



Meeting:	Cabinet member finance and corporate services
Meeting date:	Monday, 13 January 2020
Title of report:	To agree the continuation of delivery of ICT services with Rutland County Council
Report by:	Head of corporate finance

Classification

Open

Decision type

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Wards affected

(All Wards);

Purpose and summary

To agree that Herefordshire Council continue the current delegation by Rutland County Council of their enterprise system support function (an element of ICT support), originally approved 9 March 2016 for a further 10 years.

The enterprise system support function refers to the Business World IT system that records, processes and documents all relevant information in relation to the general ledger, payroll, debtor and creditor records of Rutland County Council.

During the ten year extension period Herefordshire Council will act as the lead commissioning council for the service, supporting the delivery of a range of benefits from the pooling of resources.

Recommendation(s)

That:

- (a) The Cabinet Member accept the delegation by Rutland County Council of their enterprise system support function (an element of ICT support) under section 101 of the Local Government Act 1972 to Herefordshire Council, acting as lead commissioning council for the service for a further ten years.**

Alternative options

1. The council could refuse to continue to accept the delegation. However, this approach would mean that the council would not enjoy the economies of scale benefits from the current arrangements (detailed below). These benefits include savings as a result of shared overheads, sharing the cost and risk of system development, increased service resilience, supporting employment in Herefordshire, and supporting the future growth opportunities for Hoople.
2. Rutland Council and Herefordshire could put in place a joint committee to manage the service. However, this would add an unnecessary level of complexity and cost have been evidenced as a need in the provision of the service to date.

Key considerations

3. In March 2016 Rutland County Council delegated to Herefordshire Council, Rutland's enterprise system support service, provided by Hoople Limited. The agreement was for an initial 5 year period, this is now intended to be extended by a further ten years.
4. The provision of services is included within service level agreement between Herefordshire Council and Hoople to deliver hosting and support services for Rutland County Council. Hoople Ltd was established in 2011 to deliver a range of back office services. Hoople is jointly owned by Herefordshire Council and Wye Valley NHS Trust. It has developed its client base both inside Herefordshire and beyond and offers a vehicle for both commercial growth and cooperation across public sector organisations.
5. Cooperation between councils can bring a number of benefits to all participants. The cooperation between Herefordshire Council and Rutland Council will continue to deliver existing savings for both councils and a range of other benefits, including:
 - improved investment and innovation opportunities – by pooling investment resource
 - having the scale needed to access best-of-breed technologies, business processes and management techniques
 - improvements in service quality – by using the above to transform the way services are delivered
 - providing service users with access to specialist staff
6. Approval of this proposal will enable Hoople to continue to deliver Business World (previously known as Agresso) support to both Herefordshire Council and Rutland County Council. Hoople has developed a strong expertise in the implementation and support of enterprise applications, such as HR and finance, using the Business World enterprise resource planning (ERP) system. Its support for Herefordshire and Rutland to date demonstrates the teams' capability to continue to support Rutland with an up to date and fit for purpose enterprise system that meets its needs.

7. The benefits for Rutland Council will be cost efficiencies together with access to a modern system with effective support for its user community provided by an organisation with a proven track record. The benefits to Herefordshire Council will be lower costs from efficiencies driven by better use of assets and sharing overheads with Rutland Council. Hoople will benefit from improved relationship with the provider of Business World, increased credibility and market presence, and the opportunity to provide a wider set of services such as training.
8. Rutland will continue to delegate its powers to another authority. This typically happens when a local authority is particularly well positioned to deliver a certain type of service, so it agrees to deliver that service on behalf of the other authority. Whilst joint committees offer a greater degree of responsibility and control to both councils, there is a significant additional administrative burden. In this case the delegation approach is recommended to continue as it offers a simpler approach to managing the function. Due to the number of users and organisations it supports, Hoople will be able to provide a more resilient service. The higher level and quality of resources available within Hoople will make it better able to cope with and manage issues affecting individual organisations and due to the number of public sector organisations that it supports, Hoople will continue to have a greater influence with Unit4, the providers of Business World, ensuring that it has access to a higher quality of support.

Community impact

9. There is no direct community impact that results from these recommendations. However, Hoople provides services to a number of third sector organisations. The continued strength of Hoople as an organisation will help to ensure that these services continue to be available.

Equality duty

10. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

11. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a continuation of an existing approved decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

12. Over the duration of the delegation Rutland will continue to pay circa £140k pa to Herefordshire Council. This amount will cover all costs attributable to providing the

service to Rutland County Council. The mechanism for sharing any unexpected escalation in cost during the lifetime of the agreement will be dealt with in the delegation agreement. Each council will only bear the proportion of any additional cost attributable to its service.

Legal implications

13. The Council has the powers under s101 of the Local Government Act 1972 to enter into an arrangement of the kind described in this report.
14. Section 101(1) says as follows, Subject to any express provision contained in this Act or any Act passed after this Act, a local authority may arrange for the discharge of any of their functions, either
 - a) By a committee, a sub-committee or an officer of the authority; or
 - b) By any other local authority.
15. Paragraph (b) above would apply to the delegation described in this report, being a delegation from Rutland to Herefordshire. The existing delegation agreement between the two councils permits extensions and amendments to the agreement .Following approval of this recommendation, legal services will draft a variation to the existing delegation agreement between the two councils in accordance with the procedure set out in the agreement.
16. The Council may allocate responsibility for meeting its obligations under the delegation agreement to any of its internal departments. Given the Council has similar power of control over Hoople Limited (as a 'Teckal'-compliant company), it may allocate such responsibility to Hoople as if it were simply another department of the Council. The Council may do so without being required to conduct a separate procurement exercise.

Risk management

17. This report recommends the continuation of existing arrangements, this minimises the risks to both councils of system failure. To not approve the recommendation would increase both councils exposure to the risk of key IT system failure.

Risk	Mitigation
Key technical knowledge within Hoople is critical to delivery.	All technical decisions and solutions will be clearly documented; knowledge and expertise will be supplemented through the development thereby adding to the overall resilience of support to customers.
Demands of the entire IT Applications portfolio could impact upon the delivery	Hoople will actively prioritise across the applications portfolio of projects.
The budget set out in the proposal is insufficient to meet all requirements	Hoople's financial management and project reporting systems will be used to manage and monitor progress. The agreement includes cost recovery elements to minimise this risk.

One of the parties may decide to end the arrangements before the end of the expected term	Exit arrangements exist in the agreement, clarifying the process of early termination and minimum notice periods.
Hoople's delivery capability may be compromised in future due to staff attrition	This may lead to increased cost in the short term; support staff can be sourced at short notice, this will be supplemented by staff development; any escalation in cost will be dealt with in the agreement between Rutland County Council and Herefordshire Council.

Consultees

18. Members were consulted on this key decision, no amendments were proposed.

Appendices

None

Background papers

None identified

Please include a glossary of terms, abbreviations and acronyms used in this report.