

Transformational Government

Submission from Vertex
3rd February 2006

Introduction

Vertex welcomes the opportunity to provide a corporate response to the Cabinet Office paper. In doing so, we have specifically focused on the following key themes which run through the strategy:

- Technology as an enabler/as a strategic asset, not just a tactical tool
- Enhancing the lives of citizens, especially in terms of choice and personalisation (customer centred delivery)
- More efficient, leaner government with more resource and support for front-line delivery
- Joined-up government (especially in terms of sharing services and information)
- Replacement of expensive legacy platforms
- Future-proofing of technology and swifter take-up of new and innovative technology opportunities
- Professionalism: ensuring the skills are available place to deliver the strategy

Our response is divided into 6 Sections. Section 1 provides brief background information on Vertex and explains why we believe we are appropriately positioned to respond to the strategy document, based on our experience in delivering transformational outsourced services, shared services and ICT programmes. Section 2 covers any general comments that we have on your overall strategy and identifies what we believe are some of the key topics and risks/issues that the Government will need to address at the outset or early on in the delivery cycle. In the following 3 sections we provide our observations and constructive comments and ideas on the 3 categories; citizen and business centred services, shared services and professionalism which we trust that you will find useful and the final section is on your proposed timetable for change.

We have reviewed the 'Transformational Government' document from our point of view as a specialist in delivering transactional business services and helping our clients to develop and deliver a premium quality customer experience. In doing so, we make use of appropriate technology as an enabler, i.e. to design service processes around the needs and expectations of end-users and to support improvements in service quality, rather than as an end in itself.

Indeed, a key point we would like to make early on is that everyone is a citizen, and a good service is the one that meets our expectations rather than one that just meets our needs. For example, I may NEED a better education (a hard measurable outcome as per

tests) but I may be satisfied by something that is BETTER than I expected. Neither of these are necessarily achieved through technology and, although the Government's position on choice is laudable, it is courting disaster if technology alone is regarded as the cornerstone of delivering the choice agenda.

In developing this response, Vertex has used our first hand experience and consistently considered how the proposals contained within the Government's strategy might help, or possibly even hinder, the achievement of this stated objective; what factors the Government may wish to consider that are not directly addressed in the strategy document; and also where there are, given the benefit of our previous experience, potential problems.

We feel that this experience uniquely qualifies Vertex to comment on various aspects of the Government's strategy document and its ability to achieve your stated aims of citizen-centric service improvement, facilitated by technology.

1 Introducing Vertex

Vertex is an international business process management company, with deep expertise in outsourcing, service integration, business transformation, IT services, shared services, customer management and consultancy. A subsidiary of United Utilities plc, a FTSE 100 company, Vertex employs over 9,000 people and operates from 68 UK locations. Internationally we have operations in North America, Canada and India, Mexico, Liechtenstein, Ireland and Switzerland.

Vertex has extensive experience of providing services to clients across a wide range of public and private sector organisations, including Central Government, Local Authorities, Retail, Financial Services, Utilities and Telecommunications. Vertex has developed a strong reputation as a provider of customer service excellence and best value. In part, this is due to our heritage as the customer service arm of United Utilities, meaning that an inherent focus on the needs and behaviours of the end-customer has been a core element of Vertex's offering since the company's inception over 9 years ago. Vertex has built on this heritage through extensive delivery experience across many business sectors, by focussing upon the development of methodologies that work, and also by recruiting people with proven expertise.

Our individual service lines include customer contact management, asset management, IT facilities management (ITFM), HR (back office as well as front office), and finance and administration. We have first hand experience of combining outsourcing with large-scale change programmes, which often also include ICT implementation programmes.

Our clients trust us to help them evaluate, redesign and deliver their organisation's challenges and existing processes with the principle aim of delivering both customer service excellence and efficient operations to add value to their organisation. We invest in our clients' organisations and we aim to create long-term business partnerships with them by ensuring that the success criteria are linked directly to the clients' business objectives. These partnerships are frequently built on models of shared risk and reward.

Our considerable public sector knowledge and expertise is demonstrated by our successful and long-term relationships with local authorities such as Westminster City Council and Thurrock Borough Council, as well as central government agencies such as Companies House. The innovative proposals at the core of our solutions enables us to support these organisations beyond pure outsourcing and we have a record of realising transformational improvements in quality of service and sustainable cost reductions for our clients.

