

CABINET

13 FEBRUARY 2007

ELECTRONIC DOCUMENT AND RECORDS MANAGEMENT SYSTEM -
IMPLEMENTATION

REPORT OF DIRECTOR OF FINANCE

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RECENT REFERENCES:

CAB1379: Electronic document and records management system – appointment of preferred supplier, 17th January 2007

CAB1313: Electronic Document and Records Management System, 13th September 2006

EXECUTIVE SUMMARY:

In January 2007, Cabinet gave approval to a preferred supplier for an electronic document and records management system (EDRMS) and implementation support. The project is key to achieving the Council's requirements as part of its 2010 agenda, as well as meeting the Government's modernisation targets.

Key benefits include improved customer service, more efficient ways of working and a reduced need for office accommodation in future. This last aspect has the potential to realise considerable savings and the EDRMS project is one of the key elements to achieving this and to providing a payback for the significant investment of £770,000. This is considered to be achievable in the longer term through the reduction in office space requirements but other projects, principally flexible working, must also be progressed and will require investment to ensure this is achieved.

RECOMMENDATIONS:

1. That final approval be given for the Director of Finance, in consultation with the City Secretary and Solicitor and the Portfolio Holder for Finance and Resources, to agree the detailed terms of the contract with Hedra Limited.
2. That a direction be made under Contract Procedure Rule 2.1 to waive the requirement under Contract Procedure Rule 10.7 for the provision of a Bond.

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1 Introduction

- 1.1 In January 2007, Cabinet gave approval to a preferred supplier for an electronic document and records management system (EDRMS) and implementation support, following a tender process that followed Catalyst procurement procedures.
- 1.2 The project is key to achieving the Council's requirements as part of its 2010 agenda, as well as meeting the Government's modernisation targets. The Council has a number of related projects either in progress or planned. These include:
 - a) Continued expansion of the Service Centre
 - b) Relocation to the City Offices site, releasing other buildings
 - c) Flexible working, including mobile working and hot-desking
 - d) Business process review, both as part of specific projects and also in individual service areas
- 1.3 These projects are part of the Council's overall approach to changing the way in which it works, to improving the services provided to the public, to achieving efficiencies and to reducing costs. Ultimately, the major cost savings will be realised through the New Offices project where a significant reduction in space requirements is anticipated leading directly to on-going costs being considerably less than at present.
- 1.4 These projects involve significant cultural change for staff and require particular skills, particularly IT and customer care skills. The Council's training programme is geared towards ensuring that staff have the appropriate level of expertise in these areas.
- 1.5 This report provides information on the implementation proposed for the three years commencing in March 2007. It gives an indication of the internal resources required to enable the project to succeed, plus anticipated efficiencies that might be achieved. Efficiencies will be found in a number of ways but the major improvement will be the ability to share information across the Council and to deal with customer enquiries more quickly and more efficiently.

2 Current Position

- 2.1 An electronic document management system has been in place within Revenues for many years. It has been fundamental to achieving cost savings, through staff and office space reductions, by promoting a more efficient way of working. It has also supported improved customer service, evidenced through various performance indicators. Because the system is operating well, and the need to share information corporately from this area is small, it is proposed that the current system is retained in Revenues until the later stages of the project.

- 2.2 The document management system was extended into the Planning service a few years ago. The success of this project has been mixed with technical, administrative and cultural change problems being evident. Because of the technical problems and the current general performance difficulties the Head of Planning Control is keen to transfer from the current system to the new one in the early stages of the project.
- 2.3 Discussions have also been held with other Heads of Division and a draft three year implementation schedule has been agreed (see Appendix A). The Chief Executive's area will be in the first phase, both because it is fundamental to providing many of the corporate aspects of the system and because the Chief Executive believes that a clear indication should be given to the rest of the organisation that this is a key project for the Council. Landlord Services will be the other main area early in the implementation.
- 2.4 The project sponsor is the Director of Finance and monthly reports are made to the e-government programme board. The IT Business Analyst has been appointed as the project manager and has been responsible for the procurement of the software. A project team was in place for the procurement and consideration of the new system. It is anticipated that the project team will evolve over the next three years with different staff being involved in the implementation as it progresses.

