Detailed Business Case Report
Post Services

Transforming our Post & Print Services Project
28th September 2018
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Project Manager

Approvals

Name	Signature	Role	Date
		Havering Transformation Board	
		SLT	

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1. Purpose of Document

The purpose of this document is to provide Havering justification for undertaking the transforming our post and print services project. It evaluates the benefit, cost, risk and alternative options and provides a rationale for the preferred solution. Its aim is to provide sufficient information to reviewers and decision-makers to justify proceeding with the project based on the estimated cost of the change and implementation of the anticipated business benefits (including the expected savings and an assessment of the associated risks).

2. Executive Summary

At London Borough of Havering, the majority of incoming and outgoing post is in paper form. In this digital age, the use of post services is slowly declining with the use of emails, portals, social media and texting. There is an expectation for local authorities to provide more digital services in the future as directed by the central government digital drive. The council also need to act responsibly around how personal data can be managed more effectively and efficiently particularly now with the new General Data Protection Regulation (GDPR) changes that are in place.

The continued way of receiving and sending paper post runs a risk of information being lost and potentially ending up in the wrong hands, whereas the use of a digital format reduces the risk and provides a more secure environment for data to reside and flow.

The transitioning of services from the reliance on physical to digital post will assist the council with facilitating a smarter way of working and allow staff to work more flexibly delivering council services outside of their buildings.

Havering have to make savings of **£37 million** over the next four years to fill the spending gap.

This initiative ties in with Havering's corporate plan of being a digitally enabled borough as well as contributing to the savings target.

A standardised approach of processing post will allow the council to have a more clear view of all post coming into and leaving the council and will allow the improved management and monitoring of costs.

While this project started as transforming our post services, during consultation of the business case development stage, the project was repositioned to include print services, therefore changing the name to Transforming our Post and Print Services. While this business case only illustrates the costs and benefits for post services, further detailed costings and benefits for the print services will be established in the next phase.

3. Background

In-house teams currently provide the post services that operate from Havering Town Hall.

This detailed report is specific to the post services and relates to the basic option of receiving the incoming post as a digital image and sending the outgoing post digitally as well as the improved management of traditional post that cannot be digitised.

Some of the challenges that the council currently face are-
- The way post is managed is inefficient.
- With staff expected to work more flexibly they only have access to physical post when they are on council premises.
- Incoming and outgoing post is not secure and can easily be misplaced or accessed by the wrong people.
- Some of the post that comes in is not correctly addressed or referenced, which can cause a delay in the post being delivered to the correct team or person.
- There are numerous channels by which post is delivered to the council.
- Some of the incoming post is not sorted correctly resulting in delays in reaching the final recipient thereby potentially resulting in missed deadlines, delayed payments and penalties.
- In some instances expected post is not received by the recipient.
- Some of the post that comes in cannot be digitised e.g. parcels, physical items, subscribed magazines etc.
- Some of the post that goes out cannot be digitised e.g. promotional items, items of physical nature etc.
- Some of the post that is handled requires extra care due to the nature of the post or its sensitivity.
- The teams and services are using the corporate credit card as an alternative way of procuring postal services.

The demographics of Havering illustrate a more elderly customer base that generally prefers the traditional way of interacting with the council i.e. sending and receiving letters.

In this digital age, there has been a gradual decline in using the postal method of communicating with the council. This is more apparent with those services that have seen a slow and steady increase in customers choosing to use their on line or digital option when communicating with the council for example council tax and revenues and benefits.

With that being said, there are services that still have a heavy requirement for the use of traditional post e.g. Electoral services, Registrars, Legal, Adults and Children's services.

Going forward, there will still be a requirement for a post room to handle non letter traditional post, however this may not be on the same scale as it currently is. There is an opportunity to improve how these items are processed and managed in the future.

The post room team receive and distribute all incoming post and collect and send out all outgoing post for teams and services at the council, the councillors, schools, colleges, academies and libraries, to mention a few.

There are various types of post the council receive, the items received range from:-
Letters informing the teams about its residents/ customers
Application forms with supporting evidence (cherished items)
Payments by cheque and cash
Magazines, catalogues, parcels
Physical items that cannot be digitised e.g. keys, debit cards, etc.

The volume of incoming post was approximately **88000** items during 2017/18. Incoming post is collected on a daily basis from Royal Mail and delivered to Havering Town Hall, where post is sorted and distributed to the teams in the various buildings and locations across the borough.

When post is delivered to the teams and service areas, staff usually input this onto council systems or handle this manually.

The outgoing post is mainly printed by staff using the MFD's located locally to them. Staff currently folds and place their items into envelopes, seal them and then place these in the outgoing tray for the post room to collect.

Historically, the post room used to put these through the franking machine and bag in readiness for collection by Royal Mail. As of June 2018, there was a change in process, post room staff now supply pre-printed 2nd class envelopes to the teams, thereby omitting the use of franking machines.

The volume of outgoing post was approximately **259000** items during 2017/18. Outgoing post is taken to the post room where this is sorted then bundled by size, team and volumes. This information is recorded in the Royal Mail online business account and the post is then placed in a bag ready for collection by Royal Mail.

The post room also process internal post for the teams and services this involves collecting these items and redistributing them to the various buildings and locations.

4. Project Objectives

The Transforming our Post Services Project is a new initiative to identify and implement where possible a better, smarter and cost effective way of managing these services in the future.

The aims of the project are:-
- To convert physical post that comes into the organisation into a digital copy and delivers this directly to its recipients where possible.
- To allow staff to send a digital copy of outgoing post to our service provider who will print, fold, insert and package the outgoing post ready for collection.
- To increase the number of digital post items coming into the organisation.
- To increase the number of digital post items going out of the organisation.
- To improve the traditional incoming post process for any items that cannot be digitally received.
- To improve the traditional outgoing post process for any items that cannot be digitally sent.
- Centralise the processing of cheques and cash that come through the postal service.

Below is the overview of the Transforming our Post Services.

Overview of Transforming Our Post Services

Current Traditional Incoming Post Process

Post Comes In
- Post is either picked up or delivered by Royal Mail
- Once it arrives it is taken to the post room
- Post is then removed from the sacks and moved to checking and sorting area

Post is Checked and Sorted
- All recorded and special delivery mail is logged
- All mail is checked and sorted by team and location

Post is Distributed To Teams & Individuals
- Post is delivered to teams in the different areas within a few hours

Teams & Individuals Open Post and View Contents
- Post is opened and assessed. Post may need to be checked and verified if it is an original document.

Details are Either Entered onto Systems Or Processed
- Information may be updated on a manual file or electronically on a system.
- Post may be a cheque or payment that requires processing

Post is either Sent Back, Stored or Destroyed
- The physical copy of post may have to be sent to another team for further processing
- Returned to the sender if it is a cherished item
- Stored for future need.
- Destroyed if not required

Current Traditional Outgoing Post Process

Prepare Post
- Post is prepared On the computer By team members

Print and Pack
- Team members print all outgoing post and place in envelopes or pack

Pick Up
- Post team collect all outgoing post

Process
- Post team mail out all outgoing post, this includes placing stamps or franking or logging of special delivery and recorded post

Send
- Post team send out all outgoing post

Future Proposal of Preferred Digital Incoming Post Process (There will still be an element of traditional post in future)

Post Comes In
- Post is either picked up or delivered by Royal Mail
- Once it arrives it is taken to the post room
- Post is then removed from the sacks and moved to checking and sorting area

Post is Checked and Sorted
- All recorded and special delivery mail is logged
- All mail is checked and sorted by team

Post is Scanned And Processed
- Post is opened scanned and processed by postal service provider

Post is Digitally Sent To Teams
- Post is delivered to digitally to teams

Digital Post Is Checked
- Teams check and acknowledge receipt of digital post

Copies are either Sent to teams, Sent Back, Stored or Destroyed
- The physical copy of post may have to be sent to another team for further processing
- Returned to the sender if it is a cherished item
- Stored for future need.
- Destroyed if not required

Future Proposal of Preferred Digital Outgoing Post Process (There will still be an element of traditional post in future)

Prepare Post
- Post is prepared On the computer By team members

Select Criteria
- Team members select the print driver
- Users select criteria e.g. 2nd class duplex, mono

Send Post
- Team members check address details and send post digitally to service provider

Print and Pack
- Service provider prints and packs all outgoing post

Send
- Service provider sends out all outgoing post

Proposed Changes to Incoming Post

1. Incoming post will be opened by our post service provider unless specified otherwise.
2. Any post that is in paper form will be scanned and sent as a digital image to teams or integrated directly into back office systems.
3. All post that is required in its physical form by the teams will be redirected to the recipients.
4. Any cheques, postal orders or payments will be processed directly by the postal service provider and reconciliation reports will be sent to teams.
5. All cherished items will be returned to the sender
6. If teams require the actual physical post this will be delivered by the post service provider
7. If post is required to be kept in its physical form this will be securely sent to the records management service provider for further storage.
8. Once post has been digitised and stored for a short period of time (TBC) thereafter if this is not required it will be securely destroyed by post service provider.

Proposed Changes to Outgoing Post

1. All staff will have a print driver installed for outgoing post use.
2. Teams select the print driver for the post service provider
3. Teams select the post criteria, this includes, 2nd class, mono, duplex etc.
4. Team ensure the address details on outgoing post is correctly aligned and the correct cost centre is entered
5. Outgoing post will be printed by the post service provider
6. Post will be placed in envelopes by the post service provider
7. Post will be sent out by the post service provider
8. Teams inform the post service provider of any items of physical nature that need to be sent out
9. The post service provider will arrange to collect all physical outgoing post and facilitate their delivery.
10. Reports will be available for teams to check volumes and costs of outgoing post

Current Issues

1. Incoming post gets lost, misplaced, damaged, sent to the wrong teams, resulting in post and payments not being processed, missed court dates and deadlines.
2. Staff working flexibly or from other locations cannot send or receive post while not on site. Resulting in delays and dissatisfied customers.
3. Post is not secure and can be easily opened and viewed by the wrong individuals. Breach of new GDPR rules
4. The post room spend time sorting, distributing and collecting physical post.
5. Staff spend time sorting and opening post upon arrival
6. Staff spend time entering information from post onto systems which is open to human error.
7. Staff spend time processing payments received
8. Staff spend time either sending back cherished post, securely storing post required for the future or securely destroying unwanted post.
9. Staff spend time printing and packing all outgoing post
10. Staff spend time managing junk post and post for team members who have left the organisation.

