

Cabinet

11 June 2014

Update on Proposed ICT Services Collaboration between Durham and Sunderland



Report of Corporate Management Team Don McLure, Corporate Director Resources Councillor Jane Brown, Cabinet Portfolio Holder for Corporate Services

Purpose of the Report

- 1 To advise Cabinet of how after a lot of good work undertaken to determine a business case to implement a collaborative ICT service for Durham County Council and Sunderland City Council, it has proven to be not practicable at this stage in time.

Background

- 2 In October 2012, the Corporate Directors of Resources in Durham and Sunderland Councils agreed to develop a proposal to work in collaboration to provide a joint ICT service for both Councils.
- 3 Cabinets of both Councils agreed on 24 June 2013 to support the proposal and authorised the management of the respective ICT Services of Durham County Council and Sunderland City Council to develop a full business case to create a single ICT Service to provide services to both authorities.
- 4 Since then, the management teams worked with KPMG who were appointed to assist in the development of the business case through an existing procurement framework agreement under the direction of a Strategic Board comprising of Durham County Council's Corporate Director Resources, Sunderland City Council's Executive Director of Commercial and Corporate Services and the two Heads of ICT Services.
- 5 The aims of the combined service approach was:
 - (a) A significant reduction in overall cost, ensure sustainability and deliver better value for money ICT services in both authorities;
 - (b) 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;
 - (c) To retain public sector ownership of their ICT Service by each authority;

- (d) To provide a common platform to support new models of public service delivery including future shared services between the participating councils;
- (e) A common regional ICT infrastructure strategy, including networks and data centres;
- (f) A review of how applications are licensed and supported across the councils with a view to driving down costs;
- (g) Economies of scale in infrastructure provision not only for local public services but potentially also for small businesses, mutuals, community groups and other emerging service delivery models.

Progress to date

- 6 Working groups carried out a lot of good work looking at joint working in the areas of:
 - Providing ICT support to schools including remaining new capital schemes within the Building Schools for the Future programme (BSF);
 - Digital inclusion;
 - Business continuity planning (BCP);
 - Server storage;
 - Networks;
 - Security;
 - European funding opportunities;
 - Customer relationship management (CRM) and
 - ICT procurement.

- 7 During this process a considerable amount of beneficial work was put in place as part of the preparation of the full business case. This includes:
 - (a) Defining the project fully with project management arrangements, work streams, defined stages, benefits realisation and project plans etc;
 - (b) Baseline the two services to get a true picture of the financial positions, assets, key technologies, skills etc;
 - (c) Consider people and culture issues and identify plans and processes to address these;
 - (d) Define the overall required outcomes of the combined ICT Services and the two authorities;
 - (e) Consider the options for future governance and a business operating model;

- (f) Define the role and requirements for a potential external commercial partner within the final organisational delivery model;
 - (g) Plan joint communications, consultation and engagement plan to prepare both organisations for this strategic change.
- 8 The combined delivery approach highlighted some key challenges in areas including: technology; leadership; governance; people; assets; processes; culture; customer; growth.

Outcomes

- 9 Throughout the process, both organisations were fully committed to the strategic outcomes of the combined ICT Services and demonstrated the willingness and ability to deliver the necessary changes.
- 10 Whilst there is an existing mismatch between the size of the two organisations, both were confident that the recommended governance arrangements reflected this and would allow decision making to be equitable, consistent and reflect the financial positions of both organisations.
- 11 However, as the business case developed, it became apparent that both Councils were at different stages in areas such as:
- (a) The pace of change;
 - (b) Sunderland's plans to adopt alternative service delivery models including mutualisation of services;
- 12 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, but it has proven problematical to define a common approach that will overcome these differences. Joint work between the two authorities is continuing in some areas including:
- (a) The provision of resilient ICT sites with each authority locating hardware in each other's data centres;
 - (b) The working up of a common regional ICT infrastructure strategy, including networks;
 - (c) An overall cost reduction, sustainability and better value for money in both ICT services;
 - (d) A retention of the necessary skills to support ICT across the authorities;
 - (e) Digital inclusion to improve the ICT skills of the residents as part of the Digital Durham programme.

Recommendations and Reasons

13 Cabinet is requested to:

- (a) Agree to close down the proposed collaborative ICT Programme with Sunderland for the reasons as outlined in the report.
- (b) Note the beneficial work undertaken in an attempt to establish a collaborative ICT service for Durham County Council and Sunderland Council that will be of practical use in any future collaboration project
- (c) Support the continued joint working between the two authorities in any areas where there may be a mutual benefit to do so;

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Appendix 1: Implications

Finance – Apart from officer time, the total cost of the collaborative work has been £50k which has been met from within existing budgets in the ICT Service.

Staffing – The intention is to use this document to communicate the outcomes of this joint initiative.

Risk – None

Equality and Diversity / Public Sector Equality Duty – None

Accommodation - None

Crime and Disorder - None

Human Rights - None

Consultation - None

Procurement - None

Disability Issues - None

Legal Implications - None