be responsible for Strategic planning of e-government, Business Analysis and Project Management as well as management of the Facilities Management contract. A core programme of major schemes supporting the Council's priorities – principally the development of the CSI and the Civic Renewal programme, will replace small-scale tactical schemes replicated across departments.
- 1.2 The improved planning will achieve savings of £400,000 pa in years 2003/4 and 2004/5 (£800,000 in total) through elimination of the duplication of hardware and systems. In addition a further £100k pa saving will be achieved in 2005/6 and 2006/7. Future development priorities will be determined through the ICT Development Plan (Appendix 3) which will prioritise ICT investment focused on Corporate and Departmental priorities. New posts of Relationship Manager will be responsible for ensuring departmental priorities are achieved. Strategic planning of ICT investment will focus on driving up performance and delivering efficiency savings and supporting the departmental Service Development Plans. The new structure will achieve better performance from reduced resources by targeting staff and better management of ICT projects. This is demonstrated in paragraph 3.8 which identifies that ICT has achieved major efficiencies through review over recent years.

2. PROPOSED DECISION

- 2.1 To agree the proposed re-structuring of ICT Services as set out in Section 4 of this report with the current structures and posts set out in Appendices 1 being deleted and replaced with the structures set out in Appendix 2. (the shaded posts are not affected)
- 2.2 To posts within the new structure being graded by the Director of Policy and Communications and recruited to in line with the standard Council policies and procedures on Reorganisation and Displaced staff and should it not be possible to re-deploy staff affected by the proposals contained in this report then they be declared redundant at dates to be agreed by the Director of Policy and Communications and the Head of Human Resources, and paid benefits in accordance with the procedures approved by Policy and Resources Appointed Members Panel on 29 January 1993 and amended by the Finance & Support Services Committee on 3 February 1997.

3. BACKGROUND

- 3.1 ICT service provision has been outsourced since January 1993 with the corporate client retaining responsibility for Strategy, Web Services, GIS (Geographic Information Systems), Networks, ICT Security, Disaster Recovery and Business Continuity, Data Protection, Freedom of Information and Voice

Services. In addition, Common and Shared Services provided local IT Services to departments, providing for local system needs. In July 2002, ICT Facilities Management was incorporated into the wider CSi contract and awarded to CGE and Y operating as sub-contractors to Vertex. This decision reflected the dependence of the CSi upon high quality IT systems and, in particular, the significance of the Customer Relationship Management (CRM) software.

- 3.2 The change is of strategic importance with the CRM now being core to all future ICT developments. Small local independent systems developed on separate servers are no longer appropriate in this new business architecture. The need for process integration is essential to enable the CRM to interface with core business systems (WIMS for financial data, Uniform for property systems, GEAC for libraries, etc.). In addition, E-Government targets (BVPI 157) meant a greater dependence upon Web interfaces to bring services available on-line 24 hours a day, such as recently introduced parking payments service. One of the main objectives of the CSi is to introduce new 'self-service' channels which provide better service to the customer at less cost to the City Council.
- 3.3 In ICT terms, we now have to ensure that all projects take full account of the needs of the Contact centre and that essential data is maintained in the CRM. Therefore, it is no longer appropriate to maintain separate teams that operate in isolation to the CSi. The proposals developed in this report, are to bring these individuals into a single corporate team responsible for delivering the Council's ICT strategy, as developed in the annual IEG – Implementing Electronic Government statement (the council's main statement of its ICT priorities).
- 3.4 Development of the CRM is not the only impact of the CSi. The Vertex bid indicated the potential to develop Added Value Proposals (AVP), particularly ICT projects, to assist the Council in improving the quality of the service delivery in addition to reducing costs. The first proposal is to develop a corporate Electronic Document Management System. This system will change how work is distributed through the use of workflow and provide full management information. It will substantially reduce the cost of document storage and facilitate home and flexible working including remote access by street based officers. This AVP is now proceeding as a pilot system to test the strength of the business case and practical application of the technology. The use of a document management system is not new to Westminster. *We already have 4 independent and non-integrated applications operating across the Council.* The significance of this proposal is that it will be a corporate solution, geared to driving out the benefits across the whole Council. It is therefore a switch to strategic rather than tactical solutions. In all the AVP proposals, predominantly based around ICT proposals will achieve guaranteed savings of £1m over the life of the CSi contract.