Advantages of Transforming

1. All post is opened by the post service provider (ISO certified to open and handle different types of post)
2. All post is scanned and digitised by the post service provider for Havering, Newham and Bexley
3. Post is securely sent as a digital image to teams or integrated into back office systems.
4. Teams can access their post in digital form from wherever they are and can further securely manage digital soft copies of post for future use.
5. Reduction in delays in teams receiving post, or post getting lost, misplaced as digital post is more easily traceable
6. Reduction in post going to the wrong teams, in the wrong hands.
7. Improved turnaround times for payments being processed and deadlines and court cases being missed as post is scanned and sent within a few hours of arrival.
8. No need to print and pack outgoing post
9. No need to physically collect and distribute post
10. Improved MI on post management

Future Benefits

1. Standard process for managing incoming and outgoing digital post for Havering, Newham and Bexley
2. Standard process for managing incoming traditional post for Havering, Newham and Bexley
3. All post primarily managed by post service provider saving on staff time and resource spent on managing post
4. Reduced risk of double handling and human error as information is processed once at source by the post service provider.
5. Option to OCR (optically character read) information directly into back office systems in future to eliminate human intervention and error.
6. Better way to track issues relating to post and resolve these going forward.
7. Improved management of team budgets relating to post management
8. Improved staff morale and customer satisfaction from a quicker easier turnaround time.
9. Priority on a digital as a preferred option

5. Opportunity to Digitise Post

After reviewing the operations in the post room together with the high volume users and understanding the volumes and types of post that come in and out, it was identified that the majority of this is paper based and can be digitised. Therefore, it is strongly believed there is a potential opportunity to digitise at least 60% of both incoming and outgoing post. Upon further in depth research and review, there could quite possibly be more.

Specialist service providers (Ricoh, Canon, Swiss Post, Xerox, Neopost) who provide these types of services have also confirmed that from their experience that there is an opportunity to digitise the majority of the councils post and this could increase year on year as customer confidence increases.

For this detailed report there are three possible scenarios that have been explored to digitise post services, these are as follows:-

1. The Prudent Option (Opportunity to digitise 50% of post)
2. The Likely Option (Opportunity to digitise 60% of post)
3. The Optimistic Option (Opportunity to digitise 70% of post)

There are two offerings for the digitisation of incoming post. The first one is the basic offering of just receiving a digital image, this provides a platform to explore the opportunity of an advanced offering (second offering) of full integration into back office systems at a later stage. This will require extra time, effort and costs but at the same time achieve more savings and efficiencies.

6. Long Term Vision

Now is an important time for the council to review its current post services and work to lay a foundation of efficiency and build upon the future of these services to prepare for the changing needs of its customers, staff and the organisation, saving time and resources.

This project has interdependencies with the following services:-
- Print services
- Multi-functional devices (MFD's)
- Records management and archiving
- Secure disposal (shredding)
- Courier services

7. Project Scope

The following areas are deemed in scope of this project:-
- Incoming post for Havering
- Outgoing post for Havering

The following areas are indirectly linked to this project and will be considered as part of a wider piece of work in the next phase as procuring these jointly could potentially realise further savings:-
- The provision of print services
- The use of multifunctional devices

The following areas are deemed out of scope for this project:-
- Hand delivered or collected items
- Records Management (Archiving).

8. Strategic Objectives

This project is a transformation initiative and forms part of the council's digital agenda that ties in with the strategic plan of:-

- Delivering efficiencies and savings
- Growing our business
- Transforming our services for the better across Havering, Newham and Bexley.

This also ties in with the strategic vision of making significant savings and improvements to service delivery by:-

- Reducing duplication
- Re-engineering and streamlining processes
- Using the best skills and resources from all partner councils

With Havering having to achieve savings of **£37million** over the next four years, the opportunity of digitising high volumes of incoming and outgoing post will help contribute to this. The saying, "do more with less" will be realised with the saved staff time, this will mean staff have the opportunity to spend more time delivering better quality services.

This rational is also part of Havering's Corporate Plan of being a more digitally enabled borough.

9. Options Considered

For this business case the following three options have been taken into consideration:-

- Option 1: Do Nothing (The service remains as is).
- Option 2: Enhance our existing services (Digitise in-house)
- Option 3: Radically change provision of services (Digitise with specialist service provider).

Other options that have been considered are:-

1. The post room in Newham managing incoming post for both Newham and Havering.

2. The print room in Havering managing the outgoing post for both Newham and Havering.

After exploring the options above, only the three main options were explored further. The following conclusions have been made. The details and reasoning is further evidenced in the options section of this business case.

10. Option 1: Do Nothing

The council is in a period of transformational change as it looks to move towards developing and implementing a digital campaign. There are significant financial pressures placed on the council to deliver more with less. As an organisation, the council could keep the status quo and continue as they are using their existing support services in the same way. However, there are risks in doing so as well as missed opportunities to realise significant financial and customer benefits as a result, such as:

- Reduce the cost of managing post services.
- Improving delivery of the service to allow a more efficient and effective use of staff time.
- Improve existing manual practices which will allow the advancement and improvement of how post is managed.
- Centralising and standardising the approach with the way in which post is managed across the council by different services.
- Allow further reduction of manual handling and duplication of processes
- Improve efficiency and quality of service
- GDPR Compliance

If the post room remains the same, the council will see a gradual reduction in the use of post services going forward, this is because customers are being persuaded or are opting to use other channels of communication. It is anticipated that this reduction will be approximately 5% per year, which is reflected in the year on year operational costs. This is based on the previous year's approximate reduction in post items and post room operational costs.

Below in table 1 is a breakdown of the potential cost for providing the post services for the next five years if the council does nothing. This is based on the predicted operational cost for 2018/19.

Table 1

Post Room Costs								
Reference	Description	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Post Room Costs	Post Related FTE	£96,582.00	£91,752.90	£87,165.26	£82,806.99	£78,666.64	£74,733.31	£415,125.10
	Printing	£12,977.75	£12,328.86	£11,712.42	£11,126.80	£10,570.46	£10,041.94	£55,780.47
	Stationary							
	Postage and Courier Charges	£54,323.25	£51,607.09	£49,026.73	£46,575.40	£44,246.63	£42,034.30	£233,490.14
Total Post Room Related Costs		**£163,883.00**	**£155,688.85**	**£147,904.41**	**£140,509.19**	**£133,483.73**	**£126,809.54**	**£704,395.71**

The above figures reflect the 5% year on year reduction of post from channel shift.

Below in table 2 is the cost conclusion for this option

Table 2

Cost Conclusion for Option 1		
Reference	Description	5 Year Total
The Predicted Budget Spend	Potential 5 Year Budget Required to Run Post Service	£704,395.00
Investment Required	Total Capital Funding Required (Upfront Costs for Provision of Services)	£0.00
	Revenue Funding Investment Required (Project Resource Costs)	£0.00
Total Investment Required	**Total Investment Required from both Capital and Revenue Funding**	**£0.00**
Total Savings	Savings on Post with a 5% year on year reduction through Channel Shift	£37,073.00

The advantages of this option are:-

- No (or minimum) cost of change
- No (or minimum) staff redeployment (or redundancy costs)
- In house staff have good understanding of user needs.
- In house on site provision maximises responsiveness
- No disruption to the service caused by change
- No further investment required

The disadvantages of this option are:-
- Continued spend remains significant
- Reliance on duplicated, inconsistent manual processes and resources
- Risk of not complying with GDPR regulations.
- Is not in line with central governments drive for digital agenda
- No benefits achieved for Havering's Digital Strategy
- No savings achieved to facilitate Havering's £37million spend gap

Given the above disadvantages, it is recommended that other options be considered, as we cannot continue in the same manner.

11.   Option 2: Enhance Our Existing Services

The council can consider enhancing its existing services to support the improvement of these. This includes digitisation. The current process of handling post has many touch points throughout, these are potential points of failure for post to be lost or misdirected, both of which may impact on teams' performance levels and quality of service delivery.
Digitising of incoming and outgoing post reduces the number of touch points before it is delivered to the recipient, thereby improving efficiency.
The council already has some of the equipment required to facilitate the digitisation of incoming and outgoing post, however additional items of equipment will be required.

It is envisaged that the enhanced service will look similar to the overview below.

For Incoming Post

1. Physical post will be collected each morning and delivered to the post room
2. Post room staff will open all incoming post
3. Post room staff will sort and digitise any paper based incoming post where possible.
4. Post room staff will deliver the digital copy of the post electronically to the teams by:-
   o Email
   o Placing the items in a secure folder on the network.
   o Integrating directly into the team or service back office systems. (This will take longer, cost more but realise more efficiencies).
5. Post room staff will process all transactional items (cheques, cash payments) and send a reconciliation report to teams.
6. Post room staff will check and verify all original documents, make of a copy of these, certify them as original, send the copy to the teams and services and send the original back to the sender via a secure method.

7. Post room staff will facilitate the delivery of all items, parcels and physical incoming post that cannot be digitised directly to the teams and services on a daily basis.
8. Post room staff will also handle all confidential and sensitive information according to the legislative requirements.
9. For all the post that has been digitised, the post room staff will also securely store the physical copy for a period of 30 days.
10. Thereafter, the team or service area will manage the archiving of the incoming post if required.
11. The post room staff will manage the destruction of physical items after the 30-day period.
12. The post room staff will also handle all incoming post-related queries from the teams and services.
13. The teams and services will receive a digital image of the incoming post where possible and process this accordingly.

The post room will be expected to digitise and deliver at least 60% of the incoming post.

For Outgoing Post
1. Our teams and services will prepare their outgoing post using their existing systems and technology.
2. The teams and services will select the print driver on their devices to print their outgoing post.
3. The teams and services will then check the criteria and ensure that the post has been set to print in duplex, mono and go out 2nd class.
4. Some teams may be required legislatively to send certain post items 1st class, simplex, and colour, for this they will seek authorisation.
5. Once the teams send the post items this will be transmitted to the print room.
6. The print room will print, fold, insert, envelope and send out all outgoing post as specified by the teams and services.
7. The print room staff will also manage the delivery of all outgoing recorded, special delivery, overseas post, parcels and physical post that cannot be digitally sent.
8. The print room staff will also handle all outgoing post related queries from the teams and services.

The print room will be expected to digitise and deliver at least 60% of the outgoing post.

