

BUSINESS MATTERS STAGE 2: THE BUSINESS CASE FOR THE SBA.

Context

This document builds on the High Level Business case for the Single Business Account (SBA) delivered by Business Matters Phase 1. It provides further analysis on the different elements contributing to the overall business case, based on experience coming from the BM2 work streams.

Executive Summary

Early attempts to agree the key elements of the Business Case focussed on:

- 1 Strategic Benefits – eg better understanding the profile of businesses in a geographic area
- 2 Process improvements – performing transactions in a similar way to that before the introduction of the SBA but more efficiently.

Work done by Business Matters Stage 2 – BM2 – confirmed that a modified Business Case should not be built by working harder to identify efficiencies in category 2 above. Rough cut Activity Based Costing was deployed across a number of service areas. This confirmed that whilst some efficiency gains can be made by introducing the SBA they are not sufficient to make the base in view of the costs incurred.

The business case is better made by understanding the need for better ways of working that involve a greater degree of change in the way services are delivered. On the one hand recommendations from Varney and Hampton in particular propose a greater level of change than was assumed during BM1. On the other, it is not possible to implement these changes without the SBA being in place.

The Business Case is therefore made by Varney, Hampton and to an extent Gershon: better ways of working, including shared services, joined up service delivery, improved planning as necessitated by Local Area Agreements: all identify efficiency gains.

Early attempts to pilot new ways of working – eg the Retail Enforcement Pilot – have concluded that Identity Management, and data sharing standards are impediments to achieving these savings. The SBA facilitates change. The savings come from better ways of working which the SBA makes possible, not from implementing the SBA without change.

Business Case

Benefits delivered by the implementation of the SBA, as identified by the High Level Business Case, can be classified into two areas:

1. Efficiency Savings – for both Local Authorities and businesses (though we are primarily focused on the former), generated by increasing the efficiency with which tasks and processes are completed.
2. Improved service delivery – covers a wide range of benefits including the ability for councils to identify and respond to economic trends, take a proactive approach to supporting businesses, stop fraudulent activity, and generally extend the impact of their work beyond that required as a statutory minimum.

Area 1 is likely to be the focus of a more detailed business case, as it is easier to identify and quantify its impact.

As those work streams involved with analysing processes and efficiencies have progressed, the point at which the implementation of the SBA becomes crucial to efficiency savings has been clarified. This is illustrated by the graphic below.

