Shared Services Business Case

Shared ICT, Business Improvement, Print and Design Services

East Herts Council

Stevenage BOROUGH COUNCIL

Shared Services Partnership
Business Case (July 2013)

1 Purpose

1.1 This business case assesses the options and preferred model for a support service partnership between East Hertfordshire Council and Stevenage Borough Council to deliver:

- Information Communications and Technology (ICT) services
- Business Improvement services
- Print and Design services

1.2 This assessment follows the decision in 2011 by each Council's Executive that sharing is a viable option for these support services and the temporary ICT shared management arrangements implemented in January 2013. The business case proposes a partnership model in which the Councils will be equally responsible and equally served by the new arrangements.

2 Executive Summary

2.1 A shared services partnership is proposed, to deliver ICT, Business Improvement, Print and Design services to East Hertfordshire Council and Stevenage Borough Council. Analysis of shared service options demonstrates that a partnership would deliver benefits to both Councils with **estimated net revenue savings of approximately £415,000 in a full operating year, shared equally.**

2.2 **Partnership will deliver further financial benefits to both Councils due to a reduced future cost of capital investment in ICT. The cost of investing in new ICT infrastructure in partnership is estimated as a lower cost when compared to the cost of each Council investing individually**. **There will also be future savings in capital expenditure on business applications depending upon the extent to which the two Councils can migrate to shared systems.**

2.3 Further business benefits will arise through partnership due to significantly improved resilience in supporting key ICT systems and more rapid development of the ICT Service to enable the strategic goals of both authorities to be better supported.

2.4 Partnership in Print and Design Services will deliver reductions in the cost of maintaining specialist print equipment which will be centralised, through achieving reductions in click charges by harmonising rates in line with the most cost effective contracts currently in place and by delivering graphic design work in house.

2.5 Partnership benefits deliverable through shared Business Improvement services include ensuring that there is capacity in both Councils to deliver high priority change projects while also ensuring there is sufficient scale within the team to sustain an appropriate mix of skills and experience.

2.6 The partnership will deliver comprehensive ICT, Business Improvement, Print and Design services. Partners will not retain additional resource to supplement partnership services and partnership managers, and the Head of Service in particular, will be expected to engage with both organisations in the way that service managers do currently.

2.7   While work undertaken so far indicates that both Councils have similar strategic aims for ICT, Print and Design and other partnership services, both organisations will retain their own strategies. The partnership will deliver harmonised, common services where appropriate to do so and will deliver responsive and flexible services to individual partners where specific business needs exist. Decision making will be principally undertaken by a partnership board which will be equally represented by both partners at Director level.

2.8   The partnership building journey started by looking at options for shared services. At that time both Councils were aware that reaching agreement on fundamental principles was critical to success.   Those principles are reproduced in 'Appendix One – Partnership Principles and Key Characteristics'.

2.9   The proposed partnership would move staff from East Hertfordshire Council to Stevenage Borough Council to form a single partnership team, delivering services to and on behalf of both Councils. Best practice will be taken from both teams to achieve common efficient and effective processes.

2.10   The proposed partnership model takes into account both Council's business and organisational requirements. In summary the model proposes:

- Governance through an officer Partnership Board with the existing individual Council Member and Scrutiny arrangements maintained

- The services to be located in Stevenage while maintaining an onsite presence at both Councils. It is proposed that there is a single employer for all staff in the partnership, which is Stevenage Borough Council

- That key decisions regarding the partnership are made jointly through the Partnership Board

- That additional forums to liaise with managers and staff be put in place to communicate partnership priorities and seek feedback on performance and issues

3   Drivers for Change

3.1   There are three core drivers for considering new ways of working:

- **The current financial climate means that both Councils need to continue to deliver financial savings over the coming years**. This financial pressure requires new ways of working to be investigated and is a key driver for considering shared service options.

- **Resilience is required from these support services, with the need for services to be consistently delivered to the right quality**. Shared services, with larger joint teams, enable an economy of scale and levels of resilience which the Councils are unlikely to be able to afford individually.

- **Capacity is also required,** to support ongoing service development across both Councils to help deliver services better fit for purpose

3.2   If the shared service proposals are not taken forward then each organisation would need to find alternative ways to achieve efficiencies and financial savings whilst retaining appropriate levels of resilience and appropriately skilled staff.

3.3   For ICT services in particular, the service needs to adapt in order to meet the changing business needs of both Councils. In this regard, it is important to consider whether the strategic requirements being placed upon ICT by the two organisations are similar, thus reinforcing the benefits of delivering a shared service. This theme is expanded upon in the Service Design sections of this report.

4   Background and Approach

4.1   There are a growing number of shared service arrangements elsewhere in the Public Sector. The recent Local Government Association study and update of the national Shared Services Compendium identified at least 337 Councils engaged in 325 shared service arrangements resulting, in more than £278million efficiency savings from completed and developing shared service arrangements. The association indicate that at least 95% of all English Councils are sharing services with other Councils.[1]

4.2   The two Councils have a successful track record of working together for a range of services. Established shared services include **Revenues and Benefits Partnership** and also wider partnerships with other local authorities including **Shared Internal Audit Service** and **CCTV** partnerships.

4.3   The approach to exploring partnership opportunities is based on best practice from Improvement East, Shared Services Architects and other organisations who have successfully implemented shared services.

4.4   Programme and Project Governance

4.4.1   The Council's have undertaken a joint programme to assess the options for shared services and develop this business case.

4.4.2   The preferred model for shared support services has been developed by the Programme Board and senior management teams in both Councils, based on proposals developed through workshops and analysis undertaken with specialists nominated by each Council.

4.4.3   The Programme Board directing the development of this business case comprises of each Council's Chief Executive and Chief Financial Officer. The role of the Board is to direct the assessment of options and the development of the business case, working jointly to ensure that the partnership options maximise potential opportunities whilst meeting the needs of each Council.

4.4.4   Analysis has been undertaken by a joint project team established for this purpose, comprised of:

- Nominated Heads of Services from each Council
- Programme Manager
- The core Programme Team which brings together staff (including specialist professionals and project officers) to work across both Councils
- Service Managers and specialists from within each of the services

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[1] Source: Local Government Association: National Map of Shared Service, March 2013
(http://www.local.gov.uk/web/guest/productivity/-/journal_content/56/10171/3511353/ARTICLE-TEMPLATE)

4.4.5   Should the decision be made to proceed, the Programme Board will continue until a Partnership Board is established to oversee the implementation of changes to the services and running of the partnership.

4.5   Shared Services Journey

4.5.1   This business case is a key decision point on the overall shared service journey.   The roadmap for considering partnership options is summarised in the diagram below, this is based upon the Shared Services Architects methodology which is a recognised approach to shared services options assessment, decision making and implementation:

Shared Principles & Key Characteristics	Strategic Business Case	Informal Sharing	**Partnership Design & Detailed Business Case**	Transition	Implementation	Operate, Improve & Return on Investment
Completed March 2011	Completed November 2011	In place from January 2013	July 2013	Summer 2013	Target completion date Spring 2014	
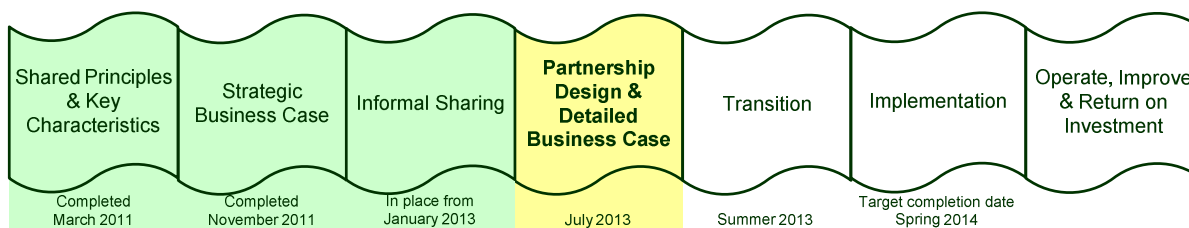
4.5.2   The Strategic Business Case, agreed by the Executive of each Council in October / November 2011, established that partnership is a viable option for support services and that at this stage outsourcing to the private sector was not a preferred option.

4.5.3   Within the Strategic Business Case options were assessed for a wider range of support services, and with a tri-authority partnership model.   Assessment of tri-authority partnership opportunities during 2012 established that these tri-authority options were not appropriate at this time.

4.5.4   Analysis and assessment of the East Hertfordshire Council and Stevenage Borough Council partnership options have identified the services and partnership options that continue to be viable and the preferred option for sharing ICT, Business Improvement, Print and Design are included in this business case. This smaller group of services and partners is a robust basis for partnership and meets the need that both Councils have for improvement and savings in these service areas.

4.5.5   Workshops undertaken in 2011 analysed the current services, established the commonalities and differences between the services and identified potential future options. Further engagement and analysis with staff has taken place, which included analysis of the following:

▪ Suitability of different ICT infrastructure models, and design of a potential single ICT data centre, implementation timescales and costs

▪ Harmonisation of the Print and Design services across the Councils

▪ Financial savings, resilience and other benefits which shared services delivers

4.5.6   More recently East Hertfordshire Council has implemented an interim arrangement for ICT management, with an interim Head of ICT role undertaken by the Stevenage Borough Council Head of ICT.   Under this arrangement staff from the two Councils are continuing to work well together, sharing skills and knowledge to take forward priorities and improvement for both Council's ICT services.

5 Baseline Budget

5.1 The baseline budget for the services has been jointly agreed by both Councils. The budget and potential savings options have been analysed to ensure a like for like comparison taking into account the commonalities and differences between the services in each Council. The assumptions (as at April 2013) in each Council's Medium Term Financial plans for future years have also been taken into account in the analysis.

5.2 The financial assumptions for creating the business case have been made using 2013-14 budgets. The baseline costs for the services in each Council differ, reasons for this include:

- Number of internal staff / customers of the services

- Number of applications and contract management arrangements

- Efficiency savings in recent years

5.3 The service budgets are broken down as follows:

- Direct Revenue Budget – staff (taking transitional vacancy factor into account), service and supplier costs, these are entirely within scope of the partnership.

- Managed Revenue Budget – corporate costs retained by each Council but managed through the partnership, this primarily includes the ICT application support and maintenance costs, business improvement budgets and temporary or one off budget provision.

- Capital Budget – capital funding relating to investment in partnership services. Each authority will retain separate capital budgets for investment in ICT for their individual benefit

5.4 The financial governance model for these budgets is set out in section 6.8 ' Financial Governance Model'

5.5 The table below summarises the service budgets:

			TABLE 1 (Baseline)
Direct Revenue Costs (rounding has been applied)			
Service	**EHC**	**SBC**	**Combined**
ICT	£837,800	£756,500	**£1,594,300**
Print and Design	£136,200	£217,600	**£353,800**
Total:			**£1,948,100**
These costs are described in more detail in 'Appendix Two – Baseline Budget' together with the Managed and Capital budgets			

6   Preferred Partnership Model

6.1   The foundation of the preferred model is the agreed principles for partnership ('Appendix One - Partnership Principles and Key Characteristics') and consideration has been given to the service specific requirements, organisational fit and relationships with both frontline and other internal services.

6.2   In summary the proposed partnership model is for:

- Governance through an officer Partnership Board, with the existing Member arrangements retained by each Council

- A Head of Shared Service

- Services located in Stevenage at the Stevenage Borough Council main office building (Daneshill House)

- A single employer for all staff within the partnership, Stevenage Borough Council

6.3   Sharing of existing good practice and the ability to retain, afford and share key expert skills are an important aspect of the partnership design.   This partnership model, with a single host Council, maximises these benefits and the partnership would operate as a single shared service, with teams delivering the services on behalf of both Councils.

6.4   In addition a single shared service provides resilience at a management level and encourages cross over between the support services, leading to more efficient business processes.

6.5   Governance and Management Arrangements

6.5.1   The proposed management arrangements are for an **officer Partnership Board**, comprised of the Chief Financial Officer of each Council [2] and with decisions taken by these lead Directors for each Council, given that the current local government arrangements do not allow for delegation to a joint officer board. The terms of reference for the Partnership Board will be established through the Partnership Agreement for the shared service.

6.5.2   The board will direct the delivery of the shared support services, maintain a close relationship with, and report to, both East Hertfordshire Council's Corporate Management Team and Stevenage Borough Council's Senior Management Board.

6.5.3   The **existing Member arrangements will be retained** and Members with portfolio responsibility for the services will work as currently with Directors and Head of Service. Proposals relating to the services would be taken to Executive or other Committees.

6.5.4   The services will be subject to Scrutiny and other call in arrangements within each Council, and it is agreed that partners will notify each other prior to any scrutiny review.

