



# CHEL TENHAM

## BOROUGH COUNCIL

### Agenda Supplement

I am now able to enclose, for consideration at the next meeting of the Cabinet on Tuesday, 25th September, 2012, the following reports that were unavailable when the agenda was printed.

		<b>SECTION 8 : ANY OTHER ITEM(S) THAT THE LEADER DETERMINES TO BE URGENT AND REQUIRES A DECISION</b>	
		a) <b>ICT Support to Cheltenham Festivals Ltd</b> Report of the Cabinet Member Finance	(Pages 1 - 6)

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**Cheltenham Borough Council  
Cabinet – 25 September 2012  
ICT support to Cheltenham Festivals Ltd**

<b>Accountable member</b>	<b>Councillor John Rawson, Cabinet Member Finance</b>
<b>Accountable officer</b>	<b>Director of Resources, Mark Sheldon</b>
<b>Ward(s) affected</b>	<b>None</b>
<b>Key Decision</b>	<b>Yes</b>
<b>Executive summary</b>	The Council currently provides in kind support to Cheltenham Festivals (CF) for ICT networking and telephony. Increasingly, as the festivals grow, the demands on the ICT team are becoming more difficult to fulfil and are impacting on the core ICT service. The report proposes that the funding should be made available to create an independent ICT infrastructure for Cheltenham Festivals.
<b>Recommendations</b>	<p><b>Cabinet recommend to Council that:</b></p> <p><b>A grant of £139k is made available to Cheltenham Festivals to fund the establishment of independent ICT infrastructure and financing of the first year of independent maintenance support, to be met from the Council’s General Fund Reserve.</b></p>
<b>Financial implications</b>	<p>As outlined in the report.</p> <p>The cost of supporting CF is based on an allocation of the time of staff within the ICT team. Whilst the proposed changes will not necessarily save the Council money in themselves, they will create scope for savings in the ICT commissioning review and avoid the potential cost of meeting the increasing the service requirements of CF.</p> <p>The grant of £139k will be funded from the General Reserve, which stands at £2.25m at 31/3/12, but this will be reviewed as part of the budget process in December 2012.</p> <p><b>Contact officer: Mark Sheldon, Director of Resources</b></p> <p><b>mark.sheldon@cheltenham.gov.uk, 01242 264123</b></p>

<p><b>Legal implications</b></p>	<p>The Council and Cheltenham Festivals Limited have entered into an agreement setting out the non-financial in-kind support the council will give to the Cheltenham Festivals during the period 1 April 2012 – 31 March 2013. This agreement includes the provision by the council of ICT services, which was estimated to be a cost to the council of £72,900.</p> <p>If the in-kind support under that agreement is to be converted into a cash grant, the existing agreement will need to be varied and a new agreement entered into to cover any conditions attaching to the giving of this grant. The Council can rely on S145 of the Local Government Act 1972 to give this grant.</p> <p>Consideration has been given as to whether this grant would constitute state aid which could be deemed unlawful if it does not fall within certain exemptions or schemes approved by the European Commission. It does appear that there are sound grounds for regarding this grant (and the in-kind support) to Cheltenham Festivals as not affecting inter-state trade and not being likely to distort competition between member states and therefore as not constituting state aid.</p> <p><b>Contact officer: Donna Ruck, Solicitor</b>  <b>donna.ruck@tewkesbury.gov.uk, 01684 272696</b></p>
<p><b>HR implications (including learning and organisational development)</b></p>	<p>This proposal will enable the ICT team to focus on the core ICT service for the Council and reduce pressure on the ICT team during festivals.</p> <p><b>Contact officer: Donna Sheffield, donnasheffield@cheltenham.gov.uk, 01242 774972</b></p>
<p><b>Key risks</b></p>	<p><b>See risk assessment</b></p>
<p><b>Corporate and community plan Implications</b></p>	<p>The proposals will assist in delivering outcomes for the Council in the ICT commissioning review.</p>
<p><b>Environmental and climate change implications</b></p>	<p>None</p>

## 1. Background

### Current support to Cheltenham Festivals (CF)

- 1.1 Currently, Cheltenham Borough Council provides ICT server and network infrastructure and telephony support to Cheltenham Festivals. The cost of this support, estimated at c£88k, is borne by the Council but is recognised as in-kind support in the accounts of Cheltenham Festivals.

