Report to the Cabinet

Report Reference: C/092/2005-06.
Date of Meeting: 19 December 2005.

Epping Forest District Council

Portfolio: Finance and Performance Management.

Subject: Provision of Scanning and Indexing for the Benefits Division.

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Recommendations:

> **(1)   That, in line with the Council's adopted ICT and E-Government strategies, the Benefits Division should proceed with the implementation of an Electronic Records Document Management System (ERDMS).**
>
> **(2)   That pursuant to Standing Order C10 (1) (Negotiated Tendering) the Head of ICT be authorised to purchase scanning and indexing services from Anite PS Ltd in the sum of an initial £15,000 followed by £42,500 per annum to input Benefit Service's correspondence into the Council's ERDMS.**
>
> **(3)   That pursuant to Standing Order C10 (1)(c), it be noted the reason for entering into a negotiated tendering exercise is that there is no effective competition for this specific type of service as Anite PS are the sole supplier of the Council's ERDMS (Anite@work).**

Background:

1.   As part of the contract to replace the Revenues and Benefits IT system, ERDMS is also due to be implemented in both Revenues and Benefits. The IT system was replaced in January 2004 and it is now planned to implement the ERDMS during 2005/06 in the Benefits Service with the system going live during 2006/07.

2.   DDF funding of £15,000 has already been approved for implementation, but a further decision is now required to determine whether scanning and indexing will be performed in house or externally.

Scanning and Indexing – Policy Context:

3.   As part of the agreed ICT Strategy a corporate ERDMS has been purchased and is being rolled out to all services. A project board comprising the Joint Chief Executive (Resources), the Head of ICT, the Assistant Head of ICT and the Chief Internal Auditor has been formed to co-ordinate the system implementation. The first service to implement ERDMS will be Planning and Economic Development. At the November Cabinet members approved the use of Anite PS to scan and index planning files into the ERDMS. The intention is for Benefits to be the next service to implement ERDMS.

4.   ERDMS is crucial to the achievement of the Council's Implementing Electronic Government (IEG) objectives. Whilst Councils have been receiving IEG funding they have been required to submit annual IEG statements. The most recent IEG statement was IEG 4 and this included the Council's position and ambitions on 78 priority service outcomes (the priority outcomes are selected by the Government and minimum targets set). ERDMS is of particular relevance to the following outcomes:

Outcome	Description
G24	Integration of customer relationship management (CRM) systems through use of workflow to automate business processes.
R16	E-enabled "one stop" resolution of Benefit enquiries using workflow tools and CRM software to provide information at all appropriate locations.
G15	Mobile office service using technology to offer processing of Benefit claims from citizen's homes.
E13	Improve turnaround times for processing.
R22	Access to home and remote working facilities.

Scanning and Indexing – Service Context:

5.   When the ERDMS is operational and documents arrive at the Council, each document will need to be scanned to obtain an image of the document and then the image will need to be indexed to link up with other related images. The image will then be sent electronically to an officer assigned to deal with that particular piece of post.

6.   Visits have been made to other authorities to see how their service is provided and it was clear that scanning and indexing is crucial to the success or failure of implementing and running the ERDMS. Every authority emphasised that this is a specialist task, which cannot be carried out by people who have no knowledge of Revenues and Benefits. There are two alternatives for the provision of this service, either externally or in-house.

External Provision:

7.   The ERDMS to be implemented is a product supplied by Anite called anite@work, which has been adopted as the Corporate standard for EFDC. Anite provide a scanning and indexing service called Docs-on-line. The service was set up a few years ago when Trafford Council encountered difficulties with their in-house service and since then several other authorities have contracted to the service.

8.   The geographical location is not a problem, as the scanned images will be sent electronically. Post coming into the Benefits Division already has a PO Box address and this mail will be re-routed to the Docs-on-line office instead of the Civic Offices. It will not therefore be obvious to the public that their documents will be going to a different part of the country.

9.   Recommendation three sets out the basis for entering into a negotiated tender. If a competitive tendering exercise were undertaken other suppliers might well tender but there would be no confidence in their ability to deliver

the service required. Anite PS is an established business with a proven track record and there is no effective competition for the service required.