6.5.5   These governance arrangements are similar to existing arrangements and it is expected that strong relationships will continue to be maintained between the Heads of Services, Members, Management Boards and wider management teams.   The proposed model provides the opportunity to adapt to meet the future and changing requirements of the Councils.

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[2] EHC Director of Finance and Support Services and SBC Strategic Director (Resources)

6.6 Senior Management Structure

6.6.1 Both Council's currently have a Head of Service responsible for the services in scope within each Council. The current management structures are outlined in Appendix Three – Current Structures.

6.6.2 It is proposed that there is **one Head of Shared Service** to provide a single point of leadership for the shared service and to work closely with the lead Directors and senior management teams in both Councils. The diagram below sets out the indicative management structure and board arrangements:

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┌─────────────────────────┐   ┌─────────────────────────┐
│          EHC            │   │          SBC            │
│ Corporate Management    │   │ Senior Management Board │
│        Team             │   │                         │
└─────────────────────────┘   └─────────────────────────┘
              └───────────┬───────────┘
                ┌───────────────────────┐
                │   Partnership Board   │
                └───────────────────────┘
                ┌───────────────────────┐
                │ Head of Shared Service│
                └───────────────────────┘
                ┌───────────────────────┐
                │ Shared Service        │
                │ Management Team        │
                └───────────────────────┘
        ┌────────────┬─────────┴─────────┬────────────┐
┌──────────────┐ ┌──────────────┐ ┌──────────────┐
│  ICT Team    │ │  Business    │ │ Print and    │
│              │ │ Improvement  │ │ Design Team  │
│              │ │    Team      │ │              │
└──────────────┘ └──────────────┘ └──────────────┘
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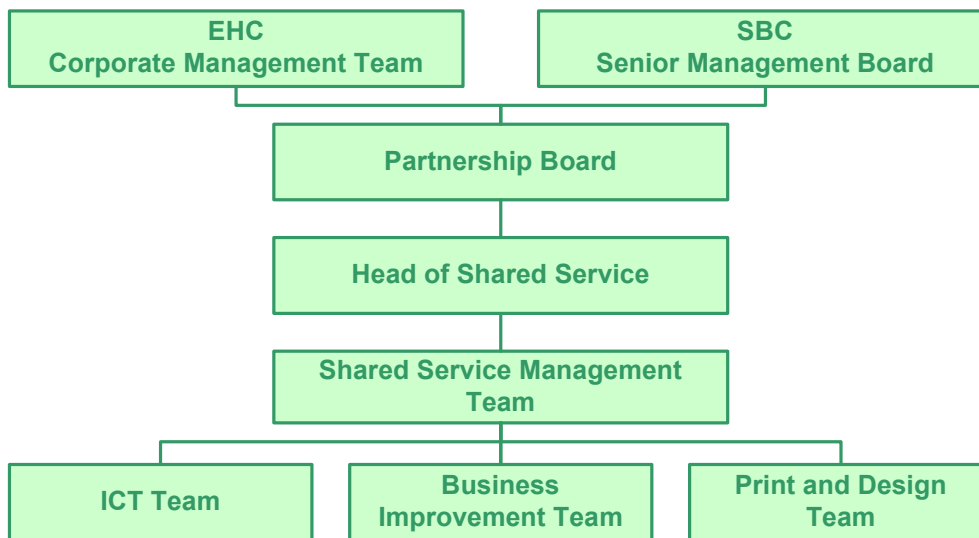
6.6.3 The Head of Shared Service, once appointed, will develop and maintain strong relationships with each of the Portfolio Holders in both Councils, ensuring that the Member and organisational requirements are understood.

6.6.4 The Head will be responsible for the development and delivery of strategic and operational shared ICT, Business Improvement, Print and Design services for both Councils. Leading on the delivery of high performing, business focused and cost effective services, including ensuring that the service contributes to the corporate objectives of both partner and focusing on:

- Developing joint ways of working across the shared service operation

- Ensuring that both councils have effective ICT, Business Improvement, Print and Design services delivering to a high quality, and achieving value for money.

- Driving the implementation of both Council's individual strategies, understanding both the common business requirements and unique demands of each partner

6.6.5 The organisations are highly dependant upon ICT and, in addition to ensuring that each Council gets the best out of their technologies. The Head of Service must ensure that the important links between ICT, Business Improvement, Print and design are maintained / strengthened and that decisions are informed by the needs of both Councils whilst maximising the benefits achievable from these support services.

6.6.6 In addition to reporting to the Partnership Board, the Head of Shared Service will report to both Council's management boards[3] inline with the standard practice for Heads of Service in each Council. The Head will be a member of each Council's management teams [4] and will be expected to maintain a visible leadership presence in both Councils.

6.6.7 This enables a close relationship to be developed and maintained with both Councils, ensuring that the Head of Shared Service is able to understand the business requirements, support both Councils effectively and identify opportunities to maximise the benefits from the shared service.

6.6.8 The challenges, including reporting to two Councils and the need to manage two sets of organisational priorities, are recognised and will be taken into account by the Partnership Board. It is envisaged that the Head of Shared Service will be supported by a strong service management team, providing resilience and a balance between professional and broader management skills.

6.6.9 It is anticipated that the Head of Shared Service post will be appointed to shortly after the creation of the shared service.

Financial Implications:

6.6.10 The financial implications of the Head of Service role are minimal. The small (less than £1,000 increase) impact is accounted for in the baseline budget and the savings profile. The baseline includes the budget for the percentage of senior management time (proportion of one post in each Council).

6.7 Partnership Agreement, Policy and Strategy

6.7.1 The governance arrangements will be established through a **Partnership Agreement** between the Councils, this will be agreed by the Chief Executive and Directors of each Council, in consultation with relevant Portfolio Holders.

6.7.2 It is intended that the Agreement will be in place at the time of the staff transfer to establish the partnership and that it will define the governance framework for the delivery of the services.   The content of the agreement is outlined in 'Appendix Five – Outline of Partnership Agreement'

6.7.3 The Strategy and Policies relating to each service will sit alongside this overarching framework. It is anticipated that each Council will retain their own individual ICT Strategy, and that these will be aligned to delivering the service through a partnership, ensuring that opportunities are maximised but not to the detriment of the individual partner Council's requirements.

6.7.4 The ICT strategies for both organisations are currently in development and should be available to be submitted to each Council's Members in the summer. Details of common themes emerging are set out in Section 7.2.

6.8 Financial Governance Model

6.8.1 In summary it is proposed that the direct budgets for the services are held by a single Council, with the managed budgets retained by each individual Council.

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[3] EHC Corporate Management Team / SBC Senior Management Board
[4] EHC Senior Management Group / SBC Senior Management Team

6.8.2 The **direct budgets will be held by Stevenage Borough Council** and managed by the Head of Shared Service.

6.8.3 Stevenage Borough Council's Finance team will provide accountancy support to the partnership, within existing accountancy resources. Accountancy processes will be streamlined to minimise duplication within the partnership and the Councils. Key accountancy processes, including authorisation and approval processes, will be established through the partnership agreement.

6.8.4 The **budgets retained by each Council** will be directed by the Head of Shared Service but decisions on the scale and use of the budgets taken by each Council individually. The partnership will however be expected to identify financial and other benefits from joint procurement and planning for these costs. In the longer term there may be options to transfer some of these budgets to the partnership, for example where common technologies are used.

Savings Split

6.8.5 The financial savings estimated in this business case arise from the efficiencies and economies of scale achievable though combining the services in the proposed partnership arrangement.

6.8.6 This level of savings is not achievable by each Council individually, whilst retaining the levels of resilience and capacity the Councils require. Itt is therefore proposed that the **savings are split equally between the two Councils.**

6.8.7 It is recognised that in the longer term the shared service will need to contribute to the Medium Term Financial plans of each Council and it is anticipated that further savings, over and above those set out in this business case, will be required. In future years the Partnership Board will review the options for financial savings, in the context of government funding and in close liaison with the Management Board of each Council, as part of the financial planning process.

6.8.8 **A key area of potential future savings on the Managed Budget is the potential to reduce the ICT Application contract cost.** This will be analysed after the creation of the shared service. The approach to the savings on the managed budget will be set out in the Partnership Agreement, it is anticipated that this will be in line with the number of users / licences each Council have for a system.

Investment Split

6.8.9 Where possible the approach has been to re-use assets, meaning the Council's are both contributing assets at the start-up of the partnership.

6.8.10 Both Council's have already identified the need to invest in ICT infrastructure improvements and budget provision has been made by each Council Individually at a level appropriate to the improvements each needs to make. A total combined budget of approximately £1million has been identified for the period.

6.8.11 This budget provision and the investment required for the proposed shared data centre have been analysed. The core cost of the shared data centre is less than the combined budget set aside by the Councils for ICT infrastructure improvements.

6.8.12 However, there are some additional implementation costs for the shared ICT service, required to establish an effective and efficient shared service. For example implementation of a shared service desk to manage customer interaction, these additional implementation costs can be funded within the budget already identified by the two Councils.

6.8.13 It is proposed that the investment is funded as follows:

- **Each Council invests the budget already identified for ICT infrastructure improvements, to fund the shared data centre and additional implementation costs**

- **The Print and Design and all other investment and start-up costs are split equally between the two Councils**

6.8.14 The investment costs are set out in section 7.5 'ICT Dependencies and Implementation Costs' and in section 8.7 'Print and Design Dependencies and Implementation Costs'.

<u>Internal Recharges</u>

6.8.15 The internal recharge costs associated with the services have been reviewed, including the lessons learnt from previous organisational changes and partnership working.

6.8.16 It is proposed that the current position is reflected in the recharges to the partnership and that where 'true cost' occurs to either Council this be dealt with by the Partnership Board. Any issues regarding recharges will be dealt with as early as possible and the Partnership Board will review the recharges within 6 months of the creation of the partnership.

6.9   Employer

6.9.1   It is proposed that **all staff within the partnership are employed by a single employer, Stevenage Borough Council**, that would act as host Council for the partnership.

6.9.2   The concept of a single employer is for all staff within the shared service to be employed by a single Council and acting as a single team, without detriment to either Council. Everyone working in the shared services will have equal responsibility for and commitment to delivery of services to both Councils.

6.9.3   There are significant benefits in a single employer model, compared to separate employers for each service. A single employer model enables a common approach to management of performance, with all staff within the partnership working under a single set of policies, promoting good team dynamics and working relationships.

6.9.4   The potential risks of a single employer model are recognised, including the achievement of staff integration and ensuring equity in the delivery of services to the partner Councils. These are manageable and will be mitigated through effective ICT, Print and Design strategy, clear performance management, clear leadership, accountability and governance arrangements which support equity in the partnership.

6.10   Host Council and Locations

6.10.1 The location options have been analysed, taking into account both the service delivery requirements and the potential impacts on staff. The proposed locations aim to minimise the impacts on staff whilst enabling the potential economies of scale to be achieved.

6.10.2 It is proposed that the services are **located at Stevenage, hosted by Stevenage Borough Council. This location will form a 'hub' for services however appropriate onsite presence will be maintained across both Councils.**

6.10.3 The choice of location for the service 'hub' takes into account the capacity and office accommodation available to the Council's main offices and also the most cost effective location for the ICT data centre.

6.10.4 Remote working and site visits will ensure that customers in each Council are fully supported and business requirements are understood. Home working will continue to be an option where this fits with business needs, subject to line management authorisation and the needs of the service.

6.10.5 Onsite office accommodation will be maintained at both Council's main offices with office accommodation for all shared services staff at Stevenage Borough Council's main office (Daneshill House, Stevenage) and 'touch down' desks for shared services staff at East Herts main office (Wallfields, Hertford). This will be carefully managed so that staff are fully inducted and learn new ways of working.

6.10.6 Co-locating staff maximises the potential economies of scale and also improves team dynamics within the partnership. However, although staff within the partnership will be based at Stevenage, many staff will be expected to spend part of their working week in Hertford or other locations in East Hertfordshire. There will be a continued need for staff within the partnership to meet regularly with colleagues from both Councils to ensure that both Councils are properly supported and positive working relationships maintained.

6.10.7 The timing of staff relocation is recognised as a critical factor for both staff and for business continuity, this will be carefully planned and managed.