Notably, within Public Sector, Vertex has developed a set of unique capabilities in the transformation of public services. These tried and tested capabilities include:

- A 'Citizen First' service transformational outsourcing solution - specifically designed to meet the needs of the modernisation and efficiency agenda
- A structured methodology for measuring customer experience - to ensure a balanced approach that addresses both customer needs and cost reduction
- A performance management approach - which develops BVPI and CPA Ratings to provide a balanced scorecard assessment of efficiency and productivity against best practice
- The development of the 'Vertex Way' - our proprietary framework for the management and development of outsourced personnel
- A business case methodology - designed for the public sector, to guide innovations from conception to implementation through gated decision points
- A performance optimisation toolset which provides, amongst others, a MIS capability for monitoring day to day transactional performance, forecasts and resource disposition

Vertex also has experience in developing innovative ICT solutions for both private and public sector customers, has a large amount of intellectual capital and is able to call upon a wide diversity of expert consultancy services to support customers. We are able to tailor our approach from providing straightforward consultancy advice, including the provision of specific deliverables such as IS strategies, to a fully managed and broad ranging service that would start at the design stage and sequence through the build, operate and maintain stages of a lifecycle.

2 General comments on the strategy

Vertex fully supports your strategic vision to use technology to provide a greater positive impact on people's lives. The main opportunities lie in:

- Improving transactional services
- Helping front line public servants to be more effective
- Supporting effective joined up policy outcomes
- Reforming the corporate services and infrastructure which government uses behind the scenes
- Taking swifter advantage, where appropriate, of the latest technologies developed for the wider market

There should to be a balance of transformation strategy driven down through delivery organisations and innovation and service design driven upwards from the front-line

At the heart of the transformation is the core issue of how to implement this vision, i.e. how best to successfully design and deliver customer-focussed services in the most cost effective and efficient way, both in the short term and in the longer term. To achieve success, Vertex believes that there should to be a balance of transformation strategy driven down through delivery organisations and innovation and service design driven upwards from the front-line.

There is no doubt that to achieve the vision will be difficult and it is a far-reaching and ambitious agenda that can deliver huge benefits. Vertex believes that some critical requirements will be as follows:

- Redesign of government structures
- Business process re-engineering
- Very strong joined-up leadership across central, local and other areas of government
- Defining and agreeing the shared goals and objectives of a wide range of key stakeholder groups in developing citizen and business centred services and the supporting shared services infrastructure
- Enabling a shared service culture as well as a shared service infrastructure
- Gaining staff commitment and enabling them to be a positive force for change
- Making critical key decisions on priorities and where to invest in technology
- Ensuring the right resources are made available

Redesign of government structure

The Transformational Government vision implies changes to the way services are designed to meet customer need and how resources are shared across government. A change to the way government is currently structured is not specifically mentioned although it is perhaps implied.

Vertex believes that, to drive change towards a more customer-centric organisation, it might be more effective to consider some more radical organisational change around the structure of central and local government, such as the alignment of organisational boundaries with customer groupings. The Department for Work and Pensions (DWP), for example, took this approach when it integrated the old Department of Social Security and Department of Employment in 2000.

Business process re-engineering

Business change absolutely should not be IT lead and business process re-engineering should be an integral part of any IT development. The utmost care must be taken to avoid IT enabling inefficient or outdated processes. It will be absolutely necessary to drive business process change to achieve the vision but it is also essential that all the components of change including IT and associated business processes be appropriately integrated. This is why implementing COTS (Commercial off the Shelf) software with the minimum of change makes good sense. We believe that in the shorter term, the focus on quick implementation of COTS based solutions to align business processes to the solutions is an efficient and effective way to implement software and to drive business change. This is a lesson learnt by the private sector in the '90s when ERP solutions (such as those based on SAP) were widely adopted.

Strong joined-up leadership

The vision anticipates different elements of government (local, central and other agencies) working together to deliver more effectively to the needs of citizens and business with significantly greater sharing of resources across government. Technology will act as an enabler of this.

Engagement, clear articulation and positive support will be key to successful transformation

Vertex believes, however, that this vision will not succeed without strong joined-up leadership at the centre and at the top of all the relevant organisations to drive it through. Different elements of government have different priorities and this transformation needs to be seen to positively support the delivery of these various priorities, with any conflicts managed appropriately. A shared vision needs to be developed and owned by all the leadership team. This will enable clear articulation of the vision both across government but also within each key element. Engagement, clear articulation and positive support will be key to successful transformation.

