

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE - 8 FEBRUARY 2005

EFFICIENT GOVERNMENT FUND

Report by Depute Chief Executive / Director of Corporate Support.

1. PURPOSE OF REPORT

1.1 To advise Members of:

- (1) the submission, in conjunction with other partners, of a Bid to the 1st Tranche of the 1st Round of the Scottish Executive's Efficient Government Fund for an information and communications technology (ICT) related project.
- (2) the submission of a joint bid by Glasgow City and Renfrewshire Councils as lead authorities for the twelve West of Scotland authorities, in respect of a proposed procurement related bid; and
- (3) preparations for bid in Tranche 2 of the fund

2. BACKGROUND

- 2.1 The Minister for Finance and Public Services has announced the 1st Round of the Efficient Government Fund which seeks to "*stimulate a sustainably more efficient public sector and to demonstrate the reallocation of resources for better front line use*".
- 2.2 For approved projects, the Efficient Government Fund will contribute between 40% and 75% of the project costs. Bidders are, therefore, expected to meet between 25 % and 60% of the costs for each project from within their own resources.
- 2.3 Public sector bodies are invited to submit multi-partner Bids to the Efficient Government Fund for projects which are projected to deliver benefits in the following areas ;
 - . Procurement
 - . Transactional Services
 - . Internal Efficiencies
 - . Other Efficiency Savings
 - . Support Service Reform
 - . Productive Time
 - . Policy Funding and Regulation
- 2.4 Applications to the 1st Round of the Fund are sought over 3 Tranches, with 2 Stages per Tranche. As a result of potential bidders expressing concern in respect of the tight timescales for the submission of Bids, the Scottish Executive revised the required submission dates for each Tranche and Stage. The relevant submission dates are now ;

Tranche	Stage 1 Application	Stage 2 Application
1	14 th January 2005	29 th April 2005
2	31 st March 2005	30 th September 2005
3	29 th July 2005	31 st March 2006

2.5 At its 30 September meeting, Policy and Resources Committee authorised officers to explore opportunities with other Councils for collaborative Bids aimed at enhancing capacity / contingency, sharing best practice and/or reducing costs. Consequently, the Head of IT has liaised with relevant officers in South and North Ayrshire Councils, and NHS Ayrshire & Arran, in respect of developing an ICT related partnership Bid to the Fund based upon the creation of a virtual Ayrshire-wide Public Service Wide Area Data Network and the implementation of associated added-value initiatives.

2.6 Various options and objectives in respect of a Bid to the Fund were explored between the Council's Head of IT and relevant officers within North and South Ayrshire Councils, and NHS Ayrshire & Arran, and as a consequence a Bid proposal for an ICT related project was developed and submitted to the Scottish Executive by the 1ST Tranche deadline of 14th January 2005.

3. OUTLINE OF THE BID PROPOSAL

Tranche 1

3.1 The main element of the Bid relates to a proposal to bridge East, North and South Ayrshire Councils and NHS Ayrshire & Arran Wide Area Data & Voice Network (WANs) infrastructures into one "virtual" Ayrshire-wide Public Service Wide Area Data Network (WAN).

3.2 Subject to the development of a detailed cost benefits analysis for Stage 2 of the bidding process, it is anticipated that rationalisation of network communications between the Partners, could result in significant revenue savings as a result of reduced running costs, and from the subsequent development of added value services and facilities, in addition to the development of a collaborative approach to the procurement of associated data and voice services.

3.3 It is envisaged that added value services and facilities could include the development of a shared Correspondence Distribution Centre and a shared ICT Disaster Recovery Data Centre, and in this respect the Bid requests financial assistance to investigate the associated costs and benefits in preparation for a Stage 2 Bid to the Fund.

3.4 The Bid also proposes that the partners adopt a collaborative approach to the joint-procurement of all data and voice services, contracted disaster recovery

services and, where appropriate, the maintenance and support of all networking and voice related equipment.

TIMESCALES

- 3.5** If the proposed Stage 1 Bid is passed by the Executive, then a more detailed Stage 2 Bid will be required for submission to the Scottish Executive by 29 April 2005.
- 3.6** Currently the Scottish Executive has given no indication of when they are likely to announce the results of the Stage 2 Bidding process.

FINANCIAL IMPLICATIONS

- 3.7** Whilst the precise costs and financial benefits of the proposed Bid can only be accurately determined at the Stage 2 Phase, nevertheless the Stage 1 Bid includes estimated financial projections for six years up to and including 2009/10 of an overall Project Cost £ 1.825m with associated estimated projected financial benefits of £ 3.6m shared between the four Partners.
- 3.8** Whilst, the extent of the requirement for matched funding will only be known after the Stage 2 Phase, nevertheless it is anticipated that the required match funding contribution range of 25% to 60% can be readily identified from existing contracted provisions contained within the Partners current ICT Revenue Budgets and Capital Programmes.

