




# Executive Decision Report

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| <b>Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken</b> | Full Cabinet<br><br>Date of decision: 7 April 2014  |   |
|   | Councillor Gardner<br><br>Date of decision (i.e. not before): 20 <sup>th</sup> March 2014<br><br>Forward Plan reference: KD04047                      | <br>THE ROYAL BOROUGH OF<br>KENSINGTON<br>AND CHELSEA |
|   | Approved by Strategic Executive Board as funded from existing ICT budgets<br><br>Date of meeting or formal issue (i.e. not before): 4th February 2014 | <br>City of Westminster                               |
| <b>Report title (decision subject)</b>  | <b>BUSINESS INTELLIGENCE</b>  |  |
| <b>Reporting officer</b>  | Jane West Executive Director of Finance and Corporate Governance  |  |
| <b>Key decision</b>   | Yes   |  |
| <b>Access to information classification</b>   | Open report. A separate report on the exempt Cabinet agenda contains exempt information regarding comparative costs.                                  |  |

## **1. EXECUTIVE SUMMARY**

- 1.1 This Key Decision Report presents the business case for a pilot project to prove the benefits of a Tri-borough Business Intelligence (BI) service that centralises the existing fragmented BI activity across Tri-borough. The Tri-borough BI service pilot aims to demonstrate how the integration and interrogation of multiple data sources would substantially increase our insight on services and customers, while being a critical enabler to wider public service reform.
- 1.2 It is proposed to deliver the service by building a virtual team from existing technical and analytical staff across Tri-borough and by upgrading the existing data warehouse used by Westminster City Council.
- 1.3 The pilot will set up the Tri-borough service and will deliver a series of BI projects. These projects will deliver business outcomes in support of the budget challenges facing Tri-borough whilst providing the benefits of a permanent BI service. To date a number of projects have been identified with benefits as follows
  - Assured: 3 projects with net benefit of £1.5m
  - Projected 1 project with a net benefit of £2.5 – 2.7m over 3 years
  - Possible: 42 projects with significant benefits to be quantified (pipeline)

## **2. RECOMMENDATIONS**

- 2.1 That the Tri-borough Councils approve plans for the 18 month Business Intelligence (BI) Service Pilot, and that funding of £1,743k be approved for the 18 month BI Service Pilot with assured ROI of 55% over 3 years with other projects providing a contribution that will increase the ROI beyond 55% (projected and possible).
- 2.2 That the Tri-borough Councils approve the setting up of a Section 113 agreement to enable the virtual team to be established.

## **3. REASONS FOR DECISION**

- 3.1 The development of a BI capability enables improved understanding of service performance and provides the insights needed for increased and improved evidence-based decision making. These capabilities are essential to the Tri-borough councils' abilities to respond to future financial and delivery challenges.
- 3.2 Approval and funding will enable the initial pilot projects proposed within this document (Freedom Passes, Single Person Discounts and Tenancy Fraud) to be delivered as a minimum. These offer assured net financial benefits of £1.5m and a

return on investment of 55% over 3 years with other projects providing a contribution that will increase the ROI beyond 55% (projected and possible).

- 3.3 The resource invested in the business intelligence capability to deliver the initial three projects is designed to be completely reusable and allow individual projects to build into a BI Service. This delivery model maximises benefits beyond just the project-specific ROI or outcomes, offering the potential for further benefits within the 18 month pilot period and beyond. Appendix H lists possible candidate projects beyond those already identified with assured and projected benefits.
- 3.4 Delivering successful BI-enabled projects will provide the evidence to engage a greater number of services in employing the BI Service. In turn, this will enable greater return on investment and delivery of additional benefits across Tri-borough, by capitalising on the significant reusability that a shared BI service offers.
- 3.5 The internal BI Pilot model recommended in this business case offers significant value for money especially when compared to outsourced solutions, and would be an excellent example of an innovative approach only made possible by the Tri-borough arrangement.

#### **4. BACKGROUND**

- 4.1 The term “Business Intelligence” (BI) is used to describe the analysis and modelling of data to provide information to support a business in decision-making and planning. A data warehouse is simply a database with specialised features: (1) it is used to store large quantities of usually historic data from multiple datasets from difference services; and (2) this data has been optimised for producing reports in a way that supports business decision making.
- 4.2 Organisations without BI capability often struggle to establish a comprehensive view of their business because their information is poor, fragmented across the organisation, and not easily accessible. In a council this may manifest in siloed information about services and residents, which can lead to missing crucial insights and interventions, untapped opportunities for fraud prevention and duplicated officer time.
- 4.3 Currently in Tri-borough there is some utilisation of BI, and extensive use of a data warehouse in Westminster, but this is extended to limited services. There are analytical teams in two of the corporate centres and in some departments who support commissioners and services. However, the exploitation of the full potential of information owned by the organisations through these functions is uneven. Under current arrangements, multiple copies of data are sometimes held, work is duplicated, data across Tri-borough is underused and information governance barriers are only overcome on an ad-hoc basis. In addition several similar BI toolsets are licensed and maintained and opportunities for reuse are not exploited.
- 4.4 From this nascent activity, there are convincing examples of successful BI deployment in Tri-borough. The successful delivery of the Family Recovery programme is one example of BI-type work in action, as it brought together and

maximised information from across service areas to identify families at risk of requiring costlier interventions. Whilst this programme demonstrated the clear benefits of this type of BI application, synthesising data from diverse sources into useful reports that enabled preventative action required extensive effort, officer time and analyst resource. The reality is that without a Tri-borough BI service in place, enabling such analysis is highly problematic, time consuming and must be repeated for each new initiative. A Tri-borough BI service, using an enterprise data warehouse, would provide much faster access to cross-cutting intelligence whilst ensuring that the intelligence gained could be used in other ways.