The leadership of the developed shared services in any area will be critical. They will be key change agents at the leading edge of the transformation of government. They should be selected carefully and should be more a hybrid of a diplomat, an entrepreneur and a business consultant rather than necessarily a technical expert in a functional discipline. Leadership and communication skills will obviously be paramount.

Stakeholder buy-in

The buy-in of the key stakeholders responsible for driving through change is, of course, also of critical importance. However, these stakeholders extend far beyond those at the centre of Central Government and CIOs, and importantly include people involved in operational service delivery across public sector. These stakeholders will have a crucial role in providing the change leadership and it is imperative that their hearts and minds are committed, in particular to dealing with the complex political and organisational issues that will act as barriers to achieving the vision.

Therefore, Vertex believes that considerable attention should be given to educating and building commitment amongst this group and around your vision. It is important to be aware that, whilst many will accept and support the need for change, there will be some of this group that will be unable to fully commit to making this journey with you.

Enabling a shared service culture

The size of the cultural challenge to make step changes across government should not be underestimated. There needs to be incentivisation for people in all tiers of government to change how they do things, in particular in relation to shared service centres. There is an absolute necessity to address the 'what's in it for me' dilemma on both a personal and an organisational level.

Shared services are fundamental to your transformational vision. It will lead to step changes in service quality and efficiency.

Lessons from the private sector have shown that developing a culture that focuses on customer service provision and development in balance with efficiency concerns is key to success. Corporate functions such as HR or finance will need to be realigned as organisations providing services to multiple clients. Appropriate structures in terms of customer handling processes and service level agreements will need to be put in place along with supporting initiatives to realign values and behaviours to a customer service culture.

Gaining the commitment and support of employees

The Transformational Government vision anticipates significant changes to the way that current work is carried out, with a major impact on the employees currently engaged in front-line service provision. All changes will be highly sensitive particularly those focused on greater efficiency.

As the ultimate service deliverers, front-line employees are key to the successful delivery of this transformational vision and early thought should be given to strategies for involvement and engagement. Difficult and sensitive issues will evidently arise but an appropriate policy of openness and engagement from the beginning allied to a well thought through change strategy will provide the best basis for long- term success.

Key decisions on priorities and where to invest in technology

Vertex fully supports the principles documented in your vision paper, but the issue still to be resolved is around what is the optimum solution. Appropriately used, technology can help to deliver both standardisation and personalisation, which are not necessarily competing concepts but could become so if flexibility is not carefully built into models of delivery. Tesco, for example, provides a good illustration of how it is possible to offer a standardised product look and feel with personal service.

Experience in the private sector suggests taking swift advantage of new technologies does require taking some risk (not necessarily a bad thing if managed properly) and avoiding over-complex solutions. Careful use of pilot projects can help here. Pilot projects can also help in understanding the actual impact of a technical and/or process change on your customers.

Front-line employees are key to the successful delivery of this transformational vision and early thought should be given to strategies for involvement and engagement

On a practical level, one of the critical questions to be answered is about what is best done through centralised initiatives (for example sharing of data held at national level), what is best done functionally (for example the deployment of departmental specialists) and which is best done locally on a geographical basis. It also raises questions about what are the optimum contact channels to be implemented to achieve customer satisfaction and savings for the taxpayer - we discuss this in more detail in the later sections of this response. These key questions will need to be answered early on in the change programme, with a detailed implementation plan.

Technology investment has traditionally been on transactional or back office functions. It is important that investment is made not just for back office functions. For example, mobile technology is an obvious answer to aiding front-line staff such as doctors, nurses, teachers, social workers and police.

Vertex has recently been involved in the strategic direction of Westminster City Council's "Wireless City" partnership. The ultimate aim of this project is to install a seamless wireless mesh across the City of Westminster. The infrastructure includes CCTV and noise monitoring devices and is connected to the Council's corporate network. The network will allow remote monitoring and management systems, integrated with mobile devices including pan, tilt and zoom video cameras, laptops and handheld equipment.