In order to enhance the existing services the council must:-
1. Set up a project team to facilitate transition
2. Invest in equipment and technology to fulfil the organisations desire to digitise both incoming and outgoing post. This includes the likes of:-
   - X Ray Scanners
   - Letter openers
   - Letter extractors
   - Scanners
   - Software to deliver these to the teams and services.
   - A safe to store cheques and cash

3. Upskill the post and print room staff to:
   - Operate all and any new equipment.
   - Have an understanding of how to create, manage and audit the service to provide a consistent level of quality to deliver the service. This can be to either following procedures of a Quality Management System (QMS) or applying to become ISO 9001-2015 accredited. This will ensure

that teams follow set specific procedures when handling the councils' mail, in addition to their operational responsibilities.

- Be CRB/DBS cleared, if not already. This is to ensure that all staff members are security cleared so that they can handle the council's sensitive and confidential information. This includes cherished items such as driver's licences and passports.
- Process all incoming payments and reconcile these with the related services.
- Formally validate personal identification to Home Office standard.
- Be able to manage the retrieval of physical records in temporary storage, the redirection of these to our documents management company or for secure destruction and disposal.

4. Invest to improve the existing premises to ensure it is a secure environment for handling all incoming post and further have the ability to store, cheques and cash as well as incoming physical records for a minimum of 30 days.
5. Install the Planet Press driver for the ability to send all outgoing post digitally to the print room. The print room will print, fold, insert into envelope and send out for posting.
6. The print room will need to facilitate processing of physical outgoing post items that need to go out overseas or by recorded and special delivery. This will include parcels and packages.
7. Ensure the council adheres to the GDPR regulations.
8. Devise a communication of change for sending and receiving post services in future together with step by step guide on how to self-serve. This will include training of key staff where required.

Investment Required to Enhance Existing Services

After spending time with the post and print room, conclusions have been made that the illustrated investment in the below table 3 would be required to pursue this option:-

Table 3

Breakdown of Provision of Service Costs									
Reference	Description	One Off Initial Cost	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total	Additional Comment
Hybrid Outgoing Post	Implementation (includes Training and Transition), Specialist Service Provider Project Management, Consultancy Charges etc	£2,500.00						£2,500.00	Release and implementation of print driver for staff to use, understanding how all teams outgoing post should be processed and transitioning these services across
	Cost to DBS clear staff	£255.00						£255.00	
	Quality Management Training	£1,000.00							
	Support and Maintenance		£650.00	£650.00	£650.00	£650.00	£650.00	£3,250.00	
Total One off Hybrid Outgoing Post Cost		£3,755.00							
Total Ongoing Hybrid Outgoing Cost							£3,250.00		
Total Cost for Hybrid Outgoing Post								£7,005.00	
Digital Incoming Post									Understanding of how all teams incoming post should be processed and transitioning these services across
	X Ray Scanners	£8,000.00	£550.00	£550.00	£550.00	£550.00	£550.00	£10,750.00	
	Letter Opener	£1,750.00						£1,750.00	
	Letter Extractor	£35,000.00						£35,000.00	
	Scanners including software	£21,000.00						£21,000.00	
	Parcel Scanner	£7,000.00	£500.00	£500.00	£500.00	£500.00	£500.00	£9,500.00	
	Sharepoint connector to deliver basic images into document management systems	£4,750.00						£4,750.00	
	Cost to secure premises	£500.00						£500.00	
	Cost to DBS clear staff	£255.00						£255.00	
	Quality Management Training	£1,000.00						£1,000.00	
	Safe for cheques and cash	£500.00						£500.00	
	Training of staff to perform transactional services								This will be done by our in house cashiers team
	Training of staff to digitise post								This will be done by equipment suppliers
	Support and Maintenance		£1,250.00	£1,250.00	£1,250.00	£1,250.00	£1,250.00	£6,250.00	Based on existing and new equipment
Total One off Digital Incoming Post Cost		£79,755.00							
Total Ongoing Digital Incoming Post Cost							£11,500.00		
Total Cost for Digital Incoming Post								£91,255.00	
Overall Total Costs for Provision of Services in house								£98,260.00	

The above investment cost of **£98,260** (**£83,510** one off cost and **£14,750** running costs for five years) is for the provision of digital incoming and outgoing mail solution as an in house service.

The above estimated investment cost is solely for Havering

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Resources Required for Option 2

The following resource costs have been outlined to successfully implement this option, this includes enhancing the services to digitise the post in house and transition all teams and services to the new ways of working.

Description	Total
Total Resource Budget Required for Transition of Services	£96,600

A breakdown of the full resource costs can be found below in table 4

Table 4

Breakdown of Resource Costs						
Reference	Description	Oct-18	Nov-18	Dec-18	Jan-19	4 Month Spend
Project Manager	Transition of Services	£5,775.00	£5,775.00	£5,225.00	£5,500.00	£22,275.00
Workstream Lead		£5,250.00	£5,250.00	£4,750.00	£5,000.00	£20,250.00
Total Resource Spend for 1st Quarter Transition		£11,025.00	£11,025.00	£9,975.00	£10,500.00	£42,525.00
		Feb-19	Mar-19	Apr-19	May-19	4 Month Spend
Project Manager	Transition of Services	£5,775.00	£5,775.00	£5,500.00	£5,500.00	£22,550.00
Workstream Lead		£5,250.00	£5,250.00	£5,000.00	£5,000.00	£20,500.00
Total Resource Spend for 2nd Quarter Transition		£11,025.00	£11,025.00	£10,500.00	£10,500.00	£43,050.00
		Jun-19				4 Month Spend
Project Manager	Transition of Services	£5,775.00				£5,775.00
Workstream Lead		£5,250.00				£5,250.00
Total Resource Spend for 3rd Quarter Transition		£11,025.00				£11,025.00
Total Resource Spend from Business Case to Realisation		£33,075.00	£22,050.00	£20,475.00	£21,000.00	£96,600.00
Total Resource Spend from Conception to Realisation		£33,075.00	£22,050.00	£20,475.00	£21,000.00	£96,600.00

The above estimated resource cost is solely for Havering

The project team have already lost two months due to delays in signing off the project brief and business case therefore this has impacted on the timelines and contingencies originally stipulated.

The above resource costs do not include the effort and involvement of existing teams within the council. The team will require involvement from:-

1. The post and print room handling incoming and outgoing post.
2. All teams that send receive post.
3. ICT for technical input, support and transition of services.
4. Procurement for negotiating contractual agreements.
5. Finance to work with the project team to agree financials.
6. Communications for the communications and transition of services.
7. Legal to ensure all aspects are covered.
8. Facilities for securing of premises.

Costs and Savings Associated with Option 2

The council is predicted to spend the following amounts in 2018/19 (these are the post room related operational costs)

2018/19	Salaries	Post charges	Post related printing	Total
	£96,582	£54,323	£12,978	£163,883

Looking at the basic offering for incoming and outgoing post based on the above budget figure of **£163,883** that the council is predicted to spend in 2018/19 there is a potential opportunity to digitise 60% of this, which could save **£98,330** per annum.

Specialist service providers who have transitioned other councils and organisations from traditional post services to digital post services have experienced an increase of 5% further digitisation up to 20% (five years) after full implementation, as teams become more confident using these services.

However, there will still be a cost to send and receive the 60% of post digitally and specialist service providers have indicated that this could potentially cost 60% of the cost of processing traditional post if done in house.

Therefore, if 60% of the operational costs is **£98,330** then the potential cost to digitise the incoming and outgoing post at 60% works out to **£58,998** resulting in an overall potential saving of **£39,332** per annum, which could further result in net savings of **£195,787** over five years.

The below table 5 illustrates the operational costs for 2018/19 of the post room against the potential savings of the 3 options to digitise the post services.

Table 5

Havering Costs Against Potential Savings								
Reference	**Description**	**Year 0**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**5 Year Total**
Post Room Costs	Post Related FTE	£96,582.00	£91,752.90	£87,165.26	£82,806.99	£78,666.64	£74,733.31	£415,125.10
	Printing	£12,977.75	£12,328.86	£11,712.42	£11,126.80	£10,570.46	£10,041.94	£55,780.47
	Stationary							
	Postage and Courier Charges	£54,323.25	£51,607.09	£49,026.73	£46,575.40	£44,246.63	£42,034.30	£233,490.14
Total Post Room Related Costs		**£163,883.00**	**£155,688.85**	**£147,904.41**	**£140,509.19**	**£133,483.73**	**£126,809.54**	**£704,395.71**
Scenario 1 Prudent								
50% Digitisation	If the organisation digitised 50% of both incoming and outgoing post	£81,941.50	£77,844.43	£81,347.42	£84,305.51	£86,764.19	£88,766.68	£419,028.46
60% Charge to digitise	There would be a charge digitise	£49,164.90	£46,706.66	£48,808.45	£50,583.31	£52,058.65	£53,260.01	£251,417.08
Total Potential Savings	**Potential Net Savings**	**£32,776.60**	**£31,137.77**	**£32,538.97**	**£33,722.20**	**£34,705.77**	**£35,506.67**	**£167,611.39**
	Potential Cummulative Savings		**£31,137.77**	**£1,401.20**	**£1,183.24**	**£983.56**	**£800.90**	**£35,506.67**
Potential Future Traditional Post Cost		**£81,941.50**	**£77,844.43**	**£66,556.98**	**£56,203.67**	**£46,719.30**	**£38,042.86**	**£285,367.25**
Scenario 2 Likely								
60% Digitisation	If the organisation digitised 60% of both incoming and outgoing post	£98,329.80	£93,413.31	£96,137.86	£98,356.43	£100,112.60	£101,447.63	£489,468.03
60% Charge to digitise	There would be a charge digitise	£58,997.88	£56,047.99	£57,682.72	£59,013.86	£60,067.68	£60,868.58	£293,680.82
Total Potential Savings	**Potential Net Savings**	**£39,331.92**	**£37,365.32**	**£38,455.15**	**£39,342.57**	**£40,045.12**	**£40,579.05**	**£195,787.21**
	Potential Cummulative Savings		**£37,365.32**	**£1,089.82**	**£887.43**	**£702.55**	**£533.93**	**£40,579.05**
Potential Future Traditional Post Cost		**£65,553.20**	**£62,275.54**	**£51,766.54**	**£42,152.76**	**£33,370.93**	**£25,361.91**	**£214,927.68**
Scenario 3 Optimistic								
70% Digitisation	If the organisation digitised 70% of both incoming and outgoing post	£114,718.10	£108,982.20	£110,928.31	£112,407.35	£113,461.17	£114,128.59	£559,907.61
60% Charge to digitise	There would be a charge digitise	£68,830.86	£65,389.32	£66,556.98	£67,444.41	£68,076.70	£68,477.15	£335,944.56
Total Potential Savings	**Potential Net Savings**	**£45,887.24**	**£43,592.88**	**£44,371.32**	**£44,962.94**	**£45,384.47**	**£45,651.43**	**£223,963.04**
	Potential Cummulative Savings		**£43,592.88**	**£778.44**	**£591.62**	**£421.53**	**£266.97**	**£45,651.43**
Potential Future Traditional Post Cost		**£49,164.90**	**£46,706.66**	**£36,976.10**	**£28,101.84**	**£20,022.56**	**£12,680.95**	**£144,488.11**

This will result in a 24% (60% digitisation less 60% cost to digitise=36%-60%) reduction in post room operational costs after full implementation, with a further 8% (80% digitisation less 60% cost =48%-80%=32%-to digitise less 24% initially digitised) reduction by year five.