Financial Implications

6.10.8 Analysis has been undertaken based on the proposed locations. This analysis indicates that the proposed re-location of East Hertfordshire Council's staff to Stevenage result in estimated disturbance payments in the region of £46,000

6.10.9 This cost will be funded jointly by both Councils in the first year and by East Hertfordshire Council in subsequent years. The indicative profile for the disturbance costs as a result of shared services is:

				TABLE 2 (Disturbance Costs)
Full Year Costs (Rounding has been applied):				
Service	1st Year	2nd Year	3rd Year	4th Year
Estimated Full Year Costs	£22,000	£18,600	£3,000	£2,400
Total:				**£46,000**

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6.10.10 This projected cost is based on the East Hertfordshire Council's Disturbance Policy which applies to the staff transferring to Stevenage Borough Council. At this stage, based upon current working practices, it is assumed that some staff will work from home on an ad-hoc basis in agreement with the line manager and needs of the service. The cost of business mileage / travel is accounted for in the baseline budget and savings profile

6.11 Longer Term Options

6.11.1 Both Councils are committed to partnership as a long term delivery model for these services. This long term vision is particularly important regarding ICT where the economies of scale and benefits arise from integrating and managing the infrastructure once also has implications and potentially high costs for separation.

6.11.2 The potential future separation of the partnership has been considered and key impacts identified, including:

▪ Staff related impacts and the potential need to transfer staff between Councils. The implications and approach would be dependant on the departing service / Council and would be assessed at that time.

▪ ICT infrastructure impacts and the possible need to purchase or transfer equipment and software to the departing Council. It is recognised that this would be complex with possible costs incurred by both Councils.

6.11.3 These impacts would only occur if the partnership were to cease and will be set out in the Partnership Agreement.

6.11.4 It is anticipated that before the end of the fourth year of the partnership a review will be undertaken to consider options and opportunities for the future, these may include:

▪ **Continuation of the partnership**, by extending the current partnership or entering into a new partnership agreement between the two Councils

▪ **Separation of the partnership**, whereby the partnership ends

▪ **Partial separation of the partnership,** involving the removal of one or more services from the partnership

▪ **Growth of the partnership**, expanding to include either additional services, or additional partners for one or more services.

▪ **Hertfordshire County Council partnership(s),** new partnership arrangements with the Country Council for services which the Councils consider appropriate for a County – District partnership.

6.11.5 The proposed partnership model is scalable and offers opportunity for future growth, with potential to add additional services or new partners in future years should the Councils choose to expand the partnership. In particular a long term commitment to shared ICT services opens up possibilities not otherwise available, including enabling the Councils to explore options for common business applications.

6.11.6 Where possible these options, in particular the growth of the partnership, will be taken into account when decisions are made about service design, for example the scalability of services. However, the priority will remain focused on the requirements of each Council and on the delivery of services which meet the current organisational and business requirements.

7   Service Design: Shared ICT Service

7.1.1   The ICT services are the procurement, implementation and day to day management of core infrastructure, such as servers and network links, as well as the support, implementation and development of business applications, such as Finance, Environmental Health, Council Tax and Benefits systems.

7.1.2   Between them, the ICT services support more than 900 desktops, Members ICT and a varying range of other equipment such as telephones, printers and audio visual equipment.

7.1.3   ICT service managers are responsible for ensuring that systems meet stringent external security requirements to protect data while also delivering resilient services that enable staff to work flexibly and efficiently, the services in scope are summarised in the table below:

ICT Service Area	ICT Services	TABLE 3 (ICT Services)
Cross Cutting	Strategy and Management	
	Procurement and Contract Management	
	Service Desk	
	ICT Project Management	
Infrastructure	Desktop / Mobile Equipment	
	Network and Communications	
	Infrastructure Management	
	Operations Management	
	Security	
Business Applications	Database Administration	
	Application Support	
	Application Development	
	Systems Administration	
These services are described in more detail in 'Appendix Seven – Services List'		

7.1.4   There are currently two ICT teams, one within each Council. The structures of the teams, which comprise of twenty nine staff in total, are similar with technical specialists working in infrastructure development and support and business applications development and support respectively. The current structure is summarised in 'Appendix Three Current Structure'.

7.1.5   In summary, **it is proposed that the shared service delivers ICT for both Councils. A single data centre design has been developed jointly by staff from both Councils and provides a common and simplified model. The proposed data centre means that it is more cost effective to train staff and provide resilience.**

7.1.6   The proposed design for the shared ICT service is outlined below, it is estimated that shared services designed on these principles would deliver net revenue savings of **£343,000, of the total savings (23% of the baseline budget ICT).**

7.2   Strategic Alignment, ICT Services

7.2.1   Work is being undertaken in both Councils to refresh the current ICT strategies. Work undertaken to date has identified a number of strategic priorities that the two Councils have in common as follows:

- Both Councils have previously invested well in infrastructure technology but have now reached a point where much of the technology is old and requires replacement, in some cases urgently. The two Councils agree about the new technology required and this can now be delivered jointly through shared services, rather than individually at greater cost and with less opportunity to share scare technical resources

- The new infrastructure technology will support new ways of working that have begun or are emerging in both Councils, in particular regarding mobile and home working and the use of different types of device such as tablets and smart phones

- Both Councils recognise their web-sites as important tools for developing improved customer services and as a means of engaging with the public. Likewise the Councils both recognise that web-sites need to be dynamic, their look and feel updated regularly and to be functionally rich. Both Councils also recognise that internal communication tools need to be effective in times of significant organisational change and that modern, well functioning intranets play an important role. In both these respects a shared ICT service has the opportunity to develop a web services specialism to support this technology that would be difficult to sustain for one Council.

- A general issue, for both organisations is the need to both rationalise and properly support core business applications. A review of key applications has demonstrated a need to replace a significant number of existing applications and a realistic opportunity to move to share business applications in many cases. This will lead to more resilient and more economic support for these systems

- Other areas where each Council has identified opportunities to utilise ICT services to deliver business change include:

  - Improved use of mobile technology to deliver services in the field

  - Better use of Geographic Information Systems and other mapping technologies

  - Improved document and records management

  - Effective integration between ICT systems to enable more joined up service delivery

7.3   ICT Infrastructure (Shared Data Centre)

7.3.1   The foundation of the partnership proposals is the development of a **centralised data centre to accommodate the ICT for both Councils.**

7.3.2   A detailed design for a single data centre has been developed using infrastructure technology that each Council has agreed independently is required to replace the ageing infrastructure technology and equipment currently in place. The principles adopted when designing the data centre are as follows:

- A **common and simplified model making it easier and more cost effective to train staff and provide resilience**

- A **reduction in the cost of managing the infrastructure** day to day

- A **reduction in future investment** as work is done once for one large network rather than two individual networks

- A **service that is modular and scalable to provide flexibility for customers** and which will allow further services or partners to be straightforwardly included.

- **Transparency regarding cost and resource usage**

7.3.3   The ability to **continue to deliver the services at the current level and to maintain, or in some cases increase, system availability is recognised as a key business requirement**. A dual site data centre model is proposed, utilising the existing data centres in Stevenage and existing dark fibre connectivity between the two sites (Daneshill House and Cavendish Road in Stevenage). This location for the data centre fits well with and supports the proposed staff office accommodation.

7.3.4   The dual site solution will ensure that if a major incident occurs that prevents service delivery from one of these two sites, that all key systems can be restored rapidly to provide business continuity.

7.3.5   Work to build new ICT Infrastructure in Stevenage is already underway. Should a decision to proceed with shared ICT Services be given, this infrastructure will form the basis for the partnership infrastructure and it is anticipated that work to deploy the new infrastructure solution will begin for both Councils during summer 2013 and it is anticipated that the majority of the new infrastructure will be implemented during 2013. The project to implement the infrastructure solution is being supported by a technical ICT Services consultant with experience of delivering shared ICT Services projects. The technical ICT solution was independently assessed during an independent external review of the IT proposals from the Society of ICT Managers (SOCITM) in the summer of 2012, SOCITM concluded that the infrastructure solution and the associated implementation plans were robust.

7.4   General Principles for ICT Services

7.4.1   The following general principles will apply when seeking to finalise the future design and structure of the ICT Shared Service:

- The core principle will be that the ICT Shared Service will operate as a single team with staff within the shared service working to support both authorities. Improved resilience has been identified as a key business need for both authorities and the shared service can deliver this by operating as a single team

- The shared service team will seek to consolidate best practice from both authorities and to develop new improved policies and processes where needed. The new infrastructure technology that each authority has prioritised will in itself lead to significant changes to working practices and help to mould the new shared service team.

- Staff within the shared service will be based at Daneshill House in Stevenage. However, all ICT staff will also be expected to work from the East Hertfordshire Council offices in Hertford, other East Hertfordshire Council offices as well as other Stevenage Borough Council offices. Touch down desks will be made available to support them. Many elements of ICT work, particularly relating to applications support and development, require strong working relationships with the business. It is imperative that existing strong relationships are maintained and in some cases strengthened going forward. To this end, occasional onsite staff presence will be needed. Staff will work as required at the various sites across both Councils, as well as from home subject to line management authorisation and the service requirements.

7.5   ICT Dependencies and Implementation Costs

7.5.1   The main dependency for the Shared ICT Service is the investment required to implement the shared data centre, service desk investment to support customer interaction and the lead time to implement the technologies and embed the changes.

7.5.2   The cost of implementing a shared service in-line with the above principles has been estimated as follows:

		TABLE 4 (ICT Costs)
Shared ICT Service		**One-off Costs**
ICT Data Centre Hardware	Servers, networking, storage and client devices	£629,000
ICT Data Centre Software	Hyper-Visor, Virtual Desktop Interface, Tools and Utilities and Service Desk System	£223,000
Technical Resources	Project management, technical consultancy and backfilling to enable technical staff to work on the implementation	£110,000
TOTAL		**£962,000**

7.5.3   These costs are kept to a minimum by reusing recently purchased technology from both Councils.

7.5.4   The revenue costs associated with the above changes are taken into account in the savings for the ICT service.

7.5.5   These implementation costs and the financial savings are summarised in the 'Implementation' section of this document together with the profile and timing of potential financial savings. Implementation costs include provision for up to three hundred days of support from officers experienced in managing complex projects that involve organisational change. Separate provision has been made in IT implementation budgets for technically able ICT support and project management services to deliver the ICT data centre.

8   Service Design: Shared Print and Design Service

8.1.1   The Print and Design services are responsible for the provision of printing equipment for staff, bulk printing and the associated design of material for printed and electronic media. The services in scope are summarised in the table below:

Section	Print and Design Services
	TABLE 5 (Print Services)
Service Management and Cross Cutting Services	Print Management and Policies
	Managing customer and supplier relationships
	Maintenance and Incident management
	Procurement of consumables
	Stationery contract management
On-Demand Printing	Multi-Functional Devices
	Desktop Printers / Scanners
	Large Format
Graphic Design	Design and Artwork
High Volume Printing	Internal bulk printing
	Specialist printing
	Controlled stationery printing
	Print finishing, enclosing and mail out
	Mail Merges
These services are described in more detail in 'Appendix Seven – Services List'	

8.1.2   Currently there are three teams responsible for delivery of these services. The East Hertfordshire Council 'Document Centre' delivers both print and design services. The Stevenage Borough Council 'Document Production Centre', is responsible for print services, and 'Graphic Design' team, is responsible for design services. The current team structures, comprising seven officers in total, are summarised in Appendix Three 'Current Structure'.

8.1.3   The small size of these teams, combined with the specialist nature of the work pose resilience risks which are currently mitigated by reliance on external contractors and suppliers.

8.1.4   In summary, **it is proposed that the shared service delivers Print and Design for both Councils, with the services managed 'end-to-end' to ensure that there is alignment between design and print services.** The single service would combine the strengths of the current teams, provide greater resilience and the opportunity to take forward the development and introduction of Print Policies, establishing a common approach and set the standards for both Councils.

8.1.5   The proposed design for a shared Print and Design service is outlined below, it is estimated that shared services designed on these principles would deliver net revenue savings of £73,000 of the total savings (21% of the baseline budget for print and design).

8.2   On-Demand Printing (Multi-Functional Devices)

8.2.1   The most widely used element of the Print and Design service is on-demand (or local) printing, used by officers across both Council's on a daily basis. The majority of printers are multi-functional devices, which provide print, scanning and copying from one machine. The 29 printers are located throughout both Councils' office buildings (13 throughout East Hertfordshire Council buildings and 16 throughout Stevenage Borough Council buildings). There is also a small range of desktop printers available for use across both Councils' buildings (including small remote sites) for groups of users with specific printing requirements.

8.2.2   The Print services co-ordinate support and maintenance of these printers, in liaison with print Contractors. They also work closely with the ICT services to ensure that corporate system-generated documents can be printed effectively.

8.2.3   In Stevenage a print management solution is in place to monitor print usage. Print management solutions enable better understanding of printing costs for effective management of print usage budgets. The software also increases resilience by ensuring that staff can easily access an alternative printer in the event of machine failure. Print management has been identified by East Hertfordshire Council print service as a future opportunity but is not yet implemented.