The Council's vision is that by using such equipment they can open up the way for joint teams of police and council employees to tackle anti-social behaviour, reassuring Westminster residents that they live in a safer more secure environment, as well as providing productivity improvement opportunities, such as more efficient resource planning. We would, however, point out that the project has encountered a considerable blocker that has hampered its progress. The key desired outcome of this project is a single mobile device that can access multiple back-end information sources and the software industry currently shows little enthusiasm to support this approach. Those that do, try to charge exorbitant fees to gain access to software connectors. In addition, we understand that the Government's initiative around eGIF has not been as successful as it could be, because it does not seek commitment of the vendors to provide cost effective access and inter communication. These issues will need to be addressed going forward.

Capacity and capability

The capacity and capability of particularly central government organisations and their suppliers to deliver technology enabled business change is constantly stretched and has been subject to severe criticism. It will be essential that resources be freed up to ensure full commitment to help develop and implement the strategy with sustained effort over a prolonged period. Vertex believes that, to avoid further criticism, it is important that the strategy be delivered in a controlled and staged approach, with quick wins being successfully achieved early on in the programme. Effective programme and project management will be a vital core skill required by those individuals implementing the strategy.

The Government may wish to address the capacity issue by making more and better use of a secondment model (i.e. seconding qualified and experienced practitioners from the private sector for a defined period of time to support the change programme). This would also enable private and public sector organisations to build effective partnerships to build, design and deliver the programme of change.

3 Citizen and business centred services: The use of technology to give the citizen choice and reduce burdens on front-line employees

“Services enabled by IT must be designed around the citizen or business, not the provider, and provided through modern co-ordinated delivery channels. This will improve customer experience, achieve better outcomes, reduce paperwork burdens and improve efficiency by reducing duplication and routine processing, leveraging delivery capacity and streamlining processes”

“(a) citizen engagement and the development of customer groups; (b) the appointment of ‘Customer Group Directors’; (c) the creation of a Service Transformation Board and; (d) access channel development.”

Understanding the customer

Vertex fully supports this approach. However, we would caution that to truly design process and technology around the citizen is to develop and implement a fully customer-centric delivery model where ALL process and technology design principles are based around making life easier for the end-customer (e.g. faster, simpler, immediate, one contact gets it done). This aspiration can often be thwarted by the pursuit of efficiency targets/cost reductions in isolation from customer experience concerns and also by business policy being defined from the organisation’s own perspective, i.e. ‘what’s best for the department’ rather than ‘what’s best for the customer’.

Increased understanding of the end-customers’ needs and behaviours is a key factor for success

If the desire is to design services around the citizen or business, then the key is to start with an engagement process that explores the requirements of each key customer group with the right set of people. Thus, increased understanding of the customers’ needs and behaviours is a key factor for success.

Customer satisfaction surveys are undertaken across a wide range of differing services delivered by Vertex and these form an important part to continuing improvement and improved quality of customer service. We believe that information sources such as customer surveys, focus groups and MORI opinion polls will form a vital part of successful delivery in the long term. It is important that detailed consultation with customers is initiated and sustained in order to truly design government services around what they want.

This activity should be combined with an analysis of the core transactions of each key group with government and an estimation of the relative volume of these transactions. This information can then be used to understand how services can be effectively designed for the ‘needs’ and aligned to the ‘wants’ of the customer base.

The interactions between government and its multiple customer groups are obviously very complex. Clearly, therefore, implementing any significant change of focus will need to be managed carefully.

For both of these reasons, a well-researched analysis of customer requirements will be key to the development of an effective service design and a robust implementation strategy. Vertex has used similar approaches in working with Westminster City Council to transform the way that they meet the needs of their citizens.

Educating citizens, business and front-line employees

Part of the engagement must include educating citizens, business and front-line employees in what is possible. Using private sector providers to demonstrate what is possible (perhaps through the use of pilot projects) and to elaborate on best practice is one way of doing this. However, all of this needs to be done sensitively. Buy-in will depend on the private sector representatives demonstrating empathy with their public sector counterparts.

Customer Group Directors and teams

For each customer group, Customer Group Directors and key team members should be recruited from the relevant areas of government to conduct the above engagement and analysis process. These teams could be supported by private sector and voluntary sector expertise where appropriate.

The make-up of the customer group teams must also be sufficient to facilitate first-hand experience of front-line staff in service design and, subsequently, organic learning/innovation. On a practical note, Vertex believes that private sector providers can play an equal and integral part in defining the specification and/or help redesign processes particularly where we have a role in delivering at the front line.

Ultimately, however, there will be a need to ensure that these groups do not cogitate for too long, looking for the perfect solution, with the risk that the problem will have moved on.