As there will still be an aspect of traditional post these continued costs have also been reflected in the above table.

The figures in the above table are also based on the following assumptions:-

No.	Assumption
1.	There will be reduction of post room related costs of 5% year on year because of our customers interacting with us through other means of communication
2.	After an initial review of the post that comes in and goes out of the post room there is confidence that at least 50% of the incoming and outgoing post can be digitised as illustrated in Scenario 1 Prudent option. Savings are likely to be achieved after year one of full implementation (2019/20).
3.	However it is likely that at least 60% of the incoming and outgoing post can be digitised as illustrated in Scenario 2 Likely option. Savings are likely to be achieved after year one of full implementation (2019/20).
4.	Although if optimistic, at least 70% of the incoming and outgoing post can be digitised as illustrated in Scenario 3 Optimistic option. Savings are likely to be achieved after year one of full implementation (2019/20).
5.	Specialist service providers have indicated that the cost of digitising traditional post based on their previous experience, works out to the approximately 30% of the cost of traditional post. However, this can potentially cost around twice as much, if post is digitised in house.
6.	Based on specialist service providers previous experience there is an expectation that there will be an increase in digitisation of post by at least 5% per year up to 20% after full implementation for each of the scenarios.
7.	Based on specialist service providers previous experience there is an expectation that there will a reduction in traditional post by at least 5% per year up to 20% after full implementation for each of the scenarios.
8.	There is an expectation that 100% of all paper based incoming and outgoing post items can be digitised. However, there still may be a number of non-paper based items that cannot be digitised (parcels, marriage certificates, promotional items).
9.	The potential net savings figures are based on the 2017/18 post room operational costs signed off by the post room manager and finance.

Potential Redundancy Costs with Option 2

There are currently eight members of staff in the Havering post room. These eight members of staff work half of their time covering post-related activities and the other half is spent covering corporate support, therefore, the total FTE works out to **four**.

If 60% of the post was going to be digitised in the future at the cost of 60%, this could potentially result in a reduction of **one** FTE after full implementation.

Human Resources has provided potential redundancy figures of **£65,803** for the current FTE's, which works out to approximately **£8,225** per FTE, therefore the potential redundancy costs work out to **£8,225** (8,225*1)

The below table 6 illustrates the investment required against the potential savings of the 3 scenarios to digitise the post services.

Table 6

Reference	Description	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Havering Financial Breakdown for Transforming Our Post Services Project								
Current Havering Post Related Costs	**Total Post Room Related Costs**	**£163,883.00**	**£155,688.85**	**£147,904.41**	**£140,509.19**	**£133,483.73**	**£126,809.54**	**£704,395.71**
Prudent Option	Potential Net Savings If 50% Digitisation is achieved	£32,776.60	£31,137.77	£32,538.97	£33,722.20	£34,705.77	£35,506.67	£167,611.39
	Potential Incremental Savings If 50% Digitisation is achieved		£31,137.77	£1,401.20	£1,183.24	£983.56	£800.90	£35,506.67
Likely Option	**Potential Net Savings If 60% Digitisation is achieved**	**£39,331.92**	**£37,365.32**	**£38,455.15**	**£39,342.57**	**£40,045.12**	**£40,579.05**	**£195,787.21**
	Potential Cummulative Savings If 60% Digitisation is achieved		**£37,365.32**	**£1,089.82**	**£887.43**	**£702.55**	**£533.93**	**£40,579.05**
Optimistic Option	Potential Net Savings If 70% Digitisation is achieved	£45,887.24	£43,592.88	£44,371.32	£44,962.94	£45,384.47	£45,651.43	£223,963.04
	Potential Incremental Savings If 70% Digitisation is achieved		£43,592.88	£778.44	£591.62	£421.53	£266.97	£45,651.43
Potential Redundancy Costs			**£8,225.00**					**£8,225.00**
Potential Hybrid Outgoing Post Cost	Training	£3,755.00						£3,755.00
	Support and Maintenance		£650.00	£650.00	£650.00	£650.00	£650.00	£3,250.00
	Potential Total Hybrid Outgoing Post Cost	**£3,755.00**	**£650.00**	**£650.00**	**£650.00**	**£650.00**	**£650.00**	**£7,005.00**
Potential Digital Incoming Post Cost	One Off costs (includes upskill of staff, investment in equipment, technology and premises)	£79,755.00						£79,755.00
	Support and Maintenance		£4,600.00	£4,600.00	£4,600.00	£4,600.00	£4,600.00	£11,500.00
	Potential Total Digital Incoming Post Cost	**£79,755.00**	**£2,300.00**	**£4,600.00**	**£4,600.00**	**£4,600.00**	**£4,600.00**	**£91,255.00**
Potential Overall Digital Post Cost	**Total Digitisation of both Incoming and Outgoing Post**	**£83,510.00**	**£2,950.00**	**£5,250.00**	**£5,250.00**	**£5,250.00**	**£5,250.00**	**£98,260.00**
	Project Manager upto Transition of Services	£16,775.00	£33,825.00					£50,600.00
	WorkStream Lead upto Transtion of Services	£15,250.00	£30,750.00					£46,000.00
Potential Overall Resource Cost		**£32,025.00**	**£64,575.00**					**£96,600.00**
Potential Overall Cost to Digitise Post		**£115,535.00**	**£67,525.00**	**£5,250.00**	**£5,250.00**	**£5,250.00**	**£5,250.00**	**£194,860.00**
Potential Net Year on Year Savings on Likely Option after costs have been deducted		**-£76,203.08**	**-£30,159.68**	**£33,205.15**	**£34,092.57**	**£34,795.12**	**£35,329.05**	**£927.21**

For this particular option based on an initial 60% digitisation of post and further 5% increase each year up until year 5 there will be a return on investment from year two onwards (after full implementation).

Illustrated below in table 7 is the cost conclusion for this option

Table 7

Reference	Description	5 Year Total
Cost Conclusion for Option 2		
The Predicted Budget Spend	Potential 5 Year Budget Required to Run Post Service	£508,609.00
Investment Required	Total Capital Funding Required (Upfront Costs for Provision of Services)	£83,510.00
	Revenue Funding Investment Required (Project Resource Costs)	£96,600.00
Total Investment Required	**Total Investment Required from both Capital and Revenue Funding**	**£180,110.00**
Total Savings	**60% Digitisation of Incoming and Outgoing Post Services In House**	**£195,787.00**

The advantages of this option are-
- No (or minimum) staff redeployment (or redundancy costs).
- In house staff have good understanding of user needs.
- In house on site provision maximises responsiveness.
- Digitisation of both incoming and outgoing post.
- Enhance efficiency within each department.
- Increase productivity council wide.
- Better use of staff resources resulting in improved staff morale.
- Centralise and standardise service delivery, thereby benefiting from savings accrued through economies of scale and savings managing Royal Mail and other courier costs.
- Reduction of paper storage within the organisation.
- Reduced use of MFDs.
- Reduced archiving, storage and retrieval costs.
- Services can react more quickly to customers.
- Reduce our carbon footprint.
- Elimination of duplication of producing and managing post, and ordering of stationary etc.
- Reduces risk of non-compliance of GDPR regulations.
- Increased security and control.

- Complies with central governments drive for digital agenda.
- Benefits to Havering's Digital Strategy.
- Staff can send and receive post whilst working flexibly.
- Investment has already been made on some key digitisation equipment and software.

The dis-advantages of this option are:-
- Disruption to services caused by change
- Staff may not adapt to change easily
- Investment in technology and equipment including its support and maintenance will be significant
- Existing service staff may not have the capability to upskill or may take considerable time to take on new ways of working.
- Investment required to upskill current staff and change the job descriptions to accommodate:-
- New ways of working, verification and checking of confidential and sensitive information
- Processing of transactions
- Manage the physical post after digitisation, this includes storage, retrieval, and redirection for deep storage, sending records for secure destruction or sending cherished items back to our customers.
- Investment required in securing the premises to ensure the organisation complies with GDPR regulations.

Enhancing the existing services is a favourable option, should the council have the appetite to keep and maintain services in-house. If the council chooses to invest in this option this could be further exploited to provide similar or same services to external organisations, thereby generating an income or revenue.

12.   Option 3: Radically Change the Provision of Post Services

Another option the council can consider is a radical change to the services this involves going out to the market and engaging the services of a specialist service provider. The service provider can provide the post service either onsite or offsite.

The digital service can be done via a fully managed hosted solution. This will be primarily for paper based items only. Parcels and items that cannot be digitised can be managed by a team on site, for this scenario, the team will require a smaller scale post room and operate differently.

It is envisaged that the enhanced service will look similar to the overview below.

For Incoming Post
1. Physical post will be delivered or collected each morning to/by our service provider.
2. The service provider will only open all incoming post.
3. The service provider will sort and digitise paper based incoming post where possible.
4. The service provider will deliver the digital copy of the post item electronically to the teams by:-
    o Email.
    o Providing a portal for staff to access post.
    o Placing items in a secure folder on the network.
    o Integrating directly into the team or service back office systems. (This will take longer, cost more but realise more efficiencies).