8.2.4   The main costs for this element of the service are the printer leases, the cost per print (or click charges) and supply of materials. It is anticipated that **in the proposed shared service these costs could be reduced through making use of the best prices available and reducing the cost per page of printing.** To avoid contractual costs[5] these savings are dependant upon lease renewal dates which extend into 2014-15.

8.3   Graphic Design and High Volume Printing

8.3.1   The Print teams also deliver high volume printing, including finishing (sorting and enveloping or binding) documents, for example for the Revenues and Benefits, Planning, Constitutional or (at Stevenage Borough Council) Housing services. A proportion of this high volume work is produced in-house, however some is outsourced to external printers. In some cases this is due to the specialist nature of the work, in others it is because the Service Managers choose to work in that way. Currently the Print teams manage some of this external work and some, in particular at East Hertfordshire Council, is commissioned directly by the individual service areas.

8.3.2   The in-house Design teams produce information and promotional material for each Council's corporate magazines and websites. The Councils both outsource some of this work due to peaks in work volumes, access to specialist design skills or direct commissioning by a service area.

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[5] Or unnecessary early replacement where the printers are owned

8.3.3 Services are provided to internal staff, Members and a small number of external customers including Stevenage Leisure Limited and Parish Councils. Internally there needs to be a strong relationship with corporate Communications, to maintain branding and corporate identity, and with both ICT and Facilities Management in terms of document production and distribution.

8.3.4 **It is proposed that in the shared service Print and Design are managed 'end-to-end' with one team delivering both print and design services to both Councils, including management of the on-demand printing.** East Hertfordshire Council currently manage print and design as one service, the benefits of this model can be maximised through shared services, in particular:

- **Centralising high volume printing, rationalising equipment and gaining economies of scale.** This reduces printing costs by utilising the lowest print machine costs available and reducing the print machine 'idle time' by taking higher volumes of work through a single print room. The high volume machines print at a lower unit cost than the standard printers throughout the Council buildings.

- **In-sourcing print and design work**, where this reduces cost and there is capacity in-house, both print and design work can be in-sourced. In-house design enables design with immediate access to the print process, ensuring best value is maintained by maximising the use of in-house print equipment. Similarly in-house printing utilises the existing print equipment, further reducing the 'idle-time' of print machines. In addition, in-sourcing print and design work will help to maintain each Council's design standards and corporate style.

- **Manage equipment, supplier and out-sourced work once.** Some work will continue to need to be out-sourced, for example to meet demand at peak periods or for highly specialist jobs. Better value can be achieved where print or design specialists commission this work and manage the relationship with suppliers. In addition economies of scale and buying power are improved, for example a single contract or negotiated price for paper or for the renewal of printer leases.

- **Increase resilience,** reducing the current high level of dependency on individual specialists.

8.4 Print Policies

8.4.1 Some of the above principles are already starting to be established within the services in one, or both, Councils. The proposed approach to shared Print and Design services builds on this good practice representing a continuation of the direction the services are currently taking.

8.4.2 However, to help maximise the benefits formal Print Policies are required which may consider potential future changes to drive down the use of paper. It is proposed that the shared Print and Design service take forward the development of Print Policies through consultation and discussion with customers.

8.4.3 Once the policies are developed the changes in working practice and processes will need to be established to successfully implement Print Policies. This cultural change is already underway within Stevenage Borough Council and, to a lesser extent, at East Hertfordshire Council.

8.5 Further Opportunities

8.5.1 In addition to the above there are further opportunities which the shared Print and Design service could take forward, these include:

- reducing wastage of printed material, a key aspect of this is raising awareness of the costs of printing through use of print management information

- removal of the majority small desk top printers at East Hertfordshire Council. These printers are expensive in consumable use and general maintenance. There are likely to be opportunities to replace significant numbers of these devices with existing or new multi-functional devices at reduced overall cost

- the business case currently assumes that some externally commissioned graphic design work will be undertaken in-house by absorbing this work within the existing complement of 3 graphic design posts. There are currently two vacancies in graphic design and there may be opportunity to reduce the number of posts required in the future by employing one member of staff part time depending upon the volume of work undertaken

- the current business case assumes that a very small proportion of print work currently undertaken externally can be brought in-house. While some of this work is specialist and will always remain external, it may be possible to bring some work in-house. Should the decision to proceed with shared service be made, a detailed review of the external work and assessment of the in-house capacity (including timing of regular print work) is likely to identify further opportunities for savings that are not assumed in the business case.

8.6 General Principles for Print and Design Services

8.6.1 The core principle will be that the shared Print and Design Service will operate as a single team with staff within the shared service working to support both Councils. The shared service team will consolidate best practice from both Councils and develop new improved policies and processes where needed.

8.6.2 It is proposed that the print hub is located at Daneshill House in Stevenage. The print facility in Stevenage is larger than in Hertford, can accommodate specialist machinery and has capacity to grow further should more partners participate in print services in the future.

8.7 Print and Design Dependencies and Implementation Costs

8.7.1 The main dependency for the Print and Design savings is the investment required to establish a central print hub and the time required to develop and establish print policies and for equipment lease renewals.

8.7.2 The cost of implementing a shared service in-line with the above principles has been estimated as follows:

		TABLE 6 (Print Costs)
Shared Print and Design Service		**One-off Costs**
Hardware	Replacement costs for multifunctional devices and relocation of equipment	£6,000
Software	Enabling multi-site print management solution (Job Ticketing System)	£35,000
TOTAL		**£41,000**

8.7.3 The proposals for shared Print and Design service include additional new systems which will incur new revenue costs, including potential replacement costs for Multi-Functional Devices, extending the use of existing courier services between the Councils sites and support and maintenance licence for Job Ticketing system. The total new annual revenue pressure is estimated at £21,000 and this is taken into account in the savings estimate for Print and Design.

8.7.4 These implementation costs and the financial savings are summarised in the 'Implementation' section of this document together with the profile and timing of potential financial savings.

9 Service Design: Shared Business Improvement Service

9.1.1 For the purposes of this report Business Improvement Services are defined as project management, business and information analysis services. These functions are delivered by a Business Improvement Service at Stevenage Borough Council which comprises a total of eight staff with a range of different skills and varying levels of experience. East Hertfordshire Council have no staff formally employed in this capacity, although the ICT Team includes two staff whose core skill sets align well with those in the current Stevenage Borough Council Business Improvement Team.

9.1.2 The Business Improvement Team has project managed a range of projects involving:

- Complex ICT

- Organisational change

- Shared procurement

9.1.3 In recent years, the team has been involved in shared services projects such as the Single Internal Audit Service (SIAS) and the shared Revenues and Benefits project with East Hertfordshire Council. As a result the team has begun to form good working relationships with East Hertfordshire Council officers.

9.1.4 The Business Improvement Team has been of particular benefit in Stevenage Borough Council in providing support to enable priority projects to go ahead quickly, where projects may otherwise have been delayed due to lack of capacity. In recent years managerial capacity in the organisation has reduced because of the need to deliver financial savings and the Business Improvement Resource has been particularly valuable. The Team have also developed valuable specialist skills that are difficult to acquire.

9.1.5 The key principles in delivering shared business improvement services will be to:

- Enable East Hertfordshire Council to commission Business Improvement Services, but with no obligation to do so at this stage. It is anticipated that East Hertfordshire Council will schedule (or 'call off') business improvement services where this is required to support or delivery change within the Council.

- Enable Stevenage Borough Council to sustain the Business Improvement Team with an efficient skills mix and the current level of scale.

- An annual forward planning process, taking into account the requirements for services, support and delivery of organisational change in both Councils.

- To review the operation of the service in 12 to 18 month's time

A number of staff within the ICT teams in Stevenage Borough Council and East Hertfordshire Council have project management skills. These skills will continue to be valued and these staff will continue to project manage ICT related projects. The opportunity to 'call off' support from the Business Improvement Team will provide additional capacity which may allow priority projects to go ahead which might otherwise have been delayed.

9.1.6 Staff within the Business Improvement Team at SBC are multi-skilled in the following areas:

- Project management – experience of delivering projects involving complex organisational change, ICT and procurement

- Business analysis – including developing business cases, capturing business requirements, mapping and remodelling business processes

- Information analysis – data analysis (including spatial GIS data) and customer profiling

The East Hertfordshire Council ICT Development Team also includes a member of staff with specialist GIS skills. There are likely to be a number of opportunities for the GIS specialists to work together in the interests of both Councils to deliver more resilient and flexible GIS services

10 Organisational Impacts

10.1 Customers

10.1.1 The new partnership arrangements for support services will need to be embedded within each Council's organisational culture, ensuring the support services continue to work closely with and are viewed as part of each organisation.

10.1.2 The services in scope fulfil a key role in supporting each Council's front-line services and it is recognised that the way customers interact with the services has to be right for both Councils, as well as for individual services. In addition, the customer's interaction methods are recognised as both a key cost driver and having an impact on the perception of service quality.

10.1.3 The customers are the staff in each Council (approximately 1000 staff in total), Members of both Councils and a small number of external customers. Currently, customer interaction methods vary across the support service. However the highest volume of transactions are through the formal ICT service desks in each Council. Analysis undertaken by the service managers has identified that the approach of channelling customer interaction through a formal service desk, with online Intranet self service, is the most efficient method and is considered suitable for the ICT, Print and Design services.

10.1.4 It is anticipated that the majority of the shared service's customer interaction will be channelled through this method, including:

- A single ICT Service Desk responding to requests and resolving issues for customers in both councils.

- A single print management framework, channelling high volume printing to the shared print room

10.1.5 A formal ICT service desk would be complimented with suitable arrangements in place for Members and senior officers. In addition, each service will have clear processes for escalation to professional officers and for issues resolution.

10.1.6 The challenges in terms of cultural change are recognised, in particular regarding change in printing practice to a more efficient model and the introduction of self service. These proposals in relation to customer interaction, like any organisational or cultural change, will take time to develop, implement and embed. Both Councils recognise that this is an efficient model for the services and, if taken forward in discussion with customers, can lead to a more effective service.

10.1.7 From a technology perspective, it is proposed that a single Service Desk system is procured and deployed for the services. This minimises costs and enables a common approach to managing customer interaction. In the longer term options for a combined support service desk (one for all services) may be explored. The estimated cost of this system is £60,000, which is included within the ICT implementation budget.

10.2 Service Quality and Baseline

10.2.1 Service quality will be set in consultation with both organisations and in line with governance arrangements that are already in place, such as those for service planning and risk management. Additional safeguards, over and above those in place for support services generally, will include:

- Published service catalogues

- Regular partnership steering group meetings to provide managers and key users of partnership services the opportunity to feedback on performance and input into partnership policies, performance targets and service priorities generally

- Staff in both Councils were surveyed (as customers of the services) in June / July 2013 to inform a performance baseline against which partnership performance will be measured.

- The ICT development programmes for each partner are currently being reviewed in terms of priority and the ICT capacity required to deliver projects to ensure that business critical ICT development work can be completed alongside work to implement shared services.

10.3 Affected and Orphaned Services

10.3.1 The consequential impacts of the proposed move to shared services have been identified and reviewed by each Council's management boards. The degree to which each Council is impacted differs and new arrangements are proposed which are suitable to the individual Council requirements, policies and procedures.

10.3.2 There are services in each Council which are affected by, but not directly in scope, of the proposed shared service. These services that currently report into management roles in scope of the proposed changes are referred to as 'orphan' services. The services are outlined in 'Appendix Six – Organisational Impacts Orphaned Services'. The majority of the orphaned services are managed within specialist teams and there is a high level of confidence in the ability to move to the new arrangements with minimal disruption or business continuity risks.

11 Alternative Options

11.1 Overall it is considered that 'do nothing' is not a realistic option in the current financial climate. The level of savings which each Council is required to make, combined with the current and potential resilience risks mean that retaining the existing support service arrangements is not considered a viable option.

11.2 Alternative Partnership Models

11.2.1 From a shared service perspective, alternative models have been assessed. In summary the conclusions are that other options (including those below) are not appropriate for the services:

- **Sharing only one of the support services (for example only ICT, but not Business Improvement or Print and Design)** would impact the senior management costs and presents risks to implementing unified and efficient support services.

- **Alternative locations for the support services** are available, however these increase the impacts on staff, service delivery and establishing an equitable partnership

- **Less formal sharing arrangements** for the majority of services, this would have a significant impact on the ability to implement joined up service delivery.

12 Financial Case

12.1 Financial Savings

12.1.1 The **overall savings achievable from the preferred partnership model are 23% of the baseline budget** which exceeds the minimum benchmark of 10% established by the Programme Board. In summary the annual revenue savings for each service are:

	TABLE 7 (Savings)
Savings Summary (rounding has been applied)	
Service	**Potential Saving**
ICT	£343,000
Print and Design	£73,000
TOTAL	**£416,000**

12.1.2 These are **net savings within each service**, estimated from the proposals set out in the 'Service Design' sections of this document and accounting for the additional revenue pressure arising from the implementation of the anticipated changes to process and technology.

