

CABINET MEETING – 18 JUNE 2014 EXECUTIVE SUMMARY SHEET – PART I
Title of Report: Alternative Service Delivery Model for ICT– Shared ICT Service Proposal with Durham County Council Update
Author(s): Assistant Chief Executive
Purpose of Report: To advise Cabinet of the work undertaken to determine the business case for a potential collaborative ICT service for Durham County Council and Sunderland City Council.
Description of Decision: Cabinet is requested to: <ul style="list-style-type: none"> ▪ Note the work undertaken to determine the business case for a potential collaborative ICT service for Durham County Council and Sunderland Council ▪ Support the continued joint working between the authorities in areas where there is mutual benefit ▪ Agree to close down the proposed collaborative ICT shared service model with Durham County Council.
Is the decision consistent with the Budget/Policy Framework? *Yes/No
If not, Council approval is required to change the Budget/Policy Framework
Suggested reason(s) for Decision: The development of a detailed business case for the creation of a Shared ICT Service for Sunderland City Council and Durham County Council has identified areas where Sunderland and Durham can effectively collaborate on grounds of efficiency and effectiveness. However, formal integration will not provide the most effective outcomes.

Alternative options to be considered and recommended to be rejected:
Continue the development of a Shared ICT Service with Durham County Council. This option is not recommended as there is a significant risk the resultant service would not meet the future needs of Sunderland City Council and may result in a delay in the delivery of the Transformation Programme.

Impacts analysed:

Equality

Privacy

Sustainability

Crime and Disorder

Is this a “Key Decision” as defined in the Constitution?

Yes

Is it included in the 28 Day Notice of Decisions?

Yes

Relevant Scrutiny Committee:

Report of the Assistant Chief Executive

Alternative Service Delivery Model for ICT– Shared ICT Service with Durham County Council Update

1. Purpose of the report

- 1.1 To advise Cabinet of the work undertaken to determine the business case for a potential collaborative ICT service for Durham County Council and Sunderland City Council.

2 Description of Decision

- 2.1 Cabinet is requested to:

- Note the work undertaken to determine the business case for a potential collaborative ICT service for Durham County Council and Sunderland Council
- Support the continued joint working between the authorities in areas where there is mutual benefit
- Agree to close down the proposed collaborative ICT shared service model with Durham County Council.

3 Introduction

- 3.1 Both Sunderland City Council and Durham County Council recognise the strategic importance of ICT both in the delivery and transformation of services and in the economic and social development of the region.
- 3.2 Both councils have also recognised that there is a need to change the traditional approach to how the ICT service is delivered and introduce a new approach. This approach will need to create the flexibility to support the increasing diversity in service delivery operating models in future delivery of services, regardless of the delivery mechanism that is being used within that service area.
- 3.3 A joint project has been undertaken to determine if there is a business case to develop a new Shared Service approach to ICT across both councils.

4 Background to the ICT Shared Service

- 4.1 On 17th June 2013, Cabinet authorised officers of the Council to evaluate the opportunity to create a single ICT Service to cover both authorities.
- 4.2 An application for £400k of funding from the Government's Transformation Challenge Award was made to assist with the potential transition costs (subject to the outcome of the detailed business case analysis) but this proved to be unsuccessful.
- 4.3 The development of the business case analysed the potential benefits to the two Councils of a combined service approach such as:
 - A significant reduction in overall cost, ensure sustainability and deliver better value for money ICT services in both authorities
 - A retention of the necessary skills to support ICT across the authorities and the ability to respond to change to support transformation, maintain operational performance levels and respond to new service requirements
 - Retained public sector ownership of their ICT by each authority.
 - Provide a common platform to support new models of public service delivery including future shared services between the participating councils
 - A common regional ICT infrastructure strategy, including networks and data centres
 - A review of how applications are licensed and supported across the councils with a view to driving down costs
 - Economies of scale in infrastructure provision not only for local public services but also for small businesses, mutuals, community groups and other emerging service delivery models

5 Analysis of Business Case

- 5.1 Throughout the process, both organisations were fully committed to the strategic outcomes of a potential combined ICT Service and demonstrated the willingness and ability to deliver the necessary changes.
- 5.2 Whilst there is an existing mismatch between the size of the two organisations, both were confident that the recommended governance arrangements could reflect this and would allow decision making to be equitable, consistent and reflect the financial positions and contributions of both organisations.

- 5.3 However as the business case developed it became apparent that both Councils were at different stages in areas such as:
- The pace of change;
 - Sunderland's plans to adopt alternative service delivery models including mutualisation of services;
 - Detailed business objectives.
- 5.4 A considerable amount of good has come out of the joint working plans that will not be lost and could be called on at any stage in the future (including important operational due diligence exercises), but it has proven problematical to define a common approach that will overcome these differences. As a consequence, it is not considered appropriate to pursue the implementation of a full collaborative ICT Service with Durham. An updated proposal for the Council's future ICT strategy will be presented to Cabinet for consideration at a future date.
- 5.5 However, notwithstanding the above, joint work between the two authorities is continuing across many areas in the interests of mutual co-operation and benefit, including in particular:
- The provision of resilient ICT sites with each authority locating hardware in each other's data centres
 - A common regional ICT infrastructure strategy, including networks
 - Overall cost reduction, sustainability and better value for money in both ICT services
 - A retention of the necessary skills to support ICT across the authorities
 - Digital inclusion to improve the ICT skills of the residents as part of the Digital Durham programme

6 Impact Analysis

- 6.1 **Equalities** - An Equality Impact Assessment has been considered as part of the business case development. There are no negative impacts arising from the abandonment of the current project.

7 Other Relevant Considerations / Consultations

- 7.1 **Financial Implications.** Areas of collaboration will continue to generate savings. Alternative proposals for integration will be developed.

7.2 **Risk Analysis** – A risk analysis has been undertaken as part of the development of the Business Case. Further, this risk analysis will continue to be reviewed as part of the development of the Council's updated ICT strategy.

7.3 **Employee Implications** – Not applicable

7.4 **Legal Implications** – Not applicable

7.5 **Property Implications** – Not applicable

7.6 **Implications for Other Services** – Not applicable

7.7 **Project Management Methodology** – Not applicable

8 Reason for decision

8.1 The development of a detailed business case for the creation of a Shared ICT Service for Sunderland City Council and Durham County Council has identified areas where Sunderland and Durham can effectively collaborate on grounds of efficiency and effectiveness. However, formal integration will not provide the most effective outcomes.

9 Alternative Options Considered

9.1 Continue the development of a Shared ICT Service with Durham County Council. This option is not recommended as there is a significant risk the resultant service would not meet the future needs of Sunderland City Council and may result in a delay in the delivery of the Transformation Programme.

10 Background papers

None