

PARTNERSHIP WORKING BETWEEN NORTH DEVON AND MID DEVON COUNCILS

Cabinet Member Cllr Colin Slade
Responsible Officer **Head of Business Information Services**

Reason for Report: The purpose of this report is to advise Members of the need to continue to pursue partnership working, to producing a detailed business case that will allow an informed decision to be made.

RECOMMENDATION(S):

- 1. That the Chief Executive, in consultation with the Cabinet Member, negotiate with North Devon Council for the provision of a joint ICT service.**
- 2. That the form and structure of the joint service be negotiated and reported to a future Cabinet meeting.**

Relationship to Corporate Plan: Reducing costs for support services will enable more resources to be allocated to the Council's priorities.

Financial Implications: The business case needs further detailed development with the support of additional expert resources to produce more accurate savings forecast.

Legal Implications: Various legal documents and contracts will need to be reviewed for the termination and exit clauses.

Risk Assessment: Please see the Business Case for details of Risk Analysis and mitigation.

1.0 Introduction

1.1 Since October 2014 both North Devon Council and Mid Devon Council have been sharing Mid Devon's Head of Business Information Services. This is to enable the preparation of a Business Case to work in partnership with a single ICT service between the two councils. This would underpin all other joint working opportunities. The Business Case (draft) is a separate document.

1.2 The initial reasoning was to make significant reductions in the cost of delivering services and to create efficiencies because of the ever decreasing settlements from central government. The councils share boundaries and have similarities and challenges in servicing remote rural communities. Each council provides similar services, each have their own support services and technology centres with the related separate support and maintenance costs. Each council has the challenge of being flexible and dynamic to meet changing business needs.

1.3 Each council has the challenge of delivering Business Transformation to create efficiencies and savings, and to meet channel shift demands from customers. More customers want to carry out transactions online because the expectation is there through online banking and shopping. Electronic transactions can deliver the efficiencies and savings and improve the customer service experience. The challenge to the councils is the investment in skills and technology to deliver the change.

1.4 Workforce management through natural wastage and redundancies has reduced ICT staff to a level around critical mass for both authorities. This leaves little room for resilient working during leave or sickness and decreased capacity for business development needs

1.5 Both councils recognise and support the need for local employment, local delivery and local identity.

1.6 Executive Summary of outputs and anticipated benefits

- To significantly reduce revenue costs and to make more efficient use of staff and systems.
- To set up the partnership joint service (single service) in such a way that enables more services to be uniformly provided
- Savings will be achieved when services work together both internally (information sharing) and in partnership in sharing single systems
- Implementation of common systems and standard ways of workings may enable future inclusion of other authorities.
- This joint working project will need a period of five years to fully deliver the full range of realisable savings
- Working towards contract end dates to harmonise systems rather than 'buying out' and terminating, is likely to be economically preferable but will take longer to deliver savings
- To enable and support projects, particularly Digital Transformation across all authorities (improved Customer Service and channel shift)
- It is recognised that significant initial capital investment will be required to align and migrate systems.

2.0 Future service delivery options

2.1 The purpose of this report is to advise Members of the need to continue to pursue partnership working, to producing a detailed business case that will allow an informed decision to be made as the future structure of a joint service that meets the business needs of both authorities.

2.2 A partnership could be established, jointly owned and controlled by the local authorities. The authorities could use the 'Teckal exemption' to contract with the partnership to provide the ICT Service without the need to run a full procurement exercise.

2.3 A partnership could be flexible enough to include other local authorities and also to join other local authority providers such as Strata should that be appropriate.

- 2.4 A further option is that Mid Devon could provide NDC with and ICT service for a 5-10 year period under contract. This will involve transferring NDC ICT staff to MDDC.
- 2.5 The business case needs further detailed development with the support of additional expert resources to produce more accurate savings forecasts.
- 2.6 Any partnership would in no way affect the sovereignty of each council being able to make their own decisions for their locality.

3.0 **Reasons for recommendations**

3.1 The key drivers that have emerged are:

- To deliver efficiency and revenue savings
- To share scarce resources (people and money)
- To improve resilience (less reliance on individuals)
- To improve capacity for change and business transformation
- To improve end user experience (all staff, managers and members)
- To avoid unnecessary and expensive duplication of effort

3.2 Revenue savings would be achieved by converging and consolidating the various contracts that each council holds. Efficiencies could also be achieved by jointly implementing new technology solutions to enable new ways of working in delivering electronic front line services where transactions can be measured in pence against face to face transactions costing pounds

3.3 Sharing people and skills is already starting to happen in an informal way but should be formalised to gain real benefits in salary savings, and skills and knowledge transfer. (The informal sharing is not just confined to ICT). Additional skills (training) need to be acquired to deliver online services but these would be a shared acquisition.