12.1.3 The estimated savings are based upon analysis of the services, and the options set out in this business case, through agreement with key Finance personnel and Heads of Service.

12.1.4 Savings have been identified from the service's direct budget (see 'Appendix Two – Baseline Budget'). Options may exist for making savings from the managed budgets however these have not been analysed in detail at this stage and are not included in this business case.

12.1.5 All other savings are initial estimates at this stage and will be verified through the Service Implementation Projects. Financial savings related to staff salaries will be subject to the outcomes of the ongoing Stevenage Borough Council single status review.

12.1.6 The savings are considered to be prudent and take into account the organisation wide and cultural change required to transition effectively. It is anticipated that there may be further savings once the shared service is established and common processes are in place.

12.2 Implementation and Start-up Costs

12.2.1 The investment and start-up costs for the proposals as set out in this business case have been estimated.

Cross Cutting Costs

12.2.2 The one-off start up investment for the shared service as a whole is set out in the tables below:

Cross Cutting Investment		One Off Revenue Costs
		TABLE 8 (Cross Cutting Costs)
Organisational Change	Provisional estimate based on the degree of change which might take place	£250,000
Disturbance Provision	Provisional estimate based on the anticipated impact of relocating East Hertfordshire Council staff to Stevenage	£46,000
Staff Support	Training and support for staff undergoing change, this is in addition to the corporate and service specific provision which each Council has in place.	£10,000
Staff Resources	Costs of internal staff time to enable key specialists to support the transition and implementation	£53,000
TOTAL		**£359,000**

ICT Specific Costs

12.2.3 The total estimated one-off cost of implementing the proposed shared ICT data-centre is **approximately £962,000**. This is to be funded using the existing Stevenage Borough Council infrastructure budget and through a report on ICT Infrastructure Investment being recommended to the same meeting of East Herts Executive as this business case.

12.2.4 As well as the ICT Data Centre, there is provision to fund a new ICT Service Desk and to consolidate some ICT software such as anti-virus that will help to harmonise business processes and achieve better value for money.

12.2.5 Analysis of the costs for the data-centre establishes that once the initial implementation costs have been incurred, future commitments for both Councils reduces. This means that the longer the partnership lasts, the greater the financial benefit arising from a single data-centre achieved. Costs would also reduce further should the partnership grow in future years.

12.2.6 It should be noted that the costs quoted refer to investment in jointly owned data-centre technology. **Other future costs relating to local equipment such as PCs and lap-tops or for licensing new business applications will be incurred in addition to the costs quoted in this report.**

<u>Print and Design Specific Costs</u>

12.2.7 The **total estimated one-off cost of implementing the proposed shared Print and Design service is £41,000** these costs are described in more detail in the Service Design section of this document.

<u>Other Capital Costs</u>

12.2.8 The **total estimated one-off cost of office accommodation set up in both Council's office building is £124,000.** This will provide suitable office accommodation for the shared service staff and includes 'touch down' desks and facilities at East Hertfordshire Council's Wallfields Office in addition to accommodation in Stevenage Borough Council's Daneshill House Office.

<u>Council Specific Impacts</u>

12.2.9 The net position for each Council, as a result of financial savings achieved through shared services, is summarised in the savings profile. Each Council will be impacted differently and these savings will contribute to both Council's Medium Term Financial Plan / Strategy.

12.2.10 The financial impacts of moving to shared services, for example where individual posts are impacted or any variation in recharges, may reduce the net savings for each individual council. The final estimate of this impact will be included in the individual reports to each Council's Executive.

12.3 Savings and Investment Profile

12.3.1 It is anticipated that the savings identified within this business case, from services designed on the principles set out in the 'Service Design' sections of this document, would be delivered in full from 2014-15. The table below sets out the indicative timeframe for the delivery of savings, these timeframes will be confirmed as part of the Service Implementation Projects:

	TABLE 9 (Savings Timing)
Savings Stream	**Anticipated Timeframe for Change**
ICT Stream	2013-14 and 2014-15
Print and Design Stream	2013-14 and 2014-15

12.3.2 **The timing of estimated savings and the anticipated costs of implementing shared services inline with the principles set out in this report are summarised in 'Appendix Eight – Savings and Investment Profile'.** This shows the net revenue position per year in total and for each Council.

12.3.3 Experience of organisational and business process change projects has shown that a contingency budget is beneficial to support risk mitigation and enable rapid resolution of issues which may arise through transition and implementation phases. An appropriate

contingency and risk mitigation budget will be identified by the Chief Financial Officer of each Council.

12.3.4 The savings and implementations costs will be verified through the transition and the Service Implementation Projects. The budgets will be monitored and overseen by the Programme Board and through the existing programme / project monitoring frameworks in each Council.

13   Consultation with Staff and Unions

13.1   Consultation Process

13.1.1 The creation of the proposed shared service would require the transfer of staff in the services:

- Staff from East Hertfordshire Council would transfer to Stevenage Borough Council as an employer under TUPE

13.1.2 Full 30 day consultation with the relevant trade unions and staff in both Councils has been undertaken. The consultation was started on 15 May 2013 and completed on 14 June 2013 and was conducted in accordance with the statutory requirements of the Transfer of Undertakings (Protection of Employment Regulations 2006 (TUPE) and the Trade Union and Labour Relations (Consolidation) Act 1992 as amended by the Trade Union Reform and Employment Act1993 (TULRCA).

13.1.3 The 30 day consultation in May / June 2013 was on:

- The proposed transfer
- The approximate date of transfer
- The reasons for the transfer
- The legal, economies and social implication for affected employees
- The measures anticipated to be taken in relation the affected employees. This includes the proposed location of the shared service, the proposed Head of Shared Service role, the single employer and the transition arrangements.
- The numbers and descriptions of any such employees

13.1.4 As well as consultation with Trade Unions all staff have been consulted about the proposed business case, the proposed transfer and its implications. There will continue to be individual consultation with staff at key stages of the process.

13.1.5 Heads of Service have been consulted on the draft structure and job descriptions for the proposed Head of Shared Service and arrangements for selection as the post holder will be directly affected after the transfer.

13.1.6 The consultation has resulted in some minor amendments to the business case which has been shared with employees in both Councils.

13.1.7 Subject to the outcome of consultation and each Council's decision on sharing the services it is anticipated that the affected staff will be transferred to Stevenage Borough Council. The anticipated TUPE date is currently 1 August 2013, or sometime within August/September 2013 subject to consultation and final decisions by both Councils.

13.2 Consultation Feedback

13.2.1 At the time of writing this document the main concerns raised by staff are the details of the transfer and practical considerations relating to relocation and delivery of services to two Councils. These have been addressed through the consultation process and communication will be ongoing throughout the period of change.

13.2.2 A question and answer document has been produced, which lists the questions raised by staff and responses given. In summary the concerns raised by Union representatives in both Councils are: additional information on project management and GIS services; feedback on the timing of communications; employees working in Stevenage Borough Council offices and in all the East Hertfordshire Council offices; and the need for resourcing going forward to support development of the partnership.

14   Implementation Approach

14.1   The implementation approach has been developed following research into best practice, implementation of similar shared services and the recent learning from shared services projects undertaken by the Councils. Contingency has been built into the timeframes and budgets. Regular reviews will be undertaken of the approach, resources and delivery dates to ensure the required deliverables are achieved.

14.2   If the decision is taken to proceed with shared services there will be two distinct phases to managing the change. Firstly the Transition Phase, which will run until shortly after the Staff TUPE Transfer, secondly the Implementation Phase which will follow this and include the changes in service delivery.

14.3   Customer engagement will be undertaken throughout the implementation stage including development of Print Policies, how customers interact with the services, service catalogues and performance. This will build on the ongoing discussions and development of ICT Strategies set out in 'Section 7.2 – Strategic Alignment, ICT Services'.

14.4 Transition Phase

14.4.1 This phase will deliver the Partnership Agreement and the transfer of staff to a single employer.

14.4.2 Some preparatory work is already underway and the key activities include:

- **People and TUPE Transfer:**
  - Staff support and engagement
  - Staff TUPE Transfer
  - Prepare and begin staff induction and team building activities
- **Governance Arrangements:**
  - Development and signing of the Partnership Agreement
  - Partnership Board terms of reference agreed and board meetings scheduled
  - Reporting arrangements into each Council's management board
  - Ongoing programme governance arrangements to manage the change programme (up to the time the Partnership board is formed)

- **Implementation planning:**
  - Preparation and detailed planning for the implementation of shared services
- **Customer Engagement:**
  - Engage with management teams and survey customers to provide benchmark data to enable effective performance monitoring
- **Orphan Services**
  - Each Council to implement new line management arrangements for orphaned services

14.4.3 The anticipated timeframes for the transition phase are short to enable the shared service to be established quickly, it is anticipated that the TUPE transfer date is 1 August 2013, or sometime within August/September 2013 subject to consultation and final decisions by both Councils. Preparatory activities will be undertaken ahead of this date, the timeframes for these activities are set out in 'Appendix Nine - Transition Timeframes'

14.4.4 It is envisaged that the transition phase is completed with the staff transfer and completion of staff induction activities and that the Partnership Board will be formed in August / September 2013.

14.5 Implementation Phase

14.5.1 Should the decision be made to proceed with shared services, and following the Transition Phase and creation of the shared service, the proposed changes to the following staff groups will be taken forward:

- **Head of Service (1 post affected) – appointment to the Head of Shared Service role**

14.5.2 All other staff will transfer in their existing jobs roles.

14.5.3 At this stage three key projects have been identified to take forward the implementation of a shared service:

- **Relocation -** It is anticipated that the majority of staff will be relocated to Stevenage during 2013

- **ICT Data Centre -** A project is already underway within Stevenage Borough Council to implement improvements to the ICT infrastructure. This project is supported by staff from both Councils ICT teams and is aligned to the proposed shared ICT Data Centre design. It is anticipated that the approach to this ongoing project will be reviewed and a joint project taken forward to implement the shared data centre and joint service desk for both Councils.

- **Print Hub -** It is anticipated that the implementation of the proposed shared print hub will be undertaken in two phases. Firstly to co-locate the print service and secondly the development of print policies and process change to enable a full print and design hub to be established.

14.5.4 **Detailed planning will be undertaken with service managers and technical specialists and shared service implementation projects formally initiated, including confirmation of timescales, following the appointment of Head of Shared Service.**

14.5.5 The implementation of shared services will be managed within the framework of a single programme, reporting to the Partnership Board. The dependencies between the implementation projects, wider organisational changes and business requirements will be considered and monitored.

14.5.6 The impact of the implementation projects on 'business as usual' and, in particular planned ICT projects within each Council has been assessed by the Head of Service and a backfilling budget has been identified within the implementation costs to ensure that there is sufficient resource to deliver the ICT Data Centre project whilst minimising the impact on day to day service delivery.

15 Risks

15.1   There are risks in implementing a partnership and in delivering shared services, the key risks identified are summarised in the tables below, together with suitable mitigation. An appropriate entry will be made in each Council's strategic risk register and detailed project risk registers developed and maintained, should a decision be taken to proceed with a shared service.

15.2 Transition and Implementation Risks

15.2.1 The table below outlines the risks associated with the transition to and implementation of a shared service. These will be reviewed by the Partnership Board at key stages of the transition and implementation to ensure that the risks are managed effectively and appropriate mitigation is in place.

	Risk	TABLE 10 (Transition and implementation Risks) Mitigation
All Services:		
Failing to gain or maintain support from the top	Support from senior officers and / or Members is not as strong as required. This presents difficulties in securing commitment to the vision and risks to implementation of the changes moving forward	The business case must be convincing. Through consultation and engagement with those at the top, understand their concerns and address them. Ensure continued engagement with the management teams in each Council and manage the transition to and implementation of shared support services effectively alongside other organisational priorities.
Lack experience in partnership working	Poor cross-organisational and interdepartmental collaboration, with entrenched local interests and little commitment to work in partnership.	Develop comprehensive communications plan. Create opportunities for officers to meet and build common ground, focusing on areas of mutual interest. Ensure that governance and management arrangements for the change are appropriate and communicated clearly. Strong leadership from the Head of Shared Service with clear expectations of behaviours.