Channel choice

In terms of channels of access, the strategy states that customers expect simple access to government services with an appropriate level of choice. One expects that the preferred channels for the delivery of information and transactional services will be the telephone, internet and mobile channels, as well as channels within the digital home. The document also talks of steering customers toward the lowest cost access channels and the closure of legacy channels as they become obsolete.

We believe that your key aim should be to have a core set of channels that deliver good customer service whilst using resources effectively. These channels can then be supplemented with additional channels targeted at enabling greater access for specific groups as required.

We anticipate that some client groups will continue to prefer face-to-face communication for personal or mobility reasons, which is the most expensive to provide. However, our experience in providing a customer conversion centre for the DWP's Payments Modernisation Programme demonstrated that that informed persuasion and enablement, rather than enforcement, extolling the benefits of the improved channel access, can produce good results.

The make-up of the customer group teams must also be sufficient to facilitate first-hand experience of front-line staff in service design and, subsequently, organic learning

There is certainly a need for balance in terms of channels of access. There is a key risk that too much variety and choice will add to cost, due to the higher the cost of support and the greater the risk of channel failure. Government and its partners should always be researching 'blue sky' access channel opportunities but making the basics work is the best and most important starting point. For the foreseeable future, the phone will remain the preferred channel, with email and the internet being a good choice for those with access to the technology.

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For the younger audience, more use of push/pull communication via the mobile phone, for example text messaging, would seem an obvious choice.

Additional access channels

Your principal access channels can be supplemented with additional channels aimed at providing access for disadvantaged social groups. These are more likely to be more targeted flavours of the above channels rather than any new channels, such as face-to-face contact with wireless working for bringing targeted services to the elderly or housebound. To meet this need whilst at the same time controlling costs, more use could perhaps be made of video conferencing/interviewing.

Conceivably any new channels may provide greater speed, flexibility and content rather than access. Perhaps there is a case for providing to particular customer groups through a charging mechanism to compensate for any additional costs of delivery until they become more mainstream channels.

To date, little use has been made of iDTV (interactive Digital TV) for the delivery of public services and the interaction between the public sector and their clients/customers. The drive toward digital television, coupled with the fact that a large number of their target audience have access to cable television, would make this an ideal communication channel in the longer term.

The cost of early take-on of new technologies will be higher, with greater risk of failure. We should always look to the future but getting the present right is a good strategy. All investment should be business case driven.

Call centre rationalisation

Your strategy states, quite correctly, that rationalisation of the number of central government contact centres is a key aim. Call centre rationalisation can bring a number of benefits, not least in terms of the obvious property-based and managerial cost efficiencies.

Other benefits of a smaller number of contact centres would include being better able to effectively manage resources to cope with peaks and troughs in call volumes, increased scope for multi-skilling of employees to ensure a more joined-up service and simpler, more effective IT and telephony infrastructures - thereby reducing the risk of process failures that will impact negatively on the customers' experience.

Vertex has delivered such rationalisation programmes in the past on behalf of our clients.

These rationalisation programmes are by no means easy projects to manage, involving as they do, changes to the working practices of front-line employees and impacting directly on customer interactions. We would recommend that considerable attention and care be given to ensuring that employees are fully supported throughout the process and that quality internal communication activities help them to understand the need for change.

We would also recommend that rationalisation be implemented on a phased basis. This will allow arising problems to be 'ironed out' at each stage before moving on the next stage of change. It will also mean that lessons learned from initial phases can be applied to later phases of the change programme.

Use of a single telephone number

The view that the introduction of a single national public service number will, by definition, improve customer experience is debateable. There is a danger that it may lead to a customer experience of government services as less personalised and less accessible. The implementation of such a strategy needs to address the issue of how it can be made to work without a significant number of touch-tone menus, e.g. how many times to do we hear criticism of endlessly navigating pre-recorded menus only to hang up out of frustration. 'Golden Numbers' might be a better option which give access to specific services.

There is a danger that introducing a single contact number may lead to a customer experience of government services as less personalised and less accessible

In summary, Vertex would offer the following advice:

- Deliver services well using your core access channels
- Invest in enabling access to these channels (e.g. greater internet access in public places such as libraries, one stop shops, supermarkets) rather than necessarily on new channels
- Channels to cater for disadvantaged social groups or to support a new policy agenda is more likely to rely upon greater human contact than less. Hence, flavours of existing technology, such as kiosk or video conference to a contact centre from a local one stop shop or enabling front-line workers with wireless technology, may be more effective for service provision than brand new channels
- Effective alignment of services (across government) around customer needs in a particular geographic region is likely to be more effective than the introduction of a single national public service number. However, this may be very effective for some services nationally provided and could serve as an effective means of signposting and co-ordinating service provision.