### Review of ICT

- 1.2 In 2011 a review of ICT was undertaken to give assurance to senior management that the current ICT function is fit for purpose for its current role in supporting the Council's business; and to make recommendations for improvements where necessary.
- 1.3 The review covered all aspects of the service and concluded, in the case of support to Cheltenham Festivals, that they have different ICT requirements from the standard offering. The nature of their business means that they make extensive use of social media, need to hold massive video files and maintain a huge photo library impacting on mailbox limits. They require additional ICT equipment at short notice for temporary staff when they run events and need these to be set up and supported during events. CF's own box office system is supported by a third party. It would appear that there is little synergy between CF's requirements and the Council's ICT service and both parties would benefit by CF buying ICT support from a third party. The review recommended that options should be explored to facilitate full ICT independence for Cheltenham Festivals from the Council.

### ICT commissioning review

- 1.4 The Council is currently in the process of reviewing the provision of its ICT function. Under the new scrutiny arrangements, an ICT scrutiny task group was set up with terms of reference which included contributing to the outcomes of the ICT review. The task group considered the support to CF and raised concerns about the impact on the Council's network at peak booking times for the festivals and the potential cost of satisfying the likely demand for a 24/7 operation during festivals.
- 1.5 In the Council's own ICT commissioning review it is evident that, in considering any options, CF's requirements add complexity and cost. Removing these specific non-core needs will allow the Council to drive out savings in this review.

### Proposal for creating ICT independence for CF

- 1.6 The ICT team have worked with CF to establish what infrastructure would be needed to create ICT independence from the Council. New servers, networks, pcs and laptops would be required costing c£120k with annual maintenance costs of c£19k. It is proposed that the Council make a one off grant payment of c£139k to fund the infrastructure set up and one year's maintenance cost. It is proposed that the grant will be funded from the General Reserve but this will be reviewed as part of the budget process in December 2012.
- 1.7 CF have a window of opportunity between festivals to undertake this work in December 2012 - January 2013 but require the Council's commitment to funding before embarking on the process and to allow for the lead-in time to order equipment. Should this window not be available, then this work could not be done for another year which, in turn, could impact on the ICT commissioning review. In these circumstances, the Cabinet is requested to recommend to Council that the current proposals be approved outside of the usual budget-setting process.

## 2. Reasons for recommendations

2.1 The proposals address the concerns of the ICT review and the ICT scrutiny task group and, by allowing CF ICT to stand alone, would simplify any options arising from the ICT commissioning review.

2.2 The proposals will ensure that scarce ICT resource is redirected to CBC activity.

**3. Alternative options considered**

3.1 Maintain current approach to supporting CF.

**4. Consultation and feedback**

4.1 Consultation and agreement has taken place with CF, who consider it to be an appropriate and timely point to become more independent of CBC and are fully supportive of the proposal. Group Leaders were also briefed on 19<sup>th</sup> September 2012 and indicated their support.

**5. Performance management – monitoring and review**

5.1 Via 1-2-1 meetings with the Director of Resources and ICT infrastructure manager.

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<b>Appendices</b>	1. Risk Assessment
<b>Background information</b>	

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	Capacity  Should the proposal to create ICT independence for CF not be supported, this may lead to further pressure on the ICT team as a result of increasing CF demands, leading to failure to meet the demands of the councils own service requirements.	Mark Sheldon	19/9/12	3	4	12	Reduce	Council to support proposal for CF ICT independence	31/1/13	Paul Woolcock	
<p><b>Explanatory notes</b></p> <p><b>Impact</b> – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p><b>Likelihood</b> – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p><b>Control</b> - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											

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