



# **Confident, Capable Council, Councillor Scrutiny Panel**

23 January 2014

<b>Report title</b>	FutureWorks – Programme Update	
<b>Originating service</b>	Delivery Directorate	
<b>Accountable employee(s)</b>	Huw McKee Tel Email	Programme Manager 01902 554036 huw.mckee@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	None	

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## **Recommendation(s) for action or decision:**

The Panel is recommended to:

1. Review the progress to date on the FutureWorks programme and provide any feedback or questions to the programme team.

## **1.0 Purpose**

- 1.1 To provide an overview of progress on the FutureWorks programme since Agilisys was appointed in April 2013 and work commenced, covering:
- An overview of progress against key programme milestones
  - A summary of the outcome of the recent review of the programme business case
  - An update on the approach and plan for benefits realisation.
  - An update on the approach and plan for user training.

## **2.0 Background**

- 2.1 The vision for the FutureWorks programme is to transform the ways of working within the wider council to support the vision of a Confident, Capable Council; a better, stronger council, ready and able to deliver the change this city needs.
- 2.2 This will be achieved through the implementation, in partnership with Agilisys, of new technology and working practices in finance, HR, procurement, payroll and some additional support service activities across the council. It very much aligns with and complements the customer services review that is currently underway.
- 2.3 The council is seeking to re-establish a strong, corporate core which will provide a framework to achieve its ambitions as set out in the 2012-2015 Corporate Plan, under the Confident, Capable Council objective.
- 2.4 The business need that this programme is addressing is:
- Providing a foundation for change
  - Reducing operational risk
  - Improving efficiency, simplifying the way the council does business
  - Removing barriers to sustained service improvement
- 2.5 The current mainframe systems are used and supported by teams based in the Delivery Directorate:
- Finance
  - Procurement
  - Human Resources
  - Payroll
  - Parts of ICT.
- 2.6 While the primary focus will be on services provided by the Delivery Directorate, during the design and implementation phases, also in-scope are:
- the tools and business processes used by the schools services team in the Schools, Skills and Learning Division of the Education & Enterprise Directorate;
  - any activities that are currently carried out in other directorates, in particular transaction processing, where it is concluded that they will be provided more effectively as part of the new Target Operating Model.

2.7 The impacts of in-scope services are pervasive as they support the provision and management of all front-line services to customers of the council, Wolverhampton Homes, West Midlands Pension Fund and schools and academies in the city.

**3.0 FutureWorks – Programme Update**

3.1 The key programme milestones and progress against them are summarised in the table below:

Date	Milestone	Status
April 2014	Contract signed with Agilisys	COMPLETE
May 2013	Programme Initiation Document approved by the programme board	COMPLETE
June 2013	Completion of High Level Design stage	COMPLETE
July 2013	Target operating model for the Hub approved by the programme board	COMPLETE
	Final business case for the programme approved by Cabinet	COMPLETE
August 2013	IT solution build infrastructure implemented and software acceptance testing complete	COMPLETE
September 2013	Detailed solution design approved by programme board	COMPLETE
October 2013	Training strategy approved by programme board	COMPLETE
November 2013	Hub delivery plan defined and approved by the programme board	COMPLETE
December 2013	Completion of solution build and configuration in Agresso	COMPLETE
January 2014	Project Team and integration testing complete	ON TARGET
	Training Plan approved by the programme board	ON TARGET
February 2014	User acceptance testing complete	ON TARGET

April 2014	Go-Live	ON TARGET
September 2014	Self-service roll-out complete	ON TARGET

3.2 The terms of reference and membership for the programme board were approved by Cabinet on 22 May, *FutureWorks Programme – Governance Arrangements*.

### **Business Case Review – November 2013**

3.3 A desktop review of the final business case was completed during November 2013. The objective of the review was to identify any significant developments, updated information sources and changes in underlying assumptions and objectives for the programme since the final business case was approved by Cabinet in July 2013.