4 Shared services: Use technology to join-up and share services rather than duplicate them

“Government must move to a shared services culture - in the front office, in the back office in information and infrastructure - and release efficiencies by standardisation, simplification and sharing”

“(1) Customer Service Centres; (2) Human Resources, Finance and other corporate services; (3) Common Infrastructure; (4) Data Sharing; (5) Information Management; (6) Information Assurance; (7) Identity Management; (8) Technology Standards and Architecture and their assumptions around leadership and change management.”

Vertex has developed best practice standardised processes that enable the operation of shared solutions for HR, local government services, print and fulfilment, finance & administration, and IT facilities management. By using these processes Vertex can help its clients to gain convergence across with other client services, thereby achieving economies of scale and reduced transaction costs whilst maintaining service levels.

The opportunities are therefore very real and achievable. However, shared services are not widespread in the public sector and there are some very real barriers to their effective deployment. Not least of these barriers are the issues associated with people, such as staff relocation, reduction in employee numbers and resistance to transferring staff to the private sector. All of these are very real issues, which have not been tackled convincingly hitherto.

This is surprising considering that shared services are nothing if they do not provide a mechanism for delivering effective outcomes. These outcomes are delivered largely by people, not by process or technology. So it is our contention that, if we are to see widespread take up of shared services in the public sector, then the ‘people’ issues need to be addressed urgently and as a priority.

Customer driven shared services place as much emphasis on improving customer satisfaction as they do on improving efficiency and reducing costs. We would contend that such an approach would bring cost reduction in its wake as transactions are completed ‘first time’ and re-work is dramatically reduced whilst joining up what are typically disparate elements of the service delivery supply chain to provide a seamless face to the customer is effective in terms of enhancing the overall customer experience.

Customer driven shared services place as much emphasis on improving customer satisfaction as they do on improving efficiency and reducing costs

Vertex believes that the generic areas documented in your strategy are broadly right but are obviously complex when you consider the breadth of local and central government organisations. From our experience, one of the core issues is the importance of looking at the end-to-end process before deciding which sub-processes are to be dealt with in a shared services environment. Therefore, to consider shared services across different organisations, such as local authorities, it is important to standardise and simplify processes before moving to shared services. In other words, moving to shared services needs to be considered as part of a larger change management and business process re-engineering programme.

In addition, those people working in internally facing shared services centres need to treat the organisations that they serve as they would external end-customers.

The successful introduction of shared service centres often requires a significant investment in technology and a lot of the hassle can be removed by the early introduction of an external BPO provider, who can handle much of the difficulties of transformation. This is especially true if the supplier has already invested in establishing the infrastructure into which the shared services processes can be transferred.

However, shared services are not limited to the target business functions mentioned in your strategy. There are a multitude of other functions that could be effectively delivered on a shared basis. Some are apparent but some are less so. Obvious examples include customer services, human resources, finance & administration, procurement and information technology. Some less obvious examples could be document management & printing, property & facilities management, customer relationship management, legal support and billing & payment processing services.

Thus, there are undoubtedly significant opportunities that exist and the important issue to tackle is the priority order of implementation - which will depend on a multitude of factors and considerations. We explore specific examples below:

For customer services

There is an opportunity to look at joining up customer services across various linked organisations in a particular locality, to align delivery to key customer groups, improve service and to enable greater communication/shared working between these organisations plus knitting together of systems. For instance, in a particular region, joined up customer services (at least initial contact and some issue resolution) across the local authority, local NHS organisations, the police, fire & ambulance services, Jobcentre Plus, other agencies within the DWP, other central government departments and local community groups (e.g. Citizens Advice) would provide significant benefit.

Customer contact through all channels (face to face through one stop shops in region, telephony/video, digital TV, web) could be aligned around the customer rather than the service. Hence, the service would be aligned to the needs of the customer groups (e.g. elderly or parents with young children) rather than organised around government structures.

Internal hand-off of individual cases would be to the service concerned for resolution as appropriate but resolution management would provide government in its wider sense with a better understanding of customer need. It would also enable best deployment of resources in addition to helping focus on local priorities quickly and engage the community through good communication and visible progress.

