

Executive

ICT Service Development

26 July 2011

Report of Strategic Director Environment & Community

PURPOSE OF REPORT

To consider the principles of a shared ICT service with South Northamptonshire Council.

This report is public

Recommendations

The Executive is recommended to:

- (1) Agree in principle with a shared ICT service with South Northamptonshire Council;
- (2) Receive a full business case for such a proposal to include estimated costs, benefits and risks prior to final commitment;
- (3) Support external validation and assurance of the technical and service proposals assuming a clear conclusion in the Business Case to progress to a shared service in some form; and
- (4) Approve funding from the Council's Change Reserve of up to £20,000 for this external validation and assurance.

Executive Summary

Introduction

- 1.1 The joint activity between this Council and South Northamptonshire Council (SNC) has involved, amongst other things, ICT. This initially involved two workstreams. The first is to have common systems to enable the efficient working from more than one location for the shared senior management team. The second was to identify opportunities for harmonisation of ICT systems and infrastructure across the two organisations.
- 1.2 A further and more advanced opportunity has arisen as a consequence of SNC's contract with an external ICT supplier ending in April 2012. As a

consequence, SNC commissioned SOCITM Consulting to advise on its options, two of which were entering into some form of joint working with this Council.

Proposals

- 1.3 SOCITM Consulting concluded that, of the various options available, the two which offer the greatest overall benefit are to establish a shared service serving the two councils or to commission CDC to take over the running of the ICT service on SNC's behalf.
- 1.4 The report favours the shared approach on the basis that this is more in line with the shared service aspirations of the two councils. It also notes that the preferred option for SNC will depend on the allocation of costs and benefits between
- 1.5 This position has been considered by the Joint ICT Working Group, the Joint Arrangements Steering Group and the SNC Cabinet. All have endorsed the need for each Council to consider 'in principle' support followed by the development of a full business case with clear benefits, estimated costs and risks prior to any formal commitment.

Conclusion

- 1.6 A shared ICT service has the potential to offer significant benefits, both financial and through service support, to both councils. However, this needs a clear business case with risk factors evaluated and external validation.

Background Information

- 2.1 South Northamptonshire Council's ICT is currently provided by an external supplier in a partnership arrangement that ends in April 2012. The Council needs to identify suitable arrangements for the supply of ICT beyond this point and work on this is in progress.
- 2.2 The options for SNC when the contract ends are to re-tender the service, bring the service back in-house or develop some form of collaborative or shared working arrangement with another authority. Extending the current contract is not viable under current procurement legislation as a long term solution because the contract has already been extended once.
- 2.3 The Council commissioned SOCITM Consulting to advise on these options and, specifically, to advise on the feasibility of entering into some form of joint working with this Council. SOCITM Consulting concluded that, of the various options available, the two which offer the greatest overall benefit are to establish a shared service serving the two councils or to commission CDC to take over the running of the ICT service on SNC's behalf.
- 2.4 The report favours the shared approach on the basis that this is more in line with the shared service aspirations of the two councils. It also notes that the preferred option for SNC will depend on the allocation of costs and benefits between the two councils.

Work to Date with SNC

- 2.5 In parallel with the SOCITM study, the Council has been working with SNC to explore and develop joint ICT solutions.
- 2.6 This work was carried out through the Joint IT Working Group with Terms of Reference as set out in the Final Business Case for Shared Working (18th November 2010) as follows:
- To identify the technology required to facilitate efficient working from more than one location / base for officers.
 - To identify opportunities for harmonisation of ICT systems and infrastructure across the two organisations.
- 2.7 With regard to the first task, the Joint IT Working Group has already delivered the following and this has been signed off by the Joint Arrangements Steering Group:
- a robust data connection between the two authorities,
 - technical changes to the underlying architecture to enable access to each other's systems in a robust and secure way,
 - a single e-mail and e-diary system with user names in the form forename.surname@cherwellandsouthnorthants.gov.uk
 - linking of the two telephone systems to provide short code dialling and no-cost calls between the two authorities,
 - rationalisation of telephone maintenance to one supplier
- 2.8 Work is still in progress around opportunities for harmonisation of ICT systems and infrastructure. In particular both organisations are carrying out an audit of their existing ICT 'estates' using a common format which takes into account the business and information management requirements of each system as well as the potential for systems to support future shared service provision and contractual and technical considerations. This is expected to be complete in August.
- 2.9 The intention is that once this audit is complete, the two councils will evaluate the results, develop proposals for working together on the basis of the data collected and develop a business case for consideration by Members in each authority. It is also intended that the business case and the underlying architecture proposals will be subject to independent evaluation and due diligence to ensure that the proposals are robust and credible and do not expose either organisation to undue or unacceptable levels of risk.