3.4 The main updates identified include:

#### **Background/Context**

- Confirmation that the predicted budget gap in the council's medium term financial strategy has increased to in excess of £100 million (previously reported as £59 million at July 2013, based on the medium term financial strategy at the time)

#### **Benefits Realisation**

- Approval of the Benefits Approach & Plan by the programme board in November 2013; including an updated assessment of the baseline position and confirmation how the £3.45 million benefits (savings) target will be realised
- Confirmation of an additional requirement, since the budget report to Cabinet in October 2013, to deliver budget savings of £300k by April 2018 plus a further £416k by April 2019
- Confirmation of the benefits (savings) relating to the ICT staff and resources that are directly impacted by the programme as a consequence of mainframe decommissioning

#### **Programme Scope**

- Establishment of a separate workstream for the replacement of seven additional residual mainframe applications
  - Fuel Issues System (FIS)
  - Periodic Receipts Register (PRR)
  - Public Building Cleaning (PBC)
  - Schedule of Rates Catering (SOR)
  - Technical Salaries (TEC)
  - Technical Ordering (ORT)
  - Pension BACS (PENC)
- Approval of programme changes relating to implementation of additional Due North (procurement) modules and self pay kiosks by Wolverhampton Homes

### **Stakeholders**

- Establishment of a dedicated business change workstream to ensure effective stakeholder engagement, communications and business readiness. This included the recruitment of additional full-time programme roles to contribute to communications and engagement activities
- Appointment of a full time business change manager for schools to ensure effective interaction with schools and help ensure that planned changes in the role of the Schools, Skills & Learning division in the Education & Enterprise directorate are taken into account

### **Target Operating Model**

- Approval by the Programme Board of the Target Operating Model for in-scope services, based on Agilisys's recommended tiers of service
- Identification of additional in-scope roles (9.1 FTE) and their relocation to the Hub in November 2013
- The Transactional Hub is now known as the Hub

### **Other**

- Confirmation of the scope of the FutureSpaces programme and the timescales for implementation; so they can be taken into account by this programme
- Confirmation that a new-format equality analysis is required in readiness for go-live in April 2014.

3.5 The main outcome of this review has been to confirm that there have not been any developments, updated information sources or changes in underlying programme assumptions and objectives that have a significant impact on the business case for the programme since it was approved in July 2013.

3.6 The fact that the Programme is being managed effectively means that the developments or changes that have arisen since the final business case was approved have been accommodated within established governance and decision-making arrangements

### **Benefits Realisation – Approach and Plan**

3.7 The cashable benefits (saving) target for the programme of £3.45 million is included in the council's medium term financial strategy. This target was established in prior to commencing the procurement process; the underlying assumptions were tested during competitive dialogue with Agilisys in early 2013 and confirmed to be realistic. This savings target for the FutureWorks programme is in addition to the current medium term financial strategy requirement for the council to deliver more than £100 million savings by 2018/19.

3.8 In summary, the most significant cashable benefits as a consequence of the programme are:

### **Reduce staff costs in line with Target Operating Model.**

2014/15 – target is £1 million recurrent savings

- This will be achieved in the main through voluntary redundancies and deletion of vacant in-scope posts as a consequence of reducing reliance on agency staff and interims; a significant number of in-scope posts have been filled on a temporary basis over recent months in anticipation of the downsizing after the new systems and processes are introduced.

2015/16 onwards – target is a further £2.45 million recurrent savings

- The FTE reductions for Year 2 onwards are achievable through implementation of the new target operating model based on the Hub and introduction of manager and employee self-service, resulting in cross-skilling, smaller in-scope teams and further economies of scale.

### **Reduced ICT operating costs**

Implementation of Agresso will enable a net reduction in the number of system support posts in ICT along with associated reductions in system running costs as a consequence of decommissioning existing mainframe systems and hardware.