	Risk	Mitigation
		TABLE 10 (Transition and implementation Risks)
	Risk	**Mitigation**
Lack of appropriate resources	Limited resources which are essential for implementation, such as specialist ICT, HR, Accounting or Legal staff are not available to support the planning and management of the change	The project sponsor and Programme Board (or Partnership Board post creation of the partnership) are responsible for ensuring that adequate resources are made available to the project in a timely manner. Early identification of resources and key areas of risk will support this. Recognise key dependencies on staff skills and make provision for backfilling and / or for bringing in external expertise if required.
Slippage	Unexpected events or poor estimates of the anticipated duration of activities delay transition or assessment of future options.	Apply rigor to the production and review of implementation plans and the Service Implementation Projects. Include specialists on the project team, in particular ICT, HR and business change professionals and reach agreement on projected timescales.
Proposals not meeting staff expectations	Staff may expect that all changes / relocations will be fully implemented within a certain timeframe, this may be shorter or longer timeframe than is proposed in this business case	Clear and consistent communication (through consultation and transition) on timeframes and that there are 'unknowns'. Clear communication following transition of proposed timeframes and changes. Allowing sufficient time and resource to plan potential changes. Clear leadership from Head of Service prior to change and from Head of Shared Service once appointed.
Unexpected implementation costs	There is a risk that there will be unforeseen additional costs associated with the change	Full costs are documented prior to final detailed business case being prepared. Clarification that each element of the project has been fully tested to ensure there is enough information in relation to any additional costs that are required. Both Councils to check and challenge Revenue and Capital costings. Regular monitoring of the project budgets through implementation
Staff turnover increases and / or morale reduces in critical areas	Staff turnover and / or staff morale is impacted by uncertainties about the future. This could lead to a shortage of knowledge and experience needed for managing the transition to, or implementation of shared services, or to performance impacts within the services	Ensure timely and appropriate communications with staff about the change. Focus on the potential incentives and benefits in new working arrangements.
ICT Specific		

	Risk	TABLE 10 (Transition and implementation Risks) **Mitigation**
Lack of availability of key staff	Key staff are not available to the implementation projects, as a result of organisation objectives (user demands or legislative changes) taking priority. For the ICT changes in particular there is a risk that key staff required for the shared data centre implementation project will not be available during the timeframes set out for the project. This would result in delays.	Clear priorities for the services undergoing change and the relative priorities in both Councils. Early identification, and monitoring though each project of the key skill areas / individual staff where there may be capacity risks Understanding of and clear communication of the ICT Development Programmes in both Councils and managing the scale of change within each organisation to take account of the type of resources and priority of the ICT data centre implementation project and the need for a period of focused effort to deliver this change.
IT Data-centre Resilience	The infrastructure design or build is not resilient, or leads to live service delivery problems during migration.	During migration to a new shared infrastructure service availability and business continuity will be a key priority. The technologies proposed are generally well known. Identify and resource lead technical officer role, including relevant technical skills and previous experience of similar shared ICT service implementations.
Print and Design Specific		
High lease termination charges for current contract	Charges to move away from current contracts are high / equal to continuing current contracts which would lead to a delay in achieving savings.	Negotiations with current suppliers could prevent or reduce penalty payments for terminating leases early, or savings could be achieved on a phased basis.
Potentially high software implementation costs	Implementation costs for electronic job ticketing software are high (however this was based on one quote during the analysis phase of the detailed business case)	Financial analysis in the business case accounts for this high level of cost. Conduct a procurement exercise based on an agreed specification nearer to implementation, in order to establish and make use of the best prices currently available.
Shortfall in Facilities Management resources (EHC)	By including East Hertfordshire Council's Document Centre Manager in scope of the shared Print service a proportion of the FTE management time is removed from the Facilities Management service.	Ensure that the management requirements within East Hertfordshire Council's Facilities Management team are understood and addressed.

	Risk	Mitigation
		TABLE 10 (Transition and implementation Risks)
Procurement restrictions on extending cheapest contract	Procurement restrictions may prevent extension of the currently cheapest contract for both authorities. Although there are no restrictions within the contracts themselves, the overall contract value may exceed levels set by the framework it was procured through during the life of the term. Not using the cheapest contract would affect the level of achievement of savings associated with moving to the cheapest lease and click costs.	Seek Procurement and Legal advice, weighing up the risks of challenge against the risk of not achieving the level of savings assumed in the business case. Although there is confidence in achieving savings, they may not be as high / there may be a delay while existing contracts are run through to completion.

15.3 Shared Service Risks

15.4   The table below outlines the risks associated with delivering the shared services, these are the longer term risks the Council's need to consider in terms of 'managing the shared service' once the implementation of the changes are complete. In addition some of the above risks, for example those related to cultural change, may continue into the early stages of the running of the partnership. The risks will be reviewed by the Partnership Board at the end

	Risk	Mitigation
		TABLE 11 (Shared Service Risks)
All Services:		
Redesign of processes	Service delivery will be inefficient or performance may be impacted. Resources would need to be diverted to repair the situation.	Ensure that sufficient time and staff resource is allowed to prepare for and implement changes, including engagement with service specialists and with management teams in the partner authorities.
Ability to adapt to changing organisational and business requirements	The service is unable to adapt to changing requirements, or to individual Council specific requirements.	Build flexibility into the future service design and financial partnership models, including tiered service quality options for demand led services. Maintain close relationship between the shared service and the Councils, treating both partner equally and ensuring that staff, in particular managers within the service, understand both organisations cultures and business requirements

	Risk	Mitigation
		TABLE 11 (Shared Service Risks)
ICT Specific:		
Technology is inadequate	Technology requirements are poorly or incompletely understood. This leads to extra time and resource in order to deliver satisfactory service delivery.	Recognise that ICT is critical to the delivery of services and involve professional business and systems analysts, together with service specialists, users and suppliers in technology changes. Scope and specify the ICT changes upfront ahead of each change.
Print and Design Specific:		
Not achieving savings as a result of in sourcing graphic design work	Peaks in graphic design workload resulting in the need to continue outsourcing graphic design work.	Peaks in workloads would still occur but with efficient scheduling these would be kept under control. Working with customers to ensure the organisations accept the design standards proposed by the in-house design team.
Poor adherence to the shared print service's print policy / print management framework	Poor adherence to a shared print policy would reduce the level of achievable savings as a result of delivering outsourced print services in-house.	Work with Senior Managers across both Councils to embed a shared print policy. The principles of which should be to: prevent non-expert procurement of print ensure compliance with standing orders ensure production of documents in line with the Corporate Style Guides eliminate wasted time in procurement, administration and payment secure better bulk rates with commercial printers when outsourcing is required support the drive to control expenditure.

16 Legal Considerations

16.1 At this stage there are no known legal impediments to proceeding with the proposed shared services partnership.

16.2 The proposed transfer of staff will be subject to the provisions of TUPE which require that employees employed in an undertaking prior to the transfer will transfer to the new employer with continuity of employment preserved including all rights and duties under their contract, with the exception of their pension rights. Any dismissal connected with a transfer is considered to be automatically unfair unless it can be shown that there is an economic technical or organisational (ETO) reason for the dismissal.

16.3 Human Resource Considerations

16.3.1 Human Resource from both Councils have advised on the approach to managing the change and supported the development of the proposals for shared services.

16.3.2 The proposal does have Human Resource implications, although the Councils have established in the past a variety of methods for delivering services, including shared services.

16.3.3 The implications relating the different model will be dealt with through the development of the governance and Partnership Agreement, in particular addressing the relationship between the Councils and the shared service. There will be significant activities to ensure cultural and operational integration at the appropriate phases of transition and implementation.

16.3.4 Appropriate support to staff undergoing this extent of change will continue to be provided. Officers from the two Councils are working closely together to ensure that both Councils fully meet their duty of care to staff

16.3.5 As part of the project team Human Resource Officers are already contributing to the approach for communicating and engagement with staff, which has been ongoing since mid 2011. The approach to consultation with staff and unions will be undertaken as set out in the 'Consultation with Staff and Unions' section above.

16.4 Procurement

16.4.1 The details of the governance and management arrangements are not yet developed in full but a shared service arrangement in principle should fall outside of the EU Public Procurement regime which, should they apply, would require the Council to tender for the service.

16.5 Equalities

16.5.1 The structure of the services and staff arrangements in particular has been considered with regard to equal pay. The risks related to equal pay are very low whilst TUPE applies as TUPE is a defence to any potential equal pay claims.

16.5.2 The Equalities Act 2010 applies.

16.5.3 There are no general impediments which apply as a result of the proposals as they currently stand but there could be individual cases where reasonable adjustment may be necessary, these and other equalities impact will be considered at the time they arise.

17 Conclusion

17.1 The analysis undertaken confirms that partnership is a viable option for these support services and that proposed partnership arrangement demonstrates a robust service delivery model.

17.2 There are a range of organisational benefits as well as a high level of financial savings and that have been indentified and are achievable through the creation of a shared service.

17.3 There will be significant strengthening of resilience after the transition to shared services and implementation of service changes. The implementation projects will deliver efficiency savings, economies of scale and, where required, review service standards to enable the ICT, Business Improvement, Print and Design services to continue to meet the need of both front line and internal services.

17.4 The same level of savings, resilience and capacity are not achievable by each Council individually.

17.5 The shared service option poses risks, but these can be confidently managed.

17.6 The proposed move to a Head of Shared Service is a key enabler for delivery of efficiencies, economies of scale and positive changes within the services.

17.7 The proposed approach enables the shared service to be established and the improvements identified in this business case to be delivered in the timeframes required, and in a way that manages the service delivery risks.

17.8 The level of investment required to implement the proposed changes is considered reasonable given the proposed return on investment and it is recognised that the investment is building streamlined, affordable, support services for the future.

17.9 Investment of this order is required by both Councils, whether Shared Services are agreed or not. This proposal allows the Councils to gain better value for those investments.

17.10 Overall the business case must be measured on the extent to which the objectives are likely to be met within acceptable timescales. The level of savings and timescales for delivery are such that the business case can be recommended by officers.

17.11 Detailed planning for implementation is underway and plans will be confirmed should a decision be made to proceed. This planning and implementation itself will be directed by the Partnership Board, in close liaison with the management boards and teams in each Council. Customer views will be sought and customers engaged in the change process, in particular those related to service quality.

17.12 Recommendations and proposals for a single shared service for delivery of ICT, Business Improvement, Print and Design services are the subject of separate reports to the Executive of each Council.

Appendices

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Appendix One - Partnership Principles and Key Characteristics

The Chief Executives of East Hertfordshire Council and Stevenage Borough Council have jointly identified the following key characteristics upon which a potential partnership might be based.

▸ The partnership will be **efficient**. We will deliver services more cost effectively than we do individually and at a cost that compares favourably against private sector benchmarks and other alternatives

▸ The partnership will be **accountable** to elected members from each of the participating Councils. There are different options for governing the partnership, but Members' responsibilities to determine the strategic direction for the partnership will be retained, whichever option is chosen.

▸ The partnership will be **resilient and responsive**. Support services must be responsive to business needs, which are often unpredictable, and to meet peaks in demand for services. The partnership must ensure quality standards for critical services whenever they are called upon to deliver.

▸ The partnership will offer **flexible** services. In an uncertain world, business needs change and support services must change with them. The partnership must be light on its feet and adapt quickly to change.

▸ The partnership and partners will develop and maintain a **productive relationship.** The partnership will not be separate, at arms length, but work intimately, seamlessly and responsively with the partners.

▸ The partnership must operate **accountably** and **transparently**, but must not be stifled by unwieldy and costly governance arrangements. It must be **equitable** with partners sharing fairly in risks and rewards, decision making and investment. The partnership should make the best use of partners' key strengths and ensure that all partners contribute to ensure the partnership is a success.

▸ The partnership will be based upon **trust and understanding** between the partners and respect for our differences. The partnership will recognise differences in partners' cultures when delivering services to them.

▸ The partnership will be **proactive** in the way it works, providing **opportunities** for staff from all partners to progress and develop. These opportunities will be greater than those available in smaller staff teams employed by the individual partners.

▸ The partnership is a **fresh opportunity** and represents a **positive vision of the future.** Once established the partnership will explore opportunities to increase the number of partners and to expand services delivered. This is a better model for delivering support services and will, therefore, grow and last.