5. The service provider will process all transactional items (cheques, cash payments) and send a reconciliation report to teams.
6. The service provider will check and verify all original documents, make of a copy of these, certify them as original, send the copy to the teams and services and send the original back to the sender via a secure method.
7. The service provider will facilitate the delivery of all items, parcels and physical incoming post that cannot be digitised together with the on-site post room team for distribution to the teams and services on a daily basis.
8. The service provider will also handle all confidential and sensitive information according to the council policy and GDPR requirements.
9. For all the post that has been digitised the service provider will securely store the physical copy for a minimum period of 30 days.
10. Thereafter, the team or service area will manage the archiving of the physical item, if required.
11. The service provider will manage the destruction of physical items after the 30-day period.
12. The service provider will also handle all incoming digital post-related queries from the teams and services.
13. The on-site post room will handle all incoming parcel and physical post-related queries from the teams and services.
14. The teams and services will receive a digital image of the incoming post where possible and process this accordingly.

The service provider will be expected to digitise and deliver at least 60% of the incoming post.

For Outgoing Post
1. Our teams and services will prepare their outgoing post using their existing systems and technology.
2. The teams and services will select the service providers print driver on their devices to print their outgoing post.
3. The teams and services will then check the criteria and ensure that the post has been set to print in duplex, mono and go out 2nd class.
4. Some teams may be required legislatively to send certain post items 1st class simplex colour for this they will seek authorisation.
5. Once the teams send the post items this will be transmitted to the service provider
6. The service provider will print, fold, insert in the envelope and send out as specified by the teams and services.
7. The service provider will manage the delivery of all outgoing recorded, special delivery and overseas items.
8. The on-site post room team will process all parcels and physical post that cannot be digitally sent and arrange their collection.
9. The service provider will handle all outgoing digital post-related queries from the teams and services.
10. The on-site post room will handle all outgoing parcel and physical post-related queries from the teams and services.

The service provider will be expected to digitise and deliver at least 60% of the outgoing post.

In order to achieve this radical change the council must:-

1. Set up a project team to facilitate transition.
2. Procure these services and award to the specialist service provider.
3. Ensure the service provider adheres to the GDPR regulations.
4. Devise a communication of change for sending and receiving post services in future together with step by step guide on how to self-serve. This will include training of key staff where required.
5. Reduce the number of staff and scale down the size of the existing post room operation to only deal with parcels and post that cannot be digitised.

Investment Required to Radically Change Services

After speaking to specialist service providers and spending time with the post and print room conclusions have been made that the investments illustrated below in table 8 would be required to pursue this option:-

Table 8

Breakdown of Provision of Service Costs									
Reference	Description	One Off Initial Cost	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total	Additional Comment
Hybrid Outgoing Post	Implementation (includes Training and Transition), Specialist Service Provider Project Management, Consultancy Charges etc	£10,000.00						£10,000.00	Release and implementation of print driver for staff to use, understanding how all teams outgoing post should be processed and transitioning these services across
	Support and Maintenance		£2,500.00	£2,500.00	£2,500.00	£2,500.00	£2,500.00	£12,500.00	
Total One off Hybrid Outgoing Post Cost		£10,000.00							
Total Ongoing Hybrid Outgoing Cost							£12,500.00		
Total Cost for Hybrid Outgoing Post								£22,500.00	
Digital Incoming Post	Implementation (includes Training and Transition), Specialist Service Provider Project Management, Consultancy Charges etc	£42,500.00						£42,500.00	Understanding of how all teams incoming post should be processed and transtioning these services
	Support and Maintenance		£7,000.00	£7,000.00	£7,000.00	£7,000.00	£7,000.00	£35,000.00	
Total One off Digital Incoming Post Cost		£42,500.00							
Total Ongoing Digital Incoming Post Cost							£35,000.00		
Total Cost for Digital Incoming Post								£77,500.00	
Overall Total Costs for Provision of Services from aspecialist service provider								£100,000.00	

The above investment cost of **£100,000** (**£52,500** one off cost and **£47,500** running costs for five years) is for is for the provision of a digital incoming and outgoing mail solution service with a specialist service provider.

The above estimated investment cost is solely for Havering

Resources Required for Option 3

The following resource costs have been outlined to successfully implement this option, this includes procuring the services to digitise the post with a specialist service provider and working with the specialist service provider to transition all teams and services to the new ways of working.

Description	Total
Total Resource Budget Required for Transition of Services	£96,600

A breakdown of the full resource costs can be found below in table 9

Table 9

Breakdown of Resource Costs						
Reference	**Description**	**Oct-18**	**Nov-18**	**Dec-18**	**Jan-19**	**4 Month Spend**
Project Manager	Transition of Services	£5,775.00	£5,775.00	£5,225.00	£5,500.00	£22,275.00
Workstream Lead		£5,250.00	£5,250.00	£4,750.00	£5,000.00	£20,250.00
Total Resource Spend for 1st Quarter Transition		**£11,025.00**	**£11,025.00**	**£9,975.00**	**£10,500.00**	**£42,525.00**
		Feb-19	**Mar-19**	**Apr-19**	**May-19**	**4 Month Spend**
Project Manager	Transition of Services	£5,775.00	£5,775.00	£5,500.00	£5,500.00	£22,550.00
Workstream Lead		£5,250.00	£5,250.00	£5,000.00	£5,000.00	£20,500.00
Total Resource Spend for 2nd Quarter Transition		**£11,025.00**	**£11,025.00**	**£10,500.00**	**£10,500.00**	**£43,050.00**
		Jun-19				**4 Month Spend**
Project Manager	Transition of Services	£5,775.00				£5,775.00
Workstream Lead		£5,250.00				£5,250.00
Total Resource Spend for 3rd Quarter Transition		**£11,025.00**				**£11,025.00**
Total Resource Spend from Business Case to Realisation		**£33,075.00**	**£22,050.00**	**£20,475.00**	**£21,000.00**	**£96,600.00**
Total Resource Spend from Conception to Realisation		**£33,075.00**	**£22,050.00**	**£20,475.00**	**£21,000.00**	**£96,600.00**

The above estimated resource cost is solely for Havering

The project team have already lost two months due to delays in signing off the project brief and business case therefore this has impacted on the timelines and contingencies originally stipulated.

The above resource costs do not include the effort and involvement of existing teams within the council. The team will require involvement from:-

1. The post and print room handling incoming and outgoing post.
2. All teams that send receive post.
3. ICT for technical input, support and transition of services.
4. Procurement for negotiating contractual agreements.
5. Finance to work with the project team to agree financials.
6. Communications for the communications and transition of services.
7. Legal to ensure all aspects are covered.
8. Facilities for securing of premises.

Costs and Savings Associated with Option 3

The council spent the following amounts in 2018/19 (these are the post room related operational costs)

2018/19	Salaries	Post charges	Post related printing	Total
	£98,582	£54,323	£12,978	£163,883

Looking at the basic offering for incoming and outgoing post based on the above budget figure of **£163,883** that the council is predicted to spend in 2018/19 there is a potential opportunity to digitise 60% of this, which could save **£98,330** per annum.

Specialist service providers who have transitioned other councils and organisations from traditional post services to digital post services have experienced an increase of 5% further digitisation up to 20% (five years) after full implementation, as teams become more confident using these services.

However, there will still be a cost to send and receive the 60% of post digitally and specialist service providers have indicated that this would be at 30% of the cost of processing traditional post if done with a specialist service provider.

Therefore, if 60% of the operational cost is **£98,330**, then the potential cost to digitise the incoming and outgoing post at 30% works out to **£29,499** resulting in an overall potential saving of **£68,831** per annum, which could further result in net savings of **£342,628** over five years.

The below table 10 illustrates the operational costs for 2018/19 of the post room against the potential savings of the 3 options to digitise the post services.

Table 10

Havering Costs Against Potential Savings								
Reference	Description	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Post Room Costs	Post Related FTE	£96,582.00	£91,752.90	£87,165.26	£82,806.99	£78,666.64	£74,733.31	£415,125.10
	Printing	£12,977.75	£12,328.86	£11,712.42	£11,126.80	£10,570.46	£10,041.94	£55,780.47
	Stationary							
	Postage and Courier Charges	£54,323.25	£51,607.09	£49,026.73	£46,575.40	£44,246.63	£42,034.30	£233,490.14
Total Post Room Related Costs		**£163,883.00**	**£155,688.85**	**£147,904.41**	**£140,509.19**	**£133,483.73**	**£126,809.54**	**£704,395.71**
Scenario 1 Prudent								
50% Digitisation	If the organisation digitised 50% of both incoming and outgoing	£81,941.50	£77,844.43	£81,347.42	£84,305.51	£86,764.42	£88,766.68	£419,028.46
30% Charge to digitise	There would be a charge digitise	£24,582.45	£23,353.33	£24,404.23	£25,291.65	£26,029.33	£26,630.00	£125,708.54
Total Potential Savings	**Potential Net Savings**	**£57,359.05**	**£54,491.10**	**£56,943.20**	**£59,013.86**	**£60,735.10**	**£62,136.68**	**£293,319.92**
	Potential Cummulative Savings		**£54,491.10**	**£2,452.10**	**£2,070.66**	**£1,721.24**	**£1,401.58**	**£62,136.68**
Potential Future Traditional Post Cost		**£81,941.50**	**£77,844.43**	**£66,556.98**	**£56,203.67**	**£46,719.30**	**£38,042.86**	**£285,367.25**
Scenario 2 Likely								
60% Digitisation	If the organisation digitised 60% of both incoming and outgoing	£98,329.80	£93,413.31	£96,137.86	£98,356.43	£100,112.80	£101,447.63	£489,468.03
30% Charge to digitise	There would be a charge digitise	£29,498.94	£28,023.99	£28,841.36	£29,506.93	£30,033.84	£30,434.29	£146,840.41
Total Potential Savings	**Potential Net Savings**	**£68,830.86**	**£65,389.32**	**£67,296.51**	**£68,849.50**	**£70,078.96**	**£71,013.34**	**£342,627.62**
	Potential Cummulative Savings		**£65,389.32**	**£1,907.19**	**£1,553.00**	**£1,229.46**	**£934.39**	**£71,013.34**
Potential Future Traditional Post Cost		**£65,553.20**	**£62,275.54**	**£51,766.54**	**£42,152.76**	**£33,370.93**	**£25,361.91**	**£214,927.68**
Scenario 3 Optimistic								
70% Digitisation	If the organisation digitised 70% of both incoming and outgoing	£114,718.10	£108,982.20	£110,928.31	£112,407.35	£113,461.17	£114,128.59	£559,907.61
30% Charge to digitise	There would be a charge digitise	£34,415.43	£32,694.66	£33,278.49	£33,722.20	£34,038.35	£34,238.58	£167,972.28
Total Potential Savings	**Potential Net Savings**	**£80,302.67**	**£76,287.54**	**£77,649.81**	**£78,685.14**	**£79,422.82**	**£79,890.01**	**£391,935.32**
	Potential Cummulative Savings		**£76,287.54**	**£1,362.28**	**£1,035.33**	**£737.67**	**£467.19**	**£79,890.01**
Potential Future Traditional Post Cost		**£49,164.90**	**£46,706.66**	**£36,976.10**	**£28,101.84**	**£20,022.56**	**£12,680.95**	**£144,488.11**

This will result in a 42% (60% digitisation less 30% cost to digitise=18%-60%) reduction in post room operational costs following full implementation, with a further 14% (80% digitisation less 30% cost =24%-80%=56%-to digitise less 42% initially digitised) reduction by year five.