## **5. THE CASE FOR A SHARED BUSINESS INTELLIGENCE SERVICE**

### **5.1 Change drivers for BI**

Further reform of services across Tri-borough is essential if we are to deliver the required savings. Without up-to-date, integrated information we will struggle to respond to the Local Government reform agenda in an effective and economical way (e.g. Social Impact Bonds, Community Budgets, and Public Health).

A Tri-borough BI service would play an important role in enabling inter-borough working. Information is spread across numerous, disparate systems across the three councils. A data warehouse can be utilised to deliver a single set of integrated information whilst making it far easier to map outcomes against interventions.

There are significant, untapped opportunities to improve service performance, increase revenues and reduce operating costs through better use of available information. This document highlights a number of identified opportunities to make better use of available information to achieve the following outcomes:

- Improved quality of life for residents
- Cost savings
- Increased Revenue
- More from better
- Joined up service delivery

It is difficult to quantify accurately the cost of delivery of the current statistical analysis activity as analysis teams operate at the corporate centres and in many services in a dispersed way. This means that the budget for this activity is not segmented to allow costing, without significant resource investment. What we do know is that numerous, very similar BI and analysis toolsets are maintained across the council and a number of key activities are repeated. Furthermore, in many cases outputs are not reused and instead new solutions are delivered in response to each new requirement. Stakeholders believe this is due to both technical limitations and lack of knowledge across business group silos and Councils.

Investing in a single, reusable BI capability will therefore save councils money and officer time in the medium term, and will improve the quality and capability of BI to support council analysis, planning and decision-making in the longer term. It will reduce our dependency upon key specialists who currently hold considerable knowledge of our systems and data. This is a key inherent risk for our current BI delivery practices.

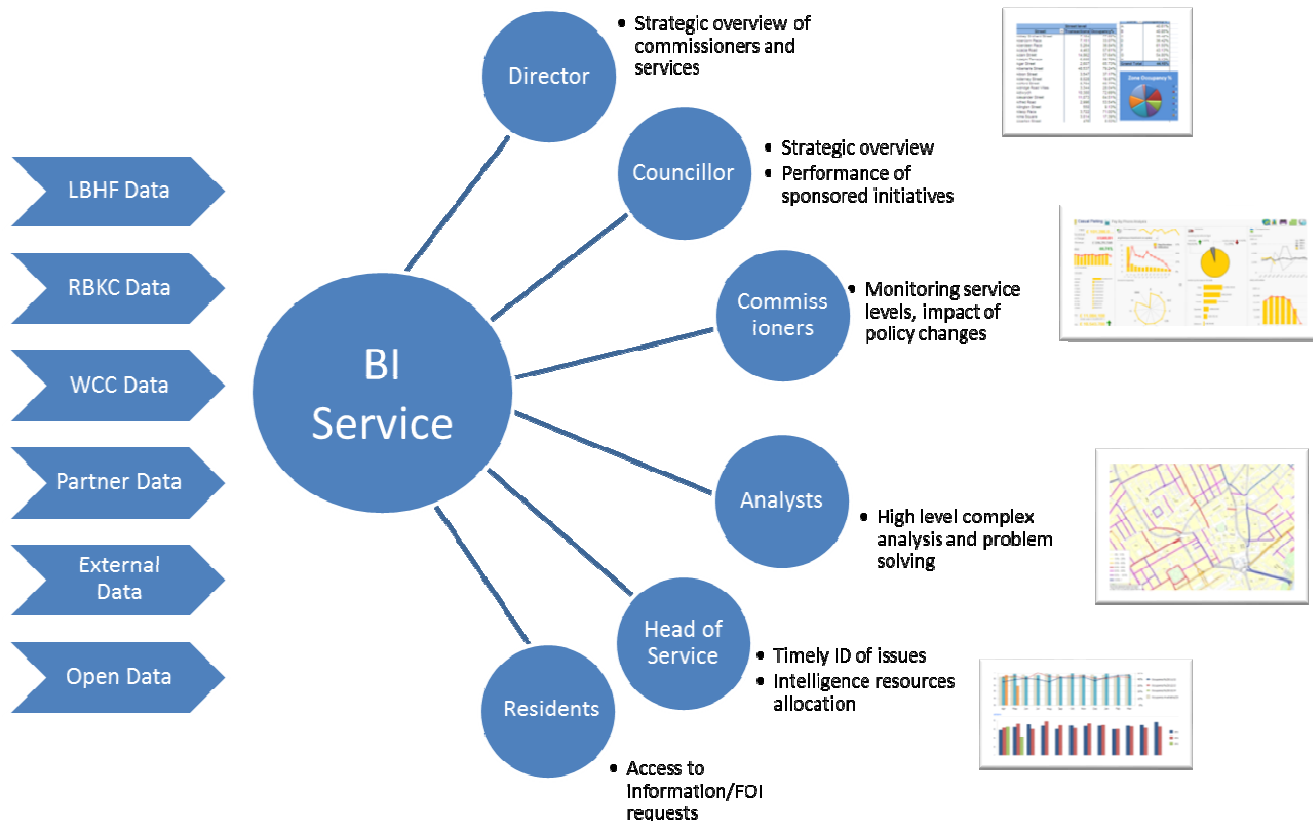
Evidence from across Tri-borough suggests that we do not make best use of information to influence and evidence our key decisions, policies and plans. This can result in missed opportunities, delays in spotting problems or insufficient control over resources. Whilst we often want for analysis tools and information that are effective and accessible, in many cases we also lack critical information management and analysis skills and experience.