- 3.5 The development of the Customer First initiative is much wider than the CSi. It is to develop new ways of delivering service to the customer. A key strategy has been to undertake Business Process Re-engineering studies into how service is being delivered. In order to implement the new customer contact strategy, full BPR is being undertaken to identify how the service processes should operate under the new structure. This work is being undertaken by Vertex and will achieve major cost efficiency during the first 3 years of the contract. In addition, a separate exercise is being managed to identify savings and service improvement potential in 'back office' services. This work is being undertaken by an in house team working with PA Consultancy services. Both studies are identifying potential to apply technology on a corporate basis – particularly document management, on-line access, remote working and mobile access. The work identifies the departmental inter-relationships and need to work together in order to increase the potential to apply and exploit the benefits of ICT. This cannot be achieved by operating in departmental islands as happens under the existing structure.
- 3.6 Current ICT investment is largely funded through the capital programme and development resources provided through a call off programme with the ITFM partner (CGE&Y). In the past, this work was not controlled and would simply be available for departments to call down. There was no attempt to assess Value for Money or even duplication of effort. As a consequence, this investment was often wasted in providing duplicate schemes. For example Westminster has 4 independent Document Management Systems. Data is duplicated in separate systems and frequently contains inaccuracies and inconsistencies. Resources are wasted attempting to maintain the separate data sets and there is considerable re-work resulting from data inaccuracies. The investment programme was poorly managed. In working more corporately, it is proposed to reduce the investment in application development from the current 16 person years to 8 through restructuring. This will produce substantial savings over the next 2 years, contributing to the £800,000 savings to be achieved. In anticipation of this report, departments have been co-operating with corporate ICT and we are already on target to achieve the reduction in development resources used.
- 3.7 These reductions are closely linked to the corporate ICT Development Plan. This is the first time such a document has been produced. It not only provides a complete list of planned schemes but has been developed into a key tool for prioritising ICT investment. Working closely with the Finance teams it has supported the capital programme in prioritising developments that support the Customer First Initiative and Service Development Plan priorities.
- 3.8 The proposals for corporate ICT were agreed in principle by Chief Officer Board back in February 2002 and these proposals represent the culmination of extensive consultation on the way forward. This will ensure ICT investment is fully integrated with the CSi and Re-engineering proposals across the Council. Over the last 2 years, ICT expenditure has been reviewed to reduce expenditure and correct historical under-funding. This has included under-funding of employees' expenditure of over £300k and additional funding

transfers to Policy and Communications. As part of the CSi evaluation, the number of support days have been reduced by 50%, equivalent to £700k saving. Expenditure savings of £800k are to be achieved over the next 2 years through further operational efficiencies. In addition, for 2005/6 and 2006/7, we are proposing savings of £100k in each of the 2 years. This will be achieved through greater use of on-line services, which will improve back office efficiency through greater use of self-service transactions. The current take-up of on-line parking payments with only minimal publicity is equivalent to one FTE employee within the contact centre. With some modification, the same application will achieve savings 80k pa for the Vertex partnership through credit and debit card verification procedures. We are also in the process of introducing greater use of on-line applications for sundry debtors. These applications demonstrate the savings that can be achieved by e-government applications in departmental processes. As the present hiatus in project work for the achievement of CSi and 100% of applications on-line is completed, the number of project staff, structures and grading will be reviewed in line with development requirements. Over a 5 year period, ICT will have achieved efficiency savings of over £2m in its budget requirements. The present year savings will be achieved through savings in Server Support Costs and minor salary savings. Savings in 2004/5 will be major upon the ITFM Contract and Accommodation savings but these will be the subject of more detailed work after centralisation is complete.