As there will still be an aspect of traditional post these continued costs have also been reflected in the above table.

The figures in the above table are also based on the following assumptions:-

No.	Assumption
1.	There will be reduction of post room related costs of 5% year on year because of our customers interacting with us through other means of communication
2.	After an initial review of the post that comes in and goes out of the post room there is confidence that at least 50% of the incoming and outgoing post can be digitised as illustrated in Scenario 1 Prudent option. Savings are likely to be achieved after year one of full implementation (2019/20).
3.	However it is likely that at least 60% of the incoming and outgoing post can be digitised as illustrated in Scenario 2 Likely option. Savings are likely to be achieved after year one of full implementation (2019/20).

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4.	Although if optimistic, at least 70% of the incoming and outgoing post can be digitised as illustrated in Scenario 3 Optimistic option. Savings are likely to be achieved after year one of full implementation (2019/20).
5.	Specialist service providers have indicated that the cost of digitising traditional post based on their previous experience, works out to the approximately 30% of the cost of traditional post. However, this can potentially cost around twice as much, if post is digitised in house.
6.	Based on specialist service providers previous experience there is an expectation that there will be an increase in digitisation of post by at least 5% per year up to 20% after full implementation for each of the scenarios.
7.	Based on specialist service providers previous experience there is an expectation that there will a reduction in traditional post by at least 5% per year up to 20% after full implementation for each of the scenarios.
8.	There is an expectation that 100% of all paper based incoming and outgoing post items can be digitised. However, there still may be a number of non-paper based items that cannot be digitised (parcels, marriage certificates, promotional items).
9.	The potential net savings figures are based on the 2017/18 post room operational costs signed off by the post room manager and finance.

Potential Redundancy Costs with Option 3

There are currently eight members of staff in the Havering post room. These eight members of staff work half to their time covering post related activities and the other half is spent covering corporate support, therefore, the total FTE works out to **four**.

If 60% of the post was going to be digitised in the future at the cost of 30%, this could potentially result in a reduction of **two** FTE after full implementation.

Human Resources has provided potential redundancy figures of **£65,803** for the current FTE's, which works out to approximately **£8,225** per FTE, the potential redundancy costs works out to **£16,450** (£8,225*2).

The below table 11 illustrates the investment required against the potential savings of the 3 scenarios to digitise the post services.

Table 11

Havering Financial Breakdown for Transforming Our Post Services Project								
Reference	**Description**	**Year 0**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**5 Year Total**
Current Havering Post Related Costs	**Total Post Room Related Costs**	**£163,883.00**	**£155,688.85**	**£147,904.41**	**£140,509.19**	**£133,483.73**	**£126,809.54**	**£704,395.71**
Prudent Option	Potential Net Savings If 50% Digitisation is achieved	£57,359.05	£54,491.10	£56,943.20	£59,013.86	£60,735.10	£62,136.68	£293,319.92
	Potential Incremental Savings If 50% Digitisation is achieved		£54,491.10	£2,452.10	£2,070.66	£1,721.24	£1,401.58	£62,136.68
Likely Option	**Potential Net Savings If 60% Digitisation is achieved**	**£68,830.86**	**£65,389.32**	**£67,296.51**	**£68,849.50**	**£70,078.96**	**£71,013.34**	**£342,627.62**
	Potential Cummulative Savings If 60% Digitisation is achieved		**£65,389.32**	**£1,907.19**	**£1,553.00**	**£1,229.46**	**£934.39**	**£71,013.34**
Optimistic Option	Potential Net Savings If 70% Digitisation is achieved	£80,302.67	£76,287.54	£77,649.81	£78,685.14	£79,422.82	£79,890.01	£391,935.32
	Potential Incremental Savings If 70% Digitisation is achieved		£76,287.54	£1,362.28	£1,035.33	£737.67	£467.19	£79,890.01
Potential Redundancy Costs		**£16,450.00**						**£16,450.00**
Potential Hybrid Outgoing Post Cost	One Off Implementation (includes Training and Transition), Project Management, Consultancy Charges etc	£10,000.00						£10,000.00
	Support and Maintenance		£2,500.00	£2,500.00	£2,500.00	£2,500.00	£2,500.00	£12,500.00
	Potential Total Hybrid Outgoing Post Cost	**£10,000.00**	**£2,500.00**	**£2,500.00**	**£2,500.00**	**£2,500.00**	**£2,500.00**	**£22,500.00**
Potential Digital Incoming Post Cost	One Off Implementation (includes Training and Transition), Project Management, Consultancy Charges etc	£42,500.00						£42,500.00
	Support and Maintenance		£7,000.00	£7,000.00	£7,000.00	£7,000.00	£7,000.00	£35,000.00
	Potential Total Digital Incoming Post Cost	**£42,500.00**	**£7,000.00**	**£7,000.00**	**£7,000.00**	**£7,000.00**	**£7,000.00**	**£77,500.00**
Potential Overall Digital Post Cost	**Total Digitisation of both Incoming and Outgoing Post**	**£52,500.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£100,000.00**
Resource Costs	Project Manager upto Transition of Services	£16,775.00	£33,825.00					£50,600.00
	WorkStream Lead upto Transtion of Services	£15,250.00	£30,750.00					£46,000.00
Potential Overall Resource Cost		**£32,025.00**	**£64,575.00**					**£96,600.00**
Potential Overall Cost to Digitise Post		**£84,525.00**	**£74,075.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£196,600.00**
Potential Net Year on Year Savings on Likely Option after costs have been deducted		**-£15,694.14**	**-£25,135.68**	**£57,796.51**	**£59,349.50**	**£60,578.96**	**£61,513.34**	**£129,577.62**

For this particular option based on an initial 60% digitisation of post and further 5% increase each year up until year 5 there will be a return on investment from year two onwards (after full implementation).

Illustrated below in table 12 is the cost conclusion for this option

Table 12

Cost Conclusion for Option 3		
Reference	**Description**	**5 Year Total**
The Predicted Budget Spend	Potential 5 Year Budget Required to Run Post Service	£361,768.00
Investment Required	Total Capital Funding Required (Upfront Costs for Provision of Services)	£52,500.00
	Revenue Funding Investment Required (Project Resource Costs)	£96,600.00
Total Investment Required	**Total Investment Required from both Capital and Revenue Funding**	**£149,100.00**
Total Savings	60% Digitisation of Incoming and Outgoing Post Services with Specialist Service Provider	£342,628.00

The advantages of this option are:-

- Digitisation of both incoming and outgoing post.
- Enhance efficiency within each department.
- Increase productivity.
- Better use of staff resources resulting in improved staff morale.
- Centralise and standardise service delivery, thereby benefiting from savings accrued through economies of scale and savings managing Royal Mail and other courier costs.
- Reduction of paper storage within the organisation.
- Reduce the use of MFD's.
- Reduce archive storage and retrieval costs.
- React more quickly to customers.
- Reduce our carbon foot print.
- The elimination of duplication of producing and managing post, ordering stationary etc.
- Reduce the risk of non-compliance of GDPR regulations.
- Increased security and control.
- Complies with central governments drive for digital agenda.
- Benefits to Havering's Digital Strategy.
- Staff can send and receive post whilst working away from council buildings.
- Centralised spend on paper and envelopes only paying for what you use.
- Reduced space taken up in buildings for storage of paper and envelopes.
- Offices will be more paper free.
- Cheaper costs to digitise with s specialist service provider as opposed to digitising in house.
- Valuable real estate space not taken up by machinery.
- Availability of layered Management Information (MI).
- TUPE may apply, resulting in continued employment for staff.

The dis-advantages of this option are:-

- Disruption to service caused by change.
- Staff may not adapt to change easily.
- Working with a third party service provider.
- There will still be an element of traditional post which the organisation will need to cater for going forward.
- Will require an officer to manage this service provider and review the service.
- Staff will potentially be made redundant.

Radically changing these services is a favourable option, as it enables the council to achieve maximum savings and efficiencies. This further allows the council to concentrate on its core services and engage the services of a specialist service provider to provide post services in future.

13.   Financial Implications

The costs and savings of the 3 options presented in this report are set out below, this is based on the 2018/19 predicted spend and digitisation of 60% of the post, this does not include the 5% year on year increase in digitisation:-

Details	Option 1 – Do Nothing	Option 2 – Enhance & Digitise In House	Option 3 – Enhance In House & Digitise Externally
Estimated annual running costs	£163,880	£128,350	£114,050
18/19 Annual Revenue Budget	£163,880	£163,880	£163,880
Potential Annual Saving	**0**	**(£31,880)**	**(£49,830)**
Implementation Costs*			
Equipment	0	£78,000	0
Project Resources**	0	£96,600	£96,600
Service Provider Costs	0	0	£52,500
Other	0	£5,510	0
Total Implementation Cost	**0**	**£180,110**	**£149,100**
Payback period based on 60% digitisation	n/a	5.6 years	3 years

*These costs assume that both Havering & Newham will implement a digital post room and share the implementation costs 50/50. Should only 1 borough proceed then the expectation is that the bulk of the implementation costs will reduce (e.g. purchase of 1 set of equipment rather than 2 and reduced charges from specialist service provider) – the exception is likely to be the project resources.