Evidence-based decision making must be developed as a management capability within councils. As this improves, the availability of business intelligence will become increasingly important. Therefore, in order to ensure the availability and quality of business intelligence develops in line with our capability to use it effectively; BI delivery must be established as a core back office service.

## **5.2 BI vision (future state)**

The following diagram illustrates the vision for a Tri-Borough, Corporate BI Service:

Figure 1. Tri-borough Bi Service Vision



The vision offers a number of significant advantages:

- The BI Service will establish a single, consistent set of information that is processed once and reused many times. Data is integrated and consolidated from multiple sources and transformed into information once, centrally within a data warehouse. This consolidates the costs of information delivery. It also promotes information consistency because all staff are working from the same, up to date set of numbers.
- Decision makers are able to self-serve to access exactly the BI they need, when they need it. Easy-to-use information and reporting/analysis tools are key enablers of self-service BI. If the tools are too complex or if the structure of the information is not intuitively understood by business users it will not be used. This is crucial if the BI competencies of the Tri-borough are to be developed. Self Service BI also reduces managers' dependency upon analysts. This is often a bottleneck that can reduce critical information usage.
- If managers can produce their own reports and answer their own questions, analysts can focus on more complex, high-value analysis, modelling and planning activities. For example, there is insufficient analytical capacity to identify the types of trends that will allow us to understand the interventions that reduce the number of children who are ultimately taken into care. This will also

make the analyst role more interesting and rewarding, thereby promoting retention of talent.

## 6. PROPOSAL AND ISSUES

### 6.1 Tri-borough BI Service three-year plan

It is proposed that a Tri-borough BI service is established and tested through a series of projects and business changes. A three phase implementation model is proposed to deliver the vision set out in section 5.2. The three phases are described at high level in the following table and are designed to cover a three year timescale. This KDR is concerned with Phase 1 only, which covers the initial 18 month BI Pilot.

|                          | Phase 1  | Phase 2   | Phase 3  |
|--------------------------|--|---|--|
| <b>Objective</b>         | Initial setup of BI Service: Deliver initial projects to prove the value of Business Intelligence to the Tri-borough | Invest (in Service & Organisation) to establish BI as a Tri-borough Capability. | BI established as BAU capability.  |
| <b>Success indicator</b> | Business Units are bought into the BI Vision   | Business approach BI Service to complete work.                                  | Business approach BI Service less - now able to self-serve.                                      |
|                          | BI team established and delivering to time/cost and business benefits.   | All Business units feed into Pipeline and contribute to BI demand management.   | Business see BI Service as the primary source of internal Information to support decision making |
|                          |  | Emerging corporate information-driven culture.                                  |  |

### Workstreams

|  |   |   |     |
|--|---|---|-----|
| <b>BI Delivery</b>   | Set up of Tri-Borough warehouse architecture and processes.   | Deliver additional BI projects from pipeline  | TBC |
|  | Migrate WCC Data Warehouse to BI Platform                     | Extend usage of existing BI capability  |     |
|  | Deliver Freedom Passes  |   |     |
|  | Deliver SPD   |   |     |
|  | Deliver Tenancy Fraud   |   |     |
|  | Deliver other projects  |   |     |
| <b>BI Service (Organisation, Skills, Processes and Technology)</b> | Setup BI Platform & Integrate into Tri-borough Infrastructure | Acquire additional software tools to improve effectiveness and extend capability (e.g. Multivue?) | TBC |
|  | Refine Service Delivery Principles                            | Refine Service Delivery Principles  |     |

|   |  |  |     |
|---|--|--|-----|
|   | Initial definition of Tri-borough BI Architecture                  | Establish Service Level Agreements                                     |     |
|   | Recruit to new roles within extended BI team                       | Engage additional BI teams - extend virtual network across Tri-borough |     |
| <b>Business Change, Engagement and Organisational Development</b> | Communicate outcomes of BI projects                                | TBC  | TBC |
|   | Deliver BI road show to demonstrate capability across Tri-borough  | TBC  | TBC |
| <b>Information Governance</b>                                     | Agree and deliver Information Governance Framework for BI          | TBC  | TBC |
| <b>BI Governance &amp; Demand Management</b>                      | Implement provisional BI Governance & Demand Management mechanisms | TBC  | TBC |

## 6.2 Phase 1: Tri-borough BI 18 month pilot objectives

To successfully grow a Tri-borough BI Service it is proposed to run an 18 month pilot project to demonstrate the benefits that can be achieved and justify further investment. The objectives of this pilot will be to:

- Build the Tri-borough BI service team
- Build the Tri-borough data warehouse
- Set up information governance
- Deliver, as a minimum three projects with assured benefits
- Develop and implement an operating model for the service
- Establish appropriate governance
- Manage the business change necessary to embed and sustain the service
- Set up a process for prioritising a pipeline of demand and initiating projects
- Deliver other projects from the pipeline according to priority.