4. STRUCTURES

- 4.1 The new structure (Appendix 2) aims to give the team much greater purpose and identity essential to achieve the City Council's objectives. The CSi, BPR and Service Development Plans are dependent upon ICT projects occurring in the first 2 years of the ICT Development Plan (CRM, Document Management and Workflow, On-line Payments, Cleansing, Highways Management, Social Services Information System (SSID) replacement etc. Even with the current Capital moratorium these schemes are continuing to place a heavy workload on ICT project staff. The objective of the restructuring is to devote additional resources to project staff and a consequent reduction in bureaucratic procedures.
- 4.2 The proposals represent a full review of ICT needs in the current environment. The immediate impact is to create a new structure clearly focused on delivery of the ICT Development Plan. The plan will continue to be developed with departments and new roles of Relationship Managers. These posts will have joint reporting responsibilities with Departments and ICT to ensure that service priorities and quality are achieved. Despite the main focus being upon increasing the resources devoted to service delivery, the overall net impact is the saving of 3 permanent funded posts (£110,000). The proposals will reduce administration activity and it is believed that a further reduction of approximately one post could be achieved in the next 12 months, once the ICT ordering process is redesigned and simplified. In the next 6 months role of the Records Centre will be reviewed following a full BPR study prior to any further proposals being put forward. The new structure will be based on the 3 functional divisions as indicated below:

Facilities and Operations

The ICT Facilities Manager will lead the team responsible for the physical infrastructure, the £6m ITFM contract and Featurenet and mobile telephone contracts. It will also include ICT security, business continuity and disaster recovery functions. The team is deliberately strong reflecting the importance of basic data management principles. The recent problems at Chester Street highlight the significance of managing systems effectively.

Development

The Development Manager will lead the team responsible for project based staff (Project Managers and Business Solutions Analysts). The bulk of this team will be made up of former departmental based staff. In order to maintain departmental confidence, the current Social Services Project team will be maintained including seconded posts. This will be retained throughout the delivery of the WESUS project (replacement of the main Social Services System – SSID). Once complete, the team would be reviewed in line with requirements. Seconded social services staff will return to the Social Services department as the project phases are completed (12-18 months). This follows the successful model employed within the WIMS implementation.

Information and Strategy

The third team will be responsible for the Web, E-government and Geographical Information Systems (GIS). These systems are closely inter-linked and represent strategic corporate assets. A key requirement is to cleanse and maintain the integrity of existing data sets to facilitate the introduction of a Local Land and Property Gazetteer. In addition to being essential for the CRM, this will be closely linked to the National Landlord Property Gazetteer (NLPG) and National Land Information Service (NLIS) projects. We are working closely with Legal Services to facilitate these developments which should enable substantial performance improvements. The current process for updating the Uniform system is subject to major backlogs and it is proposed to transfer an additional post to this team to overcome the present difficulties. Once the processes are re-engineered after the CRM is fully operational, it may be possible to achieve a saving equivalent to a further post in this area.

The team has also been involved in developing an on-line payments engine in advance of the CRM. A payment facility for parking notices has already been implemented. Despite minimal publicity, take-up has been such that contact centre staffing reductions could be achieved if growth in usage continues. (Actual numbers will be dependent upon detailed contract discussions with the Vertex.) The team is also delivering a facility for sundry payments and an on-line replacement for card verification. The latter will save the contact centre an estimated £80,000 pa in ICT hardware, telecommunications and staffing costs.

