

Cheltenham Borough Council

Update to the Cabinet Report of 27th July 2010

Proposal to deliver the support and hosting centre of excellence for the GO ERP system

1. Executive Summary and recommendation

1.1 The issue

The GO partnership consists of four local authorities; Cheltenham BC (CBC), Cotswold DC, Forest of Dean DC and West Oxfordshire DC, whose objective is to procure and implement a single Enterprise Resource Platform (ERP) application, to be used as a basis for shared services for all partners in HR, payroll, procurement and finance. Procurement of the system will take place during the summer and an invitation was published by the GO partnership on 12th July to the four authorities to host the ICT infrastructure and to provide support and contract management services in the form of a support and hosting centre of excellence

1.2 **ICT would welcome the opportunity to lead the submission of a proposal to provide the support and hosting centre of excellence to the partners for the GO ERP system and are confident that the proposal will support the council's strategy and deliver benefits (detailed in the business case and proposal) whilst being compelling to the GO partnership I therefore recommend that Cabinet:**

1.2.1 agrees that CBC submit a proposal to the GO partnership to provide the support and hosting centre of excellence

1.2.2 approves the business case for the support and hosting centre of excellence

1.2.3 approves the CBC draft proposal for the GO support and hosting centre of excellence, and gives delegated authority to the Strategic Director, following consultation with the cabinet member for Corporate Services, to make any further minor amendments to the proposal for CBC to provide the support and hosting centre of excellence.

Note: The business case, draft proposal and risk assessment will be circulated as late papers (the business case and draft proposal will be confidential "exempt" papers).

1.3 Summary of implications

1.3.1 Financial

There are a number of potential financial implications arising for the GO partnership move to centres of excellence. Work to highlight and document the issues has commenced but the full implications are not available at this time

Section 4 of the report details the financial implications as we understand them to date and how we intend to fund the preparation of the proposals.

Contact officer: Paul Jones
E-mail: paul.jones@cheltenham.gov.uk
Tel no: 01242 775154

1.3.2 Legal

None directly arising from the submission of the proposal for the support and hosting centre of excellence.

Cabinet will receive a further report to seek authority to enter into the following agreements relating to the GO project:

- a) Agency Agreement under section 101 of the Local Government Act 1972 and sections 19 and 20 of the Local Government Act 2000 in respect of the support and hosting centre of excellence. CBC will be lead authority if the proposal referred to in this report is successful or a delegating authority if not successful.
- b) Partnership Agreement with all the partner councils to replace the existing informal Memorandum of Understanding and
- c) Supplier contract in respect of the purchase of the ERP system.

The legal implications of the Agency Agreement as set out in (a) above are detailed in section 5 of the report.

Contact officer: Shirin Wotherspoon , One Legal
E-mail: shirin.wotherspoon@tewkesbury.gov.uk
Tel no: 01684 272017

1.3.3 HR

There are a number of potential HR implications arising for the GO partnership's move to centres of excellence. Work to highlight and document the issues has commenced but the full implications are not available at this time.

There will capacity and possible service implications for finance Legal and HR in supporting the preparation of the proposals. For the ICT team, there will be skills development requirements to assist the team in establishing the hosting and creation of the centre of excellence. Plus, the recruitment of additional posts as detailed in the body of this report. These will need to be factored into the proposal costing. Trade Unions and employees will need to be fully consulted on any proposed changes to the wider ICT team as a result of securing hosting and support for the GO programme.

Contact officer: Julie McCarthy
E-mail: julie.mccarthy@cheltenham.gov.uk
Tel no: 01242 264355

1.4 Implications on corporate and community plan priorities

- 1.4.1 ICT provision for other CBC projects may be affected during the period that it takes to prepare and submit a proposal to provide a support and hosting centre of excellence for the GO ERP system (the timetable for the whole bidding process is 12th July to 11 August with the proposal expected to be submitted by noon on 30th July).
- 1.4.2 The proposal will complement the people and organisational strategy, CBC's strategic approach to commissioning, Bridging the Gap, the ICT strategy, the accommodation strategy (in utilizing spare office space) and the sourcing strategy.
- 1.4.3 Delivery of services to the GO partnership by a committed partner with a public service ethos and with proven knowledge of GO and its objectives will benefit all members of the partnership including CBC itself.

1.5 Statement on risk

- 1.5.1 There are no risks identified within the corporate risk register for the proposal to provide the support and hosting centre of excellence to the GO partners. However, if CBC is successful in its proposal then this may impact ICT resources for other projects due to the GO timescales (the proposed commencement of support agreement is October 2010 with the first authority to 'go live' on the ERP system in April 2011)
- 1.5.2 A successful proposal may have implications for CBC's risk exposure (equally provision of these services by another party will have implications). These are identified in the business case and risk log.
- 1.5.3 Section 6 sets out the corporate risks in further detail. The risk table is included as an appendix (setting out both the risks for CBC providing the centre of excellence and to receive the service from another authority) which has been updated for the 27th July

and thereafter should risks change as the proposal is developed and when the outcome of the proposal is obtained.

2. Introduction

2.1 The GO programme will give each authority the opportunity to provide services to a far-reaching and ambitious shared services programme with the potential to expand the provision not only to other authorities but to other services too.

2.2 The specification and invitation documents for the support and hosting centre of excellence were published to the four authorities on 12th July 2010.

