Leicester City Council

RESOURCES AND CORPORATE ISSUES   **14 SEPTEMBER 2006**
 SCRUTINY COMMITTEE
CABINET   **25 SEPTEMBER 2006**

SUPPORT SERVICES REVIEW – BUSINESS CASE FOR ICT

Report of the Corporate Director of Resources

1. Introduction

1.1 The purpose of this report is to seek approval to the business case for transformational change to the Council's ICT service.

2. Background

2.1 The Council's ICT service provides a full range of computing and telephony services to the Council. It provides, supports and ensures the smooth running of key City Council business systems such as Carefirst, council tax, housing benefits, student loans and financial accounting; it is responsible for the Council's telephone and IT network systems; and for data security. The service is delivered from more than one department, with some aspects (eg development of commercially available software systems) purchased from outside the authority. The whole ICT service costs an estimated £15m per annum.

2.2 A modern ICT service is one which can respond flexibly to the requirements of front-line services and (increasingly) partner organisations. The focus is upon the customer, and measures to manage risk (principally to security) are empathetic to that focus. It is within this context that the service has been reviewed.

2.3 ICT has been reviewed as part of a wider review of all the Council's support services. It is part of phase one of that review, which also includes HR, finance, legal services and creative services.

2.4 The Support Services Review is itself part of a wider business improvement programme, which aims to improve the Council's business efficiency, enhance our focus on the customer and save money by making efficiency savings.

2.5 ICT is the second service to complete the initial phase of the review, resulting in a business case for change. The proposals have been

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widely available since 28th June, and the business case has been revised to reflect some of the comments received.

3. Process

3.1 The first stage of the ICT review was to undertake an assessment of the current ICT structure, costs and performance.

3.2 The second stage was to assess delivery options against Council requirements, determine the best fit and outline the preferred option for the Business Case. The Delivery Options Appraisal established the Council's priorities for any new delivery structure. Based on these, a preferred option of a corporately managed delivery model with local delivered key elements, with the flexibility for outsourcing components built into the structure was discussed.

3.3 A key corollary of a corporately managed delivery model is to put appropriate mechanisms in place to ensure that the ICT service is driven by the needs of the customer, and that particular cognisance is given to the ever-growing role of working with partners. In the context of the ICT service, this particularly involves the ability to share information across organisational boundaries.

4. Why Change

4.1 The assessment of the current ICT structure, costs and performance concluded that the Council's current ICT delivery structure is not optimal, and that ICT service costs are above those expected and that overall delivery performance is below that of peer groups.

4.2 The present structure is not conducive to strategic development of ICT to meet the Council's requirements.

5. Key Findings

5.1 The current ICT structure and the presence of multiple disparate ICT service delivery teams across the organisation does not represent best practice for Unitary Authorities. The longstanding nature of present arrangements has led to elements of inefficiency and duplication emerging and has a significant bearing on the performance and cost.

5.2 Whilst the Council has made considerable inroads into strategy development, the current framework is not sufficient, as it critically does not consolidate ICT future direction across the organisation.

5.3 Whist it should be noted that in some areas of the service user satisfaction was high, when the service is looked at overall user satisfaction was not as high as other authorities within the English Unitary Council peer group.

5.4 The Council's present arrangements appear to be more expensive when compared with other local authorities and this is likely to be linked to the inefficiencies and duplication of activities that currently exist.

6. The Proposal

6.1 It is proposed that the Council's ICT service is transformed, based upon a new ICT Services Delivery model. This will include:

(a) ICT services will be corporately managed under a new ICT function. The new arrangements will focus on improving service delivery, ensuring ICT direction is fully aligned with departmental and corporate business requirements and driving efficiency savings through a corporate approach;

(b) There will be the corporate management of common ICT infrastructure and support, including helpdesk, data centres, infrastructure management and business continuity;

(c) A single entry point to helpdesk support will be introduced for all support calls;

(d) There will be locally delivered ICT service teams with direct reporting to corporate ICT and dotted line reporting to their departments. These service teams will be responsible for specialist departmental application support/training and the relationship between the Department and Corporate ICT.