Vertex has experience of providing shared customer service centres and from our perspective the following are important:

- Recognising the needs of different customer groups both in terms of service provision and service access is critical for success
- Multi-skilling employees as far as possible and support with technology and telephony integration, scripting and knowledge base tools
- Managing hand-off to delivery functions well, so that provision to the customer is visible and delivery co-ordinated
- Not over-investing in 'big' technology projects. Investment in people and process change are of more importance
- Focussing on good service provision through the core set of access channels (face-to-face, telephony and internet). Any investment in new developing channels should be balanced against the alternative investment proposition of improving access to existing channels

For local authority revenues and benefits

Revenues and benefits is a key area within local government for the creation of shared services to provide improved customer services and to leverage economies of scale. Certain elements of the service would need to stay local but there is a significant opportunity to create regional shared services covering these areas. These could be co-located with DWP agencies to provide a more holistic service for the customer and realise further benefits. Effective information sharing is also possible regarding:

- Vulnerable individuals with linked bodies such as, for example, NHS, social care, legal aid, voluntary sector
- Fraudulent activity with police

For professional services such as procurement, finance, HR, payroll, training & development, debt and ICT

These services could be provided from a regional shared service centre supplying services to multiple clients. The client-base could include local authorities, local NHS organisations and other public sector organisations, and benefits would be derived from leveraging of skills, economies of scale and technology. Care must be taken, however, to develop and leverage common expertise across multiple sites.

For printing and document management

A good example of effective sharing of services by Vertex's utility sector clients is the use of a central delivery of print and document management functions, where a greater emphasis on the transactional component reflects the 'off the shelf' or commodity nature of this business function. Vertex's Gemini Centre of Excellence in Warrington illustrates this type of shared service facility. Every year, the centre's customer payment processing function handles 77 million transactions worth in excess of £5 billion. It prints and issues over 65 million pieces of mail, and its data management facility handles 7 million documents together with £3 billion of incoming payments. Clients accessing this shared service capability secure the benefit of maximised process efficiencies and asset re-use alongside best practice levels of staff and management expertise and experience.

Additionally, participating organisations also profit from the centre's focus on recruitment, retention, career progression, reward and recognition and training that are key to maintaining the centre's performance standards.

Implementing a common infrastructure

The costs of change to a single set of technology solutions/applications are relatively high. Therefore, implementing a common infrastructure will either require a) a very big budget or b) a strategic approach that makes the most of existing technology as well as developing a common direction. Existing technology can be utilised together using middleware (e.g. Elgol). Governmental bodies and software companies are becoming increasingly more capable in this area.

The barriers to shared services

Vertex believes that there is a number of barriers preventing shared services, which will need to be resolved in the short term.

Political alignment

The political goals of local authorities/central government departments are not necessarily aligned with transforming the provision of public services in the wider sense. It will be necessary for the stakeholders to be aligned or incentivised to achieve the transformational change envisaged.

Cost of change

Transformation is likely to involve investment to enable economies of scale, such as the creation of shared services centre supplying services to multiple customers. Costs will include technology investment, and the costs of people/culture change.

People change

There are significant implications for the people currently delivering services and there is opportunity to bring them on board as a positive force. To do this, the transformation programme needs to be structured to enable this to happen, for example, through localised consultation, communication, training and development.

5 Professionalism: The right professional skills to plan, deliver and manage technology based change

“Government’s ambition is for technology enabled change is challenging but achievable provided it is accompanied by a step-change in professionalism with which it is delivered. This requires, coherent, joined up leadership and governance, portfolio management of the technology programmes, development of IT professionalism and skills, strengthening of the controls and support to ensure reliable project deliver, improvements in supplier management and a systematic focus on innovation.”

“leadership and governance, portfolio management, IT profession (skills and capacity) in Government, project delivery, supplier management and innovation.”

Leadership and governance

Given that technology based transformation of the type needed to deliver your vision requires fundamental change in the way government runs its business, it is important that leadership involvement extends beyond just the IT community. This wider leadership needs to be involved actively, and continuously, in governance. The creation of an IT Profession and a people environment to support the delivery of the vision is a significant change programme in its own right. Managers at all levels must have earned and maintained the trust and respect of stakeholders and all concerned believe that they will do as they say. There is a need for a highly motivated workforce. Expertise within public sector at all levels needs to be valued and staff given the opportunity to contribute new ideas and behaviours. We would suggest that rewarding excellence, innovation and ideas is an integral part of motivating people and is important to recruitment and retention of employees. A culture programme for change needs to be incorporated into your planning. Staff and union consultation and involvement in solution development is critical to ensure buy-in.