3.4 Improving resilience will address the business risk of relying on just one person. The staffing levels in each council have been much reduced as a result of government cuts leaving each council in a vulnerable position should there be long term sickness or worse.

3.5 Because of the staff reductions mentioned above, each council has been left with little capacity to enable necessary business transformation work, channel shift, or even keep up with necessary technological changes. Creating a single ICT team with create a resource pool that will enable capacity through sharing change and implementation workloads between staff.

3.6 Improving support and ICT experiences for all users will be achieved by consolidating, converging, and keeping applications current; working together to achieve business alignment; sharing training and learning. It will also underpin joint working in other areas eg planning.

3.7 Where work has to be carried out in both councils, a joint approach should reduce duplication of work and costs eg the review of CRM and possible

replacement. It should improve purchasing power and strengthen supplier performance management by creating single contracts for multiple use.

4.0 Further information

4.1 The financial arrangements have been compared with the councils having budgets of similar values.

4.1.1 For the current year the total revenue is £1.8m (£932 and £869). Mid Devon still retains its housing stock representing about a quarter of the revenues costs and is able to recharge an appropriate proportion to the Housing Revenue Account (HRA).

4.1.2 The total capital is £483k (£315 and £168). The difference between the two authorities capital commitment reflects the approach in that Mid Devon continues to invest to meet business transformation needs and remain at current levels of technology, investing in online services and mobile working. Whilst North Devon is in support and maintenance mode with minimal investment, due to the focus on accommodation changes to enable the vacating of the Civic Centre and move to Brynsworthy.

4.2 The technology approach of North Devon has been different to that of other authorities in Devon and any partnership working would require North Devon to invest to become similar in technology levels to enable joint working. This process has been started with signing a Microsoft subscription agreement to enable the necessary upgrades and changes to be made.

4.3 It is anticipated that the partnership technology would be based on Microsoft products as these and the skill sets are readily available and are treated as a standard for line of business system integration. Typically, this would consist of Office, Outlook/Exchange email, sharepoint intranets, Lync telephony, SQL databases. The partnership architecture, how it all joins together and delivered to the desktop, needs designing but will include standardising approaches.

4.4 Both councils hold a very similar number of contracts but with different suppliers with an estimated value of £450k in each council. Considerable savings could be made by converging the business systems and consolidating the contracts. It is estimated that contracts could be reduced by about a third to a half to produce savings of circa £300k - £400k (Circa £1.5m over five years). Each contract requires supplier management, support and maintenance costs, together with the diverse skills and knowledge for each different business system. Consolidating contracts would create more savings by reducing administration overheads. Additional savings could be achieved by consolidating on technology but this needs further investigation. These savings would take between three and five years, possibly more to deliver.

4.5 Converging business systems is essential to reducing cost and complexity, and to release resources for business transformation.

- 4.6 The discrete ICT teams would be merged to create one more resilient organisational structure with internal teams for Support, Infrastructure, Security, Business Systems, Business Development and Projects. There would be a single Service Desk system and support should be site agnostic. Best practice for delivering ICT Services will be implemented. Sharing and cross skilling across the team is an essential approach. Where there is project or business development work required, there will be a pool of acquired skills and experience to draw on.
- 4.7 Whilst staff will have a main office as a base they will be expected to be mobile, to be able to work from other locations including home.
- 4.8 Currently there is a total of 31.6 ICT staff including joint Head of Service with 850 users (ratio of 27 users to 1 ICT).
- 4.9 Governance arrangements would need to be put in place. Typically these would consist of a Partnership Board with a senior officer from each authority plus the Manager of the partnership. The Board would have responsibilities for operational aspects, financial management and technical strategy.
- 4.10 Risk management is important to the success of the partnership project. A number of risks have been identified including political cooperation; willingness to embrace change; need for investment; legal challenges; and staff issues.

5.0 **Next Steps**

- 5.1 If agreement in principle to a joint service is achieved with both authorities, then the next steps are to:
- Put people and funding into preparing the detailed business case
 - Carry out further consultation with staff.
 - Prepare the Implementation Plan and agree timetable
 - Form joint workstreams for legal, finance, HR and ICT to determine the detail for partnership requirements with transfer of staff, assets and funding
 - Create the necessary legal documents for partnership working to the satisfaction of both authorities
 - Report back to Cabinet on the outcome of negotiations.

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Circulation of the Report: Management Team and Cabinet

List of Background Papers: North & Mid Devon Joint Working Business Case