

BRECKLAND DISTRICT COUNCIL

Report of Maxine O'Mahony, Director of Commissioning

To: General Purposes Committee, 19 September 2012

Author: Kevin Rump, Interim ICT/Customer Services Manager

Subject: Shared Services – Breckland ICT with Norfolk County Council

Recommendation(s):

To agree option 2: Enter Shared Services arrangement with Norfolk County Council for delivery of ICT services

1) To pursue shared services with Norfolk County Council for the delivery of ICT commencing 1st November 2012 subject to committee timetable/approval

2) To request approval to move to the next stage of taking a paper to full Council & Cabinet

1. BACKGROUND

1.1.1. The Council faces a set of fundamental budget and service delivery challenges:

- A desire to maintain the lowest District Council Tax in the UK
- A need to maintain a level of corporate reserves
- Central and local cashable saving targets
- A budget position that needs to reflect more accurately the actual service delivery costs to aid future service planning
- Improved provision and access to service

1.1.2. ICT is a organisational support service delivering and enabling at it's basic level, "uptime" to staff, members and partners to enable them to carry out their daily duties. This service is currently delivered by an in-house ICT service

1.1.3. In May 2011, Breckland's contract with Steria Services for the delivery of ICT services came to a natural end, with Staff and Contracts Tupe'd across into Breckland.

1.1.4. During 2011, an options appraisal was carried out by Foresight Consulting to determine a number of options regarding the delivery of ICT services for Breckland Council. Various options have been explored including West Suffolk partnership and Compass Point Business Solutions

1.1.5. In December 2011 the ICT team at Breckland Council underwent a reorganisation resulting in a reorganisation of the ICT Team.

1.1.6. At the end of the 2011/12 financial year, Breckland ICT had made efficiency savings of just over £500k from the ICT revenue budget (approx 34% of budget).

1.1.7. In 2012 formal discussions were held between Breckland and Norfolk County Council around delivery of a shared ICT service.

2. FINDINGS AND ANALYSIS

2.1.1 Breckland Council had invested in Foresight Consultancy to review a number of options, all of which were considered a non-starter. The remaining 2 options up for consideration are to keep the ICT service in-house or to enter a shared services with Norfolk County Council.

3. OPTIONS

A number of options have been explored including:

- Option 1: Do nothing – keep ICT in house
- Option 2: Share services with Norfolk County Council
- Option 3: Share services with CPBS

- Option 4: Share services with West Suffolk

Both the CPBS and West Suffolk options have already been explored by Foresight Consulting and are not considered as part of this report.

3.1 Option 1: Do nothing – Keep ICT in-house

3.1.1 Description

- Keep ICT Service in-house with staff employed by Breckland delivering the needs to shared services, partnership working and internal ICT service

3.1.2 Risk

- **Staff Resilience** - Breckland's ICT department is held together by 7 permanent staff members and 2 contractors. If there is a reduction in these numbers due to staff sickness, leave, or staff leaving for other jobs, the service can be dramatically affected both through continuation of delivery of service and ability to deliver new projects to enable change.
- **Access to skill set** – with only 7 staff members there is a perceived loss of skill set. Staff tend to be “jack of all trades”. Keeping service in-house means absence of skilled professionals in distinct functions (i.e. Citrix expertise)
- **Security risks** - with less budget/staff numbers there is a risk that security good practice drops whilst the increase of remote security attack increase as technology enables better ways of working.
- **Capacity** – with a small in-house team there is a reactive approach to business change needs often positive but with restrictions in knowledge and capacity to deliver quality
- **ICT strategy delivery** – there is a need to deliver upgrades to the Microsoft platform (exchange etc) to ensure we are supported and the risk of keeping in-house is the ability, capacity and required skill-set to deliver these needed changes moving forward.

