

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: ICT Shared Services Business Case

Meeting/Date: Overview & Scrutiny (Economic Well-being) Panel,
9 July 2015
Cabinet, 16 July 2015

Executive Portfolio: Cllr Tysoe, Executive Councillor for Customer Services

Report by: Julie Slatter, Corporate Director (Services)

Ward(s) affected: All

Executive Summary:

- 1) Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) have agreed to work in partnership to deliver a range of shared services and have agreed principles to underpin this approach.
- 2) This report provides the business case to establish an ICT shared service between the councils and details the activities to create the ICT shared service.

Recommendation(s):

To approve the business case and delegate the authority to the Managing Director, in conjunction with the Portfolio Holder for Customer Services, to make decisions and to take steps which are necessary, conducive or incidental to the establishment of the shared service in accordance with the detailed business case.

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1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 The report describes why there are strategic and financial benefits to all three partners in creating an ICT shared service for CCC, HDC, and SCDC. It contains the vision and strategy for the ICT shared service and describes the services which would be provided. It also includes the timetable for implementation, including the transfer of staff from CCC and SCDC to HDC.
- 1.2 The report also contains a detailed financial model showing how savings will be achieved against baseline (starting) budget, and the cost benefit apportionment between the three partners, as per the guidance provided by the Partnership Board for Shared Services.

2. WHY IS THIS REPORT NECESSARY/BACKGROUND

- 2.1 When this matter was last reported, approval was given to work on the proposal to establish an ICT shared service. An approach was adopted that utilised the services of an interim project manager to work with the services in the development of the business case. This was funded in full by the Transformation Challenge Award (TCA) made by government to the three councils concerned to support their work towards a range of shared service arrangements.
- 2.2 The business case for the establishment of an ICT shared service is attached at Appendix A. The rationale for the establishment of the ICT shared service between CCC, HDC and SCDC is that it will achieve economies of scale whilst reducing duplication between existing ICT teams in the three councils.
- 2.3 It is proposed that HDC will act as the Lead Authority for the ICT shared service; its scope is for the provision, operation and evolution of ICT services for the three councils.
- 2.4 The ICT shared service will be created by the TUPE transfer of staff from CCC and SCDC to HDC; this is proposed to happen on 1 October 2015.
- 2.5 Budgets of £1.34m for staff costs for the remainder of 2015/16 will move from CCC, HDC and SCDC to the ICT shared service on the commencement date. However for reasons of pragmatism, the non-staff budgets will not transfer to the ICT shared service until 1 April 2016. The ICT shared service will have a full year operating budget for 2016/17 of £5.027m combining the operating budgets of each of the three current ICT service operations.
- 2.6 As with all service areas within the three councils, each ICT service delivery team has already been challenged to reduce the costs of delivery. Savings have accordingly already been taken from each council from their 2015/16 budgets (the last year when each council approved its own ICT service budget if this business case is approved). Savings of £0.887m have been targeted for 2016/17; the equivalent of a reduction of 15% of the budget.
- 2.7 Setup costs of £80k have been identified; these will be covered by the TCA award and are not at additional cost to the participating councils.
- 2.8 The overview report accompanying this agenda item on shared services details the general principles used to underpin the establishment of shared services between the three councils.

3. OPTIONS CONSIDERED/ANALYSIS

- 3.1 For some time, all three partner organisations have been considering a range of options, including insourcing/outsourcing of their ICT services and the establishment of a shared service. More recently, CCC, HDC and SCDC have reached a broad agreement to establish a range of shared services, ICT being one of these. The close geographic proximity of these three organisations combined with the high affinity in type of service provided has led to the conclusion that an ICT shared service has merit. The financial model bears this out.

4. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?

- 4.1 Section 11 of the business case describes the key risks and associated mitigation actions. The financial modelling undertaken during the production of this business case provides significant mitigation to the risks around lack of clarity as to how savings will be identified, tracked and apportioned back to the partners.

The other key risk area is that of staff transfers from CCC and SCDC to HDC. The detailed timeline and implementation plan for TUPE consultation and staff transition has been developed in order to mitigate this risk and maximise the possibility of smooth transition to establishment of an ICT shared service.

5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION

- 5.1 This business case is being presented during July 2015 for approval by all three partner councils. In parallel, the work required to prepare for going live on 1 October 2015 shall also proceed, including the identification of "Quick Win" projects which can help realise early benefits from the ICT shared service.

6. LINK TO THE CORPORATE PLAN

- 6.1 This business case is fully aligned with the strategic goal of ensuring services are provided in the most pragmatic, cost-effective manner. The economies of scale presented by an ICT shared service will provide lower unit costs of service provision through economies of scale and increased buying power.

7. CONSULTATION

- 7.1 Formal TUPE consultations with Staff and Staff Council are scheduled to commence shortly, in the event of the business case being approved. It would be premature, and indeed inappropriate, to commence consultation until such a decision is reached. The consultation will relate to TUPE arrangements and service restructures.

8. LEGAL IMPLICATIONS

- 8.1 Transition of staff from CCC and SCDC to HDC will be fully compliant with TUPE legislation.

9. RESOURCE IMPLICATIONS

- 9.1 Staff will transfer from CCC and SCDC to HDC when the ICT shared service is established, currently planned to be 1 October 2015.

10. OTHER IMPLICATIONS

- 10.1 Implementation of an ICT shared service is expected to yield significant benefits in the extent to which ICT can play a key role in shaping future “digital first” service provision. A single larger ICT organisation should also yield more attractive career opportunities for staff compared to three smaller ICT services. It therefore ought to be easier to attract and retain highly talented individuals, offering them a more varied range of career options.

11. REASONS FOR THE RECOMMENDED DECISIONS

- 11.1 There are strategic, commercial and environmental reasons why the recommendation is to create an ICT shared service.

12. LIST OF APPENDICES INCLUDED

Appendix A – Business Case

BACKGROUND PAPERS

November 2014 Cabinet papers.

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