

Resources Scrutiny Panel – 20 March 2007

Scrutiny Review of E-Government

Report of the E-Government Informal Scrutiny Group

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Purpose of the Report

The Scrutiny Panel is asked to report as part of its role in acting as a critical friend in examining proposals for the development or review of key Council policies and programmes.

Links to the Corporate Strategy

The 2006 – 2009 Corporate Strategy included, as part of the Council's aim to create an efficient, effective working environment the following objective:

- Information systems – ensuring we have the information systems and technology to support excellent service delivery

Executive Summary

In July 2006 the Resources Scrutiny Panel established an Informal Scrutiny Group to examine expenditure on IT to ensure that it is providing good value for money for the Council, leading to improved services to the public and / or more efficient working practices.

The Group has looked at the way the Council manages its IT and the systems in place to ensure that new investment in IT is well directed. It has encouraged officers to ensure that the E-Government programme remains relevant to the needs of the Council and has welcomed a reduction of some £160,000 in budget for the IEG programme.

It has also been pleased to note the steps being taken by the Head of IMT to reduce the overall costs of the service through initiatives such as reductions in the number of servers and better procurement in areas such as telephone line rentals, which it is anticipated will give a saving of some £41,000 each year when in place.

The Group considered that, for major IT procurements, a more formalised system of 'Gateway' reviews be introduced give an independent review of the scope of the project to ensure that it is designed to best meet the needs of the Council.

Recommendation

That the Scrutiny Panel recommends to Cabinet that:

- The efficiency savings and reductions in the budget for the IEG Programme identified in the course of this review be welcomed;
- More formalised 'Gateway' reviews be included in any major IT procurement exercises, in order to ensure that the scope and costs of the procurement remain clearly defined and identified;
- A separate review is carried out in to the Council's procurement procedures to ensure that these are delivering best value for money.

Background Documents: Reports circulated to the E-Government Informal Scrutiny Group and notes of the Group's meetings.

Appendices: E-Government Scrutiny Review



Winchester
City Council

**RESOURCES SCRUTINY PANEL
REPORT**

E-Government

March 2007

SCRUTINY REVIEW – E-GOVERNMENT

REPORT OF THE E-GOVERNMENT INFORMAL SCRUTINY GROUP

1. Introduction

- 1.1 At its meeting on 19 October 2005, the Resources Scrutiny Panel agreed to set up an Informal Scrutiny Group to review any lessons to be learnt from the Council's implementation of the E-Government programme and whether any policy changes should be considered for the future. For a variety of reasons the Group appointed did not meet in 2005/06.
- 1.2 The Group was re-appointed in July 2006, with Councillors Cooper, Goodall, Macmillan, Ruffell and Wright selected to serve on it.

2. Scope of the Review

- 2.1 The scope of the review was refined to cover the following:

To examine expenditure on IT to ensure that it is providing good value for money for the Council, leading to improved services to the public and / or more efficient working practices;

By looking at selected IT implementations, the Group will review:

- Procurement practices for major IT purchases, including use of Gateway reviews;
- Achievement of efficiency savings identified in the agreed business case justifying major expenditure in IT;
- Evidence from best practice elsewhere;
- The role of the E-Government Programme Board;
- The development of IT to support flexible working practices.

- 2.2 In order to explore the approach being taken to the implementation on IT systems, the Group agreed to focus on EDRMS (Electronic Document and Record Management System), as an example of a new system in the early stages of implementation, and the Council's payroll and personnel system (Selima) as an example of a system that has been implemented recently.
- 2.3 In addition, the Informal Scrutiny Group set up by Principal Scrutiny Committee to look at efficiencies also asked this Group to review issues raised in their investigations about interfaces between the software used in the Customer Service Centre and some other major IT systems in use within the Council.
- 2.4 To investigate these issues, the Group has met on four occasions and has interviewed five senior officers.

3. Findings

3.1 **IEG Programme**

- 3.1.1 Projects included in this programme are in the main those required by Government and have attracted some £900,000 grant from Government to allow them to go ahead.

- 3.1.2 The programme is being managed to ensure that the Council is able to derive maximum benefit, with some projects deferred where they would not provide value for money. In particular the budget for the programme has been reduced by some £160,000 with the most significant reductions in provision for knowledge management, business process review (which is now being done in-house) and costs of the wireless infrastructure.
- 3.1.3 There was an underspend on the budget in 2005/06 as a number of projects did not go ahead. Of this, some £500,000 was carried forward in to 2006/07 to be spent on the agreed programme of work, subject to business cases being made for each project.
- 3.1.4 The Council was being used as a reference site for 'Selima' (the payroll and personnel system) in light of the high standard of work rolling out this system to all staff.

