

## Working together

# Groundbreaking public private partnership helps transform a major UK city council

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Chief Executive  
Liverpool City Council

A joint venture company between BT and Liverpool City Council is bringing private sector experience to boost service delivery, propelling the authority towards top performance standards

### Marketplace

Liverpool is the UK’s sixth largest city with a population of nearly half a million. It is a flourishing centre for business and leisure and has been designated European Capital of Culture 2008. Liverpool City Council is the largest local authority in the Merseyside region, employing 13,000 people in five directorates and managing a revenue budget of £1.2 billion.

### Business opportunity

In 1999, Liverpool City Council was one of Britain’s worst performing local authorities in terms of service quality, yet it charged the highest council tax in the country. Factors that contributed to this situation ranged from siloed information and paper-based processes to outdated technology.

### BT solution

Liverpool entered into a partnership with BT and formed a joint venture company, Liverpool Direct Ltd (LDL): 80.1 per cent owned by BT and 19.9 per cent owned by the council. In total, 800 people have been seconded (rather than outsourced) to Liverpool Direct from Liverpool City Council and BT.

“We’re getting the benefit of BT’s expertise in communications technologies as well as support for the process of business transformation. I think that’s a pretty compelling offer,” says Colin Hilton, Chief Executive of Liverpool City Council. “The joint venture partnership with BT has been a huge asset in the recovery of Liverpool and the transformation of the City Council.”

Service improvement is a specific requirement of the contract. Rather than having a fixed-fee structure, BT gains when targets are exceeded in a classic win-win situation. Any profits will be shared, but LDL accepts the commercial risk of implementation and Liverpool would not be liable if the joint venture company were to incur losses.

## Case study

### Liverpool City Council

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### Results

Still in the first half of a 10-year, £300 million project – in which BT has so far invested more than £50 million – Liverpool Direct has already helped the council to reduce its cost base by over £100 million over five years and reduce its headcount from 19,000 to 13,000. Audit Commission performance indicators now place 70 per cent of Liverpool’s key services in the upper quartile of the industry standard. The City Council has also won numerous awards and accolades.

In the ICT department, separate teams were brought together in a single, central service delivery portfolio. Newly defined hardware standards ensured that all new PCs and peripherals met performance criteria. Software standards were also defined to introduce compatibility and to facilitate the sharing of information. Today, 85 per cent of technology-related problems are resolved by a helpdesk that serves all council departments. The creation of a council-wide intranet has

further improved information sharing, and was fundamental to the successful rollout of efficiency programmes for the revenues and benefits and HR portfolios.

LDL re-engineered revenues and benefits business processes, introduced a document management system and rationalised databases and servers. The council’s revenues and benefits system handles over one million transactions a month, and BT played a critical role in managing project risk. The backlog was reduced to 11,500 items (well within guidelines for an authority that receives more than 10,000 pieces of post in a day). Benefits compliance with national performance standards now stands at 94 per cent, up from 54 per cent. Liverpool also has a near perfect 98.9 per cent collection for business rates and, in 2003, achieved its highest ever level of council tax collection at 96.5 per cent. Within nine months, LDL reduced council tenants in arrears by 1,500 accounts, which was worth more than £1 million in revenue.

A new contact centre is the largest of its kind in the UK. It takes around 200,000 calls a month and aims to handle 80 per cent of the council’s front-line services. Ninety per cent of enquiries are resolved at the first point of contact, with abandoned call levels down from 35 per cent to less than 10 per cent. The centre’s outbound calling team has recovered £1.8 million of council debt in less than 12 months. New contact centre technology has also transformed the management of calls related to educational grants, school meals and transport costs: the success rate for dealing with these calls has rocketed from four per cent to over 90 per cent.

### Main BT products and services

- 80.1 per cent ownership of Liverpool Direct Limited, a joint venture company formed with Liverpool City Council
- £50 million investment in the initiative to date
- Wide range of business transformation and technology consultancy services

BT recommended a transformation of HR and payroll systems alongside a change in working culture. Now, staff are encouraged to log on to an intranet site for information on everything from maternity leave, to flexible working, and discipline procedures. If they cannot find what they want, they can email HR or speak to an experienced HR adviser at any time. The HR intranet now receives 30,000 hits a week and has enabled the council to re-deploy staff no longer needed to take phone calls. Employee absenteeism has been reduced from 16.5 days a year to 10 (below the national average of 11).

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### Offices worldwide

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### Why BT?

- Long-term experience as a technology provider and strategic partner to local government, including developing new commercial models, leading cultural change programmes, and managing business process re-engineering
- Proven track record and expertise in driving organisational change, including developing a shared vision and delivering it as a collaborative venture
- Resource and commitment to invest in a joint venture company, together with prior investment in and knowledge of the local economy

