

REPORT

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Cllr Mrs Warrander : Cabinet Member for Resources

Business Process Re-engineering Report

1. Background:

Business Process Re-engineering (BPR) is a tool to examine the processes through which an organisation carries out its business, and to make focused recommendations for improvements to those processes to enable cheaper, faster and more efficient ways of working.

Within SDC the BPR project was set up as part of the Integrating Customer Services programme, and has been active since April 2004.

This report sets out the outcomes and learning from the project to date, and makes recommendations for the continuation of the work relating to Customer Service, with additional work to enable service improvements to be made in some key cross-cutting areas.

Business Process Re-engineering (BPR) was chosen by Salisbury District Council as a tool to achieve the following objectives:

To examine and re-engineer council processes that support the delivery of customer facing tasks in order to identify:

- a. Potential for more efficient (faster, cheaper, more accurate) ways of satisfying customer requests
- b. The precise steps in each process so that front/back office responsibilities could be clearly assigned
- c. Any areas of duplication of work, especially managing data
- d. Potential for realising efficiencies through the supporting e-government work (chiefly Customer Relationship Management (CRM))

To develop internal business review skills in order to make available a pool of knowledge and experience for the benefit of the whole organisation.

2. Work to date:

SDC appointed external consultancy support for the first phase of work, which included key processes from Revenues and Benefits, corporate complaints handling and internal directories. The consultancy support was appointed on the basis that this would affect a transfer of BPR skills to SDC and to provide experienced support in the application of the BPR tools based on a wide portfolio of work undertaken for other local authorities.

At the completion of stage one we are now confident that the SDC project team have a thorough grasp of BPR tools, and can apply them effectively in a wide range of situations. However there have been significant issues with the support provided by the consultants, and with their preferred

methodology, which has been time-consuming and cumbersome. The BPR project to date has followed a very detailed methodology, appropriate for complex and detailed processes where a thorough breakdown of process is required. This has made it costly and time consuming, added to which the early stage was marred by some poor quality consultancy support. This has meant that the costs have exceeded the budget allocation for this phase of work. The total cost of the BPR project to date is £125k, from a budget of £180k. Deducted from this is a compensation payment negotiated in recompense of the poor quality of consultancy support in the early stages of the project. This is equivalent to 20% of the cost of that work, and represents 17 consultancy days. However the BPR tool itself has demonstrated benefits, and the first process review report has identified potential efficiencies that are now being considered by the Head of Revenues and Benefits. There is scope both for improvements to service delivery and revenue savings. While further work will undoubtedly need to be done in order to capture these savings, the report does demonstrate the depth and breadth of the challenge to existing work practices that BPR can offer. The investment in BPR can therefore be measured in three ways:

- a. Improved customer service delivery through process redesign.
- b. Revenue savings resulting from process improvements, enabling better advantage to be made of new technologies such as CRM and EDRMS. (Customer Relationship Management and Electronic Document and Records Management System).
- c. Development of internal BPR expertise means that further consultancy support should not be required, leading to radical reduction in cost of future reviews.

3. Learning:

A number of learning points have been agreed, and recommendations for future BPR implementations are as follows:

Learning point	Suggested approach
Too much lapsed time can lead to lack of focus, enervation of participants and risk that processes reviewed will be out of date before implementation of review	Ensure that the work scoped is not impeded by resourcing difficulties, and that officers in the BPR project team and in units are freed from other responsibilities in order to contribute in a timely manner.
It is very hard to assess up front the duration (and therefore cost) of each review. However if a cluster of reviews are undertaken concomitantly, it should be possible to estimate the overall duration, with tolerances for individual processes.	Bundle the reviews in such a way that management of staff time is best facilitated.
SDC already benefits from a comprehensive programme of external reviews and challenges, which should be used to support BPR	Ensure that Audit Commission, Best Value and other reports are used to provide information to the BPR, to prevent duplication of effort.
The project has run into significant operational difficulties because of unresolved prioritisation against other work. This has caused difficulties for those officers required to make a contribution to the project, and resulted in further delays and gaps in information to the project.	Formalise secondment of project support and use additional internal resources being added to the project to replace external consultancy.
A substantial number of business processes do not require the very detailed methodology utilised, and should utilise a "light touch" approach	Scope the projected benefits of each process review in advance of the work, ensuring that effort is proportionate to desired outcomes.

4. **How BPR fits with National and Local Priorities**

Since BPR is designed to achieve cheaper, faster and more efficient ways of working it is an excellent tool for the authority to use to meet the requirements of the Gershon Review as well as our own priorities of "Meeting the Financial Challenge" and "Improving the Performance of the Council".

In summary the Gershon Review will lead to authorities having to find 2.5% (of net revenue outturn) - in our case approximately £300k per year efficiency savings of which £150k will need to be cashable.

BPR of both services and cross cutting work (eg ordering of goods and services or service requests that cut across more than one unit) will offer us the opportunity to drive out savings for reinvestment in priorities services.

Key to the success of this work will be the tracking of savings arising from BPR so that Cabinet can make clear choices about where they wish to reinvest savings within the framework of the Medium Term Financial Strategy.

5. **Recommendations:**

In addition to the remaining customer service integration work, three other service areas have requested BPR reviews in order to realise efficiencies and/or verify current processes. With these three reviews included, the BPR project has a total of three person years worth of work. As it has been established, both within SDC and from the experience of other local authorities, that BPR is most effective if completed within a shorter timescale, and that it needs to maintain a high corporate priority, it is recommended that the project be able to second additional internal staff to enable the programme of work to be completed in six months.

This proposal will require a mixture of staff resource being made available from within units, plus some backfill costs. Together with the resource already available through the capital programme of work to support customer service integration this would leave a shortfall of £35k. Each proposed area of work will need to be scoped in detail, and final approval for review will depend on the projected benefits achievable from the review.

Cabinet is asked to:

- (1) approve an additional £35k from invest to save capital to enable the BPR project to complete all identified work in a six month period, subject to MT approval of scope.
- (2) Request that the Head of Customer Services and Head of Financial Services develop a methodology for tracking efficiency savings.
- (3) Report back to Cabinet in 12 months to review the impact of BPR work.

6. **Implications:**

- **Financial:** If recommendation (1) is approved it can be financed from the Council's existing invest to save scheme.
- **Legal:** No legal or human rights implications arising out of the recommendations in the report
- **Personnel:** It is important that any secondment arrangements including the temporary back-filling of posts and the arrangements relating to the return of employees to their usual roles once they have completed their secondment to the BPR project are well managed and communicated. There are likely to be significant effects on staff in terms of the need for them to embrace new and more flexible ways of working and in terms of possible staff reductions arising from the BPR process but it is not possible to predict the exact nature and impact of these changes at present.
- **Community Safety** : None
- **Environmental** : None
- **Ward(s) Affected** : None.