3.2 **IT Procurement**

- 3.2.1 A business case is produced for all projects and must demonstrate both efficiencies and improved methods of working before being authorised.
- 3.2.2 There is no formal procedure for identifying stages in the IT procurement where 'Gateway' reviews should be undertaken, nor a defined process for carrying out such reviews, although the decision making process does ensure that there is some 'scrutiny' by people not directly involved in the project.
- 3.2.3 There is limited opportunity for direct negotiation with suppliers as part of the procurement process, particularly for higher value purchases, where a competitive tendering or quotation process is used. This is due to national and European legislation designed to ensure that all potential contractors have an equal opportunity to be considered for work, and Financial Procedure Rules
- 3.2.4 Notwithstanding this, there are opportunities for new approaches to procurement, to be considered including the use of e-auctions, that could provide more competitive prices.
- 3.2.5 The Council is making use of arrangements put in place through the Office of Government Commerce (OGC - Catalyst) to simplify and streamline higher value procurements, with this being used for the purchase of an EDRM system. Earlier investigations into a possible joint purchase with neighbouring local authorities had not been successful as authorities were proceeding on different timescales.

3.3 **IT Support Contract**

- 3.3.1 Quality as well as cost considerations were taken into account when the contract was re-let in December 2005, with the new contract seeking higher targets than had previously been set;
- 3.3.2 A rigorous system of contract management is in place, with monthly reports to the Head of IMT on performance against the contract, supplemented by regular meetings with Digica's Business Manager.
- 3.3.3 A small number of relatively low value variations to the contract have been agreed since its commencement, reflecting built in provision for flexibility. There is no formal system in place to monitor or report variations agreed.

3.4 Interfaces between IT Systems

3.4.1 New software has recently been purchased which should allow the Council's key IT systems to transfer data more easily and cheaply between them than has been the case to date. Staff are currently being trained on use of the new software.

3.5 Business Process Reviews

3.5.1 Business Process Reviews are undertaken in some cases to ensure that business processes are streamlined and designed to maximise benefits from introducing IT systems. These were initially carried out by external contractors, but a review of processes within the IMT Division identified sufficient resource to allow the service to be brought in-house.

3.5.2 Reviews are carried out by staff from the IMT Division and shared with managers,. Business Process Reviews that have been completed have shown efficiencies in Car Parking, Design and Print and IM&T. The efficiencies in IM&T have been realised with a previous post being cut from five day to 3 days.

3.5.3 Other improvements identified have been implemented including an online Service Request Form used both by staff and Digica and enables users to monitor the progress of any service requests.

3.6 Efficiency Savings

3.6.1 Bringing budgets related to IT together under the control of the Head of IMT has allowed a number of areas for potential savings to be identified, key amongst these are:

- reduction in the number of servers required to support the Council's IT, which should reduce support costs, reduce electricity costs; and release office space occupied by Digica and the IMT Division;
- reduction in the number of printers and photocopiers throughout the Council, which should reduce energy costs, support costs and paper usage;
- consolidation of telephone line and call costs, which should reduce overall costs to the Council;
- reduction in the cost of running the switchboard, with two members of staff being trained to carry out basic operations where the contractor has been used in the past;
- review contract for Internet connection to increase capacity and reduce costs.

3.6.2 It was also noted that the moves to consolidate officers on one site would reduce the cost of IT links between existing office buildings.

3.6.3 Taken together, it was anticipated that the savings identified above would reduce costs by up to some £41,000 each year. Further work needs to be carried out by Finance to identify where budgets can be reduced.

3.6.4 The links between payroll and personnel records resulting from the introduction of the Selima will allow more efficient working between these two sections, with greater consistency and accuracy of data. The system also allows managers to have more direct access to information about their staff and gives better reporting on sickness and absence.

3.7 IT Training

3.8 The roll out of Selima had identified some issues about the level of IT competency amongst staff, which need to be addressed for the Council to gain maximum return on its investments. Investigations are taking place to introduce the use of the 'European

Driving Licence' to ensure a satisfactory level of IT competency is attained by all staff.

4. Conclusions

4.1 Based on the evidence presented, the Group concluded that:

- The Council's IEG programme has been responsive to Government requirements but a sensible approach is being taken to ensure that systems being introduced will improve services to customers and / or allow the authority to work more efficiently.
- The IT support contract is being managed effectively.
- Officers are taking a positive approach to identify and implement efficiencies in the ways that the Council purchases IT and to rationalise the costs of running IT and telecoms.

4.1.2 The Group considered that further attention should be given to:

- Ensuring that IT systems purchased do not include enhancements not requested or required by the Council, inflating the cost;
- Introducing more formal 'Gateway' reviews at key points in the procurement of major IT systems;
- Ensuring that working practices are adapted to make best use of basic IT systems, avoiding the need for costly upgrades or enhancements that would not provide better value for money;
- Ensuring that Business Process Reviews are used to provide better value for money throughout the work of the Council;
- Formal overview of any significant variations agreed in the IT support contract;
- Reviewing procurement mechanisms to make best use of opportunities for negotiation and new approaches for procurement, as far as is possible within the current legal framework;

5. Recommendations

5.1 The Group recommends to Cabinet that:

- The efficiency savings and reductions in the budget for the IEG Programme identified in the course of this review be welcomed;
- More formalised 'Gateway' reviews be included in any major IT procurement exercises, in order to ensure that the scope and costs of the procurement remain clearly defined and identified;
- A separate review is carried out in to the Council's procurement procedures to ensure that these are delivering best value for money.