3 Future workload

- 3.1 There are a number of major areas that need resources for the successful implementation of this project:
- Information Management and Technology (IMT)
 - Divisional Resources
 - Records Management
 - Scanning Resources
- 3.2 **IMT:** IMT is providing the project manager and the current staffing of two business analysts will be used for the necessary business process reviews, as well as continuing with business process review work in connection with the Service Centre and other service areas. However, part of business process review involves timings and other data collection and it is proposed that a part time post of Data Collector (3 days a week) for two years be employed in order to make best use of the analysts' time.
- 3.3 Within IMT there are two members of staff who are working on technical elements of the various e-government projects that are being undertaken. A Technician is developing standard reports for user departments and developing scripting for new processes for the customer service centre. The Webmaster is currently working on improvements to the web site and developing transactional forms as well as providing backup for the Technician. With the projected workload of the project and need for technical expertise, in particular for development of workflow and as system administrator, it is proposed to employ a temporary Development Technician/System Administrator for two years.
- 3.4 These two additional posts are considered necessary if the work currently being undertaken on the Service Centre, Flexible Working and Web development is not to suffer. The funding can be found from the Workflow budget of £100,000 within the e-government programme where provision had been made to employ external consultancy to support this element of the project. If Cabinet approval is given to

project implementation then a report will be submitted to the Personnel Committee for authorisation of the staffing proposals.

3.5 **Divisional Resources:** Each Division will need to allocate resources to achieve a set number of tasks. The procurement project team have considered the resources required for this implementation and have produced guideline requirements (see Appendix B). Heads of Division have been asked to consider most carefully how the additional work can be managed within their business plans without the need for additional resources. At present there is an assumption that no additional finance will be required for such support, although IMT may be able to provide some support to smaller sections. It needs to be recognised that there is no spare capacity within the organisation and if priority is being given to this major corporate project there will be an impact on other activities within divisions.

3.6 **Records Management:** In order to have an efficient EDRMS records management needs to be undertaken corporately. This will involve writing and maintaining corporate file plans, retention schedules and disposal policies. A retention schedule and disposal guidelines are in place but these, along with the file plan, will need to be overseen, reviewed and updated. The person undertaking the role of records manager will also be a prime source of help and information for all staff. The capacity for doing this work needs to be identified.

4 Corporate Scanning

4.1 To maximise the benefits of a corporate approach to EDRM, the centralisation of scanning needs to be addressed.

4.2 Currently there are four areas within the Council that undertake scanning. The most well established area is within Revenues where two members of staff within the Systems Administration Team are responsible for scanning and indexing for part of their time. As only a small amount of their time (about 15%) is dedicated to scanning it is proposed that the staff remain with their current team until Revenues is transferred to the new system. This is included in the later part of the implementation programme.

4.3 There are two members of staff in Planning who work full time on scanning and indexing. It is proposed that these staff be transferred to the Corporate Scanning Team at the start of the project.

4.4 Staff within Electoral Registration undertake scanning of forms as a small part of their duties. This area will be reviewed as part of the implementation in this area.

4.5 Staff within Office Support undertake scanning of invoices as part of a range of duties. It is anticipated that this area will form the core of the Scanning Team. The details of the operation of corporate scanning will be considered taking account of appropriate personnel advice but the intention is to manage the scanning within current resources.

4.6 In order to release Office Support staff to be available for the scanning team, and to limit the Council's exposure to additional costs, some changed arrangements for the current post system are proposed. Office support staff will continue to open and sort post but will no longer deliver it within City Offices or the West Wing. The time released will be used to start scanning once all the post has been sorted. The post that is not scanned will be lodged in a pigeon hole system from where divisional staff will collect it, or deliver post to, to fit in with when they are arriving or leaving or are moving around the building for other duties.

- 4.7 In future all documents will need to be indexed. This may be undertaken in the relevant divisions but where possible it should be completed by the scanning team. This will help to ensure that local knowledge will be shared corporately and to assist in the development of a centre of excellence within the Council. This issue will be considered further as the implementation progresses and the opportunity to use technology to aid this process, such as through bar-coding, will be pursued where sensible.

OTHER CONSIDERATIONS:

5 CORPORATE STRATEGY (RELEVANCE TO):

- 5.1 The project supports the Corporate priority of having *effective organisational arrangements and management to deliver continuous service improvement*. It is key to achieving the Council's requirements as part of its 2010 agenda and supports the Council in its drive to be more efficient and to reduce costs of accommodation.

