

EAST HERTS COUNCIL

THE EXECUTIVE – 23 JULY 2013

REPORT BY EXECUTIVE MEMBER FOR ECONOMIC DEVELOPMENT

EAST HERTS / STEVENAGE SHARED ICT, BUSINESS IMPROVEMENT, PRINT AND DESIGN PARTNERSHIP

WARD(S) AFFECTED: All

Purpose/Summary of Report

- To seek approval for the creation of a shared ICT, Business Improvement, Print and Design service with Stevenage Borough Council.

<u>RECOMMENDATIONS FOR EXECUTIVE: That</u>	
(A)	the proposal for delivery of ICT, Business Improvement, Print and Design services through a shared services with Stevenage Borough Council, including the transfer of staff who fall in scope of the partnership from East Herts Council to Stevenage Borough Council under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) 2006, be approved;
(B)	a supplementary Revenue estimate of £85,000 to be met from the planning contingency, be approved;
(C)	delegated authority be given to the Director of Finance and Support Services in consultation with the ICT portfolio Holder, to negotiate and agree a partnership agreement to implement these proposals; and
(D)	Council be recommended that additional capital funding of £82,500 be added to the capital programme to support the delivery of shared services.
<u>RECOMMENDATIONS FOR COUNCIL: That</u>	
(A)	the delivery of ICT, Business Improvement, Print and Design service functions be delegated to Stevenage Borough Council; and

(B)	additional capital funding of £82,500 to be added to the capital programme to support the delivery of shared services, be approved.

1.0 Background

1.1 Both East Herts Council and Stevenage Borough Council see benefits from sharing these services. Both Councils have successfully worked in partnership to deliver key services with other public sector organisations for a number of years.

1.2 On 8 November 2011 the Executive approved a report on Shared Support Services which recommended that the detailed business case for sharing support services be developed. The business case has been developed with Stevenage Borough Council for sharing the following services:

- Information & Communication Technology
- Business Improvement
- Print and Design

The business case is persuasive and approval is sought to implement the shared service. The detailed business case is shown at **Essential Reference Paper B**.

2.0 Report

2.1 The business case was developed around three main objectives for the services, namely delivering efficiencies, strengthening resilience and increasing capacity to support ongoing service development.

2.2 The key conclusions from the business case are set out in the Executive Summary, these include:

- Estimated net revenue savings of approximately £415,000 in a full operating year. This will be shared equally between both partners.
- Increased resilience as shared services, with larger joint teams, enabling economies of scale and a greater ability to consistently deliver services to the right quality.
- Greater capacity to support ongoing service development.

2.3 There are potential additional benefits from sharing services where no financial savings assumptions have currently been made in the

business case. These include opportunities to share business applications and opportunities to utilise improved ICT to drive wider improvement across the Council. These options will be expanded upon in the East Herts Council ICT Strategy which will be submitted to Executive later in summer 2013.

2.4 A strong working relationship has been developed between officers at all levels across both Councils. Most recently this includes an interim arrangement implemented by East Herts Council for ICT management, with an interim Head of ICT role undertaken by the Stevenage Borough Council Head of ICT.

2.5 In summary the partnership model is for:

- Governance through an officer Partnership Board with the existing individual Council Member and Scrutiny arrangements retained
- The services to be located in Stevenage while maintaining an onsite presence at both Councils.
- A single employer for all staff within the partnership, which is Stevenage Borough Council
- That key decisions for partnership services are taken jointly through the Partnership Board in which the East Herts Council Director of Finance and Support Services and the Stevenage Borough Council Strategic Director (Resources) will have an equal say in how the partnership should operate.
- Additional forums to liaise with managers and staff to communicate partnership priorities and seek feedback on service performance and issues.

2.6 It is proposed that further details of the service provision, performance monitoring, conflict resolution and disengagement protocol, be developed with each Council's Section 151 officer being given delegated authority to approve the partnership agreement, in consultation with the relevant Executive member.

3.0 Implications/Consultations

3.1 **Human Resource Considerations:** From a management perspective a single employer for all staff within the shared services enables the effective delivery of partnership services. 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 Regulations (Consolidation) Act 1992 as amended by the Trade Union reform and Employment Act 1993 (TULRCA). Staff briefing were held and written material about the proposals was provided. Whilst staff have sought clarification on a range of issues, no counter proposals have been received. The preferred transfer date is 1 August 2013, although if for any practical reason this cannot be achieved, then it will take place at the most suitable date during August/September 2013.

- 3.2 **Accommodation:** The proposed location for the shared service is Stevenage Borough Council's Daneshill House office in Stevenage. This is the most cost effective option in relation to the proposed dual site ICT data centre which provides business continuity benefits for both Councils. There will also be office accommodation at East Herts Council's Wallfields office in Hertford. Touchdown desks remain at other East Herts sites. Some refurbishment is required on both sites to bring the office accommodation up to a standard and to co-locate the staff in a single office space. The costs for this refurbishment are included in the Finance implications below. It is anticipated that the majority of staff will be relocated to Stevenage during 2013.
- 3.3 **Finance:** A baseline budget for shared services has been constructed in order to identify and understand the costs associated with the shared services. This has formed the basis on which the Chief Financial Officers at both Councils have agreed, in principle, to share costs and savings associated with a joint budget. As these savings and investment require participation of both Councils a 50:50 apportionment is the most equitable basis
- 3.4 The estimated savings from the shared service is £416,000 in a full operating year for both Councils. These savings are calculated on a prudent basis and actual savings could exceed this figure. All savings will be split 50:50.
- 3.5 In order to achieve the saving outlined in paragraph 3.4 there are set up costs in order to deliver the organisational and business changes required. The one off set up costs that East Herts will need to fund are projected to be £156,500 Revenue and £82,500 Capital, this is 50% of the joint shared service set up costs. Some further Revenue costs relating specifically to relocation of East Herts Council staff will also need to be funded. It is proposed that these are funded 50:50 in the first year and thereafter by East

Herts Council only. All other joint shared service set up costs are apportioned on a 50:50 basis.

3.6 The business case proposes the shared services is located primarily at Stevenage with the staff employed by Stevenage Borough Council. This means that East Herts Council retains some residual overheads, for example the costs associated with Human Resources, accommodation etc. The costs are estimated at £186,490 which remain regardless of the services relocating, this is £19,120 higher than the Stevenage Borough Council costs. The difference between the costs will be apportioned on a 50:50 basis.

3.7 The table below outlines the financial implications for East Herts Council:

	2013/14	2014/15	2015/16	2016/17	2017/18
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
50% of estimated shared service savings	-£78,000	-£208,000	-£208,000	-£208,000	-£208,000
SBC Contribution to EHC retained recharges	-£9,560	-£9,560	-£9,560	-£9,560	-£9,560
50% of shared service implementation costs	£156,500	£0	£0	£0	£0
EHC Disturbance Costs (less SBC contribution)	£1,299	£2,216	£2,435	£2,696	£1,178
EHC Salary (20% Head of Service)	£14,443	£14,443	£14,443	£14,443	£14,443
EHC NET Revenue Position	£84,682	-£200,901	-£200,682	-£200,421	-£201,939
Capital					
50% of shared service print investment	£20,500				
50% of shared service accommodation costs	£62,000				
EHC TOTAL Capital Investment	£82,500	£0	£0	£0	£0

3.8 A further ICT investment of approximately £455,000 is required to implement the ICT proposals, this is the subject of a separate report on the Executive Agenda.

3.9 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper A**.

Background Papers

None

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