

## **Annex 5 - Phase 2 potential efficiency gains – experience from other authorities**

### **Service improvement and efficiencies reported from transformation and e-government programmes**

#### **Introduction**

1. Some time ago Information and Technologies (IT) gained recognition as being able to make a significant contribution to society. Although the drive to use technology is often associated with the Labour government the initiative originated from a report Government Direct produced by John Major's government in 1996. This was followed by a Labour report Information Age Government in November 1996. A number of Government initiatives, initially in education and more recently through e-government, have tried to exploit its potential and until recently had only minor success. However, in the last few years technologies have now made significant progress, leading to innovation in products and services.
2. Experience from the private sector, where transformation projects often generate savings of between 10 and 30 percent, suggests that in local authorities the transformation and efficiency process will realise considerable savings.

#### **Customer Access**

3. Initial resistance to e-government on the basis that it excluded certain service users has been shown not to be the case. For example:
  - research by LB Southwark showed the biggest single group of users of their website were 'welfare marginals'
  - people in the UK now spend more time browsing the internet than watching TV (source Google)
  - nearly 4m e-payments will be accepted via English council websites
  - 85% of people want to access government services out of hours
4. Very high take up of online services can be found across a range of authorities:
  - 85% job applicants to Leicester City
  - 70% choice based letting bids to Warwick DC
  - 60% parking revenue by phone in Westminster
  - 57% schools applications in Bristol City
  - 55% garden waste bin orders to S Oxon DC
  - 50% planning applications to Walsall

#### **Who is using council websites?**

5. Around 19m visitors (one third of the population) came to local government websites in February 2007 an increase of 22% over the previous year. Of the 19m visits, job vacancies accounted for 12.4%, schools 7.2%, sport/leisure facilities 6.2%, planning application 5.9%, policy, strategy, committee meeting

documents 5.4%, libraries 5.2%, bin collection/recycling 5.1%, housing 5.1% and local history 4.4%.

6. Moving customers from conventional contacts such as face to face and telephone to web use, has the potential to make significant savings. For example **Warwickshire CC** found that 55% of their website visits would have otherwise resulted in a contact with the council, with associated officer costs of £13.44 per hour. The council calculated from this an efficiency gain of £707,727 per year.
7. A number of specific examples of savings from transformation and e-government are beginning to emerge and these are shown below:

### **Parking - Westminster City Council**

8. The objective is to reduce cash payments from 95% to 0% within 18 months through a pay-by-phone scheme. This has allowed the council to remove parking meters, and, as a result, reduce associated crimes of theft and vandalism. Existing parking bays cost £750 per bay to set up plus £286 per bay/PA. Pay by Phone set up cost is £230 plus £80 per bay/PA.
9. Online renewal of resident parking permits has reduced the administrative burden considerably. 60 to 70% of the workload at the council's one-stop shop used to be associated with the task of checking and validating permits. Now, around 40% of this task has disappeared with online renewals. It costs £35 to process the £110 resident parking permit manually at a One Stop advice centre, whereas online renewals cost just a few pence to process.
10. Photographic evidence is now used to record offences resulting in much clearer decisions and a 25% drop in appeals and savings in the appeals process.

### **Leicester recruitment online**

11. Launched in Dec 2005 this easy to use service is clearly valued by applicants, as by the end of 2006, some 85% of all applicants were being made online. Figures produced for a review into the costs and benefits to the council of the website by the Scrutiny Committee for Resources in October 2005 revealed that more 'unique visitors' were using the website than were reading the Leicester Mercury. Further web statistics showed the extent of the popularity of the job advertisement pages on the website, while online recruitment was already hitting monthly 'highs' of 60%.
12. These figures (especially those illustrating that exposure to the web adverts was actually greater than that provided by the local paper) gave the council the confidence to reduce the size of its spend on recruitment adverts with the newspaper. If people were prepared to seek jobs online, then at the very least, the size of each printed job advertisement could be reduced with readers being referred online for details.
13. In 2004/05 the council's spend on recruitment advertising was £1.7 million and this reduced to £1.3 million in 2005/06, largely as a result of the council

reducing its local media recruitment advertising from a full page to a quarter page from January 2006. This reduced the half-year spend from April 2006 to September 2006 to £322,435, and anticipated savings for the full year are up to £1m. These huge savings have been achieved without affecting the level of interest in jobs. In fact, the average number of applications received per job advertised has almost doubled from 11 to 21.