- 4.3 In addition to the main ICT structure it is proposed that 2 posts be created of Relationship Managers (RM). These posts will be responsible for working closely with the ICT Management Team to ensure that the relationship with departments is adequately maintained. This will ensure that the IEG statement and the ICT Development Plan adequately reflects departmental business needs, but also that service delivery is adequately maintained. To this end, the RM's will work closely with the IT Facilities and Technical Manager to develop full Service Level Agreements and agreed recharges. This represents a completely new function within ICT but the innovation is essential to ensure that developments such as the CRM, GIS, E-Government and Document Management adequately reflect departmental needs.
- 4.4 As part of the review we have also been reviewing the role of the Records Management Centre. The Centre stores documents in the City Hall basement and an off-site facility. The Centre currently fulfils a valuable function in storing documents that we are required to maintain. It is currently well used but, with the developments in electronic document management, the need for long term paper document storage could reduce need substantially. Options include outsourcing, transferring to the CSi or even links to the Archives centre. It is therefore requested that the BPR team examine the options and propose recommendations. A report back is proposed (within 6 months). The corporate Records Centre Manager has recently resigned and it is proposed that the post be deleted with the Data Protection/Freedom of Information responsibilities transferring to the revised post of Data Protection Officer.
- 4.5 The ICT section also contains staff maintaining the WIMS (financial) computer system. The team was established to implement the new WIMS financial system. The development task is largely complete and it is proposed to transfer the 4.6 FTE staff to Finance. The team was recently subject to a full 'as is' BPR analysis in order to fully understand their work. The majority of the tasks relate to maintenance of the financial system but there are some ongoing tasks to enable the introduction and integration of on-line payment systems and CRM. It is proposed that the team still transfer in its entirety in order to maintain the teams cohesion but that a member of the team be designated to develop the interfaces and their work be integrated with the E-Government programme.

5. STAFFING IMPLICATIONS

- 5.1 Staff, unions and managers have been consulted on the ICT Review which has taken place and on the proposed changes outlined in this report.
- 5.2 Posts in the new structure have been evaluated under the Council's Job Evaluation Scheme and will be filled in accordance with the Council's personnel policies. Traditionally, IT grades were subject to their own personal grading scheme reflecting past recruitment difficulties. The scheme is no longer used for new posts as recruitment difficulties have eased. One feature of the scheme is that merit awards are consolidated rather than paid as lump sums, resulting in high basic salaries for long serving employees at the top of their grades. The new structure is based solely on jobs evaluated under the

Council's standard Job evaluation scheme. Staff currently on ITG salaries will be recruited to posts in the new structure. Where there is a mismatch between current salary and terms and conditions and those attached to the new post, the standard council policies in terms of protection of salaries for staff displaced by the reorganisation will be applied, until pay awards enable their new grades to 'catch-up' with current earnings.

- 5.3 Every effort will be made to re-deploy all staff affected by the proposals within this report. In the event that there is a mismatch between the skills and competencies of current staff affected by these proposals and those set out in the new structure, re-deployment opportunities will be sought for those staff across the council generally. In the event that it is not possible to redeploy such staff, they will be made redundant and paid benefits accordingly in line with Standard Council procedures.
- 5.4 The new structure will provide for 41 posts. Corporate ICT staff are currently located on the south side of the 16th floor, and it is proposed that in order to maximise the flexibility of the new structure and ensure cross-working across the teams, that the staff in all 3 teams are based on the 16th Floor. The new structure will incorporate a wide range of tasks, many of which can be undertaken remotely.
- 5.5 Estimates suggest that all staff can be accommodated in the present space on the 16th Floor if changed working practices are introduced. In order to minimise costs, it is proposed to trial remote working and hot-desking, with a small working group (from P & T, E & L) initiating the change in working practice, with a view to developing detailed plans for the new operation in consultation with the staff groups affected over the following 6 months. These proposals will reduce the demand for accommodation space by a third. They will also act as a model for the rest of the council.

