

BABERGH DISTRICT COUNCIL and MIDSUFFOLK DISTRICT COUNCIL

From: Strategic Director (Corporate)	Report Number: N54
To: Executive and Strategy Committees	Dates of meetings: 9 and 12 September 2013

THE FUTURE PROVISION OF SUPPORT SERVICES

1. Purpose of Report

- 1.1 Members will be aware through various communications and meetings that there has been a lot of activity in establishing the provision of a number of support services from 1 June 2014. It was known that this was a complex project and that it would take some considerable time to get to a position of clarity on the approaches to be taken. I believe we are now at that position, so this report provides Members with an update on the future provision of these services and seeks endorsement of the approaches being taken.

2. Recommendation

- 2.1 That the Committee notes the progress being made on the future provision of the HR, finance, public access and ICT services and endorses the approaches being taken.

The Committee is able to resolve this matter.

3. Financial Implications

- 3.1 These have been assessed over a four-year period, which was seen as a realistic benefits realisation and business case period.
- 3.2 The provision of the HR, finance, public access and ICT services for both Councils currently costs £3.8m per annum, giving a four-year baseline figure of £15.2m.
- 3.3 After allowing for transitional one-off costs of £1m, which can be funded from the approved capital programme and other budgets (plus the earmarked integration and transformation reserve if necessary), it is estimated that there will be a total minimum saving of £4m over the four-year period.
- 3.4 The above business case assessment is based on certain assumptions and these will be reviewed and updated as further information on costs and service delivery arrangements are finalised.
- 3.5 The allocation of costs and savings to each Council will be dealt with in accordance with the Councils' Inter Authority Agreement, based on the overall costs and savings sharing model agreed by the Councils' Section 151 Officers and both Councils' external auditors.

4. Risk Management

4.1 The key risks as set out in the Councils' joint corporate risk register are detailed below:

Risk Description	Impact, probability and overall score	Mitigation Measures
O14. Failure to adequately prepare for the HR, finance and public access and ICT provision, post CSD contract.	(Impact 4: probability 2) = 8 (high)	<p>The two Councils have worked very closely with the county council on the approach and have carried out a detailed evaluation of the available options. Babergh and Mid Suffolk have developed comprehensive implementation plans for the provision of the HR and finance services, and are developing plans for the public access service and linking into the county-wide public access project. The evaluation of the ICT options has been carried out and discussions are being held with the county council on finalising the costs and governance arrangements for the provision of the service.</p> <p>Currently on schedule to have all provision arrangements in place for the end of the CSD contract.</p>
O5. Inaccurate prediction of liabilities/costs associated with the end of the current CSD contract.	(Impact 4: probability 2) = 8 (high)	<p>The liabilities and costs have been broadly calculated for input into the four-year costing exercise and detailed work is being undertaken by the Exit Board (consisting of representatives from Babergh, Mid Suffolk, the County Council and CSD) in line with the exit strategy that formed part of the original CSD contract.</p>
SIT7. Failure to implement a single finance service and system across the 2 Authorities resulting in poor budgetary control and ineffective reporting.	(Impact 3: probability 2) = 6 (medium)	<p>A finance system is being procured that will allow a single integrated finance service for both Councils. This will focus on self service and automated workflow processes for both Councils, increasing efficiency.</p>

5. Consultations

- 5.1 Through a range of methods, there has been regular communication and discussions with staff and Members, Babergh staff who may be affected by the proposals, and Mid Suffolk and County Council staff seconded to CSD. The Councils' unions have also been kept informed of progress. Communication, discussions and consultation with all parties will increase as the Councils enter the implementation stage.

6. Equality Analysis

- 6.1 All procurement and provision has been carried out in line with the Councils' standing orders and constitution. All staff who are affected by the future provision arrangements will be treated equitably through the Councils' established HR policies and procedures.

7. Shared Service / Partnership Implications

- 7.1 The joint provision of integrated HR, finance, public access and ICT services will allow those services to be provided in a more efficient, effective and economic manner and, more importantly, is an essential part of the overall integration of the councils' workforce, services, operations and conduct of business.
- 7.2 All of the work being undertaken needs to be put in the context of the longer term. It is inevitable that there will need to be more collaborative working across the public service in Suffolk and the proposals that are being developed and implemented do not hamper that future requirement.

8. Key Information

- 8.1 Mid Suffolk (MSDC) and Babergh (BDC) District Councils receive the following services from CSD:

Mid Suffolk: Transactional HR services and payroll; financial services; public access and ICT.

Babergh (from January 2013): Transactional HR services and payroll.

- 8.2 The contract with CSD expires on 31 May 2014.
- 8.3 BDC and MSDC have evaluated options to establish new arrangements for the provision of the above services. The evaluation used a 60 / 40% allocation between quality and cost criteria.
- 8.4 The quality criteria used are shown at Appendix 1 and were developed in line with the Councils' organisational design and transformation enquiry programme principles, and used to ensure that the chosen option did not hinder, and hopefully supported any future collaborative working with public sector partners.
- 8.5 The costs and savings of the options, including one-off transitional costs, were evaluated for a four year period.