Expertise within public sector at all levels needs to be valued and staff given the opportunity to contribute new ideas and behaviours

Thus, building commitment and trust, excellence in communications, training and development, and getting the right performance management system in place are all important components in the change programme.

Portfolio management

Evidence suggests that the introduction of Portfolio Management has helped management to better understand priorities and helped manage the allocation of scarce resources. Therefore, in principle, this seems a good approach to adopt especially as you drive towards more joined up government. At the very least it drives a better understanding of the criteria to be adopted for allocation of resources - which will be stretched given the scale of what needs to be done.

IT profession (skills and capacity) in government

Driving technology-based transformation in government requires the development of a whole range of capabilities, which extend beyond just IT. Therefore, focussing on an IT profession will be a wasteful exercise unless it recognises these wider needs.

The IT Profession in Government needs the capability to be the intelligent customer to get the best out of the private sector

The capabilities encompassed by an IT profession in government need some careful thought. For example, skills in project and supplier management, contracting, change management, service management and partnering would be valuable capabilities in the context of the private sector delivering IT services and would not contradict the trend towards outsourcing IT. Another way of looking at this is that the IT Profession in Government needs the capability to be the intelligent customer to get the best out of the private sector. Also, at a working level, there is a need to increase skills for service delivery key personnel and front-line employees, particularly in terms of their understanding of the potential and capabilities of technology. This will enable these key personnel to better define requirements from the user viewpoint.

There should be a balance between specifying outputs and inputs when defining and deciding technology solutions, as specifying only outputs can, at best, lead to over-simplification or over-sophistication of solutions designed by IT private sector companies. At worst, it will lead to solutions that do not meet the needs of the customer or the end-user and waste millions in taxpayers' money.

Supplier management

Supplier management has a crucial role in managing the strategic level sourcing issues for government and creating the environment in which successful private/public sector partnerships can flourish. This environment needs to include things like joint governance, building relationships, code of conduct (i.e. guidance to all staff on acceptable and unacceptable behaviours with emphasis on positive ethos of positive partnerships). It is important to recognise that partnerships will often need to involve a number of suppliers as well as government organisations.

Ministers and senior officials across government will need to continue to promote partnerships as the key to success, as there is still much cynicism around this concept. A 'Partnership' approach might mean a new identity for joint ventures between private and public sector, with no one dominant party. Joint Governance and decision-making, but with clear lines of responsibility and accountability so that all parties understand where they are empowered, are also critical to success.

Building effective partnerships has the potential for great benefits but is extremely hard work. Investment in creating the right contractual vehicles will be key, for example transparency and sharing of problems and open book accounting may play a critical part in moving the agenda forward. Vertex also believes that two-way secondments of personnel have a role to play in developing a partnering approach between the public and private sectors and should be promoted.

Innovation

Organisations that successfully innovate build a culture where creativity and forward thinking are part of the way they do business, not something that is driven through separate structures. One of the problems facing government is that public accountability often creates a risk-averse mindset, which in part runs counter to the 'risk managed' environment that encourages innovation. One way forward may be through the public/private sector partnership route. True partnership with the right level of trust will shift the balance to more sharing of research and knowledge away from hiding behind competitive advantage.

6 Timetable for change

"A detailed action plan to implement the strategy will be approved by the CIP council and the Service Transformation Board and then published before the end of the current financial year.... Between 2007 and 2011 the priority for technology investment and business change must be transforming delivery into public services centred round citizens and businesses, and transforming support into a shared services framework. During this period it will also be important to realise the financial and service benefits of current and planned investments. The goal should be to have made the key changes, to have embedded the new cultures and to have made the process irreversible by 2011."

Vertex would question the need to wait until 2007 to make a start on your change programme. We would suggest, rather, that you could achieve some early wins around shared service contact centres and transaction services. It should not take 5 years to deliver better services at less cost.

It will probably not happen without either legislation or a 'carrot and stick' approach. Inertia is less painful than change!

Final Thought

It will probably not happen without either legislation or a 'carrot and stick' approach. Inertia is less painful than change!

We hope that you have found our comments informative and useful. For further information, please contact:

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