6. ICT DEVELOPMENT PLAN

- 6.1 The development of ICT solutions in Westminster has reached a critical stage. The CRM, linked to the CSi, offers major potential to substantially change the present basis of operational processes within the Council Initial re-engineering studies have indicated a dependence upon corporate ICT projects in driving out costs savings – Document Management, On-line Processing including Payments and Self Service through the Web, Remote Monitoring and Mobile ICT, Workflow etc. In addition, Service Development Plans show a very high dependence upon ICT projects. Cleansing is linked to real time monitoring of refuse vehicles and GPS, Highways re-let is linked to contract monitoring, Parking is linked to the replacement of the current ICT systems and digital image storage, Social Services is linked to replacement SSID etc. The ICT Development Plan is heavily front loaded with projects to achieve the Council's objectives. Through re-directing ICT staffing resources to complete these projects, the Council can expect to achieve its plans with a small reduction in staffing resources and £800k pa saving. The staffing requirements will be reviewed annually in line with the City Council's development priorities.

7. LEGAL IMPLICATIONS

There are no legal implications resulting from this review.

8. FINANCIAL IMPLICATIONS

- 8.1 Current costs: - The Corporate ICT budget for Salaries is £1.332m, which includes the 21 posts (plus 3 funded posts to be deleted as a consequence of this report). In addition there are 21 posts to transfer as a consequence of this report, to be fully funded by departmental budget transfer. In addition, 4.6 FTE WIMS finance team posts (not included in the above figures) are proposed to transfer to Finance. Overall savings will contribute towards the planned savings of £800,000 over the next 2 years. This saving is in addition to the already substantial cost saving that have been achieved in the last 12 months. This has corrected the 300k under-funding of employees budgets within ICT and also substantial transfers to assist Policy and Communications. In addition, demand for ICT support has been reduced by 50% from 16 to 8 person years. Future reductions of between 3-5 staff could be achieved through service efficiencies and transfer of the Records Centre. The full list of posts to be retained in the new structure are indicated below:

9. OUTSTANDING ISSUES

There are no outstanding issues.

10. PERFORMANCE PLAN IMPLICATIONS

The staffing proposals in this report are considered essential to delivering the Performance Plan.

11. WARD MEMBERS COMMENTS

The proposals outlined in this report will apply across the City and member comments have therefore not been sought.

12. CONSULTATION

Staff, Union and Managers have been consulted on the proposed changes. The Trade Unions have raised no specific items on the general principles of the report and were pleased that there were no enforced cuts directly resulting in redundancies, although they would want to ensure that they had adequate time to comment on the specific job descriptions, person specification requirements, grading and implementation process. There was also some concern regarding low grading of existing posts. This would not affect the recommendations in this report.

13. CRIME & DISORDER ACT

There are no specific Crime and Disorder implications although the proposals, particularly in respect of the CSi, support Crime and Disorder objectives.

14. HEALTH & SAFETY ISSUES

In developing Plans and proposals for hot-desking and Remote working, full consideration and consultation will be made of any Health & Safety Implications arising from these proposals

15. REASONS FOR DECISION

The City Council will benefit from this review as it will ensure that the ICT investment is fully integrated with the CSi and Re-engineering proposals across the Council. Finance will benefit through reduced ICT costs and a corporate system for prioritising ICT investment leading to current and ongoing revenue cost savings across the City Council. Key departments will benefit from the increased focus on departmental service priorities and the Relationship Managers forming part of the corporate ICT management team with greater input to ICT Plans and service delivery standards. Existing project teams will be maintained to ensure continuity. Existing administrative procedures will be reduced and resources diverted to project management and support. The objective is to achieve a modern ICT service fully committed to achieving the City Council's objectives.

For Completion by Chief Officer

Signed:

Designation:

Decision:

Date:

Time:

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT Simon Norbury 020 7641 3382; EMAIL ADDRESS snorbury@westminster.gov.uk ; FAX NUMBER 020 7641 2344.