### **Decommission non-Mainframe systems**

Three minor, non-mainframe applications that are currently used by Finance and Procurement will no longer be required when Agresso becomes operational, therefore the software licence budgets can cease.

### **Credit Card levy**

The Assistant Director, Finance is submitting proposals that credit card transaction charges will be passed on to customers when Agresso goes live. These charges are currently met by the council therefore the additional income stream is being counted as a benefit of the programme.

## **User Training - Approach and Plan**

- 3.9 As reported to this Panel in September 2013, preparing for effective user training will be critical to the success of the FutureWorks programme. A training strategy has been developed in partnership with Agilisys. The purpose is to set out the methodology,

principles and standards for the training that will take place in preparation for the new systems and processes that go live in April 2014. It covers the following:

Scope	<ul style="list-style-type: none"> <li>• The number of staff to be trained and when their training will take place</li> </ul>
Outline delivery plan	<ul style="list-style-type: none"> <li>• Key dates and planned training activities</li> </ul>
Approach	<ul style="list-style-type: none"> <li>• Training needs analysis</li> <li>• Training plans</li> <li>• Preparation of training materials</li> <li>• How 'enabling' training is being addressed</li> <li>• Training administration arrangements</li> <li>• The 'go live' support arrangements</li> </ul>
Delivery and evaluation methods	<ul style="list-style-type: none"> <li>• Outlines the approach that is being used to ensure that quality standards are met</li> </ul>
Training environment	<ul style="list-style-type: none"> <li>• Requirements and responsibilities for making the arrangements</li> </ul>
Training resources	<ul style="list-style-type: none"> <li>• Key training roles and how they are being resourced</li> </ul>
Handover to business as usual	<ul style="list-style-type: none"> <li>• Ensuring that the council is well-prepared to continue training activity after Agilisys's work is complete</li> </ul>
Training assumptions, risks and dependencies	<ul style="list-style-type: none"> <li>• How they will be managed</li> </ul>

#### **4.0 Financial implications**

4.1 As reported to Cabinet on 8 December 2009, an annual revenue budget of £2.5 million was established for the replacement of the core mainframe applications. This budget was incorporated into the medium term financial strategy (MTFS) for three financial years starting in 2010/11, making a total of £7.5 million. The reserve was increased by a further £4.0 million in 2010/11.

4.2 After taking into account the 2011/12 and 2012/13 outturn the reserve has been reduced to £6.6 million. £1.8 million has previously been approved by Cabinet and approval for £3.5 million has been requested in the quarter one monitoring. It is important to note that the reserve was set up to cover the one off costs of the programme rather than covering the full cost of ownership over several years.

- 4.3 The projected expenditure for 2013/14 is £6.2 million, it is anticipated that £3.5 million of this will be capitalised. The projection for 2014/15 is £2.4 million with the potential to capitalise £0.9 million.
- 4.4 The cost as quoted by Agilisys of £6.0 million only includes those areas in-scope as agreed during the evaluation process. Any further development/upgrades or implementation of systems that are out of scope will require a business case to establish further funding.
- 4.5 The savings that have been reported in the medium term financial strategy are £1.0 million in 2014/15 and a further £2.4 million in 2015/16; these savings will be delivered from a contribution of employee and non-employee budgets as a result of the implementation of the new system
- 4.6 The budget for the programme is expected to outturn with a small underspend at programme close.  
[DM/07012014/F]

## **5.0 Legal implications**

- 5.1 There are no adverse legal implications arising from the matters set out above, the project team will continue to receive legal advice and assistance as required.
- 5.2 The programme is partly governed by the contract between the Council and Agilisys.  
[MB/03012014/E]

## **6.0 Equalities implications**

- 6.1 An initial equality assessment was completed for the programme when procurement commenced in 2012 and was included as an appendix to the Final Business Case that was approved by Cabinet in July 2013. Work is now underway to review and update the analysis using the latest corporate guidance and templates in preparation for when the new systems and processes go-live in April 2014.