(e) Formalisation of an ICT corporate procurement function, which will seek to drive economies of scale to secure better purchase prices for ICT equipment.

6.2 A fundamental principle of the model is greater corporate direction for the entire service. This, however, requires the new service to fully reflect the needs and requirements of all stakeholders, and the development of new mechanisms to enable this to be demonstrated.

6.3 It is therefore proposed that the Strategic Resources Group (which consists of service directors from each department) is charged with the following tasks:

(a) providing strategic direction to and oversight of the ICT service;

(b) informing and leading the development of the ICT strategy (see below);

(c) monitoring service performance, and agreeing service improvement plans, particularly in relation to improving our assessment against national standards.

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6.4   Given the importance of this work, it is envisaged that the above role will need to be carried out outside of SRG's routine meetings. It is also proposed that, to ensure appropriate focus on service issues, the group is chaired by a service director from a service department when operating in this mode.

6.5   A key early task for the new service will be to develop an ICT strategy for the Council as a whole, something which has not proved possible under previous fragmented arrangements. The strategy is likely to contain a number of key themes common to local authorities in the throes of modernisation (enhancing customer access, facilitation of mobile and flexible working, streamlining administrative processes, supporting information sharing with partners, facilitating sharing of services with other public sector bodies, and making more effective use of information). The business case recommends a future direction of the ICT service which will support this agenda.

6.6   Further work will be required to consider and consult upon the ICT service offered to schools under the new service, in order to provide the service that schools want. This consultation will take place as part of a wider planned consultation exercise on traded services to schools more generally. Meanwhile the service to schools will remain unchanged.

6.7   It is recognised that there is some ambiguity over the precise scope of the "ICT services" and the distinction between an ICT support and an expert user is not necessarily well defined across the organisation. As a result there is a need for some flexibility in the implementation stage, when detailed mapping of functions and services will be undertaken, to allow the boundaries to be moved as to which service areas are finally incorporated within the review.

7.   Consultation

7.1   Consultation with all departments has taken place via the Corporate Directors' Board.

7.2   Consultation with staff and trade unions on the draft business case commenced on 28th June 2006 under the protocol for organisational reviews.

7.3   Views of all respondees have been lodged in the Members' Area and a summary of the key issues and management's response is contained at Appendix 1.

7.4   There has been broad support from responses for many of the proposals contained within the Business Case and strong consensus for this direction of change is emerging. Many of the comments received related to concerns regarding implementation of the new

service, particularly in relation to culture change, management of the transition process, transparency of the decision making process and how departmental needs would be met by the new service. It is fair to say that the proposals have given rise to some notable concerns regarding the suitability and effectiveness of the single help desk for dealing with support call relating to specialist departmental applications particularly from the staff of the service. It is accepted that there will be the need to review and discuss these concerns with departments and staff during the implementation stage.

7.5   The response to the consultation has not led to a change in the direction we are proposing the Council moves in.

8.   Recommendations

8.1   The Resources and Corporate Issues Scrutiny Committee is asked to give its views on the draft business case, so that these can guide Cabinet decisions.

8.2   The Cabinet is asked to:

(a)   note the case for change included in the business case;

(b)   note the views of respondees expressed on the draft business case;

(c)   approve the business case as a basis for moving forward;

(d)   specifically endorse the need for the new ICT service to be led by its customers' needs, and approve the proposals in paragraph 6.3 for delivering this;

(e)   commission the new service to prepare an ICT strategy for Cabinet approval, and indicate that the strategy should address the management of risk in a way which balances the Council's need for creativity with an appropriate regard for security.

9.   Financial Implications

9.1   The support services review aims to save £2m per annum by 2008/09, to contribute to the Council's budget strategy. £1m of this is being sought by 2007/08.