Transactional HR and payroll

8.6 The following options for the provision of transactional HR and payroll services were evaluated:

One: Use SCC to provide a service using an “Administrative Collaboration Agreement” for all transactional HR and payroll services.

Two: Provide an in-house service for transactional HR services and outsource payroll services to Midland HR using the Midland HRIS system, hosted by Midland or installed on premises at Hadleigh.

Three: Provide a fully in-house service using the Midland HRIS system, hosted by Midland.

Four: Establish a shared service for transactional HR services and payroll with another Suffolk borough or district.

8.7 **Option two was evaluated as the most cost effective solution and most likely to provide a service best able to meet the requirements of BDC and MSDC.**

8.8 The Midland contract has now been established and implementation started. Data extraction discussions are being held with CSD and a period of parallel running is planned for January and February with a go-live date in March 2014.

Finance services

8.9 The following options for the provision of finance services were evaluated.

One: Use SCC to provide a service using an “Administrative Collaboration Agreement” for all financial services.

Two: Operation of an in-house service using a single finance system for both councils.

Three: Establish a shared service for finance with another Suffolk borough and/or district.

8.10 **Option two was evaluated as the most cost effective solution and most likely to provide a service best able to meet the requirements of BDC and MSDC.**

8.11 A tender exercise has been carried out for a new finance system (again on comprehensive cost and quality evaluation criteria) and the chosen supplier appointed. It is anticipated that the new system will be in place from 1 April 2014 with year-end procedures completed on the current systems.

Public access service

8.12 The following options for the provision of public access services were evaluated.

One: Work with SCC to provide a service using existing the CSD Contact centre facility and transfer in the current BDC operations.

Two: Provide an in-house service for both MSDC and BDC, building on the systems that already exist at BDC and the staff in place for the face to face provision at Needham Market.

8.13 **Option two was evaluated as the most cost effective solution and most likely to provide a service best able to meet the requirements of BDC and MSDC.**

8.14 A Public Access Programme was established to review the provision of access for the public to services from the Suffolk local authorities, with membership from across boroughs, districts and SCC. The programme has established that due to the differing requirements of SCC and the boroughs and districts, the most effective solution is for the public access service to be provided independently by each authority. The authorities would however work collaboratively with online access and supporting ICT and telecommunications to enable a common route for public access for all of the Suffolk authorities.

8.15 BDC and MSDC will therefore operate an integrated public access service on an in house basis from June 2014 and continue to work jointly with the boroughs and districts and SCC with regard to online public access and supporting infrastructure.

ICT services

8.16 The following options for the provision of ICT services have recently been evaluated.

One: Work with SCC to provide a joint service.

Two: Provide an in-house service for both MSDC and BDC.

8.17 **Option one was evaluated as most likely to provide a service able to meet the requirements of BDC and MSDC – most importantly, those of resilience, flexibility of service and influence on future delivery. The essence of the joint service is that the ICT service would be provided by SCC but with BDC and MSDC supporting district - specific business applications. The three authorities would work together to establish a strategic ICT vision based on business needs and determine how the service should be provided in future years.**

8.18 Discussions are being held with SCC to establish costs, and finance and governance arrangements.

In summary

- 8.19 The options evaluation has shown that HR and payroll, and finance can be delivered most effectively and economically in house.
- 8.20 Public access is moving in the right direction but county-wide is not ready to be established as a shared service. So in house in the interim is the right answer and is cheaper overall.
- 8.21 Discussions on ICT continue with SCC and the current intention is to establish a joint service.
- 8.22 All of the work being undertaken needs to be put in the context of the longer term. It is inevitable that there will need to be more collaborative working across the public service in Suffolk and the decision to deliver some of services in house in the short / medium term does not hamper the Councils' ability to be part of that longer term wider collaboration.

9. Appendices

Title	Location
1. Evaluation – quality criteria	Attached

10. Background Papers

None.

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Evaluation – quality criteria

Key Criteria	Description
Service capability	An effective service capability which has self service as a basis and is able to deliver a solution through a range of devices, enabling flexible and mobile working. The service model and supporting ICT solutions are capable of supporting a devolved delivery.
Customer influence	An effective level of influence by BDC and MSDC can be achieved to enable requirements to be heard and essential service requirements delivered.
Flexibility	<p>Capability to incorporate new technology and service developments into the service delivery on an on-going basis. Able to develop processes with minimal effort on a continual basis to enable the service to reflect changes in the work environment and implement efficiencies.</p> <p>An effective and low cost capability exists within the service to implement changes specifically for BDC and MSDC.</p>
Resilience	Capable business continuity is available and transition requirements can be achieved.
Implementation effort and risk	<p>The effort required to implement can be accommodated within existing BDC and MSDC capability, or capacity or suitable resources can be acquired.</p> <p>Any procurement solutions used have an acceptable level of risk.</p>
Supports transformation and collaboration	The option provides effective capability to support the transformation of the councils' services and enable future collaboration with other Suffolk local authorities and other public sector bodies.
Confidence that savings through efficiencies can be achieved.	Confidence that the service delivery model will be able to deliver savings in future years through operational efficiencies.