** This is the resource required for implementation and excluded the £53,700 spent on the development of the business case

Assumptions made in above figures:
•   The cost of current provision is spilt evenly – i.e. 60% of post that can be digitised incurs 60% of current costs whereas it may be that the elements of post which can't be digitised are most costly.
•   Digitising post in house can save 40% of costs and be delivered at 60% of existing costs (based on expert advice from project manager).
•   Digitising post with external provider can be save 70% of costs and be delivered at 30% of existing costs (based on expert advice from project manager).
•   Havering's existing costs are similar to those of an average local authority who can therefore make the estimated reduction in costs identified above. If Havering's costs are already low then it may not be possible to make the 40%/70% reduction in costs through digitising either in-house or externally.
•   No costs have been factored in relating to other departments involvement in the project, e.g. finance, legal, procurement, ICT, facilities management. The assumption is that this can be delivered from existing resources; on the basis they regularly deliver advice to projects.

• No costs have been factored in regarding the print room's role in handling outgoing post. The project manager has advised that the print unit can accommodate these duties from existing resources.

• The Council's HR policies allow staff to seek assimilation to posts in a restructure where there is a match (per their respective policies) between their existing and future job profiles. If staff are not able to be assimilated and cannot be redeployed, this would give rise to redundancy. Given these proposals are transformational in nature, it is suggested that any redundancy/exit costs will be met from the Council's existing redundancy/exit cost provisions. Should the cost of redundancy payments exceed the funds earmarked for this purpose, the Section 151 Officer will identify funding from the most appropriate source. Estimated redundancy costs have been excluded from the above calculations.

Based on the above figures option 3 is the most economically advantageous, and would contribute towards the savings target of £145,000 included within the MTFS to be delivered from the digitisation of the post room. This is a challenging target given the size of the annual revenue budget for this service.

Risks
Whilst significant savings are expected from option 3 the actual savings to be delivered may differ as a result of the following:

• Procurement processes and actual tenders received

• Actual % of post digitised may be lower (resulting in reducing savings) or higher (resulting in additional savings).

• Ability to reduce staffing levels in the percentages shown – it may be that these are more step changes – e.g. a reduction in posts of 0.5 or 1fte at a time.

• Delays in implementation timescales may lead to increased costs.

• Channel shift may further reduce costs of the post function in future years. It has been suggested that this may equate to a reduction in postal activity of around 5% per annum. This may deliver additional savings. These have not been factored into the above calculations at this stage. Consideration will need to be given as to how this will be factored into any contract with an external provider to ensure that the Council realises a reduction in cost at the earliest opportunity.

• The assumption is that TUPE will not apply given that a digital solution is different from the traditional post solution currently offered by in house staff. If d TUPE does apply then it is likely that service provider costs will increase.

NB: The figures in these financial implications have been reviewed by Finance Business partnering however, cross referencing to the remainder of this business case and or the detailed business case is the responsibility of the project team.

14.   Recommended Option

After evaluating the above three options the following, conclusions have been made.
For option 1 it is obvious that the council cannot continue to operate the post services in the same way as this is unsustainable given the budget constraints the council has. With the financial pressures, new ways of working (robotics and automation) and future model of the organisation of being digitally enabled. This is the least preferred option.

For option 2 the council will need to invest in staff development, equipment, technology and premises in order to achieve the improvement needed for its existing services. This will require an investment in time and costs to achieve this option which may prove to be undesirable at this time due to the current financial pressures. However it will maximise the use of the current assets and will also enable the commissioning of services to external organisations which may increase the return on investment and may create an income stream.

For option 3 the council will need to procure and award these services to a specialist service provider. This option helps to achieve maximum savings and efficiencies in the shortest time. This will enable the council to achieve a digitised service as part of the wider digitally enabled borough agenda. This provides a platform for services to build on robotics and automation in the future. This is the preferred option.

The table 13 below illustrates the justification for option 3 being the recommended option.
Table 13

Cost Analysis for all of the Options				
Reference	**Description**	**5 Year Total**	**5 Year Total**	**5 Year Total**
The Predicted Budget Spend	Potential 5 Year Budget Required to Run Post Service	£704,395.00	£508,609.00	£361,768.00
Investment Required	Total Capital Funding Required (Upfront Costs for Provision of Services)	£0.00	£98,260.00	£100,000.00
	Revenue Funding Investment Required (Project Resource Costs)	£0.00	£96,600.00	£96,600.00
Total Investment Required	**Total Investment Required from both Capital and Revenue Funding**	**£0.00**	**£180,110.00**	**£149,100.00**
	Potential Redundancy Costs	**£0.00**	**£8,225.00**	**£16,450.00**
Total Savings	**Predicted Savings based on 2017/18 Budget Spend**	**£37,073.00**	**£195,787.00**	**£342,628.00**

When comparing all three options:-
Option 1 is the most expensive and achieves the least savings and efficiencies.
Option 2 is the least expensive but does not achieve as much savings and efficiencies.
Option 3 is slightly more expensive than option 2 but achieves the most savings and efficiencies.

Having considered all of the above options, the recommended option is option 3.

15.   Benefits

Incoming Post

By initiating this change now to allow, the digitisation of incoming post will enable staff to receive their incoming post as a digital image. Furthermore, this will enable the council to integrate the information directly into back office systems in future. This will reduce staff processing time and double handling of information.

Additionally it will reduce the amount of paper being filed in offices, allow more flexible working, and improve management of post.

In Havering, there are approximately **70** teams that are supported by the post room.

The incoming post process at team level involves the team receiving the post sorting and distributing this to the relevant team members.

The team members then open the post and process the information. The quickest time this can take is typically around **120 seconds (2 minutes)** per item.

The post room in Havering received and further distributed **88,000** pieces of post in 2017/18 working out to approximately **2934** hours spent dealing with incoming post (**88,000 * 2 /60**).

Taking into consideration that there are **7** working hours per day this works out to **420** days **(2934/7).** If this is split between **70** teams then this works out to approximately **6** days of effort per team managing incoming post for 2017/18.

If 60% of post was going to be digitised this would roughly equate to a potential saving of **4** days effort per team instead of **6** days, saving two thirds of staff time.

Outgoing Post

By initiating this change now to allow the digitisation of outgoing post will enable staff to use a print driver instead of printing and placing post in envelopes reducing local print costs, stationary cost and storage of paper, the use of Multi-Functional Devices (MFD's) and allows staff to work on more value added tasks.

In Havering there are approximately **70** teams that are supported by the post room.

The outgoing post process involves the team generating the outgoing post, printing this using the nearest multifunctional device, folding this and inserting this into the envelope, sealing this and placing this in the out tray. The quickest time this can take is typically around **120 seconds (2 minutes)** per item to complete.

The staff in Havering sent out **259,000** pieces of post in 2017/18 working out to approximately **8,333** hours spent dealing with outgoing post **(259,000*2/60).**

Taking into consideration that there are **7** working hours per day this works out to **1190** days **(8,333/7).** If this is split between **70** teams then this works out to **17** days of effort per team managing outgoing post for 2017/18.

If 60% of post was going to be digitised this would roughly equate to a potential saving of **11** days effort per team instead of **17** days saving two thirds of staff time.

It is anticipated that there will be a reduction in the use of MFD's this will result in lower stationary and consumable cost as well as a reduced number of MFD's required in the future. Storage of these items will also reduce in line with this.

Other Benefits

Wherever processes can be standardised this could lead to more efficiencies and potential savings due to economies of scale.

There are also clear dependencies with records management and archiving which could be interlinked with the postal services contractual agreement in future to assist with further cost reductions.

The specialist service provider will also be able to process all bulk outgoing post requests, (brochures, notifications and promotions etc.) if the volumes are significant, the unit cost could greatly be reduced.

The specialist service provider could quite possible assist to bulk scan and digitise existing physical records the council currently stores to assist with accelerating the council's digital drive.

If the council has a contractual agreement for secure shredding this could potentially be absorbed within the postal services contractual agreement in future as there are clear synergies.

This initiative enables the staff within the organisation to focus on more value added tasks.

16.   Non Cashable Benefits

The following is a summary of the benefits that will be achieved and who is responsible for their realisation.

Category	Description	Measure	Accountable
Customer Satisfaction	New ways of working means the organisation can track the incoming and outgoing post	Reduction of misdirected post and improved response times	Head of Service
Team and Service Area Resources	For incoming post staff do not have to open and dispose of physical post securely	Reduction in time taken to handle incoming post and repetitive processes.	Team Leaders
Team and Service Area Resources	Staff have the flexibility to handle incoming and outgoing post without having to be on council premises	Reduction in time taken to process and handle post, Improved response times	Project Manager
Teams and Service Area Resources	For outgoing post staff do not have to print physical post, place these in envelopes and place these in the out trays for the post room to collect and send out	Reduction in time taken to produce and send out post.	Project Manager
Post Room Resources	Time and resources taken to deliver physical incoming post items and collect physical outgoing post items as the majority will be sent digitally	Reduction in time and resources taken to deliver incoming post items to teams and collect outgoing post items from teams by means of improved and secure distribution processes.	Project Manager
Multi Functional Devices	Use of multifunctional devises (printers) for printing of outgoing post this includes reduction of paper ink and envelopes.	Reduction in use of local printers, paper and envelopes.	Project Manager

Security	Loss and potential damage of post items and information being compromised	Reduction of loss and damage of post before being sent out compliance with new GDPR regulations		Project Manager

17. Costs

Illustrated in the table 14 below are the potential costs associated with the preferred option

Table 14

Project Costs								
Reference	Description	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Potential Hybrid Outgoing Post Cost	One Off Implementation (includes Training and Transition), Project Management, Consultancy Charges etc	£10,000.00						£10,000.00
	Support and Maintenance		£2,500.00	£2,500.00	£2,500.00	£2,500.00	£2,500.00	£12,500.00
	Potential Total Hybrid Outgoing Post Cost	**£10,000.00**	**£2,500.00**	**£2,500.00**	**£2,500.00**	**£2,500.00**	**£2,500.00**	**£22,500.00**
Potential Digital Incoming Post Cost	One Off Implementation (includes Training and Transition), Project Management, Consultancy Charges etc	£42,500.00						£42,500.00
	Support and Maintenance		£7,000.00	£7,000.00	£7,000.00	£7,000.00	£7,000.00	£35,000.00
	Potential Total Digital Incoming Post Cost	**£42,500.00**	**£7,000.00**	**£7,000.00**	**£7,000.00**	**£7,000.00**	**£7,000.00**	**£77,500.00**
Potential Overall Digital Post Cost	**Total Digitisation of both Incoming and Outgoing Post**	**£52,500.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£100,000.00**
Resource Costs	Project Manager upto Transition of Services	£16,775.00	£33,825.00					£50,600.00
	WorkStream Lead upto Transtion of Services	£15,250.00	£30,750.00					£46,000.00
Potential Overall Resource Cost		**£32,025.00**	**£64,575.00**					**£96,600.00**
Potential Overall Cost to Digitise Post		**£84,525.00**	**£74,075.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£9,500.00**	**£196,600.00**

18. Financial Case

The following table 15 illustrates the potential investment required. Funding for this project will be from both existing revenue and capital expenditure.