In - House Provision:

10.   The service can be provided in-house, using our own staff to do the scanning and indexing. This will necessitate accommodation being found, the recruitment and training of suitable staff and the purchase of the scanning equipment.

Comparison of Costs:

(a)   External:

11.   In 2004/05, Benefits received 30,000 items of post. Many of these items were multi-paged such as application forms, tenancy agreements etc. Each page requires an image and the cost for the Docs-on-line service has been estimated on the number of images per annum for a five-year contract. The set up cost is £15,000 (already in the DDF programme for 2005/06) with ongoing annual charges of £42,500.

(b)   In – House:

12.   Hardware consisting of a scanner, PC's and associated maintenance costs will be required in addition to accommodation, workstations etc. With regard to staff costs, it has been estimated that a supervisor will be needed and three scanning and indexing staff. A table of estimated costs is provided below.

	Capital £	DDF £	CSB £
Initial Costs - Hardware	60,000		
- Licences	45,000		
- Services	32,000		
Ongoing Maintenance Costs – per annum			15,000
Staff Costs – per annum			
- Supervisor			25,000
- 3 Scanning and Indexing Posts			60,000
- Systems Administration			21,000
- Recruitment, Training etc		13,000	
	137,000	13,000	121,000

13.   Clearly from a purely financial perspective external provision is more attractive as it requires substantially less resource.

Advantages and Disadvantages of Options:

14.   In addition to lower costs, the main advantages of an external service are:

- Avoidance of capital investment in specialist equipment
- Avoidance of recruitment, training and retention costs for specialist staff
- Avoidance of costs for staff churn and overtime payments for peak loads
- Incidental creation of a disaster recovery service

- No reduction in management focus on core activity

15. The main disadvantage of an external service is that the immediate control of the process is lost. However, adequate control can be exercised through robust contractual and monitoring arrangements.

Funding:

16. As stated above, the annual cost of an external service is £42,500. This can be funded from two sources without any CSB growth. Firstly, the Administration Section in Financial Services currently deals with Benefits post. In anticipation of ERDMS a part time post has been held vacant and covered either by other staff from Finance or agency staff when necessary. It is proposed that this post now be deleted to provide a saving for 2006/07 of £14,800.

17. Efficiencies will undoubtedly arise from the use of ERDMS, but these will need to be evaluated and staffing adjusted over a period of time. As vacancies arise they will not be automatically filled but will be considered in view of the changing workloads and work methods. Doing this and increasing the vacancy allowance from1% to 5% can find a saving of £32,500, which more than meets the balance of the ERDMS costs.

Staff Issues:

18. Scanning and indexing represent new work and so external provision will not affect existing staff. Some impact is anticipated on post handling and as mentioned above a part time post will be deleted from Finance Administration.

19. If external post handling proves successful and other services choose to follow this model, there will be implications for the post handling provided centrally by Administration Services. This issue is beyond the remit of this report and can only properly be considered after the pilot has been in place for a period of time.

Statement in support of recommended action:

20. Overall it is considered that the costs and risks of an in-house service are greater than those of an external one.

Other Options for Action:

21. There is another company providing a scanning and indexing service. However, their service is newly formed and they do not specialise in anite@work. In view of their lack of experience and not being specialists in the Anite software, Docs-on-line is the preferred option if the service is to be provided externally.

Consultation undertaken:

22. Users of the Docs-on-line service have been consulted and positive references received. The Head of ICT has been consulted and supports the recommendations. Unison have been consulted and their comments, together with appropriate responses, are attached as Appendix 1.

Resource Implications:

Budget Provision/Personnel: As outlined above it is intended to fund the proposal from within existing resources.
Land: Nil.

Community Plan/BVPP reference: Members have chosen three Benefit performance indicators amongst the key performance indicators that the Council should prioritise and strive for top quartile performance in. The implementation of ERDMS will assist in improving performance.
Relevant statutory powers: N/A.

Background papers: None.
Environmental/Human Rights Act/Crime and Disorder Act Implications: None.
Key Decision Reference (if required): N/A.