## 6.3 Build the Tri-borough BI service team

The BI service team will be formed by bringing together teams of BI and analytical experts from across Westminster and Hammersmith and Fulham to work as a virtual team. Individually these teams have the proven skills and experience to deliver successful BI solutions. They have a thorough understanding of the data that is held and of the workings of the business units.

The Westminster BI team currently comprises 3 FTE. This will be increased by 2 FTE to enable the pilot to be supported without impacting the business-as-usual activities of that team.

Intelligence Analysts from Westminster and Hammersmith and Fulham will, while remaining in their constituent boroughs, form the remainder of the virtual core



delivery team and work across Tri-borough. This team will work with a wider virtual team including managers, business change consultants and customer representatives to deliver the BI service.

#### 6.4 Tri-borough data warehouse

To establish the data warehouse for the Tri-borough BI Pilot, the existing Westminster data warehouse and BI service will be reused and enhanced to enable Tri-borough delivery. This current technical infrastructure is insufficient for a Tri-borough capability so it will be necessary to move the existing warehouse to a new platform and to build additional interfaces with operational systems to bring in additional data.

This Tri-borough data warehouse will then become the basis for the development of a single data store for the Tri-borough that enables data to be processed and loaded once and reused many times. The team will integrate and consolidate data from multiple sources and transform it into information for decision making. This makes key decision-making data more useable, accessible to more managers and commissioners, reduces the cost of information by removing duplication of data storage and creates consistency as outputs are delivered from the same source.

#### 6.5 Information governance

Critical to the working of a Tri-borough BI service is the ability to source, share, process and use information and data. This requires appropriate information governance to be in place to ensure maximum use of data whilst maintaining legal/organisational compliance. An Information Governance Position Statement has been developed through a series of workshops. In order to ensure full collaboration these have been attended by the BI Pilot team, Business Change team, Information Managers, data owners and Caldicott Guardians from all three boroughs.

This Information Governance Position Statement sets out an agreed road map of processes and templates required to develop BI information governance. It represents a validated scope of work to ensure data sharing for Tri-borough BI works successfully. Whilst the development of the roadmap has been driven by the BI programme, most of the actions have wider applicability for Tri-borough information management. The full statement is attached as Appendix A.

#### 6.6 The three initial projects to be delivered by the Pilot are:

##### Freedom Passes

Across Tri-borough around £30m per annum is spent on freedom passes for people over 65, people with disabilities and/or vulnerable people. (LBHF - £9m per annum, WCC - £13m, RBKC £8.5m). An internal study in Hammersmith and Fulham has enabled 730 passes to be closed as the holder has proved to have subsequently died or moved out of the borough. This has saved £240k pa. It is estimated that on-going cost avoidance will be around £100k pa.

A similar exercise in RBKC has identified 572 passes that are likely to be candidates for closure. The same analysis has not been carried out in Westminster and it has identified that more passes are issued to older people than there are older residents in the population, according to census estimates. There are around 1700 passes that might be closed when full analysis has been undertaken.

The Freedom Passes project will deliver a repeatable process and a solution that uses multiple data sets to identify discrepancies and assign a risk score. This will enable the service to target cases where there is a high probability of cancellation.

The business case for the Freedom Passes project is attached as Appendix B.

### Single Person Discount

A Single Person Discount (SPD) of 25 per cent can be claimed by any household where there is only one adult eligible to pay Council Tax living in the property. It is believed that a large number of SPDs are fraudulently or mistakenly claimed. Different levels of validation checks are undertaken in the three boroughs with varying levels of rigour. In the case of RBKC £30k per annum is spent on using an external provider to match data against credit agency data.

The SPD project would deliver a framework that models the likelihood of an erroneous or fraudulent claim. The results of investigations will be used to modify the model and new datasets will be added and so the model will evolve and become more effective.

The business case for the SPD project is attached as Appendix C to the exempt report.

### Tenancy Fraud

Tenancy Fraud is a breach by a tenant for personal gain. It can take a number of forms such as sub-letting, abandonment (leaving a property empty, usually for future misuse), succession (where the successor of a deceased resident remaining in a property when ineligible to do so) and general breach (such as obtaining tenancy using falsified documents).

Boroughs are generally reactive in their approach to managing tenancy fraud. As a result the severity of the problem is unclear as is the effectiveness of remedial measures. Where pro-active investigations are undertaken (e.g. in Westminster) third party data matching is employed.

The Tenancy Fraud project will use existing data to produce exception reports that identify high-risk addresses. This data will be cross-referenced with data from the credit agency Experian in order to target investigations.

The business case for the Tenancy Fraud project is attached as Appendix D.

## 6.7 Operating model

The detailed operating model for BI Service delivery will be developed throughout the pilot. It will focus on the integrating elements of organisation, process and technology to deliver an effective service to the Tri-borough councils.