The Partners

- the partners will provide **strategic leadership** to support the partnership, recognising this as crucial to the partnership's success

- the partners will **consider each other** and the **best interests of the partnership** when making decisions that affect the partnership

- the partners will seek to **learn** from each other and introduce **harmonised** policies and processes when practical to do so

- the partners will be **pragmatic, focused upon what works best**, rather than where services are located or who delivers them

Appendix Two - Baseline Budget

	ICT			Business Improvement	Print and Design			TOTAL		
	EHC	SBC	Combined	SBC	EHC	SBC	Combined	EHC	SBC	Combined

Direct Baseline Budget

REVENUE EXPENDITURE

	ICT EHC	ICT SBC	ICT Combined	BI SBC	P&D EHC	P&D SBC	P&D Combined	TOTAL EHC	TOTAL SBC	TOTAL Combined
Employees All direct employees costs, including transport related	£ 571,400	£ 558,000	£ 1,129,400	£ -	£ 78,600	£ 122,300	£ 200,900	£ 650,000	£ 680,200	£ 1,330,200
Supplies and Services External services including ICT Infrastructure, Printer Leases and other equipment	£ 266,400	£ 243,500	£ 509,900	£ -	£ 57,600	£ 108,900	£ 166,400	£ 324,000	£ 352,300	£ 676,300
Income Received Income from external organisations	£ -	-£ 45,000	-£ 45,000	£ -	£ -	-£ 13,500	-£ 13,500	£ -	-£ 58,500	-£ 58,500
TOTAL:	£ 837,800	£ 756,500	£ 1,594,300	£ -	£ 136,200	£ 217,600	£ 353,800	£ 974,000	£ 974,100	£ 1,948,100

DIRECT CAPITAL (TA)

	ICT EHC	ICT SBC	ICT Combined	BI SBC	P&D EHC	P&D SBC	P&D Combined	TOTAL EHC	TOTAL SBC	TOTAL Combined
Capital Contribution to Salaries Staff 'Technical Assistance' costs	£ -	-£ 132,300	-£ 132,300	£ -	£ -	£ -	£ -	£ -	-£ 132,300	-£ 132,300
TOTAL:	£ -	-£ 132,300	-£ 132,300	£ -	£ -	£ -	£ -	£ -	-£ 132,300	-£ 132,300

Managed Budget (Indirect)

MANAGED REVENUE EXPENDITURE

	ICT EHC	ICT SBC	ICT Combined	BI SBC	P&D EHC	P&D SBC	P&D Combined	TOTAL EHC	TOTAL SBC	TOTAL Combined
Employees and Services Staff related revenue costs held by each Council	£ 11,400	£ -	£ 11,400	£ 387,000	£ 5,400	£ -	£ 5,400	£ 16,800	£ 387,000	£ 403,800
Corporate Costs Contract costs held by each Council, namely ICT Application Contracts	£ 466,900	£ 529,300	£ 996,200	£ -	£ -	£ -	£ -	£ 466,900	£ 529,300	£ 996,200
TOTAL	£ 478,300	£ 529,300	£ 1,007,600	£ 387,000	£ 5,400	£ -	£ 5,400	£ 483,700	£ 916,300	£ 1,400,000

MANAGED CAPITAL (TA)

	ICT EHC	ICT SBC	ICT Combined	BI SBC	P&D EHC	P&D SBC	P&D Combined	TOTAL EHC	TOTAL SBC	TOTAL Combined
Capital Contribution to Salaries Staff 'Technical Assistance' costs	£ -	£ -	£ -	-£ 20,900	£ -	£ -	£ -	£ -	-£ 20,900	-£ 20,900
TOTAL:	£ -	£ -	£ -	-£ 20,900	£ -	£ -	£ -	£ -	-£ 20,900	-£ 20,900

Retained Costs and Recharges

RETAINED BUDGET

	ICT EHC	ICT SBC	ICT Combined	BI SBC	P&D EHC	P&D SBC	P&D Combined	TOTAL EHC	TOTAL SBC	TOTAL Combined
Employees & Services All direct employees costs for out of scope posts within the cost centres	£ 62,000	£ 54,500	£ 116,400	£ -	£ 13,600	£ -	£ 13,600	£ 75,500	£ 54,500	£ 130,000
Recharges Recharges for ICT, Print and Design	£ 139,200	£ 101,000	£ 240,200	£ -	£ 47,300	£ 66,400	£ 113,700	£ 186,500	£ 167,400	£ 353,900
TOTAL	£ 201,200	£ 155,500	£ 356,600	£ -	£ 60,900	£ 66,400	£ 127,300	£ 262,000	£ 221,800	£ 483,900

Appendix Three – Current Structures

The following pages contain:

- Current Organisational Structure - EHC

- Current Organisational Structure – SBC

- Current ICT, Print and Design Structure – EHC

- Current ICT, Business Improvement, Print and Design Structure – SBC

Current Organisational Structure - EHC

Director of Finance and Support Services
Adele Taylor

Chief Executive and Director of Customer and Community Services
George A Robertson

Director of Neighbourhood Services
Simon Drinkwater

(Interim) Head of People and Property Services
Glenda Bennett

(Interim) Head of ICT
Henry Lewis

Head of Environmental Services
Cliff Cardoza

Head of Planning and Building Control Services
Kevin Steptoe

Head of Financial Services and Performance
Simon Chancellor

Head of Information, Customer and Parking Services
Neil Sloper

Head of Community Safety and Health Services
Brian Simmonds

Manager of Corporate Risk
Chris Gibson

Head of Communication, Engagement and Cultural Services
Will O'Neill

Manager of Housing Services
Claire Bennett

Head of Democratic and Legal Services
Jeff Hughes

Manager of Economic Development
Paul Pullin

PA Team
Jo Vottariello, Sian Gentry

Shared Services:
Shared Internal Audit Services

Head of Revenues and Benefits Services
Su Tarran

Current Organisational Structure – SBC

```
                              ┌─────────────────────┐
                              │   Chief Executive   │
                              │     Nick Parry      │
                              └─────────────────────┘
```

Chief Executive
Nick Parry

Strategic Director (Resources) & Deputy Chief Executive
Scott Crudgington

Strategic Director (Environment)
Peter Bandy

Strategic Director (Community)
Tim Mills (Interim)

Assistant Director (Finance)
Clare Fletcher

Head of Environmental Services
Lee Myers

Assistant Director (Housing)
Mike Haynes (Interim)

Head of Housing Management
Jaine Cresser

Head of Customer Services and Business Improvement
Henry Lewis

Head of Planning, Regeneration and Transport
Viv Evans

Head of Housing Partnerships and Communications
Richard Protheroe

Head of Housing Property
Tony Campbell

Head of Legal Services
Paul Froggatt

Head of Property & Estates
Keith Brown

Head of HR and Organisational Development
Christina Hefferon

Shared Services:
Revenues and Benefits Shared Service
Shared Internal Audit Services

Senior Executive PA
Adele Adamson

Head of Leisure, Community, Children's Services
Aiden Sanderson

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Current ICT, Print and Design Structure – EHC

Post in scope and directly affected (within People, ICT and Property Service):

```
                          EHC Head of People,
                          ICT and Property
                          Post FTE:        1.00

   Facilities Management      Network and Systems      ICT Development
   and Property Manager       Support Manager          Manager
   Post FTE:       1.00       Post FTE:      1.00       Post FTE:        1.00

   Document Centre            Virtualisation           IT Project Leader /
   Manager                    Architect                Analyst Technical
   Post FTE:       1.00       Post FTE:      1.00       Post FTE:        1.00

   Document Centre            Network Architect        IT Project Leader /
   Officer                    Post FTE:      1.00       Analyst
   Post FTE:       1.00                                 Post FTE:        1.00

   Graphic Designer           IT Support Officer       IT Project Leader /
   Post FTE:       1.00       Post FTE:      1.00       Analyst
                                                        Post FTE:        1.00

                              IT Support Officer       IT Project Leader /
                              Post FTE:      1.00       Analyst
                                                        Post FTE:        1.00

                              ICT Support Officer       GIS Manager
                              (Helpdesk)               Post FTE:        1.00
                              Post FTE:      1.00

                              ICT Support Officer       Programmer
                              (Helpdesk)               Post FTE:        1.00
                              Post FTE:      1.00
```

Legend: Grey = In Scope Posts   White = Out of Scope Posts (not proposed to TUPE)

Current ICT, Business Improvement, Print and Design Structure – SBC

Post in scope and directly affected (within Customer Services and Business Improvement / Housing Partnerships and Communications Service Delivery Units)

Stevenage Borough Council SMB
Post FTE:

SBC Head of Customer Services and Business Improvement
Post FTE: 1.00

Head of Housing, Partnerships and Communications
Post FTE: 1.00

ICT Service, Standards and Security Manager
Post FTE: 1.00

Business Knowledge and Systems Manager
Post FTE: 1.00

Corporate Change Manager
Post FTE: 1.00

Corporate Change Manager
Post FTE: 1.00

Communications Manager
Post FTE: 1.00

ICT Operations Manager
Post FTE: 1.00

Document Production Centre Manager
Post FTE: 0.50

Information Systems Manager
Post FTE: 1.00

Business Improvement Manager
Post FTE: 1.00

Senior Graphic Designer
Post FTE: 1.00

ICT Technical Support Officer
Post FTE: 1.00

DPC Assistant
Post FTE: 1.00

Senior Systems Analyst / Programmer
Post FTE: 1.00

Senior Business Information Analyst
Post FTE: 1.00

Graphic Designer
Post FTE: 1.00

ICT Technical Support Officer
Post FTE: 1.00

Senior Systems Analyst / Programmer
Post FTE: 1.00

Senior Business Information Analyst
Post FTE: 1.00

Senior ICT Customer Support Officer
Post FTE: 1.00

Senior Systems Analyst / Programmer
Post FTE: 1.00

Business Change Analyst
Post FTE: 0.68

Senior ICT Customer Services and Support Officer
Post FTE: 1.00

Senior Systems Analyst / Programmer
Post FTE: 1.00

Customer Intelligence Analyst
Post FTE: 1.00

Senior ICT Customer Support Officer
Post FTE: 1.00

Business Improvement Apprentice
Post FTE: 1.00

ICT Customer Services and Support Officer
Post FTE: 1.00

ICT Customer Support Officer
Post FTE: 1.00

Legend: Grey = In Scope Posts   White = Out of Scope Posts (not proposed to TUPE)

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Appendix Four – Proposed Structures

The following pages contain:

- Proposed organisational structure - EHC

- Proposed organisational structure – SBC

- Proposed Staff Structure – Shared Service

Proposed Organisational Structure – EHC

Director of Finance and Support Services
Adele Taylor

Chief Executive and Director of Customer and Community Services
George A Robertson

Director of Neighbourhood Services
Simon Drinkwater

(Interim) Head of People and Property Services
Glenda Bennett

Head of Environmental Services
Cliff Cardoza

Head of Planning and Building Control Services
Kevin Steptoe

Head of Financial Services and Performance
Simon Chancellor

Head of Information, Customer and Parking Services
Neil Sloper

Head of Community Safety and Health Services
Brian Simmonds

Manager of Corporate Risk
Chris Gibson

Head of Communication, Engagement and Cultural Services
Will O'Neill

Manager of Housing Services
Claire Bennett

Head of Democratic and Legal Services
Jeff Hughes

Manager of Economic Development
Paul Pullin

PA Team
Jo Vottariello, Sian Gentry

Shared Services:
Shared Internal Audit Services

Shared ICT / Business Improvement / Print and Design Services

Head of Revenues and Benefits Services
Su Tarran

Proposed Organisational Structure - SBC

```
                              ┌─────────────────────┐
                              │  Chief Executive    │
                              │     Nick Parry      │
                              └─────────────────────┘
```

Chief Executive
Nick Parry

Strategic Director (Resources) & Deputy Chief Executive
Scott Crudgington

Strategic Director (Environment)
Peter Bandy

Strategic Director (Community)
TimMills (Interim)

Assistant Director (Finance)
Clare Fletcher

Head of Environmental Services
Lee Myers

Assistant Director (Housing)
Mike Haynes (Interim)

Head of Housing Management
Jaine Cresser

Head of Legal Services
Paul Froggatt

Head of Planning, Regeneration and Transport
Viv Evans

Head of Housing Partnerships and Communications
Richard Protheroe

Head of Housing Property
Tony Campbell

Head of Shared Services
(ICT, Business Improvement, Print & Design)
TBC

Head of Property & Estates
Keith Brown

Head of HR and Organisational Development
Christina Hefferon

Shared Services:
Revenues and Benefits Shared Service

Shared Internal Audit Services

Senior Executive PA
Adele Adamson

Head of Leisure, Community, Children's Services
Aiden Sanderson

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Proposed Structure on Day of TUPE Transfer

```
                              ┌─────────────────┐
                              │  Head of        │
                              │  Service        │
                              │ Post FTE: 1.00  │
                              └────────┬────────┘
```

Network and Systems Support Manager	ICT Development Manager	Document Centre Manager	ICT Service, Standards and Security Manager	Business Knowledge and Systems Manager	Graphic Designer	Corporate Change Manager	Corporate Change Manager
Post FTE: 1.00	Post FTE: 1.00	Post FTE: 1.00	Post FTE: 1.00	Post FTE: 1.00	Post FTE: 1.00	Post FTE: 1.00	Post FTE: 1.00

Network and Support Team	Applications Development and Support Team	Document Centre Team	ICT Operations Manager	DPC Assistant	Information Systems Manager	Business Improvement Manager
Post FTE: 6.00	Post FTE: 6.00	Post FTE: 2.00	Post FTE: 1.00	Post FTE: 1.00	Post FTE: 1.00	Post FTE: 1.00

Technical Operations and Support Team	Information Systems Team	Business Improvement Team
Post FTE: 7.00	Post FTE: 4.00	Post FTE: 4.70

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Appendix Five – Outline of Partnership Agreement

Each Council is expected to sign a partnership agreement, which will be agreed by Chief Executives and Directors, in consultation with relevant Portfolio Holders. This will be put in place before the partnership arrangements go live.

