

EAST AYRSHIRE COUNCIL
POLICY AND RESOURCES COMMITTEE

30th May 2006

EFFICIENT GOVERNMENT FUND STAGE 2 ICT BID

Report by Depute Chief Executive / Executive Director of Corporate Support

1. PURPOSE OF REPORT

- 1.1** To advise Members on the progress of the Council's Stage 2 Bid, in conjunction with other partners, 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. BACKGROUND

- 2.1** At its meeting on 30th March 2006, Policy and Resources Committee granted approval for the Chief Executive to submit a detailed Stage 2 Bid to the Scottish Executive's Efficient Government Fund on behalf of East Ayrshire Council, North Ayrshire Council, South Ayrshire Council and NHS Ayrshire & Arran, for an information and communications technology (ICT) related project.

3. DETAILED ELEMENTS OF THE STAGE 2 BID

- 3.1** As intimated in previous reports, the main elements of the project proposal as contained within the Stage 2 Bid document submitted to the Scottish Executive are as follows ;

3.2 Shared Correspondence Distribution Centre (SCDC)

- 3.2.1** The development and implementation of the SCDC represents the largest element of the proposed project and consequently has the potential to provide the greatest financial benefit to the Council. For the purposes of the Stage 2 Bid and for the development of the associated cost / benefit analysis, it is proposed that the SCDC will concentrate initially on the provision of a service for incoming Revenues and Benefits related correspondence, and Invoices, and will utilise re-designed standard forms which will be common across the three Councils.
- 3.2.2** It is proposed that the shared SCDC facility will receive all incoming paper based correspondence, provide for the verification of accompanying evidence, scanning and automatic indexing of submissions, handling of exceptions, management and return of incomplete correspondence and the electronic transfer of relevant data to existing back-office systems.

- 3.2.3 It is anticipated that benefits will be accrued through the development of automated processes for correspondence handling resulting in improved productivity by the elimination of >80% of manual data entry.
- 3.2.4 It is proposed that the SCDC will utilise the existing infrastructures of Local Offices / Back Offices / Back Office IT systems and Back Office staff currently in existence within the three Ayrshire Councils, and it is anticipated that it will require an associated staffing level of 19 FTE staff recruited from the project partners on a pro-rata basis which will be the subject of further discussion and agreement between the partners.
- 3.2.5 It is anticipated that the SCDC concept has the potential to be expanded to incorporate Housing and Social Services incoming correspondence thereby accruing potentially increased future financial benefits.
- 3.2.6 It is proposed that the initial focus of the SCDC should be in the areas of Revenues and Benefits. Consequently, NHSA&A will have no immediate requirement for the services of the proposed facility, however the potential exists for collaboration at some future date with NHSA&A in respect of out-bound correspondence.

3.3 Shared ICT Disaster Recovery (ICT DR)

- 3.3.1 It is proposed that the shared ICT Disaster Recovery facility should be co-located with the proposed SCDC, and be equipped with sufficient IT data storage capacity to enable the nightly networked back-up of live data from the respective partner's back-office systems.
- 3.3.2 Fundamental differences in the ICT architecture within the three Councils means that the facility cannot, at this stage, provide for IT processing capability. Hence, there will be a requirement for a subsequent review of how the partners existing ICT DR provision is integrated with the proposed ICT DR facility and may mean a continued requirement for some degree individual contracted DR provision.
- 3.3.3 It is proposed that the facility will be capable of providing business continuity and transactional capability for IT and Finance staff in the event of a Council or civil emergency.

4. PROGRESS IN BIDDING PROCESS

4.1 The Scottish Executive has announced a re-alignment of the Efficient Government Fund concentrating on the development of projects which support five new streams of ;

- Procurement
- Development of Shared Services
- Revenues & Benefits
- Collaborative Workforce planning, recruitment and development
- ICT

- 4.2 The Scottish Executive intends that a new National Board supported by a National Programme Team will be created to supervise and direct developments, specifying and supporting pathfinder projects to develop the themes in a way which will produce scalable solutions applicable across Scotland.
- 4.3 Consequently, in this context the Scottish Executive has now advised the Council that the partners ICT Stage 2 Bid to the EGF will be reviewed to assess its potential to support the specific themes outlined within Section 4.1 of this Report, and have indicated that they hope that the benefits will be captured, supported and applied to a much broader citizen base than would have been achieved under the original limited partner base approach.
- 4.4 The Scottish Executive has further indicated that from 2006/07, the Efficient Government Fund and the Modernising Government Fund will be replaced by a new Efficiency and Reform Fund and that the operation of this new Fund is currently under discussion with COSLA and SOLACE.

5. FURTHER DEVELOPMENT / PROGRESS

- 5.1 The Council, under the auspices of the Scottish Executive Integrated Service Delivery and Governance Modelling project and of the Shared Services agenda, is currently engaged in discussions with North and South Ayrshire Councils and Scottish Enterprise Ayrshire and NHS Ayrshire & Arran.
- 5.2 Early discussions have identified potential benefits associated with the incorporation of the Stage 2 EGF ICT Bid within the portfolio of joint-working initiatives currently being developed, and it being highlighted as part of our submission to the Integrated Service Delivery and Governance Modelling project.
- 5.3 In particular, the development of the SCDC, as outlined within Section 3.2 of this Report, is considered to be an essential pre-requisite to accruing the benefits from the development of joint initiatives in the areas of Council Tax, Creditor Payments, Housing and Council Tax Benefits.
- 5.4 Hence, it is proposed that the partners now make further representation to the Scottish Executive to support the Stage 2 Bid emphasising that the Bid supports the Revenues and Benefits Stream of the now re-aligned Efficient Government / Efficiency and Reform Fund, and emphasising the requirement for Fund support in order to underpin local work in respect of the Integrated Service Delivery and Governance Modelling Project.

6. TIMESCALES

- 6.1 Currently, the Scottish Executive has given no indication of the timescale associated with the implementation of their new Efficiency and Reform Fund or their associated revised approach to assessing the merits of the partners' Stage 2 Bid in respect of supporting the five new themes outlined in Section 4.1 of this Report.

7. FINANCIAL IMPLICATIONS

- 7.1** In isolation from other possible future projects developed under the Integrated Service Delivery and Governance Modelling Project, and subject to further detailed work on the extent of costs and achievable savings, the initial anticipated financial projections for six years from commencement of the proposed EGF ICT project indicate an overall capital project cost of **£0.5m**, with associated projected net annual recurring revenue based savings of between **£0.6m and £0.9m pa** accruing to East Ayrshire Council.
- 7.2** If the Scottish Executive was to grant approval to proceed under the auspices of the new Efficiency and Reform Fund, it is anticipated that any requirement for match funding contribution could be met from existing contracted provisions contained within the partners' current Revenue Budgets and Capital Programmes.

8. LEGAL / POLICY IMPLICATIONS

- 8.1** 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.

9. RECOMMENDATIONS

- 9.1** It is recommended that Committee :
- a)** Notes the outcome so-far of the Partnership Bid to Stage 2 of the Efficient Government Fund, and that a report will be presented to a future meeting of the Policy and Resources Committee should the Scottish Executive choose to support the proposed project.
 - b)** Otherwise note the contents of the report.

Elizabeth Morton
Depute Chief Executive / Executive Director of Corporate Support

AMR / 30th May 2006

LIST OF BACKGROUND PAPERS

- 1.** Letter of advice dated 20th April 2006 from Mr. Jonathan Moore, Head of Shared Services and Funds, Scottish Executive.

For further information on this Report, please contact Malcolm Roulston,
Head of Information Technology (Tel : 01563 576809).