It is anticipated that the following services will be included in the target operating model

### **Front Office Services (Partly or wholly visible to the customer):**

- Expertise and Consulting Service
- Benefits Planning & Realisation Service
- Organisation Development & Business Change Management Service
- Major Setup and Change Service
- BI Helpdesk and User Support Service
- Data Reporting Service
- Data Analysis and Expertise Service
- Data Quality Issue Management Service

### **Back Office Services (Mostly invisible to the customer):**

- Service & Demand Management Service
- BI Solution Architecture Service
- Operation, Support & Maintenance Service
- ETL (Extract, Transform & Load) Services
- Data Store (Data Warehouse & Data Mart) Services
- Export Interface Data Service
- Master Data Matching Service

## 6.8 Pilot governance

The proposed governance requirements for the successful delivery of the pilot encompass two functions - the Strategic and the Executive.

The Strategic function will ensure the business builds incrementally on project delivery to establish a fully-fledged BI service whilst creating a parallel cultural change of evidence based decision-making and commitment to service improvement. This board would be likely to have senior representation from across all service areas.

The Executive function will manage and take accountability for the successful delivery of the Pilot plan and outcomes, own the Service Delivery Principles, act as the operational decision-making body for the programme and escalate decisions to the Strategic function only when there are large strategic implications. This board will have representation from each team involved in service delivery and the services where projects are in implementation. The membership of these boards and how they function will be defined as part of the mobilisation phase of the pilot with guidance from senior stakeholders.

A cultural shift will be necessary to embed BI as a pivotal part of the decision-making process and as central to achieving business outcomes. We propose this should be

achieved by linking BI planning to other strategic activities such as business planning and the monitoring of benefit realisation. In parallel with the technical capability being developed by the BI Pilot, a business change work stream will be undertaken to develop people and culture, grow the engagement across Tri-borough and build awareness of the opportunities that the BI Service can offer. To this end the Innovation and Change Management and Business Development Unit functions of the three councils will work closely with the BI service and have specific responsibility for benefits management during project delivery.

During the setup activity for the BI Pilot a pipeline of potential projects for the service to deliver has been created. This contains 42 potential projects across the three boroughs that are queued and ready to explore once the pilot is up and running and the first three projects delivered. The potential projects have financial and non-financial benefits. For example:

### **Tri-Borough Asset Management Portfolio**

The aim is to use BI to build on the Tri-borough property asset database which will be delivered through Lot 3 of the Managed Service Programme, providing detailed information on our assets linked to systems maintained by the Tri-Borough Total Facilities Management provider. To illustrate the impact, an additional five per cent release of operational floor space could provide a £2.5m additional revenue savings per annum or £2.7m additional income per annum or increased capital receipts of £53m (at 5 per cent yield).

### **RBKC Community Safety**

There is new legislation coming into power regarding antisocial behaviour and the ability for residents to call for a case review if they have made three or more reports to any of the above agencies and have not received a satisfactory response.

The RBKC community Safety Team wants to improve the efficiency of identifying repeat victims, hotspots, emerging issues and trends of antisocial behaviour across the borough. They require a BI solution that will bring together disparate data sources into a single source to enable intelligent deployment of resources to areas of most need and to comply with the new ASB legislation.

Weekly tasking meeting will use the intelligence from BI to proactively identify, and potentially predict, neighbourhoods with the highest incidents of antisocial behaviour. The detection of persistent address locations through BI will also assist with the identification and tracking of families in the tri borough Troubled families program where ASB is one of the 3 qualifying criteria. This improved intelligence will then inform the activities required to reduce antisocial behaviour and will be used to monitor the effectiveness of these actions.

This project will also lend itself to development of ASB BI for Hammersmith and Fulham where Bi-borough databases are used or similar dashboard specifications are desired.

## 7. THE PIPELINE OF PROJECTS

7.1 The following table outlines 10 of the projects in the pipeline that are currently considered to be high priority candidates for inclusion in the pilot.

|   |   |
|---|---|
| <p>Taxi Card Discrepancies</p>  | <p>Taxi Cards are a transport benefit awarded to mobility-challenged residents whereby the council pay for a cardholder’s taxi journeys.<br/>An exception report is required to highlight discrepancies regarding pass holder eligibility to hold the pass, thereby minimising the cost burden of this benefit to the council and introducing tighter controls to minimise future fraudulent claims.</p>  |
| <p>Blue Badge Discrepancies</p>   | <p>Blue Badges are a transport benefit awarded to disabled and elderly residents enabling them to park anywhere within the Borough. An exception report is required to highlight discrepancies regarding badge holder eligibility to hold the badge, thereby (potentially), introducing tighter controls to minimise future fraudulent claims.</p>  |
| <p>New Homes Bonus</p>  | <p>London Councils are incentivised to increase the number of residential properties within their boundaries. For every additional residential property that the council can report every year a financial bonus of £1000 a year for 6 years is paid to them. The councils maintain lists of long-term empty properties. A BI solution is required that highlights indicators of residential activity within these properties based upon transactions within council systems. This solution will also highlight potential cases of fraudulent activity.</p> |
| <p>Adults Services: Minimise the use of Residential and Nursing Care.</p> | <p>A BI solution will enable the Adults team to proactively intervene and reduce the number of elderly and vulnerable adults requiring residential and nursing care. The solution must enable the housing team to identify “at risk” adults and to target the interventions that offer the greatest chance of avoiding the need for residential or nursing care. It must also enable them to track whether proactive; targeted interventions are having the desired impact.</p>   |
| <p>Adults Services: Minimise the use of Home Care.</p>                    | <p>Tri-borough expends significant resources every year to provide home care services to elderly and vulnerable adults. A BI solution will enable the Adults team to proactively intervene and reduce the number of adults requiring care by identifying “at risk” adults and targeting interventions that offer the greatest chance of avoiding the need for home care. This will allow the service to track whether proactive; targeted interventions are having the desired impact.</p>  |

