

# e-government's real challenge

As the Government's 2005 deadline approaches, Michael Cross discovers that while e-enabling the public sector is beginning to take off, many opportunities are yet to be exploited.

■ **If you haven't done so lately, pay a visit to your local authority's website: you may be pleasantly surprised at the range of information and services there.**

Nearly 80% of councils now accept payments on the web; a significant number allow citizens to view planning applications online. Several offer 'webcasts' of council meetings.

Around half of councils say they are set to meet the Prime Minister's target of 'e-enabling' all public services by the end of 2005. Phil Hope, the minister responsible for local e-government at the Office of the Deputy Prime Minister (ODPM), is even more optimistic: "The vast majority of councils are telling me they are going to deliver on the targets."

The bad news is that the real challenge of e-government will only begin after 2005. And the money for taking it on is running out.

## opinion snapshot

According to the Improvement & Development Agency's (IDA) latest snapshot of opinion – its annual survey of 'e-champions' – 49% of councils are confident or very confident that they will meet the 2005 target. Worryingly, this percentage was the same as the previous year's, despite a noticeable increase in the pace of e-government work. Elected members tend to be more confident than officer e-champions, the agency said.

The number of respondents not confident has fallen only slightly over the past year, from 20% to 17%. If this is representative across England, it means that 66 councils believe they are struggling with the targets.

On the other hand, several authorities, including Birmingham City and Surrey County councils as well as some smaller

boroughs, have already e-enabled their services more than a year ahead of schedule.

## debate moving on

The message from the ODPM is that the debate is moving on. Earlier this year it published a set of 'priority outcomes' for e-government efforts which extend well beyond the 2005 deadline. Hope denies that the priority outcomes amount to new targets; rather, he says, they are about explaining e-government in terms that everyone can understand.

However, this is not how they appear to local authority IT managers, who have to find resources to meet outcomes such as for all authorities to make library catalogues available online. For particularly advanced authorities there are voluntary 'excellent' outcomes, which usually involve persuading large numbers of people to use e-services.

The IDA's survey again shows that 50% of authorities are confident of achieving the priority outcomes. The big issue is how they will pay for them. Estimates of the amount of money English local authorities have already spent on e-government range from £2.5bn to £3bn. About £700m is from central government, via various schemes funded by the ODPM's local government online scheme.

Applications for the last of that money, £150,000 per council for 2005/06 regardless

of size, are due to be submitted this month (November). The balance of spending has been raised by councils themselves or invested by 'strategic partners' taking over IT functions and running them more cheaply.

As a result, e-government has been a relatively painless exercise up to now. Programmes have generally been led by IT departments (though the best, such as at Bracknell Forest Borough Council, tend to be driven by determined political leaders). So long as the money doesn't come out of existing service budgets, e-government tends to be popular.

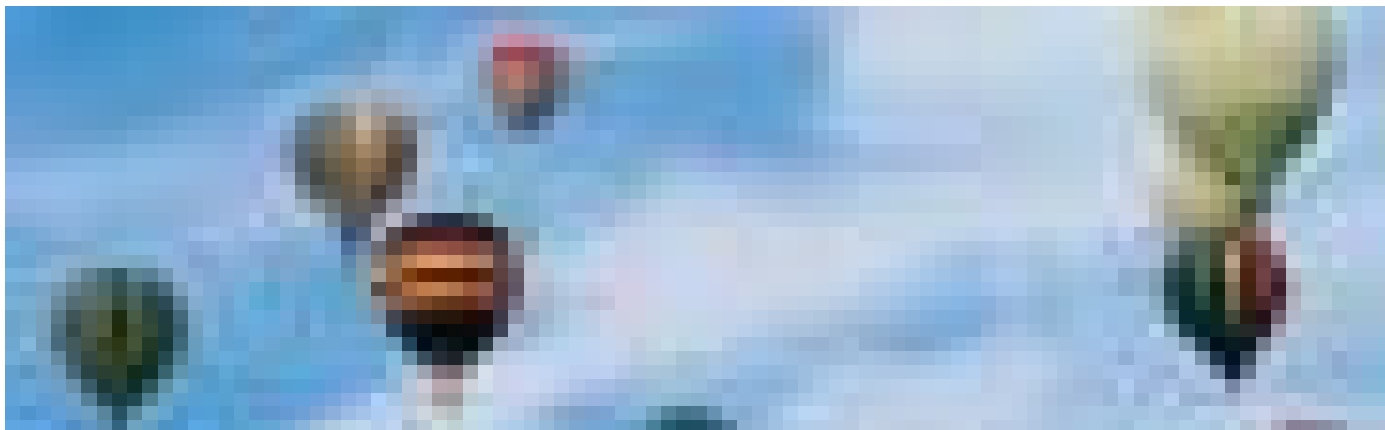
Not for much longer. Hope says that, after 2005, e-government projects will have to be sustainable – they must repay their investment by savings, or generating extra revenue. Colin Mair, Chief Executive of the Scottish Local Government Improvement Agency, warned the annual conference of the IT managers' association Socitm last month that managers will have to start selling e-government to their elected members. To do this, Mair said, they will need to demonstrate that IT adds value, and is not simply a back office cost.