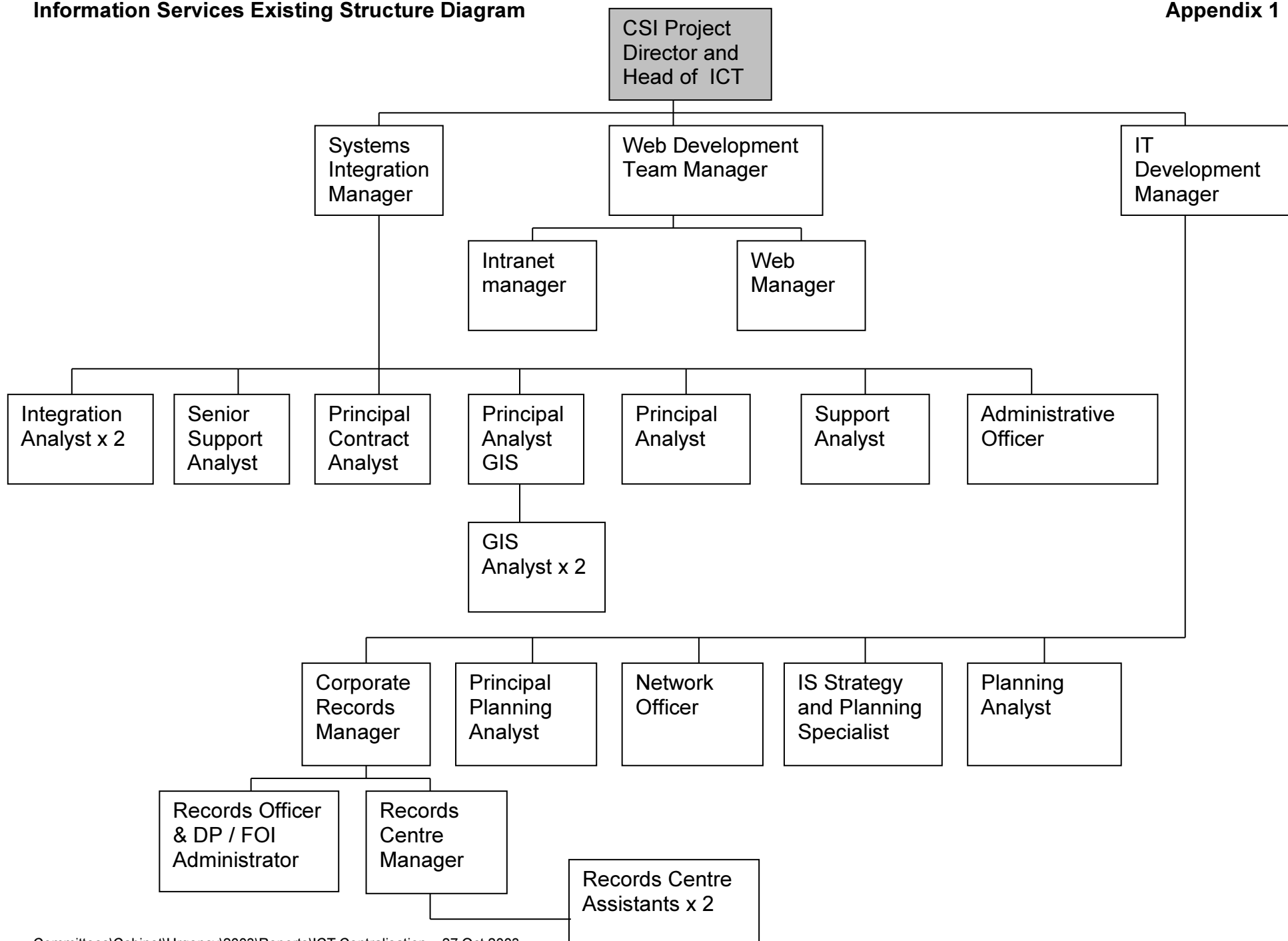
BACKGROUND PAPERS - None

APPENDICES

Appendix 1 Existing Structures

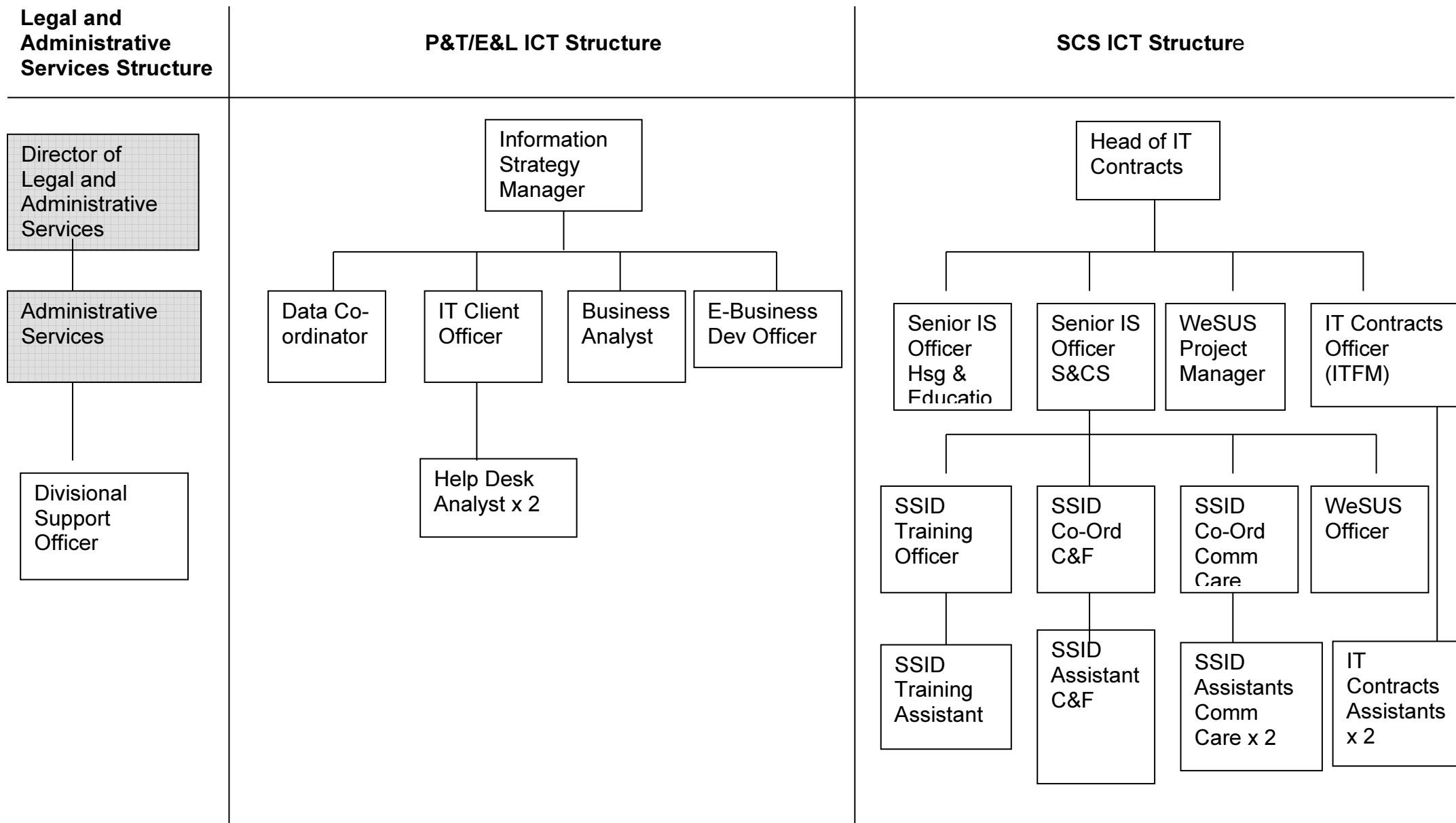
Appendix 2 Proposed Structure

Appendix 3 ICT Development Plan



Departmental ICT Existing Structure Diagrams

Appendix 1



Information Services Proposed Structure

Appendix 2