14. Further work integrated the electronic job applications for successful candidates with the payroll system thereby saving on re-keying costs and improving accuracy of the data.
15. This has meant that spending on job advertising has reduced from £1.7 million in 2004/05 to £700,000 in 2006/07. Other savings include a saving of £40,000 following a reduction of around a third in the number of printed job packs sent out, leading to overall savings of £1.34m.

### **Garden waste bin ordering - S Oxon DC**

16. When planning the introduction of the new garden waste system, the waste team realised that it could lead to a major administrative burden, involving a great many telephone enquiries and the need to take and process what they anticipated would be several thousand orders for brown bins. Without the self-service option for customer enquiries and orders, the team estimated that three extra people would be required over the initial eight weeks following the service launch - a total of 24 person weeks.

### **Choice-based lettings bids online - Warwick DC**

17. With the self-service option in place this reduced to just eight person-weeks. (in fact total orders for bins were very much higher than anticipated, so the administrative burden of the level of orders achieved, if processed manually, would actually have been higher than the council's estimates)
18. The scheme was launched in November 2005 with 5800 properties and others from 12 participating housing associations and charities. Online bidding was anticipated to be between 5 and 10% where as at launch over 24% of customers used the system. Since then online bidding has built steadily and in the last quarter of 2006 averaged 70%, with peaks of 76%.
19. The scheme saved £35,000 in local paper advertising. There were less refusals as the internet can show images and provide quality information. Contrary to some expectations the project showed that the less well-off found the website useful and usable. PCs in council foyer and libraries were used for bids.
20. Advertising in printed media also requires more lead-time before advertisements can be published. Further automation of the lettings system will enable a move to a weekly letting round, which will reduce the number of voids which have risen under Choice Based Letting, Manual matching of properties normally runs on a fortnightly bidding cycle rather than continuously.

## Housing

21. A report by the Audit Commission, *A systematic approach to service improvement* (September 2005) found that

- Work in three pilots indicate that systems thinking has the potential to deliver wholesale efficiencies in service delivery. The work undertaken in all three pilots demonstrated cashable and non-cashable efficiency gains and significant service improvements.
- The efficiency gains arise out of the amount of waste identified. Each system had significant amounts of waste and this methodology allowed for that waste to be identified, categorised and removed.
- By concentrating on the relationships between sections, systems thinking allows the organisation to look at itself as a whole. This creates organisational development as sections discover that their role is part of the delivery of the overall service and not an end in itself.

22. In the three pilots significant savings were realised:

Leeds South East	£139,650
Preston CC	£145,577
Tees Valley	£163,030

## Mobile & flexible working – Hillingdon

23. A systematic analysis that identified opportunities and risks generated by modernised working, e-enabling service delivery and improved citizen contact management for Housing services in Hillingdon highlighted that:

- 70% (300 headcount) of staff could potentially tele/mobile work for 2-4 days per week.
- Modernised working would reduce the number of work desks by 47%-53%, generating savings in office accommodation costs.
- Approximately 65% of total service transactions were relatively generic in nature – lending themselves to a more standardised and consolidated citizen contact management, while the remaining 35% would continue to need specialist interventions.
- Opportunities to e-enable service delivery were categorised as either citizen self service, online transactions, reduced total elapsed time, regional and cross boundary working, removing intermediaries or enhanced community engagement.

24. A more adventurous scheme to relocate offices and introduce mobile and flexible working in a larger metropolitan authority identified significant benefits and savings including:

- eliminating £0.6 million of maintenance backlog.
- releasing £3 million of costs from surplus properties.
- being 35% more efficient in space utilisation than the administrative offices it will replace
- improving productivity
- aiding staff retention
- accelerating the transformation agenda