## engine of efficiency

In fact, e-government will be expected to do more than just pay its own way. With authorities facing the squeeze of council tax-capping, the new comprehensive performance assessment scrutiny and the Gershon efficiency regime, the whole role of e-government is changing. From being an enhancement to services, it [e-government] is being seen as the engine of efficiency gains across local government.

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In theory, efficiency has always been on the e-government agenda – almost every strategic statement pays lip service to savings. Only a few, however, turn these words into cash. One example is Liverpool City Council, which has aligned business process re-engineering with an impressive e-programme.

Glyn Evans, Head of IT at Birmingham City Council, and Head of Information-age Government at Socitm, says that so far e-government has focused on improving the quality of services rather than making them more efficient. Local plans, submitted as 'implementing electronic government' (IEG) statements to the ODPM, have identified just £80m in savings, he says. Typically, these come from replacing ageing mainframe computers with modern client-server systems.

To deliver the Gershon agenda, much more dramatic savings will have to be made. Hope says that the savings are out there, it is just a question of identifying them. "This agenda gives real opportunities to create savings of 2.5%," he told a fringe meeting at Labour's annual party conference. "E-procurement, if everyone took it up, could save £1bn."

#### customer relationship management

Another potential goldmine is customer-relationship management (CRM), the practice of creating a single record of each citizen's dealings with an authority's different departments, in the quest for effectiveness and efficiency. About half of English local authorities have either installed a CRM IT system or are in the process of procuring one. Priority outcomes require all authorities to function as if they have CRM even if they don't have a dedicated IT system as such.

CRM can should help councils manage their services better, responding more quickly to abandoned vehicles, for example. However, turning these improvements into cash savings has been a frustrating process. The London Borough of Tower Hamlets has one of the best thought-out CRM strategies, and cites some impressive results – the average time taken to deal with a dumped car dropped from 26 days to two. However, it found that in the short term its costs rose because citizens found it easier to contact the council and order services such as bulk refuse collections.

Hope cites one benefit that is emerging from local authority CRM projects – staff feel they are doing a better job and sickness and absence declines. "If you have a satisfied customer, you have a satisfied member of staff. However, we're not collecting this evidence well enough, which is frustrating."

#### minority activity

The big 'process' savings from e-government will come about only when large numbers of citizens go online to transact directly with authorities rather than needing a member of staff to sort them out. E-government is still very much a minority activity.

According to the Cabinet Office about 28% of the adult population visit government websites, but the vast majority do so only to view information. About 8% download forms and 6% 'transact', which covers processes such as filing tax returns and paying bills. Yet these transaction services are the ones that hold out the possibility of efficiency savings.

Hence the priority outcomes' emphasis on take-up. The ODPM is also funding a project called 'e-Citizen' which aims to collect

and disseminate good ideas about how to publicise e-services. While some authorities have begun to publicise their websites – the London Borough of Islington is buying space on the back of supermarket till receipts, several are using local radio – most do little or nothing to promote awareness.

#### cutting costs

But citizens conducting transactions themselves will not automatically cut costs, apart possibly from the stationery budget, if the old channels are kept staffed at their previous levels. Most of the persuasive 'business cases' for e-government come from the US, where state governments have been ruthless in cutting back their face-to-face services when an e-channel becomes available.

Sooner or later, authorities of all political colours will have to bite that bullet here. It is not going to be popular. The long running industrial dispute over plans to outsource Swansea City Council's IT department could be a taste of things to come.

The quest for e-government savings will not stop at local authority boundaries. Over the past year, local authorities have begun taking the first tentative steps to sharing services such as call centres and CRM. Significantly, a joint IT procurement by two Staffordshire authorities was one of the winners in this year's local government IT awards. Lichfield District Council and Staffordshire Moorlands say they saved £800,000 by working together to procure a £3m contract with ITNET, an IT services firm, earlier this year. The ODPM, not to mention the Treasury, will want to see more such deals. ■

Michael Cross' column *Public Domain* appears in *The Guardian* every Thursday.