3.1.3 Effort

- Review of current and vacant posts would be required to deliver the service if kept in house

3.1.4 Timescales

- Business as usual

3.1.5 Expenditure

- Continued savings could be identified in the current Revenue budget but these would be minimal
- Costs of staff/contracts would continue as normal

3.1.6 Benefits

- In-house provides a slightly more reactive service delivering to the current culture needs of Breckland
- There is a sense of direct control over ICT through access to an in-house ICT service

4.1 Option 2: Enter Shared Services arrangement with Norfolk County Council

4.1.1 Description

- Enter into a shared services arrangement with Norfolk County Council through a delegation agreement

4.1.2 Risk

- **Perceived loss of service**- entering a shared services with County will change the way the ICT is delivered. Staff and members may see this change as a perceived loss of control, access to staff, and may find it difficult to get the “reactive service” provided by current in-house ICT.
- **Staffing** – the staff are critical to transition. They hold local knowledge and could consider a move to NCC shared services a step back in their own careers. This could lead to staff leaving between now and 1st November (estimated TUPE date)

- **Budget/Financial** – NCC shared services would require the Breckland ICT budget to be transferred across as NCC will have the delegated power to spend/save. The risk of this is missing something financially that NCC would not pick up, leaving Breckland the added expense, or NCC finding something through review of the service using skilled professionals in particular functions (Citrix) that require additional spend to put right.
- **Control** – NCC run a strict ITIL process based on standard quality assurance for the ICT industry – something which Breckland doesn't do currently. This ITIL process may enforce certain processes and restrict ad-hoc investments (Environmental Health systems, Performance+ for example). There is a risk in the restriction of required work or a delay in the process due to accepting the benefit of the standard ITIL quality processed

4.1.3 Effort

- Considerable effort is required to transfer to NCC, some things will be done earlier than 1st November, other things beyond the transition date.
- Key work streams would be required for HR, Legal, Communications, Finance and ICT service design – whilst delivering the main day to day service.

<u>HR</u>	<u>Legal</u>	<u>ICT Service Design</u>	<u>Finance</u>	<u>Communications & Governance</u>
Staff TUPE Payroll Ts & Cs Consultation	Agreement Ts&Cs	Services In scope/out of scope	Affordability model and Business case	Stakeholder Change management Committee timetable Approval

4.1.4 Timescales

- See Appendix B – Committee Draft Timetable

4.1.5 Expenditure

- The only expenditure at this time is staff time. There could be some costs under any agreed TUPE of terms and conditions of affected staff member.

4.1.6 Key points

- NCC will be provided the ICT budget for those in-scope services/functions to delivery the ICT service.
- NCC has committed to providing 4 roles onsite - 6 Breckland roles will be affected by the transition.
- NCC has approximately 250 in the ICT department with ITIL quality process in place for all ICT delivery.
- Web services is out of scope and will move to Customer
- Capita Symonds support is in-scope of NCC transition
- Breckland will appoint a Client Role in ICT/Customer to act as the client for NCC and other partners (South Holland, ARP ICT etc)
- ARP ICT is out of scope of NCC transition.
- CPBS is out of scope of NCC transition
- There is a 6 month exit clause with NCC (on both sides). There is no minimum/maximum term but affordability and savings are based on a 3-5 year business case.
- There will be a high-level agreement over the shared services principles.
- This would be a Shared Service, not a Steria or equivalent outsourced agreement. This is a non-profit venture.
- A governance board would be established between Breckland and NCC to measure the delivery of services. This board would govern strategy, performance, change control – either new work requests from Breckland or recommended changes from NCC, and specific issues.
- An independent assessment of the business case and transition work would be initiated before the planned transition date on the 1st November 2012.

4.1.7 Benefits

- Economies of scale, increasing with more partners

- Tangible and sustainable ongoing savings
- Improved resilience of service in all areas of ICT from a larger pool of staff supporting a range of standard technologies providing the ability to use specialist staff and depth of expertise in all areas of ICT provision supplemented through the use of third party
- Opportunities for staff career progression and development
- Enabling other partnerships to develop between the shared services organisations for example procurement opportunities for District specific applications.
- Improved supplier management through the use of specialist staff managing larger contracts.