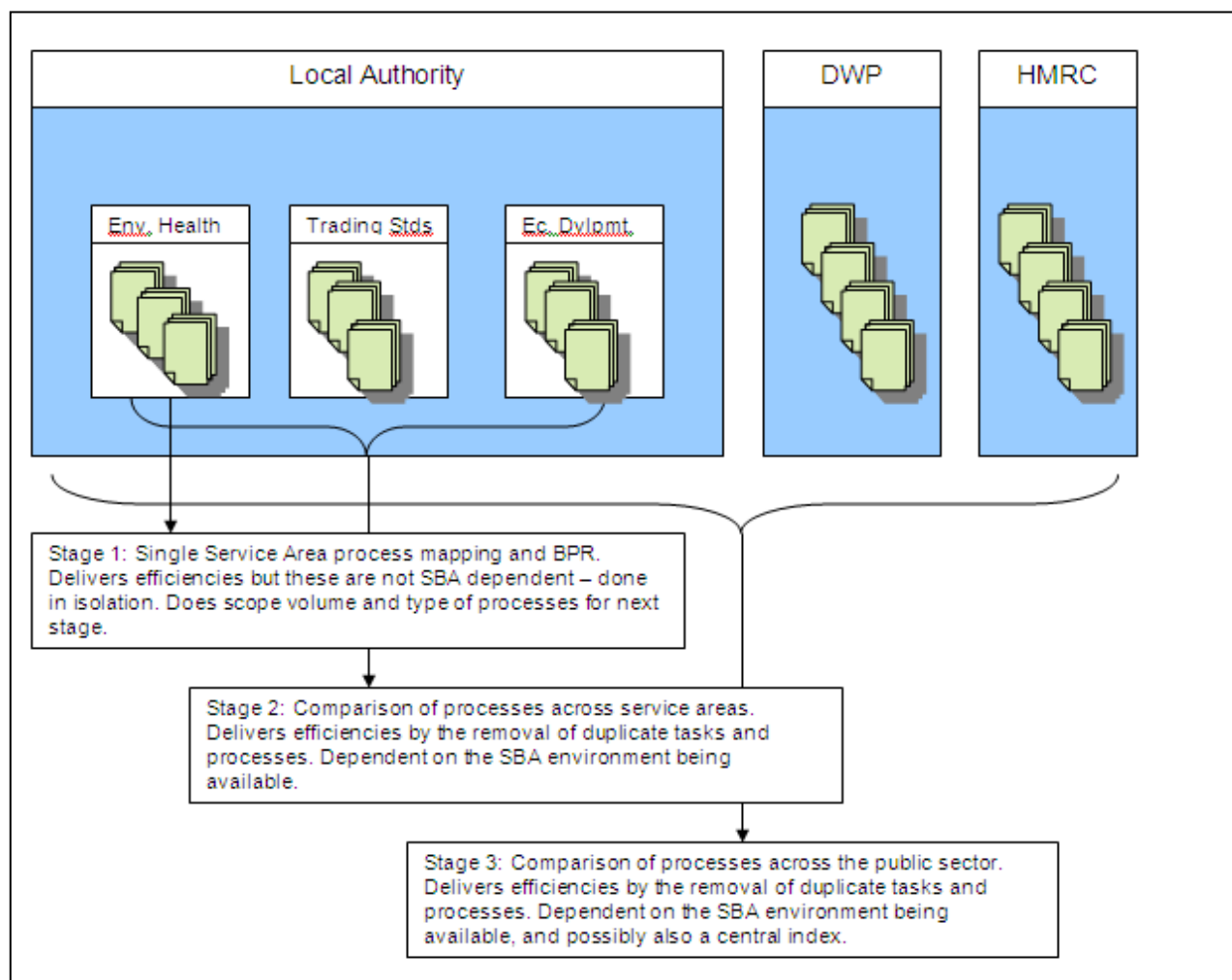


fig. 1: Accumulation of potential for efficiency savings as focus of process mapping and SBA deployment widens

In Stage 1, process mapping and re-engineering is approached in the context of a single service area. This work is important because it documents the volume and scope of processes which are required for service delivery to businesses, and to ensure that each process is individually as streamlined as possible. It should deliver efficiency savings as an activity in its own right; however, it neither requires, nor particularly benefits from, an SBA environment being available.

The modernising agenda is encouraging all service areas to move from paper based to electronic and on line systems. Each service area could meet this challenge without an SBA by devising their own database driven systems. Without an SBA in place each service would design and deploy a unique solution.

Some service areas like Taxi cab licensing will benefit more from modernising than others. Not all of the savings will be cashable, eg preventing an operator with a record of inappropriate behaviour being licensed by a neighbouring authority.

Other service areas like food standards inspections will benefit marginally with small cashable savings. It would be possible to calculate cashable savings by reviewing every service area and calculating the gain and summing the total. It is probable that the effort and cost involved would be a barrier to doing this. .

With an SBA design already in place it will be both quicker and easier for each service to modernise. The cost savings for each service area compared with doing their own thing will be small, but more importantly an infrastructure will have been created that allows each authority to move easily and with minimal cost to stage 2.

In Stage 2, the Local Authority is able to build on the process mapping work by starting to review processes across service areas. This should release a second level of efficiency savings due to combining or deleting duplicate processes or tasks within processes. An obvious example here is change of details – in theory there is no need for each department to amend their record of J Bloggs the Grocer from “Unit 6, The Mews” to “23, High Street” when the business moves; it can be done once, in one department, on behalf of all. This stage of efficiency savings is entirely based on the principle of the SBA – that data is held centrally, accessible to multiple service areas, and linked to a single identifier for that entity.

Without an SBA infrastructure being designed and deployed it is probable that an authority will fail to see the potential for savings or take advantage of them. With an index of business records in place and an SBA architecture recognised by departments, there will be an in-built catalyst for change and modernisation. Paper based routines like building regulations, legal processes and planning will all have a common framework and will be encouraged to move from paper based, isolated service deliver to joined up, standards based, information sharing based delivery. As with stage 1, considerable effort would be needed to calculate the cashable savings that would follow in due course.

A discussion is needed to review the steps involved and the benefits of calculating:

- Stage 1 savings that will follow from each service area modernising (not SBA dependant)

- Savings that would be made by modernising with an SBA architecture in place compared with each service area doing their own thing.
- Stage 2 savings that would follow from cross service information sharing (SBA dependant)

In Stage 3, the principle applied in Stage 2 is extended to other public sector bodies beyond local government. This should offer efficiency savings to the public sector and a high level of “joined up” working to the business customer – for example, being able to generate a single consolidated financial statement which takes into account VAT owing, overpayment of NNDR and eligibility for a support grant and results in a single invoice or credit to the business. In practice, this level of coordination is unlikely to be achievable in the short or even medium term, but examples of individual processes may be. In addition to SBA infrastructure being available to achieve this, it seems likely that some form of national index would also be required.

If a standard approach to designing and deploying the SBA is agreed by Local Government UK; Business Link operators and Government Departments, then a common infrastructure will have been established based on agreed standards. This will both facilitate and encourage process review and re-design. Returns to the various agencies and departments such as FSA, H&SE will be simplified. Local authorities will make cashable savings by avoiding clerically intensive, repetitive returns. Businesses will benefit by giving information once only to a central point knowing that it will be shared with other service delivery teams.

Simple information sharing, such as reporting when a business ceases to trade, will be facilitated. Significant savings will be made by different public sector service areas.

A discussion is needed about how best to progress the business case for this phase.