## **7.0 Environmental Implications**

- 7.1 Bidders' environmental management & sustainability policies were assessed at PQQ stage during the procurement process to ensure that they meet the Council's minimum requirements.
- 7.2 Implementation of new technology and working practices through this programme will significantly reduce the requirement to hold paper records.
- 7.3 A key deliverable from the programme will be improved management information for decision-making. This includes information, for example, about usage of supplies and services, to enable more sustainable procurement decisions.



## 8.0 Human resources implications

8.1 The current number and cost of in-scope staff in the Delivery directorate are detailed in the table below:

<b>Service</b>	<b>Annual Salary Budget £000</b>	<b>FTE</b>
Finance	3,380	94.9
Human Resources	2,859	80.1
Payroll	626	24.0
Procurement	758	19.5
Risk Management & Insurance <sup>NOTE 1</sup>	295	7.7
<b>Total</b>	<b>7,767</b>	<b>224</b>

NOTE 1 – Risk Management & Insurance staff are in-scope for the Hub but not in scope for Target Operating Model savings.

- 8.2 Also in-scope are any of the above activities that are currently carried out in other directorates, in particular transaction processing, where it is concluded that they will be provided more effectively as part of the new Target Operating Model . The scope of these activities and staff numbers (3.1FTE) has been quantified when planning implementation of the Hub and these staff are being dealt with in the same manner as in scope employees/resources within the Delivery directorate. Since November 2013 Hub staff have been co-located in the same area of the civic centre. In December 2013 a new Head of Service for the Hub was appointed and recruitment into the next tier of management roles commenced.
- 8.3 Briefing meetings have been held with in-scope in the Delivery directorate over recent months to raise awareness of the programme and the potential implications for existing teams and roles.
- 8.4 Further consultation meetings are planned over coming months as the detailed restructure proposals that underpin the Target Operating Model are finalised and the specific impacts are known.
- 8.5 Fortnightly meetings are being held with the trade unions to consult on the proposals and regular updates are provided to the Joint Consultative Panel.
- 8.6 All appointments to roles will be made in line with the council's HR policies and procedures.

## 9.0 Schedule of background papers

Report to Performance, Governance and Support Services Scrutiny Panel – 21 June 2012 - *Shared Services Programme Update*

Report to Cabinet (Resources) Panel – 25 July 2012 - *Shared Services Transformation Programme*

Report to Cabinet (Resources) Panel – 11 September 2012 - *Shared Services Transformation Programme*

Report to Cabinet – 14 November 2012 - *Shared Services Transformation Programme*

Report to Performance, Governance and Support Services Scrutiny Panel – 24 January 2013 - *Shared Services Programme Update*

Report to Cabinet (Resources) Panel – 3 April 2013 and Cabinet 10 April 2013 - *Shared Services Transformation – Contract Award*

Report to Cabinet (Resources) Panel – 3 April 2013 and Cabinet 10 April 2013 - *Shared Services Transformation – Full (Outline) Business Case*

Report to Cabinet (Resources) Panel – 21 May 2013 and Cabinet 22 May 2013 - *FutureWorks Programme – Governance Arrangements*

Report to Confident, Capable Council Scrutiny Panel – 18 July 2013 - *FutureWorks Programme – Progress Update and Final Business Case*

Report to Cabinet (Resources) Panel – 23 July 2013 and Cabinet 24 July 2013 - *FutureWorks Programme – Progress Update and Final Business Case*

Report to Confident, Capable Council Scrutiny Panel – 5 September 2013 - *FutureWorks Programme – Progress Update and Target Operating Model*

Report to Cabinet (Resources) Panel – 11 September 2013 - *FutureWorks Programme – Progress Update and Target Operating Model*

Report to Confident, Capable Council Scrutiny Panel – 10 October 2013 - *FutureWorks – Training Strategy*