2.3 In order to host the GO ERP system and its associated infrastructure, the following areas of ICT infrastructure need to be evaluated, any growth costed, and any legal or risk implications evaluated:

- staffing
- service resilience and support for backup and restoring data
- business continuity and disaster recovery
- physical infrastructure i.e. servers, storage provision, network connectivity
- hardware and systems software support
- physical security of holding information with the potential for a restricted classification including Government Connect regulations, and
- change management service for software patching and upgrades, interface development, reporting development and distribution

2.4 In order to provide support and contract management to the GO partners, the following areas would need to be evaluated technically, legally and financially:

- provision of a support service desk including self service, electronic, email and telephony functionality between the hours of 8.30am and 5pm, Monday to Friday
- provision of out of hours support and development of the ERP system on demand
- provision of second and third line support to all four authorities
- single point of contact to the software supplier and incident management to escalate and resolve calls
- provision of performance matrices for authorities
- contract management with the supplier of the ERP system including monitoring and reporting of performance against contractual service levels
- support of approximately 139 key users staff (HR, procurement, finance staff for

four authorities), with on-line support to all staff at each authority (approximately 2922 users) for employee self-service functionality within the ERP system

2.5 The additional roles required to provide this service are anticipated to be:

- service desk officer
- two ERP application support analysts

Some existing roles and responsibilities will be modified or enhanced to support the services, for example:

- database and application support analysts
- network and security analysts
- infrastructure engineers
- management and supervisory roles

3. Background

3.1 It is a pre-requisite of submitting our proposal that they are supported by Cabinet and the council's Senior Leadership Team.

4. Funding

4.1 There may be financial implications (training and consultancy costs) in preparing the proposal to provide the support and hosting centre of excellence to the GO partners. With the information that we have received to date, we would expect this not to exceed £20,000

4.2 In 2006/7 a successful capital bid of £94,500 was supported for a Business Change programme. This programme included works in respect of attendance recording and payroll processing, CRM phase 2, library drive and internet search engine and Government Connect.

4.3 As of 31st March 2010, £34,000 of this budget remained unallocated as a number of the work-streams now fall under the remit of the 'Sourcing Strategy' which has been separately costed. It was therefore proposed that £20,000 of this sum be used to support any additional funding requirements in the preparation of the proposal to provide the support and hosting centre of excellence to the GO partners, with the remaining £14,000 being put back to the capital reserve for future allocation. This was agreed by full Council on 28th June 2010 as part of the outturn report.

4.4 There will be financial implications in providing a support and hosting centre of excellence for the GO ERP system i.e. infrastructure and building modifications, staffing, training, hardware and systems software costs for the implementation and subsequent support. Any costs would form part of the proposal and be recouped from the GO programme if CBC was awarded the contract. However there may be existing infrastructure that CBC can utilise for the benefit of the service.

5. Legal Implications

- 5.1** The establishment of a support and hosting centre of excellence is a key aspect of the GO programme in that it provides the fundamental ICT infrastructure for the shared service ambitions set out in the GO vision.
- 5.2** If the proposal referred to in this report is successful CBC will become the lead authority for the support and hosting centre of excellence under an agency agreement (s101 agreement). This means that all the other partner councils will formally delegate the services which fall within the scope of the support and hosting centre of excellence to CBC.
- 5.3** Cabinet members will be aware that CBC has taken on the role of lead authority in the shared arrangement for Building control services with Tewkesbury Borough Council and, therefore, has experience of the operational responsibilities associated with such an arrangement.
- 5.4** The main consequences for CBC in becoming the lead authority for this centre of excellence are:
- 5.4.1** Responsibility for service delivery in accordance with service delivery standards set out in the specification- this is one of the key risk areas for CBC as non performance or poor performance could lead to CBC incurring financial or reputational damage. With regard to financial liability, the GO Programme Board has agreed in principle, to include a “hold harmless” clause in the s101 agreement. A hold harmless clause means that the delegating councils will not sue CBC for internal losses incurred as a result of CBC’s negligence. The insurance companies of the partner councils will need to approve the inclusion of the “hold harmless” clause and they may also revise the existing insurance cover to cover the proposed centre of excellence.
- 5.4.2** Staffing issues- although there are no existing staff transferring automatically to the support and hosting centre of excellence under the Transfer of Undertakings (Protection of Employment) Regulations 2006, CBC will be responsible for staff delivering services across the 4 partner councils. It is intended that the s101 (as well as the Partnership Agreement) will include provisions to fairly distribute additional costs if and when they arise.

6. Risks

- 6.1** Although a “hold harmless” clause assists the lead authority in financial terms it does impose greater risks on the delegating authorities. The GO programme board is currently assessing these risks and its conclusions will be available shortly.
- 6.2** Ultimately the GO partnership may have a number of existing and new risks that will fall on individual partner councils as a result of adopting a “hold harmless” clause but a robust governance arrangement means that these risks can be managed effectively. A further report to cabinet to authorise CBC to enter into the various agreements will set out the governance arrangements in detail. The likely arrangement is that the support and hosting centre of excellence will be managed by a nominated officer on behalf of the Programme Board and the Programme Board will monitor the arrangement at a strategic level.

7. Consultation

- 7.1 Consultation has already commenced with the ICT team, legal, financial, HR and audit officers and will be ongoing as a team of officers has been established
- 7.2 The submission of the proposal will be made in consultation with SLT, the Cabinet Member and ICT.
- 7.3 We will be working with finance, legal and HR in the preparation of the proposals.
- 7.4 The recognised Trade Unions and employees will need to be fully consulted on the proposals.

Appendices

1. ICT GO proposal risk log
2. The business case and draft proposal to follow as exempt information under para 3 Part 1 Sch 12A LGA 1972

Background Papers

Contact Officer

Jackie Tavener, Assistant Director CAST
01242 264172
jackie.tavener@cheltenham.gov.uk

Accountability

Councillor Colin Hay, Cabinet Member Corporate Services

Scrutiny Function

Economy and Business Improvement Overview and Scrutiny Committee