External Validation

- 2.10 The purpose of the external validation will be to provide independent assurance to Members that whatever is proposed in the Business Case to be produced later this year is both technically and financially sound, that it supports the strategic direction of other shared services in due course if desired and that it does not expose either organisation to undue risk.
- 2.11 The joint working implementation contingency could be used to fund this work but was not established to cover ICT expenses. The respective Heads of

Finance have however advised that CDC could fund £20k of this from its Change Reserve and SNC could fund the same from its ICT Strategy Reserve.

- 2.12 It should be noted that SNC will need to continue to make arrangements to ensure a smooth and effective transfer from its current outsourced contract whilst a decision on the above recommendations is being determined. The presumption at the moment, and as endorsed by the SOCITM report, is that the best way forward on this is some form of shared service with CDC and in practice all of this is likely to come together in the business case in the autumn.

Key Issues for Consideration/Reasons for Decision and Options

- 3.1 The end of the existing ICT outsourcing contract in April 2012 is timely in that it provides a good opportunity to consider the merits of collaborative and shared working between the two councils.
- 3.2 It also presents a risk in that SNC must be able to continue to operate effectively in the event that there are any difficulties or delays in implementing shared service solutions.
- 3.3 This risk is being mitigated by work in hand with the existing main supplier and with suppliers of other key systems to identify best options and alternative solutions. The timing of this work is aligned with that with CDC to ensure that SNC has viable solutions available in the event of problems with a shared service approach.
- 3.4 In practice, the way forward for SNC will be a mixed approach in the short term. This reflects the amount of work and time required in migrating to new arrangements of any sort and also reflects the need to take other factors (such as national changes to Benefits) into account. In addition, work to date has already identified that some SNC services would wish to switch to CDC systems and that some CDC services would wish to switch to SNC systems.
- 3.5 This leads to a complicated picture and the results of all this work will come together when the full business case is presented to Members in the autumn.
- 3.6 The route map and timescales will also be more clearly known at that stage. By way of a marker though, the regional Shared Services seminar attended by officers from both councils earlier this year indicated an average eighteen month period for this type of work and SNC will clearly need to make interim arrangements once the route map is clear.

The following options have been identified. The approach in the recommendations is believed to be the best way forward:

- Option One** To explore the benefits, estimated costs and risks of a shared ICT service.
- Option Two** To retain separate ICT services other than those already programmed in a shared way
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Consultations

Joint ICT Working Group Support

Joint Arrangements Steering Group Support

Implications

Financial: Funding of up to £20,000 from the Corporate ICT Reserve can be earmarked for the external validation and assurance of the technical and service proposals underpinning the Business Case in the event of a clear conclusion to progress to a shared service in some form.
Comments checked by Karen Curtin, Head of Finance 01295 221551

Legal: The Council's usual procurement process will need to be followed to choose the contractor to carry out the external validation and assurance. The Shared ICT Service would be covered by existing S113 Agreement between CDC and SNC.
Comments checked by Nigel Bell, Team Leader – Planning & Litigation / Interim Monitoring Officer, 01295 221687

Risk Management: Effective ICT systems are essential to both councils core business and this is reflected in CDC and SNC risk registers. The business case for a shared ICT service will include a full risk assessment and maintenance of a risk log for the project.
Comments checked by Claire Taylor, Corporate Strategy and Performance Manager 01295 221563

Wards Affected

None specific.

Corporate Plan Themes

An Accessible, Value for Money Council.

Executive Portfolio

Councillor Nicholas Turner
Lead Member for Customer Services

Document Information

Appendix No	Title
None	
Background Papers	
SOCITM Consulting Report	
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