9.2   It is anticipated that the review of ICT will contribute to this and estimated savings of between £0.5m and £0.6m in a full year are proposed. At present, it is envisaged that these savings can be made by 2007/08 (but see 9.4 and 9.5 below). This includes savings through the rationalisation of staff (although a number of posts affected are currently occupied by contract staff), savings through consolidating ICT

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procurement and savings through rationalising the different types of technology employed in the Council.

9.3 A budget of £105,000 to implement the review has been allocated within the Business Improvement Programme budget.

9.4 Some of the savings will inevitably "leak" out of the general fund and will benefit other areas of service – hence they will not be available to support the general fund.

9.5 It should be noted that savings have been calculated on the basis of actual rather than budgeted spending. This course was adopted because spending is significantly higher than budget and therefore using budget information would have given a false position. It will however create complexity in translating achieved savings into budget reductions when the next budget is prepared.

9.6 The review will incur implementation costs, as described more fully in the business case. It is expected that these costs will be met by sums set-aside within the existing budget for the business improvement programme although this budget is under constant review as the needs of the BIP change. Existing resources will be diverted to work on the project wherever possible.

9.7 Future development of ICT may require investment. This does not in any way negate the efficiency savings. Appropriate measures need to be put in place to ensure the efficiency savings can be demonstrably delivered. Further investment can, subject to an appropriate business case, be made in the service through the Council's budget processes in the normal manner. The key will be to ensure that decisions to make new investment can be distinguished from efficiencies (to ensure the delivery of efficiencies can be monitored).

9.8 Further financial implications are provided in the business case itself.

10. Legal Implications [Peter Nicholls]

10.1 Implementation of the review of the ICT function must be carried out in accordance with the Council's protocol for organisation and staffing change which is incorporated into local conditions of service.

11. Equalities Impact Assessment

11.1 The figures show that compared with the Councils workforce as a whole:

(a) there are a disproportionately higher % of Disabled staff within the ICT service;

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(b)   there are disproportionately more men and less women in the ICT service (by a large margin);

(c)   there are disproportionately less white employees and more Asian employees in the ICT service.

11.2   There is no evidence to suggest that the proposals will have an adverse impact on particular under-represented groups; however the implementation process will need to continue to monitor this in order that ongoing equality impact assessments can be made at appropriate points in the process.

11.3   There is no evidence to suggest that the proposals will have a disproportionate impact on service users.

12.   Risk Assessment

12.1   There are significant risks with a change programme of this size, which will require effective management. The project is not, however, considered as risky as the recently approved HR review.

12.2   A full risk analysis is included in the business case.

13.   Other Implications

Other Implications	Yes/No	Paragraph References within Supporting Papers
Policy	Yes	Delivery of continuous improvement in a well-managed organisation is a key priority of the corporate plan.
Sustainable and Environmental	No	
Crime & Disorder	No	
Human Rights Act	No	
Elderly People/People on Low Income	No	

14.   Report Author/Officer to Contact

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5 September 2006

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DECISION STATUS

Key Decision	Yes
Reason	Revenue Expenditure / Savings over £250,000
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)

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Support Services Review – ICT Review – Key Themes and Issues Arising from the Consultation

		Comment	Management Response
1.		Implementation	The vast majority of the responses received related to how the new service would be implemented. These questions and concerns will not be dealt with at this stage as this consultation related to the Business Case. That said issues being raised in relation to implementation where very relevant and it is important that they are not lost. Therefore it is intended that these submissions will be transferred to the Project Implementation Issues Log and will be dealt with at that stage.
2.		What happens to services not included within the review but currently part of a departmental ICT or Information Management Team	These services will remain within the department. It will be for the department to determine the effect of the ICT review on these services and what changes are or are not required as a result. Obviously close working with departments during the implementation stage will be required to ensure a smooth transition and to minimise disruption to the service.
3.		Comments on the scope of the review.	It is recognised that there is some ambiguity over the precise scope of the "ICT Service". However, the review so far has been about the production of a business case for change, not detailed structures (when we will clearly need to be very specific).
4.		Are the following services included within the scope of the review and if not why not:	
	•	Information Management	Information management is not included within the review and reference to this function has been removed from the Business Case
	•	Area Traffic Control	Specialist technical support in relation to Area Traffic Control is not included