6 RESOURCE IMPLICATIONS:

- 6.1 Identified within the e-government programme are the following costs:

	2006/07	2007/08	2008/09	Commentary
	£000	£000	£000	
Software	80	320		Initial costs reported in exempt report CAB1379; further modules, consultancy and other implementation costs to be determined as project progresses.
Integration with back office		50	50	Is linked with integration for the Service Centre and is part of Flexible Working.
Workflow		100		Work can be undertaken in house across 2007/08 and 2008/09.
Total	80	470	50	

- 6.2 In addition, revenue growth bids have been made as follows:

	2007/08	2008/09	Commentary
	£000	£000	
Back scanning	120	50	The extent to which this will be needed needs to be considered in detail as the project proceeds – some may be possible in house.
Annual costs	30	30	The 2007/08 sum will not be required as this is included in the initial capital costs. The growth is needed for 2008/09 and 2009/10 only.

6.3 The total one-off costs proposed are thus:

2006/07	2007/08	2008/09	Total
£000	£000	£000	£000
80	540	150	770

6.4 Allowing for a five year pay back period annual savings of about £150,000 would need to be generated. This is considered to be achievable in the longer term (ie not within five years) through the reduction in office space requirements but other projects, principally flexible working, must also be progressed and will require investment to ensure this is achieved.

7 Efficiencies

7.1 It is important that at the start of the project possible efficiencies are identified. There are three main areas to consider where efficiencies can be generated:

- Customer Service (a faster, more efficient and more accurate service)
- Administration (of finding and filing documents)
- Office Space (for storage as well as a reduction in requirements through flexible working)

7.2 The first is unlikely to generate any significant cashable savings. The third will only realise savings if the office space occupied currently is reduced. Administration will only realise savings if there is a concerted effort to identify where posts can be reduced as less staff time is required to undertake current duties. As the project progresses, it will also be important to review administrative roles and to consider sharing roles between divisions.

7.3 As part of the tender, suppliers were asked to provide examples of possible efficiency savings. Both tenderers identified that staff currently spend over 5% of their time storing and retrieving documents and records and estimated that, of the 550 users at Winchester, there will be about 150 information workers (someone who works predominantly searching for and filing documents, including electronic documents).

7.4 This equates to about 7.5 FTEs and a simple calculation based on a Grade 3 post gives a total cost of about £150,000. These notional savings will be a key element in meeting the Council's Gershon efficiency targets. Cashable savings will only be achieved if the Council is able to reduce staffing to that extent. However, these costs are likely not to be translated wholly into savings but will also be converted into a better service with more accurate information being provided; an improved speed of retrieval of information; and more information being available and being sought, both from the public and arising from Government demands.

7.5 Current on site storage is estimated at approximately 220 square metres. With the assumption that approximately 70% will be scanned this could mean a saving of 154 square metres of office space. The current annual cost of accommodation is about £250 per square metre which equates to about £40,000 per annum that might be realised – either when new offices are commissioned or in advance of that by releasing current space that could be leased or sold.

7.6 Savings in accommodation costs will also be made as the project is key to many elements of the Flexible Working proposals and will be essential to reducing the

requirements for new office space/releasing current office space through hot-desking. Assuming the same cost of £250 per metre, an average of 10 metres per desk, and an assumption of 100 fewer desks being required (ie total desk space of about 450) there is a potential saving of £0.25m pa to be garnered in the future.

- 7.7 In addition, there are 141 square metres of storage at Matleys Yard, which could return a revenue of approximately £7,500 a year and a portacabin storing building control documents which could return a revenue of approximately £1,000 a year. No additional costs of storage for scanned documents is expected as most can be disposed of within a year of scanning.