Table 15

Investment Required from Capital Funding	Potential Digital Incoming and Outgoing Post Costs	£100,000.00
Investement Required from Revenue Funding	Potential Resource Costs	£96,600.00
Total Investment Required		**£196,600.00**

The above estimated provision of services investment is solely for Havering
The above estimated price includes the implementation of a fully managed service for a borough of this size, training of staff and transition of services. This also includes the estimated support and maintenance cost for the next five years.

The recharge to services for digitisation of incoming and outgoing post is separate and the potential cost is illustrated in costs and savings associated with option 3, the cost and savings section Table 10 **(£29,150)** the digitisation of incoming and outgoing post cost.

The total funding required for 5 years for Havering is estimated at **£196,600.00**.

19. Negative Implications

The following are the potential negative implications that have been identified:-

- Teams may take time to adapt to new ways of working

- Standardising processes would compromise existing working practices
- Working with a service provider may be more challenging
- Staff will have to find other means of managing personal post
- Transition of service may lead to slower delivery as specialist service provider familiarises themselves with the different types of documents

20.   Critical Success Factors

| Work stream	Measure
Incoming Post Service Provider	- Open. Sort, Index and Digitise all incoming post where possible - Digitise at least 60% of post that comes in - Deliver digitised incoming post to teams and services within agreed SLA's - Deliver all traditional post to teams and services where incoming post cannot be digitised within agreed SLA's, this could be parcels, magazines, cd's and other types of post. - Ability to check and verify all cherished items send digital copies to teams and services and return original documents to senders within agreed SLA's - Process all transactional post (payments) and send reconciliation reports within agreed SLA's - Ability to handle sensitive and confidential information and process this within agreed SLA's - Manage, Archive, Destroy all incoming post items as specified by teams and directorates according to business rules that will be determined by each team and service. - Reduction of paper post coming into the organisation - Reduction of paper storage on site - Reduced carbon foot print - Ability to facilitate the archiving of items as required - Ability to store and arrange for the secure destruction of items over 30 days old.
Outgoing Post Service Provider	- Accept at least 60% of teams and services outgoing post digitally this includes the different classes of post (1^{st,} 2nd Special, Recorded, Overseas) - Print, process, envelope and send out all outgoing post sent by teams and services within the agreed SLA's - Ability to send mail by 2nd class, black and white, duplex as default - Ability to send all traditional post that cannot be digitally sent within the specified SLA's (24hr turnaround time) - Ability to process all bulk outgoing mail requests from teams and services within the agreed SLA's - Reduction in purchase of paper and envelopes - Reduction in use of printers

Teams and Services	• Receive 60% of incoming post as a digital image from the incoming post service provider
	• Send at least 60% of outgoing post digitally to the outgoing post service provider
	• Send 70% of outgoing post by 2nd class
	• Send 70% of outgoing post in duplex mono
	• Send 60% internal mail deliveries digitally.

21.   High Level Plan

The duration of the project is approximately nine months and following table 16 illustrates the proposed high-level plan that will be followed from conception to realisation.

Table 16

Transforming Our Post Services from Conception to Realisation
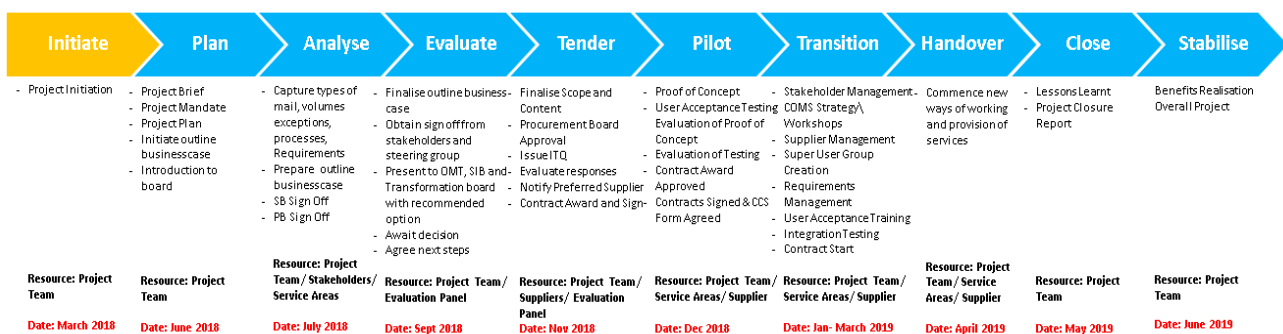
22.   Procurement of Services

Different options and frameworks on the crown commercial services have been identified. The procurement route that will be required has been considered. It has been anticipated that the length of the procurement stage will be approximately three months.

23.   Key Milestones

The following is a summary of the key deliverables for this project

Milestones	To be reached by
Begin procurement	15/10/2018
Commence proof of concept	26/11/2018
Award	10/01/2019
Training and transition complete	30/05/2019
Handover to BAU	27/06/2019

24.　　Deliverables

The following is a summary of the key deliverables for this project provided the business case is signed off by the end of September 2018.

Output	Expected Date	Owner	Who will be consulted
Digitisation of Incoming Post	June 2019	PM	All key Stakeholders
Digitisation of Outgoing Post	June 2019	PM	All Key Stakeholders
Transforming of Traditional Incoming Post	June 2019	PM	All key Stakeholders
Transforming of Traditional Outgoing Post	June 2019	PM	All Key Stakeholders

25.　　Constraints

The following constraints may affect the project/ programme from achieving its objectives

Type	Mitigation
Resources	Availability of key resources to prioritise work due to high levels of change being undertaken by the organisation
Timescales	The Project team are aiming to complete the project by June 2019
Service	Ability to engage and transition to new ways of working within specified timescales

26.　　Key Risks

The following risks have been identified at this stage of the project.

Risk Description	Likelihood H/M/L	Impact H/M/L	Owner	Mitigating Action (if known)
Project funding requested may be insufficient	L	M	SRO	Ensure processes are standardised as much as possible and accelerate time taken to transition the services if there are any delays.
Buy in from senior management	L	M	Directors and Heads of Services	Ensure senior management strongly favour the initiative and advocate this to their staff.
Scope creep	M	H	SRO	Ensure all changes to scope are approved by Executive Director Sponsors
Support services do not embrace the change of process	M	H	Heads of Services	Comprehensive engagement and communications that feed a consistent message across the organisation to encourage buy in.
Reductions in FTE's in post room may impact on morale	H	H	HR and Heads of Services	Manage reductions sensitively, and where possible through upskill and re-deployments.

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27.   Change Management

The proposed transformation of post services will have an impact on the existing post room and all staff within teams and services who make use of the post services. It is vital therefore that we have an appropriate change and engagement plan underpinned by a robust change methodology.
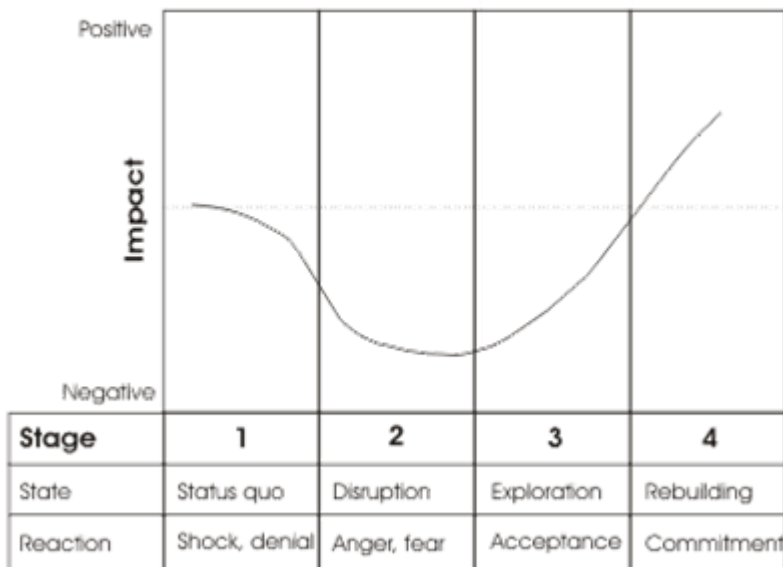
Change requirements for this project can be grouped into the following categories:

People
Culture
Process
Compliance

People

Our customers (Line managers, budget holders, staff etc.) will experience a range of end-user benefits through the digitisation of post services. However along with these benefits it would be natural to assume a performance dip during the implementation and transition period. (period of adjustment – Fig 1, below)

Figure 1: The Change Curve

Stage	1	2	3	4
State	Status quo	Disruption	Exploration	Rebuilding
Reaction	Shock, denial	Anger, fear	Acceptance	Commitment

Culture

Culturally, this project will challenge the pre-existing ways in which post is delivered and sent whereby the post will be opened and handled by the service provider. The teams and services will be required to accept and send their post digitally where possible.

Process

Process changes will require clear communication, with benefits reasoning. There is a high probability that during the transition phase teams will need to work at pace to ensure the services are not compromised.

Compliance

As part of the change piece, there will be an emphasis on adhering to the new GDPR regulations.

Change approach

For the change approach the project team will be working closely with the communications teams to build a communications strategy that adheres to the organisations governance process.

28.   Transition and Handover to BAU

The team will work with internal resources so that they fully understand the requirements and contractual obligations of the service and can thereby manage the service provider and contract going forward.

29.   Assumptions

Ref	Description
1	Resources - It is assumed that key resources will be available throughout the duration of the project
2	Budget – When and if required will be obtained in a timely manner
3	Teams and Service areas respond to information requests and work with the project team in a timely manner
4	The savings and efficiencies that have been illustrated are based on assumptions.
5	Return on investment will be only be realised in the specified time if the costs do not escalate
6	Return on investment will be realised if there are no delays to the project timeline
7	Return on investment will only be realised after full implementation although savings will be achieved during this period.
8	All teams and services will utilise the corporate postal service offering.
9	Costs of using the incoming and outgoing post services will be recharged back to the teams and services.

30.   Version History

Revision date	Revision by	Summary of Changes