4.0 PROCUREMENT RELATED BID BY GLASGOW CITY COUNCIL AND RENFREWSHIRE COUNCILS

- 4.1** Glasgow City and Renfrewshire Councils have submitted a Stage 1 bid on behalf of the twelve local authorities who form the membership of the Authorities Buying Consortium (abc) as well as those related agencies which enjoy associate member status, including Strathclyde Police and Strathclyde Fire Brigade. In addition, a number of other Councils, including Dundee City, Dumfries and Galloway and Perth and Kinross, have expressed interest in participating in the proposed scheme if the funding bid should be successful.
- 4.2** The main element of the bid would be the creation of a Procurement Continuous Improvement Team (hereinafter referred to as "PCIT") which it is intended would become a centre of excellence in procurement and related good practice. The PCIT would essentially comprise of seconded officers from participating Councils and other agencies, who would be trained and developed to the highest achievable standard, effectively to become procurement experts. It is understood, however, that at least initially there would be a high level of input to the training and development from external consultants but that this would decrease over time as the role and membership of the PCIT develop and it became increasingly self-sufficient.
- 4.3** In essence, participating authorities in organisations would second staff to the PCIT for a period of 20 weeks and they will be trained to become procurement experts. These staff would then also provide a degree of training to their successors within the PCIT before returning to their parent authority. Appropriate backfilling arrangements would require to be considered and

implemented by each participating authority in respect of any employee they may second to the PCIT. In addition to the training function, it is anticipated that the PCIT would also work on the development of specific collaborative buying initiatives and projects and there would, in effect, be a rolling programme of PCIT's each of a 20 week duration. The PCIT would be run by a project management team which would report on a parallel basis to the same Joint Committee as abc, but as a separate entity.

4.4 The submitted bid set out three options which provided different models for the role out of the project, at different projected costs and with different projected levels of likely financial benefits to be derived from the operation of the project over a five year period. These options can be summarised as follows:-

Option	No. of employees trained within 3 years	Costs (£m)	Project benefits over 5 year period £m
1	56	3.7	20.1
2	84	5.4	34.2
3	126	7.9	72.5

4.5 The funding which has been sought in respect of each option, as specified in the third column of the above table, would be used to provide consultancy training and skilled support; backfilling of posts of officers seconded to the PCIT; premises/facilities and as yet unspecified 'extended support' for the existing Contract Development Unit within abc.

4.6 The objectives of the bid, and therefore the PCIT, are stated to be:-

- Improvement of procurement skills within all participating bodies
- Enhancement of collaboration among participating organisations
- Development of more effective collaborative contracts across a wide range of commodities and services
- Generation of savings through improved contract arrangements and increased buy in to contracts

Clearly, these all tie in with the Scottish Executive's efficiency agenda and this Council has therefore adopted the position of supporting the bid in principle pending outcome of the application and subject to clarification of certain reservations as to how the backfilling of posts of seconded employees might be addressed in practice, in terms of the identification and recruitment of suitable candidates for short term contracts of approximately 20 weeks duration, even if the funding for such additional resources might be forthcoming as part of the bid.

5. TRANCHE 2 BIDS

5.1 As can be seen from the table at para 2.4 above, the deadline for receipt of Tranche 2 bids, Stage 1 applications is 31 March 2005.

5.2 The Corporate Management Team has been considering this matter and is recommending to the Committee that officers are authorised to further

investigate and, if considered appropriate, submit bids in respect of Vehicle Procurement and Maintenance and Health-related Issues.

6. LEGAL/POLICY IMPLICATIONS

- 6.1** The project is consistent with the Council's core value of access and, if approved, will play a major part in delivering social inclusion across East Ayrshire.

7. RECOMMENDATIONS

- 7.1** It is recommended that Committee :

- a) Notes the submission of a Tranche 1, Stage 1 Bid to the Efficient Government Fund, and that a report will be presented to a future meeting of the Policy and Resources Committee advising Members of the outcome of the Bid,
- b) Notes the position in relation to the procurement related bids by Glasgow City Council and Renfrewshire Council and instructs Officers to keep Committee advised; and
- c) Authorises appropriate officers to prepare and submit, where considered appropriate, bid(s) in respect of all or any of the issues reported at paragraph 5 above of the report.
- d) Otherwise note the contents of the report.

Elizabeth Morton
Depute Chief Executive / Director of Corporate Support

AMR / 11th January 2005

LIST OF BACKGROUND PAPERS

- 1.** Letter of advice dated 2nd September 2004 from Mr. Colin McKay Head of Efficient Government Team, Scottish Executive.

For further information on this Report, please contact Malcolm Roulston,
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