|  |   |
|--|---|
| <p>Children's Services: (Children on the edge of care) Reduce the use of expensive childcare placements (incl. SEN, Fostering)</p> | <p>A BI solution will enable the Children's team to proactively intervene and reduce the number of children requiring placement care. This will enable the children's team to identify at-risk children and to target the interventions that offer the greatest chance of avoiding the need for placement care. It must also enable them to track whether proactive targeted interventions are having the desired impact. Using for payments mechanisms in social impact bond development.</p>  |
| <p>Reducing crime and antisocial behaviour (ASB) in the borough. Focus on reducing re-offending.</p>                               | <p>Despite crime levels reducing, more work needs to be carried out to better understand reoffending levels, interventions and the impact of those interventions. The solution should include employment, training and housing interventions and help identify which interventions lead to the best outcomes in ASB managed cases.</p>  |
| <p>Parking Permits - eligibility checking</p>  | <p>As inner London boroughs, all three local authorities face intensive pressure on the number of parking spaces available in their respective boroughs. Residents can apply for parking permits which allow them to park in or near their own neighbourhoods.</p> <p>However misuse of parking permits is increasing across London, with the Evening Standard stating that each of the London Boroughs has an average of 500 people misusing such passes.<sup>1</sup> Between 2010 and 2012, RBKC said the number of falsely held residents' permits it had recovered annually had increased from 144 to 253 per year.</p> <p>We need a solution in place to routinely assess whether or not the holder remains eligible to use the parking permit in the borough, reduce any fraudulent use of passes, and potentially free up new spaces and increase the revenue received through parking fees.</p> |

<sup>1</sup> <http://www.standard.co.uk/news/london/thousands-turn-to-parking-badge-fraud-7614559.html>

|  |   |
|--|---|
| <p>Property and TFM: Optimise running costs, space efficiency, income generation and carbon savings across the Tri-Borough property portfolio.</p> | <p>The introduction of an appropriate BI system will assist and speed up the property review process which will in turn deliver revenue savings, income generation and carbon savings across Tri-borough. This will be achieved by reducing the operational estate footprint over and above current rationalisation projects. It will provide better quality data for analysis and decision-making. Outcome of property reviews will ensure that the operational estate is optimised in terms of utilisation and meets the current and future needs of council services. This can be delivered through the investment in existing buildings or the provision of new buildings.</p> <p>The headline figure is that every 1% reduction of freehold accommodation could provide for a net benefit of circa £1m (savings and income combined)</p> |
| <p>Individual Electoral Registration</p>   | <p>Government legislation exists to tackle electoral fraud by speeding up and modernising voter registration. Westminster's match of Electoral Role to the DWP database was the 2nd lowest in the country (behind RBKC)</p> <p>The electors unmatched to DWP data need to be verified against council held data in order for them to be kept on the Electoral Register.</p>   |

## 8. OPTIONS AND ANALYSIS

- 8.1 In 2012 a BI managed service was scoped through competitive dialogue with a number of providers. This was conducted under the Athena Managed Services Programme. Cognizant were appointed preferred supplier and their managed service offering was geared towards assisting Tri-borough to achieve the BI vision and strategy outlined within this document.
- 8.2 Subsequently a comparison was conducted on the basis of cost and quality to establish whether the Tri-borough should deliver the BI vision and strategy internally rather than via the managed service. The findings of this exercise are in the BI Financial Evaluation document (Appendix E in the exempt report). This shows that it would be significantly cheaper to pursue the internal option.
- 8.3 The BI Programme Board agreed that the internal option should be pursued initially as an 18-month pilot. This will use a virtual BI organisation to deliver the pilot and so minimise the timescale and costs associated with mobilising the project. It utilises the skills and experience from a number of corporate teams across Tri-borough. It will work to a set of agreed service delivery principles - successful joint working, successful delivery, demonstrable results and satisfied customers. The full service delivery principles are attached as Appendix F.
- 8.4 Subsequently it has been agreed that BI will be closed down as a Managed Services project. The BI Pilot proposed here will be initiated as a new project under the oversight of the Corporate Services Portfolio.

- 8.5 For the replatforming of the existing data warehouse three options have been considered for the replatforming work
- a. Outsource to Cognizant
  - b. Use the existing IT team in RBKC
  - c. Undertake a full GCloud procurement exercise.

8.6 The BI Programme Board on the 17 December 2013 it was agreed to recommend the adoption of the RBKC proposal. In making this decision it considered the following factors:

- It acknowledged that as BI specialists Cognizant are likely to have more specific, expertise than RBKC but this was not considered crucial as RBKC have considerable experience and this is bolstered by considerable knowledge and capability in Westminster
- Storing data through an external hosting company as opposed to using internal infrastructure would add complication to data security issues
- Using RBKC will represent a clear benefit of the principle of Tri-borough working
- Performing a full GCloud procurement exercise would add several months delay to the programme and it would not be realistically expected to yield prices that would compete with the RBKC proposal.

A table of evaluation considerations for each option is attached as Appendix G to the exempt report.

8.7 Once the pilot is completed progress will be reviewed and a decision made whether to continue with the internal option, to switch across to the managed service or to stop the programme entirely.