5 REASONS FOR RECOMMENDATION(S)

Key reasons

- 1) There is a need to provide resilient services through staff and technology
- 2) We already have a good relationship with Norfolk County Council having used resources from NCC over the last 6 months.
- 3) There is a shared service already in motion. NCC providing staff to aid our day-to-day delivery and Breckland providing advice on the Video Conferencing implementation.
- 4) There is a vision of a platform for Norfolk at the strategic & political level

In addition - See Report by Shared Services NCC/Breckland Appendix A

6 IMPLICATIONS

- 6.1 **Carbon Footprint & Environmental Issues:** None
- 6.2 **Constitution & Legal:** Committee approval process is required – see attached
- 6.3 **Contracts:** Yes – there is legal obligation of the council to do due diligence on any contractual agreement between NCC and Breckland
- 6.4 **Corporate Plan:** None
- 6.5 **Crime and Disorder:** None
- 6.6 **Equality and Diversity & Human Rights:** None
- 6.7 **Financial –** yes – financial obligations required. Agreement with NCC would required NCC to manage the ICT budgets as a delegated function.
- 6.8 **Risk Management:** Detailed Risk assessment to be carried out as part of the project
- 6.9 **Staffing:** ICT posts are affected by this recommendation and TUPE/consultation will be required
- 6.10 **Stakeholders / Consultation:** Consultation period re: changes to job role/possible location of work
- 6.11 **Other:** None

7 WARDS/COMMUNITIES AFFECTED

None

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Key Decision –Yes/No

Appendices attached to this report:

Appendix A: Breckland & Norfolk County Councils working together ICT Shared Services
 Appendix B: Committee meetings project plan

Appendix A: Shared Services Document



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Breckland and Norfolk County Councils **Working Together** **ICT Shared Service**

Strategic Vision

Good ICT has become increasingly important to the delivery of public services, not least because of increasing public expectation that they can access services in ways and times that suit them. By sharing underlying infrastructure such as data networks we can create a platform for sharing services, achieving flexibility, allowing the public, members and staff to access any of our services from any of our locations or indeed from their homes, or while on the move.

The Shared Services vision to provide a true 'ICT platform for Norfolk' will enable public sector organisations to share in tangible and sustainable benefits including:

- Economies of scale, increasing with more partners
- Tangible and sustainable ongoing savings
- Improved resilience of service in all areas of ICT from a larger pool of staff supporting a range of standard technologies providing the ability to use specialist staff and depth of expertise in all areas of ICT provision supplemented through the use of third party
- Opportunities for staff career progression and development
- Enabling other partnerships to develop between the shared services organisations for example procurement opportunities for District specific applications.
- Improved supplier management through the use of specialist staff managing larger contracts.

The Potential Savings for Breckland

- The ICT Shared Service can provide access to an ICT platform and staff expertise which will improve resilience of service for Breckland Council

members and staff. The effective use of appropriate skill sets can over time ensure that the emphasis of ICT work can shift from supporting the existing ICT service to delivering business change projects. The target for ICT service improvement is to move from 80 per cent support currently to 60 per cent by 2014/15. The resource no longer required for support can either be redirected onto business change programme activity or taken as savings. It is estimated that over a five year period the financial allocation to this would increase from £xxxx currently to £xxx in year 5. Total of £xxx assuming a 5 year agreement.



- Financial allocation to programme or savings increases from £53,000 on transfer to £103,000 in year 5.
- £438,000 assuming a 5 year agreement.

- Through professional ICT contract and licence management it is estimated that it will be possible to reduce the budget for licence management by approximately £23,000.
- Future ICT procurement can be managed via the Shared Service and will assist in delivering best value solutions for Breckland projects.

The Detail

- Following an European Court of Justice case known as the *Hamburg case* or *Commission v Germany (2009)* it is now generally accepted (although not tested in the English courts) that there is a greater degree of flexibility for public authorities to enter into genuine shared services arrangements, and that these should fall outside of the competitive tendering requirements in the Public Contracts Regulations 2006. In particular such arrangements should not involve the private sector, but should have the features of genuine collaboration to share costs and resources to better deliver public services. It is recommended that this is achieved through a Joint Services Agreement.
- ICT staff transfer to the shared service under TUPE arrangement
- Any service changes are by mutual agreement for mutual benefit

- Savings can be taken at any time or re-invested in the service
- Clear governance ensures everyone's voice is heard
- No fixed term (but 3 – 5 years anticipated)

Transition Plan

The transition of service will take place following Member approval and Agreement signature commencing on 1st October 2012.

Budget and Cost

The requirement of joint service is that the service is provided to Breckland Council at cost with no profit accruing to Norfolk County Council. An assumption of the affordability model (attached) is that the Breckland ICT Service, including savings, will be delivered within the constraint of the current Breckland ICT budget.

Appendix B: Committee Draft timetable