8 Waiver of Performance Bond

- 8.1 Under the Council's Contracts Procedure Rules, a performance bond from a bank or other suitable financial institution is required for any contract exceeding £125,000 (which therefore applies to this contract). The bond is arranged by the contractor, and provides security by way of a requirement by the institution providing the bond to make a financial payment (normally 10% of the contract sum) in the event of non-performance of the contract, to cover any costs in retendering/completing the contract and the consequent delay which might occur. The charge levied on the contractor by the financial institution which provides the bond is passed on to the Council as part of the tender sum.
- 8.2 Members will recall from the previous report (CAB 1379 refers) that this procurement made use of the "CATALIST" framework agreement for the procurement process. This is a framework set up and operated by the Office of Government Commerce (OGC), a branch of HM Treasury.
- 8.3 The contract will be in the form of an agreement between the supplier and the Council. The preferred supplier for the contract will be acting as an intermediary, in that it contracts with the Council to provide software and services, but then sub-contracts the provision of the software and services to a specialist EDRMS third party company, which has developed the software itself, and whose staff are skilled at developing, installing, and maintaining the software. In this case the supplier will be Hedra, and the third party company will be Open Text.
- 8.4 Like all companies on the Catalist list, Hedra have been financially checked and assessed by OGC. In addition, OGC has also assessed Hedra's supply chain management (i.e. their approach to sub-contracting and management of those sub-contracts with third party software companies). OGC require companies to have satisfactory arrangements for supply chain management in place before they are allowed on to the Catalist list. Officers have carried out additional financial checks on Hedra (the prime contractor) and Open Text which have confirmed that they have a very sound credit rating, and there is no cause for concern over their viability, both in the short term, as well as medium/long term.
- 8.5 Officers are also proposing to seek to incorporate into the contract documentation suitable arrangements with Open Text (the third party supplier) so that, in the unlikely event of problems being experienced with the prime contractor, Open Text can be called upon directly to step in and carry out Hedra's contractual obligations.
- 8.6 Liability to perform the contract rests with the prime contractor, Hedra. If Open Text (the sub-contractor) fails to meet its obligations to Hedra, Hedra remain liable to the Council to perform the contracted services.
- 8.7 This means, therefore, that both prime and sub-contractors would have to fail before the Council would begin to experience problems. Given the financial circumstances

and the contractual arrangements mentioned, the risk of this occurring is extremely low.

- 8.8 Hedra will not provide a bond as the company feels it is large and financially sound and this should not be required. The second tenderer would not provide a bond either.
- 8.9 The nature of the contract is primarily a supply and installation of software, over a relatively short period. In the light of the checks which have been carried out, there is no reason to believe that the contract would not be performed by the supplier, or that the supplier would go into liquidation within this period. Furthermore, if this were to occur, arrangements could be made directly with the sub-contractor to safeguard the Council's interests. In view of this, and the other matters mentioned above, it is proposed to waive the requirement for a bond.

BACKGROUND DOCUMENTS:

Operational and financial records held in the Finance Directorate and other Divisions.

APPENDICES:

Appendix A: Proposed Three Year Implementation Plan

Appendix B: Outline of Divisional Resource Requirements

Proposed Three Year Programme

Division	Year 1	Year 2	Year 3
Corporate (Chief Executive)	early 1		
Strategic Planning	early 4		
HR	early 1		
Land Charges	early 1		
Licensing	late		
Debt (Legal)		early	
Secretariat		early	
Elections		early	
Mayoralty		early	
Right to Buy			early
Rest of Legal			early
Planning	late		
Building Control		late	
Tree Preservation Orders		late	
Landscaping		late	
Enforcement		late	
Estates	late		
Cultural Services – Business Management	early 2		
Economic Development	early 2		
Tourism (Tourist information centre & Marketing)		early	
Guildhall		early	
Conservation		late	
Museums			late
Arts Development			late
Car Parking		early	
Traffic & Transport			early
Engineering			early
Strategic Housing	early 3		
Landlord Services	early 1		
Environmental Health		early	
Environment (waste and cleansing)		late	
Community Development			late
IMT	early 2		
Design & Print	early 2		
Customer Service	late		
Exchequer		late	
Financial Services			early
Revenues			late

Outline of Divisional Resource Requirements

Task	Resources	Timescale	No of days (per section)
Develop File Plan	Head of Division/Business Managers/Head of Service including Team Leaders	Over a period of three weeks	5
Review all documentation in use and consider documents types and index requirements. Review retention schedule.	Head of Service/Business Managers/Team Leaders/ Champion users	Over a period of 2 months	15 - 20
Agree users access rights	Head of Division/Business Managers	One week	1-2
Integration requirements	System Administrator of back office system	Over a three week period	0-2
Templates	Head of Service/Team Leaders	As required	1 - 15
Initial Workflow	Champion users	Over a period of one month	2-5
Testing	Champion users and users	Over a period of two weeks	7
Training	Champion users and users	Over a period of two months	1 day per user
Identify migration/back scanning requirements	Head of Service/Business Managers/Team Leaders/ Champion users	One week	1-2
Total number of days per section (excluding training)			32 - 58