	Comment	Management Response
		within the review, however there may be a need to assess how generic ICT support is managed within this service and whether this falls under the scope of the ICT review. This assessment will be done within the next stage of the review.
	• EDISS	EDISS is not currently included within the review. Schools will be consulted on all their traded service needs.
	• ICT Curriculum Support	ICT Curriculum Support is not included within the review as it has been decided that support to schools is excluded
	• Libraries	Libraries network and systems support are not part of the review. Technical and development support for Library systems is currently provided by RAD and will continue.
	• Vocational Education Support Agency	This "agency" is a council service within C&YP's department. There may be a need to assess how generic ICT support is managed within this service and whether this falls under the scope of the ICT review. This assessment will be done within the next stage of the review.
	• Leicester Adult Education College	With the recent move back into the Council of this service, there will be a need to assess how generic ICT support is managed within the College and whether this falls under the scope of the ICT review. This assessment will be done within the next stage of the review.
	• Disability Information Network	This "Network" is a council service within A&CS department. There may be a need to assess how generic ICT support is managed within this service and whether this falls under the scope of the ICT review. This assessment

		Comment	Management Response
			will be done within the next stage of the review.
		• Other service areas	The distinction between an ICT support and an expert user is not necessarily well defined across the organisation. As a result there is a need for some flexibility in the implementation stage, when detailed mapping of functions and services will be undertaken, to allow the boundaries to be moved as to which service areas are finally incorporated within the review.
5.		Can there be clarification as to how procurement savings will be achieved	Within the current arrangements three departments support data centres and procure independently in relation to hardware to support these centres and also in relation to other ITC consumables. It is anticipated that procurement savings will arise through the aggregation of contracts and improved economies of scale.
6.		There is concern as to how departments will influence the decision making process and how transparent the process will be. This concern was raised by a number of respondees.	It is accepted that further detailed work will be required on how the relationship between departments and the new corporate service will work in practice. It is recognised that in some areas a major step change is required in relation to the current culture within the organisation and that this culture change presents a significant risk to the success of the new service and new way of working. This risk is recorded on the Project Risk register and as part of the implementation planning process activities and action planning will be developed to ensure that this issue is appropriately addressed and the risk is effectively managed and monitored
7.		Concern was raised as to where in the management structure local teams would sit, and importantly what their ability would be to support, inform, and influence departmental ICT strategies within the new	It is accepted that further work and discussion is required with departments as part of implementation planning to ensure that these teams are incorporated appropriately within the management structure of the department to optimise both the service to the department and corporate objectives

	Comment	Management Response
	service and working arrangements. This concern was raised by a number of respondees.	
8.	There is concern as to how effective Single Corporate Help Desk will be, particularly in relation to dealing with support calls for departmental specific applications such as Education Management System, Care First, Revenue & Benefits. Concern in relation to the knowledge of a generic helpdesk to deal with specialist enquiries, the lack of knowledge a generic service would have in relation service users and service requirements. This concern was raised by a number of respondees	It is accepted that further detailed work is required at the implementation planning stage to ensure that departments' concerns regarding the potential for increased bureaucracy, lack of knowledge transfer and an overall derogation in the service to system users is effectively addressed and that the benefits of moving to a corporate service and single helpdesk are realised.
9.	Concerns about the expected savings.	It is recognised that the estimated savings are not without risk. However, we remain convinced that there are savings which can be achieved of the order indicated.
10.	Maintaining service quality and retaining staff during a period of major transition.	A programme for staff engagement needs to be put together as a high priority during the implementation plan.
11.	General support received for simplifying the basis of recharging, but concerns about how this translates into commissioning. How will corporate units prioritise work, and determine whether corporate or departmental priorities are the most important.	This issue is really about the Council's ability to work for the good of the whole Council. The new service will need to engage all its main customers when prioritising work, and respond in the best interests of the Council as a whole. This is something which will be explored in detail with corporate directors during implementation.