## **9. CONSULTATION**

9.1 No external consultation is required for this proposal

9.2 This paper will be presented to: -

- Bi-borough Transformation Board
- Strategic Executive Board
- Tri-borough Corporate Services Steering Group
- LBHF Cabinet
- RBKC sign off by Councillor Gardner via Policy Board
- WCC sign off by Councillor Caplan



- 9.3 Individual project business cases have been signed off by business champions in each of the boroughs as laid out in the relevant business cases.
- 9.4 Consultation will need to take place with employees included in the Section 113 agreement.

## **10. EQUALITY IMPLICATIONS**

- 10.1 The business case has been reviewed by Carly Fry, Opportunities Manager, Innovation and Change Management
- 10.2 There are no direct equality implications arising from the building of a Tri-borough BI service. However it is likely that individual projects that make use of the capability will advance the Tri-borough's objectives under S149 of the Equality Act 2010 in eliminating discrimination, advancing equality of opportunity and fostering good relations. Candidate projects include: -
- Welfare Reform  
Offender Management  
Troubled Families

## **11. LEGAL IMPLICATIONS**

- 11.1 Section 113 of the Local Government Act 1972 allows a local authority to enter into an agreement with another authority for the placing at the disposal of the latter for the purposes of their functions, on such terms as may be provided for by the agreement, of officers employed by the former. Officers placed at the disposal of the "borrowing" authority are treated as an officer of that authority for the purposes of all their statutory functions whilst remaining an employee of the "lending authority" for employment law purposes. Before entering into an agreement under section 113 the affected staff must be consulted.
- 11.2 Any services which fall outside the scope of a section 113 agreement may be subject to the Public Contracts Regulations 2006, unless one of the exceptions established under case-law are satisfied, i.e. the in-house Teckal exception or the Hamburg waste exception. In this instance it does not appear that the tri-borough business intelligence service would fall under either exception as the arrangement is not an in-house arrangement and neither is it an arrangement of co-operation between public bodies with the aim of ensuring that a public task which they each or all have to perform is accomplished.
- 11.3 If the procurement rules apply to the arrangement the risk of a challenge from an aggrieved bidder is mitigated by the fact that the pilot arrangement between the authorities is under the current EU threshold for services, which is £172,514.00. However the fundamental rules and general principles of the Treaty on the Function of the European Union apply, in particular the principles of equal treatment, transparency and non-discrimination on grounds of nationality. As a general rule,

the Council should undertake a degree of advertising even for below the threshold services, in particular where the contracts have a connection with the functioning of the EU internal market.

- 11.4 If it is later established that a service contract in addition to the section 113 agreement is required, authority will need to be sought to waive the requirement to seek tenders in accordance with the Contract Standing Orders.
- 11.5 Legal Services will be available to assist the client department with finalising the Section 113 Agreement and any other contractual documentation.
- 11.6 Implications verified/completed by: (Kar-Yee Chan, Solicitor (Contracts) Tel No 020 8753 2772)

## 12. FINANCIAL AND RESOURCES IMPLICATIONS

- 12.1 The assured benefits alone enabled by the pilot, together with BI being a critical enabler for public service reform, show that the BI pilot is a very attractive investment even before the financial benefits from the other projects are considered.
- 12.2 The table below summarises the costs and benefits.

The costs in the table are broken down as follows

**Staff** – This encompasses

- § One LBHF analyst who will be shared with RBKC
- § The existing WCC BI team increased by two FTE. This additional resource may not be required depending on demand
- § Technical Expert – contracted to WCC BI team to set up the technology platform and processes, train staff and manage transition to new platform
- § ICM business change staff

**Technology** – This represents the cost of upgrading the WCC data warehouse, replatforming on RBKC infrastructure and providing connections to the various users. The £170k represents approximately £145k one-off set up costs and £25k ongoing support costs.

**Project Delivery** – This includes the costs of building and supporting new interfaces to operational systems to bring in new data sets as projects require them. It would be expected that this cost will reduce as the service matures as fewer new interfaces will be required and more reuse is made of existing data.

There is a significant variance in the level of costs across Tri-borough for the following reasons:

- WCC costs are relatively low as many interfaces are already in place

- LBHF costs are based on estimates provided by the Bridge Partnership based on high-level requirements. It is not possible to provide detailed requirements until comprehensive analysis has been undertaken for each project.
- RBKC will use internal resource and so their costs are relatively low.

**Contractors and Consultancy – This includes**

- Programme management - to manage the setup of the service
- Information management - project manager to set up processes and governance around data sharing and to manage data sharing issues and risks
- Expert business intelligence consultancy – for example from Cognizant

12.3 Financial Implications verified by for LBHF by Gary Ironmonger (Finance Manager – FCS).

12.4 The business case has been reviewed by Stephen Muldoon for WCC. Westminster will fund the project from existing ICT budgets.