The purpose of the partnership agreement is to establish the governance framework which the partnership will operate within. The agreement will cover all of the services in scope.

The table below summarises the potential content of the Partnership Agreement. This should be considered indicative at this stage and will be subject to further development by the legal teams and management boards in each Council before it is adopted.

Heads of Terms for Partnership Agreement:

1. **Shared services board, lead Directors and other key officers,** including terms of reference and reporting arrangements to management boards / teams.

2. **Arrangements for reporting to Members, Committees and notification of call in or scrutiny arrangements**

3. **Responsibilities of partners, the host Council and employer**

4. **Financial management framework** for the partnership with:
   - Accountancy support (by the employer) to the partnership for budget setting, monitoring, management, savings or budget review and management information and reporting.
   - Initial set up costs, with costs split equally (50/50) or on an agreed basis
   - Arrangements for transfer of funds between the partners
   - Arrangements for 'managed budgets' which would be retained by each Council
   - Split of savings and costs between the Councils, with savings split equally (50/50) or on an agreed basis and with provision for demand led services.

5. **Service information and standards** for the partnership with:
   - Clear definition of the services which will be delivered, for example through a service catalogue
   - Service and customer responsibilities
   - Strategy and policy will be developed, it is anticipated that this will include:
     - ICT Strategy
     - Print Policy
     - ICT Security Policy
     - ICT Programme, setting out the agreed ICT change the organisations require over a 12 or 18 month period
   - Consideration will be given to the need for flexibility, for example to meet new or changes to organisation requirements it is anticipated that the Service Catalogues and Programmes in particular will be a 'living' document which improves service delivery and customer understanding of the services.

   ▸ **Performance management framework** for the partnership with:
   - Summary of the service provision with reference to key performance measures and services standards
   - Process for reporting into the corporate performance and governance arrangements in the partner Councils which are both effective and efficient.

Heads of Terms for Partnership Agreement:

▸ **Accommodation provision** with:
- Requirements for each Council to provide facilities and accommodation for on-site 'touch down' desks and visiting partnership staff
- Requirements for host Council to provide facilities and accommodation for partnership staff

▸ **Information legislation and confidentiality**:
- Compliance with and key requirements under Data Protection Legislation, Freedom Of Information Act and other relevant legislation
- Provisions for intellectual property created through the establishment and running of the partnership, the Council it vests in and that holds it for the duration of the partnership
- Liabilities and indemnities, including liability for pre-existing staffing issues remaining with the relevant employer.

▸ **Partnership duration, variations and dispute resolution arrangements** with:
- An intended commitment of at least 5 years from both partners.
- Process for variations to the partnership agreement, including continuation beyond the intended 5 years
- The framework and process for agreeing expansion of the partnership, including new partners in future years
- Process for termination by unanimous agreement
- Process for variation to the partnership agreement
- Process for dispute resolution with escalation to named officers / groups and specified time limited for resolving the matter, the expectation is that where required that mediation will be sought to help resolve disputes

▸ **Exit strategy** with:
- The process for a Council to leave the partnership within with 5 year period
- Notice period
- Mutual commitment to mitigate costs
  - Consideration of any loss of funding, liabilities or damage which may arise, though not with the intention of penalising a Council for exiting but nor would the remaining partners want to contribute to the set-up costs of the exiting Council
  - Consideration of the TUPE or other staff related implications and / or costs for staff transferring to the exiting Council
- Whether as a result the partnership should cease

Decision Making

Notwithstanding the partnership agreement it is the intention that the partnership should operate according to the same principles that have governed the work undertaken to date.

The partnership board will be responsible for making the key decisions about the way that the partnership operates. The board will comprise the Directors of Resources from each Council who will each have an equal say in decision making. Processes for recommendations, escalation to management boards and dispute resolution will be established through the partnership agreement.

Although a single employer is proposed for the shared service, the choice of employer will have no impact upon decision making in the partnership.

Appendix Six – Organisational Impacts and Orphaned Services

In summary the services which are 'orphaned' as a result of the proposed shared service are:

East Hertfordshire Council

Services currently within **Facilities Management service**, with direct line management reporting affected is:

- Post team

Stevenage Borough Council:

Services currently within **Customer Services and Business Improvement service delivery unit**, with direct line management reporting affected are:

- Customer Services

- Performance and Improvement

- Knowledge Developer

The majority of the orphaned services are managed within specialist teams, or are individual specialist roles and there is a high level of confidence in the ability to move to the new arrangements minimal disruption or business continuity risks.

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Appendix Seven – Services List

ICT Services

ICT Service	Description
Strategy and Management	Recommendation of ICT Strategy, Service Plans, revenue budget, capital budget, user protocols and policies, service level management, including performance management and financial reporting.
Procurement / Contract Management	Including invoicing, portfolio management and contract management and control over payments.
Desktop / Mobile Equipment	Procurement, set up and installation of: ▪ physical desktop – devices to access the network (PC / laptop / tablet / mobile phone, desktop phone, monitor, keyboard, mouse, docking station) ▪ desktop (standard office products, other standard desktop software and locally held software, print drivers / print management) ▪ end of life disposals Asset management / inventory control.
Network and Communications	Provision of networking and communication (including PABX, VPN, landlines, handsets / headsets, video conferencing, OCS / messaging, web hosting, communications management applications, cabling, WiFi, routers, network management applications. (Note: web content management is out of scope).
Infrastructure Management	Including data / file storage (SAN, servers, portable digital storage), backup and recovery.
Database Management	Administration of databases.
Operations Management	Including batch work, processing and transactional activity (including BACS).
Service Desk	Service desk and first-line support, resolving enquiries at first point of contact where appropriate, audio-visual and web conferencing and incident management with the majority of the other enquiries passed to second-line support or application support. Interaction methods include email, telephone and possible face-to-face with self-service and online support maximise where appropriate. Support for Members.
Security	Security management including physical security, confidentiality and access controls, archiving, hardware protection, network security, disaster recovery, business continuity and risk management or all ICT services.
Application Support	Support and maintenance and system upgrades of all business applications.
System Administration	System administration tasks for all business applications.
Application Development	Development of the applications, enhancement and replacement (development includes selection, design, development, installation and testing, rollout).
Project Management for ICT	Management and delivery if the change to ICT (including management of the IT change / IT workstream within a project, testing familiarisation and training, understanding of IT issues and risks).

Print Services

Print Service	Description
Service Management / Cross cutting services	
Print management / policy	Managing the shared Print service and corporate print policy, including monitoring print usage across the organisations, ensuring that equipment is fit for purpose and maximising usage of specialist or high volume print machines
	Recommendation of Print Strategy, Service Plans, revenue budget, capital budget, including performance management and financial reporting.
Managing customer relationships	Management of relationship between the shared Print service and its customers (whether internal or external), including service level management.
	External customers include some Parish / Town Councils, Churches, local groups, Leisure
	Centres, Housing Associations, etc.
Maintenance management and incident management	Planned maintenance support and incident analysis management.
Procurement of consumables	Procurement of consumables for Multi Functional Devices (MFDs) / Desktop printers (on-demand printing).
Stationery contract management	Management of the stationery contract, not the ordering process itself (including envelopes). Closer alignment with the procurement services will be considered.
On-Demand Printing	
Local devices	Including MFDs, desktop printers / scanners and large format devices, maintaining a close relationship with IT.
Graphic Design	
Design and Artwork	Graphic design and artwork for print jobs on behalf of internal and external customers. Maintaining a close relationship with Communications teams to ensure that material meets design standards for each Council
High volume printing	
High volume printing	Internal Bulk Printing, Specialist Printing, Controlled Stationery Printing, Enclosing, Print Finishing, Mail Merge (data manipulation, production and finishing) and mailout.

Appendix Eight – Savings and Investment Profile

The following page sets out the profile for savings and investment.

APPENDIX 8 - Shared Services Savings and Investment Profile

	2013/14 Year 1	2014/15 Year 2	PROFILE 2015/16 Year 3	2016/17 Year 4	2017/18 Year 5	TOTAL Saving in Full Operating Year
Savings Profile						
ICT Stream (accounts for additional revenue pressure)	-£ 138,000	-£ 343,000	-£ 343,000	-£ 343,000	-£ 343,000	-£ 343,000
Print and Design Stream (accounts for additional revenue pressure)	-£ 18,000	-£ 73,000	-£ 73,000	-£ 73,000	-£ 73,000	-£ 73,000
TOTAL Savings	**-£ 156,000**	**-£ 416,000**	**-£ 416,000**	**-£ 416,000**	**-£ 416,000**	**-£ 416,000**
Investment Profile						
Cross Cutting Revenue Start-up Costs and Investment:						
Organisational Change	£ 250,000	£ -	£ -	£ -	£ -	£ 250,000
Disturbance Provision**	£ 11,000	£ 20,000	£ 11,000	£ 3,000	£ 1,000	£ 46,000
Staff Support	£ 10,000	£ -	£ -	£ -	£ -	£ 10,000
Staff Resources	£ 53,000	£ -	£ -	£ -	£ -	£ 53,000
TOTAL Revenue Investment	**£ 324,000**	**£ 20,000**	**£ 11,000**	**£ 3,000**	**£ 1,000**	**£ 359,000**
Net REVENUE Position						
Net Annual Revenue Position	**£ 168,000**	**-£ 396,000**	**-£ 405,000**	**-£ 413,000**	**-£ 415,000**	
Net Annual Revenue Position per Council Indicative **						
East Hertfordshire Council (indicative net position) **	£ 80,000	-£ 206,000	-£ 206,000	-£ 205,000	-£ 207,000	
Stevenage Borough Council (indicative net position) **	£ 80,000	-£ 207,000	-£ 208,000	-£ 208,000	-£ 208,000	
Cumulative REVENUE Position						
Cumulative Position	**£ 168,000**	**-£ 228,000**	**-£ 633,000**	**-£ 1,046,000**	**-£ 1,461,000**	
Cumulative Position per Council Indicative **						
East Hertfordshire Council (indicative cumulative position) **	£ 80,000	-£ 126,000	-£ 332,000	-£ 537,000	-£ 744,000	
Stevenage Borough Council (indicative cumulative position) **	£ 80,000	-£ 127,000	-£ 335,000	-£ 543,000	-£ 751,000	

** based on 50/50 split of savings and investment costs, except for Disturbance Costs. Disturbance costs are funded by both Council in the first year and thereafter by EHC only. These EHC costs are partly covered by existing budgets. These figures represent the estimated Net Savings position. The figure for EHC is 50% of the total savings figure less the disturbance provision for EHC.

The net position for each Council will contribute to the MTFP/S savings

	2013/14 Year 1	2014/15 Year 2	2015/16 Year 3	2016/17 Year 4	2017/18 Year 5	TOTAL
Capital Investment						
Print and Design (one off investment)	£ 41,000	£ -	£ -	£ -	£ -	£ 41,000
Office Accommodation (one off investment)	£ 124,000	£ -	£ -	£ -	£ -	£ 124,000
TOTAL Capital Investment	**£ 165,000**	**£ -**	**£ -**	**£ -**	**£ -**	**£ 165,000**

Final Business Case July 2013

Appendix Nine – Transition Timeframes

The following pages contains an outline of the timeframes for Transition to shared services and the ongoing preparatory work

ID	Task Name
1	**Governance Arrangements**
2	Partnership Agreement Development and Drafting
3	Partnership Board Arrangements and Key Stakeholder Engagement
4	Partnership Agreement Signed — 31/07
5	
6	**People Change**
7	Transfer Preperation
8	TUPE Transfer (anticipated date) — 01/08
9	30 Day Consultation Period
10	Staff Engagement, Induction and Team Building *
11	
12	**Preparation for Implementation**
13	Detailed implementation planning and drafting project initiation documents *
14	Relocation Preperation *

Project: SS_Summary_Transition_Pla
Date: Sat 20/04/13

Task		Milestone	◆	External Tasks	
Split		Summary		External Milestone	◆
Progress		Project Summary		Deadline	⇩

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