12.5 The business case has been reviewed by Hitendra Godhania for RBKC who has commented as follows  
 “The estimated costs for RBKC of this initiative range from £581,000 for an 18 month pilot to £922,000 for a 36 month pilot. Any costs that cannot be contained within existing resources will need to be met from the Transformation Reserve. “

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

|  | <b>Description of Background Papers</b> | <b>Name/Ext of holder of file/copy</b> | <b>Department/ Location</b> |
|--|---|--|-----------------------------|
|  | None                                    |  |                             |

**LIST OF APPENDICES:**

Appendix A – Tri-borough Business Intelligence Pilot : information governance position statement

Appendix B - Tri-borough Business Intelligence Pilot : project business case  
– Freedom Passes

Appendix D - Tri-borough Business Intelligence Pilot : project business case  
– Tenancy fraud

Appendix F – Tri-borough Business Intelligence Pilot : service delivery  
principles

Appendix H - Tri-borough Business Intelligence Pilot : project pipeline

| Benefits                        | 18 Month Pilot  |                |                |                  | 3 Years          |                  |                  |                  |
|---------------------------------|---|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
|                                 | LBHF  | RBKC           | WCC            | Tri-Borough      | LBHF             | RBKC             | WCC              | Tri-Borough      |
|                                 | £000's  | £000's         | £000's         | £000's           | £000's           | £000's           | £000's           | £000's           |
| Freedom Passes                  | £200.00   | £350.00        | £539.00        | <b>£1,089.00</b> | £550.00          | £818.00          | £1,260.00        | <b>£2,628.00</b> |
| Single Person Discounts         | £452.00   | £208.50        | £124.50        | <b>£785.00</b>   | £817.00          | £417.00          | £249.00          | <b>£1,483.00</b> |
| Tenancy Fraud                   | £54.46  | £40.85         | £39.00         | <b>£134.31</b>   | £64.20           | £48.20           | £78.00           | <b>£190.40</b>   |
| <b>Total Initial 3 Projects</b> | <b>£706.46</b>  | <b>£599.35</b> | <b>£702.50</b> | <b>£2,008.31</b> | <b>£1,431.20</b> | <b>£1,283.20</b> | <b>£1,587.00</b> | <b>£4,301.40</b> |
| <b>Costs</b>                    | <b>Full Cost Basis</b>  |                |                |                  |                  |                  |                  |                  |
|                                 | This includes all costs including those that would be incurred by the boroughs irrespective of where the project was undertaken or not e.g. cost of permanent staff salaries who would otherwise be deployed on other work. |                |                |                  |                  |                  |                  |                  |
| Staff                           | £225.23   | £225.23        | £241.00        | <b>£691.45</b>   | £406.45          | £406.45          | £438.00          | <b>£1,250.90</b> |
| Technology                      | £63.71  | £43.07         | £63.70         | <b>£170.49</b>   | £87.16           | £62.48           | £87.16           | <b>£236.81</b>   |
| Project Delivery                | £291.79   | £158.13        | £80.00         | <b>£529.92</b>   | £499.18          | £299.08          | £140.00          | <b>£938.26</b>   |
| Contractors & Consultants       | £154.19   | £154.19        | £43.49         | <b>£351.88</b>   | £154.19          | £154.19          | £43.49           | <b>£351.88</b>   |
| <b>Total costs</b>              | <b>£734.91</b>  | <b>£580.62</b> | <b>£428.20</b> | <b>£1,743.73</b> | <b>£1,146.98</b> | <b>£922.20</b>   | <b>£708.65</b>   | <b>£2,777.84</b> |
| <b>Return On Investment</b>     |   |                |                |                  |                  |                  |                  |                  |
| Benefits after costs (£)        | -£28.45   | £18.73         | £274.30        | <b>£264.58</b>   | £284.22          | £361.00          | £878.35          | <b>£1,523.56</b> |
| ROI after costs (%)             | -4%   | 3%             | 64%            | 15%              | 25%              | 39%              | 124%             | 55%              |
|                                 | <b>Additional Funding Basis</b>   |                |                |                  |                  |                  |                  |                  |
|                                 | * This excludes the costs that will be included in the Boroughs' budgets irrespective of whether this project is carried out. This table shows the additional funding requirement over and above that already budgeted      |                |                |                  |                  |                  |                  |                  |
| Staff                           | £173.00   | £200.23        | -£45.50        | <b>£327.73</b>   | £302.00          | £356.45          | -£135.00         | <b>£523.45</b>   |
| Technology                      | £63.71  | £30.57         | £63.70         | <b>£157.99</b>   | £87.16           | £42.48           | £87.16           | <b>£216.81</b>   |
| Project Delivery                | £291.79   | £0.00          | £80.00         | <b>£371.79</b>   | £499.18          | £0.00            | £140.00          | <b>£639.18</b>   |
| Contractors & Consultants       | £154.19   | £154.19        | £43.49         | <b>£351.88</b>   | £154.19          | £154.19          | £43.49           | <b>£351.88</b>   |
| Additional funding Requirement* | <b>£682.69</b>  | <b>£384.99</b> | <b>£141.70</b> | <b>£1,209.38</b> | <b>£1,042.53</b> | <b>£553.13</b>   | <b>£135.65</b>   | <b>£1,731.31</b> |
| <b>Return On Investment</b>     |   |                |                |                  |                  |                  |                  |                  |
| Benefits after costs (£)        | £23.78  | £214.35        | £560.80        | <b>£798.94</b>   | £388.67          | £730.07          | £1,451.35        | <b>£2,570.09</b> |
| ROI after costs (%)             | 3%  | 56%            | 396%           | 66%              | 37%              | 132%             | 1070%            | 148%             |

\*Data recently received from Data Tank that may result in a benefit to RBKC from the Single Person Discount project is currently being analysed